

industry—has spent \$50 million on an ad campaign supporting the position taken by House and Senate Republicans.

Democratic Congressional Campaign Committee Chairman Patrick J. Kennedy (R.I.) said, "The \$50 million in independent expenditures from the major pharmaceutical companies has validated the Republicans' belief that money can buy anything including their inaction on a real prescription drug benefit for Medicare."

Republican pollster Bill McInturff said that in the battleground states where GOP advertising on prescription drugs has been concentrated, "these are roughly parallel numbers" concerning which party and which candidate has the advantage. "This is clearly a case where advertising has affected people's opinions," he said.

The PRESIDING OFFICER. The Senator from Alaska is recognized.

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that I be allowed to speak in morning business. I apologize for the lateness of the hour.

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

Mr. MURKOWSKI. I thank the Chair.

#### NO DEFINED ENERGY POLICY

Mr. MURKOWSKI. Mr. President, it is late. We have had pretty candid discussions on various issues before us. It is a political season. There is a lot of finger pointing, whether we talk about Social Security, Medicare, or the benefits of care associated with drug plans. I think we all share a common commitment to try to have meaningful legislation come out of the process. We simply have different points of view.

You heard the Senator from Florida comment extensively on the Republican plan to strengthen Medicare. I am not here to comment on the Republican plan on Medicare, although I think it is quite defensible. But I am here to talk about the Democratic plan for an energy policy.

You will notice, unlike the Senator from Florida, that I don't have a chart to show you what the Democratic energy plan is for the simple reason that there isn't any. This administration has absolutely no energy plan as evidenced by the dilemma that we face in this country as we watch our imports from the Mideast climb to approximately 58 percent. Fifty-eight percent of the oil that we consume in this country is imported.

We have seen a dramatic increase in the price of gasoline. Gasoline is in the area of \$1.75 cents to \$1.80, depending on the grade.

We have seen heating oil in the country raised to approximately \$1.56. Here in Washington alone, it has increased 56 cents a gallon in less than 10 months.

We have seen natural gas on which 50 percent of the homes in this country are dependent increase from \$2.16 for 1,000 cubic feet to deliveries in November at \$5.40 per 1,000 cubic feet.

We have a situation with our refining industry in which we haven't built a

new refinery in this country in decades. We have shut down 30-some refineries. We find ourselves at loggerheads because of our inability to refine, if you will, enough of the blends to address the Northeast heating oil shortage.

It is fair to say that we don't have a defined energy policy. We have an energy policy that seems to be driven by environmental groups that do not accept the responsibility for realism.

Realism dictates that we are not going to move out of here tomorrow or the next day on hot air. We are going to move out on kerosene. Kerosene comes from oil. Kerosene is what you put in the jet airplane. I don't attempt to be oversimplistic, but what we continue to need in this country is a balance of all the energy resources.

The Middle East last week gave us another reminder as to our crisis. That is the fear that we are going to be held hostage to foreign oil imports. I have been coming to this floor for many days now warning of how our dependence on foreign oil threatens the national security of this Nation. I certainly don't take any pride at this late hour in coming here and saying I told you so. We know the Middle East is a tinderbox. Some of our most impassioned enemies are already lighting fires there.

What little energy policy this administration has in the sense of increasing reliance on foreign oil has come in conflict, in my opinion, with our foreign policy. How can we pretend to play the role of an ally to Israel or even an honest broker when we are now beholden to Israel's sworn enemy, Saddam Hussein, of Iraq?

Now we are looking to Saddam Hussein to keep our citizens from freezing this winter. We are importing about 750,000 barrels of oil a day from Saddam Hussein. Many people forget we fought a war over there in 1991 and 1992. We lost 147 American lives.

Today, the real wild card is in Iraq and the Middle East. I mentioned my previous concern over Saddam Hussein and the leverage he brings, but some analysts estimate that oil will increase to \$40 to \$45 a barrel if Iraq halts oil sales or reduces oil sales. The significance of that is the position that Saddam Hussein and Iraq currently hold.

Iraq, we know, has threatened to stop oil exports if the U.N. doesn't convert Iraqi dollars held by the U.N. to Euro dollars for trading. We know Iraqi exports have dropped a little bit, by about 500,000 barrels a day just last week. It is not clear whether this is the start of an ominous trend. Even if supply disruptions do not occur, world oil markets are stretched so thin that even the possibility of a disruption could raise prices even more. And it did so last week.

Currently, I think oil closed today around \$34 a barrel. We have seen a

high on two occasions of \$37 within the last month or so. But the reality is that Saddam Hussein controls about almost 2.8 million barrels a day of daily exports, and that is more than the available excess capacity worldwide.

What I am saying is that the difference between the world's ability to produce oil and the world's consumption is a little over a million barrels—there is a little over a million-barrel capacity—but Saddam Hussein controls 2.8 million. My point is if Saddam Hussein reduces his sales, then we are in an even tighter position and as a consequence we can expect the price to go up. And Saddam Hussein is aware of this.

There is no question about his actions of late. He has become more aggressive in recent months. It is rather interesting to note, after every speech, he concludes it with "Death to Israel." If there is ever a threat to Israel's security, it comes from Iraq. He has a \$14,000 bounty on each American plane shot down. Thank God there haven't been any. But we have flown over 200,000 individual flights over Iraq, enforcing the no-fly zone, an area of blockade since the 1990s.

Last month, Saddam Hussein accused Kuwait of stealing Iraqi oil. Here we go again. He did this shortly before invading Kuwait in 1990.

Last week, nearly 15,000 Iraqi Republican Guard troops moved westward in a show of force, obviously toward Israel. Just yesterday, Saddam Hussein said: Jihad, holy war, is the only way to liberate Palestine.

How quickly we forget. Let me remind everyone, before President Clinton and Vice President GORE took office, we carried out Desert Storm and 147 Americans were killed, 467 were wounded, and 23 were taken prisoner. We continue to enforce the no-fly zone. The cost to the taxpayers is about \$50 million per month. It is still going on. Yet the administration seems to want to rely more on Iraqi oil.

We have had in this country a 17-percent decline in domestic production, yet the demand has increased 14 percent. In August of last year, we consumed more oil in this country than ever before. What is the rationale?

We are traveling more. The economy is growing. We are an electronic society. We need more energy. Where does it come from? It doesn't come from thin air. Now 58 percent of our oil comes from overseas. Some people perhaps remember 1973 when we had the Arab oil embargo. We had lines around the block. People were indignant. They were mad. They were outraged. We couldn't get gasoline at the gas station. At that time, we were 36-percent dependent on imported oil and we created the Strategic Petroleum Reserve.

Here we are today with Iraq, the fastest growing source of U.S. foreign oil,

750,000 barrels a day, nearly 50 percent of all Iraqi exports. I don't want to be oversimplistic, but we buy Saddam Hussein's oil, put it in our airplanes, and go over and bomb him. Is that a sensible, responsible foreign policy?

In a few words, that is what is happening. You can interpret it however you desire. This administration's inattention to maintaining the U.N. conditions against Iraq has left the sanctions in a shambles. We aren't doing any weapons inspections in Iraq; increased Iraqi flights across Saudi airspace in the no-fly zone continue; his development of missile, missile delivery systems, and biological warfare capabilities continues. Russia and France have openly challenged our sanctions. Turkey sends flights to Baghdad despite the U.N. ban.

It is simply not working. Our friends in Jordan are demanding the end to inspections of Iraqi imports through Jordanian ports. Saddam Hussein is about to get a free pass to import anything he wishes despite the U.N. sanctions. Does anyone doubt he will be able to import what he needs to continue his weapons of mass destruction? We are going to have to deal with this one of these days.

Let me say again what little energy policy we seem to have is a reliance on imported oil, and it has certainly come into conflict with our foreign policy, with potentially disastrous consequences for American consumers and our national security.

I am pleased to say that George W. Bush, and our Vice President nominee, Mr. Cheney, have spoken about how to decrease our dependence on imported oil by developing some of the reserves that we have here at home, open up the overthrust belt—Wyoming, Colorado, Utah—areas where we have great potential, areas where the administration has closed up to 64 percent of the public land, exempting that area from development, and my State of Alaska, where the administration refuses to allow an opening of the area which might have the largest reserves known to exist in North America, that small sliver of ANWR.

There are a lot of misunderstandings about the area of Alaska known as ANWR. It is 19 million acres, the size of the State of South Carolina. Congress, wisely, has taken out of that 19 million acres, 8.5 million acres and put it in permanent wilderness. They have taken another 9 million acres and put it into a refuge, leaving 1.5 million acres for a decision to be made whether to open it. The geologists tell us there might be as much as 16 billion barrels of oil there. That would equal what we import from Saudi Arabia for a 30-year period. It is a very significant amount.

Some people say that is a 200-day supply. That is totally unrealistic because that assumes there would be no other oil produced anywhere in the

world. Obviously the Russians, the Venezuelans, and the others would produce.

So as we look at potential energy sources here at home, I think we have to look to the advanced technology that we have been able to develop in this country and the record of opening up areas in the Arctic such as Prudhoe Bay, where we find a contribution of nearly 20 percent of the total crude oil produced in this country. That has come about over a period of 23 years. The significance of that speaks for itself.

You might not like oil fields, but Prudhoe Bay is the best in the world. We could have the same potential by opening up that small sliver of the Arctic known as the 1002 area.

The interesting thing is that industry tells us, out of 1.5 million acres, we would probably utilize as little as 2,000 acres—not much bigger than a medium-sized farm—to open up the area.

I was rather interested in looking at the Christian Science Monitor the other day. They did a poll across America on what the attitude would be of opening ANWR. The poll was 58 to 34 in favor. That is a rather startling result, and I think it surprised some of the folks at the newspaper as well.

The point is, charity does begin at home. There are those on the other side who simply blame big oil. I remind them, where was big oil when they were handing out oil a year ago at \$10 a barrel? Big oil in this country—Exxon, British Petroleum, Chevron, Texaco—does not set the price of oil. Do you know why? Because we are so dependent on imports. Saudi Arabia, OPEC, Mexico, Venezuela—they are the suppliers. They are supplying us with 58 percent. They set the price. We are addicted; we pay it; and that is the consequence of becoming so dependent when, indeed, we have the technology in this country to open up some of these frontiers safely.

We have, in the Trans-Alaska Pipeline, an unused capacity of a million barrels a day. As a consequence, the development of that portion of ANWR could be done very easily, and it could be done very quickly. If we had the conviction of our commitments to simply make a statement that that is our intention, there is no question in the mind of this Senator we would see oil drop \$10 a barrel. We saw the President's action the other day when he pulled 30 million barrels out of the Strategic Petroleum Reserve. The price dropped from \$37 a barrel to somewhere in the area of \$32 a barrel.

Let me conclude with a little evaluation of the Strategic Petroleum Reserve and the actions, or should I say the "mis-actions" of the administration handling them.

As we know, when the Vice President made a recommendation to the President that we sell 30 million barrels

from the Strategic Petroleum Reserve, the price was nearly \$37 a barrel, prices which last month prompted the administration, of course, to release this oil from SPR. Now word comes from the Department of Energy that initially only 7 million barrels of that original 30 million barrels would have to go up for rebid. It is kind of interesting because they waived the normal bid requirements. They didn't require normal financial responsibility. They said they would do that later. Three of the bidders could not meet the demands, and as a consequence they had to bid it again. But they recognized their mistake the next time because they did require the bidders meet financial capability for performance.

In any event, according to the Department of Energy's own analysis, 20 million of the 30 million barrels will simply displace foreign oil imports. The reason for that is our refineries are running at 96-percent capacity. They cannot, basically, take any more oil. They can only get so much out through this process because we have not built new refineries in 10 years. We have simply increased some of our larger refineries. We have also lost about 37 refineries in the last decade. It is not a very attractive business to be in.

In any event, the Department of Energy has decided that out of the 30 million barrels, there are probably going to be only 10 million barrels that are going to be refined into finished product. Currently, U.S. refinery yields are about 8 percent heating oil and 92 percent other products, whether it be gasoline, diesel, kerosene, and so forth. So if we do the math, while the Department of Energy suggests 3 million to 5 million barrels of heating oil will result from the SPR release, we find that the testimony from those representing the Department of Energy uses the terminology "distillates."

What are distillates? They would lead you to believe this was heating oil and would benefit the Northeast, but it is not. We found out that current refinery yields of 10 million barrels of SPR oil will yield only 800,000 barrels of heating oil. That is less than a 1-day supply.

When you look at the intent of the administration's effort to open up the SPR, it was to increase the heating oil supply availability in the Northeast, a portion of the country that does not have the availability of natural gas. Their objective was not achieved. They have less than a 1-day supply out of this sale. How ironic.

What they did is they did manipulate the price because the price did drop, but the supply did not increase. If the administration's intent was to get more heating oil to the market, that certainly was not the way to do it. They could have explored thoroughly the offer by the Venezuelan state oil company to produce heating oil for direct delivery to the United States or

they could have made a greater effort to convince companies to voluntarily reduce exports, refine product until stocks were at a more comfortable level.

Again, I refer you to the objective. The objective was not met. Manipulation of the price was. But I do not think this was the real reason for the SPR release. As I have indicated, the real reason was to manipulate the price. They had some success. Prices did dip down to \$31 a barrel. But we have seen that erased, with prices back up to \$34 a barrel.

Heating oil stocks in the Northeast have actually declined. They have declined 600,000 barrels since the administration came up with the idea of releasing the SPR crude oil, which has to be refined and, incidentally, is not going to be made available until November.

One of the more interesting things they left out of the sale was no prohibition against exporting the SPR oil, so many of the profiteers in oil simply bid the oil in with the idea of exporting it. There was no ban on exports and there was no ban on heating oil. The market in Europe is higher than the U.S. Some traders will simply refine that crude oil, turn it into heating oil, and export it to Europe because they had no prohibition in their bid.

The administration's logic was flawed when it announced this, and it seems to have only gotten worse. The bottom line is, rather than increase domestic production of oil and gas to ensure our energy security, again the administration falls back to its reliance on foreign oil imports, posing significant threat to our national security, undermining our foreign policy in the Mideast, and the administration's strategy is also to try to manipulate prices when necessary by releasing oil from SPR.

We need a real energy policy, such as that proposed by one of the candidates for President, Governor Bush; one that ensures a clean, affordable, secure energy supply for American consumers, one that increases domestic production of oil and gas. Why should we be exploring in the rain forests of Colombia where there are no environmental considerations? Instead, we should be using our technology to develop the frontier areas in the overthrust belt in my State of Alaska. We need to expand the use of alternative fuels and renewable energy, which is part of the Bush-Cheney plan, and we need improved energy efficiency for all kinds of energy uses. I am pleased to say that is a position Governor Bush supports as well.

The emphasis of this administration has been on natural gas. The only problem is there has been a tremendous increase in the price of natural gas. Natural gas was \$2.16, as I said, 10 months ago. It is \$5.40 per delivery per thousand cubic feet. The emphasis, particularly from our utility industry, is that

they have nowhere to turn for a source of energy other than natural gas. There has not been a new coal-fired plant built in this country since the mid-1990s. We have no new hydrodams. In fact, the administration is supporting taking out hydrodams in the West. There has been a collapse of our nuclear program. We cannot address the nuclear waste issue. We have not built a new reactor in 15 to 20 years and none are on the horizon.

As a consequence, we need to go back to our energy policy and bring a balance. Bring in nuclear. Obviously, it contributes to the quality of our air. Look at hydro, which we can safely develop. Look at clean coal. We have the technology to do it. We can recognize that 50 percent of the homes dependent on natural gas are going to be subject to some substantial price increases if we do not develop more energy at home. As a consequence, what we need here is a balanced energy policy. The administration's energy policy is that there simply is not any.

#### NORTH KOREA

Mr. MURKOWSKI. Mr. President, with the President contemplating a visit to North Korea, I think it is fair to question the logic of that kind of a decision at this time. This historic meeting, if it does take place between the two leaders, could have significant implications for North and South Korea. I will explain a little bit more.

The leader of North Korea has hinted at plans to cease missile testing. He has indicated a proposed halt to the proliferation of weapons of mass destruction and North Korea's hermit-like isolation. I have had the opportunity to visit North Korea. I was one of the first Members of this body about 5 years ago to fly in an Air Force plane to North Korea, the first Air Force plane to fly there since 1943. It was an extraordinary lesson in a country that is probably as backward as any nation on Earth.

In any event, it is fair to say our Secretary of State, in completing a series of historic meetings with the North Korean leaders in Pyongyang, has set the stage pretty much for a Presidential visit.

The concern I have associated with the development of a rapport between North and South Korea, I wonder just what the benefit of a U.S. intervention could be at this time. Still, while improving relations certainly is a cause for optimism, I do not think it is really time to celebrate.

North Korea has a horrendous record. For over 50 years, it has been a living embodiment, if you will, of George Orwell's nightmarish visions. The original Big Brother, Kim Il-Song, has been replaced by his son. A legacy of terror and aggression pervades in that country. Recent efforts to recast North Ko-

rea's leader Kim Chong-il as a likable fellow strikes me as little out of character. Here is a man whose regime has for years been at the top of America's terrorist watch list. There is no question he assassinated South Korean officials in Burma several years ago. They fired missiles across Japanese territory not long ago and actively sought to develop nuclear capability. It has been a regime whose policy has resulted in mass starvation of its people, that diverts food and resources of the neediest to feed and house the few who live in splendor, and develop, obviously, their weapons capability.

This is a man who utters an offhand remark suggesting that North Korea could be convinced to halt its missile program, and the administration seems to hail him as showing "a willingness to undertake reform." I guess I am not quite ready to buy that yet. I think that is a naive approach. I am a little more skeptical.

At every turn, North Korea's concessions have turned out to be false promises made strictly to blackmail U.S. and South Korea into giving direct economic assistance to the bankrupt North.

I wonder why we are so eager to believe that North Korea's apparent concessions now are anything other than a pretext.

Like my colleagues, I certainly applaud South Korea's President Kim Dae-jung's sunshine diplomacy efforts to reduce North-South tensions. His efforts have been admirable. I think the Koreans should be taking the lead themselves in rebuilding the trust between the two nations. Only through that direct effort by the two sides, free of outside interference, can tensions truly be resolved.

As a consequence, I worry that the administration's bull-in-the-China-shop-like interjection of itself into the dialog threatens to dictate, perhaps overwhelm, the delicate process of trust building.

Already we have seen North Korea delay fulfillment of its commitments to South Korea because it "was too busy" preparing for Secretary Albright's visit. This suggests to me that the North might shift attention to relations with the U.S. and away from South Korea and have the effect of undermining attempts at a true accord between North and South.

I understand President Clinton is anxious for a foreign policy accomplishment in light of the difficulties in the Mideast. He certainly worked toward resolution. It is unfortunate that has not happened. In any event, the question of peaceful and secure relations with North Korea would be a valuable legacy, but I question the direct involvement in the process and whether or not that shifting away from the South Korean dialog with the North to the intervention of the U.S. may be harmful at this time.