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Statement on Fulbright natural gas bill

Strom Thurmond

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STATEMENT BY SENATOR STROM THURMOND (D-SC) ON FULBRIGHT GAS BILL, JANUARY 30, 1956.

Unless the Fulbright bill is adversely amended, it is my intention to vote for it. The bill would place producers of natural gas under regulation of the states instead of under the Federal Power Commission. In 1938 Congress passed the Natural Gas Act to regulate the pipe lines transporting gas in Interstate Commerce and the sale of natural gas for resale for public consumption. However, this 1938 Act was not intended to apply to independent producers and gatherers of natural gas. The Federal Power Commission agreed with this interpretation and for 16 years made no effort to impose regulations over the producers. But in 1954, the Supreme Court handed down a decision in the Phillips Case which in effect gave the Commission authority to regulate producers and gatherers of natural gas sold in Interstate Commerce for resale. After this decision by the Supreme Court in 1954 applying a new interpretation to the 1938 Act, the Commission was required to begin to regulate the activities of producers and gatherers of natural gas.

On July 28, 1955 the House of Representatives passed the Harris Bill to exempt producers and gatherers of natural gas from regulation by the Federal Power Commission. The Fulbright Bill now being debated in the Senate is almost identical with the bill passed by the House.

I believe in open competition in free enterprise without governmental regulation insofar as possible. I also believe in state regulation rather than federal regulation when regulation is necessary, and a choice can be made between federal and state authority.

If the federal government can regulate the price a man can get for the gas produced on his land, it is just as logical to argue that the government can control the price for which he can sell cotton, corn, wheat, milk, Kaolin clay, titanium, and other resources from the soil. Such regulation could also lead to federal price setting on products made in our textile plants which go into interstate commerce, such as sheets, pillow cases, and other cotton manufactured goods. Such regulation if expanded and continued could lead to the destruction of our American system of Constitutional Government.

The price of natural gas has risen as has the price of other commodities generally. The cost of exploration, the cost of labor, the cost of transmission, the cost of distribution, and other economic factors enter into the eventual price paid by the consumer of natural gas.

The records indicate that the producers of natural gas receive only about 10 per cent of the price paid by the consumer. The difference is added by the transmission lines and the distributors. If the price of natural gas were to rise, it appears that it would not be as a result of passage of this bill, but because of failure by the Federal Power Commission to regulate the transmission lines properly and failure by the State Commission to regulate the distributors properly.

The best way to reduce the price of any commodity is to increase its production. Increased gas production can best be encouraged without regimentation. I believe it to be my duty to vote for the Fulbright bill in the best interests of the public.