

important to increasing our domestic energy production in an environmentally sensitive way. We have over 275 billion tons of recoverable coal reserves. This is nearly 30 percent of the world's total coal supply. That is enough coal to supply us with energy for another 270 years.

Because of research advances, we now have the know-how to better balance conservation with the need for increased production. Let's use this ability to come up with a good piece of energy legislation.

Yesterday's announcement by Saddam Hussein should remind everyone how vulnerable our economy and national security are to arbitrary decisions made by dangerous foreign dictators.

For over two decades, we've hemmed and hawed about the need for America to follow a sensible, long-term energy strategy. If the threat of Saddam Hussein putting a gun to our head—again—does not help us pass a bill, I do not know what will.

I hope we are on our way to producing a balanced comprehensive energy bill that increases production and conservation and makes a difference for our national security. I hope that we can move quickly to pass an energy bill that will make our economy and national security stronger. The time is now.

I yield the floor.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, are we on the energy bill at this time?

The PRESIDING OFFICER. We are not.

Mr. REID. Mr. President, I ask for the regular order.

NATIONAL LABORATORIES PARTNERSHIP IMPROVEMENT ACT OF 2001

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of S. 517, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 517) to authorize funding the Department of Energy to enhance its mission areas through technology transfer and partnerships for fiscal years 2002 through 2006, and for other purposes.

Pending:

Daschle/Bingaman further modified amendment No. 2917, in the nature of a substitute.

Feinstein modified amendment No. 2989 (to amendment No. 2917), to provide regulatory oversight over energy trading markets and metals trading markets.

Kerry/McCain amendment No. 2999 (to amendment No. 2917), to provide for increased average fuel economy standards for passenger automobiles and light trucks.

Dayton/Grassley amendment No. 3008 (to amendment No. 2917), to require that Federal agencies use ethanol-blended gasoline and biodiesel-blended diesel fuel in areas in which ethanol-blended gasoline and biodiesel-blended diesel fuel are available.

Lott amendment No. 3028 (to amendment No. 2917), to provide for the fair treatment of Presidential judicial nominees.

Landrieu/Kyl amendment No. 3050 (to amendment No. 2917), to increase the transfer capability of electric energy transmission systems through participant-funded investment.

Graham amendment No. 3070 (to amendment No. 2917), to clarify the provisions relating to the Renewable Portfolio Standard.

Reid amendment No. 3081 (to amendment No. 2989), in the nature of a substitute.

AMENDMENT NO. 3081

Mr. REID. Mr. President, I understand that under the regular order we would be on the Reid and Feinstein amendments.

The PRESIDING OFFICER. The Senator is correct.

Mr. REID. Mr. President, I have spoken to the senior Senator from California. She is going to move to table my amendment as soon as she completes her remarks. I will, therefore, say just a few things.

I, first of all, commend the Senator from California for her amendment and for her work on this extremely difficult issue dealing with derivatives regulation.

To put this in proper perspective, I think we should look at the predicament in which Senator FEINSTEIN now finds herself. She represents 35 million people, the largest State in the United States. This State's gross domestic product is larger than most nations. She knows specifically, but I think California has the sixth or seventh largest gross national product in the world.

Last year's energy crisis threatened California's prosperity and brought home to all of us that we are in uncharted territory with regard to energy deregulation. The State of Nevada actually passed deregulation legislation. I spoke to the legislature a year ago. Because of my suggestions and others, they rescinded deregulation. But even by that time certain things had been put in place. Nevada suffered, along with California, with this energy crisis.

Enron was the supposed leader in energy trading and markets. It makes me wonder how can we have a company such as Enron in this country—a publicly owned company—that changes in 1 year from a high-flying, worldwide, mega company into a bankrupt loser. In the process, hundreds, if not thousands, of people's lives were ruined. We have many congressional committees now looking at what happened. A prosecutor is also looking into criminal activities that probably took place.

I think we all owe Senator FEINSTEIN a debt of gratitude for her interest in this issue and for the work in process to make changes to the Commodity Exchange Act that will ensure trading and energy derivatives is done in the open with transparency in a way that inspires public confidence in the market.

The amendment I have offered, and which she is going to move to table, would restore metal derivatives trading to exempt commodity status. Senator FEINSTEIN's amendment inadvertently included metals derivatives with

the derivatives that are the intended target of her amendment. Like other metals, metals derivatives markets help companies manage the risk of sudden and large price changes.

In recent years, derivatives and other so-called "hedging transactions" have helped the mining industry—especially in the State of Nevada—cope with the steadily declining gold price by selling mining production forward. The last couple of years illustrate the function and the value in the marketplace of such transactions.

Some companies decided not to hedge, betting that the gold price would rise and that hedging contracts would lock them into below-market prices. Most of these companies were hurt significantly because the gold price stayed relatively low.

In contrast, other companies hedged some or most of their production. These companies have survived, and survived well, and some have even thrived. By choosing to manage their risk, they accepted the risk that the gold price could rise, but they stabilized company performance, continued to provide jobs, and continued to contribute to the communities in Nevada where they are so important.

Unlike energy derivatives, which raise questions because of the recent energy crisis, metal derivatives have been traded over the counter for many years. The 2,000 amendments to the Commodity Exchange Act didn't change this; they only clarified and confirmed the legality of these markets. Lumping metal derivatives together with energy derivatives would impose regulatory burdens that never existed, even before the 2,000 amendments, without any justification.

The amendment I have offered would not allow metals derivatives markets and participants to trade derivatives without accountability and transparency.

I hope, first of all, that my amendment will be accepted. If there is a motion to table, which I understand my friend is going to offer, I hope it will be defeated.

The metal derivatives market has been going on for many years. I repeat that unlike energy derivatives, which raise questions because of the recent energy crisis, metal derivatives have been traded over the counter for many years with absolutely no problem. My amendment is necessary to restore metal derivatives trading to exempt status, which is critical to the health of the mining industry.

Because of the low price of gold, the mining industry has really struggled. We have seen various articles, which I know the Presiding Officer is interested in, which have indicated there is agreement that there needs to be a change in the 1872 mining law, which has absolutely nothing to do with what I am talking about. But the mining industry has agreed that we need to go forward with that. At a National Mining Association meeting, Jack Gerard

stated in the papers over the weekend that he agrees there should be changes. That is something which we have acknowledged and recommended and have worked on for a number of years. The Presiding Officer worked with us on this.

I hope with the many legislative things we have to do that we can move forward on this in a way that would bring about some stability to the mining industry. I look forward to working with not only the Presiding Officer but also with the manager of this bill, Senator BINGAMAN.

AMENDMENT NO. 3081, AS MODIFIED

Mr. REID. Mr. President, I send a modification to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID] proposes an amendment numbered 3081 to amendment No. 2989, as modified.

Mr. BINGAMAN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 3081), As Modified, is as follows:

At the end of the amendment add the following:

**DIVISION — MISCELLANEOUS
TITLE I—ENERGY DERIVATIVES**

SEC. 1. JURISDICTION OF THE COMMODITY FUTURES TRADING COMMISSION OVER ENERGY TRADING MARKETS.

(a) FERC LIAISON.—Section 2(a)(8) of the Commodity Exchange Act (7 U.S.C. 2(a)(8)) is amended by adding at the end the following:

“(C) FERC LIAISON.—The Commission shall, in cooperation with the Federal Energy Regulatory Commission, maintain a liaison between the Commission and the Federal Energy Regulatory Commission.”

(b) EXEMPT TRANSACTIONS.—Section 2 of the Commodity Exchange Act (7 U.S.C. 2) is amended—

(1) in subsection (h), by adding at the end the following:

“(7) APPLICABILITY.—This subsection does not apply to an agreement, contract, or transaction in an exempt energy commodity described in section 2(j)(1).”; and

(2) by adding at the end the following:

“(j) EXEMPT TRANSACTIONS.—

“(1) TRANSACTIONS IN EXEMPT ENERGY COMMODITIES.—An agreement, contract, or transaction (including a transaction described in section 2(g)) in an exempt energy commodity shall be subject to—

“(A) sections 4b, 4c(b), 4o, and 5b;

“(B) subsections (c) and (d) of section 6 and sections 6c, 6d, and 8a, to the extent that those provisions—

“(i) provide for the enforcement of the requirements specified in this subsection; and

“(ii) prohibit the manipulation of the market price of any commodity in interstate commerce or for future delivery on or subject to the rules of any contract market;

“(C) sections 6c, 6d, 8a, and 9(a)(2), to the extent that those provisions prohibit the manipulation of the market price of any commodity in interstate commerce or for future delivery on or subject to the rules of any contract market;

“(D) section 12(e)(2); and

“(E) section 22(a)(4).

“(2) BILATERAL DEALER MARKETS.—

“(A) IN GENERAL.—Except as provided in paragraph (6), a person or group of persons that constitutes, maintains, administers, or provides a physical or electronic facility or system in which a person or group of persons has the ability to offer, execute, trade, or confirm the execution of an agreement, contract, or transaction (including a transaction described in section 2(g)) (other than an agreement, contract, or transaction in an excluded commodity), by making or accepting the bids and offers of 1 or more participants on the facility or system (including facilities or systems described in clauses (i) and (ii) of section 1a(33)(B)), may offer or may allow participants in the facility or system to enter into, enter into, or confirm the execution of any agreement, contract, or transaction under paragraph (1) (other than an agreement, contract, or transaction in an excluded commodity) only if the person or group of persons meets the requirement of subparagraph (B).

“(B) REQUIREMENT.—The requirement of this subparagraph is that a person or group of persons described in subparagraph (A) shall—

“(i) provide notice to the Commission in such form as the Commission may specify by rule or regulation;

“(ii) file with the Commission any reports (including large trader position reports) that the Commission requires by rule or regulation;

“(iii) maintain sufficient capital, commensurate with the risk associated with the transaction, as determined by the Commission;

“(iv)(I) consistent with section 4i, maintain books and records relating to each transaction in such form as the Commission may specify for a period of 5 years after the date of the transaction; and

“(II) make those books and records available to representatives of the Commission and the Department of Justice for inspection for a period of 5 years after the date of each transaction; and

“(iv) make available to the public on a daily basis information on volume, settlement price, open interest, opening and closing ranges, and any other information that the Commission determines to be appropriate for public disclosure, except that the Commission may not—

“(I) require the real time publication of proprietary information; or

“(II) prohibit the commercial sale of real time proprietary information.

“(3) REPORTING REQUIREMENTS.—On request of the Commission, an eligible contract participant that trades on a facility or system described in paragraph (2)(A) shall provide to the Commission, within the time period specified in the request and in such form and manner as the Commission may specify, any information relating to the transactions of the eligible contract participant on the facility or system within 5 years after the date of any transaction that the Commission determines to be appropriate.

“(4) TRANSACTIONS EXEMPTED BY COMMISSION ACTION.—Any agreement, contract, or transaction described in paragraph (1) (other than an agreement, contract, or transaction in an excluded commodity) that would otherwise be exempted by the Commission under section 4(c) shall be subject to—

“(A) sections 4b, 4c(b), 4o, and 5b; and

“(B) subsections (c) and (d) of section 6 and sections 6c, 6d, 8a, and 9(a)(2), to the extent that those provisions prohibit the manipulation of the market price of any commodity in interstate commerce or for future delivery on or subject to the rules of any contract market.

“(5) NO EFFECT ON OTHER FERC AUTHORITY.—This subsection does not affect the authority

of the Federal Energy Regulatory Commission to regulate transactions under the Federal Power Act (16 U.S.C. 791a et seq.) or the Natural Gas Act (15 U.S.C. 717 et seq.).

“(6) APPLICABILITY.—This subsection does not apply to—

“(A) a designated contract market regulated under section 5; or

“(B) a registered derivatives transaction execution facility regulated under section 5a.”

(c) CONTRACTS DESIGNED TO DEFRAUD OR MISLEAD.—Section 4b of the Commodity Exchange Act (7 U.S.C. 6b) is amended by striking subsection (a) and inserting the following:

“(a) PROHIBITION.—It shall be unlawful for any member of a registered entity, or for any correspondent, agent, or employee of any member, in or in connection with any order to make, or the making of, any contract of sale of any commodity in interstate commerce, made, or to be made on or subject to the rules of any registered entity, or for any person, in or in connection with any order to make, or the making of, any agreement, transaction, or contract in a commodity subject to this Act—

“(1) to cheat or defraud or attempt to cheat or defraud any person;

“(2) willfully to make or cause to be made to any person any false report or statement, or willfully to enter or cause to be entered any false record;

“(3) willfully to deceive or attempt to deceive any person by any means; or

“(4) to bucket the order, or to fill the order by offset against the order of any person, or willfully, knowingly, and without the prior consent of any person to become the buyer in respect to any selling order of any person, or to become the seller in respect to any buying order of any person.”

(d) CONFORMING AMENDMENTS.—The Commodity Exchange Act is amended—

(1) in section 2 (7 U.S.C. 2)—

(A) in subsection (h)—

(i) in paragraph (1), by striking “paragraph (2)” and inserting “paragraphs (2) and (7)”; and

(ii) in paragraph (3), by striking “paragraph (4)” and inserting “paragraphs (4) and (7)”; and

(B) in subsection (i)(1)(A), by striking “section 2(h) or 4(c)” and inserting “subsection (h) or (j) or section 4(c)”; and

(2) in section 4i (7 U.S.C. 6i)—

(A) by striking “any contract market or” and inserting “any contract market.”; and

(B) by inserting “, or pursuant to an exemption under section 4(c)” after “transaction execution facility”;

(3) in section 5a(g)(1) (7 U.S.C. 7a(g)(1)), by striking “section 2(h)” and inserting “subsection (h) or (j) of section 2”; and

(4) in section 5b (7 U.S.C. 7a–1)—

(A) in subsection (a)(1), by striking “2(h) or” and inserting “2(h), 2(j), or”; and

(B) in subsection (b), by striking “2(h) or” and inserting “2(h), 2(j), or”; and

(5) in section 12(e)(2)(B) (7 U.S.C. 16(e)(2)(B)), by striking “section 2(h) or 4(c)” and inserting “subsection (h) or (j) of section 2 or section 4(c)”.

SEC. 2. RECRUITMENT AND RETENTION OF QUALIFIED PERSONNEL AT THE COMMODITY FUTURES TRADING COMMISSION.

(a) IN GENERAL.—Section 2(a)(6) of the Commodity Exchange Act (7 U.S.C. 2(a)(6)) is amended by adding at the end the following:

“(G) PERSONNEL MATTERS.—

“(i) IN GENERAL.—The Chairman may appoint and fix the compensation of any officers, attorneys, economists, examiners, and other employees that are necessary in the execution of the duties of the Commission.

“(ii) COMPENSATION.—

“(I) IN GENERAL.—Rates of basic pay for all employees of the Commission may be set and adjusted by the Chairman without regard to the provisions of chapter 51 or subchapter III of chapter 53 of title 5, United States Code.

“(II) ADDITIONAL COMPENSATION.—The Chairman may provide additional compensation and benefits to employees of the Chairman if the same type and amount of compensation or benefits are provided, or are authorized to be provided, by any other Federal agency specified in section 1206 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1833b).

“(III) COMPARABILITY.—In setting and adjusting the total amount of compensation and benefits for employees under this subparagraph, the Chairman shall consult with, and seek to maintain comparability with, any other Federal agency specified in section 1206 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1833b).”

(b) CONFORMING AMENDMENTS.—

(1) Section 3132(a)(1) of title 5, United States Code, is amended—

(A) in subparagraph (C), by striking “or”;

(B) in subparagraph (D), by adding “or” at the end; and

(C) by adding at the end the following:

“(E) the Commodity Futures Trading Commission.”

(2) Section 5316 of title 5, United States Code, is amended—

(A) by striking “General Counsel, Commodity Futures Trading Commission.”; and

(B) by striking “Executive Director, Commodity Futures Trading Commission.”

(3) Section 5373(a) of title 5, United States Code, is amended—

(A) in paragraph (2), by striking “or” at the end;

(B) by redesignating paragraph (3) as paragraph (4); and

(C) by inserting after paragraph (2) the following:

“(3) section 2(a)(6)(G) of the Commodity Exchange Act.”

(4) Section 1206 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1833b) is amended by inserting “the Commodity Futures Trading Commission,” after “the Farm Credit Administration.”

SEC. 3. JURISDICTION OF THE FEDERAL ENERGY REGULATORY COMMISSION OVER ENERGY TRADING MARKETS.

Section 402 of the Department of Energy Organization Act (42 U.S.C. 7172) is amended by adding at the end the following:

“(i) JURISDICTION OVER DERIVATIVES TRANSACTIONS.—

“(1) IN GENERAL.—To the extent that the Commission determines that any contract that comes before the Commission is not under the jurisdiction of the Commission, the Commission shall refer the contract to the appropriate Federal agency.

“(2) MEETINGS.—A designee of the Commission shall meet quarterly with a designee of the Commodity Futures Trading Commission, the Securities Exchange Commission, the Federal Trade Commission, and the Federal Reserve Board to discuss—

“(A) conditions and events in energy trading markets; and

“(B) any changes in Federal law (including regulations) that may be appropriate to regulate energy trading markets.

“(3) LIAISON.—The Commission shall, in cooperation with the Commodity Futures Trading Commission, maintain a liaison between the Commission and the Commodity Futures Trading Commission.”

The PRESIDING OFFICER. The Senator from California.

Mrs. FEINSTEIN. Mr. President, I very much appreciate what the distin-

guished Senator from Nevada has done, which is essentially to eliminate metals from the derivatives amendment that is now pending. It is a second-degree amendment. It would continue the exemption for metals.

I want to go into three cases and why I believe metals should be included.

The first is the case called Sumitoma. It goes back to 1996. After nearly a year of complaints by market participants and regulated markets, Sumitoma copper trading irregularities ended up with the company losing a reported \$4 billion and their main copper trader pleading guilty to the Japanese equivalent of market manipulation. The company is paying record fines to the United States and British regulatory authorities.

Sumitoma manipulation efforts occurred in the over-the-counter and cash markets. Although observed by market participants and markets, the Commodity Futures Trading Commission—the CFTC—was nearly powerless to do anything about it without the consent of the British regulator.

In the 30 days following the May 17, 1996, collapse, the market dropped by nearly 60 cents per pound—from \$1.30 to 70 cents by the middle of June.

In just the 8 months prior to the collapse, U.S. consumers were overcharged by nearly \$2.5 billion in copper purchases because of the Sumitoma trader's manipulation.

Once again, had the CFTC had the authority—just modest authority—in our amendment, this fraud could have been detected and dealt with much earlier and without such a devastating economic impact.

We are simply including the anti-fraud and antimanipulation provision of the CFTC, and applying it also to metals as well as energy.

Let me cite a second one having to do with the Metallgesellschaft collapse in 1993. This company was known as MG. It was once a preeminent metals and energy trader. It collapsed in late 1993, losing billions of dollars, costing thousands of employees their jobs, and endangering the energy marketplace. After the collapse, analysis showed that MG's derivative positions, over the counter, in combination with the faulty strategy, contributed to the collapse. If the Commodity Futures Trading Commission, the CFTC, had at that time the authority contained in our amendment to monitor large trader positions and ensure adequate net capital, the debacle could likely have been avoided. It certainly would have been detected far before the collapse occurred. That is point 2. These are actual cases that have taken place.

Point 3: The Hunt brothers and the silver bubble. In 1979, the sons of patriarch H.L. Hunt, Nelson Bunker and William Herbert, together with some wealthy Arabs, formed a silver pool. In a short period of time they had amassed more than 200 million ounces of silver, equivalent to half of the world's deliverable supply. When the

Hunts began accumulating silver back in 1973, the price was in the \$1.95 an ounce range. Early in 1979, the price was about \$5. In late 1979, early 1980, the price was \$50, peaking at \$54.

Once the silver market was cornered, outsiders joined the chase. But a combination of changed trading rules on the New York Metals Market, COMEX, and the intervention of the Federal Reserve put an end to the game. The price began to slide. It culminated in a 50-percent 1-day decline on March 27, 1980, as the price plummeted from \$21.62 to \$10.80.

The collapse of the silver market meant countless losses for speculators. The Hunt brothers declared bankruptcy. By 1987, their liabilities had grown to nearly \$2.5 billion against assets of \$1.5 billion. And in August of 1988, the Hunts were convicted of conspiring to manipulate the market.

This is the point. These things have happened. These are three big metals cases. What we say is, put them within the Commodity Futures Trading Commission antifraud and antimanipulation commission. Why give online trading platforms exemptions from transparency? Why allow a commodity that isn't being delivered from me to you but traded back and forth to have no transparency of any of these trades so that no one can find an audit trail, no one can find the records, and no one can ever know what really happened?

At the end of my remarks, I will move to table the Reid amendment.

I will briefly talk about the energy derivatives amendment cosponsored by Senators FITZGERALD, CANTWELL, WYDEN, CORZINE, LEAHY, and BOXER, and the Presiding Officer. I am very grateful for your support.

Our amendment is currently supported by the National Rural Electric Cooperative Association, the Derivatives Study Center, the Sierra Club, the American Power Association, the American Public Gas Association, the Texas Independent Petroleum Royalty Owners Association, the Mid-American Energy Holdings Company, the New York Mercantile Exchange, the California Municipal Utilities Association, the United States Public Interest Research Group, the Consumers Union, the Consumers Federation of America, the Apache Corporation, Calpine, Southern California Edison, Pacific Gas and Electric, the Silver Users Association—interestingly enough, they are concerned; they want metals in this amendment—the Commodity Futures Trading Commission's Commissioner Tom Erickson, and all four Commissioners of the Federal Energy Regulatory Commission, including its Chairman, Pat Wood.

Because of this support, the amendment has been filibustered by certain Senators who don't want to see it come to a vote. The amendment has now been on the floor for more than a month. The leadership was forced to file cloture last night to try to bring this to a conclusion.

Some of the opponents continue to argue that this amendment is too complicated for them to understand. I once again explain very simply what our amendment does. The amendment provides antifraud and antimanipulation authority to the Commodity Futures Trading Commission for all energy trades and metals where there is no physical delivery.

If I buy energy from you, Mr. President, and you deliver that energy directly to me, the Federal Energy Regulatory Commission has oversight—antifraud, antimanipulation oversight—and you must keep records; I must keep records.

But if there is no delivery—if I buy an energy swap, for instance, to lock in a set price and protect myself from risk—the CFTC does not have oversight, if I use an electronic trading exchange. That is the rub. The electronic trading exchange is exempted. If we go through the Chicago Mercantile, we are not exempted. If we go through New York, we are not exempted. But an online trading platform has no transparency for a derivative not delivered.

In fact, the CFTC may not even be able to investigate fraud or manipulation if the exchange was operated, like Enron Online, where Enron was both a buyer and a seller. This is what is known as a bilateral dealer market. If Enron Online or another company operating a bilateral dealer market wanted to manipulate prices and/or corner the market, regulators might very well be helpless to investigate.

Since more than 90 percent of energy trades do not involve delivery, and since other electronic exchanges are now emulating the Enron model, there is a huge loophole here. I will predict that some of these go down just as Enron did.

Our amendment closes that Enron loophole and makes sure the CFTC has full antifraud, antimanipulation authority over all energy trades where there is no delivery.

The amendment also subjects all dealer markets selling energy and metals derivatives online, including Enron Online, Dynegy Direct, Aquila, to similar requirements as other nonelectronic exchanges. This means these exchanges would have to file with the CFTC, provide some price transparency and price disclosure, and maintain capital commensurate with risk—all the things that Enron Online did not do and did not have to do because of the 2000 Commodity Futures Modernization Act which provided Enron this loophole. How convenient.

Someone buys energy not on an exchange; let's say they pick up the phone and buy an energy derivative, but there is no delivery. The transaction is subject only to antifraud and antimanipulation authority. So if you are trading energy derivatives on an electronic trading platform, that exchange is regulated just as other exchanges.

If you are not using an exchange, the CFTC can investigate allegations of

fraud and manipulation. I don't think this is confusing at all. Either we are going to require energy trades to be transparent or we are going to continue to support loopholes, allowing some energy trading to be done in the dark of night.

I want to point out that on this simple proposal, just to close loopholes in the energy and metals markets, we have now spent 3½ hours more of debate than this body spent considering the entire Commodity Futures Modernization Act of 2000—that's right, 3½ hours more debate than was spent on the entire Commodity Futures Modernization Act.

The Senate did not spend 1 minute debating the Commodity Futures Modernization Act—one of the most sweeping regulatory revisions in several decades. And the loophole for Enron just went through. Yes, the Senate Agriculture Committee held hearings and completed a markup of the Senate version of the CFMA on June 29, 2000; but that is where the process stopped in the Senate.

At the last minute, Enron lobbied the House for an exemption for energy and metals trading. This is what appeared in the appropriations bill for the Department of Labor and Health and Human Services at the very end of the 106th Congress. And this was inconsistent with what the Senate Agriculture Committee marked up in regard to energy and metal.

The amendment we are debating is consistent with the bill that Senator LUGAR and the Agriculture Committee, which he chaired, marked up. What the Agriculture Committee passed was consistent with the recommendations spelled out in the November 1999 President's working group, signed by Fed Chairman Alan Greenspan, Treasury Secretary Larry Summers, SEC Chairman Art Leavitt, and CFTC Chairman William Rainer. That report asserted that there should be two categories of derivatives—financial derivatives and everything else. There was no reason that metal or energy or any other tangible, finite commodity should be entitled to its own category.

So what we are doing in our amendment is entirely consistent with that report. In regard to the electronic trading platforms, we simply return things to the way they were before the President's working group affirmed that we were doing it right. By that standard, this amendment has been subjected to intense scrutiny and infinitely more debate than the comprehensive regulatory legislation adopted in 2000.

Before the recess, at the end of the last floor debate, my colleague from Idaho asked—I think facetiously—why we did not simply try to provide antifraud and antimanipulation authority for all transactions, not just energy and metals. Let me point out that our bill affects about 2 percent of the derivative market that deals with energy and metals. We actually don't know if it is 1 percent or 3 percent because as

a result of the Enron exemption, there is not enough transparency to know.

Our amendment does not affect financial instruments at all. We have cleared that up. Financial derivatives already have a statutory exclusion under the Commodity Exchange Act. Our amendment only deals with derivative transactions that involve energy or metal, the two commodities exempted by the 2000 CFMA.

This lack of transparency had important ramifications for the energy crisis experienced in California and the West, which ended only about 10 months ago. This is what got me interested in this matter. As a result, we still don't know why gas prices at the California border remained significantly higher than neighboring States for more than 5 months. Why don't we know? There is no transparency; there is no audit trail; there are no records. It is impossible to prove what kind of trading back and forth was done, frankly, to increase the price of gas.

Some have asserted that the CFTC already has antifraud authority for over-the-counter trades. If this authority is already there, then our amendment reaffirms that the authority is there. But this is not as easy to determine as one might think.

Let me read two short paragraphs that show you what I mean. This is from the International Swaps and Derivatives Association:

Transactions involving exempt commodities, including commodities such as energy products, chemicals, and metals, are similarly excluded from the Commodity Exchange Act and remain subject to the CFTC's antifraud and antimanipulation authority.

Then they put out another publication, which is the March 11 opposition letter to our amendment, and they say exactly the opposite. They say:

The amendment extends the application of the CFTC's antifraud and antimanipulation provisions to transactions in exempt commodities. The amendment would revise the Commodity Exchange Act, section 2(g), to provide that otherwise exempt transactions in exempt commodities would be subject to antifraud and antimanipulation provisions of the Commodity Exchange Act.

So maybe the authority is there and maybe it is not. If our amendment passes, we know for sure that it is. We take the vagary out of it, we take the game playing out of it, and the same party cannot say different things at different times. That is really why this amendment is necessary.

So that means if someone is cornering the market in energy or metals—or maybe in natural gas, as many suspect Enron did—the CFTC will have the necessary tools to investigate. And 99 times out of 100, the CFTC will find that there is nothing improper. But isn't it good to know that regulators can provide assurance that markets are functioning properly? Isn't that what gives people confidence to invest, that they know there is regulation and that these markets are performing efficiently and with transparency?

I want to make one final point about Enron. As I said before, Enron Online operated completely outside of the CFTC's antifraud and antimanipulation authority because it was operating an online trading forum to conduct trades bilaterally, one to one, where it was both a buyer and a seller. In other words, Enron was buying energy and selling energy, and only Enron knew the price. Enron could have been buying at one price and selling at a much higher price. Because there was no transparency and no oversight authority, we may never know.

Other companies now have stepped up to fill Enron's market void. Some of these energy trading platforms are operating the same way Enron Online did.

Do any of my colleagues truly believe that we should be limiting transparency and regulatory authority in light of all we have just learned about the energy markets and Enron? I think not. So this amendment is really on the side of the angels. It gives certainty, it provides for antifraud, antimanipulation oversight; it says the CFTC must set some capitalization standards based on risk, and it provides that all trades are transparent, records are kept, and audit trails are available.

I know why the banks oppose this. Because they want to do the same thing Enron has done. The banks have set up their own online trading platform which, again, would trade in darkness, which, again, for nondelivered derivatives would have no transparency, have no record, have no capital requirements, and no antifraud and antimanipulation oversight. I believe there are more Enrons coming down. I believe there are going to be more just on this very point.

What I am saying to the Senate is the Senate has to protect the people. The Senate has to provide for regulation. Why should there be regulation of the Nasdaq? Why should there be regulation on the Chicago Mercantile and no regulation online? It is a huge loophole, and we ought to plug it.

Mr. President, I move to table—

Mr. REID. Will the Senator withhold?

Mrs. FEINSTEIN. I will.

Mr. REID. I appreciate the Senator withholding. I ask that the Senator listen to the unanimous consent request I am going to propound and see if she will agree with it. I think it will be in keeping with what she wants.

Mr. President, I ask unanimous consent that the time until 3:45 p.m. today be for debate prior to vote in relation to the Reid second-degree amendment No. 3081, with the time equally divided and controlled between Senators REID and FEINSTEIN, or their designees; that no other amendment be in order prior to a vote in relation to the Reid amendment.

The Senator could move to table now as she indicated she would, and the vote will occur at 3:45 p.m.

Mrs. FEINSTEIN. I have no problem. I agree.

The PRESIDING OFFICER (Mr. CARPER). Without objection, it is so ordered.

Mrs. FEINSTEIN. Mr. President, I move to table the Reid amendment.

Mr. REID. I ask for the yeas and nays.

The PRESIDING OFFICER. The motion to table is not in order until the expiration of the controlled time.

Mr. REID. Mr. President, I ask unanimous consent that the Senator from California be allowed to offer her motion to table at this time. That way she will not have to stay around if she does not want to. The vote will occur on the motion to table at 3:45 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Illinois.

Mr. DURBIN. Mr. President, I rise in support of Senator FEINSTEIN's motion to table the Reid amendment. Let me say at the outset, when she came to me with this concept, it struck me as not only fair but good policy. How did we get into this mess with the seventh largest corporation in the United States going bankrupt and dragging down with it thousands of innocent investors, pensioners at Enron, not to mention the employees who lost jobs, or the employees that other companies, like Andersen which is based in Chicago, who stand to lose their jobs.

It all came about because the folks in Houston who worked for Enron Corporation tried to take as many business activities as possible off the books. They did not want the world to see what was going on behind the corporate boardroom doors at Enron. The greatest fear they had was daylight, the possibility that people would know what they were doing. So they created these elaborate pyramid schemes. They created a multitude of corporations. They hid debt. They managed to, in many ways, deceive some well-meaning people into believing they were a prosperous and profitable corporation. One of the instruments and weapons they used in this battle was this whole notion of trading in energy futures, energy derivatives without Government oversight.

I live in the State of Illinois. We are proud of the fact we have many markets in the State of Illinois which average people and businesses use to trade futures, derivatives, and options that give them protection in their business day world. But every step of the way in that process the Government keeps an eye on them, just as it does the stock exchange in New York and in other places around the United States. Why? So the average person who picks up that financial page in the paper every morning and looks at it knows it is on the square, the trade actually took place, the prices are actually moving in these commodities.

What we saw with Enron is that they raced away from those markets where the Government was looking over the shoulders of the traders into this netherworld, if you will, of trading without

regulation and without oversight. That is exactly where they wanted to play. They wanted to get out from the public eye. They did not want people to see what they were doing. They wanted to manage their own affairs without scrutiny, without oversight, without the restrictions of regulations and laws.

The Senator from California has a very simple proposition: If we want to restore the integrity of many corporate activities, we should establish standards for oversight and regulation. We now know better when it comes to Enron. Had there been appropriate oversight and regulation at Enron, we might have avoided the disaster that occurred in that company.

As she offers this amendment, there are special interest groups that oppose her. There are those trading without Government oversight who do not want the Government involved. So they are going to oppose her. The smoothies out there, the future Enrons, that want to use the current system to avoid regulation are opposed to the amendment of the Senator from California as well. They want to have this mechanism available to them.

That, frankly, is the reason why the Senate should take this amendment very seriously and why we should join the Senator from California in tabling the amendment of the Senator from Nevada. There is no reason why we should exempt metals. Why in the world would we say when it comes to energy we want honest, open, transparent trading, but when it comes to metals and their derivatives, we do not? We heard the litany that was read by the Senator from California when companies came in and tried to take control of markets. For the average person going to work every day, you wonder: What difference does it make? It does make a difference. It makes a difference in the commodities they purchase. If there is some illegal activity, if there is some inflation of price, it is going to be felt by consumers and businesses across America and around the world.

When Senator FEINSTEIN comes to us and says, Table the amendment of the Senator from Nevada, Mr. REID, I think she is moving in the right direction. We need more transparency and more oversight.

If you buy the premise of Senator REID that metals should be exempt or you buy the premise of those who oppose Senator FEINSTEIN's amendment, which I am cosponsoring, who say we should not have this Government oversight, how do you rationalize the millions of dollars we spend every year as taxpayers for watchdogs and policemen to keep an eye on so many other industries where there is trading? Listen, one is right and one is wrong.

If we believe there should not be Government oversight, let the Wild West prevail—there may be some who take that point of view. I am not one of them. It is tough for me as an individual; it is tough for many small businesses to judge whether there is an

honest transaction taking place and that is why the Government steps in. They want to make sure that when there is a transaction reported, it actually took place, that there was not self-dealing, there was not the kind of chicanery as we saw in Houston with Enron. That is why we have these regulatory agencies.

The Senator from California is correct; we should apply that to energy and metal derivatives. There is no reason to make exceptions. I can tell you what is going on—and I know the Senator is aware of this. What she is fighting is growing in size and volume across the world. These unregulated online markets are starting to appear everywhere, and woe be to the consumer or those involved who go into them believing the Government is watching what is going on. In many instances, there is no oversight; there is no review; there is no accountability.

I stand not only as a cosponsor of the amendment of the Senator from California but in strong support of the Senator from California.

I close by saying I sincerely hope we adopt this amendment. This started off as a debate on an energy bill. It certainly is a timely debate, but as I have listened to this debate transpire, as I have watched special interest groups come in and destroy every meaningful and credible part of this bill, I am beginning to believe this is the most anemic energy bill ever considered by Congress.

Consider for a minute that we are about to embark on a debate as to whether or not to drill for oil in the Arctic National Wildlife Refuge. This wildlife refuge was not created by any liberal President; it was created by President Dwight Eisenhower in 1960. He said: There is a piece of Alaska we ought to protect. It is a frontier we ought to preserve because we may never get that chance again, and when it comes to the wildlife, when it comes to the resources there, we ought to make certain that America takes a stand and says we are going to leave this for future generations in perpetuity. This is our legacy to our children.

President Eisenhower was right. What President Eisenhower did not anticipate was that the oil companies would come into this region, discover what they consider to be substantial reserves, put their money interests behind those reserves, and then come to Congress and start twisting arms in every direction in order to try to beg us to allow them to come and drill for oil in a wildlife refuge.

How much oil is involved? First, even the rosier scenario suggests we will not see the first barrel of oil from ANWR for 5 years. The one more realistic scenario says 10 years. As we consider all the problems in the Middle East facing us today, ANWR is certainly not the answer. Not for 5 years at least, or 10, will we see the first barrel of oil coming out of this wildlife refuge.

How much oil is involved? They talk in terms of millions and billions. But put it in this perspective: Over a 10-year period of time, if we draw from ANWR, the oil that the U.S. Geological Survey says is there will account for a 6-month supply of oil for the United States in that 10-year period. Put it in this perspective as well: By the year 2020, if ANWR were in full production, ANWR would reduce our importation of foreign oil from 62 percent of our national need to 60 percent, a 2-percent reduction.

Some have said it takes a great deal of political courage to stand up for drilling in the Arctic National Wildlife Refuge on behalf of the oil companies that own those rights for minerals to be derived. I am not sure it takes a great deal of courage. Does it take a great deal of courage for us to spoil the frontier of a wildlife refuge, to endanger species that currently live there and may never be replicated? That does not take a great deal of courage.

The courage is in standing up and protecting them. The courage is in saying if you want to do something about energy security and independence, if you want to try to break the chains between the Mideast and the United States so we can make our own decisions and not have to wait for a nod of approval from Saudi Arabia and the gulf states, the courage is in saying to the American people we have to change the way we do business and live in America.

We had a chance to do that several weeks ago. What we were going to do—here is a radical suggestion—we were going to say to the big three automakers, they have to make their cars and trucks more fuel efficient. Oh, no, the Senate said, by almost a margin of two-to-one, we could not do anything that radical. We could not do anything that demands that kind of sacrifice, no way.

We are going to show courage by drilling in a wildlife refuge. The Porcupine caribou do not vote in the Senate. They do not elect anybody. Run them off. We have lost 30 percent of them in the last 10 years, so if they disappear, we will show our kids pictures and videos. But to ask the Big Three to come up with more fuel-efficient cars and trucks, oh, no, no way.

The special interests swamped those of us who believe fuel efficiency should be part of our debate on our energy security. We did not have a chance in the Senate. The special interests won, and won big. We did not have the courage to say to the Big Three or to consumers across America, we have to do business differently. We have not improved the fuel efficiency of vehicles in America since 1985—17 years of neglect.

So they talk about the Middle East and the challenge we face and how we have to show courage and determination as Americans. Let us start it by showing some honesty in our energy policy. We need more fuel efficiency, and we need more renewable fuels. For

goodness' sake, I think 3 or 4 percent of all the electricity generated in America comes from renewable fuels. When Senator JEFFORDS of Vermont wanted to raise this to 20 percent over a 20-year period of time, I was ready to support him and was a cosponsor, but he did not have a chance. We lost.

But we will show courage by drilling in the Arctic National Wildlife Refuge and we will show courage in standing behind the special interest groups that want to stop Senator FEINSTEIN from bringing transparency and regulation to the trading in energy derivatives.

I am afraid this energy bill is going in the wrong direction if we do not include in it fuel efficiency, fuel economy, conservation, renewable fuels, and a sensible pricing of energy. Look at what happened in the State of California. I cannot imagine what life is like for the Senator, going home every weekend to see families and businesses trying to cope with something totally beyond their control. They responded heroically showing that they could, if challenged, dramatically conserve energy in the State of California. The Senator must have felt like the most helpless victim in America because these energy companies were running circles around her.

When the Senator says they ought to be held accountable, these energy companies and energy derivative markets ought to have government regulation, they are the first ones to scream bloody murder. They cannot stand that notion. The Senator is right. She ought to proceed on that, and I am happy to support her in that effort.

Mrs. FEINSTEIN. Will the Senator yield?

Mr. DURBIN. I am happy to yield.

Mrs. FEINSTEIN. I mentioned in my remarks what really kind of clued me on to this was the price of natural gas. Right after CFMA passed, we noticed the price of gas at the southern California border was \$50 a decatherm—a decatherm is about enough for 900 homes—whereas in San Juan, NM, it was \$8, and the transportation cost was \$1. Nobody knew why it had spiked that way.

So I picked up the phone. I called what is called ISO, the independent system operator, and said: Why is gas spiking this way? They did not know.

Now I do not know whether Enron was doing this or not, but as soon as Enron went belly up, the next day the price of gas dropped dramatically. So it has to have been the trading that was being done that did not have a delivery directly related to it.

Now people say the SEC will step in and look at this. The fact is there are no records for the SEC to look at now because there is no audit trail. There are no records kept of these trades. Somehow it is very difficult to get that across to our Members. It would get across if they were trading on the Chicago Mercantile.

Mr. DURBIN. That is right, it would be transparent.

I am holding in my hand the energy bill we are debating. On at least four separate occasions now, we have had the chance to do something sensible for energy security and energy independence—to lessen our dependence on Mid-eastern oil. We had a chance to do it with the fuel efficiency of the trucks and cars that we want to drive in America for years to come, and we failed. The special interests won. We could have done it by improving and increasing the renewable fuels used across America that are environmentally friendly, which give us a chance toward independence. The special interests opposed us. We lost.

Now we see the battle that is being joined: Whether or not we are going to have full disclosure of these energy trades, whether we are going to have the kind of openness that Americans want. And the special interests oppose it.

I stand in complete support of the efforts of the Senator from California, and I thank her for her leadership.

I yield the floor.

The PRESIDING OFFICER. The assistant majority leader.

Mr. REID. Mr. President, my friend from Illinois and my friend from California are right in most everything they have said about the need for a good energy policy. I agree with the Senator from Illinois. I think it is too bad we did not pass fuel efficiency standards. The Presiding Officer, I hope, is going to try to rectify that and offer something in the near future to set some fuel efficiency standards.

The Senator from Illinois is right when he speaks about the need to not drill in ANWR, but my friend from Illinois and my friend from California are wrong about transactions involving metal derivatives because they lack necessary information. The Commodity Exchange Act already requires record keeping for transactions in metal derivatives markets.

The Feinstein amendment includes metal derivatives, citing fraud in the metals market in the past decade. In fact, my friend from California uses two specific examples of high-profile cases. She talked about the Hunt brothers in silver and Sumitomo in copper. Neither of these fraud cases would be addressed with the Feinstein amendment. It has nothing to do with the Feinstein amendment. The Feinstein amendment could already be in effect, and the Hunt problem would still be there, and that related to copper would still be there. Why do I say that?

The attempt by the Hunt brothers in 1979 to corner the silver market involved manipulation of the physical silver market. They bought all the silver they could, which reminds me of a Nevada resident by the name of Forest Mars, of the Mars empire. He owned it. He was a great man. He died in the last couple of years. He was a wonderful man. He lived above his candy store in Las Vegas. This billionaire had a little apartment above his candy store.

When the Hunt brothers tried to corner the silver market, he said they should have talked to him first. You cannot have a monopoly. He tried on two separate occasions. You cannot do it. Keep in mind, Mars was one of the richest men in the world. His family is still rich, with Uncle Ben's Rice and most of the candy in the world. He was very rich. He thought in his younger days they would buy all the pepper. He wanted to control pepper. He spent some time going out and buying all the black pepper he could find. He controlled black pepper in the world. But he said: In the end, I could not control the black pepper market, because people who had white pepper dyed their pepper black, and I no longer had control of the market.

The Hunt brothers tried to corner the silver market and went out and bought all the silver. Her amendment would have nothing to do with that. The Hunt silver trading scandal involved trading on regulated exchanges, not in the over-the-counter derivatives market. The trading abuses involved the physical accumulation of more than 200 million ounces of silver. It did not involve over-the-counter derivatives in any way.

The Sumitomo situation involved the manipulation of the copper market by a Japanese company operating through a rogue trader acting in London and Tokyo.

The abuses occurred on a fully regulated exchange, not in the over-the-counter derivatives market. It involved manipulation of the price of copper on the London Metal Exchange, which is fully regulated by the United Kingdom's Financial Services Authority. Further, the manipulation took place overseas, not in the U.S. markets.

I urge my colleagues to not support the motion to table that strikes metal derivatives from the Feinstein amendment. Derivatives are essential to the health of the metals market, and today they are regulated, controlled. Record-keeping is now in place. Fraud in the metals market did not involve over-the-counter derivatives.

With all due respect to my friend from California, using the Hunt brothers example and the Sumitomo example, they simply do not apply. I believe wherever that information came from, it was misguided and simply wrong. I suggest we would be better off going forward with her legislation, which I have indicated on a number of occasions I support. But I am saying that having the metals industry involved in this does not do anything except make the mining industry in America weaker than it is.

Mining as an industry exports gold. It is one of the few places we have a favorable balance of trade. We should be happy about that.

The motion to table is ill advised, based on wrong facts. It is not in keeping with what I think is the direction of the underlying Feinstein amendment. I ask for the yeas and nays on the motion of the Senate to table.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mrs. FEINSTEIN. Mr. President, I take a moment to respond to the statement of the Senator from Nevada.

The point I was trying to make, to the Senator from Nevada, is that manipulation does occur in metals. Clearly, it did. Obviously, there was no online trading at that time. Everybody knows that. The fact is, these remain three major cases of market manipulation. It doesn't only happen in energy; it can happen in metals as well.

The key point is, if the Reid amendment is successful, metals will be the only exemption. Why should metals be the only exemption? I don't think they should. We know you are covered if you deliver the commodity directly to another individual. We know FERC covers that. We know you are not covered if you are swapping or trading against risk. We also know there is great uncertainty as to whether, with energy, there is coverage.

I purposely read the letters from the Swaps and Derivatives Association because they say two different things. In one statement they say these areas do remain within the CFTC jurisdiction; they turn around in a March 11 opposition letter and say exactly the opposite.

The time has come to have certainty, to see that energy and metals are covered. Let me say once again, who can object to there being antifraud and antimanipulation oversight? No one. Who can object to saying you have to keep records of trades, online trades, even if you are not directly delivering the product, if you are swapping to hedge against risk, for example? Why shouldn't you keep a record and have an audit trail on what you are doing so that people know? Why shouldn't there be some provision for capitalization of these trades based on risk, and the CFTC would decide a level of risk and the level of capitalization?

This past week, I was just reading another article of a company that would go down because it was swapping. There was no capitalization, Peter came home to pay Paul, and there was nothing there. So the company is going to go bankrupt. It was another major company.

It seems to me, rather than create uncertainty, our amendment creates certainty. It says to the world, to everybody, energy and metals are not the only two that enjoy an exemption. Energy and metals, for derivative online trading, are covered by the CFTC. It is a small amendment. I have been so surprised at the amount of opposition. It convinces me more that something must be going on. There has to be a reason that people want to do this trading in the darkness. There has to be a reason that they do not want to keep records. There has to be a reason they do not want to subject themselves to any kind of capitalization requirement.

That was the situation with Enron. Enron went bankrupt. Enron lobbied for this amendment. Enron lobbied the House to be excluded, to have metals and energy excluded from the bill passed in 2000. Immediately after the bill passed in 2000, gas began to spike in California. That says volumes to me.

Once again, I think we are on the side of the angels, to let consumers see what is going on. If the consumers buy through the Chicago Mercantile, there is a record. If the consumers buy through the New York Mercantile, there is a record. With any other kind of transaction, there is a record. Why should this huge, burgeoning new area of online trading have an exception and not keep these records?

Again, let me be specific. If the product is delivered, if I buy gas from you, and you deliver that natural gas to me, we are covered by the Federal Energy Regulatory Commission. If we are trading or swapping and there is no delivery, there is no record kept.

Why does FERC support this amendment? Why do all of the FERC Commissioners support this amendment, including the Chairman? They know this is a loophole. They know it should see the light of day.

I control time until 3:45, if I understood correctly.

The PRESIDING OFFICER. The time is equally divided.

Mr. REID. I am happy to yield.

The PRESIDING OFFICER. The Senator from Nevada controls 14½ minutes.

Mr. REID. The Senator is welcome to take some of my time.

Mrs. FEINSTEIN. I yield the floor.

The PRESIDING OFFICER. The Senator from Nevada has yielded?

Mr. REID. Mr. President, it is my understanding the Senator from Louisiana wishes to speak on another amendment she hopes to offer subsequently. I think that would be appropriate. I see no one here wishing to speak. How much time does the Senator need?

Ms. LANDRIEU. I need about 15 minutes, if I could?

Mr. REID. We are going to vote at quarter till, but how about 10 minutes?

Ms. LANDRIEU. Ten minutes is fine.

The PRESIDING OFFICER. The Senator is recognized for 10 minutes.

Ms. LANDRIEU. I thank the Senator from Nevada, and I thank the Senator from California for allowing me to interject a few thoughts on a related subject but not the same as the pending amendment.

The subject is about energy independence. Let me put up my first chart to talk about this issue.

Before I begin with that, let me say this: There are a lot of issues such as the issue Senator FEINSTEIN has raised, and other issues, that I suggest are maybe not the exact heart of our problem when it comes to energy security or energy dependence. The heart of our problem is simply that we consume much more than we produce. When you

consume more than you produce, and when you do not have an electric grid in this system that can move power from the places where it is produced to the places, such as California and Florida, that consume a lot—and also California does produce a great deal—you have blackouts.

You have power shortages. You have price hikes. It is the natural end result of demand outstripping supply. It works that way every time. There is no surprise about it. It works that way today. It worked that way yesterday. It will work that way tomorrow.

The core of this debate is energy security. We cannot have energy security in this Nation unless we have energy independence. I know people hear this and they say: Senator, it is not possible. We could never be energy independent.

I want to say: Yes, we can. Maybe not tomorrow. Maybe not in 5 years. But if we set our mind to it and make some very wise strategic decisions in this body this week and in this Congress this year, this country most certainly could be energy independent in the next decade or so. Not in my grandchild's lifetime but in my children's lifetime, and in my lifetime, we could be energy independent. But it is going to take a lot of work.

One of the things we are going to have to do is produce more oil and gas and fuel domestically. It is not just oil and gas. It is oil, gas, clean coal, hydro—and particularly new and exciting fuels such as solar and wind. We are not doing nearly enough with that. And we are not doing enough on the production side.

When we think oil, we think automobiles. We think oil, we think gasoline. While oil in the transportation sector consumes most of our oil, let me name a few other things that we need oil for to produce household items: toothpaste, footballs, ink, lifejackets, tents, sunglasses, house paints, shampoos, lipsticks—maybe we could find alternative sources, some other ways to produce these items. I am sure there are scientists and researchers doing that at this time, but we need oil in this Nation to run our automobiles the way we have the engines structured right now, as well as to produce all these products which Americans use every single day.

Can we reduce our consumption? Can we conserve? Absolutely. But should we continue to import 67 percent of our oil from other places in this world? I don't think so.

Let me share with you where we are, the outstripping of production by demand. Oil consumption will continue to exceed production. This red area of this chart is our problem. It is our problem. You can see it very clearly. It is the shortfall. This is basically what we produce. This is what we consume. And this is what causes, in many instances, blackouts or shortages or high prices—this shortfall. We have to correct that. We can correct it by con-

suming. There are very good suggestions, mostly by Senator BINGAMAN, about how to do that. And we must increase our production.

Let me show you where our production is, currently, in the United States. Our production is currently in the Gulf of Mexico and in Texas and in Alaska. Should we drill in Alaska, and more? Absolutely. Should we drill in the Gulf of Mexico? Absolutely. Should we drill in Texas more? Absolutely. Should we drill more in California and places in other States? Absolutely.

The reason is these States consume. They need to produce. Our whole Nation consumes and we need to produce more. But we want, in America, to have a policy where we basically do not have oil wells anywhere except off the coast of Louisiana, Mississippi, and Texas. We expect this area then to supply all the needs of our Nation.

We need to have a stronger policy about drilling domestically, and to acknowledge the States that do drill and can drill in a more environmentally sensitive way, minimizing the risk to the environment, should be compensated for the impacts that are associated. It is not always negative environmental impacts; it is infrastructure impacts.

On each oil rig off the State of Louisiana, we have about 6,000 people. It is almost like a city out in the gulf.

I know a lot of people have never been to an oil rig, but I have, many times. Senator BREAUX and others have visited many times. These men and women consume water, they consume food, there are transportation requirements, and there are roads and bridges that need to help this offshore development.

One of the things we can do—and I hope we will do, Democrats and Republicans, regardless of how we may vote on many of these amendments—is to cast favorable votes when it comes to more domestic drilling. It is important for us to close the gap of conservation and drilling in places where we can. We have rich reserves in Alaska, in the Gulf, and in the central part of this Nation. It is misleading to say otherwise.

Let me also give you another reason why domestic production is so important. This is from the Sierra Club's executive director, Doug Wheeler, who said:

The exploration and development of energy resources in the United States is governed by the world's most stringent environmental constraints, and to force development elsewhere is to accept the inevitability of less rigorous oversight.

Let me repeat this, because this is the Sierra Club.

The exploration and development of energy resources in the United States is governed by the world's most stringent environmental constraints, and to force development elsewhere is to accept the inevitability of less rigorous oversight.

What we do by not allowing more drilling in the United States is exactly this: We force development elsewhere,

and we wreak environmental havoc. Why? Because in many parts of the world there are no democracies, and there are big oil importers, which is very problematic. In other countries, they do not have rigorous rules. There is no transparent rule of law. There are no court systems. There are no investigators to find the polluters. There are no systems of fines. They have no consequences for pollution. It happens day after day. In our country, if a company violates a local or Federal rule, they are prosecuted. They are fined. They can be put out of business for destroying the environment. Do you think that happens in some places in Africa, South America, or the Mideast? I don't think so.

Let me make a statement. People will say Senator LANDRIEU just gets on the floor and talks about big oil issues. She is a supporter of big oil.

Let me say for the record that big oil is maybe not that interested, frankly, primarily in more domestic production. Leaders of some of the environmental organizations want to push production off of our shores because they do not want production anywhere. They are absolutely totally against fossil fuels and think we can run the country and the world can run on something other than fossil fuels. I hope that happens in the future, but it is not going to happen today or tomorrow. It is in their interest to push production off the shores of the United States and use their self-interest to basically push development in places where regulations are less; where, if you do something wrong, you can't get caught, and where it is cheaper to produce.

There is sort of an unholy alliance, if you will—I say this with great respect—between the industry and the environmental movement. I understand this is an unholy alliance that sometimes pushes us to a place we don't want to go. I will tell you why we don't want to go there. Because it is dangerous.

If the headlines in the newspapers don't convince people that we are on a collision course, I don't know what is. In the paper this morning, we read about the escalation of war in the Mideast. We see our foreign policy compromised. Why? Because we can't really fight terrorism in a way that we know we should. We know that we could be effective. We have beaten every foe that has stood before us. We can certainly beat the foe of terrorism.

It would be hard. It would be expensive. But the American people are willing to give their time and their treasure to do it. But we can't because we are compromised by the fact that the countries we are trying to negotiate with are large exporters of oil.

We sent Colin Powell, our Secretary of State, over to the Mideast with one hand tied behind his back. He cannot negotiate as strongly as he might because of our dependency on oil from other places in the world.

I know my time has expired. I am going to stay on the floor after the vote and ask for some additional time.

I thank the Senator for yielding. If the clerk is ready to call the roll, I will yield the floor.

The PRESIDING OFFICER (Mr. MILLER). The question is on agreeing to the motion. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. REID. I announce that the Senator from Montana (Mr. BAUCUS) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 40, nays 59, as follows:

[Rollcall Vote No. 60 Leg.]

YEAS—40

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|----------|------------|-------------|
| Akaka | Dorgan | Levin |
| Biden | Durbin | Lieberman |
| Boxer | Edwards | Lugar |
| Breaux | Feingold | Miller |
| Byrd | Feinstein | Murray |
| Cantwell | Fitzgerald | Nelson (FL) |
| Carnahan | Graham | Reed |
| Chafee | Harkin | Sarbanes |
| Clinton | Hollings | Schumer |
| Conrad | Inouye | Stabenow |
| Corzine | Kennedy | Wellstone |
| Daschle | Kerry | Wyden |
| Dayton | Kohl | |
| Dodd | Leahy | |

NAYS—59

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|-----------|------------|-------------|
| Allard | Frist | Nelson (NE) |
| Allen | Gramm | Nickles |
| Bayh | Grassley | Reid |
| Bennett | Gregg | Roberts |
| Bingaman | Hagel | Rockefeller |
| Bond | Hatch | Santorum |
| Brownback | Helms | Sessions |
| Bunning | Hutchinson | Shelby |
| Burns | Hutchison | Smith (NH) |
| Campbell | Inhofe | Smith (OR) |
| Carper | Jeffords | Snowe |
| Cleland | Johnson | Specter |
| Cochran | Kyl | Stevens |
| Collins | Landrieu | Thomas |
| Craig | Lincoln | Thompson |
| Crapo | Lott | Thurmond |
| DeWine | McCain | Torricelli |
| Domenici | McConnell | Voinovich |
| Ensign | Mikulski | Warner |
| Enzi | Murkowski | |

NOT VOTING—1

Baucus

The motion was rejected.

Mr. REID. I move to reconsider the vote.

Mr. MURKOWSKI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. REID. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The senior assistant bill clerk proceeded to call the roll.

Ms. LANDRIEU. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Louisiana.

Ms. LANDRIEU. I thank the Chair. Mr. President, I thought I would take this time, as we are still debating and proceeding with consideration of amendments to the energy bill, to finish the comments I started before the vote.

I hope Members on both sides can understand the importance of this debate. It always has been important. But I think there has to be some renewed urgency given what has happened over the last 2 weeks—the unfortunate escalation of violence in the Mideast, the pressure that has now come to bear on our Nation in terms of the diplomacy underway to try to find a peaceful and certain way out of the situation in the Mideast. All of this has a direct bearing on the discussion we are having in the Senate about energy and the underlying policy and our dependency on this oil that comes in large measure—not solely—from Middle Eastern countries or from foreign sources. It has a direct impact, I believe, on whether we are ultimately going to be successful in the short and long run in our negotiations for peace and in combating terrorism.

I wish to finish my remarks along those lines and to start with a chart. I know people in Louisiana understand this.

I am hoping to share this chart with the other Members in the Senate. As Americans everywhere went to the gas stations over this weekend and the last few weeks, they really began to feel this. They not only understand it but they actually feel it, and it is hurting right in their pocketbooks.

This chart shows us clearly what happens when the price of oil, which is demonstrated by this blue line, goes up and what happens to our gross domestic product, which is represented by the red line, when that price goes up. It is very easy to read this chart. It reminds me of one of the charts my colleague, Senator CONRAD, brings to explain complicated budget issues, and it really helps to clarify it. This clarifies the situation to me, and I hope to people who are seeing this chart.

When oil prices are low, then the U.S. gross domestic product is high. When the price of oil begins to rise, as it has precipitously in the last 2 weeks, the growth of the U.S. economy dives. When the economy takes a dive like this, what this means is there are more people who are out of work.

When this red line goes down, it means children do not go to college. This red line means somebody has to walk into their house and look in their kids' eyes and tell them they lost their job. This means a guy who worked his whole life—when he was 45 years old and started a business and took his life's savings and his wife's savings and said: Honey, I am going to go out and start a business—has to come back and tell her he could not make it. Not because they did not have a good product, not because he was not a hard worker, not because his spouse did not do everything she should and could do, but because we cannot get a handle on the price of gasoline and it drove him out of business. That is what this line means when the gross domestic product in our country goes down. It means pain. It means suffering.

We could stop the pain and stop the suffering if we could get an energy policy that would stabilize this price and reduce our dependency on oil that comes from outside of this Nation.

One way to do it, not the only way to do it, is to drill more in the United States of America. We have oil reserves in many of our States, if not most of our States. We have reserves onshore and offshore, and we have technologies unlike 50 years ago, 40 years ago, or 25 years ago, that we can produce and find those reserves at less financial risk and less environmental risk.

I am in the Senate because I promised the people of my State I would try to keep this red line up as high as possible, because I have a promise to send as many kids to college as I can possibly help get there and give them the skills they need to function. I have made a lot of promises to them about giving them an atmosphere where they can take their dream of starting a business and actually make it work. I have made promises to my school boards and my public officials back home to try to help improve the highway system, which is not very good in our State. I have hospitals that cannot keep their doors open, and there is a Senate that has the resources and the opportunity to pass an energy bill that could produce more but for some reason will not.

Let me show what the Sierra Club says about domestic production because I have sometimes been accused of having an anti-environmental position. I actually think this position is a pro-environmental position, it is the right environmental position, and I will say why. The director of the Sierra Club evidently agrees with that line of thinking, although I do not want to indicate he agrees with the exploration in ANWR or my amendment, but he agrees with the principle. He says exactly what I would say:

The exploration and development of energy resources in the United States is governed by the world's most stringent environmental constraints, and to force development elsewhere is to accept the inevitability of less rigorous oversight.

I could even go further to say: To develop elsewhere is to accept the inevitability of wholesale environmental destruction, because that is what happens when you do not have good laws. That is what happens when you do not have good regulations. That is what happens when you do not have good court systems where polluters are determined not to follow the rules if they had them, or to go ahead even without the rules and proceed to extract those resources. That is what happens when you drive production off the shores of the United States of America. The environment is harmed more than if you could drill in a country that had the strongest rules, the best courts, the highest fines, and the ability to vigorously prosecute polluters.

We do not want to do that. We want to get oil from countries—and we use

18 million barrels of oil every day from places such as Saudi Arabia, Iraq; and from such stable governments in a lot of trouble now such as Colombia, Angola, Kuwait, and Yemen, just to name a few.

If we drilled more in Alaska, in Louisiana, off the coast, on the gulf coast, in other interior States, and we did it in the right ways, we could make the lines in that chart I showed earlier move in a different direction, in a direction of hope for the American people.

Let me also say we need to do it for the purposes of our economy. We also need to drill more in the United States for the purposes of our security and for the purposes of long-term domestic and international security for our Nation.

We call the underlying bill we are debating, and on which Senator BINGAMAN and Senator MURKOWSKI have worked exceedingly hard, the Energy Policy Act. It could be the energy security act, but I would really like it to be named the energy independence act because only by energy independence will America ever be secure.

Let me say that again: Only with energy independence will we ever really be secure. If we and our democratic allies—not countries that do not believe in democratic principles, not countries that do not allow women to vote, not countries that do not have high standards when it comes to child protection and the rights of children and families. I am talking about democratically elected governments. When we and our allies, such as in Europe and in other places of the world, can diversify our portfolio of energy, then we can relieve ourselves of being dependent on countries that do not share our values, that are not democratic nations, and that do not compromise.

When I see statements that are in the press—and I have been reading a lot of things about the Mideast—it is very concerning to me when I hear anyone say the people who have strapped dynamite and other explosives to themselves, who have gone into places such as hotels where people are eating a meal or into daycare centers, or in pubs where mothers might take their daughters or sons out for an afternoon cup of tea or a rest, and people refer to these individuals as freedom fighters. These are not freedom fighters. These are terrorists. That is what terrorism is. That is what the definition and embodiment of terrorism is.

It is not fighting army to army or armed person to armed person. It is an individual, desperate, strapping explosives to their body, giving up their life and harming innocent men and women and children for the purposes of terrorizing a nation and either bringing it to its knees, or bringing it to a negotiating table, or forcing it to do something that is against its will or its long-term best interests.

We are fighting terrorism here with all the strength and breath we can in our Nation. We had two of our mighti-

est buildings collapse. We don't call the people who got in the airplanes freedom fighters. We call them terrorists. But we can't call some of these other people exactly what we need to be calling them. Why? Because we are too dependent on oil from that region. We are debating an energy bill and we will not make the decision to produce more oil in the United States because we would rather compromise our foreign policy.

I will be for more drilling in the United States, when and wherever possible. And I don't believe we can drill everywhere. But where there are reserves, where our technology shows we can drill, the more oil we can drill here the better.

In addition, what we can do, and Senator BINGAMAN has led this fight so ably and so well, is to diversify our portfolio so we are not held hostage by oil, period. I am from an oil-producing State. But do you know what my own producers tell me? They don't want our Nation to be held hostage by fossil fuels, even though we produce a lot of oil and produce a lot of gas. Louisiana believes, as an oil- and gas-producing State, that we need to develop alternative sources. As an investor with your life savings, you don't invest it in just one company, in the event that company goes belly up and you lose everything you worked for. With investments, investors want a diverse portfolio. Why? To spread the risk. Any good investor knows that spreading risk is very important for long-term security.

Why, then, do we have an energy policy, or the lack of an energy policy, that allows all of our eggs to be in one basket. It is too much in oil, and in some ways too much in gas, and not enough in other developing technologies such as wind, solar, hydro-power, and other ways of generating energy.

The most promising technology we have discussed on the floor is in the transportation sector, in hydrocells, for our automobiles. It is the transportation sector that uses most of the oil. Our industrial sector and our electric generators use a lot of gas, a lot of coal, and a lot of nuclear. The bottom line is, while we have to reduce our dependency on foreign oil, particularly from nondemocratic nations, particularly from nations that do not have stable governments, particularly from nations that do not believe in the rule of law, that do not allow women the right to vote, that do not allow children, girls in particular, to go to school, why do we compromise our foreign policy because we need that resource when we could drill more domestically? In addition, not only do we have to drill more in the United States, but we have to wean ourselves off of fossil fuels over time and try to come up with renewable resources because all of these resources are finite.

To broaden our pool, to diversify our portfolio of sources is good for the consumer and good for business because it

will keep prices very competitive. If gas is too high, people could switch to nuclear. If nuclear is too high, producers of energy could switch to hydro. If hydro is too high, they could move to coal. If coal is too high, we can move to biomass.

We need more diverse sources of fuel, homegrown, and limit our imports of fuel from nations that are not democratic nations. I am not speaking about Canada. Canada is a great ally of the United States. We import a lot of gas from Canada. Let's continue to do it. Canada is a democracy. It is our ally. We can rely on it. That is smart politics.

Relying on other countries that do not share those values, that do not have democratic values, gets us dealing with places where people tie dynamite to themselves and blow up themselves and innocent people. It confuses us whether it is a terrorist or freedom fighter. We have freedom fighters in America. Martin Luther King, Jr., was a freedom fighter. That is the kind of freedom fighter who we believe in in this Nation. Gandhi was a freedom fighter. That is the kind of freedom fighter who ultimately wins peace and security and justice and changes when things are unjust. Not suicide bombers and not terrorists. It must be rejected every day, every month, every year, every time—in the United States, in Israel, and in the Middle East.

Our energy policy puts us in a position where that gets foggy; it does not get clear. It is dangerous. It is not going to serve us well, not this week, not next week, and not in the near future. Our dependency on oil imports from places that are not democratic nations, our refusal to broaden our portfolio of sources of energy, and our inability to separate this from our negotiations is not good for America.

Let us begin by supporting Senator MURKOWSKI's amendment on ANWR. Let us go further and support drilling. Let us fight very hard with Senator BINGAMAN to try to put dollars into research and technologies for new alternatives. Let's be careful with the tax credits we give so we build a domestic industry, creating new jobs and keeping our environment clean and investing in the States and the localities so when they are impacted, we can fix them. When we lose wetlands, we can restore them. When some places are disrupted, we can do our very best to fix them and have the kind of infrastructure necessary so we can have a good, solid, and clean industry.

That is why, in conclusion, this is getting a lot of momentum. This is why the President is receiving a tremendous amount of support in some areas of his policy, and why, today, there was a great meeting and press conference of some of the major Jewish organizations throughout this Nation. B'nai B'rith, the oldest and largest Jewish organization, has finally and eloquently stated why it is so important to join this fight, along with vet-

erans, along with our military, particularly the veterans who have been there. They have been to Europe; they have been to Korea; they have been to Vietnam. They know the price that is paid when American foreign policy is based on anything outside of our core values of freedom and democracy.

When we start fighting over oil and sacrificing the lives of our young men and women, it is just not worth the fight. Let me say again, it is not worth the fight: democracy, freedom, and justice. Oil is not worth the fight, especially when we could have energy security by drilling in our own country. It is too high of a price to pay. I don't think we should pay it.

We should continue the effort to get a good, strong bill out of the Senate and get it into conference so we can have a bill that produces, that encourages more domestic drilling, expands our portfolio of energy to include other things, that invests in research and development. This country leads the world in technology. When we make up our minds to create anything, we can do it. And we hardly ever fail. I can't think of a time we failed. We most certainly would be successful in new technologies and getting us off, eventually, fossil fuels, a finite resource, and getting us to renewables, so we are truly independent and our people can have hope.

In addition, I hope we can then balance this bill in conference. I urge the President to take as balanced an approach as possible in helping shape a bill that works for our economy, that works for our foreign policy, and, most importantly, a bill that is true to values that America has stood for now for 225 years. It does not cause us to have to be hypocritical or to turn our eye or to be foggy in our outlook. We want to see clearly, to be honest with ourselves, about this issue.

It is very serious. It is a very serious issue. Now it is affecting our national security. People at home would like to see strong steps taken in that regard.

I am going to be offering an amendment for energy independence in the morning. I have a series of amendments that I will be offering over the course of this debate. I will lay that out to my colleagues for their consideration and I hope we will be strong enough to take the actions necessary to set our Nation on the course for independence.

I yield the remainder of my time.

The PRESIDING OFFICER. The Chair recognizes the Senator from Missouri.

Mrs. CARNAHAN. I ask unanimous consent to proceed as in morning business for 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The remarks of Mrs. CARNAHAN are printed in today's RECORD under "Morning Business.")

Mrs. CARNAHAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. MURKOWSKI. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mrs. CARNAHAN). Without objection, it is so ordered.

Mr. MURKOWSKI. Madam President, for the last several days—since we have been following the Mideast crisis—clearly I think we are all aware that what was a tinderbox has now ignited into a firestorm.

This chart gives us an update of what happened while we were out for our Easter recess. It is a memorandum to the American people.

Let me identify the urgency because over the last few days Saddam Hussein of Iraq has imposed a 30-day oil embargo on the United States. We have seen the price of oil jump about \$3 a barrel. We have seen Saddam Hussein offer to pay the families of the Palestinian suicide bombers up to \$25,000. If that isn't an incentive to stimulate those who are inclined to give up their life for the cause of Saddam Hussein, I don't know what is.

Further, Iraq and Iran call on countries to use oil as a weapon against the United States and Israel. And Libya agrees.

Think of that—using oil as a weapon.

When was the last time we talked about a weapon around here? It was on September 11th when we were confronted with the first reality that an airplane would be used as a weapon. Obviously, we saw that at the Pentagon and the two towers of the World Trade Center. This goes beyond our previous comprehension of what weapons are. But Iraq and Iran are calling on countries to use oil as a weapon.

What do they mean? They mean, obviously, that with the money and the cashflow of oil, they can motivate people to give up their lives as suicide bombers if their families can generate \$25,000, or thereabouts. Where does their money come from? It comes from the cashflow of oil. Make no mistake about it.

Further, a Christian Science Monitor article indicates that there is information relative to Iraq carrying out a plot to blow up a U.S. warship. That was exposed by the article. The theory was a little more significant because what they proposed to do was target a tanker, probably in the Straits of Hormuz, and then go after a U.S. warship.

We are also seeing here at home a skyrocketing increase in gasoline.

Who is responsible for that? It is our good friend, Saddam Hussein.

Iraq is the fast-growing source of U.S. oil imports—1.1 million barrels; the Persian Gulf, almost 3 million barrels; and, OPEC countries, 5.5 million barrels.

When Saddam Hussein indicates he was going to terminate production for 30 days, that means somebody else is

going to have to pick up their oil. Maybe OPEC will do it. They have indicated that Saudi Arabia has the capacity. But will they? Clearly, when 1 million barrels are taken off the world market, prices are going to increase, and shortages are going to increase. That is reality.

Make no mistake about it. Saddam Hussein is not doing any favors for the United States.

In announcing an oil embargo, he has effectively caused the spiraling in prices and an indicated shortage in production.

We have some other charts that I think show you the vulnerability of the United States. This is, again, while we were away on our Easter recess.

As the Mideast crisis worsens, the price of oil rises. This is the statement by Iraq's ruling party.

If the oil weapon is not used in the battle to defend American and Zionist [Israel] aggression, it is meaningless.

That is a statement by Iraq's ruling party.

This is the timeframe from March 25 until our return.

If the oil weapon is not used in the battle to defend our nations and safeguard our lives and dignity against American and Zionist aggression, it is meaningless.

That is a pretty strong message. They are saying: We are going to use oil as a weapon.

Make no mistake about it. What does that translate to? Our economy, and perhaps increased prices.

I do not know how many times we have to go to the well around here before we understand that some of these folks mean business. We are already well aware of bin Laden. We are well aware of the aftermath of al-Qaida.

We wish we would have taken steps to avoid those actions. But where are we today as we look at Saddam Hussein? We have every reason to believe that he is developing weapons of mass destruction. We haven't had the U.N. inspections in several years.

Are we putting off the inevitable? What is the inevitable? Is it some kind of an action that is perpetrated as a consequence of Saddam Hussein's weapons that he has developed over a period of time? What are those weapons? We don't know because we haven't had inspectors in there in over 2 years.

What we know is that we have been taking his oil. We know that we have been enforcing a no-fly zone over Iraq since 1992. We do know that we have bombed him three times this year. We do know that we put our young men and women's lives at risk as we enforce the no-fly zone. We also know as he takes our money, he develops weapons capability and weapons of mass destruction—biological weapons—aimed at our ally, Israel. We know those things.

Where is the logic? How do we close the loop? What is the message? How are we going to respond?

I do not know how many times we have to reflect on weapons. We saw an

aircraft used as a weapon three times on September 11. It could have been much worse but for that heroic event in Pennsylvania.

Here is an article from Reuters of April 1.

Iraq urges use of oil as a weapon against Israel and U.S.

It states:

Use oil as a weapon in the battle with the enemy, Israel.

Iraq's ruling Baath Party said in a statement published by the Baghdad media:

If the oil weapon is not used in the battle to defend our nations and safeguard our lives and dignity against American and Zionist aggression, it is meaningless.

That is the ruling party of Iraq.

"If Arabs want to put an end to Zionism, they are able to do so in 24 hours," Saddam told a group of Iraq's religious dignitaries Sunday night.

Another quote:

The world understands the language of economy, so why do not Arabs use this language? He asked.

Saddam said if only two Arab states threatened to use economic measures against western countries if Israel did not withdraw from the Palestinian-ruled territory, "you will see they (Israelis) will pull out the next day."

Madam President, do we believe that? Saddam Hussein is one of two Arab States that has already used its economic measure against the Western countries by terminating its oil production for 30 days.

What else happened today that deserves consideration? In our own hemisphere, South America certainly, Venezuela, PDVSA, one of the largest conglomerates in the world, went on strike. What does that mean to the United States? It means that roughly 30 percent of our imports are no longer available. Saddam Hussein stopped his production, and Venezuela, PDVSA, is on strike. We don't know the ramifications of that.

The threat is clearly here. I have been coming to the Chamber for a long time talking about the blatant inconsistency of our foreign energy policy. We have other charts here. I will stay on this subject a little more because I think many Members assume this is oil that is coming in from overseas. So it is Iraqi oil. So what? We probably don't get it.

Here is a chart that shows where it goes. What we did was, we went to the importers and asked where this oil went. And we got some idea of where it is refined: Washington State, California, Texas, Oklahoma, Arkansas, Mississippi, Louisiana, Missouri, Illinois, Indiana, Ohio, Kentucky, Minnesota, New Jersey. This constitutes roughly Iraqi oil imports from January to December of the year 2001, a total of 287.3 million barrels consumed in these States. It is pretty well spread around the geography of the United States.

We have another chart that shows very vividly crude oil imports from Iraq to the United States in the year

2001—283 million barrels. This is by month. June was an all-time high. Then down in July. In September it bounced up again, in October, November, December. So here we are, clearly identifying where the oil comes from and where it goes.

We could show another chart that shows you what is happening in the United States today. That is the increase in retail gasoline prices per gallon. This is \$1, \$1.05, \$1.15, up to \$1.40. Here we are, April 1: \$1.34. Make no mistake about it. These are factual realities associated with what is happening. The American public is modestly inconvenienced, but there is no consensus on what kind of relief.

I suggest there is an energy plan out there that has been proposed by some. This is kind of it. Unless the crisis is too bad, we just stick our head in the sand. Is this an energy plan? I don't think so. We have an energy bill before us. It is absolutely necessary that we proceed with this bill. As a consequence of the extended discussion about how we are going to reduce our dependence, one of the issues that comes up is obviously to produce more oil in the United States. How can we do that?

One of the more contentious amendments that will be debated on the floor is the ANWR amendment. What is so significant about ANWR? The significance is that it is the most likely area in North America for a major oil discovery. We had ANWR passed in the omnibus bill back in 1995. In December, it passed out of the Senate. It was vetoed by President Clinton. We would know today and have production from the area and we wouldn't be beholden to Saddam Hussein, who suddenly decides he is going to cut 1 million barrels of production, his production, away from the market. We anticipate that ANWR would exceed 1 million barrels a day.

We have been paying Saddam Hussein roughly \$25 million a day for Iraqi oil for the last year. That is a lot of money, \$25 million a day. This is the same dictator who actively fired on our pilots, who is developing weapons of mass destruction, funding terrorism against Israel, yet is our fastest growing source of imported oil.

Saddam Hussein is paying bounties of \$25,000 to each suicide bomber who murders Israeli citizens. The suicide bombers terrorizing Israel are the proxy soldiers of Saddam Hussein. Think about that. They are proxy soldiers. Yet we rely on Saddam Hussein for our energy needs each day.

Every time we go to the gas pump, a portion of what we pay funds Saddam Hussein in his war on the United States and Israel; on his war, if you will, to encourage individuals to sacrifice their lives as suicide bombers and commit funds to the relatives of some \$25,000.

Enough is enough. We need to end this inconsistency once and for all.

Among the considerations that come to mind to end this would be the President's certification that Iraq is complying with U.N. Security Council Resolution 687 which demands that the Iraqi weapons program be destroyed, destroyed and certified by inspectors, that we have the satisfaction of knowing that Saddam Hussein is no longer smuggling oil in circumvention of the Oil for Food Program. We have already lost lives. We lost the lives of two American Navy men when they intercepted one of Saddam Hussein's smuggling ships. In the process of boarding the ship, the ship sank and these two American sailors lost their lives. Little was said about it, but Saddam Hussein is still taking American lives.

Further, one could consider a stipulation that Saddam Hussein would not subsidize the action of the suicide bombers.

As I indicated earlier, some people don't have a second thought about where we get our oil. Some think that drilling in Alaska is too risky. That is poppycock. We have drilled in Alaska for 30 years in the Arctic and developed the largest field in North America, Prudhoe Bay. You might not like oilfields. That is your own business. But Prudhoe Bay is the best oilfield not only in the United States but in the world. It has more environmental oversight by Federal and State officials, laws, and regulations.

So it is interesting to reflect, if you don't get the oil from here, where are you going to get it? Do you want to go to Colombia where they are blowing up Colombian pipelines and kidnapping American oil workers? Some of the oilfields of Russia are an absolute disgrace from the standpoint of environmental oversight.

Nobody seems to care where it comes from. Why can't it come from an area where we have the oversight, where we have the safety, and we can do it right?

We have a situation today where Israeli and Palestinian citizens are dying in the streets. They are certainly at risk. Yet they say it is too risky to open up the Arctic. I wonder if channeling funds to Saddam Hussein to allow him to carry out his vicious campaigns is not risky. Our men and women in uniform are in harm's way today. Yet many Members in this body live in some fantasyland, a world of ivory towers, an image of pristine wilderness.

Well, I have been there, Madam President. It is a harsh reality. The aboriginal residents of the area of Kaktovic support the development. I have felt like a voice in the wilderness on this issue for some time. We have a lot of wilderness—about 56 million acres, which is the size of the State of California.

It is time for some of us to face the facts. It is time to stop contributing to Saddam Hussein's campaign of terror. How bad do things have to get before we have the fortitude to recognize that we can reduce our dependence and send

Saddam Hussein a very strong signal—and the rest of the Mideast, such as Iran, Libya, and the other countries, including Saudi Arabia—a message that we mean business?

Remember what Saddam Hussein says at the end of every speech. His last words are—think about this—“death to Israel. Death to America.” From what I have seen in Israel in the last 2 months, with all the suicide bombers, we ought to know what he means. How long does this have to go on before we come to grips with reality and make a commitment that we can open up this area safely, that it will significantly recuse our dependence on imported oil? I think that time has come, and I urge my colleagues to make commitments to America's environmental community to recognize that you are going to have to be counted here and do what is right for America, not necessarily what is right to placate some of the extreme environmental groups that have used this as a cash cow; they have milked it for all it is worth.

It is kind of interesting to hear the mischaracterizations of a recent study by the Department of the Interior, the USGS. They indicated in the first study the supposition that the entire area was at risk. What is the entire area? It is 1.5 million acres that was somehow at risk. It was the assumption that the entire area would be put up for lease. Of course, the House bill, and what is in the amendment that we intend to offer, is that the footprint will be limited to 2,000 acres. There will not be international airports, or airports of any significance. There will not be any activity during the caribou calving season when the Porcupine herd is in the area. Drilling and exploration will be limited to wintertime activities. There will be no roads built. There will just be ice roads.

This is the technology we have now. Make no mistake about it, from the standpoint of conservation, we have learned how to take care of the caribou. There are two major actions we have done to protect them. We allow no hunting. You can't run them down in a snow machine. The herd, known as the western Arctic herd, in the Prudhoe Bay area was about 3,000 in the early 1970s. It is over 26,000 today. You can't hunt in the area; you can't take those animals.

The Porcupine herd is something else. The aboriginal people depend upon them, and the herd is quite healthy. Remember where that herd goes. It crosses the Dempster Highway in Canada. That is probably where it receives the most intense pressure from human predators, who take the caribou for subsistence and sport purposes. That doesn't happen in Alaska; it happens in Canada.

So I hope my colleagues will be ready to recognize the significance of their votes. Not only is this a major issue for the veterans of this country who have said time and time again that we want

to reduce our dependence on foreign oil. We don't want to send our men and women overseas to fight another war on foreign soil.

I am reminded of Mark Hatfield's statement; he is a former Senator from the State of Oregon. He said:

I will vote for ANWR any day rather than send our young men or women overseas to fight a war over oil on foreign soil.

Well, we did it in 1992 and we lost 147 lives. Let's get on with the issue at hand and let's reflect on the issues. American labor is on board because they see it as a jobs issue—somewhere in the area of 250,000 new jobs. People talk about stimulus. That is the largest single stimulus that anybody has been able to identify in this entire year of debate on the floor of the Senate. What does it mean? It means 250,000 jobs. But these are private sector, well-paying jobs, union jobs that will not cost the taxpayer one red cent. This is win-win-win-win. It is win for America, win for jobs, win for reducing our dependence on imported oil, and win for our scientific community and our environmental community—to ensure that we have the technology to do this right.

I look forward to the debate in the coming days, but I think it is appropriate to highlight what has happened in just the last 2 days. Saddam Hussein has determined he is going to stop oil production for 30 days. Venezuela is on strike. We have, overnight, lost nearly 30 percent of our imports, and each day you are going to hear more bad news: higher prices at the gas station and higher prices to fill your heating oil tanks. You are going to see it represented in the economy—on the stock market as it affects our growth and, God knows what we can expect from the Mideast crisis that is underway in that area today, as our vulnerability becomes more intense.

I will have more to say about this topic each day. I wanted to bring to my colleagues' attention the highlights of the pending crisis. When we left here on our recess, we had a threat. Today we have a crisis. Here it is: a 30-day oil embargo, \$3-a-barrel increase, and Saddam pays suicide bombers \$25,000. Iraq and Iran call on countries to use oil as a weapon. If that isn't a threat against the United States and Israel, I don't know what is. Iraq plots to blow up U.S. warships, and the price of gasoline is skyrocketing.

Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DASCHLE. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DASCHLE. Madam President, it is 5:45 in the afternoon. We had one vote today. Obviously, there will be no

more rollcall votes today. I say “obviously”; I should probably say “unfortunately.” This is the fourth week now we have been on this bill. This is the 15th day we have been on this bill. We have scores, if not hundreds, of amendments that ought to be offered and ought to be debated. We listened to countless speeches all last year from many of our Republican colleagues about how critical it was we bring up this bill. I think Senator MURKOWSKI on several occasions said: Let’s let the chips fall where they may; let’s offer amendments; let’s take up ANWR; let’s get this legislation done.

The Senator from Alaska talked today about this being another crisis, given the Iraqi situation. Here it is, 5:45 this afternoon, and we are facing a Republican filibuster on the Feinstein amendment, the so-called derivatives amendment. We are hopeful we can at long last reach a cloture vote tomorrow. They have been filibustering the derivative amendment now for some time. I don’t understand why we have yet to take up the ANWR amendment. As I said, after 15 long days of debate, we have yet to debate one of the central issues involving energy policy from the Republicans’ perspective, and that is the debate on ANWR.

It is critical we have that debate sooner rather than later. And if need be, I know some of my colleagues have actually suggested maybe they will raise the issue, that they take it up, that they offer the amendment. We would probably offer the House language.

We want to accomplish as much as possible during this work period. I have laid out, on several occasions now, our hope and expectation with regard to the legislative agenda for this work period. It is ambitious. But our Republican friends in the administration, and Republican friends in the Senate, talk about how they are unable to take up other very important pieces of legislation, including trade promotion authority and terrorist insurance.

But we find ourselves here with a Republican filibuster on the energy bill, a Republican reluctance to take up the ANWR amendment, and, at 5:45 in the afternoon, no one to offer amendments in spite of the fact that we have been on this bill now for 15 days and over 200 amendments are still pending.

So, I must say, it is a situation that has to be rectified sooner or later. There is no way we can take up all of the other important bills during this very critical work period if we do not have more cooperation and ability to address the remaining issues in this bill than what has been demonstrated so far.

It is unfortunate. It is frustrating to be at a point, after this long on the energy bill, that in my view is so far from closure on a bill that both sides have acknowledged must be completed.

I want to complete it. I know Senator REID has been working very hard to try to work on both sides to see if

we can come up with a list of amendments. But, as I say, a Republican filibuster on the derivative amendment has to end. The ANWR amendment has to be debated. We have to find some way to resolve whatever other outstanding questions there are and bring this bill to a close so we can move on to other important pieces of legislation, including border security, which, as I understand it, is supported by the administration; Republicans and Democrats support it.

We also have the election reform bill. We have nominations we would like to take up—judicial nominations. We have heard a lot about that in recent days. So there is no lack of work required of this body. Yet there are such limits on our ability to deal with all of those and other priorities, simply because we have been unable to move this bill any further along than we are this afternoon.

Mr. REID. Will the Senator yield for a question?

Mr. DASCHLE. I will be happy to yield to the Senator from Nevada.

Mr. REID. I ask my friend from South Dakota, the majority leader, if he is aware that we have had speeches here in the past several weeks—we had one earlier this afternoon—of Senators saying, Why don’t we vote on ANWR? Why don’t we have an up-or-down vote on ANWR?

Is the Senator aware these speeches are being made by the other side often but no amendment is offered? Have you ever seen a procedure such as that where they complain about not having a vote but they have not offered the amendment?

Mr. DASCHLE. It is mystifying to me. We have been told for months, if not years, how critical ANWR is to some of our colleagues on the other side. Yet after 15 days we are told we still have to wait for an ANWR amendment on this energy bill.

So something doesn’t connect here. Either ANWR is not important or there is a slow-walking of the bill—inexplicably. There is an emergency, as some of our colleagues have indicated today, but there is an inability here to connect the dots. It seems to me we have to rectify that situation.

The Senator is right. You cannot give speeches and say it is important for us to finish the bill and take up ANWR and we need a vote but then fail to offer the amendment to get the vote.

I ask my colleagues to recognize how precious our time is. This is Tuesday. I have already had two or three requests for early evenings and early departure this weekend. I suspect we will get more of those throughout the week. We have to make the most of the days we are here. Let’s make the most of Wednesday, the most of Thursday. Let’s resolve these outstanding issues, let’s end the filibuster, and let’s get this job done.

I yield the floor and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. REID. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. REID. Madam President, I ask unanimous consent that at 9:15 on Wednesday, April 10, the Senate resume consideration of S. 517; that the time until 9:45 a.m. be for debate prior to the cloture vote with respect to the Feinstein amendment numbered 2989, with the time equally divided and controlled in the usual form; that at 9:45 tomorrow morning the Senate proceed to vote on the motion to invoke cloture; and that Senators have until 9:30 a.m. for filing second-degree amendments to the Feinstein amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS

Mr. REID. Madam President, I ask unanimous consent that there be a period for morning business with Senators permitted to speak therein for a period of up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE MIDEAST CRISIS

Mrs. CARNAHAN. Madam President, last week, as people of many faiths celebrated holy days of peace, our television screens were filled with visions of horror. Young Palestinian men and women, strapping explosives to their bodies and detonating themselves in crowds of Israeli civilians, destroyed dozens of lives and with them exploded the hopes and dreams for a peaceful resolution of the Middle East crisis.

The words used to acclaim these acts are deeply troubling. The murderous bomber who killed celebrants at the Passover meal was deemed “a glorious martyr.” Such a proclamation is a cruel hoax, perpetrated by those dedicated to the destruction of the Jewish state. It comes from those who have never admitted in their hearts—and will never admit that Israel has the right to exist within secure and peaceful borders.

They unleash their hate under the banner of such groups as Hamas, and Hezbollah, the Fatah and the Al Asqa Mosque Martyrs’ Brigade.

Unfortunately, the leader of the Palestinian Authority, Yasser Arafat, is unwilling or unable to prevent the wave of assaults against Israeli civilians. For far too many years he has talked the talk of peace; but he has never walked the walk for peace.

When it has served his interest to speak of reconciliation, of compromise, of security for Israel—he has done so. But days, or even hours, later when speaking to his people, or the Arab world, he uses language that urges armed struggle, a war of liberation, and a return to conquered lands.