the wholesale price of electricity, which Davis has argued is the best way to prevent electricity from becoming unaffordable this summer.

Federal officials said the commission's less-stringent measure—''face-saving,'' Democrats called it—would help stabilize power prices while overcoming White House and commission members' objections to a cap.

''We aren't overly concerned that this will discourage generation like real price controls would,'' a White House official said. ''A hard cap would be disaster. It would cause electricity generators to shut down.''

Another White House official said that the administration would not take a formal position until the commission has voted and the details are clear, but added that the measure sounded acceptable ''in theory.''

''The president has been calling on the Federal Energy Regulatory Commission to be vigilant in making sure that illegal price gouging does not occur in California or elsewhere,'' the official said.

A California Democratic official said, ''They realized they have been taking a beating on this issue, both in California and nationally. This is the equivalent of Bush saying, 'Uncle.' ''

However, Davis said at a news conference in Sacramento that he remains ''a doubting Thomas'' about the prospects for dramatic action from the commission. ''I've been fighting FERC for over a year,'' he said. ''The federal government has not been doing its job. If they finally do, I'll say, 'It's about time, but thank you.' ''

Sen. Dianne Feinstein (D–Calif.) said the measure being considered ''would be a flexible price cap, set at the price of least-efficient megawatt of the least-efficient plant.''

''Price mitigation appears to be a way to avoid using the words 'price cap' or 'cost-based rate,' which some members of FERC and the Bush administration find objectionable,'' Feinstein said. ''I don't care what they call it, as long as they get the job done.''

In April, FERC issued a price restraint plan that established cost-based price ceilings for generators selling wholesale power in the state, but limited the measure to power emergencies when California's available power reserves drop below 7.5 percent of demand. The order is credited with helping bring down California's electricity prices, which dropped below $100 a megawatt hour statewide last week for the first time since the crisis began last autumn. Fuel conservation, milder weather and increased generating capacity also have played a part.

House Republicans, after the first hearing on Bush's energy package yesterday, held a closed-door meeting with administration officials and outlined an ambitious schedule for enacting it. According to participants, House panels would pass legislation over the next several weeks so the entire chamber could vote before the August recess.

The meeting in DeLay's office included more than a dozen House members as well as Energy Secretary Spencer Abraham, Interior Secretary Gail A. Norton and Environmental Protection Agency Administrator Christine Todd Whitman.

Much of the meeting focused on how the GOP could fight Democratic attacks more effectively. Abraham suggested Republicans could rebut the Democrats' arguments because they were based on ''flimsy evidence,'' while DeLay argued his colleagues could not afford to be passive, sources said.

''We want a proactive message,'' DeLay told the group. ''We want solutions, not rationing.''

Democrats are convinced the GOP is politically vulnerable on the question of energy, and they are determined to hammer away at the theme to boost their chances in next year's election. ''The environment is an issue that could decide many swing congressional districts in 2002,'' said Rep. Edward J. Markey (D–Mass.), who questioned Abraham sharply yesterday during an energy and air quality subcommittee hearing.

The party has already run a series of radio ads on the energy crisis in the districts of several vulnerable members, and House Democrats now regularly hold news conference accusing the GOP as being beholden to special interests.

Staff writer Peter Behr contributed to this report.

SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 3, 2001, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

DISTURBING DEVELOPMENTS IN THE NAGORNO-KARABAGH PEACE PROCESS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. PALLONE) is recognized for 5 minutes.

Mr. PALLONE. Mr. Speaker, I come to the House floor this afternoon to discuss some disturbing developments in the Nagorno-Karabagh peace process among Armenia, Azerbaijan and Nagorno Karabagh.

In April, the leaders of two of these nations, Armenia and Azerbaijan, met in Key West, Florida, and all indications were that they were getting closer to reaching a peace agreement. Despite such indications, Azerbaijan's president, Jeydar Ailyev, has effectively called a halt to the peace process, and now declares that Azerbaijan is ''ready for war at any time it is needed''.

Obviously, Mr. Speaker, this statement not only does not promote peace, but actually serves to increase tensions. If Azerbaijan's leader is serious about ending the conflict between his country and Armenia, he should stop catering to militant factions within his country. This conflict has been going on for over 10 years now and is being unnecessarily drawn out by Mr. Ailyev.

Mr. Speaker, the United States is one of the co-chairs of the Minsk Group, the body under the Organization for Security and Cooperation in Europe, the OSCE, charged with facilitating a negotiated settlement to this dispute. Besides the political investment in the peace process, our Nation also has a vested interest to bring about stability in this region.

In order to achieve this, Azerbaijan and Armenia must embrace greater economic integration, development of infrastructure and cooperation in other areas. This is the path that President Ailyev must be encouraged to follow. Indeed, the benefits to his country would be significant by opening his nation to substantially more trade, investment and assistance. However, any kind of economic cooperation between the two countries must begin with Azerbaijan lifting a decade long blockade on Armenia.

Mr. Speaker, section 907 of the Freedom Support Act makes the United States' position on this blockade very clear to Ailyev, and he has tried unsuccessfully to demand repeal. What section 907 does is to effectively limit some forms of direct American aid to Azerbaijan until that country lifts its blockades of Armenia and Karabagh. It is important to know that this law has no effect on humanitarian aid, democracy building measures, as well as OPIC, TDA and Ex-Im engagement.

Mr. Speaker, I would also like to strongly encourage Mr. Ailyev to drop the refusal to accept direct participation of representatives from Nagorno Karabagh in the negotiations. The Nagorno-Karabagh conflict is not only a bilateral dispute between Armenia and Azerbaijan. While these countries must obviously be part of the negotiations and the final settlement, the people of Karabagh, who have their own democratically elected government, must have a seat at the table. After all, it is their homeland and their lives that are at stake in this peace process. No one else should be allowed to make life and death decisions for them.

Armenia and Nagorno Karabagh have continued to reiterate their commitment to the peace process even in the face of stalling and the ongoing threatening comments coming from Azerbaijan.

These tactics are nothing new. In November of 1998, the OSCE submitted a comprehensive peace proposal to Armenia, Azerbaijan and Nagorno Karabagh. Despite serious reservations, both Armenia and Nagorno Karabagh accepted a peace proposal as a basis of negotiations. Azerbaijan summarily rejected it.

On June 14, 1999, the Azeri military attacked Karabagh's defensive forces along the Mardakort section of the Line of Conflict between Azerbaijan and Karabagh. Representatives of the OSCE, who visited the area, confirmed this act of aggression.

Mr. Speaker, Armenia's Foreign Minister, Vartan Osakian, said this past week that Armenia was ready to resume talks. He also urged Azerbaijan not to deviate from the ''Paris principles'', the understanding developed by the Armenian and Azerbaijani presidents during two rounds of talks in the French capital in January and March, and in Key West in April this year.

According to Ambassador Carey Cavanaugh, the U.S. representative to the Minsk Group, these negotiations have made real progress. He stated in an interview with the U.S. Department of State that both presidents felt that, after their last meeting, that substantial progress had been made that exceeded both their expectations.

Mr. Speaker, Armenia and Nagorno Karabagh are ready to settle this dispute. They have fully committed to

peace and have fully cooperated at every turn with OSCE representatives. They have taken risks for peace despite a decade-long blockade of their countries and frequent acts of Azerbaijani aggression.

I strongly urge President Ailyev, if he is serious about peace, to come back to the negotiating table, cease all calls for military action, and end the oppressive blockade against Armenia and Nagorno Karabagh.

PRE-AUTHORIZATION REQUIREMENTS OF THE STANDARD TRADE NEGOTIATING AUTHORITY ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. ENGLISH) is recognized for 5 minutes.

Mr. ENGLISH. Mr. Speaker, as the United States grapples with an historically large trade deficit, and many of our farmers and manufacturers face growing and cumulative competitive disadvantages in the international marketplace, the time has come for Congress to work with the administration on behalf of a stronger trade policy.

Clearly, the centerpiece of a new and more aggressive trade policy has to be new authority which allows our government to pursue trade agreements that level the international playing field for American workers and American products. Congress must act quickly and firmly to give our trade negotiators the authority they need to defend our interest and open distant markets to the creation of our sweat, ingenuity and freedom.

Last week, I outlined to the House the major provisions of my bill, H.R. 1446, the Standard Trade Negotiating Authority Act. At that time, I promised this House I would return and discuss at greater detail the major components of this bill.

Today, I would like to focus on the pre-authorization requirements. This section requires the President to consult with Congress and receive an affirmative vote to authorize the initiation of trade negotiations with any country or countries before proceeding with them. WTO negotiations, which are already authorized by existing agreements, would be exempt from this pre-authorization requirement.

Mr. Speaker, Section 8 of Article I of the Constitution specifically grants to Congress the authority to regulate commerce with foreign nations. Unfortunately, over the last several decades, Congress has almost entirely ceded the policy making initiative over this increasingly vital part of our national economy. Under Fast Track, we eliminated our oversight and opportunity to influence the outcome of potentially far-reaching agreements to one single up-or-down vote.

I believe this lack of input and transparency has led directly to the increasing controversy surrounding trade agreements and the inability of the Nation to have an intelligent and conclusive discussion about trade policy.

For example, NAFTA was never contemplated during the Fast Track authorization then in existence. In 1988, when we last authorized Fast Track authority, NAFTA was not even discussed. But within a couple of years, NAFTA was brought back in toto for an up-or-down vote.

Likewise, the 1994 GATT agreement included changes to section 201 and 301 of our trade laws, the antisurge and antidumping provisions, without any prior discussion in Congress.

How then would the pre-authorization requirements of H.R. 1446 address these concerns?

First, Mr. Speaker, my bill provides ongoing authority for the President to negotiate any trade agreement, providing first that he receives approval from Congress in the form of a vote to specifically authorize that negotiation along with its scope and its objectives.

This means that each negotiation can be considered under its own merits and provides for a systemic review by the Congress while there is still some time to affect the outcome.

There will be no more surprises, not for us, and more importantly not for the people we represent.

Under this legislation, 90 days before entering into trade negotiations, the President would formally notify Congress of his intention to proceed. The International Trade Commission would also be required to complete an assessment of the potential impact of the agreement on the U.S. economy.

Legitimate labor and environmental concerns would find voice in this process through the establishment of a Commission on Labor and the Environment. The Commission would issue a report to Congress and the President laying out specific concerns and negotiating objectives prior to the vote by Congress on pre-authorization.

This careful review process allows the Congress to deal with the reality that not all proposed negotiations are created equal.

It is certainly the case that a bilateral trade agreement with Australia would raise very different issues and different concerns than one with Egypt or Laos.

Hemispheric trade proposals may raise labor and environmental concerns which have no relevant place in a negotiation involving financial services or competition policy.

For these reasons, our negotiating strategy and goals must be flexible if we are to maximize the opportunities before us. The law should recognize this reality while still remaining true to our constitutional obligations as a Congress.

Some may attack this proposal because it would require two votes by Congress, not just one, one before a negotiation and one to approve the final agreement. I say so much the better.

The government should speak plainly and honestly to our citizens. Our trade policy should be shaped in direct consultation with working families throughout the United States, speaking through their elected representatives.

Goals and objectives should be spelled out. Details matter. If we want to restore the faith of Americans in trade agreements, we must be forthright in spelling out our objectives, and we should have nothing to hide.

Pass this legislation and give the administration the authority they need.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. DEFAZIO) is recognized for 5 minutes.

(Mr. DEFAZIO addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. HORN) is recognized for 5 minutes.

(Mr. HORN addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. BURTON) is recognized for 5 minutes.

(Mr. BURTON of Indiana addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

TROUBLE IN THE PHILIPPINES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Guam (Mr. UNDERWOOD) is recognized for 5 minutes.

Mr. UNDERWOOD. Mr. Speaker, I want to draw the House's attention today to the events that are unfolding in the Philippines, an area that is only 3 hours by flying time to my home island of Guam.

I am troubled by the recent events unraveling in the Philippines in regards to the allegations that the Abu Sayyef, a band of separatists from the southern Philippines, have kidnapped and have killed an American, this is still unconfirmed, and are holding some 20 more people, including two other Americans, as hostages.

I happened to be in Manila on an official visit over the Memorial Day recess when this tragedy occurred. As the lead official from the U.S. at the time in the Philippines, I participated in a number of meetings which were designed to try to help deal with the crisis as well as many other issues that were affecting Philippine-U.S. relations.

Today, I would certainly urge each and every American to continue to support President Gloria Macapagal-Arroyo in her heroic and courageous efforts during this very tense standoff. She has made it clear up till now that