STATEMENT OF
REP. JOHN F. SEIBERLING

Although these are not legislative hearings, I would like to call to the Subcommittee's attention a bill I have introduced (H.R. 7780, the Energy Technology Availability Act) calling for the mandatory licensing of all non-nuclear energy technology. I believe that enactment of this type of legislation is the best way to ensure the rapid development, demonstration, and commercialization of the kinds of energy technology needed to transform our society from dependence on exhaustable fossil fuels to dependence on renewable energy resources. It is also the best way to minimize the likelihood of abuses when the oil companies are doing the bulk of the federally-funded energy R&D.

The development and commercialization of synthetic rubber became a critical national need if the United States was to win World War II. Rapid success was achieved only because of a government decision to require a joint government-industry effort based on the pooling of patents and technology. It also made possible the fantastic post-war expansion of the private synthetic rubber industry and the development by private industry of a whole spectrum of synthetic rubbers. Without the assurance that the private manufacturers had of patent licenses on the basic technology, this expansion would not have taken place as quickly or as fully.

The oil companies spend only one-quarter as much -- measured by a percentage of sales or profits -- as other companies spend on R&D.

Within the next year or two, energy will become the area receiving the second-highest amount of federal funds for R&D. And let us not forget that it is the oil companies which get the lion's share of ERDA's lucrative contracts for R&D.

The oil companies are pushing former Vice President Rockefeller's proposal to spend another $100 billion of federal funds to assist private companies -- primarily the oil companies -- to conduct energy R&D.

How can we explain this phenomenon in which the oil companies -- which constantly tell us on television and in the newspapers that they are so competitive and innovative -- spend comparatively little of their own money on R&D?

There would appear to be an inherent and inevitable conflict of interest whenever the oil companies perform R&D in the areas of alternative fossil fuels such as coal and in the areas of renewable energy uses such as solar energy. The conflict of interest is

between (1) maximizing overall profits -- which means keeping oil prices high -- and (2) perfecting other energy technologies -- which might result in the widespread availability of cheap energy, which in turn would tend to reduce oil prices and overall oil company profits.

In the case of conversion of coal to oil, which was funded by the government during World War II, the oil companies convinced the government that such R&D was best left to private industry. As a result, there was a quarter-century during which only small amounts of private funds and almost no federal funds were spent on coal gasification and liquefaction.

The assumption underlying our patent laws is that the inventor of new technology will have a financial incentive to have that technology commercialized and widely used. But when the technology involves alternative fossil fuels or renewable energy resources, an oil company may very well have the financial incentive not to commercialize the technology since commercialization may hurt the company's overall profits.

What would an oil company do if its researchers made an extraordinary breakthrough allowing very cheap harnessing of solar energy? We should have the statutory authority to ensure that such technology would be made available rapidly, widely and cheaply. The company making the breakthrough should be generously rewarded -- but not through statutory protection of its monopoly right not to develop or commercialize the technology.

The solution I have proposed is mandatory licensing.