

RESERVATION OF LEADER TIME

The PRESIDING OFFICER. Under the previous order, the leadership time is reserved.

MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of morning business, for not to extend beyond the hour of 6:45 p.m., equally divided between the two sides, with Senators permitted to speak therein for up to 10 minutes each.

The Senator from Idaho.

OUR ENERGY CRISIS

Mr. CRAIG. Mr. President, I thought this time was an opportunity of which I could take advantage to talk about something we all experienced this morning when we awakened here on the east coast. That was the chill of fall in the air.

I think most of us had failed to recognize that we were late into October because the weather has been so mild and so generally warm. But we are really at the threshold of winter, and as winter comes, so does cold weather. And as cold weather comes, the average American reaches to the thermostat on the wall of his or her home and begins to turn it up.

This fall, as that experience occurs, something else is going to happen in America that will be very dramatic, and that will be the turning up of the heating bill because, whether it is electricity or oil for space heating, the cost of those commodities in the average American's household budget has increased dramatically.

In fact, in the Northeast, where home heating oil for space heat is a major commodity, those costs will have better than doubled since last year and could go even higher this year as the amount of supplies for those needs continues to not increase at the rate of demand.

Why has this happened? Why are we at the threshold of an energy crisis in this country that we have not experienced in a long, long while?

In nearly every part of the energy consumer basket—be it electricity, or home heating oil, or automobile gasoline, or diesel for our truck transportation, or fuel for the great turbines of the jet engines that fly Americans across America—there is no surplus today.

That is a historic fact. This country was built on the abundance of energy. Our successes in our economy have always been the result of having the necessary energy to accomplish what we wanted. It was always one of the least-cost items in that accumulation of costs that made up the price to the consumer of a product on the market shelf. That is no longer the case.

For the next few moments, I would like to once again address, as have I and other Senators for the last year and a half, the energy crisis we are now into and why we are there.

Largely, it gained our attention about a year ago when we became aware that the members of the OPEC countries were going to move the price of oil from about \$10 a barrel to \$28–\$30 a barrel. It had been selling for around \$10 in the world spot market, and it was beginning to increase because they were beginning to decrease their production.

Admittedly, no one was making money at \$10 a barrel. Whether it is oil of the Middle East or oil in Texas or Oklahoma or on the overthrust belt of the west in Colorado and Wyoming, oil is not profitable at \$10 a barrel simply because of the cost of production and compliance, especially in this country, with environmental rules and regulations. Somewhere at \$17 to \$20 a barrel is where it begins to be profitable. So for a long time, for the last several years, we were operating on less-than-profitable oil for at least the producers.

For the consumer, it was a bonus. I remember just a year ago, across the Potomac in Northern Virginia, I bought regular gasoline for 90 cents a gallon. Today, one is going to pay at least \$1.60 to \$1.75, maybe even more than that, depending on your location and the location of the particular service station. That is a dramatic increase. That is a 110–120 percent increase. So that 90-cent gas, while there was a bit of a price war going on out in Northern Virginia at the time, was still based on \$10-a-barrel oil.

We know that has changed. We saw it change. Now we see the Arab nations receiving anywhere from \$28 to \$30, \$31, \$32, \$33 a barrel for their crude oil. That all translates into a much greater cost at the pump to the consumer, but it also translates into a variety of other things.

As we know, the petrochemical industry of this country is involved in almost all we do and sometimes a lot of what we wear because of the byproducts of the petrochemical industry, be it plastics or nylon or a combination of consumer goods. Slowly but surely, the increased cost of those byproducts is beginning to roll across the American economy.

The other evening I did a conference call in Idaho with a group of farmers. They happened to be sugar beet farmers and potato farmers. The price of potatoes is well below break even this year. It has been for 3 years. Many of those farmers will not make money again this year, and they are very frustrated. Some of them will lose their farms. It is also true in sugar beets, with the price of sugar at near an all-time low.

What they were most concerned about was their energy costs. As we all

know, agriculture is a large consumer of energy. It is an intensive industry. Those large tractors and trucks used in the process of farming all consume large quantities of energy. The pesticides, insecticides, herbicides are all hydrocarbon or petrochemical based. All of their costs have started going up. Fertilizer costs will nearly double this year as a direct result of energy costs because when you are dealing with phosphates and phosphate fertilizers, huge volumes of energy are used to transform those from the rock to the fertilizer product that ultimately goes to the ground that the farmer uses.

All of those costs are going up, and all of them are based on one simple fact; that in this economy, the energy costs to the consumer have nearly doubled in just about a year. So the farmers, while their prices were at an all-time low, were talking to me about energy. What is this country going to do? What is this administration going to do. What is this Congress going to do about an energy policy that would ultimately begin to bring those prices down. They were dramatically concerned.

When the Congress gets back in January and February, we are going to hear a hue and cry coming out of the Northeast in relation to the cost of space heat and home heating oil, even though we have tried to deal with that in short-term measures. But those are some of the circumstances in which we are involved.

The consumer is still going to the pump, and they are still filling up their vehicles. In most instances, consumers are working. They all have good jobs at this time. We are at nearly full employment. Nobody has really stopped to factor in that over the course of a year, they are going to be paying more than \$300, \$400, sometimes \$500 out of their household budget for their energy costs than they did a year ago. But it will be the single highest increase in relation to cost over a 12-month period of any one item the American consumer will buy this year. It will be their energy. Never in the history of this country has energy gone up that fast for that sustained period of time and affected all segments of the economy.

Those are some of the realities we are facing. Let me, for a few moments, explore why it has all happened. We now import about 56 percent of our supply of crude oil. That has gone up very dramatically over the last few years. In 1975, when we established the Strategic Petroleum Reserve, we were 36-percent dependent on foreign oil. The political rhetoric at that time—I was not here; the Presiding Officer was not here—was loud and boisterous: Never again will America be dependent on foreign sources of oil; we will establish a Strategic Petroleum Reserve in

case of a national or an international crisis. Never will we have to be held hostage to the attitudes or the political concerns of a small group of Arab nations known as OPEC.

That was 1975 when we were 36-percent dependent. So we established SPR and we put hundreds of millions of barrels of oil in a salt dome down in Louisiana as a special reserve to be used in an international or national emergency where supply would be disrupted.

Today, we are 58-percent dependent on foreign oil, not 36-percent dependent.

I have run my 10 minutes and there are others here to speak. I ask unanimous consent to continue for 5 more minutes.

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

Mr. CRAIG. We have not heard this administration in any way talk about the need to change things very much. Why is that the case? Why are we now at the threshold I have described?

The large reason is that for the last 8 years, during a time when this dependency on foreign oil has skyrocketed, we have had no energy policy coming from the Clinton-Gore administration. In fact, in almost every instance, they have, by rule and regulation or by process slowed down production in our fundamental sources of energy, be it domestic crude production, down 14 percent over the last decade; be it any exploration because of new environmental regulations; the inability to get out on the land and explore, even though our oil companies have the highest environmental standards to protect the land and to protect the environment around any new discoveries and developments.

Out in my State of Idaho and in the Pacific Northwest, this administration is talking about taking down four very large hydrodams. They believe that by doing so and turning the Snake and the Columbia Rivers back to a more natural flow, they could actually improve fisheries. Somebody says: It is only 5 percent of the supply.

Well, 5 percent of the supply of that region from those four dams generates enough electricity for the entire city of Seattle, WA—again, another attitude as to why we are not producing this and solving this problem but simply getting more deeply into this problem.

Well, there are a lot of other reasons, and my time is short. But as a result of all of those problems and no solution coming from the administration—well, they did have one solution. They sent Bill Richardson, the Secretary of Energy, to the Middle East, and he had in his briefcase a tin cup. He got it out and he held out his tin cup and he said to the Arab Emirate oil nations: Please fill up my cup; please turn your valves on. You see, we have no energy policy. You are our supplier. We are victim to your political and economic whims.

That has been the energy policy of the Clinton administration. That is the only real thing they have attempted to do, other than the politically charged action to open the SPR and bring about 30 million barrels of oil out of there to somehow change the price and the supply. Of course, we have held several hearings on that and, no, that hasn't happened. But this year, I, Senators and FRANK MURKOWSKI, TRENT LOTT, and many others introduced the National Energy Security Act of 2000, S. 2575. We brought it to the floor. It is a major, new effort to bring our dependency on foreign oil at or below 50 percent, to encourage and maximize utilization of alternative fuels and renewable energy and increased domestic supply of not only oil but gas production, because natural gas has better than doubled in price in less than a year.

Yet this administration sits happily by, as if nothing were occurring, knowing very clearly, but not wanting to talk very loudly in this political season, that their energy policy will drive costs to the consuming public to a higher rate than ever in the history of our country. Their only real good argument is that they did it all in the name of the environment.

In closing, let me talk about the environment we are about to experience. It is going to be a cold environment this winter. That is a normal environment then. When elderly people and poor people have to make choices this winter between food and medicine and heat, that is not a very good environment. We will do all we can here to supply them with alternative resources to hold down their heating bills, but there is one remaining fundamental fact about why they must make those choices in this environment. We have lived for 8 years without an energy policy coming from this administration, except one—the tin cup in the hand of Bill Richardson—and a policy that somehow the production of hydrocarbons in our country was environmentally damaging. I think most of us know that is no longer true today.

So I thought as I awoke this morning and felt the cool in the air and turned up the thermostat on the wall, while I may be able to afford my heating bill this winter, I know a good many people won't be able to afford theirs. That is a tragedy in this country that should not have to happen—a country that has always been so wise to allow the marketplace to provide one of the great abundances that we have always had that has set our Nation apart from all others, in our ability to produce and succeed, and that was an abundant supply of energy.

In 8 short years, that abundant supply has dwindled to a point where we really have no surpluses at all today. The average demand for growth in energy goes up 1.4 percent in our country

on an annualized basis, and we have only increased production by 0.4 percent in the last 8 years—in all segments of energy. That tells you one thing very clearly. Somebody has failed along the way, and I must tell you, serving on the Energy Committee and studying and examining this issue very thoroughly over the last several years, I know who has failed. It is the Clinton-Gore administration. They failed to recognize the reality of the marketplace, the reality of the world production supply, and disallowing us from producing our way out of it.

I yield the floor.

The PRESIDING OFFICER. The Senator from Nevada is recognized.

ALTERNATIVE ENERGY SOURCES

Mr. REID. Mr. President, I have the greatest respect for my friend from Idaho. We served together in the House, and we have worked together many years on public resources issues dealing with the West. I don't mean to be disagreeable, but on this issue we simply disagree. I am going to take a couple of minutes because I have told the Senators from Ohio and Iowa they can speak next.

The oil problem started in the Republican administration; it certainly wasn't the fault of the Republican administration. There was an embargo by the OPEC nations. Following that, there was an bipartisan effort to change things. There were incentives to develop oil shale, do alternative energy with wind and solar and geothermal. But with the oil glut that came about, all of that was taken away. Some of the research involving alternative energy was simply not renewed by Congress. That is too bad.

During the years of the Clinton-Gore administration, they have tried very hard every year that I have served on committees and subcommittees with jurisdiction to deal with energy matters. They have tried every year—especially in the appropriations process—to get more money for development of alternative energy sources. They have been stymied every time.

We should also understand that if we could reduce the consumption of fuel in America—for example, if we had more fuel-efficient cars and if we had automobiles that were 3 miles per gallon more efficient, we would save a million barrels of oil a day.

There are things we need to do here. We need to join in a bipartisan effort, not a finger-pointing effort, to develop energy policy in this country. None of us wants to be dependent on foreign oil. In fact, with the oil being so cheap, there was no incentive for us to do it. Congress failed, and it wasn't simply that we didn't meet what the administration wanted. Certainly, this legislation has been suggested by my friend from Idaho, has as its centerpiece oil