

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 86/2

1058 SCOMM 28: JOINT GAS PIPELINE COMMITTEE. 1981-82

House of Representatives

WEDNESDAY, DECEMBER 9, 1981

The House met at 10 a.m.

The Reverend Dr. Ralph A. Bohlmann, president, the Lutheran Church, Missouri Synod, St. Louis, Mo., offered the following prayer:

Almighty and everlasting God, "whose eyes keep watch on the nations" (Psalm 67: 7), help us to heed your promise: "Blessed is the nation whose God is the Lord." (Psalm 33: 12).

We thank You for all the benefits You have showered upon this Nation and its leaders. With confidence in Your continued grace we are bold to implore Your continual blessing.

In these days of turmoil and unrest, in a world too often plagued by angry greed and crippling fear, we implore You to guide and sustain us and the leaders of the nations that righteousness, peace, and justice may flourish in our land and everywhere prevail; through Your Son, Jesus Christ, our Lord. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. CORCORAN. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on the Speaker's approval of the Journal.

The SPEAKER. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. CORCORAN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 348, nays 16, answered "present" 1, not voting 68, as follows:

[Roll No. 338]

YEAS—348

Addabbo	Archer	Bedell
Akaka	Ashbrook	Bellenson
Alibon	Aspin	Benedict
Alexander	Badham	Benjamin
Anderson	Bafalis	Bennett
Andrews	Bailey (MO)	Bereuter
Annunzio	Bailey (PA)	Bethune
Anthony	Barnard	Bevill

Biaggi	Frank	Marks
Bingham	Frenzel	Marlenee
Blanchard	Frost	Marriott
Bliley	Fuqua	Martin (IL)
Boland	Gaydos	Martin (NY)
Boner	Gibbons	Matsui
Bonior	Gilman	Mattox
Bonker	Gingrich	Mazoli
Bouquard	Glickman	McClary
Bowen	Gonzalez	McCollum
Breaux	Goodling	McCurdy
Brinkley	Gore	McDonald
Brooks	Grassison	McEwen
Brown (CA)	Graham	McGrath
Brown (CO)	Gray	McHugh
Brown (OH)	Gregg	McKinney
Broyhill	Grisham	Mica
Burton, John	Guarini	Mikulski
Burton, Phillip	Gunderson	Mineta
Campbell	Hagedorn	Minish
Carman	Hall, Ralph	Mitchell (NY)
Carney	Hamilton	Moakley
Chapple	Hammerschmidt	Moffett
Clausen	Hance	Mollinari
Clinger	Hansen (ID)	Mollohan
Coats	Hansen (UT)	Montgomery
Coleman	Hartnett	Moore
Collins (IL)	Hatch	Moorhead
Collins (TX)	Hawkins	Morrison
Conable	Heckler	Mottl
Conyers	Hefner	Murphy
Corcoran	Hefter	Murtha
Courter	Hendon	Myers
Coyne, James	Hertel	Napier
Coyne, William	Hightower	Natcher
Craig	Hill	Nelligan
Crane, Daniel	Hillis	Nelson
Crockett	Holland	Nowak
D'Amours	Hollenbeck	O'Brien
Daniel, Dan	Holt	Oakar
Daniel, R. W.	Hopkins	Oberstar
Danielson	Horton	Obey
Dannemeyer	Hoyer	Oxley
Daschle	Hubbard	Panetta
Daub	Huckaby	Parris
Davis	Hughes	Pashayan
de la Garza	Hunter	Patman
DeCard	Hyde	Patterson
DeNardis	Ireland	Paul
Derwinski	Jeffords	Pence
Dicks	Jeffries	Perkins
Dingell	Jenkins	Petri
Dixon	Jones (OK)	Peyser
Dorgan	Jones (TN)	Pickle
Dornan	Kastenmeier	Porter
Dowdy	Kazen	Price
Downey	Kildee	Pritchard
Duncan	Kindness	Pursell
Dunn	Kogovsek	Rahall
Dwyer	Kramer	Railsback
Dyson	LaFalce	Rangel
Early	Lagomarsino	Ratchford
Eckart	Lantos	Regula
Edwards (CA)	Latta	Reuss
Edwards (OK)	Leach	Rhodes
Emery	Leath	Richmond
English	LeBoutillier	Ritter
Erdahl	Lehman	Roberts (KS)
Erlenborn	Leland	Roberts (SD)
Ertel	Lent	Robinson
Evans (GA)	Levitae	Rodino
Evans (IN)	Lewis	Roe
Fazio	Livingston	Roemer
Fenwick	Loeffler	Rogers
Ferraro	Long (LA)	Rose
Fiedler	Long (MD)	Rosenthal
Fields	Lowery (CA)	Rostenkowski
Findley	Lowry (WA)	Roth
Fish	Lujan	Roukema
Flippo	Luken	Roybal
Foglietta	Lundine	Rudd
Foley	Longren	Russo
Ford (TN)	Markey	Savage

Sawyer	Snyder	Waxman
Scheuer	Solarz	Weaver
Schneider	Solomon	Weber (MN)
Schulze	Spence	Weber (OH)
Schumer	Stangeland	Weiss
Seiberling	Stanton	White
Sensenbrenner	Staton	Whitehurst
Shamansky	Stenholm	Whitley
Shannon	Stratton	Whittaker
Sharp	Studds	Williams (OH)
Shaw	Stump	Wilson
Shelby	Swift	Winn
Shumway	Synar	Wirth
Shuster	Tauke	Wolf
Siljander	Tauzin	Wolpe
Simon	Taylor	Wortley
Skeen	Thomas	Wyden
Skelton	Traxler	Wyllie
Smith (AL)	Trible	Yates
Smith (IA)	Udall	Yarmon
Smith (NE)	Vento	Young (AK)
Smith (NJ)	Volkmer	Young (FL)
Smith (OR)	Walgren	Young (MO)
Smith (PA)	Washington	Zablocki
Snowe	Watkins	Zeferetti

NAYS—16

Barnes	Forsythe	Rousselot
Coughlin	Gejdenson	Sabo
Dickinson	Harkin	Schroeder
Dreier	Jacobs	Walker
Emerson	Johnston	
Evans (IA)	Miller (OH)	

ANSWERED "PRESENT"—1

Ottinger

NOT VOTING—68

Applegate	Edgar	Madigan
Atkinson	Edwards (AL)	Martin (NC)
AuCoin	Evans (DE)	Mavroules
Beard	Fary	McCloskey
Boggs	Fascell	McDade
Bolling	Fithian	Michel
Brodhead	Florio	Miller (CA)
Broomfield	Ford (MI)	Mitchell (MD)
Burgener	Fountain	Nichols
Butler	Fowler	Pepper
Byron	Garcia	Quillen
Chappell	Gephardt	Rinaldo
Cheney	Ginn	Santini
Chisholm	Goldwater	St Germain
Clay	Green	Stark
Coelho	Hall (OH)	Stokes
Conte	Hall, Sam	Vander Jagt
Crane, Phillip	Howard	Wampler
DeHams	Hutto	Whitten
Derrick	Jones (NC)	Williams (MT)
Donnelly	Kemp	Wright
Dougherty	Lee	
Dymally	Lott	

□ 1015

Mr. SABO changed his vote from "yea" to "nay."

So the Journal was approved.

The result of the vote was announced as above recorded.

A MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

H 8985

(OVER)

the amendment of the Senate to the bill (H.R. 3455) entitled "An act to authorize certain construction at military installations for fiscal year 1982, and for other purposes."

The message also announced that the Senate insists upon its amendment to the bill (H.R. 3557) entitled "An act to authorize appropriations for the fiscal years 1982 and 1983 to carry out the purposes of the Export Administration Act of 1979, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HEINZ, Mr. GARN, Mr. ARMSTRONG, Mr. PROXMIRE, and Mr. DIXON, to be the conferees on the part of the Senate.

DR. RALPH BOHLMANN

(Mr. YOUNG of Missouri asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. YOUNG of Missouri. Mr. Speaker, I would like to compliment the gentleman from California (Mr. DANNEMEYER), who is the official host this morning for our chaplain.

Dr. Ralph Bohlmann was born in Palisade, Nebr., on February 20, 1932, the son of Reverend and Mrs. Arthur E. Bohlmann. He graduated in 1956 from Concordia Seminary, St. Louis.

Dr. Bohlmann was graduated from St. Johns College in Winfield, Kans., in 1951. He was a Fulbright scholar at Heidelberg University in Germany. He earned a doctor of philosophy degree from Yale University.

His first pastorate was at Mount Olive Lutheran Church in Des Moines, Iowa, from 1958 to 1960.

In 1960 he became professor of systematic theology at St. Louis Seminary. In 1975 he was chosen president of the seminary.

In 1981, he was elected president of the Lutheran Church Missouri Synod. He is married to Patricia McCleary. They have two children, Paul Alan, 21, and Lynn Marie, 18.

So, it is my pleasure to introduce today, to the House, Dr. Ralph Bohlmann from St. Louis, Mo.

ALASKA NATURAL GAS PIPELINE

(Mr. MOFFETT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOFFETT. Mr. Speaker, I think many of us have had discussions about this pipeline that we are going to be voting on shortly, and I have talked to many of the people involved with the pipeline and I basically lean in the direction of saying that the pipeline is a good idea and that the role for Alaskan natural gas is a good one, but, we are having one vote on one package only here with no opportunity for change, no opportunity for amendments. If we have any confidence in our own ability as a creative

group of people, if we think we can create and fashion and mold, it seems to me we should try and craft a solution later on, hopefully soon, which would insure construction of the pipeline in a manner which would provide consumer equity.

The fact is that instead of giving consumers protection commensurate with those offered the companies, this package actually reduces consumer participation in the project.

For that reason I think it should be rejected.

As one who participated in and supported the Alaska Natural Gas Transportation Act of 1976, I am fully aware of the important contribution that Alaskan natural gas will play in our energy future. Consumers of this Nation will certainly benefit from a secure source of supply, and we need to look at all energy technologies to insure the availability of that supply. Indeed, one of the concerns of many is that the waiver package we are debating does not guarantee that the pipeline will be built.

Nor is my opposition to the waiver package based on a belief that there should be no Government role in energy, that private industry alone can handle the problem. I have long held the belief that private efforts need to be augmented through Government programs and support in order to solve our energy problems in an expeditious and fair fashion. It is perhaps ironic that those who espoused free-market solutions during debates on funding for conservation and renewable energy programs are now supporting Government intrusion in this instance. I can only hope that their recent recognition of flaws in total reliance on the market will carry over into next year's budget debates.

My concerns over the waiver package lie with the treatment afforded consumers. In their testimony, the producers involved in the project—Exxon, Sohio, and Arco—noted that they would not invest in the pipeline without receiving equity ownership. This allows then not only to share in the profits of the pipeline but to have a right to information and a say in the management practices of the project. As a further sweetener to the companies' involvement, the gas-conditioning plant is to be included in the rate base, a very rare occurrence which could increase the cost of the project to consumers by 20 percent.

I understand the companies' desires in this regard. If I were going to invest capital in a project I would want similar treatment. But this waiver package goes further, raising the cost of the project to consumers and committing their funds to guarantee the project. Instead of giving consumers' protections commensurate with those afforded the companies, however, this package actually reduces consumers' participation in the project. The profits from the sale of natural gas liquids from the conditioning plant, now paid

for by consumers, is not distributed to the ratepayers. The evidentiary hearing requirement is eliminated, although the most important debate is yet to occur at FERC: whether the project is economically and technically feasible and whether the gas will be marketable. States and localities could be limited in their ability to question rates and insure that consumers pay the lowest rates available. After the final certificate is signed, FERC will be able to raise prices to consumers but not lower them, even should circumstances warrant it.

There is a legitimate question whether we in Congress should be committing the limited financial resources of our constituents to guarantee a project which may not be able to fulfill its purpose of delivering marketable natural gas. But if we do make that decision, I think we have the responsibility to insure that consumers will not bear the risk without greater assurances of sharing the rewards.

DEFICITS AND INFLATION—THE ADMINISTRATION HAS RENOUNCED ITS DOCTRINE

(Mr. LEVITAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEVITAS. Mr. Speaker, this morning I read in the newspaper the following statement, and I quote:

In general, concern about the deficit has been misplaced. There is no direct or indirect connection between deficits and inflation.

Now, Mr. Speaker, that is not John Maynard Keynes speaking, that is William A. Niskanen, a member of President Reagan's Council of Economic Advisers.

I cannot believe my eyes and ears. That is like Saint Paul getting waylaid on the way to Damascus. You are telling American children that Santa Claus does not exist 2 weeks before Christmas. I cannot believe this denial of an almost religious-economic doctrine that we have convinced a majority of the American people to believe in.

Hundreds of my constituents have written me over the years expressing their acceptance of this doctrine. They say, "Inflation is caused by Federal deficits. Balance the budget!" Now they are hearing spokesmen for the party that has successfully sold this doctrine saying it is not true.

What will these spokesmen say to my constituents who have been misled by them? What will these citizen believers now say about budget deficits and inflation?

It seems to me that this would make Dave Stockman's Trojan horse very small. This apostasy is the fifth horse of the Apocalypse. Deficits and inflation have no connection, say President Reagan's top economic advisers. I cannot believe it.

I suggest that they either renounce it or resign.

TWENTY-FOUR MINERS DIE AS SAFETY CUTS PEND

(Mr. GAYDOS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GAYDOS. Mr. Speaker, the appropriations we are now laboring to make acceptable for the administration include cuts for the Mine Safety and Health Administration, and within the last week 24 coal miners have been killed and 2 have been seriously injured.

Twenty-one died within a 2-day span.

These cuts—and the possibility for further cuts—for the Mine Safety and Health Administration (MSHA) are bad moves in the cause of miner safety and effective Government.

MSHA was fully funded in 1980, and worker deaths fell to a 10-year low that year.

Coal mining deaths in 1980 were very near a 10-year low.

MSHA has reduced coal mining deaths by 48 percent since it was established.

But three miners died in a Burgoo, W. Va., rockfall last week and two were seriously injured.

Monday, eight men were killed in an explosion in a Topmost, Ky., mine.

And Tuesday, 13 died in a mine explosion at Palmer, Tenn.

The cuts made by Congress may very well have hampered an agency that has shown itself to be highly effective in the cause of worker safety.

We should have been discussing ways to make MSHA more effective, and making judgments based on effectiveness, rather than responding to untried economic theory.

WHAT HAS BECOME OF GOP ORTHODOXY?

(Mr. PEASE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PEASE. Mr. Speaker, our colleague from New York (Mr. Kemp) once considered a high priest of fiscal responsibility, shocked the civilized world early this year when he revealed that Republicans no longer worship at the shrine of a balanced budget.

Now it appears that the Reagan administration plans to knock down the shrine altogether so there will no longer be a balanced budget shrine not to worship at.

The Washington Post reports today the remarks of William A. Niskanen, a member of President Reagan's Council of Economic Advisers, before the conservative American Enterprise Institute.

Mr. Niskanen reportedly told the AEI that "there is no direct or indirect connection between deficits and inflation."

He said the American people should be prepared to accept \$60-plus billion deficits "for the current policy horizon"—which I gather means the foreseeable future.

What has become of GOP orthodoxy?

ALASKA GAS PIPELINE

(Mr. OTTINGER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. OTTINGER. Mr. Speaker, I would like to express my concern about the procedure under which we are to consider today the largest private project ever considered and the transfer of the burden of the financing of that project from the industry to consumers.

This matter was scheduled so that the debate would take place yesterday when there were no votes and many Members were absent, the vote to take place the first thing today.

When I asked unanimous consent that there be merely 5 minutes on each side so that we could debate this issue before Members voted today, the gentleman from North Carolina (Mr. JOHNSTON), objected.

I will renew that request today because of the magnitude of this project and the fact that it is an outrage. The energy crisis is being used once more as an excuse for trying to enrich the oil company profits. In fact, not only is this whole project to be included in a package to be financed by consumers, but a \$4½ billion gas processing plant, which in the ordinary course of things the oil industry ought to finance and would finance, is thrown into the package so that the consumers even have to finance that.

I am entirely for the gas pipeline. We can devise new waivers legislatively that would do justice, but this package of waivers simply smells and ought to be rejected.

□ 1030

ALASKA GAS PIPELINE IS IN CONSUMER INTEREST

(Mr. GLICKMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GLICKMAN. Mr. Speaker, I rise in support of passing the waiver on the gas pipeline, but I think what we have to do is look at this issue in terms of our overall energy needs. The fact is even though we have a temporary oil glut right now, we are still vulnerable to energy blackmail.

I thought my colleagues might be interested in what Sheikh Yamani said at the University of Saudi Arabia just recently, and I quote him:

As a result of the Saudi production and pricing policy many major companies have been reluctant to implement their energy substitution projects. This is in the interest of the Arab cause in that it restores the importance of oil.

Nobody in this Congress said that. Sheikh Yamani said that. He was very explicit, and did not try to hide his feelings about the United States developing nonpetroleum resources.

I guess what I kind of tend to believe is developing a North American energy alternative is in the national interest and in the consumers interest.

Let us face it, except for petroleum, there is only one thing that we have got that will provide us an energy cushion for the next 25 and 30 years, that is natural gas. It will not last forever, but it will provide a cushion. It is good not only in terms of a substitute for a variety of conventional uses of petroleum, but perhaps most importantly, it is good for the transportation sector, and particularly automobiles.

Now, the consumer issue has been raised in opposition to the waiver. In my judgment, that is a strawman issue. Without the waiver, the pipeline will not be built, gas will not be available, and jobs will be lost.

I urge my colleagues not to be lulled into believing that the energy crisis is over because we have a current, but temporary glut of OPEC supplied petroleum.

DO DEFICITS REALLY HAVE ANY IMPACT ON INFLATION?

(Mr. VOLKMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VOLKMER. Mr. Speaker, I, too, wish to join with the gentleman from Georgia and the gentleman from Ohio in being astounded this morning at the article in the Washington Post whereby William A. Niskanen is quoted as saying that deficits do not really have any impact on inflation and they are not adverse to our economic condition.

As one who has joined with the gentleman from California and others for a period of years in trying to get a constitutional amendment to balance the budget because we do believe that those deficits have an adverse effect upon our economy, I am quite astounded at this statement. I am a Democrat and am astounded; I can see how one from the other party who perhaps for 40 years has preached with religious zeal that deficits are adverse to our economic conditions and are inflationary and then to hear this statement of heresy is unbelievable. As the gentleman from Georgia says, it is like learning for the first time that there is no Santa Claus.

I, too, join with the gentleman from Georgia requesting that President Reagan publicly refute this statement and fire the gentleman and get new economic advisers.

FARM EQUITY

(Mr. ALEXANDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and to include extraneous material.)

Mr. ALEXANDER. Mr. Speaker, this week the executive board of the Farm Credit Administration is meeting in Washington. On the agenda is the consideration of the subject of farm equity, which is judged to be at its lowest level since 1934.

There are also reports that the farm credit community anticipates the highest level of bankruptcies in recent history, the result of back-to-back economic disaster years caused by a record heat wave drought in 1980 and the depression prices in 1981.

Yesterday, the House and Senate conferees on the farm bill reached agreement after weeks of protracted debate. The result they have produced is disappointing to all interested in the future of American agriculture.

But this disappointment is overshadowed by the disaster looming in agriculture due to the collapse of agricultural prices. As anyone who follows the grain markets can attest, farm commodity prices are in a free-fall situation. Soybean prices, for instance, have declined 40 cents more per bushel just this week and the same relative declines are evident in wheat, corn, oats, rice, and all the other products produced by U.S. farmers.

At the same time, our farmers are facing the deadline for paying back billions of dollars in production loans and loans borrowed to cover losses from past years produced by drought and other natural disasters. In my State of Arkansas alone, the Farmer's Home Administration has loaned out \$910 million to farmers and those loans begin to come due January 1982.

The Small Business Administration has also loaned hundreds of millions of dollars in farm loans in my State and those are coming due as well.

The other major farm lenders, particularly the Production Credit Associations operated through the Farm Credit Administration, have also loaned many millions of dollars to farmers who may not be able to repay those loans due to low farm prices.

We already know that the Reagan administration is pursuing an aggressive policy of farmer debt collection that, considering this year's depressed markets and last year's weather caused short harvests, is pushing our farmers ever nearer the brink of bankruptcy.

Our farmers have been forced into an economic corner. Many of them have no where to go from here but into liquidation or bankruptcy if our Government fails to show more reason and understanding in dealing with debt collection.

I have written to Secretary of Agriculture John Block and to Michael Cardenas, Administrator of the Small Business Administration, requesting that these two Reagan administration

officials use their existing legal power to instruct their loan program personnel to follow a policy of deferring farm loan principal and interest collection for at least 6 months to a year. Such a policy would give our farmers a reasonable opportunity for marketing their crops profitably and improving their chances of repaying their outstanding indebtedness while remaining in farming. This is in the best interests of our farmers, all our taxpayers, and all our consumers.

I have written a similar letter to Donald E. Wilkinson, Governor of the Farm Credit Administration, asking that the intermediate credit banks also consider adopting a policy of deferring farm debt collection for the same kind of period. It is my belief that our farmers and the Nation as a whole will benefit greatly from such a common policy on farm loan collection in this time of farm crop price depression.

It is in the highest national interest that our farmers have a reasonable opportunity to recover economically and remain in the business of agriculture. It is against our highest national interest for thousands of small and medium-sized farmer operations to be forced into liquidation or bankruptcy and their lands to be absorbed into ever larger farming operations, purchased by United States or foreign corporations to which farm production is not a principal interest or acquired by the Federal Government.

DECEMBER 4, 1981

Hon. JOHN R. BLOCK,
Secretary of Agriculture,
Washington, D.C.

DEAR MR. SECRETARY: As you are aware, our Arkansas farmers have been pushed into an economic corner by back-to-back economic disaster years. In 1980 a drought-heat wave combination blasted our farmers' prospects for a good harvest and prosperity. This year despite abundant harvests their prospects for economic recovery are severely reduced as a result of high interest stimulated production costs increases and farmgate price depression. Our farmers have no place to go from this economic corner in which they are trapped if our government fails to demonstrate reason and understanding.

It is in the highest national interest that our farmers have a reasonable opportunity to recover economically and remain in the business of agriculture. It is against our highest national interest for thousands of small and medium-sized farmer operations to be forced into liquidation or bankruptcy and their lands to be absorbed into ever larger farming operations, purchased by U.S. or foreign corporations to which farm production is not a principal interest or acquired by the federal government. Yet, at this time it appears that the Administration's deliberate course of aggressive farm loan collection without adequate consideration for the economic impact of last year's drought-heat wave and this year's depressed markets is forcing farmers ever nearer the brink of bankruptcy.

I, therefore, urge you to exercise your legal authority to instruct state and county Farmers Home Administration offices to follow a policy of deferring collections on farm loan interest and principal for a period of at least six months to a year in order to give our farmers a reasonable opportunity

to achieve a better position for marketing their crops profitably and improving their chances of repaying their outstanding indebtedness while remaining in farming. This is in the best interest of our farmers, all taxpayers, all consumers and USDA.

This recommendation, as you know, is consistent with the position taken by the House/Senate conferees on H.R. 4119, the Agriculture, Rural Development and Related Agencies Appropriations, Fiscal Year 1982, as stated on page 17 of House Report No. 97-313.

With kindest regards, I am

Sincerely,

BILL ALEXANDER,
Member of Congress.

DECEMBER 4, 1981.

Mr. MICHAEL CARDENAS,
Administrator, Small Business Administration,
Washington, D.C.

DEAR MR. CARDENAS: As you are aware, our Arkansas farmers have been pushed into an economic corner by back-to-back economic disaster years. In 1980 a drought-heat wave combination blasted our farmers' prospects for a good harvest and prosperity. This year despite a good harvest their prospects for economic recovery are severely reduced as a result of high interest rate stimulated production cost increases and farmgate price depression. Our farmers have no place to go from this economic corner in which they are trapped if our government fails to demonstrate reason and understanding.

It is in the highest national interest that our farmers have a reasonable opportunity to recover economically and remain in the business of agriculture. It is against our highest national interest for thousands of small and medium-sized farmer operations to be forced into liquidation or bankruptcy and their land to be absorbed into ever larger farming operations, purchased by U.S. and foreign corporations to which farm production is not a principal interest or acquired by the federal government. Yet, at this time, it appears that the Administration's deliberate course of aggressive farm loan collection without adequate consideration for the economic impact of last year's drought-heat wave and this year's depressed markets is forcing farmers ever nearer the brink of bankruptcy. This is particularly true in the South and Southwest where SBA has placed special emphasis on farm debt collection.

I therefore, urge you to exercise your legal authority to instruct state SBA offices to follow a policy of deferring collections on farm loan interest and principal for a period of at least six months to a year in order to give our farmers a reasonable opportunity to achieve a better position for marketing their crops profitably and improving their chances of repaying their outstanding indebtedness while remaining in farming. This is in the best interests of our farmers, all taxpayers, all consumers, and SBA.

With kindest regards, I am

Sincerely,

BILL ALEXANDER,
Member of Congress.

DECEMBER 4, 1981.

Mr. DONALD WILKINSON,
Governor, Farm Credit Administration,
Washington, D.C.

DEAR GOVERNOR WILKINSON: As you are aware, our Arkansas Farmers have been pushed into an economic corner by back-to-back economic disaster years. In 1980 a drought-heat wave combination blasted our farmers' prospects for a good harvest and prosperity. This year despite good harvests

their prospects for economic recovery are severely reduced as a result of high interest rate stimulated production cost increases and farmgate price depression. Our farmers have no place to go from this economic corner in which they are trapped if our government and private sector agricultural lending institutions fail to demonstrate reason and understanding.

It is in the highest national interest that our farmers have a reasonable opportunity to recover economically and remain in the business of agriculture. It is against our highest national interest for thousands of small- and medium-sized farmer operations to be forced into liquidation or bankruptcy and their lands to be absorbed into ever larger farming operations, purchased by U.S. and foreign corporations to which farm production is not a principal interest or acquired by the federal government.

I have written to Secretary of Agriculture John Block and to Michael Cardenas, Administrator of the Small Business Administration, urging them to use their legal authority to bring about deferral for at least six months to a year of collections on farm loan interest and principal in order to give our farmers a reasonable opportunity to achieve a better position for marketing their crops profitably and improving their chances of repaying their outstanding indebtedness while remaining in farming. I am enclosing copies of these letters for your information.

I realize that the Farm Credit System and the Intermediate Credit Banks are private entities. But, since your primary function is providing agricultural credit and since I am convinced that it is in the best interests of our farmers, all taxpayer, all consumers and the Farm Credit System to have a common policy of moratorium on collection of farm loan principal and interest, I urge that you use your influence as Governor to bring about the implementation of such a policy within the Farm Credit System.

With kindest regards, I am

Sincerely,

BILL ALEXANDER,
Member of Congress

Enclosures.

CONGRESSMAN VENTO INTRODUCES RESOLUTION EXPRESSING HOUSE SUPPORT FOR FULL FUNDING OF RAILROAD RETIREMENT DUAL BENEFITS ACCOUNT

(Mr. VENTO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VENTO. Mr. Speaker, I am today introducing a resolution expressing House support for full funding of the railroad retirement dual benefits account.

I am joined in sponsoring the resolution by the gentleman from New Jersey (Mr. FLORIO), the chairman of the Subcommittee on Commerce, Transportation and Tourism; the gentleman from Florida (Mr. PEPPER), the chairman of the House Select Committee on Aging, and 12 other distinguished Members, on a bipartisan basis.

My resolution will put the House on record in opposition to the cuts in the retirement benefits experienced by 400,000 railroad retirees starting October 1 this year.

It expresses House support for an appropriation adequate to keep the commitments that we have made to railroad retirees. As most of us are aware, the stopgap spending resolutions have fallen \$90 million short of meeting that need. It is the first time in the last 7 years that we have not met that particular responsibility.

While sometimes this benefit has been called a windfall, it simply is not the case. The dual benefit is the result of legislation passed by Congress to coordinate pension benefits paid to individuals under the independent railroad retirement and social security programs. The 1974 Railroad Retirement Act coordinated the two systems and began the process of phasing out dual benefits. However, Congress protected those already eligible for both benefit payments by grandfathering them in and providing that the cost of the dual benefits be paid out of general revenues.

I believe the situation with the railroad retirement dual benefit is similar to that of the social security minimum benefit. In both cases, retirees have been stripped of legitimately earned benefits which they have every right to receive. The House has twice expressed its strong opposition to the repeal of the minimum benefit. I think Congress should take the same action to bar stripping of legitimately earned dual benefits from railroad retirees.

I hope the House will go on record in support of this resolution and keep our commitment to the railroad retirees.

ANNUAL SURVEY OF WORLD MILITARY AND SOCIAL EXPENDITURES

(Mr. SEIBERLING asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SEIBERLING. Mr. Speaker, there is being distributed to each of the Members' offices a copy of the "Annual Survey of World Military and Social Expenditures 1981," prepared by Ruth Sivard, which is a compilation of what each country in the world is spending on military, on health, on nutrition, on education and similar programs. It is a real eye opener. I call your attention to it. It is particularly pertinent now that we are about to take up the foreign aid bill. As Ms. Sivard points out, world military expenditures, which are now running at the annual rate of \$550 billion, exceed the annual income of the 2 billion people who live in the world's poorest countries. This compares to only \$25 billion in foreign economic aid from the developed countries to the less developed countries.

In addition, it brings out the way that we are crippling our productivity and our economic strength through a tremendous excess of military expenditures. There is a little chart on page 19 of the survey that shows that the

country which of all the industrial Western countries has the lowest military expenditures as a percent of GNP, has the highest rate of productivity growth; that is Japan. The country that has the lowest productivity growth and has the highest military expenditures as a percent of GNP is the United States.

Very illuminating. I urge each of my colleagues to make use of his or her copy of the survey in evaluating our Nation's budget priorities and policies and, in particular, whether they are helping or improving our ability to bring about a more humane and stable world.

WAIVERS FOR ALASKA GAS PIPELINE

(Mr. BEDELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BEDELL. Mr. Speaker, we will soon be voting in regard to the waiver proposal on the natural gas pipeline.

I am very concerned about our energy problems. I think we need to be concerned about how we solve those problems; but at least here in America we have tended to believe that we should depend upon the free market and we should consider the risks and therefore we should make those decisions accordingly.

I hope that we realize that if we do pass this legislation, we are saying that that risk will all be borne by the American consumer. It is being offered because of the fact that the pipelines could not get adequate financing from regular financial institutions and what we are doing is saying on this particular opportunity to help with our energy problem, there will be no risk involved for those who are going to try to use this pipeline.

I believe that we need to move forward in regard to the renewable energy resources that are available, the opportunity we have to develop those resources, and if we are going to do so then we certainly have to make these determinations in a fair manner, as we have always made other determinations in our economy.

THE ALASKA PIPELINE EXCISE TAX

(Mr. HARKIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HARKIN. Mr. Speaker and fellow Members, today we will be voting on what I call and what your constituents are going to be calling the Alaska pipeline excise tax. Make no mistake about it, paint it in any kind of language you want, it is an excise tax on the consumers of America. The only difference is that it is not going to the Government. It is going to the

oil companies, but the Government is going to require that you pay it.

Now, Exxon says that they cannot get financing unless we have the waivers. Why not? Because they are only willing to offer what they call project financing. That means that none of the assets of Exxon except for what they put into the project are risked; so they risk nothing. They make the profit.

Alaska is going to make \$20 billion. They do not put in a dime.

This is nothing more than a twisted excise tax that this Congress is levying on the people of this country amounting to over \$30 billion.

It is a tax and no kind of manipulation of the English language is going to change that one essential fact. It is an excise tax that the Government is going to require your constituents to pay to the oil companies.

RIDICULOUS WAIVERS FOR ALASKA PIPELINE

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, I join others in asking Members to vote against House Joint Resolution 341. I think this resolution is really ridiculous. Much has already been said about the pipeline waiver package this morning. I want to add my voice to those who are saying that this package is unconscionable in asking people to bear this added cost and asking them to believe that Exxon cannot pay. It is very hard to allege Exxon could not get the financing with a straight face. I find it incredible that they were able to come up here and with a straight face say that you consumers have really got to help Exxon or the pipeline will not be built.

I hope everyone here will vote against House Joint Resolution 341.

FREE ENTERPRISE APPARENTLY DOES NOT WORK FOR BIGGEST BENEFICIARIES OF THE FREE ENTERPRISE SYSTEM

(Mr. WEISS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEISS. Mr. Speaker, all year we have been told what difficult times we are in and how this Government cannot provide giveaways to anyone, whether it is the needy or the very needy or business people or whatever, and yet here we are with the biggest businesses in the world, the oil and gas companies, and all the rules and all the strictures are out. Our taxpayers, as rate payers and consumers, are now going to be required to provide perhaps as much as \$40 billion worth of payments to big oil and big gas because free enterprise apparently does not work for the biggest beneficiaries of the free enterprise system.

I would hope that we have the courage to stand up for our constituents and for the people of America and defeat this resolution providing for a waiver of law pursuant to the Alaska Natural Gas Transportation Act, when it comes to a vote within the next half hour or so.

COMPLETION OF THE ALASKAN NATURAL GAS PIPELINE IS IN THE NATIONAL INTEREST

(Mr. MARRIOTT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MARRIOTT. Mr. Speaker, I rise in support of House Joint Resolution 341, the proposed waiver of law package submitted by President Reagan to remove certain regulatory obstacles to the private financing of the Alaskan natural gas pipeline.

With passage of the Alaskan Gas Transportation Act (ANGTA) of 1976, Congress made a clear statement to the effect that completion of the Alaska natural gas pipeline was in the national interest. In the intervening years, I have seen no new evidence suggesting a need to revise this statement. The Alaskan gas pipeline is still a key component in our efforts to meet our energy needs in a self-sufficient and less-costly manner.

The proven natural gas reserves located in the Prudhoe Bay region of Alaska are estimated to be 28 trillion cubic feet, or 13 percent of our domestic natural gas reserves. Furthermore, there are 100 trillion cubic feet in potential reserves in Alaska.

Although natural gas production in the lower 48 can be expected to increase under gas price deregulation, studies prepared for the pipeline consortia and energy projections made by the Department of Energy demonstrate that there will be a clear continuing need for natural gas by American consumers throughout the end of this century. Also, gas production in the lower 48 will not be sufficient to meet that need. Indeed, a shortfall will exist in the mid-1980's even with access to Alaskan natural gas.

Clearly, the proven gas reserves in Alaska are something we cannot ignore. The alternative to accessing Alaskan gas in a timely and efficient fashion is continuing dependence on the importation of foreign oil. The Alaskan gas which will be shipped through the proposed transportation system will initially be able to replace 400,000 barrels of oil per day. Ultimately, when the system is operating at full capacity, the gas will replace 600,000 barrels per day. The resulting savings in payments for foreign oil will be \$7 billion in the first year alone, assuming a conservative 1987 price for oil of \$50 a barrel.

With these facts before us, the question we must answer is not whether we must access the Alaskan natural gas but rather when and how. I believe

the Alaskan natural gas pipeline will be the most efficient, economical and safe method of transporting the natural gas from Alaska to the regions of the lower 48 where it is most needed.

It is true that the initial cost of Alaskan gas to the consumer will be high in the first years. Most assessments place the cost in the range of \$9.20 to \$9.35 per million Btu's in the early years. However, the effect of debt amortization over the 20 year life of the project will mean considerably lower gas prices for the consumer. Average costs, deflated to 1980 dollars, are projected to be in a range of \$4.85 to \$5.10 per million Btu's during the project life.

Certainly these cost figures will be highly competitive with the rising cost of oil and alternative energy forms at the end of this decade and through the next. In fact, the cost of natural gas shipped through the pipeline system works out to about one half of the projected average Btu delivered cost of oil over the same period. And this does not figure in the cost of the continued purchase of foreign oil on our balance of trade sheet.

To those who are concerned that ultimately financial participation by the Federal Government will be required, let me be clear, this pipeline will be a privately financed project if it is to go forward.

There is no question; it is a massive project. If the decision is made eventually in the private sector to finance it, the gas pipeline will be the largest and most ambitious project to ever be financed privately. The pipeline will cross 4,800 miles of Arctic and non-Arctic terrain in the United States and Canada. It will provide at least 16,000 American jobs and will have the capacity to deliver between 2 billion and 3.2 billion cubic feet of natural gas per day. The total cost for completion of the project could run as high as \$54 billion in 1987 dollars.

Is it not reasonable that the investment community and the pipeline participants would be sensitive to the regulatory climate and the many factors which have a bearing on the viability of the project as a whole? Certainly, the obstacles to private financing of such a project as this would be great, but not impossible, in an unregulated environment. However, present laws and regulations are so rigid and restrictive that any favorable decision by the private sector is automatically precluded.

Regulations imposed by the Federal Government and Congress have molded the market an set conditions on any private financing arrangements which alter some very common business practices. For instance, in the matter of prebidding, public utilities ordinarily pass on the cost of constructing nuclear facilities while construction is in process and no power is being delivered. The practice is common in business though it has never been a

part of energy transportation financing procedures.

Nevertheless, acceptance of this waiver package still affords maximum protection to the consumer since there are strict limits placed on when and how prebidding can begin, all subject to a Federal Energy Regulatory Commission (FERC) decision.

The package also does not decrease the risk to the pipeline participants but maintains a high incentive to complete the project, and to complete it on time. The transmission companies will have invested at least \$8 billion, the oil and gas companies at least \$9 billion. That is a total of \$17 billion they stand to lose if the pipeline is never completed and gas never flows.

Therefore, I urge acceptance of this waiver package in order to allow the private sector to make a decision based on the true merits, costs and risks of the Alaskan gas pipeline venture.

[Mr. BROWN of Ohio addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

□ 1045

THE ALASKA NATURAL GAS PIPELINE HANDOUT

(Mr. BETHUNE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BETHUNE. Mr. Speaker, a lot of Members feel, and a lot of people feel, that Government spending and lending are slowing down. Well, do not bet on it. And the Alaska natural gas pipeline handout proves my point.

This case proves that spending and lending is alive and well.

Now, this may not be a Federal grant, and it may not be a Federal spending program in the conventional sense; it may not be a loan guarantee, or it may not be an interest subsidy in the usual sense. It is not the usual way that we do business. But however you slice it, the Alaska natural gas pipeline deal is corporate welfare just as surely as if you pass a tax increase and hand it out to these very needy corporate interests.

I do not know about the other Members in the House, but I cannot go for it. This gas deals stinks.

IS ALASKA NATURAL GAS NEEDED NOW?

(Mr. CORCORAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CORCORAN. Mr. Speaker, later on today we are going to be voting on this Alaska natural gas pipeline question. One of the issues that has been raised is that we need the gas now. Well, there is no question about the fact that we need the gas, but that is not the issue before the House. The question is: When do we need it? I

would argue that we do not need it commencing in 1986.

Let me just call to the attention of my colleagues, as I did yesterday in the debate, the fact that all of the numbers on the increase in gas supplies are in the affirmative and are positive. In fact, in the Midwest, which concerns me most of all, our gas pipeline local distribution companies have a glut of gas. In fact, they are being forced, on a take-or-pay basis, to pay for gas whether they take it or not.

It just seems to me, Mr. Speaker, that we have to recognize that the justification for this particular unprecedented waiver package has not been made. The current situation is that we have a surplus, and in the near term we have a surplus and we do not need the supplemental supplies from the Prudhoe Bay region until about 1995. On a free-market basis, the companies involved would not begin to construct the pipeline until then and we should not through a Government subsidy of power and privilege to a few individuals with enormous political clout force them to do what the free market would reject until the timing was economically better.

WITHDRAWAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 1301 AND H.R. 1302

Mr. JOHNSTON. Mr. Speaker, I ask unanimous consent that I be allowed to withdraw my name as a cosponsor of H.R. 1301 and H.R. 1302.

The SPEAKER pro tempore (Mr. HOYER). Is there objection to the request of the gentleman from North Carolina?

There was no objection.

[Mrs. MARTIN of Illinois addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.]

DAIRY PRICE SUPPORTS

(Mr. GUNDERSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GUNDERSON. Mr. Speaker, on October 1 of this year the farm bill as we know it in this country expired. We are now in mid-December and find that only yesterday evening a conference committee finally concluded its work on a farm bill. Unfortunately, while I commend the members of the conference committee from the House of Representatives for their tenacity, I wish it had lasted a couple of days longer.

We only need look at a couple of the major issues facing us on that question. One of those happens to be the dairy price supports, which the administration, since day one, has been trying to use as a symbol. Under their proposal, finally adopted in conference committee, we are going to find that from October 1, 1980, until October 1, 1983, over a 3-year period there will

only be a 15-cent increase in the total price of milk. Certainly we have an overproduction problem and we need to deal with it. But I took this same position in the well when we considered the April 1 adjustment, to say simply reducing the price at a time of increasing costs of production will only increase total production.

We now face a bigger question about the structure of the American family farm. The conference proposal will force many family farms out of existence, as only the large corporate farms, through economies of scale, will be able to survive.

We truly are at a crossroads in this country, not just economically. And I hope we set the proper course by rejecting the conference report on the farm bill.

I thank the Speaker.

NO VISA FOR IAN PAISLEY

(Mrs. FENWICK asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. FENWICK. Mr. Speaker, as far as the pipeline is concerned, I would like to associate myself with the remarks of the gentleman from Ohio (Mr. BROWN). I think he said far more, far better, than I could.

I have another point I would like to bring to the attention of the House, and that is to urge my colleagues to join in a letter to the State Department requesting that no visa be given to Mr. Ian Paisley, who is now apparently preparing to come to these shores. Mr. Paisley's recent actions and speeches in Northern Ireland, I think, make it very undesirable for him to come here.

The State Department denied a visa to Mr. Owen Carron; I think a similar action would be appropriate here. In Mr. Paisley, we do not have one who proposes reconciliation, one who applauds the efforts of the Anglo-Irish Council which has been set up by Prime Minister Fitzgerald and Prime Minister Thatcher. We do not have here, in other words, a person who seeks peace, and I think that it would be wise for the State Department to deny the visa.

FOREIGN ASSISTANCE HELPS AMERICAN WORLD LEADERSHIP

(Mr. LEACH of Iowa asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEACH of Iowa. Mr. Speaker, the action we take on the foreign assistance bill before us today will have a profound effect on the standing of U.S. leadership in the world community. Friends and foes alike will be looking for a signal as to whether the United States intends to return to a "fortress America" mentality or whether a constructive bipartisan rela-

tionship can be established between the Executive and Congress to underline and bolster our premier leadership role in the quest for world peace, prosperity, and security.

At issue in this bill are such questions as whether the United States ought to exercise its role in the world primarily through economic or military assistance—whether our leadership is best symbolized by arms merchants or the Peace Corps. While all of us recognize the need for security assistance to our friends and allies threatened with Communist aggression, it should be clear that the type of activity symbolized by the Peace Corps can often be a more effective—and far less expensive—way of helping developing nations to achieve true security and prosperity. In this regard the House Foreign Affairs Committee has sought to upgrade the Peace Corps by reestablishing its identity as an independent agency. I would hope any effort this afternoon to cut back Peace Corps funding or reestablish ACTION's administrative mantle can be defeated.

Also at issue is the question of whether U.S. aid policy should be dominated by bilateral assistance to beleaguered friendly governments at the expense of more broadly based assistance through multilateral agencies. While bilateral economic support for friends in need serves our national interest in important ways, I would urge that no reductions be made in funding for multilateral programs aimed at establishing a more peaceful and secure world environment by addressing such central problems as hunger and agricultural development.

President Reagan has indicated his strong intent to pursue a responsible and positive role in the search for world peace through arms control initiatives. It is now time for Congress to demonstrate its commitment to the pursuit of peace and human betterment by approving this foreign assistance program. No better signal could be given of the U.S. intent to remain a world leader.

CHANGING THE RULES AGAIN

(Mr. ASHBROOK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ASHBROOK. Mr. Speaker, in listening to all the debate on the Pipeline Act, it has a kind of familiar ring to it.

I wonder if this project was devised in the District of Columbia. I have sat on this floor for 20 years and watched what I call the sticky paper routine. They say they are going to build the Kennedy Center, the Metro, the Visitors' Center, the stadium. They get us stuck. Then they come back and want to change the rules. It has happened time and time again. We should reject these revisionist contracts and it is

this principle involved whether taxpayers' money is involved or not.

The same thing with the military. I am about as promilitary as one can get. Time and time again they go down the track, know what the rules are, and come back to us and say, "We are not going to finish this project unless you change the rules." Public works often has the same tune. Get it started small and come back with your revisions.

It is the old Br'er Rabbit story: You get thrown in the briar patch, and the stucker you get, the stucker you get. We should learn not to get into this sticky paper syndrome. This pipeline deal has that same smell.

I do not like that type of deal. I am sure the taxpayers don't either.

(Mr. MAPKEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MAPKEY. Mr. Speaker, I rise to state my unequivocal opposition to the Alaska natural gas transportation system waiver. This is nothing more than a subsidy for the oil companies, sponsors, and lenders who are responsible for bringing this package before the Congress. If the people who supposedly know energy markets best—the oil companies and the financial institutions that back them—are not willing to take a chance, then why should the public?

If we vote for this waiver package, we are exposing our constituents to the risk of being shareholders in this enterprise without granting them the equity interest or the votes to protect that interest. If the sponsors and Alaska natural gas producers had evidenced more willingness to take risks—they have not—or if they would promise never to come back to Congress for more waivers of financial support—they have not—then this package might be more acceptable. However, you have not heard the end of this project. They will be back before this body for more corporate handouts, and on that day, I promise my colleagues that the results will be far different than today.

ALASKA NATURAL GAS IS A BARGAIN

(Mr. SHARP asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SHARP. Mr. Speaker, I rise in support of the waiver package. A good many things have been said, and I would hope that people would go beyond the debate and look at the record that was developed when we solicited the opinion of virtually every organization in this country—consumer, labor, and business—on this issue, because it is a complex one.

We had 7 days of hearings, 63 witnesses. We had to urge people to come in to testify against this because the

reality is nobody in that hearing and nobody yet on this House floor has come up with a legislative alternative or a practical alternative in the marketplace that will get the consumers of the lower 48 States this gas on a sure basis or get this gas more cheaply for the consumer or get this gas with less risk to the consumer. Nobody has come forth with anything that has gotten anything like a consensus or gotten any kind of expert opinion behind it.

Secondly, Mr. Speaker, I want to point out that what we are talking about is a 20-year deal for the American consumer of gas at between \$4 per Mcf and \$5.50 per Mcf. That is a good bargain over the next 20 years as far as anyone can see on energy supplies. Right now some of our consumers are paying for natural gas from the lower 48 at \$7 and \$9 per Mcf.

Mr. Speaker, this is a good bargain for the consumers.

SHAME ON THE PRESS

(Mr. YOUNG of Alaska asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. YOUNG of Alaska. Mr. Speaker, I want to compliment the gentleman from Indiana (Mr. SHARP). It is a good buy. We are talking about 20 years at \$4.95 per Mcf. I said yesterday there is over 100 years of gas supplies in the United States. This Nation needs that gas supply.

It is unfortunate there have been many misnomers pronounced on this floor, and especially by CBS News last night, Mr. Moyers' program. If you think there is freedom of press in the United States, I want to tell you there is no freedom of the press. They print one side of the issue, never contact anybody else on the other side, never tried to participate as far as the Ralph Nader group goes, in the hearings to give us some alternatives, ideas, suggestions. Then they come out with the cheap shot. The press should be ashamed of itself. They should come to both sides of the issue and hear both sides and let the American people make up their minds, with both sides fairly presented, not one side, as last night. I think they should be ashamed.

ALASKA NATURAL GAS PIPELINE WAIVERS ARE NECESSARY

(Mr. BINGHAM asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BINGHAM. Mr. Speaker, I rise in support of this waiver package which would remove Federal obstacles to completion of the Alaska natural gas pipeline system. I am convinced that these waivers are necessary if the people of the United States are ever going to have access to the Alaska gas

reserves which constitute 13 percent of this Nation's gas supply. That gas could replace 400 to 600,000 barrels of imported oil a day, and perhaps much more.

For me, access to the Alaska gas outweighs those considerations which might argue against approval of the waiver package. Our present energy situation is a precarious one, as it has been since 1973. Despite all the rhetoric, little has been done to make this Nation less vulnerable to foreign oil boycotts. At this time we could last 30 days, at best, if OPEC decided to cut off our oil supply.

The effects of this unnatural dependence are all around us. It can be seen in the continued United States economic relationship with Libya's Qadhafi—despite the administration's belief that the Libyan colonel is plotting the assassination of American leaders. It can be seen in the sale of AWACS to Saudi Arabia and in the administration's determination to find merit in the anti-Israel Saudi peace plan. It can be seen in the administration's extreme solicitousness toward every oil-rich state in the Middle East. Let us be honest with ourselves. The United States is beholden to Arab States—both moderate and radical—because those nations have the oil this Nation needs.

It is a situation that must not continue. The Alaskan gas supply could serve as America's trump card the next time OPEC moves to cut off exports to the United States. I don't argue that 400,000 barrels a day would eliminate our need for foreign oil. But it would make a major contribution to our domestic energy supply, one that we cannot afford to throw away.

Unfortunately rejection of this waiver package would delay completion of the gas pipeline and perhaps kill it altogether. The pipeline's sponsors have informed the President and the Congress that they will not be able to obtain private financing for the pipeline's construction unless several provisions of law are waived. The sponsors are not asking for Federal loan guarantees or Federal aid in completing the project. They are asking for the cooperation of Congress and of consumers in general in their effort to complete the largest project of its kind in history.

The most controversial waiver concerns when consumers would begin to pay for the pipeline. Under the existing law ratepayers would not begin paying until the pipeline is finished. The waiver proposed in this package gives the Federal Energy Regulatory Commission (FERC) the discretionary power to allow companies to begin billing gas customers after a date selected as reasonable for completion of the entire system and after full completion of one or two of the three basic segments of the line. The prebilling assessment could be applied only to cover debt service—not the investors' equity. Despite all this, there are

those who are claiming that prebilling would be used to milk the consumer who would pay whether or not the project was ever completed. It is, of course, remotely possible that the project would fall after completion of the first two segments. Should that happen, consumers would be stuck paying an additional \$11 per year for 20 years—less than \$1 per month. The sponsors of the project, however, would lose as much as \$8 billion. I hardly think that they will casually do that.

Another argument made against the waiver package—and, in essence, against completion of the pipeline—is that the Alaskan gas will be so expensive that consumers billed for the gas will be paying exorbitant prices. It is true that initially the price of Alaskan gas will be high—as high as \$7.40 to \$9 per million cubic feet. But that will only be in the first year. In subsequent years the price of the gas will drop and will quickly become comparable with the prevailing oil price or lower. But most important, the Alaskan gas is American gas. Even a slightly more expensive domestic gas supply is preferable to Middle East oil or liquefied Algerian gas. Just think of the irony if we abandon our own Alaskan gas and, in its place, increase our purchase of gas from Algeria. I do not want to see that happen and I do not believe that most Americans want that to happen either.

Accordingly, I am supporting this waiver package. I do so knowing that the package has been attacked as a boon to the producers. But I ask the critics just what they would propose we do. Under our system the only way that we will get that gas flowing is through private investment and private enterprise. Investors will benefit. But so, I believe, will the general public. In the long run, Alaskan gas will mean more and cheaper fuel and less reliance on unstable foreign sources. A vote for this package is a vote for American energy independence. A vote against it is shortsighted and must be predicated on the unfounded prayer that OPEC will never again cut off our supplies. I say that we must build this pipeline.

ALASKA NATURAL GAS PIPELINE WAIVERS ARE IN NATIONAL INTEREST

(Mr. DANNEMEYER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANNEMEYER. Mr. Speaker, I serve on the Committee on Energy and Commerce. I heard all of the testimony relating to the waivers that we are going to be voting on shortly. I rise in support of those waivers.

I hesitated for a long time in concluding what was in the public interest on what to do with my vote. I concluded that it is in the national interest

that this pipeline be built and that this waiver package be adopted.

One of the reasons that I have heard why we should vote against it is that our Democrat colleagues have received rather large financial contributions from the proponents of the package.

□ 1100

Well, maybe that is true; even if it is, the Democrats need help, too. Independent of this claim, the point is that the national interest requires that we have the use of this gas from this pipeline as quickly and as expeditiously as possible. We are talking about a proposed percentage of 5 percent of our national gas supplies in 1986. This will get this Nation on the road to energy independence, and I think it is the only posture for us to take.

I hope the Members will support the waiver package.

ALASKA NATURAL GAS TRANSPORTATION ACT WAIVER SUPPORTED

(Mr. RITTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RITTER. Mr. Speaker, I, too, serve on the House Energy and Commerce Committee, and I must say that up until the day of the final vote of the package I was undecided, and I listened very carefully to both sides. I was and remain concerned about the impact of this legislation on consumers and jobs in the Lehigh Valley of Pennsylvania.

I was particularly concerned with the "prebilling" issue, that is, prebilling the consumer before the gas actually starts to flow if and possibly when there is a difference between the completion date proposed and the completion date actual.

In the midst of the world political rhetoric of the last couple of days, I think it would be helpful to think about just what prebilling means. It is only in a situation where the billing agent for a product is a public utility that it becomes a problem at all. The fact is that in any production process where the private sector is producing a product for the future and investing today to produce that product in the future, their present price structure reflects the need to produce in the future.

This is basically what prebilling is about for natural gas as well and if it was not a public utility involved on the billing end, there would not be such a fuss.

GAS PIPELINE WAIVER OPPOSED

(Mrs. COLLINS of Illinois asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. COLLINS of Illinois. Mr. Speaker, I am saddened by the fact

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. UDALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate joint resolution (S.J. Res. 115) to approve the President's recommendation for a waiver of law pursuant to the Alaska Natural Gas Transportation Act of 1976, a measure identical to the joint resolution just passed, and ask for its immediate consideration in the House.

The Clerk read the title of the Senate joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Arizona?

Mr. CORCORAN. Mr. Speaker, reserving the right to object, under my reservation I would like to inquire of the distinguished gentleman from Arizona (Mr. UDALL) what he proposes to do and whether or not he could explain to us why he proposes to do this.

Mr. UDALL. Mr. Speaker, if the gentleman will yield, this is the traditional, regular, and normal procedure. We have a Senate joint resolution which is identical to our joint resolution. It has already passed the Senate. That Senate joint resolution is before us now awaiting action.

I am simply asking to take the Senate joint resolution and pass it in lieu of the House joint resolution so there will be action by both bodies on the same matter.

Mr. CORCORAN. Mr. Speaker, under my reservation let me just respond by saying that ordinarily I would not object to this kind of request, but I think that under the circumstances we have not been afforded in the House the kind of appropriate opportunity for debate and consideration that I think would be deserving of this kind of public policy question.

On that basis, Mr. Speaker, I object.

The SPEAKER. Objection is heard.

PERMISSION FOR COMMITTEE ON GOVERNMENT OPERATIONS TO HAVE UNTIL MIDNIGHT, FRIDAY, DECEMBER 11, 1981, TO FILE SUNDRY REPORTS

Mr. BROOKS. Mr. Speaker, I ask unanimous consent that the Committee on Government Operations may have until midnight, Friday, December 11, 1981, to file sundry oversight reports approved by the full committee on December 8, 1981.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

PERMISSION TO FILE CONFERENCE REPORT ON S. 884, AGRICULTURE AND FOOD ACT OF 1981

Mr. DE LA GARZA. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight

to file a conference report on the Senate bill (S. 884) to revise and extend programs to provide price support and production incentives for farmers to assure an abundance of food and fiber, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

[The conference report (H. Rept. No. 97-377) will appear in the RECORD of December 10, 1981.]

INTERNATIONAL SECURITY AND DEVELOPMENT COOPERATION ACT OF 1981

Mr. BEILENSEN. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 291 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 291

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3566) to authorize appropriations for the fiscal years 1982 and 1983 for international security and development assistance and for the Peace Corps, and for other purposes, the first reading of the bill shall be dispensed with, and all points of order against the bill for failure to comply with the provisions of clause 5, rule XXI are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be considered for amendment under the five-minute rule by titles instead of by sections, and each title shall be considered as having been read. It shall be in order at any time while the bill is being considered for amendment under the five-minute rule for the chairman of the Committee on Foreign Affairs to move to limit debate on the pending portion of the bill and to provide in said motion for the allocation of time under the limitation on the pending portion of the bill, or on amendments, or on amendments to amendments, thereof. It shall also be in order at any time while the bill is being considered for amendment under the five-minute rule for the chairman of the Committee on Foreign Affairs to move that the remainder of the bill, or any title thereof, be considered as having been read and open to amendment. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit. After the passage of H.R. 3566, it shall be in order to consider the bill S. 1196 in the House, and it shall then be in order in the House to move to strike out all after the enacting clause of the said Senate bill and to insert in lieu thereof the provisions contained in H.R. 3566 as passed by the House.

The SPEAKER. The gentleman from California (Mr. BEILENSEN) is recognized for 1 hour.

Mr. BEILENSEN. Mr. Speaker, I yield the customary 30 minutes to the gentleman from Arizona (Mr. RHODES)

for purposes of debate only, pending which I yield myself such time as I may consume.

(Mr. BEILENSEN asked and was given permission to revise and extend his remarks.)

Mr. BEILENSEN. Mr. Speaker, House Resolution 291 is an open rule providing for the consideration of H.R. 3566, the International Security and Development Cooperation Act of 1981.

The rule provides for 1 hour of general debate to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs.

In order to expedite consideration of the bill, the rule states that the bill shall be read for amendment under the 5-minute rule by titles instead of by sections. Each title shall be considered as having been read. House Resolution 291 further provides for one motion to recommit.

The rule further waives all points of order against the bill for failure to comply with the provisions of clause 5, rule XXI, which prohibit appropriations in a legislative bill. This waiver is necessary because section 202, section 309(b), and section 601(c)(3) of H.R. 3566 contain provisions that would constitute appropriations in a legislative bill.

It should be noted that the rule provides that it shall be in order at any time while the bill is being considered for amendment under the 5-minute rule for the chairman of the Committee on Foreign Affairs to move to limit debate on the pending portion of the bill and to provide in that motion for the allocation of time under the limitation on the pending portion of the bill or on amendments or on amendments to amendments, thereto.

The rule also states that it shall be in order at any time while the bill is being considered for amendment under the 5-minute rule for the chairman of the Committee on Foreign Affairs to move that the remainder of the bill, or any title thereof, be considered as having been read and open to amendment.

The effect of these two provisions is to allow the chairman of the Committee on Foreign Affairs to move to limit debate on that portion of the bill which is pending consideration. Since the rule provides that the bill is to be read by titles for amendment, the motion to limit debate would be by title, with the limitation affecting all amendments and amendments to amendments for the title pending. In his motion, the chairman of the Foreign Affairs Committee also would specify the allocation of time.

In other words, it is conceivable, although unlikely, that a motion to limit debate could be made on each of the seven titles of the bill. Such motion naturally would be subject to a majority vote.

The rule further would allow the Foreign Affairs Committee chairman

to move at any time during consideration of the bill for amendment that the remainder of the bill be considered as having been read and open to amendment. If such a motion were agreed to by majority vote, the chairman of the Foreign Affairs Committee then could move to limit debate on the remainder of the bill and any amendments or amendments to amendments, and specify the allocation of time.

Although the procedure outlined in the rule is somewhat unusual, the objective of these provisions is to permit the chairman of the Foreign Affairs Committee to expedite floor consideration of H.R. 3566. The bill contains seven titles and is 75 pages long. Since the chairman of the Committee on Foreign Affairs has expressed the hope that consideration of this authorization measure can be completed in 1 day, the Committee on Rules has sought to provide him with the procedural tools to make possible the most expeditious consideration of H.R. 3566.

The Rules Committee was mindful of the length of floor time consumed during consideration of foreign assistance authorization legislation in recent years, the target date for adjournment of this session of Congress, and the other important legislation scheduled for full House consideration prior to adjournment. The committee believed that the authorities granted to the chairman of the Foreign Affairs Committee under this rule would facilitate prompt House action on H.R. 3566. At the same time, since the chairman's motions would be subject to the approval of the Committee of the Whole, the element of fairness would be preserved.

House Resolution 291 additionally provides that upon the passage of H.R. 3566, it shall be in order to consider the bill S. 1196 in the House, and it shall then be in order to move to strike out all after the enacting clause and to insert in lieu thereof the provisions contained in H.R. 3566 as passed by the House. This will help to facilitate a conference with the other body on the foreign assistance authorization legislation.

Mr. Speaker, the principal purpose of H.R. 3566 is to authorize appropriations for fiscal year 1982 and for fiscal year 1983 for certain international security and economic assistance programs. The administration is seeking a foreign aid authorization measure, and this bill is the product of bipartisan cooperation.

I urge my colleagues to adopt this rule, so that the House can consider this important legislation.

□ 1130

Mr. RHODES. Mr. Speaker, I yield myself such time as I may consume.

(Mr. RHODES asked and was given permission to revise and extend his remarks.)

Mr. RHODES. Mr. Speaker, the gentleman from California has accurately

and thoroughly explained the provisions of the rule which provides for consideration of the International Security and Development Act, H.R. 3566.

The so-called foreign assistance program has been operating for at least 2 years now without any appropriation or really any authorization except that which comes from continuing resolutions. I think it is high time that the House and the other body act to put this program under an authorization and under an appropriation in the usual form.

As the gentleman stated, this resolution grants an open rule with 1 hour of general debate. All points of order against the bill for failure to comply with the provisions of clause 5, rule XXI—appropriations in a legislative bill—are waived by the rule. The bill is to be read for amendment by titles instead of sections, with each title considered as having been read.

The rule also provides one motion to recommit. After passage of the bill it will be in order to consider S. 1196, and a motion to strike out all after the enacting clause and insert in lieu thereof the language contained in H.R. 3566 as passed by the House.

There are two additional provisions in this bill which are unusual in a procedural sense and should be noted by the House.

The first of these provisions makes in order a motion by the chairman of the Foreign Affairs Committee to limit debate on the pending portion of the bill or an amendment, and to provide for the allocation of time under such limitation. As the Speaker and Members know, the usual form is for a limitation on the time on an amendment to be imposed and the Chair then records the names of those people standing at the time the request was made, and the time which is available is divided equally amongst those standing.

As I understand this limitation, it will not be that way at all; rather, the time will be apportioned by the chairman of the Foreign Affairs Committee.

During the Rules Committee hearing on this rule I asked the chairman of the Foreign Affairs Committee what his intentions were with regard to the allocation of time. He assured me and the members of the Rules Committee that it would be his intention to apportion time in such a way as to be fair to all concerned, not only to the minority but also to the opponents as well as the proponents of the pending amendment. With such assurances stated for the record, the Rules Committee reported the rule with these provisions to facilitate thorough yet timely consideration of the bill. And again, it was made abundantly clear that the time under any limited debate was to be allocated equitably to both proponents and opponents of any amendment.

The second provision makes in order a motion by the chairman of the Foreign Affairs Committee, at any time while the bill is being considered for amendment, to have the remainder of the bill or title considered as having been read and open to amendment. This, too, is somewhat unusual.

While I do not like this method of procedure, and I would hope it would not be adopted often, because of the time constraints at the end of the session and the need for a foreign aid authorization, I have no intention of opposing the rule.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. RHODES. I yield to the gentleman from Pennsylvania.

Mr. WALKER. I thank the gentleman for yielding.

Do I understand that the chairman will be able to set the time under this without asking unanimous consent of the House for a limitation of time?

Mr. RHODES. It is my understanding that the chairman could do so by moving that all time on an amendment or amendments thereto be closed at a certain time or after a certain number of minutes and that he then would have the option of apportioning the remaining time.

Mr. WALKER. But it would eliminate the unanimous consent request that normally is used in matters of this type?

Mr. RHODES. It would make the unanimous consent request unnecessary. Presumably the chairman would ask unanimous consent and if objection were heard he would then be in a position to move.

Mr. WALKER. If the gentleman would yield further, I wonder has this procedure ever been used before in the House. I am not aware in the time I have been here that we have ever had a rule that specifically allows a chairman to impose limits on debate. Is this something that is totally new? Are we setting a new precedent here?

Mr. RHODES. As far as I know, this procedure has never been followed. That is the reason I made the proviso I did; namely, that while I will not object to the procedure at this particular time and in this particular circumstance, if this device is employed I believe the use of such procedure in the future warrants careful scrutiny.

Mr. WALKER. If the gentleman will yield further, I thank him for pointing this out. I agree with him. I think it is a rather disturbing precedent. However, I come to a different conclusion from the gentleman. I will oppose the rule based upon this language because I think it is a precedent that would ill serve us on some other bills that will come before this House in the future.

It may well be that on this particular bill at this particular time there is some merit in the suggestion, but I am disturbed that we may be setting a precedent here for future debate.

penter, who chatted with a friend about the housing industry as they waited in a long line at an unemployment claims office in Joliet. "The Government could ease up a little on money," he added.

A partner with his brother and father in a small construction company, Mr. Biernat said he had become disenchanted with Reaganomics. "The election was supposed to bring the rates down, but they went up," he said. "It looks like they've lost confidence in everything they were trying to do."

But conservative economists in Washington, who see a labor bargaining calendar for 1982 that encompasses contracts covering 40 percent of organized labor, say a sustained period of unemployment is necessary to dampen wage demands and to cool inflation.

"The most constructive thing that should be done is nothing," said Marvin Koster, a specialist in labor economics at the American Enterprise Institute. "Anything done now would have adverse consequences later and no immediate beneficial effects."

In Washington, officials expect the unemployment situation to correct itself. The Administration hopes that the interest rates will fall enough next year to stimulate a recovery.

The next round of tax cuts set for June 1982, will put money in the pockets of consumers and business, insuring a recovery, according to Administration economists. In the meantime, they say, short-term deficits from the recession should not cause alarm.

Needless to say, that outlook has not gone unchallenged. Many economists say that even after a recovery, businesses add workers slowly and cautiously and many managers use slow periods to permanently reduce their work forces.

Laurita Parish, a secretary who was laid off last month from the GAF building materials plant in Joliet, said she has seen examples of this at GAF since she started working there a few years ago.

"Every year they lay off people, saying it's temporary," she said. "Only two people have come back. They worked a few months and were laid off again." She said the office staff dwindled to 17 from 45 during her tenure, while the production force, at 300 now, is about a third of what it had been.

Others say the large budget deficits will prevent an economic self-correction. "You're going to have these tremendous deficits from the recession," said Marion Anderson, executive director of Employment Research Associates, a Lansing, Mich., consulting firm. "The Government will be going to the debt market next year for more than a billion dollars a week. That's going to send interest rates back up and choke off the recovery."

Barbara R. Bergman, an economist at the University of Maryland, has questioned the stimulative effects of the tax cuts, saying they may not lead to high employment and output because they mostly benefit the rich and will not greatly stimulate demand for durable goods such as autos and appliances.

At the same time, such developments as U.S. Steel's \$6.3 billion bid for Marathon oil have raised questions about the commitment of big business to such distressed industries as steel, rubber, textiles and automobiles. During the last decade tens of thousands of jobs have been lost in these industries to more-efficient foreign plants and cheaper overseas labor; the tax reductions were supposed to help win them back.

But even if the tax plan were working according to plan, industrial jobs would still be disappearing, experts say. Robots have been eliminating jobs in the auto industry since General Motors started using them at its Lordstown, Ohio, plant several years ago.

And their use has been spreading rapidly to other industries since then.

The bleak prospects for employment are producing louder pleas for help from the unemployed. "I'm a conservative myself," said Gary Stiller of Waseca, Minn. "I know we have to save money, but the Government ought to be able to do something." Despite his political leanings, he says he favors some sort of public works employment program, recalling that it helped his parents during the Depression.

Mr. Stiller, a 42-year-old truck driver who had worked for the same company for more than 23 years, was thrown out of work last April when his employer, Herter's, a sporting goods chain, went bankrupt, tying up more than \$17,000 he had in the company's profit-sharing account. With a daughter in college and a son in high school the family is surviving on the wife's part-time job.

Having drawn his final \$36-a-week unemployment check, he is getting despondent. "It's getting out of hand," he said of the recession. "It looks like the bottom could drop out."

Some social activists insist that the bottom could fall out for people if unemployment remains unusually high for a long period. Extended benefits, which sustained some of the unemployed for more than a year during the 1974-75 recession, have been severely curtailed under the Reagan program, making it much harder to receive benefits past 26 weeks.

Other transfer payments, which are sometimes called "automatic stabilizers" because they prevent a recession from spiraling downward into a depression, have been cut also. In addition to welfare and food stamp cuts, there have been changes in trade readjustment assistance and the Comprehensive Employment and Training Act.

And many of the supplemental funds of the auto, rubber and steel companies, which add to the income of furloughed workers, are close to depletion because of the prolonged slump in those industries.

The unemployed defend these programs vigorously. "If it weren't for unemployment compensation, I would have missed a few mortgage payments," said Mr. Biernat, the Joliet carpenter, who is single. He insists that he would much rather work than collect the payments. But, he says, his company has not built a house in three years, and they have had to settle for small, occasional remodeling jobs, which are now becoming even more scarce.

The cutting back on transfer payments and the scaling back of subsidies to the unemployed by the Federal Government has another purpose besides saving Federal dollars. "The theory is that the stabilizers have taken away people's incentive to work at certain wages and for companies to lower prices," said George Schwartz, the associate director of research for the United Automobile Workers.

Next year, labor contracts covering the auto, trucking, rubber, construction, electrical equipment, oil refining and food processing and production industries will be negotiated. The Administration is counting on the swelling ranks of the unemployed and the reduction in Government benefits, including the denial of food stamps to strikers, to moderate wage demands.

The economy's poor performance has already caused unions of railroad, airline and automobile workers to offer concessions to troubled companies. And individual workers seem willing to experiment with lower pay within limits.

Mrs. Parish, the furloughed secretary at GAF, said she would accept a job paying as low as \$5.50 an hour, down \$3 an hour from her old rate. Mr. Biernat has considered

moving to Miami or Houston to find work as a carpenter, but the \$6 to \$8 an hour that he could make in the Sun Belt is less than half the local scale of \$13 to \$17 an hour.

Liberal political groups in the area are saying they hope to mount enough pressure before next year's Congressional election to prevent the unemployed from making such dire sacrifices. National People's Action, a Chicago-based activist group that has taken the Federal Reserve to task at a series of "town meetings" it sponsored around the country with the central bank, says it is now turning its attention toward organizing the unemployed.

"What this country has to see is a lot of angry unemployed people demonstrating and demanding jobs," said Gail Cincotta, executive director of the group. "We learned some things in the 60's—how to organize people and how to build coalitions. Without organization we would run the risk of something happening spontaneously. This could be a rough summer."

IN OPPOSITION TO HOUSE JOINT RESOLUTION 341

SPEECH OF

HON. TOM HAGEDORN

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 3, 1981

● Mr. HAGEDORN. Mr. Speaker, I would like to rise in opposition to House Joint Resolution 341, a resolution approving the waiver of law to expedite construction of the Alaskan natural gas transportation system.

Although I am extremely concerned about our country's energy dependence, and specifically that of the Midwest, I cannot in good conscience support waivers of Federal law that would impose an unprecedented tax upon consumers, requiring them to assume the costs of a project that may not even be completed.

It is my understanding that the Northwest Energy Co. would probably not be able to get additional financing if the waiver package we are voting on today is not approved. Although we certainly need to look at the national interest of such a project, if bankers feel that large companies such as Arco and Exxon are not credit worthy in terms of financing such a project, why should the consumers have to bear the burden for such a risky endeavor?

Because Alaska contains 13 percent of U.S. proven reserves of natural gas, it is in public interest to provide a means to bring it to the lower 48 States. However, I believe that if the project is a national concern, then the Federal Government should provide loan guarantees for the project rather than shifting the burden to ratepayers.

The current sponsors of the project have mounted a massive campaign to change the terms of the proposal which they submitted and the Federal Government agreed to in 1977, over 4 years ago. If they are no longer willing to keep their part of the agreement,

new participants should be found. However, a new plan should be carefully drawn, and Congress should be given more than the 60-day period to consider a legislative proposal which could cost the gas consumers over \$30 billion.

Although Alaskan gas would significantly reduce U.S. vulnerability to disruptions in the world oil markets, we need to understand the economic ramifications which are being passed on to the consumer if such a bill is passed. There is no question that we need in some way to accommodate the energy needs of our country, and using the enormous energy potential of the State of Alaska will be necessary. Since passage of this waiver package is not a Federal guarantee that this important project can be financed, I sincerely believe we need to consider other legislative proposals to handle one of the largest construction projects ever attempted.

FAIR COMPETITION—SOLUTION TO FEHBP'S PROBLEMS

HON. RICHARD A. GEPHARDT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● **Mr. GEPHARDT.** Mr. Speaker, I submit my testimony on the Federal Employees' Health Benefit Plan (FEHBP) for the RECORD. The survival and stability of FEHBP is crucial as it serves over 10 million Federal employees. Reform of the program is necessary judging from the current confusion and the delay of open season. This reform should promote fair competition among the plans and allow Federal employees to choose the health plan that best meets their needs.

The statement of **RICHARD A. GEPHARDT** follows:

STATEMENT OF REPRESENTATIVE **RICHARD A. GEPHARDT** TO THE COMMITTEE ON POST OFFICE AND CIVIL SERVICE

Madame Chairwoman and members of the Subcommittee, I appreciate this opportunity to express my views on the difficulties facing the Federal Employee's Health Benefit Program (FEHBP). I am here today not to promote my health legislation, the National Health Care Reform Act (H.R. 850), but to emphasize the importance of the Federal program.

FEHBP serves as the first model in the United States of an employer offering health plans in a competitive environment. It has been the vanguard for well over twenty years. However, as successful as the FEHBP has been in these twenty years, certain structural problems exist. When OPM tried to restrain cost escalation in the Federal contribution to FEHBP, these structural problems became apparent. OPM's discretionary role has inhibited competition between the health plans and is at the root of the difficulties facing the FEHBP today. A short-term solution which would allow all the present plans to participate through an open season must be found. This will give our Committee and the Congress time to carefully restructure FEHBP, utilizing the best current thinking on competition.

Competition in health care delivery is being supported by the Reagan Administration as well as several members of Congress. Cost escalation in the medical field is rampant and the familiar statistics no longer need repeating. Cost is the straw that broke the camel's back in the Federal program and brought the structural problems of FEHBP out into the open. Even though competition existed to an extent in the FEHBP, it did not have enough clout to restrain health care costs in the entire health system. Competition can work in a small segment of the population like the FEHBP, but it will not be able to restrain health care costs on its own. Competition must restructure the incentives facing all consumers across the country in order to affect the health system. The cost problem facing OPM emphasizes problems facing all employers and the Federal government in the implementation of Medicare and Medicaid.

The current structure of the FEHBP demonstrates that competition can work. On the demand side, ten million employees are able to make choices and respond to the price, quality, and benefits of several health options. FEHBP further demonstrates that one employer can administer over one hundred health plans nationally. These plans are even administered with some semblance of efficiency, considering that a few years ago it cost 26 percent more to process a Medicare claim than a FEHBP claim.

On the supply side, however, several structural flaws prohibit the plans from competing with each other on premiums and benefits. As you know, to constrain their costs, OPM requested a six and a half percent reduction in benefits and premiums. OPM's ability to constrain premiums and benefits is contrary to competition and serves to intensify the problems of adverse selection. The carriers should have free rein to set their premiums and benefit packages to meet the needs of the employees.

In recent years, for example, Blue Cross-Blue Shield has been required by OPM to offer mental health benefits. No other carrier has faced such a requirement. This tends to encourage Federal employees who feel that they would utilize mental health benefits, to join high-option Blue Cross-Blue Shield. It has been estimated that these mental health benefits have raised the Blue Cross-Blue Shield premiums by 7 to 8 percent in the Washington area. These increased costs are then reflected in higher premiums which accentuate the problem, employees who utilize mental health benefits remain, while employees who do not, think twice before they continue to pay such high premiums.

At this point I would like to emphasize that I am not advocating a "ball out" for Blue Cross. Blue Cross is financially stable and not dependent on the Federal employees' business to survive. The ground rules by which these plans compete need adjustment. We do not need to regulate the structure of the plans themselves. As a matter of fact, it is regulation not competition that is threatening Blue Cross.

The Federal government's contribution to their employees' health benefits should be limited and adjusted annually. This would divorce the government's contribution level from the premiums which the largest six plans charge. It would also remove OPM's inclination to become involved in the benefits these plans offer, because OPM's expenses will no longer be tied to the six largest plans. The limit should be adjusted annually to reflect inflation in the medical sector as long as the rest of the health system is not competitive.

Besides being limited by the Federal government, the Federal contribution should

be adjusted according to several actuarial categories including age, sex, geographic area, and employee or annuitant status. This would decrease the effect of adverse selection. The age and sex of a population do tend to reflect differences in health status and should be accounted for in the government's contribution. A fifty year old or an annuitant is likely to utilize more health services than a thirty year old. The government should contribute more to the fifty year old's health coverage. This will enable the health plan with the fifty year old to serve him, without artificially increasing their premium next year to cover the additional costs. Sicker people, or people who think they may become sick, will continue to desire comprehensive, first-dollar coverage. The trick is to balance these "sicker" people with healthier people in the same actuarial category, which will allow the carriers to underwrite such a plan.

Furthermore, contributions should also be adjusted for the area of the country in which the Federal employee lives. Through the government's experience with Medicare, we know that health services are more expensive in New York City than in Oklahoma City.

The FEHBP requires careful restructuring. My health legislation contains certain aspects of what I have proposed above to incorporate into the FEHBP. We believe that the health care needs of the Federal employees, and ultimately the general public, would best be served by a competitive health system. In FEHBP the employees should be able to choose coverage from several health plans which compete with one another on the basis of quality, premiums, and benefit packages. Minimum regulations should govern this system to encourage fair competition. As legislators we are not here to dictate the details of the benefit packages available to Federal employees. Rather, we are here to preserve their benefits by the best possible means. That translates into taking very modest steps that will facilitate competition in the delivery of health care to Federal employees, which in turn will guarantee an open season for the people we are attempting to serve.

AMERICAN LABOR MOVEMENT CELEBRATES ITS CENTENNIAL

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● **Mr. BIAGGI.** Mr. Speaker, I would like to call attention to an event that occurred 100 years ago in Pittsburgh. On November 15, 1881, 107 delegates from a handful of unions and local assemblies gathered together to establish the Federation of Organized Trades and Labor Units—the forerunner of today's AFL-CIO.

This historic meeting of working people called for: compulsory free public education; an end to child labor; achievement of the 8-hour work day; apprenticeship laws; payment of wages in legal tender; creation of a national bureau of labor statistics; workers' compensation; and use of the ballot box to elect friendly legislators.

One hundred years later—due to the courage and work of the American

houses and moving out into the field for maneuvers. The concept works in Europe, and it can work in Southwest Asia.

We believe that, with our efforts to develop a Rapid Deployment Force, and the efforts of those other allies who maintain forces in the area—there are, for example, important French and United Kingdom naval units in the Indian Ocean—together also with the efforts of friendly regional powers, we will present a credible defensive capability to deter Soviet adventurism. We do not plan major ground force peacetime deployments in the region such as have been established in the Federal Republic under NATO, and which have contributed so importantly to maintaining the peace in Europe. The local situation is, of course, different in Southwest Asia, and the Soviets are not directly bordering the region—as they are in the GDR and Czechoslovakia—but rather would have to cross difficult and possibly hostile terrain to reach crucial areas.

These U.S. efforts, and those of others, however, have clear implications for the alliance defense effort in Europe. Although the Reagan administration is making significant increases in defense expenditures, U.S. resources are not infinite. U.S. divisions which may have to be assigned to a crisis in Southwest Asia would no longer be available to reinforce Central Europe. U.S. naval forces serving in the Indian Ocean would not be available for the protection of maritime convoys in the North Atlantic, or for controlling the Mediterranean. U.S. aircraft which are used to transport forces to Southwest Asia would not be available to fly troops to Central Europe. Further, if the United States is to project significant forces to Southwest Asia in a period of crisis, it will have to depend on cooperation of several European allies for transit facilities.

If the alliance is to continue to present a credible conventional defense in Europe, at the same time that new challenges in Southwest Asia are being met, we must find ways of replacing these U.S. combat capabilities in the European theater.

We cannot accept a system which complacently counts everything twice. That is fine in peacetime, but could leave all of us out in the cold in wartime. We have, therefore, agreed in the alliance that we will consult on the force implications of the out-of-area problem, and that alliance members will take steps to meet any resulting gaps. This is a complex matter, particularly when it is difficult for members of the alliance to find funds for the present level of defense effort. But there is no other satisfactory course. We do not have the option of saying that, because of financial difficulties, we chose not to be prepared. The historical record of nations which made such ill-considered choices is not a happy one. Security is not deferrable, unless we are prepared through lack of security to put all our other values and social accomplishments at risk.

Some people have argued that the out-of-area problem is exaggerated, and that the members of the alliance should not deal with it because the NATO treaty area is circumscribed. They have contended that the problems of oil supply could be solved by political means, making unnecessary direct or indirect Western involvement in the security of the area.

Unfortunately, it is difficult to build a strategy on this basis. There is no question that the political problems of the region are severe and deep-rooted. The United States has been in the forefront of efforts to achieve a just and durable peace between Israel and the Arabs. We know from our own experience the difficulties involved and the genuine possibilities which exist. The

Reagan administration is continuing to push forward with the effort which became known as the Camp David process.

However, it is not clear that even a complete resolution of the outstanding political problems of the region would ensure the safety of Western oil supplies, which would still remain vulnerable to Soviet direct attack or indirect subversive activity. Therefore, we believe that what is required is a composite program, of political, economic, and military efforts, which will enhance the strength and security of our friends in the area, deter Soviet Adventurism, and preserve the basis for an enduring relationship between the West and the region.

This is a broad and varied program. There are actual and potential roles in it for all members of the alliance, suited to the particular capacities and policies of individual nations—acting individually and jointly rather than an alliance which, after all, has fixed boundaries for its activities. What is important is that we press forward promptly with action, to ensure that our friends are not left exposed and without assistance, that our own vital interests are protected and that the dangerous politics of violence and threat do not come to dominate this crucial area of the world.

CONCLUSION

Certainly the West has the strength to do this, and to maintain a fully effective defense and deterrence posture in Europe at the same time. Contrary to the professional pessimists, I believe that the economic, political, and spiritual strength of the West continues to outstrip by far that of the Soviet Union and its unwilling satellites.

I would much prefer to be a Western leader, facing all of our admitted problems, but with the flexibility and dynamism afforded by democratic political structures, than a Soviet leader, facing much larger problems, and caught within the rigid framework of an archaic dictatorship. The Soviet leadership has no solutions to offer the heroic resistance fighters of Afghanistan—only tanks and helicopter gun ships. They have no solutions to offer the oppressed and restless peoples of Eastern Europe—only tired ideological formulas and none-too-subtle threats. They have no solutions to offer their own population either: Soviet military expenditures, which already consume 12-13 percent of Soviet national product, twice the U.S. level and four times the West European level, are expected to absorb even more in coming years, as the massive military buildup continues unabated. Let us all thank God that we don't live beyond the Elbe.

Today, more than ever, the peoples of the world look to the Western nations for the ideas and energy which will ensure the maintenance of peace and the expansion of opportunities for the future. Together, as free democratic peoples, we can meet those expectations. We remain the "city on the hill"—the beacon of light and freedom for all mankind.

PROVIDING FOR A WAIVER OF LAW PURSUANT TO THE ALASKA NATURAL GAS TRANSPORTATION ACT

SPEECH OF

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

The House in Committee of the Whole House on the State of the Union had under

consideration the joint resolution (H.J. Res. 341) providing for a waiver of law pursuant to the Alaska Natural Gas Transportation Act.

HOUSE JOINT RESOLUTION 341

● Mr. FRENZEL. Mr. Chairman, to reduce our excessive reliance on energy from foreign sources, the Alaskan gas reserves must be made accessible to the lower 48 States. We need the pipeline.

But, in my judgment, the prebilling feature of this waiver is outrageous. Therefore, I am obliged to cast a reluctant vote for a bill with which I am very uncomfortable.

Prebilling is wrong. It only means that the project's sponsors are unwilling to assume their share of the risk. Consumers will not only be obliged to shoulder a disproportionate share of the risk, but also they will have no assurances at all that they will ever receive the gas.

I am not convinced that FERC will be able to prevent financial abuses to the consumers. I do not believe there will be no billing before the pipeline is completed. Further, I foresee a need for Federal loan guarantees a couple years down the road.

Although I am opposed to prebilling, and am uncomfortable with the waiver package as it is written, I see no feasible alternatives to it. We must have the gas. We must maximize our national energy potential.

Despite my reservations, I have voted for the waiver. A chance to get expensive gas is better than no gas at all.

WAS THE McCARTY DECISION ON MILITARY RETIRED PAY RETROACTIVE?

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mrs. SCHROEDER. Mr. Speaker, on June 26, 1981, Supreme Court ruled in the McCarty against McCarty case, that military retirement pay is not marital property subject to State community property laws and, therefore, could not be divided by a court upon divorce.

Since then many constituents who are military former spouses have called congressional offices to find out what effect the McCarty decision would have on their receipt of payments from a military retiree—either as alimony and child support or as a property settlement.

To assist Members and their staffs who are dealing with constituent inquiries from divorced military spouses, I am inserting in the Record two items.

First, the NOW legal defense and education fund has published a brochure entitled "After McCarty against McCarty: A Guide to Your Rights as a Military Wife," which contains an-

To his widow and family, I wish to extend my heartfelt sympathy, and to my colleagues, I wish to call attention to the life of Bill Blackwell as one which was exemplary. May his life's work be a shining example to all of us.

The article follows:

FLORENCE ATTORNEY DIES AT 65

Mr. Blackwell was a partner in the law firm of Wright, Scott, Blackwell and Powers and was a practicing attorney for 32 years, specializing in contract, insurance, corporation, real estate, wills, trusts and estates.

He retired as a lieutenant colonel in the U.S. Air Force Reserve and served on active duty as an air combat intelligence officer in the 88th Fighter Group in North Africa and Europe during World War II.

Born in Pacolet, he was a son of the late William Joseph and Eva Genoble Blackwell. He received his undergraduate degree from Wofford College and his law degree from the University of South Carolina.

Blackwell was the Florence Young Man of the Year in 1950 and president of the Florence Chamber of Commerce in 1952. President of the Florence Kiwanis Club in 1958, he was a member of the Judicial Council of South Carolina, the American Bar Association, and member and past president of the Florence County Bar Association. He was also a past chairman of the Central United Methodist Church Board of Stewards, past president of the Friends of Francis Marion College, past chairman of the Francis Marion College Foundation and chairman of the Board of Directors of Security Savings and Loan Association.

Blackwell was a member of the Advisory Board of Directors at Peoples Bank of South Carolina and a member of the board of directors of both the Florence Museum and Bruce Hospital.

On Dec. 21, 1978 Blackwell received the Distinguished Service Award from Francis Marion College.

Surviving are his wife, Mrs. Helene Carpenter Blackwell of Florence; two daughters, Mrs. Daniel E. (Anne) Ervin of Charleston and Miss Hayden Blackwell of Mt. Pleasant; two sisters, Mrs. W. Judson Sloan of Lyman and Mrs. Rod Berry of Pacolet.

CURB HANDGUN VIOLENCE

HON. WILLIAM F. GOODLING

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. GOODLING. Mr. Speaker, 1 year ago, yesterday, John Lennon became the victim of handgun violence. Since that time, over 7,500 people have been killed by handguns. The President of the United States just narrowly missed becoming a statistic himself. And yet, no remedial action has been taken to limit such occurrences in the future.

Mr. Speaker, I am not speaking of action which would restrict the use of such weapons by law-abiding citizens, but steps which would curb the criminal misuse of these weapons.

One general point of agreement on this subject is the imposition of mandatory sentences upon those individuals who use a firearm in the commission of a crime. The final report of the Attorney General's Task Force on Violent Crime supports the concept of this legislation. And still the Congress has not seen fit to pass such a measure.

Mr. Speaker, on the occasion of the 1 year anniversary of the death of John Lennon, I call upon my colleagues to insist that appropriate action be taken in the near future to discourage such unnecessary acts of violence.

POW LETTER

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. DORNAN of California. Mr. Speaker, as chairman of the House Task Force on American Prisoners and Missing in Southeast Asia, I would like to bring to my colleagues' attention a symbolic letter from a prisoner of war, which I received from the Veterans of Foreign Wars.

Right now, on the other side of the world, an American fighting man, caged like an animal, begins or ends his day wondering why his fellow countrymen have forsaken him. As this holiday season approaches, I implore each and every one of you to reflect on this heart-rending plea, and extend your prayers to these brave men who are spending yet another holiday season in some barbaric prison camp in Laos, Cambodia, and Vietnam. The letter follows:

A PRISON CAMP,

Southeast Asia, December 1981.

DEAR FELLOW AMERICANS: Another year has past and I am still being held against my will by my communist captors. This will be the eighth Christmas for some of us and up to seventeen for the rest.

I can close my eyes and picture the preparations that have been done for the Holiday Season. Gifts have been carefully selected and gaily wrapped; the tree has been trimmed with lights, tinsel, colored ornaments, with a shining star on top; the stockings have been hung on the mantel and a fire is softly dancing in the fireplace. A huge turkey with all its trimmings has been purchased, pumpkin pies and goodies galore have been baked, and nuts and fruit are in bowls around the rooms. Families and friends are wishing each other a joyous holiday while church bells ring out the music of Christmas.

When I open my eyes, I face the reality that I am still a forgotten Prisoner-of-War. No tree with all its glitter—only a cold cell, so dark and damp; no turkey with all its trimmings—just a small bowl of rice with seaweed broth and a bit of weak tea; no dancing fire—only a threadbare blanket to wrap my shivering body in. I silently sing songs of Christmas to myself and pray to God to help me endure the loneliness that engulfs me.

If only I could receive a picture from home. My children are no longer the toddlers I last saw. They have grown so much I can not picture what they must look like now. My lovely wife—how I long to hold her close and tell her that I love her. And my dear parents—the two wonderful people that taught me love, respect, and faith. How my dear family must suffer, not knowing if

I am really dead as the Government declared, or if I am still alive and rotting away in this forgotten land. Oh, please God, take care of them for me and let them know in some way that I am still alive and love them very much.

Fellow Americans, I fought for you, so please fight for my release from this cell, so I may return to the Country and family I love so much. As you send out your Christmas cards this year, send one to the President and all elected Officials, urging them to take immediate action to bring us home. Our condition is deteriorating rapidly. Will we ever spend another Christmas with our loved ones? Our fate is in your hands!

STILL KEEPING THE FAITH,

A prisoner-of-War.

PROVIDING FOR A WAIVER OF LAW PURSUANT TO THE ALASKA NATURAL GAS TRANSPORTATION ACT

SPEECH OF

HON. THOMAS E. PETRI

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8 1981

The House in Committee of the Whole House on the State of the Union had under consideration the joint resolution (H.J. Res. 341) providing for a waiver of law pursuant to the Alaska Natural Gas Transportation Act.

● Mr. PETRI. Mr. Chairman, I rise in opposition to the proposed waivers of law for the Alaska Natural Gas Pipeline System. I oppose this legislation for one simple reason: It requires consumers to bear a portion of the risks associated with the project.

Under the proposed waivers, consumers of natural gas in most of the country will be forced to pay a large portion of the costs of the pipeline whether or not they ever receive a single cubic foot of gas through it. That simply is not right. If the pipeline is economically viable, it should be possible to obtain private financing for it from those who stand to make a profit from it. If private capital is not forthcoming, then the project must not be sufficiently attractive and should not be built.

Everyone agrees that the initial price of Alaska gas shipped through the pipeline will be very high—at least \$9 a thousand cubic feet in 1980 dollars, versus an oil-equivalent price of \$6 a thousand cubic feet in 1980. I suspect the real reason for forcing consumers to pay much of the cost of the line regardless of whether any gas is ever shipped is to insure that the gas will be sold at that high price. Since consumers will have to pay a large part of that \$9 a thousand cubic feet in any case, the additional price they will have to pay to actually get the gas will be relatively low. Supporters of this setup justify it on the grounds that over the 20 year life of the Prudhoe Bay gas field, the cost of the gas will decline in real terms, so that the average price of the gas over the 20 years will actually be about \$5 per

thousand cubic feet. Thus they argue that although consumers are forced into this deal, in the long run it is a decent deal for them.

However, if it is true that this is such a good deal for consumers, it should be possible to sell the gas to distribution companies on the basis of 20 year contracts. We should not have to force consumers to take a good deal. The fact is that it may not be such a good deal after all. If energy prices in general do not rise over the next 25 years as fast as the project sponsors assume they will, then the fixed costs of the pipeline might still be too high to make economic sense 20 years from now, and the 20 year average price of the Alaska gas will not be a good deal at all. Or if the construction costs of the project are higher than anticipated, perhaps because of higher inflation than expected in the next 5 years, then the fixed costs of the pipeline will be higher than expected and again the 20-year average cost of the gas will be a worse deal.

Mr. Chairman, the simple fact is that this gas pipeline is a very risky project whose economics depend on a lot of assumptions about events over a period 25 years into the future. In fact, the risks are so great that private capital is not willing to bear them. So, what do the project sponsors do? They come to Congress asking us to shift those risks to our gas-consuming constituents, including little old ladies on fixed incomes and struggling small businesses, among others. It is a subsidy they are seeking, an insidious subsidy that they hope will be almost unnoticed and certainly not understood by the poor folks who are paying it. I submit that this is bad public policy, and I, for one, will not vote for it. ●

INTERNATIONAL YEAR OF DISABLED PERSONS

HON. LARRY WINN, JR.

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. WINN. Mr. Speaker, 1981, as you know, was designated as the International Year of Disabled Persons. This has generated a tremendous outpouring of concern and interest on the part of disabled and nondisabled citizens this year. Not only have attitudes changed, but people working together have made progress toward the following long-term goals:

First. Expanded educational opportunity;

Second. Improved access to housing, buildings, and transportation;

Third. Expanded employment opportunity;

Fourth. Expanded participation in recreational, social, and cultural activities;

Fifth. Expanded and strengthened rehabilitation programs and facilities;

Sixth. Purposeful application of biomedical research aimed at conquering major disabling conditions;

Seventh. Reduction in the incidence of disability by expanded accident and disease prevention;

Eighth. Expanded application of technology to minimize the effects of disability; and

Ninth. Expanded international exchange of information and experience to benefit all disabled persons.

Recently, I was pleased to introduce legislation which designates 1982 as the National Year of Disabled Persons. This would contribute to the momentum that has been building during the year. It is important, I believe, to assure the continuity of a movement which owes its strength to self-help and private sector initiatives. It is particularly important to take note of this in light of increasing budgetary restraints when people are being called upon to do more for themselves.

Interest and commitment remain high among the many groups involved in the promotion of the International Year of Disabled Persons throughout the United States. While the IYDP will end officially on December 31, all indications point to a desire on the part of these individuals to maintain and enhance the theme of partnership and community-based, grassroots efforts that have dominated 1981 in improving the lives of 35 million Americans with disabilities.

Mr. Speaker, I am also pleased to share the following speech given by Alan Reich, adviser to the U.S. delegation to the United Nations and president of the U.S. Council for the International Year of Disabled Persons, before the General Assembly of the United Nations recently. I have worked very closely with Alan over the past year, and would like to commend him for his leadership and steadfast attentiveness to the needs of disabled persons all over the world:

PREPARED STATEMENT BY ALAN A. REICH, ADVISER TO THE U.S. DELEGATION TO THE UNITED NATIONS AND PRESIDENT OF THE U.S. COUNCIL FOR THE INTERNATIONAL YEAR OF DISABLED PERSONS, IN THE GENERAL ASSEMBLY OF THE UNITED NATIONS, DECEMBER 7, 1981

Mr. President, the United Nations, by proclaiming 1981 the International Year of Disabled Persons, has aroused the hopes and aspirations of fully a billion people comprising the world's "disability family." This family is made up of one-half billion persons who are disabled themselves plus at least an equal number of family members who also live with the limitations and challenges of our disabilities. Thanks to the vision and leadership of the member nations, the Secretary General and the secretariat, and the agencies of the United Nations system, the disability family now can look more optimistically to the future. The response to the challenge of the IYDP has been gratifying. But having accepted the challenge, and the responsibility, we now must intensify our efforts, for the serious problems of disability do not end with the IYDP.

By promoting its five-point IYDP program, the United Nations has stimulated

commitment and purposeful action by governments, U.N. agencies, non-governmental organizations and concerned individuals throughout the world. While their responses have varied, reflecting differing social structures, stages of development, and levels of resources, several significant common themes have emerged. They include an outpouring of compassion, a recognition that disabled persons are an important resource, and the active involvement of disabled persons themselves.

Mr. President, I am pleased to have the opportunity to comment on the United States and worldwide responses to the IYDP challenge and on the implications for the future. In the United States the IYDP initiative has led to significant programs and results. As President Reagan stated in his IYDP proclamation on February 6, 1981, "all of us stand to gain when those who are disabled share in America's opportunities." At the Government level, 42 agencies have undertaken IYDP activities aimed at bringing Americans with disabilities more fully into the mainstream. Their efforts have included reviewing hiring practices, streamlining legislation as it relates to disability, and carrying out special information programs. Of equal importance, the Government has encouraged the private sector in the United States to take advantage of the IYDP opportunity.

The private sector—comprised of disability, business, religious, labor, youth, women's professional, and other organizations—has responded with vigor and enthusiasm. The concept of partnership—between the disabled and nondisabled; between government and the private sector; and between organizations at the National, State and local levels—has been a dominant theme. The IYDP mission in the United States, adopted jointly by the Government and the private sector, has been to increase public understanding of the needs and potential contribution of disabled persons and to accelerate progress toward long-term goals.

The corporate and disability communities together formed the U.S. council, funded by nongovernmental sources. Its purpose has been to carry the IYDP challenge of the United Nations to the towns and cities of America, where our 35 million citizens with physical or mental disabilities go about their lives. In more than 1,350 communities, partnership committees of disabled and nondisabled persons have been formed. They have identified needs, set goals, and undertaken programs to meet their own goals. The Governors of all 50 States, more than 330 national organizations, and 270 leading corporations have joined in this partnership program. Demonstrating tremendous corporate social responsibility, America's corporations have provided resources and enlightened leadership. They have realized that bringing disabled persons into the economic mainstream is in their own best interest. To cite one example of this corporate commitment, Xerox Corp. last month donated \$3,000,000 worth of sophisticated reading machines for the blind to 100 university libraries.

In American communities, people from all walks of life have advanced the United Nations IYDP theme of "full participation of disabled persons." They have made public buildings and facilities more accessible, developed special transportation systems, modified churches and parks to accommodate disabled persons, facilitated voting by disabled individuals, passed new ordinances on housing for disabled persons, held job fairs to bring together employers and disabled job seekers, and they have carried out

The ordeal of the POW's and MIA's certainly did not end with the wars that they fought in. The aftereffects of starvation, disease, and torture linger today in the bodies and minds of so many of our POW's. Skin, respiratory, heart, and systematic diseases are abnormally frequent for them. For Americans held hostage by the Japanese, Koreans, and Vietnamese, anxiety neurosis and maladjustment are common problems. The suffering of these men continues today, so we cannot allow ourselves to forget their great sacrifices.

And perhaps for many men, the sacrifice and daily trauma of incarceration continues today at the hands of their captors, for there are over 2,000 soldiers labeled "Missing in Action" in Vietnam. The Vietnamese Government has been largely uncooperative in our attempts to account for these men. Perhaps they are still alive, left behind in Vietnam. The war may never end for some of our MIA's.

But the trauma of these missing soldiers is most strongly felt by their families and friends at home. Their families may never know what happened to the boys or husbands or fathers they loved. These unresolved questions are troubling, and deserve renewed investigation.

Mr. Speaker, we must never forget the sacrifice that our men in uniform have made to keep this country and the free world safe for democracy. We must always remember the dedication of American POW's who bravely faced the enemy, and who endured the worst possible circumstances. We shall remember the men who gave their lives and those who remain unaccounted for.

I trust that my colleagues will help me insure that on April 9, 1982, and every year to come, the American people will honor the many men who have given so much to their country by sacrificing a significant part of their lives upon the altar of freedom.

ALASKA NATURAL GAS PIPELINE

HON. CLAUDINE SCHNEIDER

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mrs. SCHNEIDER. Mr. Speaker, I must rise in strong opposition to the resolution of waiver of Federal law relating to the Alaska natural gas pipeline.

This bill makes a mockery of the democratic process in several ways. First, we are allowed only 1 hour of debate on a bill which will undoubtedly cost consumers billions of dollars. Second, no amendments are in order. Proponents will have you believe that this Nation's energy future rests on approval of this waiver. Not so. The Prudhoe Bay reserves represent one of this country's most precious resources. There is little question that this gas

ought to be exploited, and certainly its use can help in reducing our crippling dependence on imported oil.

Unfortunately, we are not presented with a measure which allows for even decent methods for recovery. This bill will allow rich, multinational oil companies to bill their customers long before any gas is delivered. "Prebidding" is an unconscionable means of making the public, rather than those who will reap the huge profits, take the risk that the pipeline will not come on line.

Furthermore, the State of Alaska stands to make some \$20 billion in severance taxes on Prudhoe Bay gas—that is \$40,000 for every citizen of that State—without investing 1 cent. This measure only exacerbates the flow of capital from energy-consuming States to energy-producing States. To make hardworking natural gas consumers pay for a pipeline that will make the State of Alaska richer is to make a mockery of every principle of equity.

Mr. Speaker, the plain fact is that if this pipeline were such a good deal, private capital would be easily available, and private investors would rush to the breach. This resolution is on the floor today because the developer cannot live up to his promise to use private capital. There are solutions to this dilemma, but a multi-billion-dollar tax on consumers shouldn't be one of them. It will be a sad day for this House when we can be steamrollered like this.

In closing, I would like to share with my colleagues a transcript of Bill Moyers' commentary on the CBS Evening News last night. Mr. Moyers has given us a clear example of why most Americans think so poorly of their elected representatives.

BILL MOYERS COMMENTARY, CBS EVENING NEWS

BILL MOYERS. Dan, if you want to know why so many people are fed up with both political parties and have stopped voting, and if you have a strong stomach, I have a case in point.

JOHN McMILLIAN [on the telephone]. What's the count?

MOYERS. It starts with this man. His name is John McMILLIAN. He's chairman of Northwest Alaska Pipeline Company. Four years ago, the federal government gave him exclusive rights to build a big pipeline to bring gas all the way from Alaska to consumers in 42 states. He got that franchise on the condition that the pipeline would be built with private funds. But now John McMILLIAN wants to change the rules. He says he's having trouble getting the banks to finance the project, and he wants consumers to put up the money—before the project is finished and whether or not a drop of gas is ever delivered. That's right—he wants the government to force consumers to be his investors, to assume the risks of stockholders without voting rights or dividends. Senator Howard Metzenbaum of Ohio is the only member of the Senate Energy and Natural Resources Committee to vote against the pipeline bill.

METZENBAUM. How could anybody possibly vote for such a piece of legislation? How can anybody go home and explain that to their own constituents? It's wrong. It's a bad deal.

MOYERS. Let's you think it's just a liberal Democrat eating sour grapes, listen to a

conservative Republican—Congressman Tom Corcoran from Illinois.

CORCORAN. Here we have probably, potentially the greatest consumer rip-off in the history of the United States. Thirty-seven billion dollars—and in the debate on our committee, we heard very little from those same people who have been arguing for years and vociferously in behalf of the Consumer Protection Agency. I think they took a walk on this one, probably for political reasons.

MOYERS. No wonder John McMILLIAN is smiling. The government is giving him what he wants—lock, stock and barrel, with very little public debate. How did he do it? Pretend you're John McMILLIAN and you want the federal government to change the rules after the game has already started. First, you make friends with the president, because only the president can submit the resolution to undo the rules agreed upon four years ago. And naturally, you hire the public relations firm of Peter Hannaford, former partner of Mike Deaver, one of the president's inner circle. Hannaford, you'll remember, purchased the consulting firm owned by National Security Advisor Richard Allen.

But once you get the Republicans on your side, what about the Democrats? You need their leadership to win the public debate on your proposal. First you hire former Vice President Walter Mondale to be a consultant to your firm. Then you contribute \$5,000 to the Committee for the Future of America, Mondale's political action committee. But one high-powered Democrat is not enough—not for a big job like this.

McMILLIAN [to secretary]. Where's Bob?

SECRETARY. Strauss. I'll call him. He's in Washington. He just got in.

MOYERS. That's right—Robert Strauss, former chairman of the Democratic party, and an old friend of John McMILLIAN's. Robert Strauss is also the former chairman of the Democratic party, and a man who knows how to wheel and deal in Congress. Want more clout? How about another firm: White, Fine and Verville—one of whom served as the chairman of the Federal Power Commission under President Johnson. And the law firm of Charles Manatt.

Charles Manatt, the current chairman of the Democratic Party? Yes, Charles Manatt. And all the while you spread money around. Just look at the contributions that John McMILLIAN has made, in just the last four years.

METZENBAUM. We've seen a magnificent lobbying effort in connection with this bill. You couldn't hire some of the lobbyists that were hired in this instance, you couldn't have the impact that's been had in this instance, without spending a lot of money. And I would say to you that when you spread that kind of money around, you can be certain it's going to have an impact. It's going to provide access, it's going to provide votes.

McMILLIAN [on the telephone]. All you guys are coming in to raise funds for this.

MOYERS. But if you were John McMILLIAN, you don't stop with using your own money. You ask other companies with an interest in the pipeline legislation to put up, too. And they do—\$80,000 showered on Congress since January alone.

METZENBAUM. Not long ago, one of my staffers called a staffer for another senator and said, "Is the senator going to be with us on this issue?" And the response was, "Oh, no. He couldn't be with you. He took a lot of money from the oil companies during his campaign." That actually happened.

MOYERS. And presto—your bill breezes through Congress under rules so unusual

that debate was limited to only one hour. Yep: One hour to debate a project that will cost tens of billions of dollars.

CORCORAN. John McMillan is going to have a happy Christmas—and a lot of consumers for 20 years, in my judgment, are going to have to pay the price.

MOYERS. Shifting the burden of investment from corporations to consumers wasn't the only way to finance this project. But other alternatives were never considered, because John McMillan and the companies know the right people in the right place at the right price. So much for all that Republican talk about free enterprise. And so much for a Democratic Party controlled by lawyers and lobbyists, who have offered its soul to the company store. The two-party system is not only up for grabs—it's up for sale.●

PUBLIC LAW 94-142: HANDICAPPED CHILDREN'S EDUCATIONAL MAGNA CHARTA

HON. ARLEN ERDAHL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. ERDAHL. Mr. Speaker, Recently, it has been alleged that Public Law 94-142 represents education's "Three Mile Island." Any Federal statute that has voluntarily been implemented by 49 States and which increased the access to educational opportunities for 4 million children does not warrant a metaphorical comparison with a nuclear reactor accident.

Since 1975, when the Education of All Handicapped Children Act—Public Law 94-142—was enacted, we have witnessed a tremendous growth in educational programs for all handicapped children in all States. Local school districts and States have been willing to embrace the intent of Public Law 94-142—the provision of a free appropriate public education for each handicapped child—in spite of the fact that Federal dollars for assisting with this intent has never exceeded 12 percent of the excess cost of educating handicapped children. Public Law 94-142 has impacted on all school districts and it has benefited approximately 4 million handicapped children.

Public Law 94-142 does not tell States and local school districts how to educate handicapped children. Rather it affirms a handicapped child's right to an education at public expense and outlines processes which should facilitate the provision of such an education: communication between parents and school officials, attention to a child's individual education needs, and opportunities for due process in cases of disagreement. These processes are characteristics associated with effective school systems. Thus Public Law 94-142 reinforces a good educational practice.

We are all well aware of the shrinking dollars available for education. Where and how these dollars are used should be determined by State and local officials, however this is not incompatible with retention of a nation-

al mandate. The repeal or weakening of Public Law 94-142 or the reduction of Federal appropriations will not relieve States of the responsibility for educating handicapped children nor will it eliminate the rights of handicapped children. The responsibility for educating handicapped children at public expense was written into law in 39 States prior to Public Law 94-142 and is now found in every State. Moreover, if Federal funds for assisting in the education of handicapped children are significantly curtailed or stopped altogether, the immediate effect will be an increased fiscal burden for State and local governments. The long-term effect will be reduced services to school-age handicapped children. The result of this reduction in services may be increased dependence in adulthood.

After several years of experience with Public Law 94-142, we should recognize and commend State and local efforts on behalf of America's handicapped children. It is time that we review the regulations for Public Law 94-142—published in final form in August 1977—and consider modifications in the regulations which will increase administrative flexibility for States but which will also reaffirm the right of a handicapped child to a free appropriate public education. The Education Department is conducting a thorough review of the regulations for Public Law 94-142 and has sought input from diverse groups concerning possible areas of regulation reform. This is responsible action. It acknowledges the benefits achieved through Public Law 94-142 and the need for adjustments in regulatory requirements. Such activity reflects a continued commitment to the original intent of the act. Public Law 94-142 has been and should continue to be an example of an effective local, State, and Federal partnership, a partnership which may need to be realigned, but certainly not eliminated.●

HONORING MR. FRANK E. KLACKLE

HON. HAROLD S. SAWYER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. SAWYER. Mr. Speaker, I have the privilege today to honor Mr. Frank E. Klackle, who will be retiring from the Michigan Cooperative Extension Service on December 31, 1981.

Mr. Klackle's unwavering dedication to the area of agriculture and his significant contributions to the fruit industry, deserves high recognition. He has constantly received distinguishing honors from the Michigan State University Hort. Society and the International Dwarf Tree Association; Federal land bank, and was awarded the Fruit Man of the Year with the Pomester Club.

Mr. Klackle has displayed both his knowledge and leadership capabilities

in the many facets of agriculture. He has served as township supervisor and became chairman of the Kent County Board of Commissioners in 1960. Mr. Klackle joined the Michigan Extension Service in 1961 and later became district horticulture agent for the west central district of Michigan. A member of the Kent County Farm Bureau for 33 years, Frank is held in the highest esteem by his professional colleagues in the fruit industry of Michigan.

I thank Frank Klackle for his outstanding service and wish him the very best in his retirement.●

ARMY REFUSES TO REENLIST A 31-YEAR-OLD HERO

HON. AUSTIN J. MURPHY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. MURPHY. Mr. Speaker, recently a constituent approached me with a problem he was having with the military. Now, I am sure all of my colleagues here have had similar experiences. But this was not the standard military casework. The Army refuses to let this person reenlist. I should add that my constituent served 9 years in the U.S. Army before his honorable discharge. He rose to the rank of staff sergeant while in the service. This man had volunteered for three tours of duty in Vietnam. He proudly served his country for 29 months in Vietnam. He was awarded the Bronze Star, the Air Medal, a Meritorious Service Medal and numerous good conduct and campaign ribbons. He is only 31 years old and in excellent physical condition. But the Army refuses to let him reenlist because he was one of the air traffic controllers that was recently dismissed.

I have a copy of the memorandum from the Assistant Secretary of Defense, dated November 5, 1981. That states:

Effective immediately, individuals who have been dismissed from Federal employment because of their participation in a strike against the Government of the United States or the Government of the District of Columbia will not be enlisted or appointed as members of the Armed Forces.

In all of my life I have never seen such a ridiculous and asinine action. How in the name of commonsense—not to mention fair play—can the Defense Department justify this action? What possible rationale can there be for this? Does the Defense Department consider these people somehow unfit for service?

I assume from reading the Defense Department memo that if this person had been dismissed from his job for any other reason other than going on strike, that the military would have accepted him.

Is this the way the administration chooses to honor veterans—especially Vietnam veterans?

In spite of the progress that has been made in recognizing the role of the nurse-midwife, barriers still exist which prevent many consumers from obtaining nurse-midwifery services. Our colleague, the gentlewoman from Maryland (Ms. MILULSKI) has introduced two bills, H.R. 4636 and H.R. 4637, which would take important steps to correct this situation. H.R. 4636 would allow certified nurse-midwives to receive reimbursement under Federal Government health plans, and H.R. 4637 would allow nurse-midwives to receive medicare reimbursement for services to disabled women and for routine gynecological care delivered to elderly women. As a cosponsor of these bills, I urge our colleagues on the Post Office and Civil Service Subcommittee on Compensation and Employee Benefits; the Energy and Commerce Subcommittee on Health and the Environment; and, the Ways and Means Subcommittee on Health to proceed quickly with the consideration of this legislation.

In addition, I urge my colleagues to cosponsor House Joint Resolution 316, sponsored by the gentleman from Ohio (Mr. BROWN), which would designate the week of April 19, 1982 as National Nurse-Midwifery Week. House approval of this resolution would provide an opportunity to focus attention on the nurse-midwifery profession and, perhaps, serve as a catalyst in overcoming some of the obstacles still facing nursing-midwives.

Again, I commend Mrs. Phyllis Farley, Dr. Lubic and all of the dedicated individuals whose fine work is responsible for the success of the MCA Childbearing Center and I urge my colleagues to support legislative efforts that will firmly establish the nurse-midwifery profession.●

PROVIDING FOR A WAIVER OF LAW PURSUANT TO THE ALASKA NATURAL GAS TRANSPORTATION ACT

SPEECH OF

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

The House in Committee of the Whole House on the State of the Union had under consideration the joint resolution (H.J. Res. 341) providing for a waiver of law pursuant to the Alaska Natural Gas Transportation Act.

● Mr. BONKER. Mr. Chairman, the waivers of law for the Alaska natural gas transportation system set bad precedents and could encourage poor project management.

My opposition to these waivers does not mean I am opposed to the idea of transporting Alaska natural gas to the lower 48 States. I have supported in the past construction of a pipeline system to do that, and I still believe it should be built. However, these legal

waivers are not the proper way to proceed.

In passing the Alaska Natural Gas Transportation Act, Congress specified that the project must obtain private financing. The ultimate test of its worth was left, as it should be, to the marketplace. That was a wise and proper judgment then; it remains so today.

The act also gave the President authority, which he has not exercised, to propose waivers of existing laws to expedite the project. Waivers are appropriate to simplify processes and procedures that could unnecessarily complicate and delay the project. Cutting redtape in that fashion is an excellent idea. It is inappropriate, however, to use that authority to waive substantive features of law and to set major precedents for Federal involvement in private energy transportation projects.

The proposed waivers also shield pipeline participants from some of the financial risk they would otherwise face. Full exposure to such risks helps hold pipeline owners, builders, and operators accountable for their actions and insure that sound, cost-effective work makes the pipeline the best possible deal for the consumers who must ultimately bear its cost.

My fellow Washington State residents and I are all too familiar with another large construction entity—the Washington Public Power Supply System—that commenced construction of five nuclear powerplants under circumstances that reduced the accountability of decisionmakers and shielded project participants from portions of the financial risks that such endeavors normally entail.

Waste, mismanagement, and general disarray now beset WPPSS, and its mammoth construction plan is in shambles. Costs have skyrocketed. Construction has stopped at two of the five plants, and their future is most uncertain. The State's voters, in the latest expression of frustration with the situation, simply stripped the agency of its independent authority to sell construction bonds.

As general debate on the waiver resolution noted, a Congressional Research Service analyst has concluded:

The WPPSS experience indicates that large, capital-intensive projects have a potential for serious financial crisis when management decisions are not subject to timely review. Caution suggests that such projects be provided with careful oversight, and perhaps formal review authority, by entities which will eventually be responsible for the costs of the project.

These waivers of law move us in the wrong direction on the Alaska natural gas transportation system. However worthy their purpose may be, they are a bad idea.●

HOUSE JOINT RESOLUTION 431

HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. SPEAKER. I will be voting today in support of House Joint Resolution 431. Our Nation, despite its commendable energy conservation efforts, remains dangerously dependent on foreign energy sources. At the present time, we still import 5 million barrels per day of crude oil and petroleum products. We are without a means of effectively opposing OPEC price increases, or reducing our vulnerability to the course of events in unstable regions of the world. Natural gas, and specifically Alaskan natural gas, is a very important part of our effort to reduce our dependence on imported foreign oil in general, and Persian Gulf oil in particular.

The natural gas of Prudhoe Bay, Alaska—26 trillion cubic feet of gas—represents 13 percent of total U.S. reserves, as well as additional potential reserves of 100 to 200 trillion cubic feet of natural gas. It is the largest gasfield discovered in the United States, and has the potential to replace 400,000 to 600,000 barrels per day of imported OPEC oil, an equivalent of our total current imports from Libya. We must not underestimate the role Alaskan natural gas can play in reducing our dependence on imports of foreign oil. For this reason, I am willing to put aside my reservations regarding the waiver package President Reagan has put before us.

The proposed waiver package does depart from traditional regulatory practices, allowing for the prebidding of consumers to permit the financing, through private means, of this \$40 billion project. However, it has been made clear that these charges will not exceed \$1.78 per household per month under the worst circumstances; a charge which does not seem excessive given the overall national benefit of this secure supply of energy.

We must not only consider how the success of this project will add to our national security by promoting energy independence; we must also consider how its failure, or even its costly delay, will effect our relations with Canada.

A failure on our part to approve this waiver package would be considered a gross breach of faith by the Canadian Government.

In response to commitments made by two Presidents, Canadian companies have undertaken the construction of their segment of the Alaska Natural Gas Pipeline System (ANGTS) with the understanding that they would be permitted to commence billing the American consumer at "full cost of service" as soon as their segment of the pipeline was completed.

Neither the Canadian Government nor Canadian firms can be expected to assume the financial losses which would accrue to them if the American segments of the pipeline are not completed on schedule. The Canadians have already spent \$680 million on the spurs of the ANGTS from Alberta, Canada, which are presently supplying our Western States, and soon will be supplying the Midwest, with significant amounts of Canadian natural gas. If we fail to facilitate the prompt completion of the ANGTS by approving this waiver package today, we risk jeopardizing our relationship with Canada, not only as a needed supplier of natural gas, but also as our close and supportive ally. ●

F. D. R.'s WATERGATE: PEARL HARBOR—PART III

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. McDONALD. Mr. Speaker, today in part III, Mr. Percy L. Greaves, Jr., concludes his expository on Pearl Harbor as it originally appeared in the February 1976 issue of Reason magazine. As I have pointed out in introducing parts I and II of this article, the full cost of Pearl Harbor that we still pay for today, may never be known. I do, however, wholeheartedly agree with the observation made by Mr. Greaves in concluding this article that the war that began at Pearl Harbor was: "... a war that sunk free enterprise even deeper than the New Deal had. Europe was made safe for socialism and Asia for Communism."

It is indeed notable and conclusive that those who covered up that day of deliberate provoked infamy were richly rewarded. It is a disgrace to this Nation what happened at Pearl Harbor, but it should be remembered that those living today who participated in this treasonous coverup have to live in the knowledge of their souls, that 100,000 Americans gave their last full measure of devotion, their lives; as well, there is the other 100,000 who suffered the wounds of battle, some to be crippled for the rest of their lives.

I fully realize that Mr. Greaves, along with historians like John T. Flynn deserve much credit for their service of exposure, but indeed, in just memory of those who served and gave their lives, the matter of Pearl Harbor should be more fully investigated and let all the chips fall where they may. The concluding section of Mr. Greaves' "F. D. R.'s Watergate: Pearl Harbor" follows:

THE WARNINGS MULTIPLY

All sorts of important messages then began flowing in. Some dealt with the destruction of codes. Another indicated the war would be against the United States and Britain, but not against Russia. Everyone in Washington privy to the coded messages

was on the alert for the Japanese answer to the U.S. ultimatum of the 28th. A special phone was put in so that it could be phoned immediately to the Secretary of State. On the morning of December 6, a message was picked up, decoded and translated. It read:

1. The Government has deliberated deeply on the American proposal of the 26th of November and as a result we have drawn up a memorandum for the United States contained in my separate message No. 902 (in English).

2. This separate message is a very long one. I will send it in 14 parts and I imagine you will receive it tomorrow. ... The situation is extremely delicate, and when you receive it I want you to please keep it secret for the time being.

3. Concerning the time of presenting this memorandum to the United States, I will wire you in a separate message. However, I want you in the meantime to put it in nicely drafted form and make every preparation to present it to the Americans just as soon as you receive instructions.

This "Pilot Message" was distributed to those entitled to see it shortly after noon. It is not exactly an invitation for responsible officers to disappear on normal weekend relaxations, as the public was later told they did.

Another message instructed the Japanese Washington Ambassadors:

Be absolutely sure not to use a typist or any other person. Be most extremely cautious in preserving secrecy.

The first 13 parts of the 14-part message came in Saturday afternoon, December 6. The Navy men went right to work on them. By the middle of the afternoon Army decoders were called back to help. These parts being in English did not need to be translated. Copies were ready for distribution before 9 p.m.

F. D. R.: "THIS MEANS WAR"

Top Naval officers were having a party that night. So a special young Navy lieutenant was detailed to the White House to deliver these messages to the President in a locked pouch immediately upon their arrival. When he did so he found the President waiting for him with Harry Hopkins.

At the time of the Congressional hearings this officer, then Comdr. Robert Schulz, was in the middle of the Pacific. He was flown back and was the only Navy witness the administration was unable to approach privately before his testimony. He testified in part:

The President read the papers which took perhaps ten minutes than he handed them to Mr. Hopkins. ... Mr. Hopkins then read the papers and handed them back to the President. The President then turned toward Mr. Hopkins and said in substance—"This means war." Mr. Hopkins agreed, and they discussed then for perhaps 5 minutes the situation of the Japanese forces. ...

The President mentioned a message he had sent to the Japanese Emperor concerning the presence of Japanese troops in Indochina, and requesting their withdrawal.

Mr. Hopkins then expressed a view that since war was undoubtedly going to come at the convenience of the Japanese, it was too bad that we could not strike the first blow and prevent any sort of surprise. The President nodded and then said, in effect, "No, we can't do that. We are a democracy and a peaceful people." Then he raised his voice and this much I remember definitely. He said, "But we have a good record. ..."

During this discussion there was no mention of Pearl Harbor. The only geographic name I recall was Indochina. ...

Then the President said that he believed he would talk to Admiral Stark. He started

to get Admiral Stark on the telephone ... but I believe the White House operator told the President that Admiral Stark could be reached at the National Theater ... the President went on to state, in substance, that he would reach the Admiral later, that he did not want to cause public alarm by having the Admiral paged or otherwise when in the theater, where, I believe, the fact that he had a box reserved was mentioned and that if he left suddenly he would surely have been seen because of the position which he held and undue alarm might be caused and the President did not wish that to happen because he could get him within perhaps another half hour in any case. His words were in effect that he would reach the Admiral later. ... The matter of it being another hour is my own observation based on the fact that the theater was eventually going to close that evening.

Later, when testifying, Admiral Stark could not remember that upon arrival home that night he had excused himself from the theater party, gone upstairs to return the President's call. After his original testimony he had to be reminded of this by a member of the theater party.

THE DAY OF INFAMY

Early on the morning of December 7, the 14th part came in as well as the message telling them to deliver it at 1 p.m. Washington time, which was dawn at Pearl Harbor. Other messages thanked the Ambassadors for the job they had done and bid them goodbye.

The inside story of December 7 was recorded in the Stimson diary:

Today is the day that the Japanese are going to bring their answer to Hull and everything in MAGIC indicated that they had been keeping the time back until now in order to accomplish something hanging in the air. Knox and I arranged a conference with Hull at 10:30 and we talked the whole matter over. Hull is very certain that the Japs are planning some devilry and we are all wondering where the blow will strike. We three stayed together in conference until lunch time, going over the plans for what should be said or done. ... Hull was to see the Japanese envoys at one o'clock but they were delayed. ... I returned to Woodley to lunch and just about 2 o'clock, while I was sitting at lunch, the President called me upon the telephone and in a rather excited voice asked me, "Have you heard the news?" I said, "Well, I have heard the telegrams which have been coming in about the Japanese advances in the Gulf of Siam." He said, "Oh, no, I don't mean that. They have attacked Hawaii. They are now bombing Hawaii." Well, that was an excitement indeed. The messages which we have been getting through Saturday and this morning are messages ... showing that large Japanese forces are moving up into Gulf of Siam. ... The British were very much excited about it and our efforts this morning in drawing our papers were to see whether or not we should all act together. The British will have to fight if they attack the Kra Peninsula. We three all thought that we must fight if the British fought. But now the Japs have solved the whole thing by attacking us directly in Hawaii.

As soon as I could finish my lunch, I returned to the office and began a long conference which lasted until 6 o'clock. The news coming in from Hawaii is very bad. They seem to have sprung a complete surprise upon our fleet and have caught the battleships inside the harbor and bombed them severely with losses. They have also hit our airfields there and destroyed a great

small, private organization that U.S. cooperatives organized 11 years ago to provide short-term, technical assistance to cooperatives in developing countries at their request.

Several VDC volunteers have reported to me on their work overseas including:

Dr. Karl Falk, chairman of the board of First Federal Savings & Loan Association of Fresno, Calif., former president of Fresno State College, professor of economics there for 29 years, and chairman of the board of Cooperative Housing Foundation;

James E. Like, former controller of Lindsay Olive Growers and now a director of that cooperative, who has handled VDC projects in Liberia and Somalia and is now in Thailand, and

Pete Faria, a Tulare, Calif. dairyman, who returned to his native Brazil last year to recommend improved production practices so that low-income, co-op members could expand milk production.

The principal ingredient in VDC's success, I'm convinced, is the volunteered services of experienced, highly qualified men and women. Each is selected for particular skills that match the specific request VDC receives.

Another reason VDC seems to succeed is that nothing happens until a group of persons overseas or a government agency there asks VDC for help. No one else decides that they should receive help—not their government, not the U.S. Government, not someone trying to be helpful. They alone can initiate a VDC project.

To provide this volunteer, technical assistance, some funds are necessary to get the volunteers overseas and back and to sustain them while they're there. That's what AID and U.S. taxpayers provide, and I want to see that some of the money we propose to provide under this bill is used to fully finance VDC, to enable it to continue to expand its work around the world.

AID and VDC recently chose Dr. Stanley Krause to evaluate VDC's work on the spot. Dr. Krause retired from AID's Africa Bureau in 1980 after 28 years with AID and the Department of Agriculture. In his report, he says:

VDC's work is important.

Few AID programs could match such a favorable review.

VDC's work is highly cost effective.

Virtually all alternative forms of technical assistance have substantially higher costs.

VDC's volunteer's conduct of projects has been excellent.

The central core of VDC's program—the actual field execution of individual projects—has been superior.

VDC's work is aimed at "the poor majority."

Cooperative participants and eventual beneficiaries . . . fall comfortably within the worldwide definition of the poor majority.

Four national organizations of U.S. cooperatives provide leadership for

VDC. These are Agricultural Cooperative Development International, American Institute of Cooperation, National Rural Elective Cooperative Association, and National Council of Farmer Cooperatives, and I commend them for their work.

I like this emphasis on technical assistance as the basis of foreign assistance. I like the use volunteered U.S. skills and experience. I like the emphasis on self-help. And I want to see that this organization and others like it are fully funded and have an opportunity to expand their work.●

H.R. 1465

HON. LARRY E. CRAIG

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. CRAIG. Mr. Speaker, each of us, far too often, have heard from our State and local officials about the cost impact of compliance in carrying out major congressional actions. H.R. 1465, which this body will consider shortly, is a response to the unprecedented expansion of Federal programs during the 1970's, which has imposed significant fiscal and administrative burdens on State and local governments. Undoubtedly, many of these costs are unintended.

Because Congress presently has no means of determining the cost of legislation on anything other than the Federal budget, it has become clear that Federal legislation can no longer be considered in isolation. As we well know, Federal programs cannot be simplified, nor spending reduced by merely shifting a greater burden of the cost to States and their local governments. By amending the Congressional Budget Act of 1974, H.R. 1465 would permit Congress to identify the possible hidden costs and consequences of pending legislation before it is enacted into law. This bill establishes a format and guidelines for preparation of State and local government cost estimates similar to those which CBO currently uses for Federal cost estimates. This can result in the drafting of more responsible, less costly legislation.

At a time when there have been recent reductions in Federal aid to States and local governments, assessment of the impact of Federal legislation is timely. H.R. 1465 offers an important step toward achieving the kind of fiscal accountability that is not only needed, but that the American people are now asking of all levels of government. I am pleased to voice my support for H.R. 1465.●

PROVIDING FOR A WAIVER OF LAW PURSUANT TO THE ALASKA NATURAL GAS TRANSPORTATION ACT

SPEECH OF

HON. DOUG WALGREN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

The House in Committee of the Whole House on the State of the Union had under consideration the joint resolution (H.J. Res. 341) providing for a waiver of law pursuant to the Alaska Natural Gas Transportation Act.

● Mr. WALGREN. Mr. Chairman, I urge support for House Joint Resolution 341 despite the doubts expressed by some of my colleagues, because I believe access to Alaskan natural gas is important for the national interest. A stable supply of natural gas is essential for our economy—indeed our way of life. Such a supply is especially important for the economy of the Northeast and the future of industries like steelmaking that are essential to my part of the country. This resolution would waive certain laws affecting the construction and operation of the Alaska natural gas transportation system. Natural gas is used by many residential and industrial customers in western Pennsylvania, and I am keenly aware of how important a readily available supply of natural gas can be to the lives and livelihoods of millions of people.

In 1968, reserves of 9 billion barrels of crude oil and 26 trillion cubic feet of associated natural gas were discovered at Prudhoe Bay on the North Slope of Alaska. These 26 trillion cubic feet of natural gas represent about 13 percent of this Nation's reserves. The Alaska pipeline will transport over 2 billion cubic feet of gas per day to the lower 48 States. This will displace 400,000 barrels of imported oil per day. Displacement of imported oil could increase to 600,000 barrels per day. Thus, this pipeline will help guarantee a steady supply of natural gas and help rid us of our dangerous dependence on unstable foreign sources of energy. A stable supply strengthens our economic and strategic security and helps us avert shortages—which inevitably make consumers pay more for their heating and cooking bills.

SAFEGUARDS FOR THE GAS CUSTOMER

The issue of "prebilling" residential and industrial users before Alaska gas flows through the pipeline is an issue that demands special scrutiny to make sure that consumers do not assume an unjust burden in building the pipeline. I am convinced that there are sufficient safeguards against abuse of the prebilling features.

No charge can be assessed to the customers for any one of the three segments until it is completed and commissioned. This includes a determination by the Federal Energy Regula-

tory Commission that each segment in question is ready for operation. The corporate investors in each segment must bear any financial loss that may be associated with the noncompletion of that segment, not the consumers. It is extremely unlikely that any one segment would be completed but the others not completed.

The FERC has clearly stated its intention to bring about the completion of all three segments simultaneously and that gas will flow immediately thereafter. Thus, there is little possibility that consumers would be pre-billed for a partially completed pipeline that faces long and expensive delays. At the same time, only when the entire system is completed and gas flows to customers can corporate investors earn a return on the equity they invested. Corporate equity will remain at risk until the gas flows. This risk will help guarantee the scheduled completion of the pipeline.

COMMITMENT TO CANADA MUST BE HONORED

Approval of the waiver package also will fulfill an important U.S. commitment to Canada to go forward with this project which will be of great benefit to both nations. This commitment will not only guarantee the successful completion of the Alaska pipeline but it will assure the Canadians that the United States is a reliable partner in energy and other fields. The United States has negotiated a treaty with the Canadians, a commitment which has been reaffirmed by the Congress by Senate approval of the treaty in 1977 and congressional approval of a resolution indicating continued support in 1980.

USE AMERICAN STEEL

It is my hope that the sponsors of the pipeline will use American steel in this project; and as a member of the Congressional Steel Caucus and a representative of a major steel-producing area, I would like to reiterate the views of the House Energy and Commerce Committee. In choosing to act favorably on the waiver package, the committee relied in part on the assurances of the Northwest Alaskan Pipeline Co. in their November 19 letter, that U.S.-produced steel will be used to the fullest extent possible. Mr. John McMillan, chairman and chief executive officer of the company wrote us as follows:

I, and my partners in the Alaskan gas pipeline project, intend to purchase and use, on a priority basis, American-produced material to the maximum extent feasible and practicable, consistent with the requirements imposed upon us by the regulatory authorities. . . . I am confident that all of us, working together, can help create circumstances where our intent to purchase American steel can be achieved, in a manner totally consistent with our other obligations. To this end, I stand ready now, as I have in the past, to work diligently to ensure maximum participation by the American steel industry in providing material for the Alaskan Natural Gas Transportation System—both the pipeline and plant components.

Our committee intends to follow and to monitor the progress of the company in fulfilling this assurance.

The entire Alaska Natural Gas Transportation System will use 2.3 million tons of steel. With the American support for and investment in this massive project, it seems only appropriate to me to seek assurances that American steel will be used to the widest extent possible—particularly at a time when our steel industry has 60,000 steelworkers out of work and 20,000 people on short work weeks.

There are those who argue that this bill is a risky one, and I concede that there may be some risks. There are, in this legislative business, very few courses of action that do not have risks. A much larger risk, however, would be to become complacent about our energy supply. Embargoes and shortages—as we painfully learned in the not-so-distant past—can happen any time. A greater risk is to make ourselves vulnerable to abrupt and fickle circumstances that make us unable to heat our homes, prepare our meals, run our factories, and warm up our schools. I urge support of the resolution. ●

GROWING SUPPORT FOR THE NONDISCRIMINATION IN INSURANCE ACT

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. DINGELL. Mr. Speaker, I want to report that there is growing support for enactment of my bill H.R. 100, to eliminate discrimination on the basis of race, color, religion, sex, or national origin in insurance and annuities. In the House, over 100 Members are now cosponsoring this legislation. In the Senate, 23 Senators are cosponsoring S. 888, title V of which contains the full exact text of H.R. 100. Many organizations have already announced their support for this legislation, including the Leadership Conference on Civil Rights, American Association of University Professors, AFL-CIO, National Women's Political Caucus, NAACP, American Association of University Women, American Civil Liberties Union, Women's Equity Action League, Mexican-American Legal Defense Fund, National Organization for Women, Women USA, and many other groups.

Several of the trade associations, representing much of the insurance industry, have opposed H.R. 100 because it would ban the industry's widespread practices of sex discrimination in insurance and annuities. Yet the representatives of these trade associations acknowledge that they no longer dispute the principle that discrimination on the basis of race, color, religion, or national origin is improper and unjust and should not be countenanced.

But there are many others involved in insurance and annuities who believe that sex discrimination also should be deemed improper and unjust. Thus, the vast majority—over 95 percent—of employees, both in government and in private industry, are covered in connection with their employment, by defined-benefit annuity pensions plans which provide periodic benefits in single life annuities and/or by group life insurance plans which provide equal insurance benefits, without sex differentiation either as to the benefits or as to the employees' contributions to the plans. Also, the National Association of Insurance Commissioners has urged the adoption of legislation and regulations to eliminate some forms of sex discrimination in insurance. Some States are attacking sex discrimination in an entire category of insurance. Thus, Hawaii, Massachusetts, Michigan, and North Carolina recently adopted State laws forbidding sex discrimination in auto insurance, and in four other States (Florida, Louisiana, New Jersey and Pennsylvania) the State Insurance Departments adopted regulations or orders to do the same. In Florida, the State appellate court held that such regulation was beyond the State Insurance Department's delegated authority, and in the other three States the regulations are now in abeyance until pending court suits are completed. In addition, there have been many court decisions in suits brought by employee beneficiaries holding that sex discrimination in insurance and annuities, as to benefits as well as to employee contributions, violates title VII of the 1964 Civil Rights Act and/or the Constitution.

An excellent analysis of the issues, which should be very helpful to Members of Congress and the general public, written by Diana Steele, Esq., who participated in several of these cases, was recently published by the Women's Rights Project of the American Civil Liberties Union. I request that this article be printed in the RECORD immediately after my remarks today.

There is also new thinking becoming evident within the insurance industry itself. For example, the Teachers Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF), which administers the annuity and insurance programs for over 3300 colleges, universities and other institutions, recently announced, after extensive litigation, its willingness to inaugurate new gender-neutral rate schedules. Over 20 State Insurance Departments approved those schedules, and even the New York State Insurance Department, which first approved and then disapproved the new schedules, recently approved gender-neutral rate schedules limited to future contracts.

An even more significant expression of support for the legislation con-

ing to have the FALN prisoners declared POW's.

It will be recalled that several members of the People's Law Office active in the NLG figure prominently in the declassified FBI report on the foreign contacts of the Weather Underground Organization (WUO) and that Cunningham, Deutsch, and Haas were formerly active with the WUO's overt arm, the Prairie Fire Organizing Committee (PFOC).

In its international work, the NLG reconfirmed its support to revolutionary terrorist organizations. An observer representing the Popular Front for the Liberation of Palestine (PFLP) was present distributing PFLP literature and encouraging NLG activists to take out subscriptions to its journal. The PFLP activity took place in association with distribution of literature from the Association of Arab-American University Graduates (AAUG), co-founded by Detroit NLG activist Abdeen Jabara, a leader of the International Committee's Mideast Subcommittee. ●

DANGERS OF ALASKAN GAS WAIVER PACKAGE

HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. ROYBAL. Mr. Speaker, earlier today I voted against House Joint Resolution 341, providing for a waiver of law pursuant to the Alaska Natural Gas Transportation Act. My reason for doing so is very simple: It makes absolutely no economic sense to the American consumer.

Under the prebidding provisions of the waivers, the American public is being asked to assume the risk that all major segments of the pipeline will be completed in a timely and cost-efficient manner. If this project is not completed, 60 percent of the users of natural gas will be saddled with a \$37 billion debt to be paid over a 20-year period. This will add as much as \$72 a year to the average bill of an American natural gas consumer without a drop of gas being received in return.

Even if the project is completed on time, there is no guarantee that the natural gas will be marketable at a competitive price in its initial 10 to 15 years. The Energy Committee's own staff report indicates that financing of the project may well cause the price of gas to soar so high that its users may find it cheaper to convert to oil. This will not only result in an increase in oil use and oil imports, but also increase the share of the cost to the consumers who are unable to switch to other types of energy.

The only clear winners from the waivers are the oil companies, which stand to receive a 50-percent rate of return on their investment; the pipeline companies, which stand to receive

a 25-percent rate of return; and the State of Alaska, since it will receive \$20 billion as its share of the royalties with no share of the risk whatever.

It has been suggested that approval of this package will insure the construction of the pipeline, thus providing jobs for unemployed Americans. The committee's own staff analysis suggests otherwise. There is no doubt that domestic industries would be used for the construction of that portion of the pipeline in the lower 48 States. However, that represents only 15 percent of the total project. The use of 54-inch pipe for the Canadian portion of the pipeline guarantees that no American steel manufacturer will be used, since no American firm manufactures pipe of this size. The remaining portion of the pipeline in Alaska will use 48-inch pipe. Only one plant in the United States makes that size of pipe and out of 12 companies worldwide that were studied by the sponsors of the project, the American plant was ranked at the bottom of the list.

Let me be clear about one thing, Mr. Speaker: I do not consider this a vote on the merits of the Alaskan pipeline. This is a vote on a particular set of waivers which we had to accept or reject without amendments.

It is my opinion that a set of waivers can be drafted which will encourage the construction of the pipeline without imposing such a one-sided economic risk on the American consumers of natural gas. For example, we could place a limitation on consumer liability to that of the project sponsors and in the case of the Alaskan portion, to that of the Alaska equity commitment. Thus, the liability of the American consumer would be limited to the risk that will be taken by those who will benefit the most. If they are not willing to take a risk, the consumer should have no liability. Second, a buy America provision could be included, thus insuring that despite the merits of the economic risk, at least the project will provide employment for some Americans. Third, since under the waivers, the processing plant will be included in the cost to consumers, consumers could at least be given credit for the natural gas liquids produced at the plant.

Finally, Mr. Speaker, I am against House Joint Resolution 341 because the experts say it is untenable. Chase Manhattan, Citibank, Morgan Guarantee, and Bank of America, which together probably constitute the best and shrewdest financial analysts in the world, have indicated that even if we approve this waiver package, they are not sure financing will be available. In other words, the Nation's—and probably the world's—major financial institutions are saying that this project may be so uneconomical that even with a guaranteed consumer payback, they may be unwilling to lend the money for it. I submit, Mr. Speaker, that if it makes no economic sense for the banks, it makes even less economic

sense to the average American consumer, and my vote reflects this. ●

HAPPY BIRTHDAY

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. CONTE. Mr. Speaker, our day here would not be complete unless we took a moment to wish our colleague, our Speaker and our very dear friend from Massachusetts a happy birthday.

This has been an arduous year. A year filled with many important and many difficult decisions for all of us. But through it all—even while disagreeing on certain issues—we knew we had an honest, just, and capable leader at the helm.

Mr. Speaker, I am deeply proud to count myself among your many friends in this House and I know they all join me in wishing you all the joys that life can hold on this, your birthday. May the year ahead bring you all the blessings you so richly deserve. ●

LANHAM TRADEMARK ACT

HON. JERRY M. PATTERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. PATTERSON. Mr. Speaker, I am today introducing legislation to amend the Lanham Trademark Act of July 5, 1946.

Section 45 of the Lanham Trademark Act (15 U.S.C. 1127) currently states that it is the intent of the act "to protect registered marks used in (intrastate) commerce from interference by State, or territorial legislation."

Notwithstanding this provision of the law, several States acting through real estate commissions have issued regulations which materially interfere with the use of franchise trademarks registered with the U.S. Patent Office. Specifically, these regulations have attempted to prohibit the use of real estate signs on which a national franchise logo is printed in type face larger than the name of the franchisee. Court challenges to this State interference with a federally granted trademark have been met with mixed success. At the present time the lack of uniformity in the case law has created an unsettled economic environment which is why I am introducing this legislation today.

At the heart of this matter is the ability of the franchisee to compete freely and fairly under the trademark licensed by the franchisor. Franchising as a method of distribution has generally resulted in competitive innovation in the marketplace and plays an increasingly important role in the U.S. economy. For example, the U.S.

When his country needed him in time of war, he answered the call and then bravely volunteered three times to go to war for this Nation. Now, once again, he wishes to serve his country in the armed services. But the Defense Department insists on following a vindictive policy.

I am curious as to what they will be doing in the case of military reservists. If a fired air traffic controller is currently serving a tour of duty in the reserves, will they be prevented from reenlisting when their tour is up? To be consistent, the Defense Department would have to discharge them now. But with this latest action, I wonder if the Department knows how to establish and follow a fair and consistent policy.

The bureaucrats in the Defense Department who thought up this ridiculous rule should be dismissed. Of course, they could always enlist and serve their country in the armed services.

In addition to basic unfairness of this policy, I am appalled by how petty it is. There has been no great rush by fired controllers to enlist. Probably only a handful out of the thousands who were dismissed are seeking to enlist or reenlist. Why does the Reagan administration go to such extreme and petty lengths? These men and women have already been fired and they cannot be employed as civilian Government workers.

The administration may be attempting to further punish those air traffic controllers who went on strike but in the end they are only bringing shame and disgrace on themselves by pursuing this petty policy and doing a great dishonor to our Vietnam veterans.●

BOOK ON MANAGING THE CONSULTANT

HON. JAMES K. COYNE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. JAMES K. COYNE of Pennsylvania. Mr. Speaker, I would like to bring to the attention of my colleagues a recently released book written by one of my constituents entitled "Managing the Consultant—A Corporate Guide," which aims to provide guidance for both the public and the private sector in the effective utilization of consultants. Mr. John McGonagle, vice president of Helcon Inc., a management consulting firm in Doylestown, Pa., and author of "Managing the Consultant," points out that—

Business and the Federal Government waste millions of dollars each year on consultants. For example, even today Cabinet Departments are asking for studies duplicating those already done by Congressional Committees and government auditors.

As Government officials, we realize the need for program evaluations,

target studies, and other projects to provide us with a sufficient amount of precise information on which to base public policy decisions. But we must obtain this information without wasting the taxpayers' dollars. It is our responsibility to be effective vehicles for necessary governmental change, and at the same time remain within budget restraints. Mr. McGonagle's book will enable us to gain the needed expertise so that we can successfully meet the challenge to become more cost effective.

I recommend McGonagle's book for anyone in a management or decision-making position, whether it be in the public sector or private.

"Managing the Consultant—A Corporate Guide" was released November 13, 1981, by Chilton Book Co.●

PROVIDING FOR A WAIVER OF LAW PURSUANT TO THE ALASKA NATURAL GAS TRANSPORTATION ACT

SPEECH OF

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

The House in Committee of the Whole House on the State of the Union had under consideration the joint resolution (H.J. Res. 341) providing for a waiver of law pursuant to the Alaska Natural Gas Transportation Act.

● Mr. GREEN. Mr. Chairman, I support House Joint Resolution 341, a resolution to approve waivers of law relating to the Alaska Natural Gas Transport System (ANGTS). Though I was originally skeptical about the consumer prebidding financing mechanisms which can be considered by the Federal Energy Regulatory Commission (FERC) under the waivers, after careful review I feel the energy security created by the access to the huge reserves of natural gas in Alaska is important enough to warrant passage of the waivers.

The pipeline, which will originate at Prudhoe Bay in Alaska, will transport at least the equivalent of 400,000 barrels of oil per day. Natural gas is one of the cleanest, safest sources of energy available today, and to ignore this huge source of secure and environmentally sound fuel would be unreasonable. Though today we are facing a situation with abundant energy supplies, few of us can forget the natural gas shortfalls of only several years ago. Our current energy oversupplies should not blind us to the continuing energy vulnerability of this country. Indeed, the upturn in gas supplies from the lower 48 States is often referred to as the "gas bubble". In recognition of the prospect that it may well represent a temporary surge as the result of termination of Federal pricing policies that discouraged development of gas supplies for the interstate market.

The gas from Prudhoe Bay will be under the control of the United States, meaning use of this gas will move us away from OPEC vulnerability and toward energy independence. Substituting the Prudhoe Bay gas for OPEC oil will lower our balance of payments by at least \$7 billion in the first year the pipeline is in operation. A large, dependable supply of domestic energy will improve the balance of payments, and get us out from under OPEC domination.

This large supply of clean, Alaskan natural gas will almost certainly go untapped without approval of these waivers, because without the waivers, the project probably cannot be financed. No cheaper alternatives have been found, and delay of this project for even 1 year will add \$3 billion to its cost. For all intents and purposes, failure to approve this package will result in failure to build ANGTS, and to achieve the measure of energy independence it will provide.

As I indicated earlier, the consumer prebidding portion of the waiver package is an unusual means of financing. I would stress that these waivers only give FERC the discretion to allow prebidding—they do not mandate prebidding. Under the waiver proposal, FERC could decide to allow prebidding to occur under the following circumstances: After a date selected by the FERC as a reasonable date for completion of the entire project—probably 1987; after completion and testing of at least one of the three basic segments of the pipeline; and after the project's sponsors have invested their risk capital without return. In the very worst, and highly unlikely scenario, in which the two most expensive portions of the pipeline were completed but the entire project failed, the average consumer would pay less than \$1 per month to pay off the project's debt. In addition, prebidding will lower the actual project cost and the consumers' bills when the project is complete.

As I have pointed out, without the waivers, Alaskan natural gas will almost surely lie idle. I believe our country needs the environmentally sound fuel and the economic and energy security this pipeline will provide, and I support the waiver package.●

FOREIGN LANGUAGE SKILL IMPORTANT

HON. HENRY B. GONZALEZ

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. GONZALEZ. Mr. Speaker, on August 4, I introduced H.R. 4389, to establish the National Commission for Utilization and Expansion of Language Resources, and today I would like to speak in support of my legisla-

Department of Commerce estimates that today one-third of all retail sales are made through franchised outlets. The success of franchising in our economy is due, in part, to the ability of a franchisee to use a franchisor's trademark. Local interference with a national trademark undercuts a franchise system's competitive effectiveness and is contrary to the spirit of the Lanham Trademark Act.

In the real estate industry, franchising allows participating brokers to retain their independence through ownership of their own local business while providing competitive techniques which permits franchisees to compete effectively with larger, well-established firms and national conglomerates; offers a viable alternative to the almost irresistible trend toward consolidation and concentration of the industry; gives the smaller broker access to advertising media and large-scale purchasing power, otherwise only available to much larger corporations; offers affiliated brokers the opportunity to participate in a nationwide referral system and to use sophisticated sales and management tools; fosters new entrants into the industry by giving them good will of the name that is otherwise unavailable; and improves quality of service to consumers by establishing and upgrading standards of performance.

The new trend of franchising in real estate has proven to be too successful to some competitors who have vested interests in the older established order. Real estate commissions throughout the country are generally composed of nonfranchised brokers—they regulate their own competition. A number of these real estate commissions have attempted to issue regulations aimed at blunting the competitive effectiveness of franchised brokers. Many of these regulations require changes in the signs used by franchised brokers; for example, several States have adopted a regulation that requires a franchisee to display his own name in print as large as and as bold as the print used for the franchisor's name—commonly called a 50-50 ratio rule. Different States have adopted different ratio rules, making it unduly expensive and difficult, if not impossible, to maintain a consistent standard and identity on a nationwide basis. Ratio rules interfere with the use of federally registered trademarks in interstate commerce. These regulations purport to protect the public from deception, but the public record is devoid of evidence that the public is being or has been harmed by the present sign configuration used by reputable real estate franchisors. Other States have considered and rejected the ratio rules as being anticompetitive, arbitrary, and onerous and have opted for more meaningful and workable rules. Because reputable franchise organizations require their franchisee to disclose the fact of the independent relationship in all adver-

tising, business cards, documents, and so forth, these ratio rules are unnecessary.

Furthermore, these arbitrary ratio rules have not demonstrably elevated the public awareness, but rather have operated as a restraint of trade by stifling competition. The regulations have generally singled out franchised brokers as targets without affecting the status of other brokers who use various trade names to operate their businesses.

If changes for signs and other materials are required to be made for all franchised brokers, the expense will run in the tens of millions of dollars. Consumers and the taxpayers will ultimately pay the price for this abuse of regulatory power, through less competition from franchised brokers and the eventual passthrough of increased operating costs. This patchwork problem faced by the franchisees requires a Federal solution—a national policy.

The bill I am offering to amend the Lanham Trademark Act will clarify and specify the intent of Congress that State and local governments may not dictate the design of a registered trademark. I want to make clear that this legislation will in no way interfere with the power of a State or community to prohibit the display of advertising of any kind, or to limit the dimensions of signs, or their location, or to prohibit deceptive advertising, or unfair competition. It is directed only at unwarranted interference with the arrangement and design of a registered trademark.

Many years ago Congress recognized that trademarks foster full and fair competition. Because a healthy national economy relies on full competition, Congress determined that Federal regulation of such trademarks was necessary. The intent of the Lanham Trademark Act is being clearly frustrated by 50 separate State regulations that prevent the use of real estate franchise trademarks as registered. The proposed amendment to the Lanham Act makes it clear that the States may not regulate the use in commerce of registered trademarks in a manner different from that manner contemplated in the certificate of registration with federally registered trademarks.●

PROVIDING FOR A WAIVER OF LAW PURSUANT TO THE ALASKA NATURAL GAS TRANSPORTATION ACT

SPEECH OF

HON. WILLIAM R. RATCHFORD

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

The House in Committee of the Whole House on the State of the Union had under consideration the joint resolution (H.J. Res. 341) providing for a waiver of law pursuant to the Alaska Natural Gas Transportation Act.

● Mr. RATCHFORD. Mr. Chairman, I would like to offer my strong opposition to House Joint Resolution 341, a measure which would waive several provisions of the Alaska Natural Gas Transportation Act. I believe these waivers, if approved, would not only run counter to the current administration's laissez-faire energy policy, but would also ask the consumers to bear much of the risk and little of the benefit involved in financing and building the pipeline itself.

I do not intend to discourage the actual construction of the pipeline. The natural gas reserves in northern Alaska represent an estimated 13 percent of America's known reserves. The returns for the companies constructing the pipeline should be substantial. Why, then, should residential and industrial users of natural gas be asked to finance the project before it is completed? If the potential return from the pipeline is as great as its advocates claim, why is the prebilling option deemed essential for construction?

The Northwest Alaska Pipeline was given the exclusive rights to build the pipeline from the Prudhoe Bay to bring gas to the lower 48 States, as long as the project was privately financed. The head of the pipeline consortium even told this body that Government and consumer support would not be necessary. Now, the builders want to change the rules in the middle of the game, to allow American gas consumers to be billed for pipeline gas before the gas is delivered. Of course, the consumers would have no say in the operations of the company, or the actual construction plans for the pipeline, even though they would become partners in the project once prebilling was started. In short, the users of the pipeline gas are being asked to assume the risks involved in building—and the risks are apparently many—without enjoying any real return on their investment.

As far as the natural gas itself is concerned, I question whether it should be tapped at this time. The Alaskan reserve, once it is exhausted, cannot be replaced, and I do not think we will be in great need of this gas in the near future. My own State of Connecticut would benefit minimally from the project, as only one-quarter of 1 percent of the gas would be used in Connecticut. The additional cost per year to residential gas consumers due to prebilling, however, would be approximately \$20. Furthermore, the high price tag on the pipeline—up to \$50 billion, according to some analysts—could only drain already-pressed financial markets of vital investment capital. Construction of the pipeline could mean less investment in domestic industry. I think it would only be fair to add the resulting lost of American jobs to the pipeline's price tag.

Mr. Speaker, I find this proposal, frankly, quite disturbing. The lobbying effort for it has been massive, and

the other Chamber has already surrendered the rights of the consumer to the builders of this project. I hope my colleagues here today will recognize the injustice of this proposal, and leave the pipeline to succeed or fail on its own merits. The people of Connecticut, or any other State, should not be asked to subsidize this venture, and the Congress should not give in to this greedy proposal.●

THE GHOST AMENDMENT

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. DORNAN of California. Mr. Speaker, an article appearing in the Los Angeles Times for December 8, 1981, indicated that our colleague, Hon. PETE McCLOSKEY, had told the steering committee of the "Women For" group in Los Angeles that he intended to offer an amendment to the foreign aid bill, H.R. 3556, which will cut off all foreign aid to any nation that refuses to sign the nuclear non-proliferation pact. He noted that this would have the effect of cutting off all U.S. aid to Israel, one of our most loyal friends and dependable allies.

I waited patiently all day to offer a counter amendment but Mr. McCLOSKEY never appeared to submit his amendment. In case he entertains thoughts about submitting his amendment this spring, I submit my perfecting amendment for my colleagues analysis:

Amendment offered by Mr. DORNAN of California to the amendment offered by Mr. McCLOSKEY of California. In the last line of the amendment, immediately before the period, insert the following: "except that this section shall not apply with respect to any country (1) with which the United States has a mutual defense treaty, or (2) with which the United States has a long standing friendship or has mutual interests, as determined by the President".●

PROVIDING FOR A WAIVER OF LAW PURSUANT TO THE ALASKA NATURAL GAS TRANSPORTATION ACT

SPEECH OF

HON. BOB TRAXLER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

The House in Committee of the Whole House on the State of the Union had under consideration the joint resolution (H.J. Res. 341) providing for a waiver of law pursuant to the Alaska Natural Gas Transportation Act.

● Mr. TRAXLER. Mr. Chairman, I oppose House Joint Resolution 341 which waives portions of existing law governing the financing and construction of the Alaska natural gas pipeline. This legislation places the financial risks of the pipeline in the laps of American consumers, with no guaran-

tee that consumers will ever see even 1 cubic foot of this natural gas. This is a bad bill for gas users.

Under these waivers, the pipeline consortium will be able to bill their present consumers for the cost of constructing each of the three segments of the pipeline, regardless of whether the whole pipeline is ever completed. The first year costs to Michigan residential consumers for natural gas could be as much as \$149, on top of their already growing bills, and it could raise the gas bills to industries by as much as \$28,000 per year.

Natural gas users who live in out-state Michigan have just recently seen their gas bills go up by 50 percent, subjecting them to virtually the highest gas rates in the country. This tremendous increase resulted from an arrangement by one utility company to purchase expensive Algerian natural gas. To ask these consumers to help bear the financial risks of this \$43 billion project, I believe, is unconscionable. Even if the pipeline is ever completed, the new gas is estimated to cost some \$18 per thousand cubic feet, which is four times the average price today.

Furthermore, this legislation would limit the authority of the Federal Energy Regulatory Commission to adjust the project's rates or regulate its construction. It also eliminates public hearing requirements. This bill forces consumers to bear huge financial risks, and then provides no protection or recourse against exorbitant charges. Consumers are, in essence, being forced to invest in this pipeline company, but they receive no stock or voting rights in return for their investment.

The bottom line is that House Joint Resolution 341 is a subsidy to the big oil companies, pipeline sponsors, and banks. It is the biggest anticonsumer bill to come before the Congress, and it should be rejected as unfair and intolerable. For these reasons I am voting no.●

VOLUNTEER DEVELOPMENT CORPS

HON. BRUCE F. VENTO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. VENTO. Mr. Speaker, often-times during our consideration of authorizing and appropriating legislation, the major attention is focused upon the big issues with big price tags or of a controversial nature. While debate swirls around these issues, other, less expensive but vital programs go unnoticed. So it is with the foreign aid legislation which we are now considering.

Included in this essential legislation, is funding for the Volunteer Development Corps, a private, nonprofit organization providing short-term techni-

cal help to cooperatives and Government agencies in developing countries at their request. The VDC had provided invaluable assistance to countries throughout the world. From expanding milk production in Brazil to improving recordkeeping for a cooperative in Fiji, American volunteers have provided their skill and expertise to overseas cooperatives and other organizations.

The FDC fills a needed role and is a positive factor in our Nation's foreign policies. Congress must support this valuable program by providing adequate funding.●

A STEP TOWARD ENERGY INDEPENDENCE

SPEECH OF

HON. THOMAS B. EVANS, JR.

OF DELAWARE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. EVANS of Delaware. Mr. Speaker, the House today took a major step toward achieving this Nation's long-sought-after goal of energy independence by passing House Joint Resolution 341. This measure will facilitate the construction of a natural gas pipeline from Alaska, through Canada, to the lower 48 States. This will enable us to tap the tremendous amount of gas we have discovered in Alaska. Estimates show that nearly 13 percent of our total natural gas reserves are located in Alaska.

Some consumers who will eventually draw gas from the pipeline—primarily in the West, Midwest, and upper Northeast—may be asked to pay higher prices for their gas in advance of the pipeline's construction. This is unfortunate, but it seems a small price to pay if it helps us lessen our dependence upon foreign oil from people such as Libya's Col. Mu'ammarr Qadhafi.

Some may also point to the fact that the measure we have passed today is inequitable, since not every section of the country will be asked to pay for the potentially higher gas prices which could result from the construction costs of the pipeline. In my own State of Delaware, for instance, 99 percent of our natural gas needs are provided by Transco, a Texas based company which draws its gas from the Southwest, Southeast, and Gulf of Mexico. Company officials say they will not be taking any gas from the Alaska pipeline nor be involved in its construction; therefore, they have noted, the resolution passed today will not directly affect the prices most Delawareans pay for natural gas.

Is this unfair? I think not. It does not seem to me to be inconsistent with fairness that those consumers who will benefit most from the Alaska pipeline construction be asked to possibly help finance its construction. Nor do the claims of inequity take into account consideration of future circumstances

which may result in higher prices for those consumers who will not be receiving Alaskan natural gas.

In the final analysis, we must all look to the greater good. Twice before, in times of severe energy crises, the Congress has marched up the hill voicing determination to decrease our dependence on foreign oil. Twice, we have marched right back down again. I applaud the Members of this House who have demonstrated their courage in finally taking a major step toward energy independence for all Americans. ●

RADAR EXPANDS EROS MISSION

HON. CLINT ROBERTS

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. ROBERTS of South Dakota. Mr. Speaker, on November 12, 1981, the House of Representatives took a positive step toward further exploration of our Nation's energy resources and at the same time expanded the mission of the EROS Data Center, near Sioux Falls, S. Dak. In the Department of Interior appropriations bill we have provided for the funding of side-looking radar flights over portions of our country.

Side-looking radar is a technology that, when used in conjunction with other existing data, provides tremendous information about the geological makeup of our country. Test flights of side-looking radar have already been conducted and analyzed. These tests have shown radar's advantages for geological information-gathering purposes due to its technological ability to penetrate dense cloud and ground cover.

The appropriation of \$3 million for radar overflights will not only help provide the information for detecting oil, coal, and other mineral resource deposits, it will help in mapping our vast plains and mountains.

In addition to helping America reach energy and mineral independence, the House's appropriation for this program expands the role and mission of the EROS Data Center. The EROS Data Center presently houses and provides information to industry, government, and the public from NASA, Landsat, infrared and other high-aerial photographic technology. Side-looking radar will produce another set of data that will need to be disseminated and stored at EROS.

The recent Space Shuttle launch furthers the use of this new technology. A form of side-looking radar was carried aboard the Shuttle and its use from that altitude was tested. Support of this type of technology is needed. Energy independence will involve many forms of exploration. Radar is an investment in America's future and independence. Preliminary results of the Shuttle tests are positive and to il-

lustrate this I have included an article on the Space Shuttle findings found in the Washington Post, December 9, 1981. The article follows:

[From the Washington Post, Dec. 9, 1981]

SPACE SHUTTLE'S FINDINGS DELIGHTING NASA SCIENTISTS

(By Thomas O'Toole)

As short as it was, the second flight of the space shuttle last month produced enough of the first radar "photographs" of Earth's surface to cover 10 million square kilometers, a region the size of the United States.

The abbreviated three-day flight of astronauts Joe Henry Engle and Richard Truly also generated infrared images of 80,000 kilometers of Earth's surface across four continents, discerning different types of soil and rocks for geologists.

It produced spectacular photographs of the tops of thunderclouds around the world, took the first measurements from space of fish schools in the Yellow Sea, the South China Sea and the Mediterranean, and was the first attempt from space to measure carbon monoxide pollution in the northern and southern hemispheres.

"We had planned to do these experiments over five days and we only got three," the National Aeronautics and Space Administration's Dr. Jim Taranik told a news conference yesterday. "In spite of that, we think this entire mission was nothing short of an outstanding success."

While it will be months before the results are known from the six experiments carried in the shuttle's cargo bay, the scientists who designed the experiments were delighted with the way they worked.

The only experiment that did not work was an attempt to see how fast sunflower seeds grew in weightlessness.

"And the only reason it didn't work was that the mission was too short," Dr. Allan Brown of the University of Pennsylvania said. "We really needed two more days to prove the results of our experiment."

The most successful experiment carried by the shuttle was clearly the shuttle imaging radar, whose six-foot-wide antenna was able to penetrate storms, the dark of night and even the cover of vegetation to return radar "photographs" of 10 million square kilometers of the United States, Africa, Asia, the Middle East, Europe and Mexico.

So sharp were the radar photos that the shallow slopes of the cliffs bordering the Corinthian Canal in Greece could be discerned from space. So sensitive was the radar that images it made of the Mediterranean Sea just off Sardinia showed patterns on the sea surface made by the winds.

"This was the longest radar strip of the Earth ever taken," said Dr. Charles Elachi of California's Jet Propulsion Laboratory, where the radar was developed for the Pentagon to map rough terrain. "This is going to be a very useful tool for geologists in the future." ●

EFFECTIVE DATE OF H.R. 4420

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. RANGEL. Mr. Speaker, as chairman of the Ways and Means Oversight Subcommittee, I introduced H.R. 4420 which reflects the subcommittee's recommendations regarding small issue industrial development revenue bonds. This bill contains an ef-

fective date applying to bonds issued after December 31, 1981. I have been advised that the Ways and Means Committee will not be reviewing the subcommittee's recommendations or acting on H.R. 4420 before the end of this year. Accordingly, I wish to clarify, for the record, the meaning of the effective date of H.R. 4420.

The Oversight Subcommittee did not intend that its recommendations ever be enacted with a retroactive effective date. I, therefore, wish to announce my intention, in the event the Ways and Means Committee marks up or otherwise considers H.R. 4420, to offer an amendment making the effective date prospective. In the interim, I do not intend the pending status of H.R. 4420 to constrain bond counsel with respect to rendering opinions as to the tax-exempt status of bonds issued under section 103 of the Internal Revenue Code. I have conveyed this statement in a letter to Ways and Means Committee Chairman Rostenkowski in order to avoid any future questions about this issue. ●

ALARMING TRENDS IN WORLD MILITARY SPENDING

HON. CLAUDINE SCHNEIDER

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mrs. SCHNEIDER. Mr. Speaker, all Members of the House recently received a copy of Ruth Leger Sivard's "World Military and Social Expenditures, 1981." I urge all our colleagues to take the time to read and carefully study the contents of this alarming booklet. Since World War II, the growth of military spending as opposed to social outlays has steadily increased. Ms. Sivard's research into the effects of this trend are invaluable in setting national priorities and must be seriously considered. I would like to reiterate her major conclusions for the benefit of all Members:

The world arms build-up has reached a new level of danger. Warning signals come from the political arena as well as from the military. One sign is a growing militarization of political authority. In the Third World, the governments of over 50 countries are dominated by the armed forces.

The obsession with weapons and with military solutions to global problems has pushed arms budgets to \$550 billion a year. About \$100 billion of this outlay goes to the growing stockpile of nuclear weapons, which already contains over one million times the explosive force of the Hiroshima bomb.

History's most expensive arms race contrasts with the steady deterioration of the civilian economy. Both military superpowers, tied up in an intense arms competition, have lost status in the commercial market, as well as within their own military alliances.

Public reaction takes two forms. In the developing world, there is increasing polarization and more violence, as military-political power resists social change. In Europe and America, the nuclear threat has become a

real game. That may also be true here in the House.

UPDATE ON ALASKAN NATURAL GAS PIPELINE LEGISLATION

(Mr. CORCORAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CORCORAN. Mr. Speaker, I have asked for this time this morning in order to address the issue of where we find ourselves in terms of the situation on the Alaskan natural gas pipeline waiver legislation.

As you may remember, yesterday after the House acted on the House joint resolution involved, I objected to the unanimous consent request by our distinguished colleague, the gentleman from Arizona, to substitute the House-passed version into the Senate version. I did that for reasons which later on today I will discuss; but the point of my remarks at this time is to report that, indeed, we will have more time to debate this issue.

Because of my action, the House was left with one of two options; first, to send the measure to the Senate for further action there; or second, to convene an emergency meeting of the Committee on Rules so that the House today or at some future point could consider on the merits the Senate-passed joint resolution on the Alaskan gas pipeline. The second option was exercised and that committee will be bringing us a rule on Senate Joint Resolution 115.

That rule is a good rule. I intend to support the rule. We will finally get full debate on this measure and I hope on that basis we will kill this turkey for good.

REPORT ON FOREIGN TARIFF AND NONTARIFF BARRIERS AFFECTING U.S. EXPORTS OF ALCOHOLIC BEVERAGES—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States; which was read, and, together with the accompanying papers, referred to the Committee on Ways and Means:

To the Congress of the United States:

In accordance with Section 854(a) of the Trade Agreements Act of 1979 (P.L. 96-39), I hereby submit to you a report on foreign tariff and nontariff barriers affecting United States exports of alcoholic beverages.

RONALD REAGAN.

THE WHITE HOUSE, December 10, 1981.

APPOINTMENT OF CONFEREES ON H.R. 4241, MILITARY CONSTRUCTION APPROPRIATIONS, 1982

Mr. GINN. Mr. Speaker, I ask unanimous consent to take from the Speak-

er's table the bill (H.R. 4241) making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Georgia? The Chair hears none, and appoints the following conferees: Messrs. GINN, BEVILL, HEFNER, ADDABO, LONG of Maryland, CHAPPELL, ALEXANDER, WHITTEN, REGULA, BURGNER, EDWARDS of Oklahoma, LOEFFLER, and CONTE.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. It had been the intention of the Chair to recognize the Committee on Appropriations to bring up the continuing resolution. The chairman is here; but as the Chair understands, the Republicans have requested a half an hour delay.

Mr. WHITTEN. That is my understanding, Mr. Speaker. They have not done it directly, but I have been so advised.

The SPEAKER. Then we will go forward with the rule on the Alaskan pipeline.

The Chair recognizes the gentleman from Louisiana (Mr. LONG).

PROVIDING FOR A WAIVER OF LAW PURSUANT TO THE ALASKA NATURAL GAS TRANSPORTATION ACT

Mr. LONG of Louisiana. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 296 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 296

Resolved, That upon the adoption of this resolution it shall be in order to take from the Speaker's table the joint resolution (S.J. Res. 115) to approve the President's recommendation for a waiver of law pursuant to the Alaska Natural Gas Transportation Act of 1976, and to consider said joint resolution in the House.

The SPEAKER. The gentleman from Louisiana (Mr. LONG) is recognized for 1 hour.

Mr. LONG of Louisiana. Mr. Speaker, I yield the customary 30 minutes to the gentleman from Tennessee (Mr. QUILLEN) for purposes of debate only, and pending that, I yield myself such time as I may consume.

(Mr. LONG of Louisiana asked and was given permission to revise and extend his remarks.)

Mr. LONG of Louisiana. Mr. Speaker, House Resolution 296 provides that it shall be in order to take from the Speaker's table Senate Joint Resolution 115 to approve the President's recommendation for a waiver of law pursuant to the Alaska Natural Gas

Transportation Act of 1976 and to consider the joint resolution in the House.

This is not an unprecedented rule, Mr. Speaker. Special orders, or rules, have been used on numerous occasions to provide for the taking of a Senate bill or resolution from the Speaker's table and thereafter considering the measure in the House or in the Committee of the Whole. In fact, such procedure, is routinely provided in rules when a House bill is being considered for which there is a Senate-passed companion measure being held at the Speaker's table. This Senate hook-up, as it is commonly referred to, has been a routine parliamentary technique used by the Rules Committee to expedite the flow of legislation in the House. The rationale has been simply that once the House has perfected and passed a legislative measure, that no single Member of the House should be able to impede the will of the House by objecting to a unanimous-consent request to bring up the Senate measure and passing it or perfecting it by striking the Senate text and inserting in lieu thereof the House-passed measure.

As my colleagues know, on Tuesday, December 8, 1981, the House debated House Joint Resolution 341, the Alaska gas pipeline approval resolution. On Wednesday, the House passed the resolution by a vote of 233 to 173. After passage of House Joint Resolution 341, a unanimous-consent request was made to take the Senate companion measure, Senate Joint Resolution 115, from the Speaker's table for consideration. An objection was heard to that request. Consequently, the only means by which the House would be able to take up the Senate bill and thus complete the procedural requirements of its earlier decision would be by the adoption of a rule. The Committee on Rules met late yesterday afternoon and by a rollcall vote of 13 to 1 ordered a rule reported that would make in order the consideration of Senate Joint Resolution 115 in the House.

The rule simply provides for the consideration of the joint resolution. The procedure outlined in section 8 of the Alaska Natural Gas Transportation Act of 1976 would govern the actual parliamentary situation. I would also like to point out to my colleagues that section 8 of the act specifically states that—

This subsection is enacted by Congress as an exercise of the rulemaking power of each House of Congress, respectively, and as such it is deemed a part of the rules of each House . . . and it supersedes other rules only to the extent that it is inconsistent therewith . . . and with full recognition of the constitutional right of either House to change the rules (so far as those rules relate to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of such House.

Consequently, a special order providing for the consideration of the joint

resolution which is in itself a temporary amendment to the rules of the House is perfectly in order.

For the benefit of Members, I would like to outline the procedure for consideration as provided in the Alaska Natural Gas Transportation Act of 1976. The joint resolution would be considered for 1 hour with the time equally divided between those favoring and those opposing the resolution. No amendment to, or motion to recommit the resolution would be in order. In other words, there would be 1 hour of debate and then an up-or-down vote on the proposition.

Mr. Speaker, the Committee on Rules listened yesterday to a variety of arguments both favoring and opposing the joint resolution and the procedure for considering it. It was the decision of the committee that the procedure specified by the rule is perfectly in order and that this procedure allows the House to carry out its will in the most expeditious manner. At the same time the rule allows Members opposed to the substance of the joint resolution additional time to debate the matter and if they can so convince their colleagues to overturn the earlier decision of the House.

Mr. Speaker, this is a fair and equitable rule and I urge its adoption.

□ 1045

Mr. QUILLEN. Mr. Speaker, I yield myself as much time as I may use.

(Mr. QUILLEN asked and was given permission to revise and extend his remarks.)

Mr. QUILLEN. Mr. Speaker, I agree with the gentleman from Louisiana. This is a good resolution. We should consider the Senate version. The gentleman has ably described the provisions of the resolution, and we should get down to the business of approving the measure.

Remember back in 1973 when the consumers of this Nation were down on their knees begging for energy? We do not want that to happen again. The pipeline should be built, and this waiver is necessary in order to get the construction underway.

Mr. Speaker, I urge the adoption of the resolution.

Mr. Speaker, at this time I yield 10 minutes to the gentleman from Illinois (Mr. CORCORAN).

(Mr. CORCORAN asked and was given permission to revise and extend his remarks.)

Mr. CORCORAN. Mr. Speaker, first of all I want to thank the gentleman from Tennessee (Mr. QUILLEN) for yielding me this time in order to discuss this rule and to explain to my colleagues why, because of an action I took yesterday, we are presently in the position we find ourselves concerning the waiver package for the Alaska natural gas pipeline.

Mr. Speaker, after my objection to the unanimous-consent request of our distinguished colleague from Arizona (Mr. UDALL) one of our other col-

leagues called me mischievous. Others probably thought worse things but said nothing.

Well, Mr. Speaker, I would, of course, prefer to be known as a nice guy and an effective legislator, but when it comes to a choice, I prefer the latter. For some, I hope my role yesterday was that of a bad guy in a white hat; and for others I hope there was a kinder verdict.

Now, Mr. Speaker, let me address this rule and why it is being considered. After my action yesterday, the House was faced, in my judgment, with two options: First, send House Joint Resolution 341 passed by the House with a vote of 223 to 173 to the Senate for further consideration of the pipeline waiver package; or second, convene an emergency meeting of the Rules Committee so that the pipeline waiver package passed by the Senate, Senate Joint Resolution 115, could be considered by the House at some point prior to December 21, the date on which action must be taken or the waiver proposal dies.

It was this second option which was employed, and that is why we are considering this pending rule which I support.

Now why did I object yesterday? As I said then and reiterate today, I regretfully chose to take that unusual parliamentary opportunity because of the shabby procedural treatment that this matter of considerable public policy importance has been given since the completion of its consideration under the normal committee process. Our committee chairmen could not have been more fair. We had 7 days of public hearings, with 63 witnesses; however, once that process had been completed there was an obvious attempt to railroad this legislation through the House with very limited debate, and under the most unusual circumstances, whereby debate would be held on one day and the vote would be taken the next day.

Now, Mr. Speaker, I realize that we do that on occasion with the suspension calendar, where we have debate on one day and the vote the next day. I do not particularly like this procedure, but at least the public interest is protected by two factors: First, only legislation which has little or no controversy is ever placed on the so-called suspension calendar; and second, a two-thirds vote of the Members voting on the question is required before a measure on suspension can pass this House.

Mr. Speaker, you and I both know that neither of these tests is met with the Alaska natural gas pipeline waiver package. There is controversy about this legislation, and it increases day by day if not hour by hour. Second, a two-thirds vote was not required to pass House Joint Resolution 341, but only a simple majority, and indeed if a two-thirds vote had been required, the Alaska natural gas pipeline waiver

package would have been rejected by this House yesterday.

Second, I chose to exercise my right to object yesterday because, on more than one occasion during the course of consideration of House Joint Resolution 341, attempts were made by both opponents and proponents of this resolution to, by unanimous-consent, get additional time for debate. And on all occasions those requests were denied by overenthusiastic proponents of this waiver package, who may find that when the final history is written on this controversial legislation, that their action—which produced my reaction yesterday—may well be the final legal point on which this proposed waiver package will be toppled in the U.S. Supreme Court. I have always felt that a good legislator is characterized by three things: First, knowledge of the issue; second, knowledge of the rules of procedure; and third, a sense of fairplay. I think it would be interesting if, in the final action on this question, it was a failure on the third count—fairplay—that proves to be the Achilles heel of the Alaska natural gas pipeline waiver package.

Let me say finally, Mr. Speaker, that despite the problems we have had up to this point on this measure, this is indeed a good rule. As I said a moment ago, there is clearly now a legal cloud on the Alaska natural gas pipeline waiver package, and it may well be defeated already by virtue of what could happen in future court decisions. I say this because in my judgment the Alaska Natural Gas Transportation Act itself, established in 1976, provides in section 8D(5)B:

• • • it shall not be in order to move to reconsider the vote by which such resolution was agreed to or disagreed to or, thereafter within such 60-day period, to consider any other resolution respecting the same Presidential decision.

Nonetheless, we have finally been granted under this rule what has been requested on several occasions by myself and others in a variety of ways. We are finally going to get some additional time to debate this legislation on the merits. That is what I have been seeking since the House resolution was sent from the committees of jurisdiction to the House. I hope my colleagues will consider very carefully the arguments both for and against this waiver package and recognize that we are not talking about access to the natural gas in Alaska; we are not talking about the project itself—that has already been established. We want to keep the proposal alive. We want to get that gas at Prudhoe Bay on the north slope of Alaska down to the lower 48 States, but we don't need it in 1986 and we don't need it under the financing scheme that is contained in these waivers. There are other, much better, ways of providing legislative assistance to this project which many of my colleagues and I will be discussing when we debate S.J. Res. 115.

I urge my colleagues to support this rule.

Mr. BETHUNE. Mr. Speaker, will the gentleman yield?

Mr. CORCORAN. I yield to the gentleman from Arkansas.

Mr. BETHUNE. Mr. Speaker, I would like to say to the gentleman that he should be complimented for the action that he has taken here. I do not see any reason for the gentleman to be apologetic. Insofar as anyone would say that the gentleman is mischievous because he has stood up for the right as he sees it here in this Chamber is making an unwarranted accusation.

Frankly, it occurs to me that the debate on this very complex matter has been rather truncated, and I cannot find any reason to suggest that the gentleman is doing anything other than being extremely responsible. If this proposal can stand the light of day, then it should be passed; and if it cannot, then it should be defeated. I cannot see any harm ever in discussing issues, and when people begin to protest about fair and open debate about a bill, I get more and more suspicious.

I said yesterday, after some study, that this gas deal stinks, and the more we stir it, the more it stinks. I appreciate the gentleman giving us this opportunity to look into this matter in all its ramifications. We owe it to the people of this country.

Mr. CORCORAN. I thank the gentleman for his comments.

The SPEAKER pro tempore. (Mr. Ford of Tennessee.) The gentleman has 1½ minutes remaining.

Mr. JOHN L. BURTON. Mr. Speaker, will the gentleman yield?

Mr. CORCORAN. I yield to the gentleman from California.

Mr. JOHN L. BURTON. Mr. Speaker, I would like to thank the gentleman, and associate myself with the remarks of my good friend from Arkansas. I commend the gentleman on what he is doing. The gentleman is protecting the people of this country against the special interests, and he is to be commended for it.

Mr. CORCORAN. I thank the gentleman.

Mr. QUILLEN. Mr. Speaker, will the gentleman yield?

Mr. CORCORAN. I yield to the gentleman from Tennessee.

Mr. QUILLEN. Mr. Speaker, since we have our good friend from California on this side of the aisle, I will yield 1 additional minute to the gentleman from California (Mr. JOHN L. BURTON).

Mr. JOHN L. BURTON. I thank the gentleman from Tennessee.

Mr. CORCORAN. I thank the gentleman from Tennessee on both counts, for his recognition of our friend from California and also the additional 1 minute.

Let me conclude by saying I do support this rule. I support the rule because it accomplishes, despite the cloud that now rests on the legislation, what we have been seeking all along,

and that is a full opportunity to debate this issue, to look at the pros and to look at the cons, look at the arguments and the merits of this measure, to be given an opportunity, as every Member of this House ought to be afforded, to evaluate the legislation on the basis of the merits, not simply on the basis of other considerations outside the purview of this chamber.

So I would hope that as we have found increasingly on this legislation from the first time that the Members of Congress voted, and that occurred in the Senate Energy Committee, where the vote was 14 to 1, and the next vote was the Senate itself, and the vote there had about 15 percent in opposition, the next vote was the House Interior and Insular Affairs Committee, about 20 percent in opposition, the next vote was the House Energy and Commerce Committee, and we had about 28 percent in opposition. Yesterday we had over 45 percent of the Members of this House voting in opposition. I hope we would keep on that trend line.

I hope that, as I have seen, my prediction will be fulfilled; that as more and more Members of Congress see this legislation, they like it less, and they are going to reject it overwhelmingly.

Mr. LONG of Louisiana. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from New York (Mr. OTTINGER).

(Mr. OTTINGER asked and was given permission to revise and extend his remarks.)

Mr. OTTINGER. I thank the distinguished gentleman from Louisiana for extending this time to me.

Mr. Speaker, I would like to say that at last the Rules Committee has provided for an opportunity to debate this matter while the Members are here, and I think we are here again because of the efforts to steamroll this matter through the House, having the debate at a time when there were no votes scheduled on Tuesday, when a great many of the Members would not be available to hear the debate, and then having the vote yesterday without the possibility for any debate. I think we are really here because of the efforts of the proponents of this legislation to try and cut off a reasonable consideration of this legislation.

□ 1100

If the gentleman from North Carolina (Mr. JOHNSTON) and the gentleman from Alaska (Mr. YOUNG) had not sought to prevent us from having even a 5- or 10-minute consideration of this matter before it was considered in the House, I do not think we would be here.

Mr. YOUNG of Alaska. Mr. Speaker, will the gentleman yield?

Mr. OTTINGER. I will yield briefly.

Mr. YOUNG of Alaska. I think, as the good gentleman knows, the law is very specific. There is only 1 hour of debate. We would have been breaking

the law. That is a law which the gentleman voted on, by the way. He voted in favor of it. I have the record on how he voted in 1976 and 1977. In fact, the gentleman voted for this rule. So, do not say it was a discourtesy on my behalf. We are following the law.

We have got the rule here today, and the gentleman is having time to debate it now. He had this well orchestrated and I commend him for his tactics. It was well done.

Mr. OTTINGER. I would resume my time and point out to the gentleman that while he was insisting on the rules yesterday and the day before with respect to consideration of this, when the rules did not work in his favor he ran to the Rules Committee and tried to get a new set of rules on which this ought to be considered.

I am going to have to oppose this rule, not because I am not appreciative of the Rules Committee for attempting to provide adequate debate, but because I think that what they have done is to provide an illegal procedure that will subject this matter to challenge in the courts. The statute says that is shall not be in order to move to reconsider the vote by which such resolution was agreed to or disagreed to or thereafter within such 60-day period to consider any other resolution respecting the same Presidential decision.

We had a consideration of this matter yesterday and a vote was had; so that we either have a situation now where we are reconsidering that vote today, which is against the statute, or we can say the Senate resolution is a different resolution and we are considering that anew, in which case we are in violation of the second part of this statute.

Now, as the distinguished gentleman from Louisiana pointed out, the statute does provide that these are rules matters and they can be changed, but I would like to point out that section 8(g)(2) of the Alaskan Natural Gas Transportation Act states that the waiver is effective only, "upon enactment of a joint resolution pursuant to the procedure specified in subsections (c) and (d) of this section, . . . within the first period of 60 calendar days of continuous session of Congress."

The rule we are considering now does not directly change these procedures. It merely provides for consideration of Senate Joint Resolution 115. In fact, it ignores these procedures. Hence, the Senate Joint Resolution 115 is being passed pursuant to other procedures, and I think a legal challenge will clearly be raised. Senator METZENBAUM and myself have announced that we will in fact proceed against these waivers in court if they are approved according to these defective procedures which are being provided.

I think that the result of all this is because of the tremendous steamroller that was attempted to be put through

to try and benefit the gas and oil companies at the expense of the people of the United States—in this case, the consumers—and I am very alarmed at the degree to which the very real energy crisis that faces us has been used to effect that kind of transfer from the people, from the taxpayers, from the consumers, to the energy companies.

We have passed all kinds of tax breaks for the energy companies.

The SPEAKER pro tempore (Mr. Ford of Tennessee). The time of the gentleman from New York has expired.

Mr. LONG of Louisiana. Mr. Speaker, I yield 2 additional minutes to the gentleman from New York.

Mr. OTTINGER. I thank the gentleman for yielding to me.

We have provided subsidies through the Synthetic Fuels Corporation for the energy companies, and now we are trying to say that we are going to have consumer guarantee for a project which the energy companies themselves are not prepared to finance. As I pointed out in debate yesterday, this includes not just a pipeline but a \$4.5 billion processing plant which the oil companies are not prepared to build for themselves.

The gentleman from Alaska has said that Alaska is now considering making some contribution to this project. They stand to gain about \$20 billion from it. If they were prepared to contribute to this project, I do not know why they did not put their money up front and have a deal where perhaps the consumers would not have to bear this kind of risk.

Lastly, let me say this is not a question of whether a pipeline will be built or will not be built. That is the way it has been presented to us. I consider that a form of blackmail; either you take these waivers, which even the proponents have said really are disadvantageous and undesirable, and they would not like to support it if they have no alternative, or have no gas pipeline at all. We can pass new waivers. The gentleman from Illinois has a bill, which I do not particularly favor, which would deregulate Alaska gas and allow the project to be financed that way. The President could send up new waivers, so the way this is presented to us as an all or nothing package I think is simply unfair.

But, I think what we are faced with now is a procedure, because of the steamroller put through to get these benefits to the energy companies, which is illegal and is going to subject it to legal challenge. The banks certainly are not going to put up the money with a lawsuit pending.

I recommend that we defeat this package and start over again to provide a fair and equitable way to bring the natural gas down for the benefit of the people of the United States.

Mr. QUILLEN. Mr. Speaker, it is estimated that the Prudhoe Bay field will supply 5 percent of the needs of

consumers of America for the next 25 years. Right now, we are getting oil from Libya that could be replaced by natural gas in our homes and in our factories. Why do we have to deal with a country that is threatening to kill our President?

I think our foresight action today should be centered on energy self-sufficiency. Approval of this measure is getting the job done. It is getting the pipeline built. It is getting the natural gas to the consumers of this country, and we should be looking to self-sufficiency from one of the sources of this great country.

Mr. Speaker, I yield 4 minutes to the gentleman from Iowa (Mr. LEACH).

(Mr. LEACH of Iowa asked and was given permission to revise and extend his remarks.)

Mr. LEACH of Iowa. Mr. Speaker, first I would like to congratulate again the leadership of the mischievous gentleman from Illinois (Mr. CORCORAN) on this bill. I would like to stress that this bill has philosophical as well as practical problems. On philosophical grounds, a free enterprise society implies risk taking—by entrepreneurs, not consumers.

The waiver package denies this philosophy. In a novel, unprecedented approach that deserves a second look.

On practical grounds—and this is where the bill's advocates feel their arguments are strongest—we ought to look carefully at what the implications are. Practically speaking, if we give this carte blanche guarantee to the construction companies, it will cause the cost of construction of this pipeline to go up because there will be no incentives whatsoever to hold the costs down. The companies will proceed with construction with a guarantee that they can pass on any cost to the consumers, whereas otherwise that guarantee would not be as ironclad without the waiver package.

Second, the package will cause the price of the natural gas produced in the lower 48 States to go up as well because, with the higher price of natural gas from Alaska based on the cost of this pipeline, it is inconceivable that the producers in the lower 48 States are not going to push to have their prices go up by the same amount.

Incredibly, for the first time in modern history in this country, there is very serious talk in the oil industry that the price of natural gas will exceed the cost of crude oil. That has never happened in modern times, but it is going to happen if this waiver package goes through despite the fact that we have abundant reserves of natural gas in this country, despite the fact that natural gas is cheap to produce in contrast with crude oil. Apparently you do not have to be an Arab to act like a shiek.

In this respect, it should be stressed that when we began consideration of this pipeline, we had a very different assessment of what this country's natural gas reserves were. Today it looks

as if we are in very decent shape with respect to natural gas production; we simply will not be needing to import natural gas in large amounts.

Finally, it should be noted that what is at stake is not just increased consumer costs to homeowners, but jobs themselves. This is not just a consumer ripoff bill; it is a job-jeopardization bill as well. The cost of production of products as diverse as corn, tractors, and backhoes are going to go up, thus severely undercutting our competitive position abroad. After all, the one competitive advantage we have over the Japanese, Germans, and others in international heavy industry trade today is the cheaper cost of natural gas in this country.

This is thus above all a question of equity, and what is really at stake is a transfer of wealth and people from energy-consuming States to energy-producing States.

The waiver package represents a classic special interest issue which should not be approved.

Mr. SMITH of Iowa. Mr. Speaker, will the gentleman yield?

Mr. LEACH of Iowa. I yield to my colleague.

Mr. SMITH of Iowa. Mr. Speaker, I think something else has not been pointed out here, and I would like to have the gentleman's comment on it. Eventually, we are going to reach the point where gas is priced comparable to oil. At that time, if the cost of the pipeline has already been paid for by consumers, they are still going to get the same price for the gas but they will not be paying for the full cost of the pipeline from that price they are receiving for gas at that time. So, what we are really doing is transferring onto consumers an additional cost of the pipeline instead of delaying and taking it out of that price that is comparable to oil at a later time.

Mr. LEACH of Iowa. The gentleman makes a valid point, but I would like to stress that recent projections in the oil industry are that for the first time natural gas prices may go even higher than oil prices; at stake is not just comparability in pricing but higher costs for natural gas. Such a prospect is unjustified. Natural gas and crude oil are two different products, and all of us in this country ought to look very seriously at the ramifications of new pricing projections.

Mr. CORCORAN. Mr. Speaker, will the gentleman yield?

Mr. LEACH of Iowa. I yield.

Mr. CORCORAN. Mr. Speaker, I thank the gentleman.

I want to compliment both gentlemen from Iowa for their contributions. One of the interesting aspects—

The SPEAKER pro tempore. The time of the gentleman from Iowa has expired.

Mr. QUILLEN. Mr. Speaker, I yield one-half minute to the gentleman from Iowa.

Mr. LEACH of Iowa. I yield to the gentleman from Illinois.

Mr. CORCORAN. Let me make the point that one of the provisions is the so-called regulatory certainty provisions. Ordinarily when you have the consumers paying on a construction work in progress rate procedure, you have the opportunity through the Public Utility Commission to get a refund, to get credit for the construction, of the money that they have paid in for the construction of the project. With regulatory certainty, the regulatory agencies involved in the 48 States, as well as the Federal regulatory commission, will not be in a position to do that after the FERC acts on the waivers on the ill-advised decision that is before us.

Mr. QUILLEN. Mr. Speaker, I yield 5 minutes to the gentleman from Alaska (Mr. YOUNG).

(Mr. YOUNG of Alaska asked and was given permission to revise and extend his remarks.)

Mr. SHARP. Mr. Speaker, will the gentleman yield?

Mr. YOUNG of Alaska. I yield to the gentleman from Indiana.

Mr. SHARP. Mr. Speaker, I thank the gentleman for yielding.

First of all, this is not construction work in progress. This is a postconstruction payment that is possible under this after a date is set by the Federal Energy Regulatory Commission, and after completion of one or two segments of the project.

Second, all of these costs that might at any time go to the consumers are regulated by the Federal Energy Regulatory Commission. People are acting as if it does not exist. After this Congress completes its action, FERC must go through a very elaborate process and determine whether a certificate ought to be granted for this pipeline, as it must on any pipeline in this country, and under the same standards. That is the fundamental protection of American consumers.

Third, people are acting as if the Federal Government is suddenly going to become indifferent to this project once it is completed.

□ 1115

We established under ANCTA, the law that got this process started, the Office of the Federal Inspector, a very aggressive operation that is designed to supervise every financial decision made, every contract made, and every business arrangement made by this pipeline to help the Federal Regulatory Commission determine what actual costs can legitimately go to the consumer.

Mr. Speaker, let me say to the Members that people have got a good many wrong ideas about this. I am delighted that we have this rule and that we are going to have 2 hours of debate because maybe we will have an opportunity to straighten out some of the more outlandish kinds of statements about what is going on here. I do not

deny that we have a tough judgment that we are facing on this project and in the way we are proceeding. That is true. But we at least ought to try to be faithful to the American people and the American press on what some of these issues are—and, by the way, they ought to be faithful in return—and see that both sides get heard.

Mr. YOUNG of Alaska. Mr. Speaker, I thank the gentleman from Indiana (Mr. SHARP) for his eloquent and factual statement.

I have never seen an issue that has been so distorted and so maligned by the media and by those who are frankly opposing this under the guise of consumerism.

What upsets me, as our good majority leader pointed out, is how short our memories are. In 1973 I stood in this well and argued for the Alaskan oil line, and everybody said, "It is going to cost the consumer. Let's not build it. We don't need it."

Where would we be today if we did not have the Alaska oil line? Where would you be? What is this glut or overabundance of gas that we have now? From all the reports, all we know is that we are still importing 3,465,000 barrels of oil a day. That is more than we imported in 1973.

How many of your homes and your schools and your factories were shut down in 1973 and 1974 because we did not have natural gas or oil? I did not know that all of a sudden in this country, with people out there in the service stations paying \$1.45 a gallon for gasoline and with the highest heating bills that have ever been paid in history, that all of a sudden there is now a surplus of energy. I would like to see where it is. There is a lot of hot air around here, I will tell you that, but that is the only surplus of energy I see.

Mr. JOHN L. BURTON. Mr. Speaker, will the gentleman yield?

Mr. YOUNG of Alaska. Not right now.

Mr. Speaker, let me say that the Rules Committee is doing this body a great service by bringing this bill back to the floor. I am upset and disturbed that for the first time in 50 years, to my knowledge, we have never accepted the other body's identical bill. Let us think about that for a moment. A precedent was set yesterday by this House.

I worked on the Alaska Natural Gas Line Act in 1976, as well as the rest of the Members, and the intent of this act was—in fact, it spells it out—that if both bodies act in the affirmative, it shall go to the President. Because of a technicality used by my good friend, we are now hung up on this issue again. But hopefully my colleagues who voted for this bill yesterday will recognize it for what it is.

It is a proconsumer bill. It is a waiver package that will provide the Nation with 100 years of energy, not 25 years of energy.

Some people ask me, "Well, why can't the pipeline be built another way?" I will tell the Members something. There is not going to be another waiver package. There will not be a pipeline built via Canada. There will be a pipeline built to Tidewater, and the gas will be sold to the highest bidders, which will be the Orient. Then when your people are cold and your schools are shut down and your factories are shut down, ask yourselves, "Did I truly help the consumer?" I say that you did not.

I compliment the Rules Committee. I urge the committee as a whole to again give this Nation the right to be self-sufficient in the energy it so badly needs. If we do not do that, all of us should hang our heads in shame because we have done ourselves a great disservice under guise of protecting the consumer. By voting against this, we are really hurting ourselves in the long run.

Mr. LUJAN. Mr. Speaker, will the gentleman yield?

Mr. YOUNG of Alaska. I yield to the gentleman from New Mexico.

Mr. LUJAN. Mr. Speaker, I want to compliment the gentleman from Alaska (Mr. YOUNG) for that statement and for what he said in these statements that have been made that we do not need this. The gentleman will remember that years ago, in the fifties perhaps, we thought we had a lot of oil, and we started implementing ways of limiting it.

The SPEAKER pro tempore. The time of the gentleman from Alaska (Mr. YOUNG) has expired.

Mr. QUILLEN. Mr. Speaker, I yield 1 additional minute to the gentleman from Alaska (Mr. YOUNG).

Mr. LUJAN. Mr. Speaker, will the gentleman yield further?

Mr. YOUNG of Alaska. I yield to the gentleman from New Mexico.

Mr. LUJAN. Mr. Speaker, I thank the gentleman for yielding.

We started limiting the amount of oil that could be pumped out of wells in the United States. What happened? Because the companies had to go someplace else and recover their expenditures quicker, we got left holding the bag, and that is why we have the shortage of oil that the gentleman speaks of.

Mr. YOUNG of Alaska. Mr. Speaker, the gentleman is absolutely right. And I will tell the Members that the same thing could happen again. If we have a surplus of gas, let us use it. Let us not let Qadhafi make his threats good. Let us use our gas in this Nation where we need it. Let us use it on the east coast and in the Midwest where we need it. Let us use our Alaskan gas.

Mr. LONG of Louisiana. Mr. Speaker, I yield 4 minutes to the gentleman from Oregon (Mr. WEAVER).

Mr. WEAVER. Mr. Speaker, I thank the gentleman from Louisiana (Mr. LONG) for yielding me this time.

First, I want to commend and compliment the gentleman from Illinois (Mr. CORCORAN) for acting responsibly to his constituents and the people of this country by exercising his right to object to a unanimous-consent request. The gentleman brought about this debate, and I want to thank him very much for that very excellent contribution.

I would like to say that this rule should be defeated for the very simple reason that the original law passed in 1977 is defective. Its waiver provisions are obtuse, and it contains many other provisions that actually harm the possibility of constructing this pipeline.

I think that every Member of this House—and I would not question this for a minute—wants that natural gas out of the Prudhoe Bay field to benefit our people. There is no question of that. But let us defeat this rule and bring in new legislation to cure the defects of the existing law.

First of all, the oil companies who own the gas, Exxon, Arco, and Sohio, are prohibited from being a part of the pipeline under the law. This waiver would allow them to go 30 percent. That is not enough. Now, the pipeline promoters will have in the end almost no capital involved in this; almost none of their money will be involved. The risk will be entirely on the consumer because of the various tax depreciation and investment tax credit advantages and the front-end loading on rates.

Let me tell the Members what this means to the consumer. The testimony from the people who are promoting the pipeline was that the gas will cost \$17 a thousand cubic feet in the first year, 1987, if the pipeline is completed. That is \$80 a barrel for oil. That is proconsumer? Eighty dollars a barrel for oil, \$17 a thousand cubic feet?

What if they do not buy it? Even if they do not buy the gas, they are going to have to pay for the pipeline anyway, and that \$17 is mainly paying for the pipeline.

So I say let the oil companies put up the money, build the pipeline, and risk their own capital. Let them pledge the gas and oil in the Prudhoe Bay field, and then if they want to, under the free enterprise system, build this pipeline.

There are alternatives, however, that could be much, much cheaper. One alternative mentioned in the hearings was building methanol plants at Prudhoe Bay and shipping the liquid methanol down the existing oil pipeline. That has not been thoroughly explored. Good heavens, when we have a chance of saving \$20 or \$30 billion, should that not at least be explored?

By killing this rule and allowing new legislation to be developed to allow for the exploration of new alternatives, allowing the oil companies to put up their collateral to finance it through the free enterprise system, we will be doing everyone a service.

Is there a danger that the pipeline will be killed if we defeat this rule? No. Sohio, Arco, and Exxon have all said they are reinjecting the gas into the fields without the loss of a cubic foot, and they can do that indefinitely. So there is no hurry. The gas is not going to go away. We are going to have it when we need it down the line. It will not be ready for 7 years anyway.

So let us explore the alternatives, Mr. Speaker, and defeat this rule.

The SPEAKER pro tempore. The Chair will state that the gentleman from Louisiana (Mr. LONG) has 14 minutes remaining, and the gentleman from Tennessee (Mr. QUILLEN) has 6½ minutes remaining.

Mr. QUILLEN. Mr. Speaker, I yield 3 minutes to the gentleman from Colorado (Mr. BROWN).

(Mr. BROWN of Colorado asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Colorado. Mr. Speaker, I rise as an advocate of expanding our natural gas supplies and as one who acknowledges the very sincere efforts of the sponsors of this measure to expand our energy independence. I also rise as one who is opposed to this measure.

This measure includes in it a provision that would transfer the gas conditioning plant from the private sector to the public utility sector. The gas conditioning plant is that portion of the project that takes the gas and makes it pipeline quality, putting it in shape to traverse through the pipeline. It is an important part of the project. It is normally a part that is handled through the private enterprise sector. To transfer it over to the public utility sector is an assault on free enterprise. It is not necessary to reduce the scope of free enterprise in this Nation for the advancement of this project.

The project should stand on its own feet, and we make a great mistake, I think, in the diminution of the free enterprise system by this waiver.

A second consideration I would hope all Members would look at is the price. This gas, at the lowest estimate I have heard in this Chamber, will cost \$8 a thousand cubic feet. The highest estimates from the committees of reference indicate that it could cost \$19 per thousand cubic feet. Decontrolled gas right now sells from \$5 to \$6. This gas is not a good buy for anyone.

At this point, Mr. Speaker, I would like to yield to my colleague, the gentleman from Illinois (Mr. CORCORAN), for an inquiry regarding the position of the Republican leadership on this measure.

Mr. CORCORAN. Mr. Speaker, I thank the gentleman from Colorado (Mr. BROWN) for yielding.

First of all, let me report that I have not heard from the President of the United States. I have not been taken to any woodshed or anything of that nature.

Second, I think it is interesting to note that of the Republican leadership, the Republican leader, the gentleman from Illinois (Mr. MICHEL), voted against this waiver package yesterday. The second man on the totem pole, our friend, the gentleman from Mississippi (Mr. LOTT), did vote in favor of the project. However, the third person on the totem pole, the chairman of the House Republican Conference, the gentleman from New York (Mr. KEMP), voted against this project.

I think the reason that happened is that we have finally gotten the leadership of the House, as well as many Members, to evaluate this measure on the merits. When we look at the economics of the case, I think we have to conclude, as I will be debating further on when we consider the joint resolution in debate, that on the economics of the case this particular financing mechanism for the project—not the project itself but the financing mechanism itself—should be rejected so we can find other alternatives. And there are many other alternatives which we have been denied the opportunity to examine.

Mr. OTTINGER. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Colorado. I yield to the gentleman from New York.

Mr. OTTINGER. Mr. Speaker, I congratulate the gentleman from Colorado (Mr. BROWN) and associate myself with his remarks.

I would just point out that the gas-processing plant that consumers are being asked to pay for is no small matter. It is \$4.5 billion.

Mr. LONG of Louisiana. Mr. Speaker, I yield 6 minutes to the gentleman from Indiana (Mr. SHARP).

(Mr. SHARP asked and was given permission to revise and extend his remarks.)

Mr. SHARP. Mr. Speaker, I need to refer to a couple of things that have been mentioned in debate: First of all, the claim that is likely to be raised in court should the waiver package be passed, and that somehow this procedure today violates the statute and, therefore, involves reconsideration of the resolution as the statute denies.

Let me say to the Members that that is a tortured interpretation of the statute. It would nullify the intent of the statute, and I think it is very important that we just make that clear here on the record so that when the efforts of the opponents are made to bring it up in court, there will at least be a note made here at this point.

The Senate resolution and the House resolution are identical except for the number. ANGTA never contemplated that the House-passed and Senate-passed resolution could not be merged for Presidential signature. It would be contrary to the intent of ANGTA to prevent the resolution contemplated in it from being enacted on such a technical misreading of the

statute ANGTA clearly contemplated the enactment by each House of such a resolution, and obviously did not contemplate the failure of such a resolution on the grounds that adopting the number of the other legislation one would constitute a separate resolution.

What the language of ANGTA intended was that the defeat of the waiver would not allow the same procedures to be used on a second waiver within the same period, not that the same waiver, once passed, could not be sent to the President for his signature.

The opponents of this rule are clearly making a procedural argument in order to thwart the will of the House and achieve the defeat of a measure the House has already adopted.

If ANGTA can be read the way these Members would have it be read—to prevent the adoption of the very resolution it allows—then ANGTA was defective. Any statute should be interpreted to remove unintended defects, and certainly should be by the Congress itself. We should not interpret ANGTA against ANGTA's clear, and undisputed purpose: The effective enactment of a waiver resolution.

The rule would allow us to correct this erroneous interpretation of the statute by providing for consideration of the Senate-passed resolution identical to the House resolution passed just yesterday. I urge all Members to support the rule and then to support the passage of the Senate resolution, the same resolution they passed yesterday.

I do not think that the procedural argument, however, is relevant to what most of us are trying to consider.

Let me address very quickly just one or two of the issues that we will have time in the hour of debate to raise. Let us take the most recent one, the gas conditioning plant. As it stands now and as it would stand if we reject this waiver package, our consumers are going to pay for this gas-conditioning plant, and they are going to pay for it without any Federal supervision, without any cost controls from the Office of the Federal Inspector, and without any review of the Federal Energy Regulatory Commission.

The oil companies, if they build this, can milk the consumers for whatever they want out of it.

All right, that is the way it stands now. That is the way some of these critics want to leave it. They argue that we should not let it under the waiver package become subject to utility regulation, as they say. Such regulation is good for the consumers, I say to the Members. The Office of the Federal Inspector is going to be in there supervising every contract that is let for the conditioning plant. The Federal Energy Regulatory Commission is going to have to advise and determine whether or not those legitimate costs can be passed to the consumers.

Right now the consumer is without protection if we reject this piece of the waiver, because its unregulated costs can be added to the wellhead price of Alaskan gas.

Mr. Speaker, we are going to want to deal with the price question, but my time is very limited now. There are gross distortions on the price questions involved in here, and I would like to address this because it is very important. It has to do with the preliminary tariff schedule, which is likely to be changed so that our consumers are not facing anything like the claim of \$19 per thousand cubic feet.

□ 1130

The average that virtually everybody has agreed to on the studies of this project is that the cost of gas, including this very expensive transportation system, is going to range between \$4.50 per 1,000 cubic feet and \$5.50 per 1,000 cubic feet over the 20-year average. That is going to be, unless something goes terrifically wrong, a good deal for consumers unless you think oil prices are coming down. I certainly hope they do, but we have been through a painful decade in which that has not been our experience.

Let me say something about the process of consideration. There has been a lot of talk as if there is some deliberate effort to exclude the American people from consideration and hearing of this issue. There had been some talk as if there has been an effort to prevent the Members of this House from having the best information. I do not particularly like the truncated debate we have been forced into, but the Members of this House voted overwhelmingly for the rules we are under. The Members of the other body voted overwhelmingly. The reason they did that is because one of the hardest lessons we have learned from the 1970's is that government indecision on the local level, to the State level, to the Federal level, has denied us important energy resources. Our consumers have paid and paid and paid every time they did not have energy available.

My colleagues can look around at the billions of dollars, billions I think our consumers are being overcharged, and some of it can be traced to indecision in this body because we could not make a timely decision. So in 1977 the overwhelming majority of Republicans and Democrats in the House and the other body said we are starting on a tough project here, we will not allow it to be botched up in court every 2 weeks. We cannot allow the Congress to take 1 year and 2 years to reconsider every issue, and they established the procedures that we are voting on today. This was not me, not the Democratic leadership, not the Republican leadership, not the President of the United States. This body made that determination in good faith.

Second, the procedures we are operating under were triggered by the

President of the United States after rather extended and torturous consideration within the administration, after consideration and consultation with Democratic and House Republican and Democratic leaders in both bodies. They started this project. They rejected the first proposals and they rejected them because some of us who are standing here defending the proposal said there is no way we will support the waiver package that the American banks want, the waiver package the pipeline sponsors want, the package that the oil companies wanted. It was an outrage. It was a ripoff. A lot of the debate is aimed at that original package, but that is not even before us. A lot of the claims about the consumer guarantees are in reference to the original package that is not under consideration because many of us privately and publicly rejected it, because the President rejected it and, instead, sent what we are considering right now.

So let us understand where we are. Let me quickly conclude about the process to give my colleagues my best judgment. We knew the time was short, so our subcommittee on both the original package and the package that we are now voting on, sought out over 75 consumer, business, labor organizations in this country. We sought out the news media to take a look at this issue. We had a devil of a time getting everybody to come in and give us a judgment. We invited every human being in this country to testify that anybody suggested might want to testify, and heard from everybody that requested to be heard, and for 7 days we heard 63 witnesses. Overwhelmingly, the conclusion was there is not another alternative around. This project is the only feasible choice. You can delay today and you will cost the American consumers, if this project goes forward at all, at least \$3 billion in construction costs, next year. You may cost them 5 years of delay, and then you will have to explain to them how many billions more that is going to cost. Nobody knows for sure.

I would like to answer in more detail, and I will have the time in the next hour, some of the specifics about the economics of this project, the specifics about how the regulatory system works, and how it will work, after the waiver is passed.

Mr. LONG of Louisiana. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. SCHEUER).

(Mr. SCHEUER asked and was given permission to revise and extend his remarks.)

Mr. SCHEUER. Mr. Speaker, we have heard a great deal of discussion about the cost to consumers of this project. I too have grave misgivings about the costs. I wish we had made a better deal on the waivers and had not had to saddle consumers with the cost of this project before it is constructed.

But as Grover Cleveland said once a century ago, we are faced with a condition and not a theory. The condition is that we must choose not between this deal we are looking at and a better deal, which I would have liked. It is this deal or total uncertainty, and the very great likelihood of doing nothing for a long period of time.

This would deeply complicate and exacerbate our relationship with Canada. A succession of American Presidents have given them our assurance that we are going to go ahead with this project and they have acted in reliance on that, and they would be deeply aggrieved if we let our commitment lapse.

Second of all, it would injure significantly our ability to eyeball the Arab sheiks, the Persian Gulf oil sheiks, either in terms of an increase in the price of oil or the likelihood of another oil embargo. We can say well, go ahead with your oil embargo your continuous OPEC price increases, our American consumers have pulled in their belts a hitch, our automobile drivers have reduced our consumption of energy, by 19 or 20 percent in the last year. This Alaskan project will give us an amount of oil equal to our Libyan imports today, equal to one-third of our Saudi imports today. Think of the value of that to our country. Think of the value to us of diminishing our reliance on Persian Gulf oil, on foreign oil, which is recycling over \$100 billion a year from our economy to the OPEC countries, over \$100 billion a year.

Mr. QUILLEN. Mr. Speaker, I yield 2 minutes to the gentleman from Iowa (Mr. TAUKE).

Mr. TAUKE. Mr. Speaker, first I want to commend the gentleman from Illinois (Mr. CORCORAN) for his brilliant leadership on this issue. I commend the Rules Committee for bringing us a rule which will allow us to more fully discuss the question.

I believe it is very important for the Members of the House to recognize that this waiver package is before us because the gas that will come from Alaska may not be marketable. The question about the marketability of the gas is the major risk for the investors in this project. It is because those investors are unwilling to assume the risk and cannot find adequate financial backing for this risky project that we are being asked to make waivers.

We do not need to take the word of the gentleman from Indiana or the gentleman from Illinois or anyone else about the risks that are involved in this project. If there were no risk on the marketability of this gas; if, in fact, as the gentleman from Indiana suggests, the price would be only \$4.50 or \$5 per 1,000 cubic feet, we would not be here today because the banks of the world would be willing to finance this project.

But because there is substantial danger that the price will be \$13 to \$20 per 1,000 cubic feet that we are

here trying to transfer risk away from investors to consumers.

The choice before us, then, is how we finance the project. We can look either to the Federal Government, to the producers of the gas, to the consumers of the gas, or to the State of Alaska. We have chosen not to look first to the State of Alaska or the producers of the gas. Instead, we have decided to look first to the consumers.

I suggest to my colleagues that that is the issue. When we provide waivers, should we provide waivers to provide that the risk be transferred to consumers first, or should we look first to the State of Alaska and to the producers of natural gas. I submit that it is extremely important that we first look to the State of Alaska and to the producers of the gas and then look to the consumers rather than the other way around. That, I believe, is the issue before us.

Mr. QUILLEN. Mr. Speaker, I yield such time as he may consume to the gentleman from Alaska (Mr. YOUNG).

Mr. YOUNG of Alaska. Mr. Speaker, I would like to comment, and I thank the gentleman for yielding, on this comment about the State of Alaska being involved. The State has a commission. We are looking to the investment and we are very interested in the conditioning plant. That is our big goal.

It is ironic to me, if the gentleman will pay attention to this, that he is asking the State—and I have never asked the State of Iowa to participate in something that will help the State of Alaska, I have never seen this happen before, but all of a sudden we are looking to the State of Alaska. We want to deliver the gas to the American market.

I will tell you this, my friend, I will tell you this, the State of Alaska, if this waiver package is not passed, will participate in building the pipeline, but it will not go to the gentleman's consumers.

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may consume.

In controlling the time on this side of the aisle I support the rule but, in order to be fair, I have yielded over 20 minutes to the opposition to Senate Joint Resolution 115 because I think fairness should prevail. In doing that, I stress again to the Members that the consumers of this Nation demand energy self-sufficiency.

There have been those who have spoken out on the floor against the rule. However, I want to ask the gentleman from Illinois, Mr. CORCORAN, if, in fact, he did not make the statement that he supports the rule.

Mr. CORCORAN. Mr. Speaker, will the gentleman yield?

Mr. QUILLEN. I yield to the gentleman.

Mr. CORCORAN. I emphatically support the rule and I also want to express my thanks to the gentleman from Tennessee, Mr. QUILLEN, and the other members of the Rules Commit-

tee for their very favorable consideration and very courteous treatment on this particular issue.

Mr. QUILLEN. I thank the gentleman.

The SPEAKER pro tempore. All time of the gentleman from Tennessee (Mr. QUILLEN) has expired.

Mr. LONG of Louisiana. Mr. Speaker, I yield 5 minutes to the gentleman from Arizona (Mr. UDALL).

(Mr. UDALL asked and was given permission to revise and extend his remarks.)

Mr. UDALL. Mr. Speaker, when we debated this identical resolution a couple of days ago I said it was a close call for me on the merits of this issue and it really is. PHIL SHARP and I have fought a lot of fights on the side of consumer organizations, and I have not yet been named Exxon Man of the Year, as I pointed out.

It is a close call, and I appreciate the debate. But I resent the insinuations we have had here all this morning about how some steamroller was going on, that some evil people had prevented the Members of this House from learning the real truth about this matter.

Let me just refer to a couple of things, if I may. The President of the United States, after a long administration study, on October 15 said, "Here is a package of waivers," and sent it to the Congress. The Senate of the United States, and it is not easy to fool all of those folks over there, voted on November 19, 75 to 15, something on that order, to approve the waiver package. This House yesterday voted 233 to 173 for this waiver package, the exact same bill that we are going to have before us.

The Rules Committee, a well-known legislative forum that meets upstairs in this building, yesterday heard all of these desperate charges the consumers had that the time had not been made available for adequate debate, and then voted by 13 to 1 to take this up again.

Let me remind my colleagues that what we have before us, except for the Senate resolution on one bill and the House resolution on another bill, is exactly the bill we voted on yesterday. We can argue the merits and we will be getting into that a good deal. But I want to discuss the procedures, so do not let anybody tell you around here anybody has been rolled or anybody has not had a fair procedure.

I went to the Speaker to try to get another week delay on this when it appeared we would be here next week. I tried to get the vote put off and asked unanimous consent so that they would have another day. So do not let anybody tell you that you have not had due process around here. You have had due process and this House today ought to put this thing to rest. We ought not to say today when we act that we do not like this procedure.

But the one point I wanted to make is that we get along here on trust and good will and unanimous consent. Yesterday was the first time in my 20 years here when a unanimous-consent request by the manager of a bill, where you had passed the House bill, gone to the Speaker's desk and asked unanimous consent to take the identical Senate bill, and that unanimous-consent request was objected to. So as a result we have had an hour debate under the rule and we are going to have another hour of debate on the identical resolution which we approved yesterday. I hope we will put it to rest.

Mr. DINGELL. Mr. Speaker, will the gentleman yield?

Mr. UDALL. I yield to the gentleman from Michigan.

Mr. DINGELL. I thank the gentleman for yielding. Every single argument now being used by the opponents of this bill is based on an analysis generated by the staff of the Committee on Energy and Commerce. The analysis was prepared so that everybody would have a full chance to not only understand the arguments for this proposal, but also the arguments against this proposal. Yet after having considered those arguments, the Committee on Energy and Commerce, having full information on this matter, voted overwhelmingly to recommend to the House that this proposal be approved.

There has been full debate. There has been full information. The system has functioned properly and well and the matter has been handled honorably. We ought to dispose of it for good and all and end the frivolity of considering the matter twice simply to satisfy the particular concerns of a particular Member.

Mr. UDALL. Our committee went into this at great length and approved it by a very large vote also, 32 to 9.

I want to make a couple of important points. I will try to get to my good friend from New York (Mr. OTTINGER) when we get in the House, if he does not already have time.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. UDALL. I yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate my colleague yielding. Will we have any new information in this additional hour that we will be debating that we did not have yesterday?

Mr. UDALL. Not that I am aware of. We have tried to respond to all of the charges that have been made.

I will review for the gentleman a couple of pieces of additional information.

Mr. ROUSSELOT. I would like to hear.

□ 1145

Mr. UDALL. We need energy. We are in trouble. This natural gas supply that we are going to get will, in the first stage, before we really go all the

way provide energy equivalent to 10 nuclear plants. It is equivalent, in energy terms, to building 10 nuclear plants at a cost of \$22 billion at today's prices.

Well, there are some other facts, but I want to take a moment to put this in focus, if I can, a little bit.

There is this basic principle of utility law that we all support and which has worked well. We tell the phone company, we tell our light or gas company, "We are going to give you a monopoly, and the risk is going to be on the company and the investors, and if you will dig down and put up your money, we will let you build a plant and give you a monopoly, and then you can begin to charge the consumers."

So, ordinarily, there is a fundamental rule that you do not charge the consumers until the plant is built and it is ready to deliver electricity or gas or whatever it is.

Here we have said, "This is a kind of unusual instance."

The SPEAKER pro tempore. The time of the gentleman from Arizona (Mr. UDALL) has expired.

Mr. LONG of Louisiana. Mr. Speaker, may I inquire as to how much time is remaining?

The SPEAKER pro tempore. The gentleman has one minute remaining.

Mr. LONG of Louisiana. Mr. Speaker, I yield the 1 additional minute to the gentleman from Arizona (Mr. UDALL).

Mr. UDALL. I thank the gentleman.

This is a project that is going to cost \$22.5 billion in 1980 dollars. It is needed. We are going to get this gas down here some way. We are saying that under very unusual circumstances, beginning in 1986, if and when one of the major components of this is already in operation, and when \$20 or \$30 billion of private capital has gone into this, then we may at that point have a little bit of prebidding so that consumers, particularly in the upper Middle West in this country, are going to have a long-term supply of natural gas.

So this is a fair bill. These waivers are waivers that we ought to support and uphold. I would urge the Members to support the rule, and I would urge the Members to pass the resolution again this afternoon, and maybe we will not have to be back here tomorrow to pass it a third time.

The SPEAKER pro tempore. All time has expired.

Mr. LONG of Louisiana. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. UDALL. Mr. Speaker, pursuant to the provisions of House Resolution 296 just adopted, I call up from the Speaker's table the Senate joint resolution (S.J. Res. 115) to approve the President's recommendation for a

waiver of law pursuant to the Alaska Natural Gas Transportation Act of 1976.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 115

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the House of Representatives and Senate approve the waiver of the provision of law (Public Law 95-158, Public Law numbered 688, Seventy-fifth Congress, second session, and Public Law 94-163) as proposed by the President, submitted to the Congress on October 15, 1981.

The SPEAKER pro tempore. Pursuant to section 8(d)(5) of Public Law 94-586, the gentleman from Arizona (Mr. UDALL) will be recognized for 30 minutes, and the gentleman from Illinois (Mr. CORCORAN) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Arizona (Mr. UDALL).

PARLIAMENTARY INQUIRY

Mr. DANNEMEYER. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. DANNEMEYER. Mr. Speaker, it is my understanding that the division of time on this issue was to have been 15 minutes on the pro side and 15 minutes on the con side on the Democrat side, and similarly on the Republican side. That was the understanding I had with the gentleman from Arizona, the gentleman from Indiana and the gentleman from Illinois (Mr. CORCORAN). If I heard the Chair correctly, I think he indicated something different with respect to that understanding.

It is my understanding the gentleman from New York (Mr. OTTINGER) would have the 15 minutes on the con side from the Democrat side of the aisle.

The SPEAKER pro tempore. The gentleman from Arizona may yield time. Under the statute, the proponents are given 30 minutes and the opponents are given 30 minutes. If the gentleman from Arizona would like to yield 15 minutes of his time, he may do so.

Mr. UDALL. Mr. Speaker, we propose on this side to yield half of our 30 minutes to those opposed and half to those who are in favor.

The SPEAKER pro tempore. The gentleman from Illinois may yield 15 minutes of his time.

Mr. CORCORAN. First of all, Mr. Speaker, we are under a rule at this point rather than a statute; but, second, I do intend to yield 15 minutes to the distinguished gentleman from New Mexico (Mr. LUJAN) for those who are in support of this resolution.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Arizona (Mr. UDALL).

Mr. UDALL. Mr. Speaker, we have arranged so that the gentleman from Illinois, who has been very fair about

yielding time, will give 15 minutes to Members designated by the gentleman from New Mexico (Mr. LUJAN), or others who are in favor of the resolution. On this side, with our 30 minutes, the gentleman from Indiana (Mr. SHARP) and I have agreed that the gentleman from New York (Mr. ORTINGER), and other Members on my committee who want time, half of our time will go to the opponents of the resolution.

Mr. OTTINGER. Mr. Speaker, who will control the opponents' time?

Mr. UDALL. I understand that I control 30 minutes and the gentleman from Illinois controls 30 minutes. We will treat the gentleman fairly. In fact, if the gentleman will confer and tell me which speakers, a total of 14 or 15 minutes, we can come to some agreement.

The SPEAKER pro tempore. The gentleman from Arizona (Mr. UDALL) is recognized.

Mr. UDALL. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. SEIBERLING).

(Mr. SEIBERLING asked and was given permission to revise and extend his remarks.)

Mr. SEIBERLING. Mr. Speaker, we all have the deepest respect for our distinguished colleague, the gentleman from Arizona (Mr. UDALL), and he is always fair. But let me say that the situation under which these waivers were discussed in the Interior Committee—and I cannot speak for the Commerce Committee—was most unusual. In the first place, there were no hearings in the committee as such. The hearings were combined hearings by both committees, and only a small number of members in each committee attended those hearings. I happen to have been one who attended the majority of all of the hearings and heard the witnesses. Most of the members on our committee did not. And, what is more, when we had the debate in the Interior Committee, we never did get to a discussion of the merits of this particular set of waivers. The discussion was very brief and was largely on peripheral matters. There was no comprehensive presentation of either the effect or the purpose of the waivers.

So I do not think that most of the members of the Interior Committee really understood the issues behind this.

Now, let me just make one other point in my 2 minutes, and that is there is not only no assurance that if these waivers are approved the financing plan will go forward, but if they are disapproved there is no reason why the proponents of this pipeline system cannot come back to us and present a set of proposals that is more in line with the interests of the consumers both in terms of getting gas in the future and getting it at a reasonable price.

The price in 1987 for gas coming out of this pipeline will be the equivalent

of \$98 per barrel of oil. Is that what consumers want? Certainly not. Of course, as the gentleman from Indiana (Mr. SHARP) says, over the following 20 years, the costs will be spread out and the average price will be much less. But the FERC, if we vote down this package of waivers, could be directed by the Congress to require that the costs of the financing be spread out so that they will be the same at the start of the 20-year period as at the end. If we do that, then instead of paying \$17 per 1,000 cubic feet, consumers will pay \$4.50 or \$4.95, or whatever the average price turns out to be.

Mr. CORCORAN. Mr. Speaker, I yield myself 3 minutes.

(Mr. CORCORAN asked and was given permission to revise and extend his remarks.)

Mr. CORCORAN. Mr. Speaker, I am delighted to be at this point in our legislative process on this matter. I think, in the debate involving the rule we did go a little bit far afield beyond the rule itself, perhaps, to discuss the issues of the resolution involved, but I think under the circumstances, that was certainly appropriate; and now we are at a point where we can examine this question very closely.

One of the key considerations that led to my opposition to the waiver package is the economic gas supply situation in many of the lower 48 States today, particularly those supplied by interstate markets.

The second consideration, the one which gets all of the attention, of course, is the anticonsumer aspect of the waivers, having to do with "regulatory certainty," having to do with the pre-billing procedures, and of course there are other such significant provisions in the waiver package.

But all of them are not flawed; it is the waiver package as a whole which is ill-advised and, unfortunately unamendable that is a bad deal. The basic condition which starts the chain of mischief that they could cause to 60 percent of the gas consumers in the United States is the economic market condition in the gas industry today. We have a glut of gas today and we will have this surplus in the interstate market for the next decade.

And the primary consideration, in my judgment, why so many Members, once they learn more and more about this issue, conclude, as I did during the course, not at the outset of our committee hearings on this matter, but during the course of those hearings, that this particular waiver package, this particular financing scheme was ill-advised, has to do with the market conditions.

We are not, let me say to my colleagues in the House of Representatives in the 1970's. This is not 1973 or 1974 or 1976, or what have you, where we had the shortage of supply in the interstate gas market. In fact, in a very ironic twist, today what we have is a shortage of supply in the intrastate gas markets. That is why in Lou-

isiana, and Texas, and Oklahoma they are bidding up the so-called deep gas to \$10, \$11, and \$12. The way to correct that problem is to deal with the National Gas Policy Act of 1978, not the gas at Prudhoe Bay in Alaska.

The urgency of the need is the overriding consideration. The need factor is the compelling factor in this argument against the waiver package. As I pointed out in the debate we had yesterday, the U.S. Geological Survey has shown about a 20-percent increase in the amount that is available compared with their exhaustive study in 1975. The point of all this is that with the high cost of transporting the gas from Alaska, from the Prudhoe Bay field on the North Slope of Alaska, which will amount to \$15 a thousand cubic feet, added to the price that is provided for in the Natural Gas Policy Act of \$3, we are talking about \$18 gas in 1986 coming into a market that is in a glut condition. So it will not be marketable. Now, that is not going to last for 20 years or 30 years. But in 1986 it will be glutted. They will not be able to sell it, and the result is that the consumers will be asked to pay off the debt which represents 75 percent of the financing project. That is why these waivers are bad, and that is why they are potentially the greatest consumer ripoff in the history of the United States.

Mr. Speaker, I intended to yield 15 minutes to the distinguished gentleman from the Interior Committee, Mr. LUJAN; however, in his absence, I yield 15 minutes to the distinguished gentleman from Alaska (Mr. YOUNG).

The SPEAKER pro tempore. The gentleman from Alaska (Mr. YOUNG) is recognized for 15 minutes.

□ 1200

Mr. YOUNG of Alaska. We will alternate it, Mr. Speaker.

Mr. Speaker, I yield 5 minutes to the gentleman from California (Mr. DANNEMEYER).

The SPEAKER pro tempore. Without objection, the gentleman from California (Mr. DANNEMEYER) is recognized for 5 minutes.

There was no objection.

Mr. DANNEMEYER. Mr. Speaker, over the last several days I have been almost amused by that savior of the consumer, Ralph Nader, who has been prowling about seeking to work his mischief certainly on behalf of the consumers of the country.

I rise in support of these waivers because I happen to believe that the adoption of them is definitely in the interest of the consumers of this country.

I would like to talk for the few moments that have been allotted to me at this time about our dear savior of consumers, Mr. Nader, and put in perspective something of what the gentleman has contributed to the shortage of energy in this country.

Our problem in terms of shortage of oil and natural gas is traceable back to

about 1959 when at that time President Eisenhower adopted a policy of limiting imports to not more than 12 percent of our annual usage. We felt that to exceed 12 percent usage of imported oil would establish a dependence on foreign nations that was contrary to our national interest.

The small producers, in Texas, Oklahoma, and Louisiana liked that because it insulated them from the cheap foreign oil which was selling for under a dollar a barrel.

Domestic oil in this country was selling for about \$1.90 a barrel in 1969.

Soon, about that time, in 1969, Mr. Nader began to wonder about and figure out that, well, he would advance the cause of consumers in this country by raising the percentage we could import and so bring in more of this cheap foreign oil.

Now at that time, the Seven Sisters, the major producers and marketers of oil in the country and the world, did not particularly object to import quotas preventing an increase above 12 percent, because frankly, they were selling most of that foreign oil from the Middle East and Europe and doing pretty good at it. But Mr. Nader and his friends convinced people in this Congress that we should raise the import quota about that time because it would help the environment to burn some of that sweet crude from Libya—my colleagues all remember Libya, the source of current trouble on the international scene—and so they beat the drum and we began importing quantities of foreign oil that raised our annual use from 12 percent up to about 35 percent and then 40 percent, and then most recently I think the highest point in the seventies was around 45 percent of our oil came from foreign nations. We painfully remember what those foreign nations did to us once they had the addict on the line.

First, they jumped the price in 1973 by a factor of four, from about \$3 a barrel to \$12, and then in 1979 they did it to us again by raising the price up to what it is today, in the mid thirties—and so, the savior of consumers of America, as a result of the policies he sold to all of us in the beginning of the seventies, established our dependence on foreign oil and permitted that choke to come around the neck of the American economic system.

Now Mr. Nader is wandering about this country telling the media that he wants to help the consumers of this Nation from being taken advantage of again. After what he brought us in the seventies, do we want more of the same, more dependence on foreign sources of oil?

Tragically I hope we do not go that course. I hope we do not follow that distinguished gentleman's statement as to what course the Nation should take. I hope we have the courage quite frankly to do in America what our major competitors in the world, the Soviets, have set about to do. It is

strange that history would work out this way. The Soviet Union is currently in the process of building a pipeline from Siberia to Western Europe, to transmit its natural gas.

If I remember correctly, the price they finally negotiated was about \$5.50 per thousand cubic feet delivered in West Germany.

The SPEAKER pro tempore. The time of the gentleman from California (Mr. DANNEMEYER) has expired.

Mr. YOUNG of Alaska. Mr. Speaker, I yield one additional minute to the gentleman from California.

Mr. DANNEMEYER. The question is, there is a Communist society, they are a bureaucracy gone amuck. If they were to build that pipeline, the question arising in our society is, Can we in our system build one here? Not to run gas from one foreign nation to another, which the Members will recall from their geography passes over Poland and Germany and parts of it into Czechoslovakia, but do we have the perspicacity in this country to build this pipeline from Alaska down to the lower 48 States where the consumers are? I hope we do. I happen to believe it is in the public interest. It is in the national interest that we get on the road to energy independence and 5 percent of our natural gas supply from this pipeline is reason enough why we should grant these waivers, because they waive nothing more than requirements that were put in this law in 1977 that should not have been put in there to begin with.

No Federal money is involved. We should give this package a chance to see if the banking community will put up the money to build it.

Mr. YOUNG of Alaska. Mr. Speaker, I yield 2 minutes to the gentleman from New Mexico (Mr. LUJAN).

The SPEAKER pro tempore. Without objection, the gentleman from New Mexico (Mr. LUJAN) is recognized for 2 minutes.

There was no objection.

(Mr. LUJAN asked and was given permission to revise and extend his remarks.)

Mr. LUJAN. Mr. Speaker, it seems to me the problem here is very simple if we look at the options that we have.

We have the option of either building a gas pipeline coming down from Alaska or we have the option of not building it.

It would seem to me the option of building it is the desirable option, otherwise, how would we get gas out of Alaska?

That first decision is a very, simple one.

Once we decide that we are going to build that Alaska gas pipeline, we have two options: Who will build it? Does the Federal Government finance it or do we finance it through the private sector?

Again, the decision is very easy. Most of us would agree that it is not an acceptable solution for the Federal

Government to build it, it should be built by private industry.

Having made those two decisions, we must have, as we know, in order to be able to finance this line prepayment agreements, and those prepayment agreements call for prepayment as segments are completed.

Mr. SHARP. Mr. Speaker, will the gentleman yield?

Mr. LUJAN. I yield to the gentleman from Indiana.

Mr. SHARP. I thank the gentleman for yielding.

The designation of this waiver has been wrong all the way through. It is a post construction waiver. We cannot charge anything until one of the three parts has absolutely made the deadline. Their commitment is to be done on the date not that they set but the Federal Government sets. That is the agreed upon date.

Mr. LUJAN. That segment of the line, I must add, must be able to handle the transportation of the gas. You cannot use it during the middle of construction. The orders are, as a matter of fact, that there will be a very short period of time or maybe no period of time where there will be any billing after construction. The orders are that maybe the three will come together and so you start paying as the gas starts flowing.

Mr. UDALL. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts (Mr. MARKEY).

Mr. MARKEY. Mr. Speaker, I want to take this opportunity to clarify a few misconceptions that people have about this bill and this project, and what we are doing here today. Because the waiver package has been presented to us as a case of, "Do you favor the pipeline?" or, "Do you not favor the pipeline?"

It has been presented as an all-or-nothing-at-all project. It has been portrayed as, "Are you with me?" or "Are you against me?" question. That is not the case at all.

The question that is before us today is: Whether or not the waivers which were presented to us by the administration, are the proper inducements that should be given to the producers and to the contractors to expedite the construction of this pipeline.

So the onus is on us, those who believe that these waivers are not proper and are not necessary, to present alternatives. To say that the Congress should reject this proposal and come back within two months with a new set of waivers that will more fairly reflect the ability of those who are participating in this project to contribute to it.

What could those set of waivers look like? Well, first of all, what about producer financing. Instead of allowing the Prudhoe Bay gas producers to obtain equity in the project, let us put together producer financing, whereby the producers do not invest in the

project, but loan the money to the sponsors to complete the project.

Then a 50 percent, that is right, a 50-percent rate of return on equity is likely to be more negotiable and the consumers will be spared.

Since about 40 percent of the profits in the U.S. manufacturing sector is oil company revenue, why not divert their interest from acquiring every conceivable energy and non-energy resource in this country for themselves such as Mobil-Marathon or Mobil-U.S. Steel. What is this money going to be used for? Why not have them help in the construction of this project and have the oil companies become the lenders to finance the project? I think producer financing is appropriate because 98 percent of the increase in the net worth of the Fortune 500 companies in 1980 went to oil companies.

Second, as for regulatory certainty, let us give the lenders regulatory certainty consistent with FERC's role of protecting both consumers and sponsors.

Third, the package should include Buy American requirements. The Canadians put something in their bill fulfilling the 1977 agreement which made it impossible to use American steel in the construction of their portion of the pipeline. Let us consider a waiver which says that we will use American steel for our portions of the pipeline.

Any package should contain a decontrol clause. Secretary Edwards said that he wants to decontrol natural gas including gas from Prudhoe Bay. Should we give the producers an additional windfall profit on top of the subsidy provided by consumer financing of this pipeline?

Why has this package not included Alaskan participation? Do we not want to discuss Alaskan participation? The State of Alaska under this waiver package will receive a 12-percent severance tax on the Alaskan gas. This amounts to \$20 billion going to the State of Alaska, as a result of this deal. Which means every Alaskan gets \$40,000 under the waiver package.

Do we want to discuss that in this House, or, do we want to accept this package of waivers?

There are several serious questions that have to be raised. This Congress is on record, as saying either one way or the other: Whether we oppose or support this pipeline, if we reject this particular package of waivers.

What we would be saying is that there is a better way of doing it, that we do not have to accept the \$50 billion pig-in-a-poke. If the sponsors and the Alaska gas producers have evidenced more willingness to take risks, and they have not; if the sponsors would promise to build the pipeline if this waiver package is approved, they have not; if the sponsors would promise never to come back for more waivers or more financial support, they have not, then the waiver package would be more acceptable. But they have not been willing to come forward

with that kind of guarantees. They have not been willing to give us that kind of assurances. Even if the sponsors would promise that they would use American steel, and they have not; we would be more willing to support or to consider this kind of financing of the project. But, I am not favorably disposed toward a package which gives to us an all-or-nothing-at-all, take-it-or-leave-it, are you with me or agin me.

I support the construction of this pipeline, but I do not support giving a blank check of the American consumer to the pipeline and to the oil companies. We cannot commit the American consumer to pay for this line without any controls and without any opportunity on the part of the consumer over the next 10 years. We should allow them to be able to come back and take a look to see: Whether or not this is the kind of project that we should have put our imprimatur on.

I think, as we stand here today, we have an opportunity. We have an opportunity, which thankfully has been given to us a second time. We have the opportunity to send the bill back to the committees of jurisdiction. We should send this package to send the waiver back to the Interior Committee and back to the Energy and Commerce Committee, to let them craft and to construct a set of waivers, which will more adequately meet the needs of the people in this country.

The SPEAKER pro tempore. The time of the gentleman from Massachusetts (Mr. MARKEY) has expired.

Mr. YOUNG of Alaska. Mr. Speaker, I yield one-half minute to the gentleman from Massachusetts (Mr. MARKEY) if he will yield to me.

Mr. MARKEY. I yield to the gentleman from Alaska.

Mr. YOUNG of Alaska. The gentleman has caused me a great deal of concern here. He made the comment that every Alaskan got \$40,000. My wife is right now on the phone asking me where her \$40,000 is and it is disturbing.

Mr. MARKEY. Tell her it is in the pipeline, it is on the way.

Mr. YOUNG of Alaska. I am really worried about that. I am worried about where the \$40,000 is.

Mr. UDALL. Mr. Speaker, I yield 1 minute to the gentleman from Indiana (Mr. SHARP).

Mr. SHARP. First of all, Mr. Speaker, we had better clarify about the State of Alaska. They have the gas. They have the oil. If we do not like that, folks, we are going to have to find some mechanism to take over their gas and oil. That is not what we are debating here today. We are debating the pipeline. There is nothing in this waiver package that gives some additional incentives or some additional advantage to Alaska that they do not now have.

Second, concerning all this talk about the producers getting involved in this project, I would ask: is that not

wonderful, coming from people who, by the way, have usually tried to restrict producers?

What is in this waiver package is there precisely to allow the producers to put their money in so that the American consumer will not have to put any money in, so the Federal Government will not have to put any money in. It is to ask Exxon to step forward and take a risk on their capital, and if they are wrong to lose the money.

That leads to one of the key protections that is still here, that people act as if does not exist.

We are in no way guaranteeing that this pipeline is about to be financed by this waiver package. We hope that it is going to be attractive to private investors. But it is possible that they are going to make calculations—they darn well better—on the economics. They have to take the risk.

PARLIAMENTARY INQUIRIES

Mr. CORCORAN. Mr. Speaker, may I inquire how much time we have remaining?

The SPEAKER pro tempore. The gentleman has 12 minutes remaining and the gentleman from Alaska (Mr. YOUNG) has 6 minutes remaining.

□ 1215

Mr. YOUNG of Alaska. Mr. Speaker, a further parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. YOUNG of Alaska. Mr. Speaker, a point of information. On my records, I had 15 minutes yielded to me. There have been only two people speak, one was for 6 and one was 2 and that is 8; is that not correct?

The SPEAKER pro tempore. The gentleman yielded 5 plus 1 minute to the gentleman from California; 2 minutes to Mr. LUJAN.

Mr. YOUNG of Alaska. To Mr. LUJAN, that is 8.

The SPEAKER pro tempore. The gentleman also yielded half a minute to the gentleman from Massachusetts.

Mr. YOUNG of Alaska. And that gives me 6½?

The SPEAKER pro tempore. That leaves the gentleman 6½.

Mr. YOUNG of Alaska. I just want to make sure, because there are other people waiting.

Mr. CORCORAN. Mr. Speaker, I yield 2 minutes to my colleague, the gentlewoman from Illinois (Mrs. MARTIN).

Mrs. MARTIN of Illinois. Mr. Speaker, I am not going to speak to my colleagues on the other side of the aisle. The supposed watchdogs of the consumer have taken a long walk on this bill that makes the long march look like a stroll. Instead, I am going to speak to Republicans.

I grant that yesterday I felt vaguely uncomfortable, since being on the same side as Ralph Nader is not a normal point of view for many of us who are avowedly, openly, and happily

conservative. This particular bill is, however, in essence the best part of conservatism. The waivers would allow the big companies to put in their money. They will also allow consumers to put in their money without a guarantee that they will ever get the gas.

Now, there is a thought that occurs to me. If the banks do not want to risk this much, if the Exxons do not want to risk this much, does that not perhaps indicate that they do not trust that very market, that perhaps there might not ultimately be a market? That is the nature of risk and success.

I might not care if the pipeline companies make 50-percent profit on their investment; but I do care if the consumers have to virtually underwrite the construction of the pipeline with no guarantee that they will ever get gas in their homes in return.

I will add one thing: only one Member on the opposition side has suggested these waivers will cause a lower price. No one, except that one, has made that foolish error, because what we are really doing is giving consumers the opportunity to invest their money without choice, to get no return, and to pay higher gas prices, and that is a lousy way to run a business or a country.

Mr. CORCORAN. Mr. Speaker, I yield 2 minutes to my friend, the gentleman from Iowa (Mr. LEACH).

Mr. LEACH of Iowa. Mr. Speaker, I would like to make briefly just one general and one specific observation. In the general sense, in recent years Congress has been called upon to bail out certain large corporations that have gotten into financial trouble. This bill is a novel precedent: We are asked to bail out, through burden-passing to the consumer, large corporations that are financially healthy. This is legislative nonsense.

Finally, one part of this bill calls for consumers to accept the burden of building a gas-conditioning plant in Alaska. Gas processing plants have been built many times in this country, but this is the first one that the consumers are asked to take the risk of paying for. Part of the reason, frankly, is that we have an overbuilt gas-processing industry. Yet it is interesting to point out that during the debate on the rule this morning the gentleman from Alaska indicated, in response to a question, that his State was considering certain burden-sharing for the people of Alaska—that they might consider helping build this gas-conditioning plant. If that is the case, this bill before us today should be defeated because that is a change which should be made in a new bill to come up in the future.

This bill is before us without the right to amend, which is certainly not common coming from the committees of jurisdiction which reported it. If the gentleman from Alaska is going to assure us that maybe the people of Alaska would consider building this processing plant, then all I would say

is we must defeat this bill because this costly plant represents \$4 to \$5 billion worth of new information.

Mr. YOUNG of Alaska. Mr. Speaker, will the gentleman yield?

Mr. LEACH of Iowa. I would be happy to yield to the gentleman from Alaska.

Mr. YOUNG of Alaska. I would like to stress again, this is unfair to ask the State to do it. The State is looking at this project. They are very much interested in it; but if the gentleman would like to mandate it all on the state of Alaska, if you do, you would be breaking constitutional law and the gentleman knows that.

Mr. CORCORAN. Mr. Speaker, I yield 2 minutes to the gentlewoman from Rhode Island (Mrs. SCHNEIDER).

(Mrs. SCHNEIDER asked and was given permission to revise and extend her remarks.)

Mrs. SCHNEIDER. Mr. Speaker, I must rise in strong opposition to the resolution of waiver of Federal law relating to the Alaska natural gas pipeline.

This bill makes a mockery of the democratic process in several ways. First, we are allowed only 1 hour of debate on a bill which will undoubtedly cost consumers billions of dollars. Second, no amendments are in order. Proponents will have you believe that this Nation's energy future rests on approval of this waiver. Not so. The Prudhoe Bay reserves represent one of this country's most precious resources. There is little question that this gas ought to be exploited, and certainly its use can help in reducing our crippling dependence on imported oil.

Unfortunately, we are not presented with a measure which allows for even decent methods for recovery. This bill will allow rich, multinational oil companies to bill their customers long before any gas is delivered. Prebidding is an unconscionable means of making the public, rather than those who will reap the huge profits, take the risk that the pipeline will not come on line.

Furthermore, the State of Alaska stands to make some \$20 billion in severance taxes on Prudhoe Bay gas—that is \$40,000 for every citizen of that State—without investing one cent. This measure only exacerbates the flow of capital from energy-consuming States to energy-producing States. To make hardworking natural gas consumers pay for a pipeline that will make the State of Alaska richer is to make a mockery of every principle of equity.

Mr. Speaker, the plain fact is that if this pipeline were such a good deal, private capital would be easily available, and private investors would rush to the breach. This resolution is on the floor today because the developer cannot live up to his promise to use private capital. There are solutions to this dilemma, but a multibillion dollar tax on consumers should not be one of them. It will be a sad day for this

House when we can be steamrollered like this.

In closing, I would like to share with my colleagues a transcript of Bill Moyers' commentary on the CBS "Evening News" last night. Mr. Moyers has given us a clear example of why most Americans think so poorly of their elected representatives:

(CBS Evening News, Dec. 8, 1981)

BILL MOYERS COMMENTARY

Bill Moyers: Dan, if you want to know why so many people are fed up with both political parties and have stopped voting, and if you have a strong stomach, I have a case in point.

John McMillian: (on the telephone) What's the count?

Moyers: It starts with this man. His name is John McMillian. He's chairman of Northwest Alaska Pipeline Company. Four years ago, the federal government gave him exclusive rights to build a big pipeline to bring gas all the way from Alaska to consumers in 42 states. He got that franchise on the condition that the pipeline would be built with private funds. But now John McMillian wants to change the rules. He says he's having trouble getting the banks to finance the project, and he wants consumers to put up the money—before the project is finished and whether or not a drop of gas is ever delivered. That's right—he wants the government to force consumers to be his investors, to assume the risks of stockholders without voting rights or dividends. Senator Howard Metzenbaum of Ohio is the only member of the Senate Energy and Natural Resources Committee to vote against the pipeline bill.

Metzenbaum: How could anybody possibly vote for such a piece of legislation? How can anybody go home and explain that to their own constituents? It's wrong. It's a bad deal.

Moyers: Lest you think it's just a liberal Democrat eating sour grapes, listen to a conservative Republican—Congressman Tom Corcoran from Illinois.

Corcoran: Here we have probably, potentially the greatest consumer rip-off in the history of the United States. Thirty-seven billion dollars—and in the debate on our committee, we heard very little from those same people who have been arguing for years and vociferously in behalf of the Consumer Protection Agency. I think they took a walk on this one, probably for political reasons.

Moyers: No wonder John McMillian is smiling. The government is giving him what he wants—lock, stock and barrel, with very little public debate. How did he do it? Pretend you're John McMillian and you want the federal government to change the rules after the game has already started. First, you make friends with the president, because only the president can submit the resolution to undo the rules agreed upon four years ago. And naturally, you hire the public relations firm of Peter Hannaford, former partner of Mike Deaver, one of the president's inner circle. Hannaford, you'll remember, purchased the consulting firm owned by National Security Advisor Richard Allen.

But once you get the Republicans on your side, what about the Democrats? You need their leadership to win the public debate on your proposal. First you hire former Vice President Walter Mondale to be a consultant to your firm. Then you contribute \$5,000 to the Committee for the Future of America, Mondale's political action committee. But one high-powered Democrat is not enough—not for a big job like this.

McMillian: [to secretary] Where's Bob?

Secretary: Strauss. I'll call him. He's in Washington. He just got in.

Moyers: That's right—Robert Strauss, former chairman of the Democratic party, and an old friend of John McMillian's. Robert Strauss is also the former chairman of the Democratic party, and a man who knows how to wheel and deal in Congress. Want more clout? How about another firm: White, Fine and Verville—one of whom served as the chairman of the Federal Power Commission under President Johnson. And the law firm of Charles Manatt.

Charles Manatt, the current chairman of the Democratic party? Yes, Charles Manatt. And all the while you spread money around. Just look at the contributions that John McMillian has made, in just the last four years.

Metzenbaum: We've seen a magnificent lobbying effort in connection with this bill. You couldn't hire some of the lobbyists that were hired in this instance, you couldn't have the impact that's been had in this instance, without spending a lot of money. And I would say to you that when you spread that kind of money around, you can be certain it's going to have an impact. It's going to provide access, it's going to provide votes.

McMillian: [on the telephone] All the guys are coming in to raise funds for this.

Moyers: But if you were John McMillian, you don't stop with using your own money. You ask other companies with an interest in the pipeline legislation to put up, too. And they do—\$80,000 showered on Congress since January alone.

Metzenbaum: Not long ago, one of my staffers called a staffer for another senator and said, "Is the senator going to be with us on this issue?" And the response was, "Oh no, He couldn't be with you. He took a lot of money from the oil companies during his campaign." That actually happened.

Moyers: And presto—your bill breezes through Congress under rules so unusual that debate was limited to only one hour. Yep: One hour to debate a project that will cost tens of billions of dollars.

Corcoran: John McMillian is going to have a happy Christmas—and a lot of consumers for 20 years, in my judgement, are going to have to pay the price.

Moyers: Shifting the burden of investment from corporations to consumers wasn't the only way to finance this project. But other alternatives were never considered, because John McMillian and the companies know the right people in the right place at the right price. So much for all that Republican talk about free enterprise. And so much for a Democratic party controlled by lawyers and lobbyists, who have offered its soul to the company store. The two-party system is not only up for grabs—it's up for sale.

Mr. UDALL. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan (Mr. DINGELL.)

(Mr. DINGELL asked and was given permission to revise and extend his remarks.)

Mr. DINGELL. Mr. Speaker, I have listened to the confusion which abounds in this particular debate now for 2 days. All I can say is there is vast confusion and it needs a great deal of correction.

First of all, the \$40,000 per capita state royalty, share and severance taxes going to Alaska is no different than the state royalty share and severance taxes that any other State would

get on minerals to which state royalty share and severance taxes would apply. It is a red herring of the purest sort.

Second of all, this is one of the biggest projects that has ever been constructed in history. Amassing the amount of capital necessary to finance this project is enormously difficult.

Now, we are accused of having some kind of extraordinary process. It is an extraordinary process, but it is an extraordinary process which was established by the Congress when we passed the Alaska Natural Gas Transportation Act of 1976. We said at the time that we were going to watch every turn of the road to see to it how the project would be financed and constructed.

We put in place a Federal Inspector of the pipeline. He will watch to see to it that matters are fairly carried out.

We said if there are going to be any changes in the original understandings, they would have to come back to Congress and have the changes approved.

We said that the changes would not be subject to amendment or we would have worse confusion on the floor than we have today; but we said they had to be approved by both the House and the Senate and we are engaged in that process today. Everyone understood when we passed the Alaska Natural Gas Transportation Act of 1976 that that was going to be the way it was going to be done.

Now, great confusion centers around the question of prebilling. Prebilling and the other provisions of the waiver before us still afford protection for the consumer.

Now, I have heard a lot of people complain that the consumers are going to get it in the neck. Well, when anybody in this society gets it in the neck on anything, it is the consumer, because the consumer is the guy that ultimately pays and there is no way this body can shelter him from that if we are going to get the gas.

Parenthetically, I would like to observe to my colleagues, we need the gas. Over 10 percent of domestic gas reserves are in Alaska. If we have a shutoff and we have cold factories, cold schools and cold homes in Ohio or any of the other States in this Nation, you would see many of the Members who were here today complaining about this bill demanding that we rush out and bring that gas down. However, it won't be an easy process, because putting together a package of this kind is monumental in difficulty because the project is monumental in size.

Now, how does the prebilling work? It is really very simple. At a given point, FERC issues the final certificate and sets a date certain by which the project should be completed. If FERC chooses to allow possibility of prebilling, if the date certain has passed, and if a segment is completed and other segments are not completed,

then there can be billing to allow the payment of some of the costs of constructing the completed segment, but only those costs which are prudent expenditures subject to scrutiny by FERC and the Office of the Federal Inspector of the Alaska Pipeline.

Now, that is what happens. Those are proposals which protect the consumer.

Now, if you do not allow for prebilling, what happens? Probably the whole project will go down, and we will have to start over again. If that occurs, we will see the cost of this project, which is now on the order of \$40 or \$50 billion, jump to God knows what.

According to the committee staff analysis, the cost of Alaskan natural gas, over the life of the project is expected to be about \$5.50 per Mcf in 1982 dollars. With the way gas prices are increasing, Alaskan gas is going to look like a very good buy. I have heard talk about the price of Alaskan gas being equivalent of \$97 per barrel oil. Let me just tell you that by the turn of the century you are going to be looking at something like \$97 oil because that is what OPEC is going to fix your prices at. Do not look for energy prices to go down.

If you are concerned about the consumer, if you want to see that he gets gas and if you want to see that he gets it under fair prices and under terms where it will be watched by the Federal Inspector, FERC and other agencies, then I say support this proposal.

If you want to see the Alaskan price skyrocket, if you want to see the project's interest costs skyrocket, if you want to see the capital cost of the project skyrocket, then vote down these waivers and you will see your consumers not get the gas, and if they do get it, they will get it at a price that will curl your hair.

Mr. UDALL. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. SCHEUER.)

(Mr. SCHEUER asked and was given permission to revise and extend his remarks.)

Mr. SCHEUER. Mr. Speaker, we have just heard my colleague, the gentleman from Michigan, describe the cost to us in terms of increased energy costs across the board, whether it is coal, gas, or oil, in terms of energy equivalent costs, the increased cost to us of deferring this gasoline.

Let me give you another cost. In 1980, when we were beginning to resume filling our strategic petroleum reserves, Sheikh Yamani of Saudi Arabia, their Energy Minister, reportedly instructed President Carter to cease and desist filling those strategic petroleum reserves under pain of an embargo by Persian Gulf oil producers.

And what did our President do, rightly or wrongly, under the pressures of our then desperate dependence on Persian Gulf oil? He blinked,

and promised Sheik Yamani that we would cease and desist filling our strategic petroleum reserve. And he did just that.

Now, such a state of supine acquiescence to the whim and fancy of a Persian Gulf oil sheik to my mind was a disgraceful, shameful posture, for the United States to adopt.

I am not suggesting that any other President at that time could have taken a more firm, more honorable position for our country, because that was the de facto state of total dependency that we were in.

□ 1230

But I say to my colleagues I do not know if we could quantify the cost to us of that dependence in terms of increased oil prices which reflect, as my colleague from Michigan said, in all other energy prices, and in the ability of the United States to withstand an embargo.

Mr. UDALL. Mr. Speaker, I yield 30 seconds to the gentleman from Indiana (Mr. SHARP).

Mr. SHARP. Mr. Speaker, I would like to reinforce something the gentleman from New York has said. A previous Secretary of Energy, the Secretary of State, and the present Secretary of Defense have indicated the strategic importance of our getting this resource that belongs to us and that will come through a friendly nation to the lower 48.

We have not emphasized the national security aspects of this project as much as perhaps we should have, but I can tell you this: The national security community of this country believes this waiver package ought to go through.

Mr. UDALL. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. MILLER).

Mr. MILLER of California. Mr. Speaker, I rise in opposition to the waivers. Like my colleague who spoke earlier, the gentleman from Massachusetts (Mr. MARKEY), I am very much opposed to the process by which we have to consider these waivers. It seems if one ever wants to get Congress to act, the first thing one does is create a crisis that is larger than life. Preach doom and gloom to the Congress of the United States. Go out and hire yourself a corps of lobbyists, the best that can be found, and pretty soon one can get the Congress to consider an all-or-nothing package, and that is what has happened here.

There are alternatives to this. Maybe the alternative is not for Mr. McMillan to continue to have the exclusive right to build this pipeline. Perhaps he is not able to do it. But perhaps there are other parties who can do it. I think we have to consider whether or not the producer should do it, since the estimates that we are all working off that have been provided to both committees are that those producers will receive the 50-percent rate of return. If, in fact, that is possible, I

question whether or not they would be able to raise the capital in the private market. I would think they would be able to.

I do not think we ought to be voting on this package and have the Representative from Alaska tell us that the State of Alaska is considering or has under consideration whether or not and the extent to which they will participate. We ought to know the extent to which they participate, because we are certainly mandating the extent to which the consumers in the lower 48 will participate.

I can appreciate that it is a windfall and it is a wonderful thing. Under their severance tax, they will get \$20 billion. But let me tell the Members: Apparently without the consumers in the lower 48 underwriting this pipeline, they will not get anything from the severance tax, because the gas will be reinjected into the ground, and the oil companies told us they can reinject it there until hell freezes over.

So could we not ask them to continue to help the consumers participate in the construction of this project?

(On request of Mr. PHILLIP BURTON and by unanimous consent, Mr. MILLER of California was allowed to proceed for 1 additional minute.)

Mr. PHILLIP BURTON. Mr. Speaker, will the gentleman yield?

Mr. MILLER of California. I yield to the gentleman from California.

Mr. PHILLIP BURTON. Mr. Speaker, I would like to commend my distinguished colleague, the gentleman from California (Mr. MILLER).

This proposal stinks. It was brought up in the Interior Committee. We spent less than 1 minute per each billion dollars involved in this proposal. We spent something less, or thereabouts, a half hour or so, maybe 35 minutes. The Interior Committee was to be called back. We had a couple of rollcalls. It was uncertain when we left, in the first instance, whether this matter might even be put over for a day or two, so we had a chance to examine its parameters. I went back to the committee room, finding out I had arrived in time just to cast my vote.

Whenever you have a project of this enormity rushed through in this way, it has got to have a certain common-sense judgment odor about it. It stinks.

Mr. YOUNG of Alaska. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. MOORHEAD).

The SPEAKER pro tempore. Without objection, the gentleman from California (Mr. MOORHEAD) is recognized for 2 minutes.

There was no objection.

(Mr. MOORHEAD asked and was given permission to revise and extend his remarks.)

Mr. MOORHEAD. Mr. Speaker, I fully support the pipeline waiver package. I believe that the national security, both physical and economical, is necessary in this plan. We are at the present time dependent upon OPEC

oil. We are dependent upon energy from other parts of the world. Everything that we can do to get our country in a better energy situation is certainly helpful to us, and I think helpful to the consumer.

If we can get enough energy to take care of the basic needs of our country and our own resources, you are going to see the price the consumer has to pay for energy from throughout the world coming down, and there will be a limitation on the amount that we have to pay for our own energy that we get from our own resources.

If we delay another 5 years in developing this pipeline, we are going to find that the cost of the pipeline doubles again, and if anyone thinks that it is not the consumer who will pay for it, they are sadly mistaken. It is the consumer who always has to pay the price of developing any product.

I think it is in the consumer's interest that this project be developed and that it be developed now, and we protect our national security against those people who might in the future want to stop all access to energy that we might have, and want to hurt us economically.

Mr. Speaker, adequate supplies of natural gas are essential to the economic and environmental well-being of the country. Natural gas is our most important energy source for stationary applications, supplying nearly 40 percent of the energy requirements for industry and agriculture, 41 percent for residential and commercial buildings, and 15 percent of the energy used by electrical powerplants. In my State of California our recent annual energy consumption was 6.4 quads, or 30 percent of our total energy needs.

Let us make no mistake about it, natural gas is our cleanest burning fossil fuel. It is more environmentally acceptable, as far as I know, than any other source of energy with the possible exception of hydroelectric power and certain other renewables. With natural gas we have none of the environmental side effects of oil, coal, nuclear power, or synthetic fuels. For example, in my State of California, the California Air Resources Board has calculated by substituting natural gas for residual oil in California utility boilers, average emission reduction would result on the order of 95 percent for particulate matter, 50 percent for oxides of nitrogen, and 99.8 percent for oxides of sulfur. There is a clear, measurable, beneficial effect with the respect to the use of natural gas as far as our environment is concerned.

We should be doing everything that we possibly can to encourage the private sector to produce and distribute clean burning, and efficient natural gas for the benefit of U.S. consumers. This Presidential waiver package is a step in the right direction. It is a step in the direction of encouraging the

production and distribution of a very important domestic source of energy. I urge my colleagues who are concerned about these matters to vote to favorably report Senate Joint Resolution 115.

Mr. CORCORAN. Mr. Speaker, I yield 1 minute to my friend on the Committee on Energy and Commerce, the gentleman from Iowa (Mr. TAUKE).

Mr. TAUKE. Mr. Speaker, the chairman of the subcommittee and the chairman of the full Committee on Energy and Commerce have done remarkable work in trying to put into this legislation all the protections that can be afforded. But even with that very strong effort, this legislation, this waiver package, is fatally flawed.

The reason the proponents want to talk about Ralph Nader and our general energy problem rather than talk about the real issues in this legislation is because they do not have answers to the real issues. First, there is a real marketing problem, a real risk of marketing \$13 to \$20 gas. That is why there is not financing for this in the private sector. That is why we need this waiver package. That risk is real. They refuse to talk about it. Second they do not tell us why the consumer should be asked to pick up this risk, rather than the State of Alaska, or the producers, who will profit from this waiver package.

I believe it is fair to say that the defeat of this legislation will not close the door on the Alaska pipeline; rather, it will open the door to permit the State of Alaska to build that processing plant and permit the producers to help finance this project.

Mr. UDALL. Mr. Speaker, may I have an indication of the time remaining?

The SPEAKER pro tempore. The gentleman from Arizona (Mr. UDALL) has 11½ minutes remaining, the gentleman from Illinois (Mr. CORCORAN) has 5 minutes remaining, and the gentleman from Alaska (Mr. YOUNG) has 4½ minutes remaining.

Mr. UDALL. Mr. Speaker, I yield 2 minutes to the gentleman from Connecticut (Mr. MOFFETT).

(Mr. MOFFETT asked and was given permission to revise and extend his remarks.)

Mr. MOFFETT. Mr. Speaker and colleagues: I basically want to concur with the remarks of the gentleman from Massachusetts (Mr. MARKEY) in the hope that this pipeline will someday be built, but I think it is interesting, and I do not have a great deal of time, so I will just try to tick them off here, what we have done on energy this year and how this fits into it. We finished the job on decontrolling oil, a big boon to the companies. They are now drilling on the New York Stock Exchange floor, as our distinguished chairman, the gentleman from Michigan (Mr. DINGELL), often reminds us, for oil. We have given more massive tax breaks to the industry in the tax bill which was supposed to be some-

thing to get the economy going again. We have opened up wilderness areas.

What about alternatives to oil? We have cut conservation as a body now. Some of us have not voted for it, but slashed conservation, solar, wind power, weatherization of the inner city.

How about regulations that are designed to help with alternatives to oil? Appliance efficiency standards, on the way out. Thermostat settings, gone. How about real national security protection? The rationing bill that took 5 years has now been taken down off the shelf and ripped up, thrown away. We do not even need that. The emergency allocation bill, despite the good efforts of the chairman of the subcommittee, is now weakened, because we did not have the votes to do something stronger. And we are rushing toward deregulation of gas. This is just a little stop along the way to do yet another thing without thinking it through.

I think we should address this problem in the proper fashion, in the committee, as the gentleman from Illinois (Mr. CORCORAN) and the gentleman from Massachusetts (Mr. MARKEY) and others have suggested, and if we put a waiver package together, do it with the full participation of the elected representatives of the people.

Mr. YOUNG of Alaska. Mr. Speaker, I yield 2 minutes to the gentleman from Indiana (Mr. COATS).

The SPEAKER pro tempore. Without objection, the gentleman from Indiana (Mr. COATS) is recognized for 2 minutes.

There was no objection.

(Mr. COATS asked and was given permission to revise and extend his remarks.)

Mr. COATS. Mr. Speaker, contradictions seem to abound here today as to just what this waiver package does and does not do. We have heard from several, "Why don't the producers participate in this? Why don't they get involved? Why don't they put up some of their money?" Well, that is exactly one of the components of what we are trying to do with this waiver package.

The previous law said they could not be involved, they could not put up their money. We are simply saying let us pass the waiver package so they will participate in this process. They are going to have to put up a minimum of \$7 billion of equity which cannot be prebilled to the consumer in any way. Until the gas flows and is marketable, there will be no return on that particular investment.

We also heard today about the risk to the consumer. Of course there is a risk to the consumer. There is a risk in obtaining any energy source in this country and paying for it. The consumer will ultimately do that. But what is the greater risk? The greater risk the American people have demonstrated so vocally over this decade is continuing dependence on OPEC oil. What is that risk to the American con-

sumer and what is the risk of not having energy supplies available to our people in this country, domestic energy sources, as an alternative to the blackmail that we have suffered under during the 1970's? What is the risk of the economic decline and disaster that faces this country if we face another oil crisis as we did in 1973? Those risks abound. Of course risks are faced in doing this. But we must move forward. We must demonstrate to the American people that we are willing to utilize and find our existing resources, and domestic resources, to give us energy options available for the future to run this country so we do not have to continue this dependence on OPEC, Libyan oil, and so forth.

Mr. SHARP. Mr. Speaker, will the gentleman yield?

Mr. COATS. I yield to the gentleman from Indiana.

Mr. SHARP. Mr. Speaker, the gentleman has made a very important point that seems to be overlooked by the proponents. If the investors come in and meet the market test, put their money in, they stand to lose a lot of money if this does not work. They are not absolved of that risk by the waiver package.

Mr. UDALL. Mr. Speaker, I yield 4 minutes to the gentleman from New York (Mr. OTTINGER).

(Mr. OTTINGER asked and was given permission to revise and extend his remarks.)

Mr. CORCORAN. Mr. Speaker, will the gentleman from New York yield to me?

Mr. OTTINGER. I yield to the gentleman from Illinois.

Mr. CORCORAN. I appreciate the gentleman yielding.

Mr. Speaker, I have been pleased to work with the gentleman on this project. I want to say in rebuttal to what has been said that the real risk here is that the consumers will never indeed get anything to consume. That is the problem. There will not be any gas to consume, so why should they pay for it?

Mr. OTTINGER. Mr. Speaker, I was going to acknowledge very strongly the fairness of the gentleman from Arizona (Mr. UDALL) and my chairman, the gentleman from Michigan (Mr. DINGELL) and the gentleman from Indiana (Mr. SHARP) in trying to handle this in a way in which everybody would get their say, trying to put the debate off, trying to get the extra time that we wanted so that this could be heard. Unfortunately, there were objections made on the other side to their efforts. I think they made every effort to consider this fully and fairly.

Second, I would like to express my appreciation to the gentleman from Illinois (Mr. CORCORAN) for his fine leadership against these waivers, including his procedural tactic yesterday to permit full consideration today.

I would like to say, in answer to the comments of the gentleman from California (Mr. MOOREHEAD) and the gentleman from Indiana (Mr. COATS) that the consumer has to pay anyway for these costs. The consumer does not have to pay anyway, regardless of whether or not a project is built. The consumer pays the final costs ordinarily if he gets something in return. One of the objectionable parts of this package is that the consumer has to pay whether or not he gets any gas.

These gentlemen also indicated there are going to be outside investments by banks, the oil companies, and maybe even the State of Alaska. But nobody has been willing to put up one cent of his money—the banks, the oil companies, the State of Alaska, or anybody else—unless they get a guarantee from the consumer, which is what these waivers seek.

□ 1245

They say, "unless we go through with this waiver package that has a consumer guarantee, we are not willing to put up a cent." That really is one of the very basic issues involved here.

We are told that there is very little chance that this pre-billing will take place because it is not required unless target dates are not met. Take a look at every major construction project we have had—military, Department of Energy, any others. They all get delayed, and the provision here is if they do not meet the time schedule set by FERC, then the consumer has to kick in; thus, the consumer has to kick in if the Canadian segment of the project is delayed and the rest of the project is not completed. He has got to kick in whether or not the pipeline is eventually completed or not.

Let me recall to the Members also that this pre-billing provision is open-ended. We talk about the possibility of a \$5 average gas price or \$19 maximum gas price, but let us take a look at the oil pipeline. When it started out, it was supposed to cost \$900 million, and ended up costing \$9 billion. With respect to every other major construction project we have seen, we have seen similar escalation, and I bet the Members that the \$19 per cubic foot is probably going to be a low price before we are finished.

Certainly the risks of this project are very substantial. I put in a budget resolution calling for an end of all energy subsidies and allowing the free market to take its place in energy. As I understand it, that is the basic philosophy of many of those on the other side, that we ought to have a free market. There is no question that these waivers are a denial of the free market. It is not a Federal subsidy; it is a federally mandated consumer subsidy, regardless of whether or not people get any gas.

I think we can put together a better waiver package. I think if we kill this, we definitely ought to make other ar-

rangements to get the gas. The argument made about national security, about the overwhelming need to get this gas is true in itself but does not justify these waivers. It is the same argument that was used for subsidies for synthetic fuel, for the Clinch River breeder reactor, for every other boondoggle the energy industry has wanted to put on the backs of the taxpayers and consumers of this country.

These arguments are nothing more than blackmail: "You take this lousy package"—everybody who is a proponent of it says that it is a lousy package—"or take nothing."

That, it seems to me, is an argument we ought to finally reject. Let us get ourselves a fair deal in which the consumers will be treated properly to get the gas from Alaska, not be blackmailed into providing more subsidies for the oil companies as a condition of getting this gas.

Mr. CORCORAN. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Arkansas (Mr. BETHUNE).

(Mr. BETHUNE asked and was given permission to revise and extend his remarks.)

Mr. BETHUNE. Mr. Speaker, I am sure that Members have noticed that lately there is a new refrain on Capitol Hill. It goes something like this: "We need the government's help to facilitate private sector financing, and if we do not get it, some enterprise, some venture is going to fail."

That is the new song of corporate America. It is the new song of business, business people, who ordinarily complain and rail against Government's involvement in private enterprise.

And so, what we have now is a complex arrangement of loans, direct loans, indirect loans, loans guarantees, guarantees that are funneled through Federal financial banks, almost every conceivable way to assist people, particularly corporate America and businesses in getting credit. We are trying to stop that. We have fashioned a credit budget because that is growing faster, believe it or not, than spending in the country.

We are not taking about 40 percent of the credit market from one sort of Government credit extension program or another, and that is ruining the credit market and free enterprise system. But now we see devices like pre-billing; we see all sorts of imaginative ways to do the same thing by indirect means. So, the list gets longer and longer, and is going to continue, and while we are out cutting everybody else, we ought to start cutting out some of this corporate welfare.

It has been said here that if these waivers are bad, you should have seen the ones they tried to get before they got these. So what it seems to me is, that the Congress is giving way and giving way, and finally have come up with this sort of help for corporate America. We have got to start saying

no, and until we start saying no, they are going to continue to be in here at the door and this problem is not going to get better. It is going to get worse if they try to get the handouts and do things by indirect fashion that they would not dare to try to do in a direct fashion.

(Mr. YOUNG of Alaska asked and was given permission to revise and extend his remarks.)

Mr. YOUNG of Alaska. Mr. Speaker, fellow colleagues, we have debated this issue and I think the facts are clear. This is a proconsumer vote. It is needed for the consumers, and all the rhetoric and all the misnomers have been debated on this public debate are for naught.

But there have been five gentlemen and one lady who spoke about, why does not the State of Alaska participate? Under the Constitution we cannot force a State to participate in this project, but more than that, I have been terribly hurt by the gentleman from Rhode Island somehow impugning my Alaskan citizens because they are going to receive \$40,000 apiece if this project goes through.

We pay to the OPEC nations \$84 billion a year. They are not Americans. They are foreigners that are investing in American lands and buying up our factories. They have brought this Nation to its knees, and I do not hear a word against that. But, my Alaskans, who have the highest unemployment rate, the worst housing conditions, less roads than the Washington, D.C., area itself, are looked upon as blue-eyed Arabs now with resentment from those that have all the facilities, that have had the advancement this great Nation has been able to give to them.

For the life of me, it hurts me in my heart to see my fellow colleagues, some of them feeling as if we are doing something wrong, taking from them; as if we are criminal. I thought we were Americans. We became a State in 1959 with the understanding through this Congress that we would have 104 million acres of land to give us a resource base to bring our people up to the standards of the rest of America, and now I hear the creeping tone of resentment in some people's voices, and that hurts me. I have never heard them speak against those people over there with the things on their heads, driving a Cadillac one way and then leaving it and driving another one the other way \$4 billion a year and being dependent upon us. As my good friend from New York said, making the President stop putting the petroleum in the reserve with the threat of embargo.

I ask the Members, please do not listen to that type of rhetoric. I have said all along that Alaskans want to deliver this gas not because of the so-called \$40,000 we are going to receive, but because it is right for the Nation. I have said that we want to participate in the conditioning plant if the legisla-

production and distribution of a very important domestic source of energy. I urge my colleagues who are concerned about these matters to vote to favorably report Senate Joint Resolution 115.

Mr. CORCORAN. Mr. Speaker, I yield 1 minute to my friend on the Committee on Energy and Commerce, the gentleman from Iowa (Mr. TAUKE).

Mr. TAUKE. Mr. Speaker, the chairman of the subcommittee and the chairman of the full Committee on Energy and Commerce have done remarkable work in trying to put into this legislation all the protections that can be afforded. But even with that very strong effort, this legislation, this waiver package, is fatally flawed.

The reason the proponents want to talk about Ralph Nader and our general energy problem rather than talk about the real issues in this legislation is because they do not have answers to the real issues. First, there is a real marketing problem, a real risk of marketing \$13 to \$20 gas. That is why there is not financing for this in the private sector. That is why we need this waiver package. That risk is real. They refuse to talk about it. Second they do not tell us why the consumer should be asked to pick up this risk, rather than the State of Alaska, or the producers, who will profit from this waiver package.

I believe it is fair to say that the defeat of this legislation will not close the door on the Alaska pipeline; rather, it will open the door to permit the State of Alaska to build that processing plant and permit the producers to help finance this project.

Mr. UDALL. Mr. Speaker, may I have an indication of the time remaining?

The SPEAKER pro tempore. The gentleman from Arizona (Mr. UDALL) has 11½ minutes remaining, the gentleman from Illinois (Mr. CORCORAN) has 5 minutes remaining, and the gentleman from Alaska (Mr. Young) has 4½ minutes remaining.

Mr. UDALL. Mr. Speaker, I yield 2 minutes to the gentleman from Connecticut (Mr. MOFFETT).

(Mr. MOFFETT asked and was given permission to revise and extend his remarks.)

Mr. MOFFETT. Mr. Speaker and colleagues: I basically want to concur with the remarks of the gentleman from Massachusetts (Mr. MARKEY) in the hope that this pipeline will someday be built, but I think it is interesting, and I do not have a great deal of time, so I will just try to tick them off here, what we have done on energy this year and how this fits into it. We finished the job on decontrolling oil, a big boon to the companies. They are now drilling on the New York Stock Exchange floor, as our distinguished chairman, the gentleman from Michigan (Mr. DINGELL), often reminds us, for oil. We have given more massive tax breaks to the industry in the tax bill which was supposed to be some-

thing to get the economy going again. We have opened up wilderness areas.

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I think we should address this problem in the proper fashion, in the committee, as the gentleman from Illinois (Mr. CORCORAN) and the gentleman from Massachusetts (Mr. MARKEY) and others have suggested, and if we put a waiver package together, do it with the full participation of the elected representatives of the people.

Mr. YOUNG of Alaska. Mr. Speaker, I yield 2 minutes to the gentleman from Indiana (Mr. COATS).

The SPEAKER pro tempore. Without objection, the gentleman from Indiana (Mr. COATS) is recognized for 2 minutes.

There was no objection.

(Mr. COATS asked and was given permission to revise and extend his remarks.)

Mr. COATS. Mr. Speaker, contradictions seem to abound here today as to just what this waiver package does and does not do. We have heard from several, "Why don't the producers participate in this? Why don't they get involved? Why don't they put up some of their money?" Well, that is exactly one of the components of what we are trying to do with this waiver package.

The previous law said they could not be involved, they could not put up their money. We are simply saying let us pass the waiver package so they will participate in this process. They are going to have to put up a minimum of \$7 billion of equity which cannot be prebilled to the consumer in any way. Until the gas flows and is marketable, there will be no return on that particular investment.

We also heard today about the risk to the consumer. Of course there is a risk to the consumer. There is a risk in obtaining any energy source in this country and paying for it. The consumer will ultimately do that. But what is the greater risk? The greater risk the American people have demonstrated so vocally over this decade is continuing dependence on OPEC oil. What is that risk to the American con-

sumer and what is the risk of not having energy supplies available to our people in this country, domestic energy sources, as an alternative to the blackmail that we have suffered under during the 1970's? What is the risk of the economic decline and disaster that faces this country if we face another oil crisis as we did in 1973? Those risks abound. Of course risks are faced in doing this. But we must move forward. We must demonstrate to the American people that we are willing to utilize and find our existing resources, and domestic resources, to give us energy options available for the future to run this country so we do not have to continue this dependence on OPEC, Libyan oil, and so forth.

Mr. SHARP. Mr. Speaker, will the gentleman yield?

Mr. COATS. I yield to the gentleman from Indiana.

Mr. SHARP. Mr. Speaker, the gentleman has made a very important point that seems to be overlooked by the proponents. If the investors come in and meet the market test, put their money in, they stand to lose a lot of money if this does not work. They are not absolved of that risk by the waiver package.

Mr. UDALL. Mr. Speaker, I yield 4 minutes to the gentleman from New York (Mr. OTTINGER).

(Mr. OTTINGER asked and was given permission to revise and extend his remarks.)

Mr. CORCORAN. Mr. Speaker, will the gentleman from New York yield to me?

Mr. OTTINGER. I yield to the gentleman from Illinois.

Mr. CORCORAN. I appreciate the gentleman yielding.

Mr. Speaker, I have been pleased to work with the gentleman on this project. I want to say in rebuttal to what has been said that the real risk here is that the consumers will never indeed get anything to consume. That is the problem. There will not be any gas to consume, so why should they pay for it?

Mr. OTTINGER. Mr. Speaker, I was going to acknowledge very strongly the fairness of the gentleman from Arizona (Mr. UDALL) and my chairman, the gentleman from Michigan (Mr. DINGELL) and the gentleman from Indiana (Mr. SHARP) in trying to handle this in a way in which everybody would get their say, trying to put the debate off, trying to get the extra time that we wanted so that this could be heard. Unfortunately, there were objections made on the other side to their efforts. I think they made every effort to consider this fully and fairly.

Second, I would like to express my appreciation to the gentleman from Illinois (Mr. CORCORAN) for his fine leadership against these waivers, including his procedural tactic yesterday to permit full consideration today.

I would like to say, in answer to the comments of the gentleman from California (Mr. MOORHEAD) and the gentleman from Indiana (Mr. COATS) that the consumer has to pay anyway for these costs. The consumer does not have to pay anyway, regardless of whether or not a project is built. The consumer pays the final costs ordinarily if he gets something in return. One of the objectionable parts of this package is that the consumer has to pay whether or not he gets any gas.

These gentlemen also indicated there are going to be outside investments by banks, the oil companies, and maybe even the State of Alaska. But nobody has been willing to put up one cent of his money—the banks, the oil companies, the State of Alaska, or anybody else—unless they get a guarantee from the consumer, which is what these waivers seek.

□ 1245

They say, "unless we go through with this waiver package that has a consumer guarantee, we are not willing to put up a cent." That really is one of the very basic issues involved here.

We are told that there is very little chance that this pre-billing will take place because it is not required unless target dates are not met. Take a look at every major construction project we have had—military, Department of Energy, any others. They all get delayed, and the provision here is if they do not meet the time schedule set by FERC, then the consumer has to kick in; thus, the consumer has to kick in if the Canadian segment of the project is delayed and the rest of the project is not completed. He has got to kick in whether or not the pipeline is eventually completed or not.

Let me recall to the Members also that this pre-billing provision is opened. We talk about the possibility of a \$5 average gas price or \$19 maximum gas price, but let us take a look at the oil pipeline. When it started out, it was supposed to cost \$900 million, and ended up costing \$9 billion. With respect to every other major construction project we have seen, we have seen similar escalation, and I bet the Members that the \$19 per cubic foot is probably going to be a low price before we are finished.

Certainly the risks of this project are very substantial. I put in a budget resolution calling for an end of all energy subsidies and allowing the free market to take its place in energy. As I understand it, that is the basic philosophy of many of those on the other side, that we ought to have a free market. There is no question that these waivers are a denial of the free market. It is not a Federal subsidy; it is a federally mandated consumer subsidy, regardless of whether or not people get any gas.

I think we can put together a better waiver package. I think if we kill this, we definitely ought to make other ar-

rangements to get the gas. The argument made about national security, about the overwhelming need to get this gas is true in itself but does not justify these waivers. It is the same argument that was used for subsidies for synthetic fuel, for the Clinch River breeder reactor, for every other boondoggle the energy industry has wanted to put on the backs of the taxpayers and consumers of this country.

These arguments are nothing more than blackmail: "You take this lousy package"—everybody who is a proponent of it says that it is a lousy package—"or take nothing."

That, it seems to me, is an argument we ought to finally reject. Let us get ourselves a fair deal in which the consumers will be treated properly to get the gas from Alaska, not be blackmailed into providing more subsidies for the oil companies as a condition of getting this gas.

Mr. CORCORAN. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Arkansas (Mr. BETHUNE).

(Mr. BETHUNE asked and was given permission to revise and extend his remarks.)

Mr. BETHUNE. Mr. Speaker, I am sure that Members have noticed that lately there is a new refrain on Capitol Hill. It goes something like this: "We need the government's help to facilitate private sector financing, and if we do not get it, some enterprise, some venture is going to fail."

That is the new song of corporate America. It is the new song of business, business people, who ordinarily complain and rail against Government's involvement in private enterprise.

And so, what we have now is a complex arrangement of loans, direct loans, indirect loans, loans guarantees, guarantees that are funneled through Federal financial banks, almost every conceivable way to assist people, particularly corporate America and businesses in getting credit. We are trying to stop that. We have fashioned a credit budget because that is growing faster, believe it or not, than spending in the country.

We are not taking about 40 percent of the credit market from one sort of Government credit extension program or another, and that is ruining the credit market and free enterprise system. But now we see devices like pre-billing; we see all sorts of imaginative ways to do the same thing by indirection. So, the list gets longer and longer, and is going to continue, and while we are out cutting everybody else, we ought to start cutting out some of this corporate welfare.

It has been said here that if these waivers are bad, you should have seen the ones they tried to get before they got these. So what it seems to me is, that the Congress is giving way and giving way, and finally have come up with this sort of help for corporate America. We have got to start saying

no, and until we start saying no, they are going to continue to be in here at the door and this problem is not going to get better. It is going to get worse if they try to get the handouts and do things by indirect fashion that they would not dare to try to do in a direct fashion.

(Mr. YOUNG of Alaska asked and was given permission to revise and extend his remarks.)

Mr. YOUNG of Alaska. Mr. Speaker, fellow colleagues, we have debated this issue and I think the facts are clear. This is a proconsumer vote. It is needed for the consumers, and all the rhetoric and all the misnomers have been debated on this public debate are for naught.

But there have been five gentlemen and one lady who spoke about, why does not the State of Alaska participate? Under the Constitution we cannot force a State to participate in this project, but more than that, I have been terribly hurt by the gentleman from Rhode Island somehow impugning my Alaskan citizens because they are going to receive \$40,000 apiece if this project goes through.

We pay to the OPEC nations \$84 billion a year. They are not Americans. They are foreigners that are investing in American lands and buying up our factories. They have brought this Nation to its knees, and I do not hear a word against that. But, my Alaskans, who have the highest unemployment rate, the worst housing conditions, less roads than the Washington, D.C., area itself, are looked upon as blue-eyed Arabs now with resentment from those that have all the facilities, that have had the advancement this great Nation has been able to give to them.

For the life of me, it hurts me in my heart to see my fellow colleagues, some of them feeling as if we are doing something wrong, taking from them; as if we are criminal. I thought we were Americans. We became a State in 1959 with the understanding through this Congress that we would have 104 million acres of land to give us a resource base to bring our people up to the standards of the rest of America, and now I hear the creeping tone of resentment in some people's voices, and that hurts me. I have never heard them speak against those people over there with the things on their heads, driving a Cadillac one way and then leaving it and driving another one the other way—\$84 billion a year and being dependent upon us. As my good friend from New York said, making the President stop putting the petroleum in the reserve with the threat of embargo.

I ask the Members, please do not listen to that type of rhetoric. I have said all along that Alaskans want to deliver this gas not because of the so-called \$40,000 we are going to receive, but because it is right for the Nation. I have said that we want to participate in the conditioning plant if the legisla-

ture sees fit to do so. I have also told people this: If this waiver package does not pass, I am convinced in my own mind that there will be a pipeline built, yes, to tidewater. There is a market in the Orient now. Korea, Taiwan, Japan needs this gas badly, and they have been to see us, but that does not help our consumers.

I ask the Members to vote as they did yesterday for this resolution; protect their consumers, and for goodness sakes, remember that Alaskans are Americans, too.

Mr. UDALL. Mr. Speaker, I yield 2 minutes to the gentleman from Indiana (Mr. SHARP).

Mr. SHARP. Mr. Speaker, I thank the gentleman for yielding. I want to applaud his efforts on this issue because both of us started as deep skeptics of the waiver package, and after we had to hear from so many people of what the alternatives are that it seems to us were not available, we both came to the conclusion that the wisest thing for the American people and consumers in this country was to support this waiver package.

Let me quickly reiterate, if I could, the protections that remain to the American consumer after this waiver passes.

First of all, investors must be attracted to invest once this project has the legal clearance to make its best case to the financial markets. The investors stand to lose their shirts if this thing does not work for the American people and does not produce the gas and does not get it to the lower 48 at a marketable price. People do not like to put up billions of dollars and lose them, so they will analyze it very carefully.

Second, and more importantly, the Federal Energy Regulatory Commission still must make the basic and most fundamental decision that this pipeline as financed is in the national interest, and it will have the welfare of the consumer in mind when approving the project tariff.

Third, the Federal Regulatory Commission will continue throughout this whole process to supervise the rate of return on what the American consumers will pay, and is not permitted to allow unnecessary charges or exorbitant fees or anything of the sort to be passed to the American consumer.

Fourth, the Office of the Federal Inspector is established for this project only, and has over 100 auditors examining the books of the operation that is going to build this in an effort to make sure that we do not get charged unnecessarily for any expense that should not be attributed to the American consumer.

An additional fifth item that has not even been mentioned in this debate so far because it is very complicated to understand is that the way that the tariff schedule works, there is an incentive rate of return on equity, meaning that if the sponsors get done below the cost they and the FERC project,

they make more money. If they delay the construction of this project or if it experiences cost overruns, they make less. They get a reduced percentage of profit. It is denied to them by the Federal Regulatory Commission. That is one of the incentives that will help make sure we are never prebilled.

We should enact this waiver on behalf of the American people.

Mr. CORCORAN. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Illinois (Mr. DERWINSKI), who serves on the Foreign Affairs Committee.

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Speaker, when the issue of the Alaska Natural Gas Transportation Act first came up, I was properly aware, from foreign affairs studies, of the relationship between the Government of Canada and the Government of the United States which was developing in connection with this project.

However, my premature judgment changed when I consulted with members of my State delegation and was alerted to the adverse impact on Illinois, as well as other consumers, of the prebilling arrangement under the waiver package.

The commitments with the Government of Canada did not specify what our obligation was or whether such a prebilling system would be necessary. It seems to me that this waiver package goes far beyond the original intent of any agreement with Canada to build this pipeline and sets a dangerous precedent obligating our citizens to pay off the debt should there be a default on any of the construction loans connected with the project.

Therefore, despite my longstanding concern with developing our self-sufficiency in energy supplies, I believe this approach, which transfers the risk that the project may not be completed from the energy companies to the consumers, is philosophically wrong.

Mr. Speaker, I would also like to point out, as a member of the Foreign Affairs Committee, I am naturally aware of the complications we face in our relations with Canada. I do not think that the position opposing these waivers constitutes a problem in our diplomatic relations with our neighbor.

The agreement, the waiver package before us, goes far beyond the original agreement which was not spelled out that precisely. I would also like to point out that those of us who oppose the waiver package are not really in bed with Ralph Nader. He is accidentally right on this issue.

The issue is not the gas pipeline itself. We want it to be built, but we want it to be built in a way that is fair and practical and profitable as applied to consumers.

Also, nobody opposing the waiver package is opposed to the concept of national self-sufficiency. I realize it

has been a good debate, it has been a clear debate, it has been a helpful debate, but there is nothing contained in opposition to the waiver package that is anything but a proenergy and proconsumer position.

Mr. CORCORAN. Mr. Speaker, I yield the balance of my time to close debate to the distinguished gentleman from Ohio (Mr. BROWN), possibly the Governor of Ohio.

(Mr. BROWN of Ohio asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Ohio. Mr. Speaker, I want to quote a text in my remarks, and the text is on page 34 of the report issued by the Committee on Energy and Commerce on this waiver package (Rept. 97-350, part 2). I want to quote what the chairman of the sponsoring group of pipeline companies stated in 1977 to our committee:

President (Carter's) decision requires the Alcan project to be privately financed in its entirety. The United States and Canadian governments will not be called upon for financial guarantees. Nor will the consumer have to bear the hypothetical burden of the non-completion of the project.

That is how Mr. McMillan and his friends got the franchise over two competitors, by promising what they could not deliver, and they have not been able to deliver that.

The reason to vote against this waiver package is that it is a bad business deal.

The prebilling waiver provision would authorize the pipeline system partnership—not the oil companies, Naderites—to send bills to the consumers of the participating 10 natural gas pipelines before the entire system is built and capable of transporting gas, whether or not it ever delivers gas, and even if it is never completed. Moreover, by removing the legal authority of the Federal Energy Regulatory Commission to regulate the charges passed on to consumers, the "regulatory certainty waiver" provision would lock in the ability of the pipeline system to bill consumers in advance for its payments to its bankers for both principal and interest on the project, even if the system is never completed.

Now, that is just plain stupid. No assurance of the consumers of paying for it—in having the contingent liability transferred to them—gives any guarantee that the bankers will in fact, put up the money for this project. The bankers told us that in committee, so this is not going to guarantee the project. If we vote down this bad waiver package, it will not doom the pipeline. Let us make that very clear. There will be a new waiver package—a much more equitable one.

The administration got this waiver package and was not pleased with it.

□ 1300

They threw it up here to a group of us. The gentleman from Michigan (Mr. DINGELL), the gentleman from In-

diana (Mr. SHARP), the gentleman from North Carolina (Mr. BROYHILL) and I met with a group of Senators over on the Senate side and tried to compromise the issue. We made continuous efforts to negotiate with our colleagues from the other body. They were intransigent. So the administration said, "Let the Congress in its full session try to make a decision."

If we get a negative decision, we will get a better waiver package. And we will get it soon. That is what we ought to have. We can vote this issue down and get the proper package and get this thing going the way it ought to be going.

Mr. CORCORAN and I have introduced one alternative in our bill, H.R. 4980. This legislation would permit the three companies which own the natural gas at the Prudhoe Bay field and the State of Alaska, which owns a 12.5-percent royalty interest in the gas, to build the gas pipeline financed upon the deregulated value of the gas itself. At full value, the natural gas in this field is worth an estimated \$280 billion over the life of the reserve. Those are the assets upon which true private financing can be obtained. The waiver before us today would employ the ratepayers of the 10 participating pipelines as if they were assets of their companies to attempt to leverage the necessary financing. And that is simply not acceptable.

The SPEAKER pro tempore. The Chair will state that the gentleman from Arizona (Mr. UDALL) has 3½ minutes remaining.

Mr. UDALL. Mr. Speaker, I yield myself the remaining time at my disposal.

Mr. Speaker, I think that we basically have had a good debate today, and I hope it has been enlightening. However, as everyone has suggested, I thought we could have done with a little less anti-Ralph Nader rhetoric, that does not have too much to do with the issue before us. Ralph Nader has been a good force in America; he has been constructive, in my mind. I have worked with him on a lot of things, if that affects any of our forces on the other side.

We are talking here about the best fuel there is, natural gas. We are talking about \$110 billion worth of it sitting up on the North Slope, and we have got to bring it down here. Every day it costs more, and every day we are more dependent on foreign sources of oil.

We are going to kick the Canadians in the teeth if we disapprove this resolution. We took a long time to get them to go with this. There was a treaty, a compact, and Canadian Prime Ministers and American Presidents have renewed it. It is critical, with the relationships we have, that we do not unnecessarily take issue with them and break our rules. We twisted their arms pretty hard to get them on this project.

I emphasize, though, that now we are voting on exactly, word for word, the measure that we had yesterday. I do not know quite how Members are going to explain a yes vote yesterday and a no vote today, as they are urging Members to do.

I am reminded of the vote of Senator Ashurst from Arizona, who was our first Senator who was chairman of the Judiciary Committee. President Roosevelt talked him into sponsoring a bill to increase the Supreme Court from 9 to 15. He thought he could appoint six judges and presumably get a better quality or opinion. Senator Ashurst introduced the bill and got it out of the Judiciary Committee. He got so much hell from home that he turned around and led the fight and defeated his own bill on the Senate floor.

Then he said that he got a telegram from a lady in Phoenix who said, "Thank God for your courageous vote on that Supreme Court bill."

He said, "I wired her back: 'Which one?'"

I hope that we do not have a lot of courageous yes votes yesterday and courageous no votes today, because the right vote is "aye." This is a good project. We will never get a better one. We have this tremendous resource in Alaska that we need down here in the years to come.

Mr. Speaker, I trust that my colleagues will support this resolution, put it to rest, and perhaps tomorrow we will not have another 2 hours of debate on this resolution.

• Mr. LOWERY of California. Mr. Speaker, I rise in support of Senate Joint Resolution 115 which approves President Reagan's proposed waiver of law to remove obstacles to private financing of the Alaska natural gas transportation system (ANGTS).

My home State of California is dependent on natural gas as an energy source. Forty-nine percent of California's nontransportation needs are met with natural gas. Ninety-three percent of the households use natural gas for water heating, 91 percent use it for space heating, and 95 percent use it for cooling.

Clearly, the availability of natural gas is critical to the economic well-being and energy security of my State. Therefore, I was alarmed by a recent report issued by Southern California Gas Co. stating that "natural gas supplies currently available to Southern California will not be sufficient to serve the area fully by the 1980's." Given this project shortfall, the need to develop access to new supplies of natural gas is obvious.

Our best potential new source of domestic natural gas is obvious.

Our best potential new source of domestic natural gas is Prudhoe Bay on Alaska's North Slope. The largest single finding of oil and natural gas, proven reserves at Prudhoe Bay are estimated at 26 trillion cubic feet and represent about 13 percent of United States total proven gas reserves. Addi-

tional potential gas reserves on Alaska's North Slope left to be discovered are projected at 100 to 200 trillion cubic feet.

The Alaska National Gas Transportation System will provide access to these proven reserves, equivalent to at least 400,000 barrels of oil per day, with potential energy supplies of perhaps 10 times that amount. The 4,800 mile pipeline will transport natural gas through Alaska and Canada to nearly every State in the Union, and will have an initial capacity to provide over 4 percent of our Nation's daily natural gas needs. The ANGTS will provide a stable and reliable supply of energy to this country; a supply that will not be subject to OPEC embargoes or escalating prices.

At a projected total cost of \$40 billion, the pipeline will be the most expensive private construction project ever conceived. Last May, the ANGTS financing plan was presented to four U.S. commercial banks for consideration. In August, the four bank group advised that although the project could be privately financed without governmental guarantees and/or participation, certain steps must be taken to modify the financial requirements established under the 1976 Alaska Natural Gas Transportation Act. This act had specifically provided for the waiver of Federal laws if necessary to facilitate success of the project. The commercial banks told the pipeline sponsors that unless these financial modifications, or waivers, were approved, reliable private sector financing could not be secured for the project. In other words, the pipeline will not be built unless these waivers of law, as proposed to Congress by President Reagan on October 15 and contained in Senate Joint Resolution 115, are approved.

The most controversial provision of the waiver package is the one which would permit prebidding. Senate Joint Resolution 115 would permit billing of U.S. gas consumers for the construction costs of the pipeline before the pipeline is fully operational. The Federal Energy Regulatory Commission (FERC) would establish a "date certain" for expected completion of the entire project, probably 1987. For the purpose of the waiver, the system would be divided into three segments: Canada, Alaska, and the conditioning plant at Prudhoe Bay, each of which would have specific billing schedules. If any one or two of these three segments of the pipeline were completed before the entire pipeline, but after the date certain, consumers, at the discretion of FERC, could be prebilled for the completed segments.

The argument has been raised that this prebidding proposal would lock consumers into multibillion dollar payments whether or not the pipeline is ever completed. This is simply not the case. The prebidding provision of the waiver proposal gives FERC the discretionary power to allow companies

planning to move gas through the project to begin billing gas customers: first, only after a date selected by FERC as reasonable completion of the entire system (probably 1987); second, only after full completion and testing of one of two of three basic segments of the line; third, only for the debt service and related costs on the U.S. segments of the project; fourth, only after billions of dollars of the sponsors' own risk capital has been invested without return until project completion; and fifth, only for those costs prudently incurred and actually paid.

The absolute worst case consumer financial risk, a highly unlikely contingency of utter project failure after completion of the two most expensive segments of the system, would involve average consumer payments of less than \$1 per month during the 20 years required to discharge the debt in full. One oil embargo or a revolution would add far more to consumer energy bills. In contrast, given a worst case scenario, U.S. private sponsors of the project would lose all their equity investment. In such a case big business would be the big losers—not the consumers. Furthermore, in the event of any delay beyond the "date certain" (assuming FERC has approved the pre-billing as just and reasonable), any payments by consumers would serve to reduce and lower their later payments when the system is finished. Consumers would under no circumstances be asked to pay for sections of the system that are not completed.

Approval of the waiver package also fulfills a national commitment to Canada. In July 1980, President Carter informed Prime Minister Trudeau that he would ask Congress to allow the participating Canadian companies to collect their full service costs upon completion of the Canadian segment of the line. In July 1980, Congress expressed its unqualified support for the project in a formal resolution (S. Con. Res. 104). Canada's National Energy Board relied upon this Presidential and congressional support when it acted to permit new gas exports and construction of the pre-build segments in Canada. Reneging on this commitment by not building the Alaskan section of the pipeline would be extremely detrimental to relations with Canada.

What the whole issue boils down to is this: no waiver package means no pipeline. Without acceptance of the waiver package, it will be impossible to obtain private sector financing for what is universally regarded as an invaluable and even essential project. Lack of private financing support would either lead to the project's abandonment or force outright Government financing. The only way to insure private sponsorship and funding of this pipeline project, so vital to our national energy interest, is to approve the waiver package as contained in Senate Joint Resolution 115.●

Mr. UDALL. Mr. Speaker, I move the previous question on the Senate joint resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the third reading of the Senate joint resolution.

The Senate joint resolution was ordered to be read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the Senate joint resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. CORCORAN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 230, nays 188, answered "present" 1, not voting 14, as follows:

(Roll No. 347)

YEAS—230

Akaka	Edwards (AL)	Lantos
Albosta	Edwards (OK)	Leath
Alexander	Emerson	LeBoutillier
Anderson	English	Lehman
Anthony	Erlenborn	Leland
Archer	Evans (DE)	Lent
Atkinson	Evans (IN)	Lewis
Badham	Fazio	Livingston
Bafalis	Ferraro	Loeffler
Bailey (MO)	Fiedler	Long (LA)
Bailey (PA)	Fields	Lott
Barnard	Flippo	Lowery (CA)
Benedict	Foley	Lowry (WA)
Bennett	Ford (MI)	Lujan
Berenson	Forsythe	Lukens
Beverly	Frenzel	Lundine
Bingham	Frost	Lunnen
Bishop	Fugate	Marks
Bishop	Gaydos	Marlenee
Boggs	Gephardt	Mariotti
Bolling	Gibbons	Martin (NC)
Bouquard	Glickman	Martin (NY)
Bowen	Gore	Mattox
Breaux	Gramm	McClary
Brinkley	Green	McCurdy
Brown (CA)	Grisham	McDonald
Burgener	Hall, Ralph	McHugh
Butler	Hall, Sam	McKinney
Byron	Hamilton	Mikulski
Campbell	Hammerschmidt	Miller (OH)
Carman	Hance	Mineta
Chappell	Hansen (ID)	Molinar
Chapple	Hansen (UT)	Montgomery
Cheney	Hartnett	Moore
Clausen	Hawkins	Moorhead
Clinger	Heitel	Morrison
Coats	Hendon	Murphy
Coelho	Hightower	Murtha
Collins (TX)	Hiler	Myers
Conable	Hillis	Napier
Coughlin	Holland	Nelligan
Courter	Holt	Nelson
Coyne, James	Hoyer	Nichols
Coyne, William	Hubbard	Oberstar
Craig	Huckaby	Panetta
Daniel, R. W.	Hunter	Pashayan
Dannemeyer	Hutto	Patman
Daschle	Ireland	Patterson
Daub	Jeffries	Paul
de la Garza	Jenkins	Pickles
Dickinson	Johnston	Porter
Dicks	Jones (NC)	Pritchard
Dingell	Jones (OK)	Quillen
Dixon	Jones (TN)	Rahall
Dornan	Kazen	Reuss
Dowdy	Kindness	Rhodes
Dreier	Kogovsek	Rinaldo
Duncan	Lagomarsino	Roberts (KS)

Roberts (SD)
Robinson
Roemer
Rose
Rousselot
Rudd
Sabo
Santini
Scheuer
Schulze
Schumer
Sharp
Shaw
Shelby
Shumway
Shuster
Siljander
Skeel
Skelton

Smith (AL)
Smith (NE)
Smith (NJ)
Smith (OR)
Smith (PA)
Solari
Solomon
Stangeland
Stanton
Stenholm
Stratton
Stump
Swift
Synar
Tausin
Thomas
Trible
Udall
Vento

Walgren
Walker
Watkins
White
Whitehurst
Whitley
Whittaker
Williams (MT)
Wilson
Winn
Wortley
Wright
Yatron
Young (AK)
Young (FL)
Young (MO)
Zablocki
Zerferetti

NAYS—188

Addabbo
Andrews
Annunzio
Applegate
Ashbrook
Aspin
Barnes
Beard
Bedell
Bellenson
Bethune
Biaggi
Blanchard
Boiland
Bonior
Bonker
Brodhead
Broomfield
Brown (CO)
Brown (OH)
Broyhill
Burton, John
Burton, Phillip
Carney
Chisholm
Clay
Coleman
Collins (IL)
Conce
Conyers
Corcoran
Crane, Daniel
Crane, Phillip
D'Amours
Daniel, Dan
Danielson
Davis
DeKard
DeLums
DeNardis
Derrick
Derwinski
Donnelly
Dorgan
Dougherty
Downey
Dunn
Dwyer
Dyson
Early
Eckart
Edgar
Edwards (CA)
Emery
Erdahl
Ertel
Evans (IA)
Fary
Fasell
Fenwick
Findley
Fish
Florio

Foglietta
Ford (TN)
Fountain
Fowler
Frank
Gejdenson
Gillman
Gingrich
Ginn
Gonzalez
Goodling
Gradison
Gray
Gregg
Guarini
Gunderson
Hagedorn
Harkin
Hatcher
Heckler
Hefner
Hertel
Hollenbeck
Hopkins
Horton
Hughes
Hyde
Jacobs
Jeffords
Kastenmeier
Keip
Kildee
Kramer
LaFalce
Latta
Leach
Lee
Levitas
Long (MD)
Madigan
Markey
Martin (IL)
Matsui
Mavroules
Mazzoli
McCollum
McDade
McEwen
McGrath
Mica
Michel
Miller (CA)
Minish
Mitchell (MD)
Mitchell (NY)
Moffett
Molohan
Mortt
Natcher
Neal
Nowak
O'Brien
Oakar

Obey
Ottlinger
Oxley
Parris
Pease
Pepper
Perkins
Petri
Peyser
Price
Pursell
Raisback
Rangel
Ratchford
Regula
Richmond
Rodino
Roe
Rogers
Rosenthal
Rostenkowski
Roth
Roukema
Rouba
Rus
Savage
Sawyer
Schneider
Schroeder
Seiberling
Sensenbrenner
Shamansky
Shannon
Simon
Smith (IA)
Snowe
Snyder
Spence
St Germain
Stanton
Stark
Stokes
Studds
Tauke
Taylor
Traxler
Vander Jagt
Volkmeyer
Wampler
Washington
Waxman
Weaver
Weber (MN)
Weber (OH)
Weiss
Whitten
Williams (OH)
Wirth
Wolpe
Wyden
Wylie
Yates

ANSWERED "PRESENT"—1

Wolf

NOT VOTING—14

AuCoin
Boner
Brooks
Crockett
Dymally

Evans (GA)
Fithian
Garcia
Goldwater
Hall (OH)

Howard
McCloskey
Moakley
Ritter

□ 1315

The Clerk announced the following pairs:

On this vote:

Mr. Borer of Tennessee for, with Mr. AuCoin against.

Mr. Dymally for, with Mr. Crockett against.

Mr. McCloskey for, with Mr. Moakley against.

Mr. Goldwater for, with Mr. Garcia against.

Mr. PRICE changed his vote from "yea" to "nay."

So the Senate joint resolution was passed.

The result of the vote was announced as above recorded.

GENERAL LEAVE

Mr. UDALL. Mr. Speaker, I ask unanimous consent that all Members may have 5 days to revise and extend their remarks on the Senate joint resolution just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona?

There was no objection.

ELECTION OF MEMBERS TO STANDING COMMITTEES

Mr. MICHEL. Mr. Speaker, I offer a privileged resolution (H. Res. 299) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 299

Resolved, That the following named Members be, and they are hereby, elected to the following standing committees of the House of Representatives:

Committee on Interior and Insular Affairs: Bill Emerson, Missouri.

Committee on Post Office and Civil Service: Wendell Bailey, Missouri.

Committee on Veterans' Affairs: John L. Napier, South Carolina.

The resolution was agreed to.

A motion to reconsider was laid on the table.

REQUEST FOR POINT OF ORDER

Mr. WALKER. Mr. Speaker, a point of order. A quorum is not present.

The SPEAKER. There is no question pending at the present time. The gentleman is not recognized.

FURTHER CONTINUING APPROPRIATIONS, 1982

Mr. WHITTEN. Mr. speaker, pursuant to the order of the House of yesterday, I call up the joint resolution (H.J. Res. 370) making further continuing appropriations for the fiscal year 1982, and for other purposes, and ask for its immediate consideration.

The Clerk read the joint resolution, as follows:

H.J. Res. 370

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in

the Treasury not otherwise appropriated, and out of applicable corporate or other revenues, receipts, and funds, for the several departments, agencies, corporations, and other organizational units of the Government for the fiscal year 1982, and for other purposes, namely:

Sec. 101. (a)(1) Such amounts as may be necessary for projects or activities (not otherwise specifically provided for in this joint resolution) for which appropriations, funds, or other authority would be available in the following appropriations Acts:

Department of Defense Appropriation Act, 1982;

Military Construction Appropriation Act, 1982;

Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriation Act, 1982; and

Treasury, Postal Service and General Government Appropriation Act, 1982.

(2) Appropriations made by this subsection shall be available to the extent and in the manner which would be provided by the pertinent appropriation Act.

(3) Whenever the amount which would be made available or the authority which would be granted under an Act listed in this subsection as passed the House as of November 20, 1981, is different from that which would be available or granted under such Act as passed by the Senate as of November 20, 1981, the pertinent project or activity shall be continued under the lesser amount or the more restrictive authority: *Provided*, That where an item is included in only one version of an Act as passed by both Houses as of November 20, 1981, the pertinent project or activity shall be continued under the appropriation, fund, or authority granted by the one House, but at a rate for operations of the current rate or the rate permitted by the action of the one House, whichever is lower, and under the authority and conditions provided in applicable appropriation Acts for the fiscal year 1981: *Provided further*, That for the purposes of this joint resolution, when an Act listed in this subsection has been reported to a House but not passed by that House as of November 20, 1981, it shall be deemed as having been passed by that House: *Provided further*, That, in addition to the sums otherwise made available by this paragraph the following additional sums are hereby appropriated: for low income home energy assistance program, \$140,000,000 net (which is equivalent to \$176,000,000 with a 4 percent reduction applied to the program); for the foster care program authorized by title IV of the Social Security Act, \$75,000,000: *Provided*, That the provisions contained in the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriation Act for fiscal year 1982 (H.R. 4560), as reported by the Senate Committee on Appropriations on November 9, 1981, related to a limitation on entitlement to payments under parts A and E of title IV of the Social Security Act and transfer of funds under parts B and E of such title (contained in H.R. 4560 as so reported beginning with "provided" on page 39, line 17, and ending on page 40, line 8) shall not be applicable with respect to any sums appropriated pursuant to this joint resolution; for the Community Services Block Grant, \$62,552,000; and for the State Block Grant authorized by chapter 2 of the Education Consolidation and Improvement Act of 1981, \$140,000,000: *Provided further*, That the college housing loan program shall operate under the terms and conditions as contained in H.R. 4560 as passed the House October 6, 1981, except that the gross commitments for the principal amount of direct loans shall not exceed \$75,000,000: *Provided further*, That funds which would be available

under H.R. 4121, entitled the Treasury, Postal Service and General Government Appropriation Act, 1982, for the Government payment of annuitants and employees health benefits, shall be available under the authority and conditions set forth in H.R. 4121 as reported to the Senate on September 22, 1981: *Provided further*, That for the purposes of this joint resolution, the Senate reported level of H.R. 4121, entitled the Treasury, Postal Service, and General Government Appropriation Act, 1982, shall be the level reported by the Senate on September 22, 1981 (S. Rept. No. 97-192).

(4) Whenever an Act listed in this subsection has been passed by only one House as of November 20, 1981, the pertinent project or activity shall be continued under the appropriation, fund, or authority granted by the one House, but at a rate for operations of the current rate or the rate permitted by the action of the one House, whichever is lower, and under the authority and conditions provided in applicable appropriation Acts for the fiscal year 1981.

(5) No provision which is included in an appropriation Act enumerated in this subsection but which was not included in the applicable appropriation Act of 1981, and which by its terms is applicable to more than one appropriation, fund, or authority shall be applicable to any appropriation, fund, or authority provided in the joint resolution unless such provision shall have been included in identical form in such bill as enacted by both the House and the Senate.

(6) In addition to any sums otherwise appropriated there is appropriated an additional sum of \$25,000,000 which shall be made available for training, job search allowances, and relocation allowances, under sections 236, 237, and 238 of the Trade Act of 1974.

(b) Such amounts as may be necessary for continuing programs and activities, not otherwise provided for, which were conducted in the fiscal year 1981, for which provision was made in and under the terms and conditions of section 101(b) of Public Law 96-538 regarding foreign assistance and related programs, notwithstanding section 10 of Public Law 96-672, and section 13(a) of the State Department Basic Authorities Act of 1956, at a rate for operations not in excess of the current rate provided in fiscal year 1981 or the rate provided for in the budget estimate, whichever is lower: *Provided*, That this section shall be deemed to allow the continuation of the activities of the Department of State for contributions to the United Nations Relief and Works Agency for Palestinian Refugees at a rate of operations not in excess of the current rate: *Provided further*, That notwithstanding any other Act, that none of the funds made available by this Act may be obligated under an appropriation account to which they were not appropriated without the prior written approval of the Committee on Appropriations of both Houses of Congress: *Provided further*, That the limitation on total commitments to guarantee loans by the Export-Import Bank shall be increased by \$2,220,000,000 of contingent liability for loan principal.

(c) Such amounts as may be necessary for projects or activities provided for in the Department of Transportation and Related Agencies Appropriation Act, 1982, at a rate for operations and to the extent and in the manner provided for in the conference report and joint explanatory statement of the committee of conference (H. Rept. No. 97-331) filed in the House of Representatives on November 13, 1981, as if such Act had been enacted into law.

(d) Such amounts as may be necessary for projects or activities provided for in the Department of Housing and Urban Develop-

WAIVERS TO PERMIT EXPEDITED CONSTRUCTION OF THE ALASKA NATURAL GAS
TRANSPORTATION SYSTEM

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

PROPOSED WAIVERS OF VARIOUS PROVISIONS OF LAW TO PERMIT EXPEDITED CONSTRUCTION OF THE ALASKA NATURAL GAS TRANSPORTATION SYSTEM, PURSUANT TO SECTION 8(g) OF PUBLIC LAW 94-586



OCTOBER 15, 1981.—Message and accompanying papers referred to the Committees on Energy and Commerce, and Interior and Insular Affairs and ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

89-011 O

WASHINGTON : 1981

EXHIBIT "A"

95 STAT. 1204

PUBLIC LAW 97-93—DEC. 15, 1981

Public Law 97-93
97th Congress

Joint Resolution

Dec. 15, 1981
[S.J. Res. 115]

To approve the President's recommendation for a waiver of law pursuant to the Alaska Natural Gas Transportation Act of 1976.

Alaska natural
gas
transportation
system.
15 USC 719f
note.
15 USC 717 *et*
seq.
42 USC 6201
note.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the House of Representatives and Senate approve the waiver of the provision of law (Public Law 95-158, Public Law numbered 688, Seventy-fifth Congress, second session, and Public Law 94-163) as proposed by the President, submitted to the Congress on October 15, 1981.

Approved December 15, 1981.

LEGISLATIVE HISTORY—S.J. Res. 115 (H.J. Res. 341):

HOUSE REPORTS: No. 97-350, pt. 1 (Comm. on Interior and Insular Affairs) and No. 97-350, pt. 2 (Comm. on Energy and Commerce) accompanying H.J. Res. 341.

SENATE REPORT No. 97-272 (Comm. on Energy and Natural Resources).

CONGRESSIONAL RECORD, Vol. 127 (1981):

Nov. 19, considered and passed Senate.

Dec. 8, 9, H.J. Res. 341 considered and passed House.

Dec. 10, considered and passed House.

○

To the Congress of the United States:

The Alaska Highway Pipeline route for the Alaska Natural Gas Transportation System was chosen by President Carter and approved by Congress in 1977. There was a strong Congressional endorsement that the pipeline should be built if it could be privately financed. That has been my consistent position since becoming President, as communicated on numerous occasions to our good neighbors in Canada and I am now submitting my formal findings and proposed waiver of law.

As I stated in my message to Prime Minister Trudeau informing him of my decision to submit this waiver:

My Administration supports the completion of this project through private financing, and it is our hope that this action will clear the way to moving ahead with it. I believe that this project is important not only in terms of its contribution to the energy security of North America. It is also a symbol of U.S.-Canadian ability to work together cooperatively in the energy area for the benefit of both countries and peoples. This same spirit can be very important in resolving the other problems we face in the energy area.

This waiver of law, submitted to the Congress under Section 8(g) of the Alaska Natural Gas Transportation Act, is designed to clear away governmental obstacles to proceeding with private financing of this important project. It is critical to the energy security of this country that the Federal Government not obstruct development of energy resources on the North Slope of Alaska. For this reason, it is important that the Congress begin expeditiously to consider and adopt a waiver of those laws that impede private financing of the project.

RONALD REAGAN.

THE WHITE HOUSE, October 15, 1981.

(1)

FINDINGS AND PROPOSED WAIVER OF LAW

Pursuant to the provisions of the Alaska Natural Gas Transportation Act of 1976 (ANGTA) 15 U.S.C. §719, *et seq.*, a transportation system to transport Alaska natural gas to consumers in the continental United States was selected and approved by Congress in 1977.

I find that certain provisions of law applicable to the federal actions to be taken under Subsections (a) and (c) of Section 9 of ANGTA require waiver in order to permit expeditious construction and initial operation of the approved transportation system. Accordingly, under the provisions of Section 8(g)(1) of ANGTA, I hereby propose to both Houses of Congress a waiver of the following provisions of law, such waiver to become effective upon approval of a joint resolution under the procedures set forth in Section 8(g)(2), 8(g)(3), and 8(g)(4) of ANGTA.

Waive Public Law 95-158¹ [Joint Resolution of approval,² pursuant to Section 8(a) of ANGTA, incorporating the President's *Decision*] in the following particulars:

Section 1, Paragraph 3, and Section 5, Conditions IV-1 and V-1, of the President's *Decision*, in order to permit producers of Alaska natural gas to participate in the ownership of the Alaska pipeline segment and the gas conditioning plant segment of the approved transportation system; *provided*, however, that any agreement on producer participation may be approved by the Federal Energy Regulatory Commission only after consideration of advice from the Attorney General and upon a finding by the Federal Energy Regulatory Commission that the agreement will not (a) create or maintain a situation inconsistent with the antitrust laws, or (b) in and of itself create restrictions on access to the Alaska segment of the approved transportation system for nonowner shippers or restrictions on capacity expansion; and

Section 2, Paragraph 3, First Sentence, of the President's *Decision*, to include the gas conditioning plant in the approved transportation system and in the final certificate to be issued for the system; and the application of Section 5, Condition IV-2 of the President's *Decision* to the gas conditioning plant; and

Section 5, Condition IV-3, of the President's *Decision*; *provided*, however, that such waiver shall not authorize the Federal Energy Regulatory Commission to approve tariffs except as provided herein. The Federal Energy Regulatory Commission may approve a tariff that will permit billing to commence and collection of rates and charges to begin and that will authorize

¹ See: Executive Office of the President, Energy Policy and Planning, *Decision and Report to Congress on the Alaska Natural Gas Transportation System* (September 1977) (hereinafter referred to as President's *Decision*); and see H.J. Res. 621, Pub. L. No. 95-158 (1977), wherein the President's *Decision* was incorporated and ratified by Congress pursuant to Section 8(a) of ANGTA.

² 15 U.S.C. § 719f nt.

recovery of all costs paid by purchasers of Alaska natural gas for transportation through the system pursuant to such tariffs prior to the flow of Alaska natural gas through the approved transportation system—

(a) to permit recovery of the full cost of service for the pipeline in Canada to commence—

(1) upon completion and testing, so that it is proved capable of operation; and

(2) not before a date certain, as determined (in consultation with the Federal Inspector) by the Federal Energy Regulatory Commission in issuing a final certificate for the approved transportation system, to be the most likely date for the approved transportation system to begin operation; and

(b) to permit recovery of the actual operation and maintenance expenses, actual current taxes and amounts necessary to service debt, including interest and scheduled retirement of debt, to commence—

(1) for the Alaska pipeline segment—

(A) upon completion and testing of the Alaska pipeline segment so that it is proved capable of operation; and

(B) not before a date certain, as determined (in consultation with the Federal Inspector) by the Federal Energy Regulatory Commission in issuing a final certificate for the approved transportation system, to be the most likely date for the approved transportation system to begin operation; and

(2) for the gas conditioning plant segment—

(A) upon completion and testing of the gas conditioning plant segment so that it is proved capable of operation; and

(B) not before a date certain, as determined (in consultation with the Federal Inspector) by the Federal Energy Regulatory Commission in issuing a final certificate for the approved transportation system, to be the most likely date for the approved transportation system to begin operation.

Waive Public Law 688,³ 75th Cong., 2d Sess. [Natural Gas Act] in the following particulars:

Section 7(c)(1)(B) of the Natural Gas Act to the extent that section can be construed to require the use of formal evidentiary hearings in proceedings related to applications for certificates of public convenience and necessity authorizing the construction or operation of any segment of the approved transportation system; *provided*, however, that such waiver shall not preclude the use of formal evidentiary hearing(s) whenever the Federal Energy Regulatory Commission determines, in its discretion, that such a hearing is necessary; and

Sections 4, 5, 7, and 16 of the Natural Gas Act to the extent that such sections would allow the Federal Energy Regulatory Commission to change the provisions of any final rule or order approving (a) any tariff in any manner that would impair the

³ 15 U.S.C. § 717.

recovery of the actual operation and maintenance expenses, actual current taxes, and amounts necessary to service debt, including interest and scheduled retirement of debt, for the approved transportation system; or (b) the recovery by purchasers of Alaska natural gas of all costs related to transportation of such gas pursuant to an approved tariff, and

Sections 1(b) and 2(6) of the Natural Gas Act to the extent necessary to permit the Alaskan Northwest Natural Gas Transportation Company or its successor and any shipper of Alaska natural gas through the Alaska pipeline segment of the approved transportation system to be deemed to be a "natural gas company" within the meaning of the Act at such time as it accepts a final certificate of public convenience and necessity authorizing it to construct or operate the Alaska pipeline segment and the gas conditioning plant segment of the approved transportation system, or to ship or sell gas that is to be transported through the approved transportation system; and

Section 3 of the Natural Gas Act as it would apply to Alaska natural gas transported through the Alaska pipeline segment of the approved transportation system to the extent that any authorization would otherwise be required for—

(1) the exportation of Alaska natural gas to Canada (to the extent that such natural gas is replaced by Canada downstream from the export); and

(2) the importation of natural gas from Canada (to the extent that such natural gas replaced Alaska natural gas exported to Canada); and

(3) the exportation from Alaska into Canada and the importation from Canada into the lower 48 states of the United States of Alaska natural gas.

Waive Public Law 94-163⁴ [Energy Policy and Conservation Act] in the following particulars:

Section 103 as it would apply to Alaska natural gas transported through the Alaska pipeline segment of the approved transportation system to the extent that any authorization would otherwise be required for—

(1) the exportation of Alaska natural gas to Canada (to the extent that such natural gas is replaced by Canada downstream from the export); and

(2) the importation of natural gas from Canada (to the extent that such natural gas replaced Alaska natural gas exported to Canada); and

(3) the exportation from Alaska into Canada and the importation from Canada into the lower 48 states of the United States of Alaska natural gas.

⁴ 42 U.S.C. § 6201, *et seq.*

316
1342

United States Court of Appeals
IN THE UNITED STATES COURT OF APPEALS for the District of Columbia Circuit
FOR THE DISTRICT OF COLUMBIA CIRCUIT

FILED FEB 1 - 1982

Howard M. Metzenbaum, et al.,
Complainants

GEORGE A. FISHER
CLERK

v.

No. 82-1097

Federal Energy Regulatory
Commission,
Respondent

ORIGINAL
(M-1)

JOINT MOTION BY COMPLAINANTS AND RESPONDENT
REQUESTING ESTABLISHMENT OF PROCEDURAL SCHEDULE

Respondent, Federal Energy Regulatory Commission, joined by Complainants, Howard M. Metzenbaum, et al., requests the Court to establish for this case the procedural schedule set forth below.

1. This case arises under Section 10(c) of the Alaska Natural Gas Transportation Act (ANGTA), 15 U.S.C. 719(h)(c). That statute requires the Court to render its decision within 90 days from the date the claim was brought, unless the Court determines that a longer time is required to satisfy the Constitution. 15 U.S.C. 719(h)(c)(2). The claim in this case was filed on January 28, 1981. The statute, however, does not specify the procedural steps, or the timing of procedural steps, to be followed before the Court renders its decision. Consequently, Respondent, FERC, after consultation and agreement with Complainants, proposes a procedural schedule to be employed. The schedule proposed will, the parties believe, permit the Court to render its decision within the 90 days provided by the statute.

2. The parties propose the following schedule:

	<u>Filing Date</u>
Certificate of Record in Lieu of Record	February 5
Complainant's Initial Brief and Joint Appendix	February 19
Respondent's Brief	March 5
Complainant's Reply Brief	March 19

Under this schedule any intervenors which may wish to file a brief would do so on the same date as the party which the intervenor supports. In view of the compressed time allowed by the schedule the parties are prepared to designate the portions of the record which will be relied upon prior to briefing so that the Joint Appendix can be filed at the time of Complainant's opening brief.

It is anticipated that the Court will want to hear oral argument after all the briefs are filed and the parties are prepared to appear at the Court's convenience.

In conclusion Respondent, joined by the Complainants, requests the Court to adopt the procedural schedule proposed above.

Respectfully submitted,

Andrea Wolfman
Andrea Wolfman
Attorney

107 ✓
Federal Energy Regulatory Commission
Washington, D.C. 20426
202-357-8440
February 1, 1982

NOTES FOR USE BY THE HONOURABLE MITCHELL SHARP, P.C.
COMMISSIONER
NORTHERN PIPELINE AGENCY CANADA

CANADA FORUM
NEW YORK CITY

5 PM
MONDAY, OCTOBER 19, 1981.

THIS IS THE THIRD TIME I HAVE SPOKEN IN THE CANADA FORUM REGARDING THE ALASKA HIGHWAY GAS PIPELINE. THE FIRST TIME WAS IN JANUARY 1979, EIGHT MONTHS AFTER I ASSUMED MY PRESENT POSITION AS COMMISSIONER OF THE NORTHERN PIPELINE AGENCY. THE UNITED STATES LEGISLATION HAD BY THEN COMPLETED ITS SLOW AND TORTUOUS PROGRESS THROUGH THE CONGRESS, CONTRIBUTING TO THE DELAY IN GETTING OUR GREAT JOINT PROJECT OFF THE GROUND. THE SECOND TIME WAS IN SEPTEMBER, 1980, SHORTLY AFTER THE CANADIAN GOVERNMENT HAD APPROVED THE START OF CONSTRUCTION ON PHASE I OF THE ALASKA PROJECT, OR, AS IT IS SOMETIMES CALLED, THE PRE-BUILD SECTIONS OF THE PROJECT.

I ASKED FOR THIS OPPORTUNITY TO BRING YOU UP TO DATE ON WHERE THE PROJECT STANDS TODAY. MY APPEARANCE TODAY COINCIDES WITH THE BEGINNING OF CONSIDERATION IN COMMITTEES OF THE HOUSE OF REPRESENTATIVES AND SENATE OF THE WAIVER PACKAGE SUBMITTED BY PRESIDENT REAGAN TO THE CONGRESS, THE LATEST ACT IN THE ALASKA PIPELINE DRAMA. WHAT I HAVE TO SAY TO YOU MAY BE OF SOME INTEREST TO THE CONGRESSIONAL COMMITTEES BUT MY REMARKS ARE NOT DIRECTED TO THEM. THE MEMBERS OF THE COMMITTEES KNOW THAT THEY CAN OBTAIN ALL THE INFORMATION THEY NEED ABOUT CANADIAN POLICY THROUGH THE NORMAL OFFICIAL CHANNELS AND BECAUSE OF FRIENDLY RELATIONS BETWEEN OUR TWO COUNTRIES, THERE ARE, OF COURSE, PLENTY OF OPPORTUNITIES FOR INFORMAL EXCHANGES OF INFORMATION.

MY TARGET, IF THAT IS AN APPROPRIATE WORD, IS THE FINANCIAL COMMUNITY, WHICH, WHEN THE WAIVER PACKAGE HAS BEEN APPROVED, WILL BE DIRECTLY OR INDIRECTLY INVOLVED IN THE FINANCIAL NEGOTIATIONS THAT MUST BE SUCCESSFULLY CONCLUDED BEFORE CONSTRUCTION CAN BEGIN ON THE NORTHERN SECTIONS OF THE ALASKA PROJECT.

DURING THE INTERVENING MONTHS SINCE I LAST SPOKE IN THIS FORUM, FURTHER SUBSTANTIAL PROGRESS HAS BEEN MADE IN COMING TO GRIPS WITH THE COMPLEX ISSUES REMAINING TO BE RESOLVED BEFORE WORK CAN PROCEED ON THE SECOND AND FINAL STAGE OF THE ALASKA HIGHWAY PIPELINE PROJECT.

JUST A FEW WEEKS AGO, I HAD THE PLEASURE OF ATTENDING A CEREMONIAL DINNER IN LOS ANGELES GIVEN BY THE PACIFIC INTERSTATE TRANSMISSION COMPANY TO MARK THE COMMENCEMENT OF THE FLOW OF SOME 240 MILLION CUBIC FEET OF GAS A DAY THROUGH THE JUST COMPLETED FIRST STAGE OF THE WESTERN LEG OF THE ALASKA SYSTEM. AS GEOFFREY EDGE, THE CHAIRMAN OF CANADA'S NATIONAL ENERGY BOARD REPORTED ON THAT OCCASION, THE PORTION OF THAT SEGMENT IN CANADA WAS COMPLETED BY FOOTHILLS (YUKON) ON SCHEDULE AND APPROXIMATELY 10 PERCENT UNDER THE FINAL DESIGN COST ESTIMATE APPROVED BY THE BOARD.

MEANWHILE, CONSTRUCTION IS ALSO PROCEEDING AS PLANNED WITH FIRST-STAGE CONSTRUCTION OF THE EASTERN LEG OF THE SYSTEM IN CANADA AND THE UNITED STATES, WHICH ON ITS SCHEDULED COMPLETION NEXT FALL WILL HAVE THE CAPACITY

TO CARRY A FURTHER 800 MILLION CUBIC FEET OF GAS TO MID-WESTERN U.S. MARKETS.

YOU MAY RECALL THAT THE DECISION FINALLY TAKEN BY THE CANADIAN GOVERNMENT LAST JULY TO AUTHORIZE COMMENCEMENT OF CONSTRUCTION OF THE SOUTHERN SEGMENT OF THE PIPELINE WAS A DIFFICULT ONE. THE AGREEMENT BETWEEN OUR TWO COUNTRIES OF SEPTEMBER, 1977, PROVIDED FOR THE JOINT UNDERTAKING OF A PROJECT THAT WOULD MAKE POSSIBLE THE TRANSMISSION OF GAS FROM YOUR SUBSTANTIAL RESERVES IN ALASKA TO MARKETS IN THE CONTINENTAL UNITED STATES AND AT THE SAME TIME PROVIDE US WITH ACCESS ON AN ECONOMIC BASIS TO OUR OWN ARCTIC RESERVES IN THE MACKENZIE DELTA OF THE NORTHWEST TERRITORIES. SINCE WE HAD NO DESIRE TO BUILD AN ENTIRELY NEW SYSTEM SIMPLY FOR THE RELATIVELY SHORT-TERM EXPORT OF A RELATIVELY LIMITED VOLUME OF SURPLUS CANADIAN GAS, WHAT THE GOVERNMENT OF CANADA REQUIRED WAS ALL REASONABLE ASSURANCE THAT THE ENTIRE PROJECT WOULD BE COMPLETED EXPEDITIOUSLY.

IN THE END, CANADA AGREED TO PROCEED WITH THE FIRST STAGE ON THE BASIS OF THREE IMPORTANT DEVELOPMENTS. THE FIRST WAS THE AGREEMENT IN JUNE BETWEEN THE ALASKAN PIPELINE SPONSORS AND THE GAS PRODUCERS - EXXON, SOHIO AND ARCO - TO SHARE EXPENDITURES OF SOME \$500 MILLION OR MORE TO COMPLETE FINAL DESIGN AND ENGINEERING OF BOTH THE PIPELINE AND CONDITIONING PLANT IN ALASKA, WHICH WAS ESSENTIAL BOTH TO UNDERTAKE THIS PORTION OF THE PROJECT

AND TO ARRIVE AT REALISTIC COST ESTIMATES. IN ADDITION, THE PIPELINE SPONSORS AND THE PRODUCERS ALSO AGREED TO WORK TOGETHER TO DEVELOP A PRACTICAL PLAN FOR FINANCING THIS IMMENSE UNDERTAKING.

THE SECOND DEVELOPMENT WAS THE JOINT RESOLUTION APPROVED UNANIMOUSLY BY THE SENATE AND HOUSE OF REPRESENTATIVES AT THE END OF JUNE AND BEGINNING OF JULY EXPRESSING THE SENSE OF CONGRESS THAT THE ALASKA HIGHWAY GAS PIPELINE, AND I QUOTE, "REMAINS AN ESSENTIAL PART OF SECURING THIS NATION'S ENERGY FUTURE AND, AS SUCH, ENJOYS THE HIGHEST LEVEL OF CONGRESSIONAL SUPPORT FOR ITS EXPEDITIOUS CONSTRUCTION AND COMPLETION BY THE END OF 1985."

THE THIRD DEVELOPMENT TO WHICH I REFERRED WAS THE LETTER FROM PRESIDENT CARTER IN MID-JULY TO PRIME MINISTER TRUDEAU EXPRESSING HIS ASSURANCES ON BEHALF OF THE U.S. GOVERNMENT THAT THE ENTIRE PROJECT WOULD PROCEED EXPEDITIOUSLY.

THERE HAVE BEEN SOME VERY SUBSTANTIAL ADVANTAGES FOR THE PROJECT AS A WHOLE IN BEGINNING CONSTRUCTION IN THE SOUTH. FIRST, BECAUSE CONSTRUCTION OF THIS PHASE IS TAKING PLACE NOW AND NOT DEFERRED UNTIL LATER, THE CAPITAL COST WILL BE SUBSTANTIALLY LESS THAN WHAT IT WOULD OTHERWISE HAVE BEEN. BY HOW MUCH IT IS DIFFICULT TO SAY, BUT I AM INFORMED THAT PRUDENT FINANCIERS HESITATE TO PROJECT AN ANNUAL INFLATION RATE FOR CAPITAL COSTS IN THE YEARS AHEAD OF MUCH LESS THAN DOUBLE DIGIT NUMBERS. SECOND,

WHEN ALASKA GAS COMES ON STREAM THE RATE BASE FOR THIS PHASE, INCLUDING THE NORTHERN BORDER PIPELINE TO THE MID-WEST AND THE EXTENSIONS TO THE WESTERN LINE TO THE CALIFORNIA MARKET, WILL BE REDUCED BY NORMAL DEPRECIATION OVER A PERIOD OF SEVERAL YEARS. FOR EXAMPLE, IF, AS PLANNED, ALASKA GAS BEGINS FLOWING IN 1985 OR 1987, THE FIRST PHASE FACILITIES IN CANADA WILL BE INCORPORATED INTO THE RATE BASE OF THE ALASKA LINE FOR TARIFF PURPOSES AT SOMETHING BETWEEN 70 AND 80 PERCENT OF ORIGINAL COST, I.E. 4 PERCENT ANNUALLY MULTIPLIED BY THE NUMBER OF YEARS BETWEEN COMPLETION OF PHASE I FACILITIES AND THE ARRIVAL OF ALASKA GAS.

THIRD, THERE HAS UNDOUBTEDLY BEEN AN ADVANTAGE IN BUILDING PHASE I NOW BEFORE OTHER MAJOR CONSTRUCTION PROJECTS GET UNDERWAY. THIS IS REFLECTED IN THE FACT, AS I HAVE ALREADY MENTIONED, THAT THE WESTERN LEG IN CANADA HAS BEEN BUILT AT AROUND 10 PERCENT BELOW APPROVED DESIGN COSTS AND SIMILAR GOOD RESULTS ARE APPARENTLY BEING ACHIEVED ON THE WESTERN LEG IN THE UNITED STATES AND ON THE PORTIONS OF THE EASTERN LEG IN CANADA AND THE NORTHERN BORDER PIPELINE BEING CONSTRUCTED THIS YEAR.

AND FINALLY IT HAS BEEN OF VALUE TO US IN CANADA, AND I AM SURE THE SAME APPLIES IN THE UNITED STATES, TO BE ABLE TO TEST THE REGULATORY PROCEDURES BEFORE THEY HAVE TO BE APPLIED IN THE MUCH MORE DIFFICULT ENVIRONMENT THAT EXISTS IN ALASKA AND NORTHERN CANADA. AS HEAD OF THE AGENCY WITH RESPONSIBILITY FOR SUPERVISING THE CANADIAN PORTION OF

THIS VAST PROJECT I WOULD ADD THAT PHASE I HAS ALSO ENABLED MY COLLEAGUES AND MYSELF TO ESTABLISH GOOD WORKING RELATIONSHIPS WITH THE FEDERAL INSPECTOR AND HIS STAFF WHO HAVE SIMILAR RESPONSIBILITIES FOR THE U.S. PORTION. IN PARTICULAR WE WERE ABLE TO NEGOTIATE AND TO HAVE APPROVED BY OUR RESPECTIVE GOVERNMENTS A STATEMENT OF THE PROCEDURES TO BE FOLLOWED IN CARRYING OUT THE TERMS OF THE AGREEMENT BETWEEN CANADA AND THE UNITED STATES WHEREBY "EACH GOVERNMENT WILL ENDEAVOUR TO ENSURE THAT THE SUPPLY OF GOODS AND SERVICES TO THE PIPELINE PROJECT WILL BE ON GENERALLY COMPETITIVE TERMS."

WHILE, AS I HAVE SAID, THE FIRST-STAGE CONSTRUCTION OF THE SOUTHERN SEGMENTS OF THE PIPELINE HAS MOVED AHEAD ON SCHEDULE SINCE THE DECISION TO PROCEED WAS MADE EARLY LAST SUMMER, THERE HAS ALSO BEEN SUBSTANTIAL PROGRESS WITH RESPECT TO ISSUES INVOLVING THE UNDERTAKING OF THE REMAINDER OF THE PROJECT IN CANADA AND ALASKA.

THE FINAL DESIGN AND ENGINEERING OF THE PIPELINE AND CONDITIONING PLANT IN ALASKA IS NOW WELL ADVANCED. THE FEDERAL ENERGY REGULATORY COMMISSION IS, AS I UNDERSTAND IT, IN THE LAST STAGES OF ITS CONSIDERATION OF THE FINAL DESIGN COST ESTIMATES OF THE ALASKAN PORTION OF THE PIPELINE, WHICH MUST BE ESTABLISHED FOR PURPOSES OF CALCULATING THE INCENTIVE RATE OF RETURN ON EQUITY. SOME MONTHS AGO, THE PIPELINE SPONSORS AND THE GAS PRODUCERS ALSO REACHED AGREEMENT ON AN OUTLINE OF THE RESPECTIVE ROLE THAT EACH WOULD PLAY WITH RESPECT TO THE FINANCING OF THE ALASKAN

PORTION OF THE SYSTEM, WHICH INCLUDES BOTH THE PIPELINE AND THE GAS CONDITIONING PLANT.

AS ALL OF YOU RECOGNIZE, A NEW ELEMENT OF UNCERTAINTY WAS INJECTED INTO THIS WHOLE COMPLEX PROCESS WITH THE ELECTION OF A NEW ADMINISTRATION UNDER PRESIDENT REAGAN LAST NOVEMBER. DURING HIS ADDRESS TO BOTH HOUSES OF THE CANADIAN PARLIAMENT LAST MARCH., HOWEVER, PRESIDENT REAGAN MADE CLEAR HIS STRONG SUPPORT FOR THE UNDERTAKING. THAT SUPPORT HAS NOW BEEN GIVEN PRACTICAL EXPRESSION THROUGH THE SUBMISSION BY THE REAGAN ADMINISTRATION TO CONGRESS OF THE PACKAGE OF WAIVERS TO EXISTING LEGISLATION WHICH IT CONSIDERED ESSENTIAL TO FACILITATE PRIVATE FINANCING OF THE SECOND-STAGE OF THE PROJECT IN BOTH CANADA AND THE UNITED STATES.

BECAUSE IT HAS CONSIDERABLE RELEVANCE TO THE ISSUES CURRENTLY UNDER DISCUSSION, I THINK IT IS WORTH CALLING TO YOUR ATTENTION THE LETTER WHICH PRESIDENT REAGAN SENT TO PRIME MINISTER TRUDEAU JUST PRIOR TO THE SUBMISSION OF THIS WAIVER PACKAGE TO CONGRESS.

IN THAT LETTER OF OCTOBER 6, THE PRESIDENT WROTE:
" IN VIEW OF THE IMPORTANCE WHICH YOU ATTACH TO THIS QUESTION, I WANTED TO ADVISE YOU IN ADVANCE OF OUR PUBLIC ANNOUNCEMENT THAT I HAVE DECIDED TO SUBMIT FOR CONGRESSIONAL APPROVAL THE FULL PACKAGE OF WAIVERS REQUESTED BY THE SPONSORS OF THE ALASKA NATURAL GAS TRANSMISSION SYSTEM. MY RECOMMENDATION TO THE HOUSE AND SENATE WILL BE SUBMITTED LATER

"TODAY. IT IS THE VIEW OF THE PROJECT SPONSORS THAT THIS PACKAGE OF WAIVERS WILL FACILITATE THE COMPLETION OF THE ALASKA NATURAL GAS TRANSMISSION SYSTEM UNDER PRIVATE FINANCING. AS I MADE CLEAR DURING OUR PREVIOUS DISCUSSIONS OF THIS MATTER, MY ADMINISTRATION SUPPORTS THE COMPLETION OF THIS PROJECT THROUGH PRIVATE FINANCING, AND IT IS OUR HOPE THAT THIS ACTION WILL CLEAR THE WAY TO MOVING AHEAD WITH IT. I BELIEVE THAT THIS PROJECT IS IMPORTANT NOT ONLY IN TERMS OF ITS CONTRIBUTION TO THE ENERGY SECURITY OF NORTH AMERICA, BUT IT IS ALSO A SYMBOL OF US-CANADIAN ABILITY TO WORK TOGETHER COOPERATIVELY IN THE ENERGY AREA FOR THE BENEFIT OF BOTH COUNTRIES."

THE PRESIDENT ALSO HAS REITERATED THESE POINTS IN HIS MESSAGE TO CONGRESS PUTTING FORWARD THE WAIVER PACKAGE.

THE CANADIAN GOVERNMENT HAS EXPRESSED ITS APPRECIATION TO THE PRESIDENT AND THE ADMINISTRATION FOR THE ACTIONS THEY HAVE TAKEN SINCE COMING TO OFFICE TO SUPPORT THE AGREEMENT BETWEEN OUR TWO COUNTRIES.

I MUST SAY THAT IT CAME WITH A GREAT SENSE OF RELIEF TO ME TO LEARN THAT THE ADMINISTRATION WAS PROCEEDING WITH THE INTRODUCTION IN CONGRESS OF THESE WAIVERS TO EXISTING LEGISLATION BECAUSE I WAS VERY CONCERNED, AS I ACKNOWLEDGED PUBLICLY, THAT ANY PROLONGED DELAY COULD PROVE TO BE VERY DANGEROUS INsofar AS THE PROSPECTS WERE CONCERNED FOR MOVING AHEAD WITH THE REMAINDER OF THE PROJECT.

AS I INDICATED PREVIOUSLY, THIS PROJECT HAS FROM THE VERY BEGINNING BEEN SET BACK BY A SERIES OF DELAYS. THERE WAS THE PROLONGED DEBATE IN CONGRESS OVER NEW GAS PRICING LEGISLATION TO WHICH I REFERRED EARLIER,

WHEN THE LENGTHY PERIOD REQUIRED TO COME TO GRIPS WITH SEVERAL MAJOR REGULATORY ISSUES, FOLLOWED BY THE SEEMINGLY AGONIZING PROCESS OF WORKING OUT AN ACCORD BETWEEN THE ALASKA PIPELINE SPONSORS AND THE PRODUCERS, AND SUBSEQUENTLY THE EXTENSIVE CONSIDERATION WITHIN THE ADMINISTRATION - IN CONSULTATION WITH CONGRESSIONAL LEADERS - ON THE AMENDMENTS THAT SHOULD BE PROPOSED TO THE EXISTING LEGISLATION.

NOTWITHSTANDING THESE DELAYS, WHICH HAVE SET THE ORIGINAL COMPLETION DATE BACK FROM EARLY 1983 TO A CURRENT TARGET DATE OF LATE 1986, THE FORWARD MOMENTUM OF THE PROJECT HAS ALWAYS BEEN MAINTAINED - EVEN IF AT TIMES IT HAS BEEN PAINFULLY SLOW.

I REFER TO THE GREAT RISK INVOLVED IN NOT MOVING AHEAD EXPEDITIOUSLY BECAUSE I SENSE THAT IN SOME QUARTERS THERE IS A FEELING THAT WHILE, YES, THIS PROJECT IS VERY DESIRABLE AND, YES, OVER THE LONG TERM IT WILL NO DOUBT BE ECONOMICALLY FEASIBLE AND NECESSARY FOR THE NATION'S NATIONAL SECURITY, IT IS A PROJECT WHOSE TIME HAS NOT YET COME. SINCE THE UNITED STATES HAS ALL THE GAS IT REQUIRES AT THE MOMENT AND CAN ALWAYS LOOK FOR MORE FROM CANADA IF NECESSARY - SO THE REASONING GOES - AND SINCE THE GAS FROM ALASKA WILL AT LEAST INITIALLY BE HIGH COST AND ITS MARKETING PERHAPS IMPEDED BY POSSIBLE ACCELERATED DEREGULATION OF GAS PRICES, LET'S JUST PUT THE WHOLE PROJECT ON HOLD FOR A FEW YEARS UNTIL WE SEE WHAT TRANSPIRES.

I SINCERELY HOPE, AS A CANADIAN AND A NORTH AMERICAN, THAT THIS KIND OF THINKING DOES NOT PREVAIL AS THE TIME FOR DECISION ON THIS GREAT JOINT PROJECT APPROACHES. MY GUT FEELING IS THAT THERE MAY BE NO SECOND CHANCE TO PUT IT ALL TOGETHER AGAIN. WOULD A CANADIAN GOVERNMENT BE PREPARED TO ENTER INTO ANOTHER AGREEMENT TO BUILD A LAND BRIDGE TO CARRY ALASKA GAS TO THE LOWER 48 STATES IF THE PRESENT AGREEMENT TURNED OUT TO BE NON-OPERATIVE? HOW MANY PRIVATE COMPANIES COULD BE FOUND WHO WOULD BE WILLING TO TRY AGAIN?

IN UNDERTAKING ANY MAJOR PROJECT WITH THE VERY LONG LEAD TIMES REQUIRED TODAY, THERE IS ALWAYS A LARGE ELEMENT OF UNCERTAINTY AS TO WHAT THE FUTURE WILL HOLD IN STORE. DESPITE THAT UNCERTAINTY, THERE IS NO WAY TO AVOID DEVELOPING AND IMPLEMENTING PLANS FOR SUCH PROJECTS THAT WILL ONLY COME TO FRUITION MANY YEARS AHEAD ON THE BASIS OF THE BEST JUDGMENT WHICH CAN BE MADE IN LIGHT OF PRESENT-DAY KNOWLEDGE - IMPERFECT AND ALL AS IT MAY BE.

IN 1977 THE GOVERNMENTS OF CANADA AND THE UNITED STATES WERE SUFFICIENTLY CONCERNED ABOUT FUTURE ENERGY SUPPLIES TO ENTER INTO AN AGREEMENT TO FACILITATE THE BUILDING OF THE ALASKA HIGHWAY NATURAL GAS PIPELINE. I ASK MYSELF THESE QUESTIONS: IS THE OUTLOOK FOR ENERGY SUPPLIES BETTER NOW THAN IT WAS WHEN THIS HISTORIC AGREEMENT WAS ENTERED INTO? IS THERE LESS NEED FOR ALASKA GAS OR LESS NEED FOR A LATERAL PIPELINE TO TAP CANADIAN GAS SUPPLIES FROM THE MOUTH OF THE MACKENZIE

OR THE BEAUFORT SEA? WILL ALASKA GAS BE LESS COMPETITIVE THAN IT WAS IN 1977? IS THE NATIONAL SECURITY OF THE UNITED STATES AND CANADA LESS THREATENED BY DEPENDENCE UPON PETROLEUM FROM POLITICALLY VOLATILE AREAS OF THE WORLD NOW THAN IT WAS IN 1977?

LIKE EVERYONE ELSE, I AM AWARE OF THE CURRENT MODERATE SURPLUS OF NATURAL GAS IN THE UNITED STATES AND CANADA, WHICH DID NOT EXIST IN 1977. I ALSO REMEMBER THAT BEFORE 1973 THERE WAS COMPLACENCY THROUGHOUT THE WORLD ABOUT ENERGY. I WAS MINISTER OF FINANCE IN CANADA BETWEEN 1965 AND 1968 AND FOREIGN MINISTER FROM 1968 TO 1974. UNTIL THE EMBARGO ON OIL SHIPMENTS TO THE UNITED STATES AND THE SUBSEQUENT DECISION OF THE OPEC COUNTRIES TO RAISE THE PRICE OF THEIR PETROLEUM EXPORTS, I, LIKE POLITICAL LEADERS AND BUSINESSMEN THROUGHOUT THE WORLD, MADE THE ASSUMPTION, IMPLICITLY IF NOT EXPLICITLY, THAT THERE WOULD CONTINUE TO BE ABUNDANT SUPPLIES OF CHEAP ENERGY. WE HAVE ALL PAID DEARLY FOR THAT COMPLACENCY.

UNDOUBTEDLY WE IN NORTH AMERICA HAVE LEARNED MUCH FROM THE SHOCKS OF 1973 AND 1979. WE ARE LEARNING TO CONSERVE ENERGY AND TO ENCOURAGE PRODUCTION AT HOME. THIS IS ALL TO THE GOOD. WE ARE SOMEWHAT LESS VULNERABLE THAN WE WERE, THANK GOODNESS. BUT WE ARE STILL MORE VULNERABLE THAN WE CAN AFFORD TO BE, PARTICULARLY IF WE ACHIEVE OUR GOALS OF A HEALTHY, EXPANDING ECONOMY IN THE YEARS TO COME.

TO BE SPECIFIC, IT SEEMS INCREDIBLE TO ME THAT THE UNITED STATES, AND HERE I INCLUDE THE GOVERNMENT, THE INDUSTRIES AND THE PEOPLE OF YOUR GREAT COUNTRY, ^{COULD CONCEIVABLY} TAKE THE POSITION THAT IT IS NOT OF GREAT IMPORTANCE WHETHER OR WHEN YOU GAIN ACCESS TO THE 26 TRILLION CUBIC FEET OF NATURAL GAS THAT IS AVAILABLE FOR SHIPMENT FROM PRUDHOE BAY - AND MORE MAY BE DISCOVERED - THE LARGEST SINGLE SOURCE OF ADDITIONAL ENERGY AVAILABLE TO YOU FOR YEARS TO COME.

MOREOVER, I VENTURE TO SAY THAT IF ALASKA GAS WAS COMPETITIVE IN 1977 WHEN THE PRESIDENT OF THE UNITED STATES AND THE CONGRESS MADE THEIR DECISION TO SUPPORT THE ALASKA PROJECT AND CANADA AGREED TO A LAND BRIDGE, IT IS PROBABLY EVEN MORE COMPETITIVE TODAY. I WOULD REMIND YOU THAT IN 1977 THE PRICE OF PETROLEUM WAS AROUND \$15 PER BARREL AND TODAY IS MORE THAN DOUBLE THAT AMOUNT.

EVERYONE WHO HAS STUDIED THIS PROJECT KNOWS THERE ARE MARKETING PROBLEMS IN THE EARLY YEARS OF DELIVERY.

THIS HAS FORESEEN BY THE PROVISIONS FOR ROLLING IN ALASKA GAS WITH OTHER SUPPLIES. THERE IS ALSO SOME NATURAL CONCERN AS TO THE EFFECTS OF FURTHER GAS DEREGULATION ON THE MARKETABILITY OF ALASKAN GAS IN THOSE EARLY YEARS.

EVERYONE I KNOW WHO HAS STUDIED THIS PROJECT IS ALSO AGREED THAT BECAUSE OF A REDUCING RATE BASE, OVER THE LIFETIME OF THIS PROJECT ALASKA GAS WILL PROBABLY BE ONE OF THE MOST MARKETABLE OF ALL ENERGY SUPPLIES AVAILABLE IN THE LOWER 48

STATES EVEN MAKING OPTIMISTIC ASSUMPTIONS ABOUT THE COURSE OF FUTURE INFLATION. THE KIND OF MARKETING PROBLEMS ENCOUNTERED IN EARLY YEARS IS NOT NEW. WE HAVE IT IN CANADA IN CONNECTION WITH OUR NEW EAST-WEST PIPELINES AND WE ARE FINDING MEANS OF BRIDGING THE GAP IN PRICES IN THE EARLY YEARS. THIS IS SURELY NOT AN INSUPERABLE MARKETING PROBLEM.

THE ECONOMICS OF THE PROJECT ARE CRUCIAL, AND I BELIEVE THEY ARE DEMONSTRABLY SOUND. THEY ARE RE-INFORCED IN MY VIEW BY THE MOST FUNDAMENTAL OF ALL CONSIDERATIONS - ONE THAT HAS BEEN FULLY RECOGNIZED BY THE CONGRESS, BY FORMER PRESIDENT CARTER AND BY PRESIDENT REAGAN - NAMELY, THE NATIONAL SECURITY OF THE UNITED STATES. THE NATIONAL INTERESTS OF BOTH OUR COUNTRIES, BUT PARTICULARLY YOUR OWN, REQUIRE US TO REDUCE OUR DEPENDENCY - FAR MORE THAN WE HAVE ALREADY DONE - ON EXTREMELY UNCERTAIN ENERGY SUPPLIES FROM ABROAD - PARTICULARLY FROM THE VOLATILE PETROLEUM EXPORTING NATIONS OF THE MIDDLE EAST - AND TO INCREASE OUR OWN SELF-RELIANCE.

YOU MAY CONSIDER IT PRESUMPTUOUS OF ME AS A CANADIAN TO SPEAK OF THE ECONOMIC AND NATIONAL SECURITY INTERESTS OF THE UNITED STATES IN THIS PROJECT. I DO SO BECAUSE WE IN CANADA HAVE A JOINT STAKE IN THE OUTCOME. OUR TWO GOVERNMENTS ARE BOUND BY AGREEMENT TO DO EVERYTHING REASONABLY POSSIBLE TO FACILITATE THE UNDERTAKING OF THIS IMMENSE PROJECT BY PRIVATE INTERESTS. APART FROM THE SHORT-TERM ECONOMIC STIMULUS, WE HAVE AN IMPORTANT INTEREST

IN THE PIPELINE BECAUSE OF THE ACCESS IT WILL PROVIDE TO OUR EXISTING RESERVES IN THE MACKENZIE DELTA AND POSSIBLY TO ADDITIONAL RESERVES THAT WILL BE ESTABLISHED OFFSHORE IN THE BEAUFORT SEA. PERHAPS OVER-RIDING EVERYTHING ELSE, BECAUSE THE FATE OF OUR TWO NATIONS AND OF OUR ECONOMIES IS CLOSELY INTERTWINED, WE IN CANADA HAVE A VITAL INTEREST IN SEEING THAT YOUR COUNTRY HAS AMPLE AND SECURE SOURCES OF DOMESTIC ENERGY SUPPLIES. FUNDAMENTALLY, THAT IS WHY WE ARE PREPARED TO JOIN WITH YOU IN THIS GREAT JOINT PROJECT.

EARLIER IN MY REMARKS, I SPOKE OF THE EXTREME IMPORTANCE FOR THE SURVIVAL OF THE PROJECT THAT IT CONTINUE TO MAINTAIN ITS MOMENTUM. FROM A CANADIAN PERSPECTIVE THIS TAKES ON ADDED IMPORTANCE FROM THE POINT OF VIEW OF THE SCHEDULING OF CONSTRUCTION. WE HAVE EITHER ALREADY IN PROGRESS OR ON THE DRAWING BOARDS A NUMBER OF VERY LARGE ENERGY PROJECTS THAT ARE DUE TO BE COMPLETED DURING THE PRESENT DECADE. TO AVOID AN INTOLERABLE STRAIN ON PHYSICAL AND HUMAN RESOURCES, AND TO KEEP COSTS UNDER CONTROL, IT IS VITAL THAT CONSTRUCTION OF THE REMAINING SEGMENT OF THE ALASKA HIGHWAY PIPELINE IN CANADA BE PHASED TO AVOID UNDUE OVERLAPPING WITH THESE OTHER DOMESTIC PROJECTS. THE SOONER CONSTRUCTION OF THE NORTHERN SECTIONS GETS STARTED THE BETTER.

AN IMMENSELY CHALLENGING JOB STILL LIES AHEAD - FINANCING THE CONSTRUCTION OF THE REMAINING SECTIONS OF THIS MASSIVE UNDERTAKING - PARTICULARLY THE ALASKAN SEGMENT OF THE SYSTEM. EVEN WITH THE HEAVY INVOLVEMENT OF 10 OF THE MAJOR GAS TRANSMISSION COMPANIES IN NORTH AMERICA - INCLUDING TRANSCANADA PIPELINES AS A MEMBER OF THE ALASKA CONSORTIUM - AND THREE OF THE LEADING PETROLEUM PRODUCERS, THE RAISING OF THE NECESSARY INVESTMENT CAPITAL WILL NOT BE EASY. WHILE THE CHALLENGE MAY BE VERY GREAT, SO IS THE COST OF FAILURE IN TERMS OF THE ECONOMIC AND SECURITY INTERESTS THAT ARE AT STAKE AND, BEYOND THAT, THE PUBLIC'S CONFIDENCE IN THE ABILITY OF PRIVATE ENTERPRISE TO SERVE THOSE CRITICAL NATIONAL INTERESTS.

TO ALL THOSE WHO HAVE AN INTEREST IN GOOD RELATIONS BETWEEN CANADA AND THE UNITED STATES, THIS, THE FIRST JOINT PROJECT EVER UNDERTAKEN BY PRIVATE COMPANIES ON THE TWO SIDES OF THE BORDER, IS MORE THAN A COMMERCIAL UNDERTAKING. IT IS A SYMBOL. AS PRESIDENT REAGAN SAID IN HIS MESSAGE TO CONGRESS TRANSMITTING THE WAIVER PACKAGE:

"IT IS A SYMBOL OF U.S.-CANADIAN ABILITY TO WORK TOGETHER CO-OPERATIVELY IN THE ENERGY AREA FOR THE BENEFIT OF BOTH COUNTRIES AND PEOPLES."

- SOHID
Senior VP

STATEMENT OF F. E. MOSIER
BEFORE THE FOSSIL AND SYNTHETIC FUEL SUBCOMMITTEE
OF THE HOUSE ENERGY AND COMMERCE COMMITTEE
AND THE ENERGY AND ENVIRONMENT SUBCOMMITTEE
OF THE HOUSE INTERIOR COMMITTEE

October 22, 1981

STATEMENT OF F. E. MOSIER
BEFORE THE FOSSIL AND SYNTHETIC FUEL SUBCOMMITTEE
OF THE HOUSE ENERGY AND COMMERCE COMMITTEE AND THE
ENERGY AND ENVIRONMENT SUBCOMMITTEE OF THE
HOUSE INTERIOR COMMITTEE

October 22, 1981

Mr. Chairman, my name is Frank Mosier. I am a Senior Vice President and a Director of The Standard Oil Company, in charge of its supply and transportation activities. My responsibilities in the transportation area include, among other things, Sohio's interest in this gas pipeline project, the trans-Alaska oil pipeline, and a fleet of ocean-going tankers transporting the Alaskan North Slope crude oil.

By way of background, following the discovery of the Prudhoe Bay oil field, the importance of the 26 trillion cubic feet of natural gas in this reservoir was recognized and studies were conducted to determine how best to move this gas to market in the lower 48 states. Sohio, as an owner of approximately 25% of the gas, participated in certain of these studies. We were convinced that this was an important future source of energy for the United States. Subsequent events have borne out that the production of the largest reservoir of natural gas yet discovered in North America is of vital importance to the United States. At a gas delivery rate of 2 billion cubic feet per day, this reservoir will supply approximately 5% of U.S. natural gas usage. Moreover, the availability of a transportation system will likely stimulate exploration on the North Slope of Alaska, which could result in additional significant natural gas discoveries.

Through the years we have been in a continuing process of evaluating alternative systems for the transportation and marketing of the Prudhoe Bay gas. We believe that the concept of a large diameter pipeline from Prudhoe Bay through Alaska and Western Canada to the lower 48 states is as good as any means to bring this gas to market. The Alaska Natural Gas Transportation System, frequently referred to as ANGTS, employs this physical concept. Other alternatives including an all-Alaskan line, conversion to methanol on the North Slope, and the use of ice breaking tankers, have several key characteristics in common with the ANGTS project. Initial investments of the same order of magnitude are indicated, and each of these projects has its own unique risks and regulatory problems. Selection of any of these alternatives would encounter similar problems in financing, and we would lose all the benefit of the far-advanced engineering and related work.

In testimony before Congress in 1977 when the President's Decision was under consideration, Sohio made it clear that we were not in the gas transmission business and had no desire to enter that business. We still have no desire to be in the gas transmission business. We also expressed the opinion that the project could not be financed without government participation, and we questioned the viability of the project under the conditions set forth in the President's Decision. However, in 1979 we were urged by the Department of Energy to consider becoming a part of this project because it could not be financed without the participation

of the Prudhoe Bay gas producers. In June 1980, Sohio, along with Arco and Exxon, signed a cooperative agreement with the gas transmission companies to carry out design, engineering, and cost estimation work on the Alaskan segment of the pipeline and gas conditioning plant on a shared cost basis. The producers also signed a Joint Statement of Intention with the sponsoring partnership, pledging to work toward a financing plan. We believe that the producers have carried out their obligations under these agreements. Sohio's share of costs under these agreements has totaled approximately \$40 million to date.

We have indicated a willingness to take on a commitment of up to \$2.25 billion which represents a share of the producers' overall 30% interest in the Alaskan segment of this project. Our share will be based on our percentage of gas reserves supplying this facility. This participation is subject to certain conditions and limitations. Two of the conditions are satisfied by elements of the waiver package which is the subject of these hearings. Sohio must have an equity interest in the project consistent with its level of investment, and the gas conditioning plant must be part of the transportation system. Other conditions and qualifications which must be satisfied include the following: the total project must retain economic viability; all necessary governmental approvals must be obtained on a timely basis; there must be assurance that the Canadian segment will be financed;

all funds for the Alaskan segment must be committed before construction commencement; and the financing must be on the same terms and conditions which apply to other investors in the project.

The fact that Sohio has agreed to commit over \$2 billion to this project is a statement of our current attitude on its importance, the appropriateness of the physical concept and its prospective economic viability. However, if world events or governmental processes or decisions change the viability of this project, we would have to reassess our participation prior to major expenditure of funds.

This project is the second largest, upfront financial commitment that Sohio has ever made, exceeded only by our initial \$4 billion commitment to the trans-Alaska oil pipeline and the Prudhoe Bay field development. During the next 5 years, while this project is under construction, Sohio's capital expenditures are anticipated to be about \$20 billion. Over 80% of these expenditures are for domestic energy-related projects and programs. Approximately \$6 billion represent expenditures to maintain the Prudhoe Bay oil production. No other single project will carry with it an upfront commitment as large as \$2.25 billion. Unlike ANGTS, other projects and programs can be accelerated or slowed down as circumstances dictate. The lack of flexibility in a commitment of this size, and other risk factors such as uncertainty of

future gas prices, gas markets, capital cost overruns, and completion delays, make it less than prudent for us to commit more than \$2.25 billion to this project. I want to emphasize that this commitment of \$2.25 billion is the upper limit of our participation.

An additional condition to Sohio's participation in this project is that initial financing arrangements for the Alaskan portion must be for at least \$30 billion. This amount, which includes a \$3 billion overrun pool, is based on definitive estimates prepared by contractors at a cost to the participants of about \$400 million. Our experience with high rates of inflation for construction on the North Slope of Alaska substantiates the need for the included contingencies and overrun pool.

As indicated above, two important elements of the waiver package are necessary to obtain our participation in the project. If we are going to provide financial support, we must have the right to be an equity owner, and the conditioning plant must be included as part of the transportation system in Alaska. Equity ownership is required because those who invest in a project are entitled to the full benefits of ownership. The conditioning plant must be included because it is necessary solely to prepare the gas for entry into the pipeline. The design basis selected for the pipeline dictates the degree of conditioning required. Alternative pipeline designs could have been selected at higher capital costs

and lower operating efficiency which would have eliminated the need for this facility. The conditioning plant is a part of the transportation system selected and should be included in the system for tariff and other purposes.

* In conclusion, the equity and gas conditioning plant provisions of the waiver package are critical to our participation. Other provisions such as regulatory certainty and billing commencement are critical to the sponsors and bankers. It is not clear to us that a project of this magnitude can be financed without Federal government participation. However, it is clear that without the waiver package the project cannot go forward.

Sohio

STATEMENT OF WILLIAM D. LEAKE, VICE PRESIDENT
ALASKA NATURAL GAS TRANSPORTATION SYSTEM PROJECT,
ATLANTIC RICHFIELD COMPANY, BEFORE THE FOSSIL AND SYNTHETIC FUEL SUBCOMMITTEE
OF THE HOUSE ENERGY AND COMMERCE COMMITTEE AND THE ENERGY AND
ENVIRONMENT SUBCOMMITTEE OF THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
UNITED STATES HOUSE OF REPRESENTATIVES, OCTOBER 22, 1981

On behalf of Atlantic Richfield Company, I wish to express my appreciation for being afforded the opportunity to present my company's views regarding the Waivers of Law submitted by President Reagan to the Congress in accordance with the Alaska Natural Gas Transportation Act.

In 1968, Atlantic Richfield, operating for itself and Exxon Company, U.S.A., discovered near Prudhoe Bay, Alaska the largest single deposit of hydrocarbons ever encountered in the North American continent. It was later determined that the reservoir contained in excess of 9 billion barrels of recoverable oil and approximately 26 trillion cubic feet of natural gas reserves. Development of this enormous field in North Alaska commenced almost immediately and in 1977, after completion of the Trans-Alaska Oil Pipeline, production of crude oil and natural gas commenced. Since that time, the Prudhoe Bay Field has produced approximately 2 billion barrels of crude oil and the field is currently producing approximately 1.5 million barrels per day, all of which has been consumed in Alaska or in the lower 48 states. At the present time, there is also being produced from the field approximately 2 billion cubic feet of gas per day. Approximately 120 million cubic feet per day of this gas is used as field fuel, approximately 30 million cubic feet per day is delivered to the Trans-Alaska Pipeline System to fuel the first 4 pump stations and the remainder is reinjected into the reservoir to aid in pressure maintenance and to be conserved until a gas transportation system is constructed.

Atlantic Richfield was an early advocate of the construction of a gas transportation facility to permit gas sales from the Prudhoe Bay Field. Our company participated in and contributed to feasibility studies of both the Trans-Alaskan and Arctic Gas transportation routes, and as will be detailed later in these comments, we have made a significant contribution in money and manpower to the ANGTS design effort.

In 1977, the President and the Congress determined that the Alaska Natural Gas Transportation System should be constructed along the Alcan Highway and selected Northwest Pipeline Company to construct and operate the system. Shortly thereafter, the Congress enacted the Natural Gas Policy Act of 1978 wherein, for the first time, they established a permanent ceiling price for Prudhoe Bay gas at \$1.45 per million BTUs to be adjusted only by an amount equivalent to annual inflation.

Subsequent to the selection of the transportation route and the enactment of the pricing legislation, Atlantic Richfield negotiated Letters of Intent for the sale of its share of the Prudhoe gas production with six potential purchasers, Pacific Lighting Corp., Panhandle Eastern Pipeline Company, Texas Eastern Corporation, Texas Gas Transmission Company, United Gas Pipeline Company and Transwestern Pipeline Company. Definitive gas sales agreements have not been negotiated with all potential purchasers; however, we anticipate that these necessary negotiations will be completed prior to the certification of the Alaska Natural Gas Transportation System.

In his 1977 Decision and Report to the Congress on the Alaska Natural Gas Transportation System, the President stated that producers of significant amounts of Alaska gas, their subsidiaries and affiliates, should not participate in the ownership of the Alaska Natural Gas Transportation System except that the producers could provide guarantees for project debt prior to project completion only. In his report, the President stated, "The aforesaid producers of Alaska gas may not be equity members of the sponsoring consortium, have any voting power in the project, have any role in the management or operation of the project, have any continuing financial obligation in relation to debt guarantees associated with initial project financing after the project is completed and the tariff is put into effect, or impose conditions on the guarantees of project debt permitted above which may give rise to competitive abuses, including power to veto pro-competitive policies." (Decision, p.39) While Atlantic Richfield had no interest in owning an interest in or assisting in the financing of a gas pipeline system, we informed the Congress in 1977 that such limitations were unwarranted and unprecedented in any financial transaction that we have ever encountered and that it was our opinion that such limitations would severely discourage any prospective creditor or guarantor. In spite of the concerns of Atlantic Richfield and of others that were expressed to the Congress, the requirement of the President's Decision that producers be excluded from financial participation in the Alaska Natural Gas Transportation System was adopted.

In August 1979, Secretary of Energy James R. Schlesinger urged the principal gas producers in the Prudhoe Bay Field to propose plans for producer participation in the ownership and construction of the Alaska Natural Gas Transportation System. The Secretary informed the producers that, in his opinion, the pipeline system could not be privately financed without the participation of the major producers.