

When Malcolm Forbes Jr. addressed the Alaska Pacific Bank Economic Briefing on March 14, he said the cure for inflation was tax and regulatory reform. The Council seconds his analysis of the problems facing Alaska and America. Members have been pushing for a repeal of the personal income tax since last summer as well as a revision of business and corporate taxes.

Gearing up for more activity in the arena of regulatory reform, the Council heard from William McConkey, Executive Director of the Regulatory Reform Program. McConkey stated that Alaskans were currently paying over \$52 million in salaries alone for state regulators. (This does not include office rent, utilities or travel.) This, however, is nothing compared to the losses absorbed by consumers because of delays, absurd regulations or over-zealous bureaucrats.

McConkey had been working with regulatory reform for a year and had plenty of horror stories. One example concerned two different divisions within the same department, both examining the same facilities every 90 days without ever running into each other. Another example was a proposed pipeline bridge on the North Slope that had an approved middle span but the two approach spans were tied up in permit hearings. In this latter example, Alaskans stand to lose the royalties from 80,000 barrels per day if the bridge is not built, not to mention the financial advantage to the builders of doing the project early and saved the inflationary costs of

delay.

But the real horror story is that not much is being done to stop the proliferation of permits - much less turn the tide. Departments within state government are reluctant to correct the problem because it means a loss of prestige as well as staff. As a result, any attempts at streamlining from within the bureaucracy are generally considered doomed to failure.

McConkey pointed out three paths to resolving the dilemma. First, it would be necessary to consolidate as many of the permits as possible under as few authorities as possible. All matters relating to water, for instance, should be handled by a single division. Second, it is necessary to let bureaucrats know that it is their function to streamline the current system, not create new stumbling blocks. Third, Alaskans need to stand up and complain very loudly.

Tom Fink, who reviewed the meeting in his Anchorage Times column on March 16, noted that as a result of over-regulation "a lot of money is wasted and we are the ones who pay for it. The cost of every service and commodity is substantially increased to every one of us."

Fink urged that the public become aware of the problem and demand that the legislature and the governor do something about it.

RDC's commitment to regulatory reform can only succeed if its thousands of members begin documenting regulatory abuse. Staff and volunteers will help.

 **Resource Development Council**
for Alaska, Inc.

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RESOURCE REVIEW

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MARCH/APRIL 1980

**DATES
FIRM
FOR
ANNUAL
MEETING &
TALKEETNA
TRAIN TRIP
April 25
and
May 17**

Ronald A. Zumbrun, President of the Pacific Legal Foundation, Sacramento, California, will be guest speaker at the Resource Development Council's Annual Meeting Luncheon on Friday, April 25.

The Luncheon will be held at the Sheraton Anchorage Hotel at 12 noon following a meeting of the state board of directors. The board will study and adopt policy guidelines for the coming fiscal year and hold elections.

The Alaska Liaison Office of the Pacific Legal Foundation is now open in RDC's building at 444 West 7th, Anchorage, telephone 907-278-1731. Among other subjects, Zumbrun will explain how Alaskans can take advantage of PLF's services through the liaison office.

May 17 is the final, absolute, unchangeable, definite date for the Council's annual fundraising

charter train trip.

Talkeetna is the destination, where Alaska Miners Day will be celebrated, and guests are invited to come in Gold Rush costumes.

Folks from the Talkeetna Chamber are rolling out the gold carpet as part of their tourism promotion effort. An exciting array of activities is planned from a camp cookout and squaredancing to a championship softball game. Participants may even have a chance to view the antics of the Talkeetna Royal Air Force.

This year the charter is being limited to 400 paid passengers rather than the previous 600. A word of warning: Get your reservations in before publicity is released. Reservations are being guaranteed only with payment.

**ALASKA
DELEGATION
VISITS
PORT ANGELES**

At the request of the Port Angeles Chamber of Commerce, a group of Alaskans met in Port Angeles, Washington in late February to discuss oil development impact in Alaska.

The request was stimulated by President Carter's selection of the Northern Tier pipeline project which would require a marine oil terminal in Port Angeles.

Anchorage Mayor George Sullivan, Kenai Mayor Vince O'Reilly, Valdez Mayor Pro-tem Chuck LaPage and RDC President Bud Dye led the delegation. Others participating were John Spencer of the Anchorage Municipality, Robert Childers, President of the Valdez Chamber of Commerce, Paula Easley, RDC executive director, Mano Frey of Laborers Local 341 and RDC past-president Robert Fleming.

The group was asked to provide Port Angeles citizens answers to a number of specific questions such as:

-change in character of the three cities represented after construction of oil facilities;

-economic changes in the communities;
-were local businesses able to take advantage of the development, and what could be done to maximize such participation;

-what has been the experience with regard to air and water quality degradation;

-specific data concerning tanker and harbor regulations, air emissions control and oil spill measurement and cleanup procedures.

Members of the delegation spent considerable time preparing material for the community and were well-prepared for the barrage of questions presented in a series of public and private meetings.

Timber is a substantial element of the Port Angeles economy; the community has had no experience with oil development and, among its concerns, was alarmed with fears of air and water quality degradation.

Those fears were somewhat allayed by statistics given by the group. In one public meeting, visible relief was noted at the comment that the Valdez

Continued next page

Membership Categories

Coast Guard had given up measuring air emissions after two years of getting zero readings. Emissions are still measured by two other agencies.

Valdez Chamber President Childers gave the manager of ITT Rayonier heartburn when he observed that Valdez had never seen anything like the emissions coming from the Port Angeles pulp mills. Pulp mill operators are justifiably worried that any increase in overall emissions will result in expensive plant modifications imposed by the Environmental

Protection Agency.

RDC President Dye told citizens the Council had long sought alternatives to shipping Alaskan oil through the Panama Canal and that construction of the line would hopefully encourage greater interest in Alaskan oil and gas exploration.

Outcome of the meetings and lively discussions was that local citizens and Northern Tier Pipeline Co. have begun "talking to each other."

FOLEY RARE II RELEASE BILL GAINING MOMENTUM

HR 6070 could be one of the most important pieces of land legislation of the 96th Congress. It reaffirms the President's decisions on the Forest Service Roadless Area Review and Evaluation Study of lands administered by the Department of Agriculture by requiring that the 36 million acres recommended by him for non-wilderness continue to be managed for non-wilderness multiple use in accordance with the Forest and Rangeland Renewable Resources Planning Act of 1974(RPA) as amended.

It sets a deadline of January 1, 1984 for Congress to act on the 15.4 million acres the President recommended for wilderness. If Congress does not designate the land as wilderness by that date it will be managed for non-wilderness multiple use in accordance with RPA.

Congress would have until January 1, 1987 to act on "further study" land which the Administration recommends for Wilderness between now and January 1, 1985. If at any time the Secretary of

Agriculture determines that any of the land is not to be recommended for wilderness designation, that land immediately will be managed for non-wilderness multiple use.

Some current primitive areas were included in the RARE II study. The President recommended that some of these be returned to non-wilderness multiple use. HR 6070 directs release of this land for non-wilderness multiple use upon its enactment.

Just a few of the organizations backing HR 6070 are the National Cattlemen's Association, the American Petroleum Institute, the National Association of Manufacturers, the National Forest Products Association, the Brotherhood of Carpenters and Joiners and the National Grange.

RDC will assist Alaskan organizations wishing to research the legislation, take action and convey it to Congress.

RDC CELEBRATES FIFTH ANNIVERSARY

April 10 is the fifth anniversary of the Resource Development Council. Three of those years the Council operated under the name Organization for the Management of Alaska's Resources, or OMAR, as it was usually called.

The fifth anniversary kicks off a drive to raise the Council's membership to 10,000 this year. To accomplish this, a \$5 membership raffle will be held during the period April 10 through May 16.

Persons buying the \$5 memberships also get a chance on valuable gold and silver bars. Drawing for the ingots will take place on May 17 in Talkeet-

na, destination of the charter train trip. Ticket holders need not be present to win.

Orders for membership/raffle tickets are being taken by phone at 278-9615 and are available in books of ten on April 10.

The \$5 memberships will be supporting in nature, and membership cards will be kept on file by city of residence. There may be occasions when these members will be contacted for Red Alerts otherwise their names will not appear on the Resource Review or other mailing lists. Postage and printing costs prohibit such communication.

PROPAGANDA MILL ON 24-HOUR SHIFT

The Spokane *Spokesman-Review* reprinted an editorial from *The Oregonian* this February which shows how much the author knows about Alaskan agriculture.

The editorial focused on the loss of cropland to "urban sprawlers and other farm predators," and stated that when grazing, pastures and forested lands were subtracted, the nation's bank of crop lands contained only 196,397,000 acres. (Only?) Last year the President's Council on Environmental Quality reported that the nation lost 3 million acres of farmland, including a million acres of prime crop lands, to development.

Alaska's Matanuska Valley was cited as a

"tragic example of the misuse of land," with the valley being "gobbled up by sprawl spreading out from Anchorage like a giant oil slick."

"Protected by high mountains from the extremes of the climate, Matanuska Valley is virtually the only land in Alaska where it is possible to do much farming during the state's short growing season. Food that could have been raised in this fertile river valley must now be imported at great cost and expenditure of energy from the lower 48 states," the editorial added.

Members of RDC's Forestry and Agriculture Division are responding to the editorial, pointing out the real reasons food is imported and that the

Corporate/Business

Two categories of membership are available to businesses which include all publications and services,

- (1) **Sustaining:** \$100 to \$2,000 (maximum) per month payable monthly, quarterly or annually
- (2) **Supporting:** \$100 to \$1,200 per year, payable annually

Individual

Three categories of membership are available to individuals. Members in first two categories receive all membership privileges, are placed on priority mailing list and encouraged to participate in Red Alert campaigns.

- (1) **Sustaining:** \$25 (or more) per month includes monthly **Resource Review**
- (2) **Subscribing:** \$50 (or more) per year includes monthly **Resource Review**
- (3) **Supporting:** \$ 5 to \$40 per year

Business/Individual name _____ Phone _____

Person to contact _____ Home Phone _____

Mailing address _____ Zip _____

Type of membership desired: _____ Sustaining _____ Supporting _____ Subscribing _____

Full payment enclosed in the amount of \$ _____

Please send monthly _____ quarterly _____ statement in the amount of \$ _____

Dated _____ Signature _____

(The Resource Development Council is a non-profit trade association which operates under Internal Revenue Code Section 501 (c)(6). Business membership fees are tax deductible.)

Red Alert Authorization

The Resource Development Council is authorized to place my name on its Red Alert System. (All membership information, including your name, is confidential and may be released only with your permission.)

I will communicate - at my own expense -- with legislators, administrative leaders, and/or members of Congress, etc. when Red Alerts are called. I understand "Red Alert" may come to me by telegram, letter or telephone. I will notify you of address or telephone changes to keep your records current.

Signature _____

ion-makers in various firms working in competition. Multiplicity of decisions and competition would be lacking in a centralized government agency.

The true causes of our petroleum supply and price problems are our dependence on foreign oil-producing countries with their arbitrary price increases

WETLANDS

Kenai Borough Mayor Don Gilman has taken on the U.S. Fish and Wildlife Service, a principle agency in determining who may build in a wetlands area. It seems that the USFW may be in violation of its own regulations. Chester Cone, who was previously denied a permit for building on wetlands, has also filed complaints with the U. S. Army Corps of Engineers, the lead agency in granting any permit on wetlands.

Originally USFW wanted to construct a float plane facility complete with a docking ramp and a repair facility for several official float planes. These planes would be used to monitor the nearby refuge. However, the construction of the facility on Headquarters Lake would necessitate the filling in of some

and production decreases and U.S. government policies which have held down domestic production, encouraged wasteful consumption and, in times of tight markets, made shortages more severe, thus creating economic hardship.

wetlands.

In a letter to the Corps of Engineers Gilman said "The principal federal agency responsible for stopping proposed development in 'wetlands' has not been able to identify that its own development actions were contrary to wetlands regulations."

Gilman questioned USFW's integrity and asked why its development was different from any other development.

Chester Cone, who had been stopped by the Corps from making similar modifications on wetlands on his private property said USFW's action was "the most blatant violation possible."

worked on the draft, made available by Senator Colletta. Recommendations for revisions reflected their broad knowledge of Alaska's economic structure.

The Council's president, executive director and several members subsequently presented testimony on the resolution at a recent Senate Resources committee hearing. As a result of that testimony and some excellent revisions proposed by Ken Showalter of Sohio and others, we expect the Resources Committee to agree on a sound policy for economic development.

RDC will keep you informed of progress on the resolution and any action needed by members.

PROGRESS ON DEVELOPMENT POLICY

Although RDC's members never hesitate to disagree with each other, one issue has commanded support that can only be described as "unanimous."

That is the need for a clearcut economic development policy for Alaska. In past months this need has been a major focus of Council activities. Meetings with the Governor, state administrators and legislators have generated optimism and support but to date no concrete results.

Two senators, Mike Colletta and Glenn Hackney, introduced SCR 41 in January asking for adoption of a state policy for economic development and setting forth what that policy should be. The bill was referred to Senate Resources.

Prior to its introduction, 45 members of RDC

TRANS-ALASKA OIL PIPELINE COLLECTORS' ITEMS

Commemorative plaques and desk weights certified to contain oil from the FIRST BARREL OF OIL received at Valdez, Alaska, from Prudhoe Bay, July 28, 1977:

WALNUT PLAQUES Distinctive and elegantly designed, each plaque is numbered for one of 799 pipeline miles. The map of Alaska is carved in bas relief, set off by inset brass corners and inscribed plate, raised lettering and miniature pipeline containing Prudhoe Bay oil. Size: 12" x 14" Cost: \$200

DESK WEIGHTS Clear lucite desk weight measures 4½ x 3¾ x 1½ inches with red base. Tube of oil, pipeline mile and inscription in center. Cost: \$30

True collectors' items, only 799 of each were manufactured. Register of owners maintained at Resource Development Council. Send check or money order to (Resource Development Council), Box 516, Anchorage, Alaska 99510.

Matanuska Valley consists of only 500,000 acres of tillable land of a total 20 million acres suitable for farming in the state.

Perhaps the author might go to bat for Alaskans

NOTABLE QUOTES

— ON TAX REPEAL —

"It boggles the mind that our elected officials are not jumping on the income tax repeal bandwagon right and left."

—Former state representative Lisa Rudd

(The income tax) repeal should be "retroactive to Jan. 1, 1979, so the taxpayers will at least receive parity with his or her representative. Remember, their pay raise is retroactive to Jan. 1, 1979."

— Larry A. Barnes, Anchorage

"It may be, as Mr. Hayes says, that most of the legislators are not on the road to tax repeal. It may well be that they are not on the road to re-election, either."

— Anchorage Times editorial

The government doesn't want to lose control of the gold, says a state legislator. State government's concept of the Golden Rule is "He who controls the gold makes the rules."

— State Representative Dick Randolph

HEARTWARMING WORDS FROM MEMBERS

Tana Burrows of U.S. Borax's Public Affairs Department in Los Angeles called the Council recently and commended it for the quality of this publication, the **Resource Review**. Ms. Burrows said she had read many such news/information bulletins and found ours at the top of the list. We'd like to hear YOUR comments -- good or bad.

WORLD TRADE WEEK PROCLAIMED

The week of May 18 has been proclaimed by the President of the United States and the Mayor of Anchorage as World Trade Week, certainly an event of major significance to Alaskans.

The Mayor's proclamation asks business, agriculture, labor, education, government and individuals to promote the week's activities and "to increase awareness of the importance of world trade to our economy and relationships with other nations."

Over the past five years, participants in RDC's Thursday breakfast meetings have learned that for Alaska to realize its economic potential, it must more aggressively pursue expansion of international trade opportunities.

SNAIL DARTER IS ALIVE AND WELL

Preservationists have opposed the Tennessee Valley Authority's (TVA) Tellico Dam on the grounds that a small fish, the snail darter, would be wiped out. According to the Wildlife Management Institute, "TVA transplanted more than 700

to get more land out of government control and into private ownership to reduce the strain on nearby agricultural lands.

Referring to the 47% pay increases voted to legislators: "We are looking for 47% more effort down here."

— member of Citizen Delegation to Juneau lobbying for economic relief for Mat-Su Borough

"Alaska is where the environmental action is, where it is likely to be for a number of years. Alaska certainly is high on the Club's list of priorities, and there are great battles to be waged and victories to be won there. I think the Legal Defense Fund can rightfully claim that many of the victories won in Alaska are due to our efforts."

"... We're devoting our resources to legal efforts in Alaska."

— Interview with Rick Sutherland, Director of the Sierra Club Legal Defense Fund

In explaining why Alaska must also develop support systems such as transportation and marketing as agriculture develops, the governor stated: "We must both lay the egg and hatch it simultaneously."

— Governor Jay S. Hammond at the Second Annual Agricultural Symposium, Fairbanks

An executive director of another statewide group in Alaska passed on these good words: "The difference between your organization and a lot of others is that you spend considerable time informing your members of issues. I can always tell an RDC member by his knowledge of resource subjects, and this is important when you need action."

Last year's White House Conference on Export was attended by the Council's executive director and a host of members who said their eyes were opened to the problems and potentials for export development. Other members have studied RDC's reference files and now can discuss specific projects with a man well qualified on the subject: Jack Wilburn, Director of the International Trade Administration, U.S. Department of Commerce, Anchorage. Mr. Wilburn has been attending Council meetings since his arrival in Anchorage and will help anyone interested in developing resources for export.

Keep an eye open for World Trade Week events, and get involved!

of the small minnows from the Little Tennessee River project area to the Hiwassee River in 1975 and 1976." TVA reports that "those darters have multiplied and number around 2,500 now."

(Continued next page)

The Institute goes on to say that there is "no consensus among fisheries scientists that the snail darter is a distinct species. One of those scientists recently stated that the fish was 'used' in a

desperate effort to stop a public works project that should have been stopped for far more serious reasons." The Institute says the \$130,000,000 million dollar dam is a waste of taxpayers' money.

ENVIRONMENTAL IMPACT STATEMENTS NEED ECONOMIC LOOK

The Interior Department intends to prepare environmental impact statements for proposals relating to the Alaska Peninsula, the Iliamna area and certain named rivers in Alaska.

John Katz, Special Counsel to Governor Hammond, commented on the Department's intentions in a recent letter to Bill Reffalt, Chief of the Alaska Native Claims section of the Fish and Wildlife Service in Washington, D.C.

Katz pointed out that the effects of particular land-use designations on the economy must be considered in any environmental impact statement. He wrote that the Department's notice of intent refers

to "elements of the local economy." He maintained that "scrutiny should be expanded to include regional, statewide and national impacts." Restricting or prohibiting the use of resources "may have impacts which transcend local situations and we believe that a good environmental impact statement must assess these consequences."

Katz wrote that environmental impact statements "should consider the impact of any future federal land designation on state" and native and other private lands "which are located within or adjacent to" the federal land to be designated.

MINING ADVISORY COMMITTEE PROPOSED

Alaska Miners Association president J. P. Tangen has proposed a mining advisory committee and Lt. Governor Terry Miller has endorsed it and is working on funding. The committee would be made up of executives from departments of state govern-

ment with an interest in mining. The committee would hear miners' problems and questions. Hopefully the committee members would gain more knowledge of mining in Alaska and communicate that knowledge to their departments.

IMPORTED LUMBER

The National Association of Home Builders (NAHB) reports that the United States imports almost one third of its lumber supply. The NAHB Builder newspaper blames the importation on gov-

ernment timber policies which restrict the amount of timber harvested in the national forest system to "far less than we are capable of harvesting."

And now... POND POWER!

Israeli scientists have developed a solar salt-water pond which can provide electricity year round, day and night, and even on cloudy days. A single pond, 70,000 square feet in area and eight feet deep can produce about 150 kilowatts. In Alaskan terms, this would be enough to supply eleven all-electric homes running at full capacity forever.

The pond's operating principle is basic. Sunlight warms the pond and creates convection currents. Warmer water rises and colder water falls. Salt is added near the bottom of the pond which creates a

layer of denser water which resists rising to the top. A heat-exchanger system and turbogenerator harness the energy and turn it into electricity.

Although such ponds may never be a reality in Alaska, some Southern California companies are taking the research seriously. Southern California Edison is planning a five megawatt facility at the Salton Sea. Other areas under consideration are Utah's Great Salt Lake and sections of San Francisco Bay.

INFLATION

Sylvia Porter, columnist for the Anchorage Daily News, laments that "The marketbasket for which your parents or you paid \$100 in '48 cost nearly \$319 in December 1979."

She writes that there are no "real" federal anti-inflation policies. "Look back -- and you can see that we have failed to admit the challenge, much less to tackle it. Look forward -- and you are warned that unless we act and act soon, our dollar is

doomed to repeat the pattern of all paper currencies during more than 6,000 years of recorded history. This pattern is relentless erosion until the currency is extinct." "Why can't we, why don't we, concentrate on moves to raise our productivity, modernize our plants and equipment, restore faith in the fundamental stability of our economic system?"

COMMENTS ON FOREST PRACTICE REGS

Terry Brady, the president of Forests North, Ltd., and a consultant to RDC, testified on proposed timber and land use regulations at a recent Division of Forest, Land and Water Management hearing in Anchorage. Among the regulations on which he testified was one concerning negotiated sales. It "limits sales to 500 m.b.m. and one year duration. This section completely overlooks legis-

lative action of two years ago that directed the Department of Natural Resources to make long term (up to 25 year) timber sales" under the conditions that there was underutilized sawmill capacity, underutilized resources and a high unemployment rate. Brady said that the regulation does not include initial volume guarantees. "This is unfortunate, for a logger today, to acquire the sophisticated har-

vesting equipment called for under environmental constraints needs to go to financial institutions with a known stumpage volume."

One proposed regulation would require logging firms to supply quarters for certain state personnel. Another regulation would indemnify logging firms who followed forest practice guidelines. Brady pointed out that these regulations would work hardship on the smaller logging firms. Small firms cannot afford to build and maintain quarters for state personnel.

One of the proposed regulations which received RDC's endorsement would require in-state primary manufacture if that primary manufacture were necessary to protect existing industry or to establish a new industry. Round logs should be ex-

U.S. SENATE WOULD LOCK UP IDAHO'S COBALT

The February Bulletin of the Northwest Mining Association (NWMA) reports that the Central Idaho Wilderness Act passed by the U.S. Senate in November included the richest known cobalt area in the United States. The area which the bill would place in wilderness is 2.3 million acres.

"We currently depend on foreign sources for cobalt, a strategic mineral used as an alloy in the manufacture of jet engines. There is no substitute. Forty-two percent of our cobalt comes from the unstable country of Zaire," NWMA said.

The bill, formerly known as the River of No Return Wilderness bill, was sponsored by Sen. Frank Church, D-Idaho. In early December, Sen. Church took the bill to the House Subcommittee on Public Lands chaired by Congressman John Seiberling, D-Ohio. Miners are looking to Congressman Steve

ported only if such timber is surplus to current or officially projected statewide needs.

Commenting on the hearing itself, Brady made it clear that the time period between the announcement of the hearing and the hearing date was far too short. There was not enough time to do proper research to testify at the hearing. Notice of the hearing was received less than a week before it was held.

He pointed out that the Board of Forestry should have been asked to comment on the regulations before there was ever a hearing. The board was set up by the state to review proposed regulations and is composed of selected Alaskans who have interests in forest management. The Board, however, was not consulted.

Symms, R-Idaho, for positive leadership in the subcommittee which has completed hearings and is ready to mark up the bill. According to Joe McAleer, chairman of the Central Idaho Wilderness ad hoc committee, if the bill passes the House in its present form, it will become the largest single area in the lower 48 ever to become wilderness.

The senate passed the bill in spite of testimony by NWMA and many others who pointed to the existence of old mineral districts and mining camps. The bill was passed in spite of known cobalt and other critical minerals. NWMA said the definition of wilderness as an area "untrammelled by man" was totally disregarded -- most of this area has been thoroughly "trammelled." The bill even includes RARE II acreage recommended for nonwilderness by the administration.

FEDERAL OWNERSHIP OF THE OIL INDUSTRY

Nationalization of the oil industry, creation of a Federal Oil and Gas Company (FOGCO) and giving oil import authority to the federal government are current proposals for solving America's petroleum supply and price problems. However when these proposals are examined it becomes clear that the solutions are far worse than the problems they are meant to solve.

Nationalization would require compensation to stockholders of the oil companies. That compensation would be equal to one-quarter of the national debt, according to the American Petroleum Institute. A government operation would be subject to continual political interference. A government operation would operate much less efficiently than private companies. A Federal Energy Administration study of six U.S. private and six foreign government-operated oil companies found that the six private companies averaged 44.2 barrels of daily production per employee, compared to 6.6 barrels for the government companies. Finally, the federal government did not give the oil industry its assets and so has no right to take them away.

Those who propose a FOGCO maintain that it would permit greater public participation in energy

production and provide a yardstick to measure the performance of private firms. Actually, taxpayers would have no more influence on FOGCO than they do on the U.S. Postal Service or on Amtrak. As for the "yardstick" argument, FOGCO would be given exemptions, preferences and privileges which would give a false measure of its performance and of the performance of private oil companies compared to it. As with a nationalized oil industry, FOGCO would be subject to continual political interference. Decisions would be made for reasons of political expediency and bureaucratic empire-building rather than to increase efficiency.

The proposal to vest importing authority in the federal government assumes that the federal government would be more effective in bargaining than private oil companies. A Federal Energy Administration study concluded that government-to-government purchase or barter agreements generally have not resulted in attractive prices for consuming country governments.

The cumulative expertise of oil-buying firms is greater than that available to a government purchasing agency. The effectiveness of oil-buying firms is enhanced by a multiplicity of decisions and decis-