

grateful to him for how well he does his job.

I encourage his friends to join me in celebrating and recognizing this 20th anniversary.

As anyone can tell, David is a highly versatile and intelligent person who can handle almost any responsibility given to him. There are few people I know who are as capable as David. In addition to all of his substantive knowledge, David is a superb, outstanding speech writer, although he didn't write this speech. Some of the best speeches I have given were written by David.

Mr. President, there is a huge turnover of the staff on Capitol Hill. That reflects the long hours, modest pay and economically rewarding opportunities available in Washington's private sector. It is rare to find such an incredibly dedicated public policy servant as David Garman and I salute him today for 20 extraordinary years of service in the Senate and to the American people.

GAS PRICES AND GAS TAXES

Mr. MURKOWSKI. Mr. President, I rise to talk a little bit about a topic that is in the newspapers today and that has been all week; that is, the crisis concerning energy and our gasoline price structure currently prevalent throughout the country.

I think it is fair to go back and evaluate what has happened over the last 8 years in the Clinton/Gore administration.

I think it is obvious to all that the answer to our energy shortage by the Clinton administration is pretty much to put our economic destiny in the hands of the foreign oil price-fixing cartel because their answer to the shortage has been to increase oil imports and decrease domestic production.

The first time we saw this crisis coming was a few months ago. The reaction of the administration was to send the Secretary of Energy, Secretary Richardson, almost with a tin cup, to beg OPEC to increase their oil production. That was the answer.

The success of that effort is somewhat limited when you recognize that there is more pressure throughout the world to utilize oil. A consequence of that, of course, is the realization that the Asian economy is coming back, which is putting more pressure for oil in that part of the world. We found our reserves substantially lower as a consequence of the cold winter and an inadequate supply of heating oil. While we had this situation developing, it was quite evident what was going to happen behind the supply and demand curve. The demand was greater than the supply. We were pulling down our reserves faster than we were replacing them.

It is kind of interesting to see the "blame game" that is going on in Washington.

The administration is blaming the price increase on the oil companies,

and on the refiners—on anyone but themselves; on anyone other than recognizing that the Clinton/Gore administration has not really had an energy policy that has been identifiable.

The first graphic explanation is going back to a time a few years ago when the Vice President came to the Chamber and broke a tie vote to establish a 4.3 cent-per-gallon gas tax. That, I think, can certainly be reflected on as the "Gore gas tax."

Following that, we saw a series of activities by the administration that hardly would relieve the coming shortage that was evident, even at that time.

The administration has taken vast areas of the Rocky Mountain overthrust belt off limits to energy exploration. These are areas where there is a high potential for oil and gas discoveries—Colorado, Wyoming, and Montana. And other States were simply taken off limits. It is estimated that 64 percent of those areas have been removed.

There are areas in the Continental Shelf that they put off limits to energy exploration.

Furthermore, the Vice President, in a statement made in Louisiana, stated that if he were elected President, he would pursue a policy of no more leases if anyone even attempted to thwart existing leases that have been issued.

During that timeframe, the administration vetoed legislation to open up the small sliver of the Arctic Coastal Plain where reserves had been estimated as high as 16 billion barrels. That is just in my State of Alaska. It is estimated that if indeed the potential reserves were there, it would replace our current imports from Saudi Arabia over a period of 30 years.

Further, the administration has put domestic energy reserves off limits through a unilateral designation of new national monuments under the Antiquities Act.

It is a pretty simple equation. Domestic production is down 17 percent, and imports are up 14 percent.

We talk about rising gasoline prices in various areas of the country. We have talked about the refineries, and why they can't address this and continue with an uninterrupted supply at a relatively low price.

What the administration doesn't tell you is the reality—that the Environmental Protection Agency, through mandates, has caused a significant increase associated with the mandate for reformulated gasoline.

Who pays the price associated for this reformulated gasoline?

Why is it so high?

It is kind of interesting. When you go through the State of Illinois and the State of Wisconsin, you are made aware that as of June 1 there was a mandate by the Environmental Protection Agency that reformulated gasoline containing ethanol replacing MTBE be established. That costs roughly 50 cents more a gallon. You cannot use

the same gasoline in Springfield, IL, that you would use in Chicago, IL, because of the policies of the EPA.

I am not going to debate the merits of the regulation. But I will debate the reality that these regulations cost money because they require customizing, if you will, of the gasoline and the refining process.

It is kind of interesting to also note that we have lost 36 refineries in this country in the last decade. They haven't built a new refinery in almost 25 years. Why not? Obviously, it is not a very attractive business to get into, or the oil companies would be moving into it. They are moving out of them. The reason: It takes decades; in some cases not that long, but several years to get permits. The permitting process is legitimate. But if you can't basically get there from here, you are going to have very little interest in pursuing refineries.

I think it is fair to say that the administration's overzealous policies are responsible for closing some 36 regional refineries. The fact that no new ones have opened during the 8 years under the Clinton/Gore administration is a valid, understandable, legitimate reason as to why we are seeing gasoline prices in regional areas mandated by new policies from EPA prevail. The Vice President can try to shift the blame to the oil companies for higher prices, but let's not forget that he personally cast the tie-breaking vote in the Senate for higher gasoline prices.

To attempt to counteract that, we have a firm policy that is introduced in legislation which is the Republican energy production proposal for the year 2000. We recognize what has happened in this country. Today, the average price of gasoline is \$1.68 per gallon. In the Midwest, the average is \$1.87. The only way to address this responsibly is through a series of incentives that not only stimulate domestic production by opening up the overthrust belt, by opening up areas in the coastal OCS area, opening up areas in the arctic where we are likely to find significant discoveries, but have a goal in the legislation. The goal is to reduce dependence upon imports to less than 50 percent in a 10-year period of time. In the Vice President's book "Earth in the Balance," on page 73, he identifies "higher taxes on fossil fuels . . . is one of the logical first steps in changing our policy in a manner consistent with a more responsible approach to the environment"; that is, taxing higher fuels to discourage people from using fuels.

He further says it ought to be possible to establish a coordinated global program to accomplish the strategic goal of completely eliminating the internal combustion engine over, say, a 25-year period. The implications of that, of the Vice President encouraging high costs to address perhaps the elimination of the internal combustion engine, or his belief, if indeed it is his belief, that higher taxes on fossil fuel is

one of the first steps in changing our policies, certainly is occurring.

However, let's be realistic and recognize in this country our transportation system depends on oil. Don't expect modest OPEC increases to bring prices down at the pump. As we have seen in this last announcement by an increase in OPEC of 700,000 barrels a day, the market sophistication has already made a judgment. The judgment is that prices are going to continue to rise. Right after this announcement, west Texas medium crude rose 72 cents Wednesday on the New York Mercantile Exchange, up an additional 28 cents by the afternoon, where contracts for August delivery were \$31.65 a barrel. Last year at this time, oil was selling for about \$12 to \$14 a barrel.

If there are those who were misled by the assumption that energy was going to substantially be increased by this OPEC announcement, remember that 700,000 barrels a day does not come to the United States alone. Our share of that is 15 percent. That is only 109,000 barrels a day. In the District of Columbia, we consume 121,000 barrels a day, to give a comparison. The last OPEC production increase in March, which was to produce a 1.7 million-barrel increase, may have yielded roughly 500,000 barrels due to cheating on production overquota.

As we look to the future, it is amusing to recognize that the administration has now come out with what it referred to as a detailed blueprint for congressional action. Mind you, they are asking, now, for congressional action. The President has called on Congress to pass a proposal to encourage more stripper well production.

First, we don't have a proposal. There is no legislation set up. We have in the Republican package, a proposal to increase stripper well production. But now the President is saying we need to get some of these American wells back in operation.

Where has he been? We have been trying to encourage the administration to support legislation that would put in place a foreign ceiling. They have not proposed any. And now he is saying he has a program. Where is it, Mr. President? He says we need to get some of these things back in operation.

He further states that Congress is not reauthorizing Strategic Petroleum Reserve. He went into the Strategic Petroleum Reserve the other day as a consequence of an accident on the Mississippi River to keep refinery production going. He didn't ask us for authority. He has the authority. He knows he has the authority. This is another smokescreen.

We look at his concern over the supply in the Northeast corridor this coming winter. What has he done about the supply to increase it? Absolutely nothing. He has no plan, no proposal, no increased production. The President or the Vice President or his advisers simply do not understand the reality that this is a supply and demand issue. Un-

less we increase the supply, we are going to have shortages. That is evident by what we are seeing in the paper. We have \$2.33, \$2.40, and \$2.49 a gallon for gasoline in this country. This particular headline suggests that the gas price rise shakes Democrats. The reason it shakes the Democrats, and the reason this is a partisan issue, is because the Democrats and the administration simply have no plan and have not had a plan associated with the energy shortage that is occurring in this country today.

As I come to the Senate floor today to address this matter and reflect on how we are going to correct it, the simple response is that we are going to have to increase our supplies, and we will have to do it dramatically and in a timely manner. If we don't do that, we are going to continue to see an increase in the price of oil, and an increased dependence on imports. One of the frustrating things about the continued dependence on imports is from where those imports are coming.

Last year, we imported about 300,000 barrels of crude oil from Iraq. This year we are importing about 750,000 barrels from Iraq. A lot of people perhaps have forgotten we fought a war over there in 1991 and 1992. We lost 147 lives. We had roughly 427 wounded, 23 were taken prisoner.

Today, what we are doing, and this is where I am critical of our foreign policy, for all practical purposes, we are buying his oil, sending him our dollars, taking his oil, putting it in our airplanes, and going over and bombing. What kind of a foreign policy is that? It is just about that simple. Not very complex.

He is making a press release every time we bomb saying, here is how many people Americans killed in my country. He waves that around and generates more support. The dollars we are paying go to the Republican Guards for his safety and protection. And he is smuggling oil out, in addition to that which is under the auspices of the United Nations. What is he doing with the generation of funds from the smuggling of the oil? He is building up his arsenal, his capability with missiles, his capability with the biological weaponry. Here is a very bad man out there. And we are supporting his regime because we are becoming more dependent on him as a source of oil.

What does that do to strengthening stability in the Middle East? It is pretty hard to say, but it certainly represents a threat against Israel. It is well known, the disposition of Iraq and Saddam Hussein relative to the threat against Israel and the peace we all hope will come to the Middle East.

I could go on at great length. I see other Senators desiring to discuss various matters. It is my intention as chairman of the Energy and Natural Resources Committee to put together in this next week a chronology of certain portions of our negative exposure, if you will. One is on gasoline prices,

one is on refinery operations, one is on the availability and continued uninterrupted supply of natural gas.

The other is the delivery system within our electric power industry and our transmission grids. It is appropriate we start preparing ourselves for a train wreck that is going to come. We are seeing it in gasoline prices as a consequence of shortage of crude oil. We are going to see it spread, as we see in the northeastern part of the Nation which is so dependent on oil for the generation of electricity, as the summer warms up.

Last year they were paying \$10 and \$11 a barrel for oil. This year they are going to be paying over \$30. The electrical rates in the Northeast corridor are going to go up dramatically. They thought they had higher rates for fuel oil last year. They have not seen anything yet. We are going to have brown-outs this year because the capacity of the transmission lines, for all practical purposes, is just about at their maximum in certain areas.

Why haven't we built more transmission lines? FERC has been sitting for 3 years on a rate case, a rate case that is going to make a determination of whether or not it is financially beneficial for the investment in transmission lines in the sense they can recover their investment.

What about natural gas? The electric industry is moving into the area more and more and converting to natural gas, but while the supply of natural gas is abundant, we are now pulling down our reserves. Last year, our reserves were about 160 trillion cubic feet; this year, they are about 150. We are using more gas than we are finding. We are using currently about 20 trillion cubic feet. The estimate is about 30 to 35 in the next 10 years. We are not finding a replacement. So we are going to have a crunch in natural gas, and natural gas is going to go up.

It is estimated the industry is going to have to spend \$1.5 trillion to put in new infrastructure for delivery into various parts of the country. From where is the capital going to come? It is only going to come if they get an adequate return on their investment; otherwise, they are not going to build the pipelines.

This whole thing is coming to a head. The American people are beginning to wake up a little bit. The administration is beginning to point the blame to industry, to Congress, to the refiners, to anybody but themselves, because this administration has not had an energy policy of any consequence, as evidenced by the President's statement that suddenly he is concerned and suddenly he sends something to Congress—if we can identify just what this is he sent up—calling on Congress to pass a variety of administrative proposals. They do not say what the proposals are. He is a little late. It is like somebody fiddling while Rome burned.