INTRODUCTION OF THE ATTORNEY FEE PAYMENT SYSTEM IMPROVEMENT ACT OF 2001

HON. E. CLAY SHAW, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, November 16, 2001

Mr. SHAW. Mr. Speaker, today I am introducing legislation that, if enacted, would update and improve the fee payment system to attorneys who represent Social Security Disability Insurance claimants as well as Supplemental Security Income claimants.

As many of you know, filing for Social Security benefits—especially disability benefits—is so complicated that many claimants must hire attorneys to guide them through the process.

Attorneys who represent Social Security claimants may choose to receive their fees directly from the Social Security Administration. Under this option, the agency deducts the fee from the claimant's past-due benefits and forwards it to the attorney. Prior to last year, taxpayers picked up the tab for the agency's costs of processing, withholding, and forwarding this fee to the attorney.

The Ticket to Work and Work Incentives Improvement Act changed that. Many people on both sides of the aisle agreed that having lawyers—not taxpayers—pay for Social Security's processing of their paychecks was the right thing to do. The law also required the General Accounting Office to examine a number of issues relating to the agency's processing of attorney fees.

In a hearing held in May of this year, the Ways and Means Subcommittee on Social Security examined the current state of service delivery to claimants and their representatives, the findings of the GAO study about the costs of administering the attorney fee, the feasibility and advisability of two types of fee assessments, the potential for assessments to reduce applicants' access to representation, the feasibility of linking fee assessments to the timeliness of payment to attorneys, and the advisability of extending attorney fee disbursement to the Supplemental Security Income program.

During the hearing, the Subcommittee learned that despite improvement in the timeliness of the Social Security Administration's processing of attorney fees, there are a number of viable process improvements that can be implemented to ensure the best possible service delivery to claimants and their attorneys. That is why, I, along with Ranking Member MATSUI, are introducing the Attorney Fee Payment System Improvement Act of 2001.

This legislation improves the attorney fee payment process in a number of ways. First, it would increase the current fee cap (which limits fees under fee agreements to 25 percent of past-due benefits or $4,000) from $4,000 to $5,200. The new cap increase represents the first time the cap has been raised in ten years.

Second, the 6.3 percent assessment on an attorney's approved fee will be subject to a cap of $100 to help ensure enough attorneys remain available to represent claimants before the Social Security Administration.

Third, the bill would improve Supplemental Security Income applicants' access to representation. Because there is no direct payment of attorneys' fees in SSI cases, many attorneys cannot collect a fee from a successful client, and as a result choose not to represent those applying for SSI. The disability application process is just as complex and just as difficult to navigate, whether an individual is applying for Social Security disability benefits or SSI benefits. This provision will help ensure that all claimants have equal access to representation.

Individuals with disabilities rely on Social Security disability and/or SSI benefits for life-sustaining income. We must do all we can to ensure their efforts to obtain benefits are supported, not hampered. Enactment of this bill will help. I urge all Members to co-sponsor this important legislation.

THE RESTORE ACCESS TO FOREIGN TRADE ACT OF 2001

HON. JERRY WELLER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, November 16, 2001

Mr. WELLER. Mr. Speaker, today, I am pleased to introduce the Restore Access to Foreign Trade Act of 2001, the (RAFT Act), on behalf of myself and my colleagues; Mr. RANGEL, Mr. CRANE, Mr. FOLEY, Mr. SHIMKUS and Mrs. BIGGERT.

The RAFT Act reverses tax law that has nearly destroyed our great maritime system by excluding shipping income from Subpart F, a section of the Internal Revenue Code affecting the taxation of income of U.S. controlled foreign corporations (CFC).

Prior to 1976, income earned by CFCs from U.S. owned foreign shipping operations was not treated as Subpart F income, and was subject to taxation only when repatriated, or brought back into the United States. The Tax Reform Act of 1975 eliminated this deferral, except for foreign shipping income reinvested in certain qualified shipping investments. The 1986 Tax Act repealed the reinvestment exception, subjecting foreign shipping income earned by CFCs to current taxation under Subpart F.

While the issue may sound complicated, the consequences are simple: the U.S.-owned liner container trade has seen its market share drop from nearly 22 percent in 1994 to just three percent in 1999. Thousands of jobs across America have been lost. This decline is dangerous from both an economic and national security standpoint—loss of an economically important industry and our country's inability to rely on the availability of a U.S. fleet in times of national security crises.

Mr. Speaker, at this critical time, national security concerns are uppermost in our minds. The immediate availability of U.S.-owned vessels in times of national security crises is a key component of the U.S. government's defense programs.

The anti-competitive impact of Subpart F will continue to erode the U.S. owned fleet and will ultimately result in an international marketplace that has no American participation.

Our trading partners have actively pursued tax policies designed to encourage and increase their shipping industry. The U.S. Government needs to work towards the same goal. We must not allow the tax code to penalize U.S. companies in the current economic environment.

I ask my colleagues to support this important legislation.

THE ROLE OF RUSSIA AND THE CASPIAN IN ENSURING ENERGY SECURITY

HON. CHRISTOPHER COX

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, November 16, 2001

Mr. COX. Mr. Speaker, I rise to point out that while the attention of the world is now rightly focused on Afghanistan and the war against terrorism, we should not forget that a large part of the oil and gas consumed by the United States and the rest of the industrialized world comes from the conflict-ridden Middle East. In addition to the need to address the issue of energy independence through new domestic sources of supply, conservation and the development of renewable energy resources, we need to be thinking about the best possible way of protecting the security of alternative sources of oil and gas outside the United States. For example, the Caspian Sea region has substantial resources, and that source of supply is important to us.

Akezhan Kazhegeldin, an economist, a businessman and a former prime minister of oil rich Kazakhstan, has written a very thoughtful article on this subject that appeared in the Russian publication Vremya Novostei on October 15, 2001. In his article, Dr. Kazhegeldin states that oil and gas from Kazakhstan and the other energy producing nations bordering on the Caspian Sea could provide an important backup source of energy, complementing what now comes from the Persian Gulf countries. In addition, referring to the debate surrounding the route of a future pipeline carrying Caspian oil to consuming countries, Dr. Kazhegeldin asserts that there is no reason for the West and Russia to be at loggerheads on the pipeline issue now that the Cold War is over. He goes on to describe how the West and Russia could, in his view, work together on a pipeline solution that would benefit everyone.

I commend this article to my colleagues, and I ask unanimous consent that the full text of the article be printed at this point in the RECORD.

GLOBAL ARC OF STABILITY—THE WAY RUSSIA AND THE CASPIAN CAN MAKE THE WORLD STABLE

The September 11 tragic events and launching of the Afghan campaign, seen as the first stage in ''the global war against terror'', have changed the world dramatically. Protection of peaceful citizens from possible terror acts appears as just a tip of the huge pyramid of new problems. We are facing an acute and more global problem, the problem of ensuring the industrial world's economic safety.

The supply of the developed nations' energy, above all, oil and gas, is a critical and vulnerable element in the world's economic relations. A great part of the developed oil fields are concentrated in the highly insecure and conflict-ridden Middle Eastern region, which makes the threat of oil blockade and energy crisis for the industrial countries, the main oil and gas consumers, a perpetual nightmare. Unpredictable dictators are no less dangerous than terrorist groups. Should the interests of both in the region coincide, the rest of the world would find itself in an impasse.

Even if everything goes very well and the antiterrorist campaign ends quickly, the community of industrial countries will have to make sure that the threat of energy blackmail is ruled out in principle. In the global energy system, it is necessary to use reserve and back-up methods in order to ensure safety. Caspian oil reserves can play a major role here.

For the past decade, politicians and journalists have been debating about the problem of Caspian oil perhaps more heatedly than the industry professionals. It has almost been made into a stake in the new Great Game, the U.S-Russian rivalry over the control of the region and its riches. This confrontation has become the legacy of the old ''bloc'' model of the world. Wayne Merry, a former U.S. State Department and Pentagon official, now a senior associate at the American Foreign Policy Council in Washington, describes its sources: ''. . . Washington concentrated its efforts on one great strategic project to assure US primacy in the region. . . . The idea was to bypass existing pipelines in Russia, squeeze out Iran, bring energy supplies from the Caspian region to a transhipment point in a NATO country, and thereby assure the independent futures of the producing and transit countries.''

Understandably, Moscow clearly saw the threat to its interests and resisted U.S. plans. However, both sides played their parts by force of habit, without their usual passion. The reason is that the interests of Russia and the West (not only the U.S.) in the region are actually not conflicting. Some regional leaders tried to artificially keep alive the conflict between them as they hoped to secure foreign support for their authoritarian regimes.

Now that many old patterns have been left behind in the 20th century for good, the common interests of the industrial and democratic countries allow them to work out joint approaches to ensure their energy independence. Owing to this, Kazakhstan, Azerbaijan and Turkmenistan have a historic opportunity to become stable partners of both Russia and the West, and to be integrated into the world economy.

Naturally, this integration should entail bringing their political systems in line with the international democratic and market economy standards. ''A glance at other post-colonial regions in Africa and Asia shows that the first generation of 'Big Man' leaders often does as much harm to their countries as did the departing imperial powers, creating a painful legacy for future generations to sort out,'' concludes Wayne Merry. ''American long-term interests in Central Asia are best served by seeking to engage tomorrow's leaders and assuring that, when the region's energy reserves do become important to the outside world, these leaders will look to the United States as a friend and not as yet another external exploiter.''

Setting aside the controversial definition of the Central Asian countries as post-colonial ones, one should admit that the time when the region's energy reserves do become important to the outside world is nearing. Though geological exploration of the Caspian shelf is far from being completed, and many experts are not inclined to share the fanciful expectations of ''dozens of new Kuwaits'', it is clear that the region's oil and gas reserves are extremely large. However, energy projects can't become global automatically, thanks only to rich oilfields. Stable export routes are required to deliver oil and gas to the global markets. Even all the reserves of the Caspian states put together won't make the Caspian project global. It is necessary to select and develop the routes to transport oil and gas to the global markets— to the consumers in Europe, U.S., and Asian countries.

The most politically and economically viable option is to transport the Caspian ''big oil'' up to the north, into Russia and further on into Eastern and Western Europe, to the consumers and transshipment ports. Economically, this option seems much more attractive, since the construction is to take place on a plain, in populated areas with a developed infrastructure. Russia's European region has enough qualified manpower and electricity for oil pumping. Russian plants produce pipes and other equipment. Stability in Russia and the neighboring countries guarantees safety of the route and its uninterrupted operation.

If chosen, the Russian option would mean turning the energy flow from south to north. It will permit the in-depth integration of Russia and Central Asia into a united Europe and simultaneously charge Europe and Russia with a common political mission of ensuring energy independence for the industrial countries. It will allow oil-producing countries of the Caspian region to play a major role in the global energy market. Russia, Kazakhstan, Azerbaijan, and—in the long term, Turkmenistan, could, along with the North Sea oil producing countries, become a real alternative to OPEC and get significant political benefits.

The main advantage of the northern export route for Caspian oil consists in the availability of a branched pipeline network in Russia. It is much easier and cheaper to improve and develop the existing system than to construct a new one. I mean the pipelines owned by the Transneft company and the recently constructed CPC line from Western Kazakhstan to the Black Sea. The CPC alone cannot provide exporters with access to the global market. For natural reasons, the Bosphorus and Dardanelles have a limited carrying capacity. The Black Sea ecosystem is vulnerable, as this sea is warm and almost closed. Turkey has already announced its intention to limit the number of giant tankers passing through its straits. Instead of forcing Turkey to agree by means of political pressure, we should respect its fundamental interests and seek other solutions in addition to the CPC capacities.

The pipeline would enable Russia to solve several of its specific problems. For instance, to strengthen the special status of the Kaliningrad region as Russia's outpost in Western Europe. If the pipeline goes via the Kaliningrad region, the region could not only solve some of its economic problems, but also get additional security guarantees in case of NATO's expansion to the East. A place of its own in the EU economy would be the best guarantee for the region.

In any case, with any combination of routes, Russia would be the main player in a Caspian-European project. Moreover, Russia should initiate its realization. Technological and economic calculations will give optimal solutions. However, political will and vision are still primary considerations. History teaches us that it is they rather than mathematical and economic calculations that have brought into existence such giant projects as the Suez and Panama Canals that formed the global markets of those days.

PERSIAN GULF IN THE BARENTS SEA

Looking into the future and putting aside the required political decisions, I would like to stress that the Russian route could give an incredibly promising opportunity of opening up global markets for Eurasian oil and gas. This opportunity includes building an oil-carrier port in the Murmansk region on the Barents Sea. The non-freezing, deep-sea port would become the gateway to the global market for Caspian, Siberian and, prospectively, for Timanoperchersk oil as well, as the northern oil will require outlets to world markets. In the Murmansk region, some former military ports can reportedly be used right now by tankers. From there, they can quickly and safely reach not only Western European ports, but also the U.S. and Canada's eastern coast.

If gas-liquefying installations are built there, it would be hard to imagine a more natural route for a pipeline which will transport gas from the Russian polar regions and the Arctic Ocean's shelf.

In addition to the oil pipeline, a parallel gas pipeline should be built to provide Kazakh and Turkmen gas access to global markets that will not compete with the existing Russian gas routes to Western Europe. Constructing gas and oil pipelines simultaneously will make it possible to significantly cut capital expenditures and make transportation for long distances economically viable. By the way, the length of this route can be compared to the gas export line running from Tyumen's north to Western Europe.

Today's situation on the gas market is such that the Central Asian countries will long sit on their riches waiting for investors hindered by the lack of access to global markets. I am speaking not only about the Turkmen gas. The share of gas in the Caspian hydrocarbon reserves can be much higher than those suggested by the most optimistic forecasts. On the one hand, Caspian gas should be available when the industrial world needs it badly. On the other hand, Caspian gas won't be a rival for Russian gas and a source of contention between Russia and its neighbors in Central Asia.

Where the two huge pipelines ran side by side, where a joint exploitation system exists, one will naturally expect to have a transcontinental highway and info-highway—a powerful communication line originating from Europe and going further to the south.

These prospects are both exciting and distant. However, they should be taken into account when addressing today's problems. No doubt, the global economy does have enough investment resources for such a large-scale project. The U.S. Congress has given $40 billion for primary measures to safeguard national security. Much less investment is needed to ensure energy security of the industrial states. Especially as it is much more reasonable and profitable to invest in crisis prevention than in recovering from them.

A pipeline bridge between the Caspian region and Western Europe, Central Asia and the world's oceans will help solve the problem of the globalization of Eurasian energy resources. It could become a basis for an ''arc of stability'' in Europe. It not only shifts the so-called arc of tension running close to Russia from the Balkans via the Caucasus, Central Asia, Iran, and Afghanistan, but will also exclude the Caspian states—the critical link—from this chain. When involved in the global economy, these countries could turn into strongholds of stability in a part of Asia that today poses major threats to the world.

RECOGNIZING MAJOR VICTOR BADAMI FOR HIS HEROISM AT THE PENTAGON FOLLOWING THE SEPTEMBER 11TH ATTACKS

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, November 16, 2001

Mr. GILMAN. Mr. Speaker, I rise today to share with my fellow colleagues another story of heroism on September 11th and to honor Major Victor Badami, one of my appointees to the U.S. Military Academy at West Point.