

**TITLE IV—SEVERABILITY; JUDICIAL REVIEW; EFFECTIVE DATE; REGULATIONS**  
**SEC. 401. SEVERABILITY.**

If any provision of this Act, an amendment made by this Act, or the application of such provision or amendment to any person or circumstance is held to be unconstitutional, the remainder of this Act, the amendments made by this Act, and the application of the provisions of such to any person or circumstance, shall not be affected thereby.

**SEC. 402. EXPEDITED REVIEW OF CONSTITUTIONAL ISSUES.**

(a) **DIRECT APPEAL TO SUPREME COURT.**—An appeal may be taken directly to the Supreme Court of the United States from any interlocutory order or final judgment, decree, or order issued by any court ruling on the constitutionality of any provision of this Act or amendment made by this Act.

(b) **ACCEPTANCE AND EXPEDITION.**—The Supreme Court shall, if it has not previously ruled on the question addressed in the ruling below, accept jurisdiction over, advance on the docket, and expedite the appeal to the greatest extent possible.

**SEC. 403. EFFECTIVE DATE.**

Except as otherwise provided in this Act, the amendments made by, and the provisions of, this Act shall take effect on January 1, 1999.

**SEC. 404. REGULATIONS.**

The Federal Election Commission shall prescribe any regulations required to carry out this Act not later than 9 months after the effective date of this Act.

**THE CAMPAIGN FINANCE REFORM ACT OF 1997—EXECUTIVE SUMMARY**

1. **Spending Limits on Senate Campaigns.**—The bill imposes the following voluntary limits on the amounts that a candidate can spend in a Senate primary and general election:

*Primary*—67% of the state's general election expenditure limit.

*General*—\$400,000 plus an additional amount based upon the population of each state (with a floor of \$950,000). Under this formula, New York would have a general election expenditure limit of \$3,994,500, Pennsylvania would have a limit of \$2,899,000 and Delaware would have a limit of \$950,000.

2. **Standby Public Financing.**—Similar to the recently-enacted Maine statute, when a candidate exceeds the voluntary spending caps, his qualifying opponent(s) will receive public funding in the amount of the excess. This provisions should act primarily as a deterrent and should not result in significant public outlays.

3. **Soft Money—Political Parties.**—The bill prevents candidates for Federal office from using soft money (i.e. money not subject to the restrictions, caps and reporting requirements of FECA—the Federal Election Campaign Act) to fund their campaigns by doing the following:

Prohibits national committees of political parties (e.g. the DNC and the RNC) from soliciting, receiving or spending soft money.

Prohibits candidates for Federal office from soliciting or receiving soft money.

Prohibits state, district and local committees of political parties from spending or disbursing soft money for any activity that may affect the outcome of a Federal election.

Caps the amount any individual or entity may contribute to state parties for use in Federal elections at \$20,000/year.

4. **Foreign Money.**—The bill clarifies Federal election law to provide that foreign nationals and other foreign entities may not make any contributions to Federal elections. This provision will make clear that the pro-

scription on such contributions applies to soft money as well as hard money contributions.

5. **Clarifying the Definition of Independent Expenditures.**—The bill ensures that “independent expenditures” on behalf of a particular candidate by a third party will be truly independent from the candidate by providing that:

All entities which make independent expenditures relating to a candidate for Federal office will have to sign an affidavit stating whether or not such an expenditure was made in coordination with any candidate.

Within 48 hours of receipt of such a certification, the FEC shall notify the candidate to which the expenditure refers that such expenditure has been made.

Within 48 hours of such notice, the candidate (and his campaign manager and treasurer) will have to submit a signed affidavit stating whether or not the independent expenditure was made in coordination with the candidate.

6. **Donations to Legal Defense Funds.**—The bill seeks to control contributions to legal defense funds—the “first cousin” of campaign contributions—by imposing the following limitations and requirements:

No person can make a contribution of over \$10,000 a year in the aggregate to the legal defense fund of a holder of Federal office or a candidate for Federal office.

A holder of Federal office or a candidate for Federal office that accepts contributions to a legal defense fund must file detailed quarterly reports on such contributions and the identity of the donors with the Federal Election Commission.

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

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MURKOWSKI. Mr. President, will you advise me of the time available under the special orders?

The ACTING PRESIDENT pro tempore. Under the previous order, the time until 12:30 p.m. was under the control of the Senator from Illinois. However, that time has arrived. Under the previous order, the time until 12:50 p.m. will be under the control of the Senator from Alaska.

Mr. MURKOWSKI. I thank the Chair.

**ENERGY**

Mr. MURKOWSKI. Mr. President, I call the attention of my colleagues to a release by OPEC on Friday where OPEC indicated it was cutting the production of oil approximately 1 million barrels a day, to approximately 24.2 million barrels a day. This follows a cut in February of 1.5 million barrels a day. I am sure many will not reflect on the significance of this action, but as we go into the summer season, the realization, again, that we are dependent on OPEC warrants a little consideration this afternoon.

Many people forget that in 1973, when we had the Arab oil embargo and the

Yom Kippur war, we were approximately 37 percent dependent on imported oil. Today we are 56 percent dependent on imported oil.

It is not that there is necessarily a shortage of oil in the world, but because of our increased dependence on OPEC and their awareness that they are better off tightening up the supply and keeping the price high, we have seen a rather curious and significant effect associated with our dependence on OPEC and our economy.

What has happened is the OPEC nations have decided it is better to curtail the supply and keep the price high than to continue to produce oil. As a consequence, we are seeing fourth quarter earnings of the Fortune 500 dramatically affected by the cost of energy, and particularly oil. It is estimated that in the last 18 months, one of the major contributors to a decline in our economy, and hence a decline in the stock market, is the cost of energy.

We have seen OPEC operate over the years in a rather undisciplined fashion. That has changed dramatically. Today we see an organized OPEC, a group of countries that actually set a cartel in the sense of setting a price, something that would be inappropriate and subject to antitrust laws in the United States. They got together and decided they were going to maintain a floor and ceiling on the price of oil. That floor was going to be about \$22, and the ceiling was going to be about \$28. So each time the price begins to fall, OPEC reduces its supply. As a consequence, we are seeing oil prices now about \$25 a barrel. About 18 months ago, we were seeing oil prices at \$10 a barrel.

OPEC fears, obviously, any slowdown in economic growth that will lead to an oil glut, so they simply reduce the supply. Any reduction in world supply does affect our economy as well as the world's economy and makes higher prices for energy.

There are those who suggest there might be another OPEC cut on the horizon that might be up to 2 million barrels per day if a continued slowdown in the economy actually prevails.

What does this mean for the American consumer? The Energy Information Agency predicts that prices of gasoline this summer may run from \$1.60 to as high as \$2.10 a gallon for the rest of this year. The reason for that, obviously, is supply and demand: our increasing demand and our increasing dependence on imports.

I indicated we were looking at about 56 percent dependence on OPEC, but it gets worse. The Department of Energy has suggested that by the year 2004 to 2005—somewhere in that area—we will be close to 60 percent dependent. In the year 2010, we will be somewhere in the area of 65 percent dependent.

What we really have to do is begin to spotlight how we can decrease our dependence on imported energy supplies, reduce reliance on foreign oil imports. That is rather amusing to me as we

look at the facts associated with what is happening in our economy and the energy crisis that, for all practical purposes, with the exception of what is happening in California, we have chosen to ignore, in spite of the fact that last week the Wall Street Journal came out with an article indicating that the State of New York will have to increase its production generating capacity of energy somewhere in the range of 25 percent in the next year to avoid brownouts, blackouts, and short-ages.

It is a funny thing because unless the wheel really squeaks, we do not maintain any attention to take the necessary steps to avoid that. We just simply assume it will not happen or it probably will occur on somebody else's watch or somehow we will get through.

Let me share with you what has changed. In 1988, U.S. consumption of oil was 13.2 million barrels a day. In January of this year, it was 14.6 million barrels a day. Consumption has gone up dramatically—roughly 1.3 million barrels a day.

The offset to that is production. What is our production in the United States? Our production in 1988 was 8.1 million barrels, and it has dropped. In January, production in the U.S. was 5.9 million barrels a day. We are down over 2 million barrels of U.S. daily production. That equates, obviously, to a dependence on more imports.

What are our imports? In 1989, they were 5.1 million barrels a day. In January of this year, they were 8.6 million barrels a day. So approximately 3.35 million barrels a day more is imported into this Nation than back in 1988. As I indicated, our foreign dependence in 1988 was about 39 percent; today it is 59 percent. The price of crude oil in 1988 was \$18 compared to \$29, \$27 today. Adjusted for inflation for the year 2001, that is \$26 vis-a-vis \$35 a day. That is what has changed.

Let's talk a little bit about the national security interests of this country. I said many times on this floor it is rather ironic we should have a foreign policy that depends to a significant degree on imported oil from Iraq, our good friend Saddam Hussein. We fought a war in 1991. We lost 147 lives. We had 437 wounded, 23 taken prisoner. I don't want to even estimate the cost to the American taxpayer. That was a war over oil. Make no mistake about it. It was to ensure that Saddam Hussein did not invade Kuwait and go on into Saudi Arabia and control the world's supply of oil. We fought that war. We won that war.

But what are we doing today? We are importing 750,000 barrels of oil from Iraq, our good friend Saddam Hussein. Isn't that ironic?

Let me go a step further. It gets worse. We have flown 234,000 individual sorties—airplane flights to enforce the no-fly zone over Iraq—since 1992. What are we doing? One could simplify the debate and suggest we are taking that 750,000 barrels of oil, putting it in our airplanes, and then bombing.

Let's go a little further. What is he doing with the money we pay for that oil? He is taking care of his Republican Guards. No question about that. Then instead of taking care of the needs of his people, he is developing a missile delivery capability of biological and chemical capability. At whom is he aiming? One of our greatest allies—Israel. Maybe I am oversimplifying that, but if you boil it down, that is what it amounts to. Rather ironic. We just seem to shrug our shoulders and say that is the way it is.

I will ask the question of our national security interests. At what point do we reach a degree of dependence on imports where we compromise our national security?

There was a report prepared a few weeks ago by the Center for Strategic and International Studies. It took about 3 years to complete that report. It launched its strategic energy initiatives and began to examine at what point we began to compromise our national security. The bottom line is we are already there.

Some of the highlights of this report deserve some examination. The report assesses the international energy supply and demand relationship likely to prevail in the first two decades of the 21st century—in other words, the next 20 years—and is identifying what effect it will have on global markets between 2000 and 2020 in that study. The energy outlook to 2020 is not very bright. It suggests during the next 20 years, provided there is no extended global economic dislocation, energy demand is projected to expand more than 50 percent. Further, it states the growth will be unevenly distributed with demand increasing in the industrialized world by some 23 percent while more than doubling from a much lower base in the developed world, with Asia accounting for the bulk of the increase. It is not just the United States. We think the world revolves around us. There are developing nations; there is China.

Further, it states that central to the geopolitics of energy is the fact that energy demand will be met in essentially the same way it was met at the end of the 20th century, fossil fuels—mainly oil—providing the bulk of global energy consumption, rising marginally from 86 percent in 2000 to an 88-percent share in 2020.

And oil will dominate global energy use. They identify from where the oil will come. The Persian Gulf will remain the key marginal supplier of oil to the world markets, with Saudi Arabia in an unchallenged lead, and if estimates are correct, the Persian Gulf will expand oil production during that time of 2000 to 2020. That is from where it will come.

It further states that U.S. net imports will continue their steady growth. It further states that electricity will continue to be the most rapidly growing sector of energy demand in developing countries in Asia, central South Africa, and South America showing the greatest increase.

Then it goes into the geopolitics—this is on what every member of this body should reflect—the continuing domestic fragility of key energy producing states. We will be relying on oil from unstable countries and regions throughout much of the century. By the year 2020, fully 50 percent of the estimated total global oil demand will be met from countries that pose a high risk of internal instability.

Further, the growing fact of nonstate actors will be evident in three distinct areas: First, employing new information technologies, nongovernment organizations—NGOs will play a growing role in defining the ways energy is produced and consumed. Second, terrorist groups, with access to the same technologies, will be in a position to inflict greater operational damage on increasingly complex energy infrastructures. Radical activists will be in a position to disrupt operation infrastructures through cyberterrorism. The potential for armed conflict in energy-producing nations will remain high.

I recommend each member review this CSIS report because it stresses the vulnerability of the United States to increasing dependence on energy.

I conclude with one reference. A number of my colleagues are on a bill to put an area known as ANWR, in my State of Alaska, into a wilderness. We have a chart showing a map of the area in question. It is appropriate to recognize a few facts. They are often misstated. ANWR is 19 million acres. ANWR is not at risk because ANWR has already been foreclosed into a wilderness in this area, 8.5 million acres, and 9 million acres is set off as a refuge and is an undisturbed area. There is a village, Katovik, with 227 people. There are people in it who live their lives there. We have a picture of the village. You can see the ocean, the radar, the village homes, the airport, and so forth. My point in bringing this up is to shatter the myth that somehow this is an unoccupied area.

It is beyond my comprehension why some Members would object to our energy bill, which has ANWR in it as a relief, if you will, to reduce our dependence. I ask unanimous consent to speak for 5 more minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MURKOWSKI. In conclusion, let me bring up the reality that we have an energy bill that is about 303 pages long. It covers increasing energy efficiency, alternate fuels, and increasing our own domestic resources. It seems that all the interested parties, including the media, are concerned with one small portion, and that is the portion that suggests we reduce our dependence on imports and imported energy. That is one of the objectives in the bill—to reduce our imports of foreign energy to less than 50 percent by the year 2010.

To get back to this area, because it is the area of dispute, we are looking at a

lease-sale in this coastal plain. The reason that is the area is that it is estimated approximately 10 billion to 16 billion barrels of oil are mainly in this area. If it is within the estimate of 16 billion barrels, it will be the largest oilfield found in the world in the last 40 years.

Here is Prudhoe Bay, which has been 20 percent of America's production for the last 27 years, and the pipeline, 800 miles long, traverses this area. There are some in this body who want to put it into wilderness. Some are proposing they filibuster the bill. That is like fiddling while Rome burns.

We have an energy crisis in this country. We are looking for relief. We have an area where we have identified a significant likelihood of a major discovery that would relieve our dependence on imported oil, and some Members want to put it into wilderness, some Members want to stop discussion of the bill, some Members want to filibuster. When will we learn from experience? The experience is, if you are looking for oil, you go where you are most likely to find it. The geologists tell us this is the place. The infrastructure and an 800-mile pipeline are already there. But the environmentalists say no. They don't have any scientific evidence to suggest it cannot be done, they simply say no because it gives them a cause, membership dollars, and so forth.

People are concerned about the caribou. Here is a picture of the caribou. You have seen it before, Mr. President. They are wandering around Prudhoe Bay, they are not disturbed, they are very comfortable. These are real, Mr. President, they are not stuffed.

I can show you another picture. This happens to be 3 bears going for a walk. They happen to be walking on a pipeline because it is easier than walking in the snow. There is a compatibility here. I am not suggesting there is not change, but I am suggesting we have the technology to do it safely.

Here is a chart with the new technology. This came out of the New York Times science section. This shows how drilling occurs today, with 3-D seismic. You can directionally drill and find these pockets of oil.

Lastly, the technology of how it is done with the ice roads. We develop no gravel roads. We put down chipped ice. This is a platform in Prudhoe Bay area, but it is the same in the ANWR area. You can see cars—not cars, these are pickup trucks, traversing to supply this. When this is gone, what you will see in the 2½ months of summer is a picture looking like this. That is the technology. There is absolutely no scientific evidence to suggest we cannot do it safely.

Finally, do we really care where our energy comes from? Virtually all the oil produced in Alaska is consumed in California, Washington, and Oregon. If it does not come from Alaska, they are going to get it. Do you know where it is going to come from? It is going to

come in foreign ships, because every single drop of oil that moves from Alaska has to flow in a vessel owned by a U.S. company with U.S. crews, built in a U.S. shipyard, because that is what the Jones Act mandates regarding the movement of goods and services between two American ports.

California should concern itself, and so should Washington, because otherwise that oil will be coming in in foreign vessels, owned by foreign companies that do not have the deep pockets of an *Exxon-Valdez*.

I will be talking about this at other times, but I implore my colleagues to reflect on reality. We have some relief here if we have the gumption and commitment to recognize the scientific capability and technology that we now have to do it right.

Mr. President, I ask unanimous consent the portion of the executive summary of the CSIS study on the vulnerability of this Nation to imported energy be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

#### EXECUTIVE SUMMARY

The Center for Strategic and International Studies (CSIS) launched its Strategic Energy Initiative (SEI) in mid-1998 on the premise that the benign global energy situation that had prevailed since the late 1980s masked two dangers.

First, it obscured significant geopolitical shifts both ongoing and forthcoming that could affect future global energy security, supply, and demand.

Second, it led to complacency among policymakers and the public about the need to incorporate long-term global energy concerns into near-term foreign policy decisions.

By midyear 2000 the state of the world oil market had undergone considerable turbulence, marked by rapidly rising oil prices as oil-exporting countries were benefiting from staged reductions in production that had been initiated more than two years earlier. The delicate balance between supply and demand was demonstrated once again.

Instead of dwelling on the oil market turbulence in 2000, however, this report assesses the international energy supply-and-demand relationships likely to prevail in the first two decades of the twenty-first century, highlighting the different ways that geopolitical developments could affect global energy markets between 2000 and 2020. In light of the world's future energy needs, this report series also points out the contradictions inherent in certain of the energy objectives and foreign policies pursued by the United States and other Western governments. Finally, the report offers policy considerations that, if implemented, could help ensure that energy supplies are adequate to meet projected worldwide demand, are not excessively vulnerable to major interruptions, and are produced in ways that minimize damage to the environment.

It may appear that parts of this assessment are unduly pessimistic, that positive factors have been overlooked. These SEI assessments do stress prospects for instability and for interference in energy supplies, but only to alert policymakers about the fragility of reliable and timely supplies.

#### ENERGY OUTLOOK TO 2020

During the next 20 years, providing there is no extended global economic dislocation, en-

ergy demand is projected to expand more than 50 percent. This growth will be unevenly distributed, with demand increasing in the industrialized world by some 23 percent while more than doubling, from a much lower base, in the developing world, with Asia accounting for the bulk of this increase. At some point during this period, the developing world will begin to consume more energy than the developed world. Energy supply will need to be expanded substantially to meet this demand growth. Although the Persian Gulf will remain the key marginal oil supplier, all producing countries must contribute to supply to the extent they can.

Central to the geopolitics of energy during 2000-2020 is the fact that energy demand will be met in essentially the same ways as it was met at the end of the twentieth century. Fossil fuels will provide the bulk of global energy consumption, rising marginally from an 86 percent share in 2000 to an 88 percent share in 2020. Although oil will dominate global energy use and coal will retain its central role in electricity generation, natural gas use will increase noticeably. Indeed the relative contributions of oil and coal to world energy consumption will actually decline whereas only natural gas will demonstrate a growth in both absolute and relative terms. Nuclear power will decline in both relative and absolute terms; renewables, including hydropower, and alternative energy sources, while growing in absolute terms, will not capture a greater relative share of the market.

Development of oil and gas reserves is judged sufficient to meet projected global demand well beyond this period. The most noticeable trend during 2000-2020 will be the growing mutual dependencies between energy suppliers and consumers. Key aspects of this trend, which are set out below, may appear rather obvious—and they are; how to respond in today's changing environment is much less so.

The Persian Gulf will remain the key marginal supplier of oil to the world market, with Saudi Arabia in the unchallenged lead. Indeed, if estimates of future demand are reasonably correct, the Persian Gulf must expand oil production by almost 80 percent during 2000-2020, achievable perhaps if foreign investment is allowed to participate and if Iran and Iraq are free of sanctions.

While the Persian Gulf's share of world oil production continues to expand, the share of North America and Europe, the world's most stable regions, is projected to decline.

The share of world oil production from the Soviet Union is projected to increase from 9 percent to almost 12 percent. But, as had been the case in earlier years, this oil will follow the market, not attempt to lead it.

The Caspian oil contribution to world supply will be important at the margin but not pivotal.

Asian dependence on Persian Gulf oil will rise significantly, and the resulting necessity for longer tanker journeys will put more oil at risk in the international sea lanes.

European dependence on Persian Gulf oil will remain significant.

The European need for natural gas will be covered by a handful of suppliers, Russia being the most significant, which underscores a worrisome dependency.

U.S. net oil imports will continue their steady growth.

Anticipated growth in the use of natural gas—in considerable part engendered as a fuel for electric power stations—raises a new series of geopolitical issues, leading to new political alignments.

Electricity will continue to be the most rapidly growing sector of energy demand; developing economies in Asia and in Central and South America will show the greatest

increase in consumption. The choice of primary fuel used to supply power plants will have important effects on the environment.

Technological change and improvements in energy efficiency have made their mark on recent energy supply-and-demand balances. Future energy supply and demand must reflect not only a continuation of these successes but an acceleration wherever possible.

#### GEOPOLITICS AND ENERGY: A SYMBIOTIC RELATIONSHIP

##### *How Might Geopolitics Affect Energy?*

Four main geopolitical trends are likely to influence energy supply and demand during the years ahead.

The continuing domestic fragility of key energy-producing states. The world drew some portion of its energy supplies from unstable countries and regions throughout much of the twentieth century. By 2020, fully 50 percent of estimated total global oil demand will be met from countries that pose a high risk of internal instability. A crisis in one or more of the world's key energy-producing countries is highly likely at some point during 2000-2020.

Globalization. Economic globalization will impose new competitive and political pressures on many of the world's leading energy producers and consumers. It will serve as a spur for growth in global energy supply and demand. It could also lead to serious swings in energy prices and demand because country-specific or regional recessions or other influencing events can now be transmitted quickly around the world. In such a globalized world, energy producers and consumers will become ever more sensitive to their mutual interdependence.

The growing impact of nonstate actors. This impact will be evident in three distinct areas. First, adroitly employing new information technologies, non-governmental organizations (NGOs) will play a growing role in defining the ways that energy is produced and consumed. Second, terrorist groups, with access to the same technologies, will be in a position to inflict great operational damage on increasingly complex energy infrastructures. Third, radical activists will be in a position to disrupt operational infrastructure through cyberterrorism.

Conflict and power politics. The potential for armed conflict in energy-producing regions will remain high. Early in the twenty-first century, as a result, a weakening of U.S. alliance relationships in Europe, the Persian Gulf, or Asia could have major impacts on global energy security. U.S. concerns over the proliferation of weapons of mass destruction (WMD) and the desire to promote democratization and market liberalization around the world will also have a significant effect on key energy exporters. The future viability of the energy-producing states in the Caspian and Central Asia will be shaped by the competing objectives or interests of Russia, the United States, and adjacent regional powers.

##### *How Might Energy Affect Geopolitics?*

There are five main ways in which energy may affect geopolitical outcomes:

Swings in energy demand. A dramatic decline in global energy consumption, brought on by economic recession, could trigger instability in many of the world's major energy-exporting countries. Conversely, continued economic growth, accompanied by rising energy demand, would place more power in the hands of the exporters.

Swings in energy supply. Just as demand is vulnerable to sharp shifts up or down, so is supply. If discovery and development of new reserves and the addition of producing capacities match demand growth, an acceptable balance between supply and demand can be

maintained. But a number of factors must be satisfied if supply growth is to be encouraged, including an attractive host-country investment climate and the opportunity for acceptable investment returns. At the same time, political events and logistical interruptions can interfere with supply.

Competition for energy in Asia. As countries in Asia seek to secure growing levels of energy imports, two geopolitical risks emerge. First, historical enmities might boil over into armed conflict for control of specific energy reserves in the region. Second, the rising dependence of China on Persian Gulf oil could well alter political relationships within and outside the region. For example, China might seek to build military ties with energy exporters in the Persian Gulf in ways that would be of concern to the United States and its allies.

Energy and regional integration. Energy infrastructure projects may serve to strengthen bilateral economic and political ties in certain instances. In Asia, for example, energy networks, along with trade liberalization, could serve to reduce historical tensions and place Asian economic growth on a firmer footing. Similar forces might come into play in Europe, linking Russia to the European Union (EU); in South Asia, drawing Bangladesh and India closer together; and in the Far East, linking Russia and China.

Energy and the environment. Environmental concerns will have an increasingly important geopolitical bearing on energy decisionmaking by governments, by producers, and by consumers in the next decades. Should governments pursue aggressive strategies for reducing carbon emissions, a new political fault line could emerge between developed and developing countries.

#### POLICY CONTRADICTIONS AND CONSIDERATIONS

The interplay of geopolitics and energy early in the twenty-first century is at the root of an array of complex policy challenges that governments around the world must now confront. The three interlocking policy challenges are to ensure that (1) in the long term, supplies will be adequate to meet the world's energy needs; (2) in the short term, those supplies are reliable and not subject to serious interruptions; and (3) at all times, energy is produced and consumed in environmentally acceptable ways.

##### *Energy Availability*

U.S. policy today contains a fundamental contradiction. Oil and gas exports from Iran, Iraq, and Libya—three nations that have had sanctions imposed by the United States or international organizations—are expected to play an increasingly important role in meeting growing global demand, especially to avoid increasing competition for energy with and within Asia. Where the United States imposes unilateral sanctions (Iran and Libya), investments will take place without U.S. participation. Iraq, subjected to multilateral sanctions, may be constrained from building in a timely way the infrastructure necessary to meet the upward curve in energy demand. If global oil demand estimated for 2020 is reasonably correct and is to be satisfied, these three exporters should by then be producing at their full potential if other supplies have not been developed.

History has demonstrated that unilateral sanctions seldom are successful in persuading nations to alter their behavior. Multilateral sanctions provide a broader front and a greater guarantee of success. Multilateral sanctions test the ability and willingness of enforcing nations to hold together for the duration, however, while both multilateral and unilateral sanctions are viewed as targets of opportunity for the entrepreneurial trader.

Western governments should avoid the indiscriminate use of sanctions. The value of multilateral sanctions should be weighed against the value of engagement and dialogue. When the use of sanctions is deemed admissible in the support of international interests, governments should adopt a graduated approach and make every effort to ensure that the coverage of the sanctions is as targeted as possible. This should include a cost-benefit analysis of whether curtailing investment in, or revenue from, energy production will genuinely dissuade the target government from the specific behavior that provoked the imposition of sanctions.

Despite a limited success record, sanctions will continue to be used as a tool of foreign policy—as a means of rejecting the conduct of a particular nation—simply because there are no acceptable alternative courses of action. The world will have to live with the inherent limitations of the sanctions.

Policy consideration: Avoid the indiscriminate use of sanctions. The value of multilateral sanctions should be weighed against the value of engagement and dialogue. When the use of sanctions is deemed admissible in the support of international interests, ensure that the coverage of sanctions is as targeted as possible. Unilateral sanctions are not an effective policy tool.

A similar contradiction exists in U.S. policy toward the Caspian region and Central Asia, where the United States is committed to reinforcing the newly independent states but where contrasting U.S. policies toward Iran, Turkey, and Russia are likely to influence, rightly or wrongly, the construction of commercially viable pipelines for the export of Caspian oil and gas. A policy approach that ties exports primarily to one pipeline route—with the goal of avoiding Iran and Russia as transit states—before the political and economic viability of that route is known may undercut the pace of energy development in the region, to the dismay of both producing states and potential transit states.

Oil and gas exports from the Caspian region and Central Asia hold the prospect of becoming a valuable additional source of energy supply. Even as the U.S. government works to make feasible an East-West transportation corridor that bypasses Russia and Iran, the United States should not obstruct the development of alternative routes that would ultimately offer exporters a diverse and economically attractive set of options for transporting oil and gas to foreign markets, especially those markets in Asia and the Far East.

Policy consideration: Do not obstruct the development of economic routes that would ultimately offer Caspian and Central Asian exporters a diverse set of options for transporting oil and gas to foreign markets.

Beyond these contradictions, if Western governments are to ensure adequacy of supply early in the twenty-first century, policies must be framed toward encouraging energy-producing countries to open their energy sectors to greater foreign investment. This would include provisions for the enforcement of contracts, guarantees for private property, anticorruption measures, and stable fiscal regimes. Increased private investment must occur as early as possible in exploration and production facilities and in transportation infrastructure, especially in Asia, if the world's energy supplies are to reach markets in sufficient quantities during the 2010-2020 period.

Policy consideration: Encourage energy-producing countries to ensure that their energy sectors attract and support greater foreign investment.

Given the continuing importance of a small group of energy-producing and -exporting countries to the future health of the

global economy, it is vital that the United States and other Western governments place diplomatic relations, trade policies, and foreign assistance programs with each of these countries at or near the top of policy priorities.

It is in the self-interest of the United States and other Western governments to support China—rapidly emerging as a major oil importer—as it diversifies its sources of and forms of imported energy and encourage China to not rely excessively on the Persian Gulf. China is considering development of an infrastructure to support oil and gas imports from Russia and Central Asia and also for transit onward to other countries in the Far East. Collaborative cross-national energy infrastructure projects can play an important role in lessening the risks of future conflict over energy resources. However, such energy linkages may not always be in the best political interests of the United States.

#### *Energy Reliability*

In the early decades of the twenty-first century, because burgeoning energy demand must be met largely by a small number of oil and gas suppliers and because supply routes are lengthening, the risk posed by supply interruptions will be greater than it was at the end of the twentieth century.

Military conflict will remain a threat to most energy-producing regions, particularly in the Middle East where almost two-thirds of the world's oil resources are located. In addition, domestic turmoil within the key energy-producing countries constitutes another threat to reliability of energy supplies. At least 10 of the 14 top oil-exporting countries run the risk of domestic instability in the near to middle term.

The United States should retain as far as possible its ability to defend open access to energy supplies and international sea lanes. At a time when the administration faces myriad competing demands for military and peacekeeping interventions, this mission should be considered a strategic priority and may call for greater emphasis on, and increased investment in, appropriate military capabilities.

Policy consideration: The United States should retain as far as possible its ability to defend open access to energy supplies and international sea lanes.

Some observers are concerned that the United States may seek relief from its self-imposed responsibility as the protector of the world's sea lanes, which are used for the transport of fuels and are becoming more crowded. U.S. allies in Europe and Asia should be prepared to shoulder a greater share of the financial cost of protecting energy supply, including sea-lane protection.

Policy consideration: U.S. allies in Europe and Asia should be prepared to shoulder a greater share of the financial cost of protecting energy supply, including sea-lane protection.

No protector comparable with the U.S. role on the high seas exists for the increasingly important long-distance pipeline infrastructure. At a government-to-government level, international agreements to protect pipeline systems might have a deterrent effect. Governments must also find ways to work with the private sector to minimize the vulnerability of all energy infrastructures to sabotage or terrorist attack. Cyberterrorism may well pose the greatest threat during the time period under review.

Policy consideration: Governments must find ways to work with the private sector to minimize the vulnerability of energy infrastructure to sabotage or terrorist attack, including cyberterrorism.

The more feasible approach in the near to medium term to mitigate the risks of gas-

supply interruptions is to encourage importing countries to promote diversity among suppliers and delivery routes. European governments, particularly in view of their high dependence on Russian gas, should look closely at how security of gas supply might be enhanced.

To meet these challenges to reliable supply, importing nations must engage in contingency planning. The practice of holding government-financed strategic petroleum reserves is one essential method of limiting the impact of supply interruptions, provided that the stocks held are truly reserved for the intended purpose and not for manipulating domestic prices. Governments should maintain and, where appropriate, expand government-financed and -controlled strategic petroleum reserves. This could include extending the International Energy Agency (IEA) emergency preparedness program to nonmember countries that will become major oil importers and supporting the concept of regional stabilizing initiatives. For the foreseeable future, however, it would appear to be impractical and prohibitively expensive to hold strategic natural gas reserves.

Policy consideration: Governments should maintain and, where appropriate, expand government-financed and -controlled strategic petroleum reserves, reserving their use for supply interruptions.

#### *Energy and the Environment*

Energy production and use have become linked to environmental concerns. Air pollution, oil spills, and their impact on habitats are among the many challenges confronting government and the energy industry.

However, the energy industry's primary source of international friction may revolve around the issue of global climate change, as amply demonstrated by the contentious debate over the cost and benefits of the Kyoto Protocol.

The United States is unlikely to ratify the Kyoto Protocol in its present form. Clearly, global climate change can potentially have major implications for the economies of the world. Continued research and understanding of the facts are imperative for progress on this issue.

By 2020, energy consumption by the developing countries of the world is expected to exceed energy consumption by the developed countries. This may hold particular implications for the environment. Technologies must be made available to help ensure that, for developing countries, the burning of fossil fuels releases minimal pollutants. Moreover, fuel choices must be broadened to include cost-competitive nuclear electric power.

There will be no easy solutions. Clean-coal technology stands beyond the economic reach of most developing countries. Switching from coal to natural gas will take time inasmuch as deliveries will be dependent on the availability of costly long-distance natural gas pipelines and liquefaction and regasification facilities for the export and import of liquefied natural gas.

Policy consideration: Economically and environmentally sound technologies must be made available to help developing countries meet increasing energy demands.

Nuclear power is emissions free but poses its own set of competing policy concerns, ranging from reactor safety to waste disposal and nuclear weapons proliferation. Western governments should assess the conditions under which nuclear power could make a significant contribution to electricity supply in the developing world by first assessing those conditions under which nuclear power could make a continuing contribution to their own supply.

Developing country decisionmakers would have to ask themselves, "Is this the most sensible answer to our power problems, and is this option reasonably affordable?" Three essential criteria for a fourth-generation nuclear power reactor, suitable above all for use in developing countries, would have to be met.

Modular construction, with a generating capacity of approximately 100 MW;

Cost competitive compared with fossil-fuel generating plants; and

Proliferation resistant.

Policy consideration: Western nations should assess the conditions under which nuclear power could make a significant contribution to electricity generation in the developing world.

A major challenge for the future is quite evident: how to produce, transport, and burn fossil fuels in massive amounts but in an environmentally friendly manner. Is that possible only through technological breakthrough? Because in democratic countries the regulation and deregulation process can involve lengthy legislative and executive interaction and a complex public vetting process, simply recommending that policymakers eliminate those regulations that inhibit bringing technological innovation to market is meaningless. Instead, Organization for Economic Cooperation and Development (OECD) governments should expand basic research leading to more efficient fuel use and to viable alternative fuels. At the same time, governments should fashion regulatory processes and standards that favor the market success of environmentally friendly innovative energy technology.

Countries should review the extent to which subsidies for domestic energy sectors are inconsistent with their global energy policies.

Policy consideration: OECD governments should expand basic research on energy technologies; concurrently, policymakers should eliminate those environmental regulations that inhibit bringing technological innovation to market. All governments should review the extent to which domestic energy subsidies are inconsistent with global energy policies.

#### THREE BROAD CONCLUSIONS

Three broad conclusions can be drawn from this analysis of geopolitics of energy into the twenty-first century.

The United States, as the world's only superpower, must accept its special responsibilities for preserving worldwide energy supply.

Developing an adequate and reliable energy supply to realize the promise of a globalized twenty-first century will require significant investments, and they must be made immediately.

Decisionmakers face the special challenge of balancing the objectives of economic growth with concerns about the environment. This challenge has multiple parts: finding ways to increase security and reliability of supply; ensuring greater transparency in energy commerce; and strengthening the role of international institutions in matters of energy and the environment.

One of the ironies at the turn of the century is that, in an age when the pace of technological change is almost overwhelming, the world will remain dependent, during 2000-2020 at least, essentially on the same sources of energy—fossil fuels—that prevailed in the twentieth century. Political risks attendant to energy availability are not expected to abate, and the challenge for policymakers is how to manage these risks.

#### *What's New?*

The influence of nongovernmental organizations (NGOs) on public and private energy-

related policy decisions is perceived to be expanding.

Projected energy consumption in developing countries will begin to exceed that of developed countries, a change that will carry political, economic, and environmental considerations.

The spread of information technology and use of the Internet dramatically change the way business is conducted, and this change carries with it a new set of vulnerabilities.

The prospects of cyberterrorist attacks on energy infrastructure are very real; such attacks may be the greatest threat to supply during the years under review.

Global warming is attracting growing attention, and that attention will likely shape debate on future energy policies; it is hoped that debate will reflect sound science and factual analysis.

#### *Security of Supply*

If U.S. military power is committed to a limited but extended protection effort in Northeast Asia, the capacity to respond to a crisis like that of 1990 in the Persian Gulf will be severely limited. The United States will need to rebalance its security relations.

#### *Policy Contradictions*

The greater need for oil in the future is at odds with current sanctions on oil exporters Libya, Iraq, and Iran.

The United States deals with energy policy in domestic terms, not international terms; U.S. energy policy is therefore at odds with globalization.

The ACTING PRESIDENT pro tempore. Under the previous order, the time until 1 p.m. shall be under the control of the distinguished Senator from Wyoming.

Mr. THOMAS. Mr. President, we have 5 minutes remaining in our time; is that correct?

The ACTING PRESIDENT pro tempore. The Senator is correct.

Mr. THOMAS. I thank the chairman of the Energy Committee, the Senator from Alaska, for the work he has done on the energy problem. Clearly, we have one; there is no question. The question is, How do we best resolve it?

We are in desperate need of a national energy policy. We have not had one for a number of years. We need to have some direction with respect to domestic production—how much we want to let ourselves become dependent on OPEC and other such issues. It seems there are a number of issues about which the chairman has talked.

We need to talk about diversity. We have all kinds of things we can go on: We can go on oil, on gas, on coal—which is one of our largest reserves. We need to make it more clean. Of course, we can do that. We can take another look at nuclear, look again at our storage problems. It is one of the cleanest sources we have. Hydro needs to be maintained and perhaps improved. We need to go to renewables, where we can use wind and sunlight and some of the other natural sources.

I will always remember listening to someone back in Casper, WY, a number of years ago, saying we have never run out of a source of fuel; what we have done is found something that worked a little better. So we need to continue research to find ways to do that.

We need to have access to public lands. That doesn't mean for a minute

we are not going to take care of those public lands and preserve the resources and the environment. But we can do both. We have done that in Wyoming for a number of years. We have been very active in energy production, and at the same time we have been able to preserve the lands. That is not the choice, either preserve it or ruin it. That is not the choice we have.

We also need to do some more research on clean coal, one of our best energy sources.

I was just in Wyoming talking to some folks who indicated we need to find ways to get easements and move energy. If it is in the form of electricity, it has to be moved by wholesale transmission. We need a nationwide grid to do that, particularly if we are going to deregulate the transmission and the generation side, which we are planning to do.

We have to have gas pipelines. California has become the great example. They wanted to have more power. Their demand increased and production went down. Then they said: We will deregulate. So they deregulated the wholesale cost and put a cap on resale cost. Those things clearly don't work.

We have to have some incentives to produce—tax incentives, probably, for low-production wells.

We need to eliminate the boom-and-bust factor so small towns are not living high one day and in debt the next.

Finally, we need to take a look at conservation, of course. You and I need to decide how we can use less of that energy and still maintain our kind of economy and way of life.

I again thank the chairman of the Energy Committee for all he is doing and urge him to continue so we can set the right direction for this country in order to have the energy we need and save our national resources as well. I am persuaded we can do both.

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

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

#### CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

#### BIPARTISAN CAMPAIGN REFORM ACT OF 2001

The PRESIDING OFFICER. Under the previous order, S. 27 is discharged from the Committee on Rules and Administration, and the clerk will report the bill by title.

The legislative clerk read as follows:

A bill (S. 27) to amend the Federal Election Campaign Act of 1971 to provide bipartisan campaign reform.

The Senate proceeded to consider the bill.

Mr. McCONNELL. Madam President, I ask unanimous consent the time between 1 and 3:15 p.m. today be equally divided for debate only between the chairman and ranking member. I further ask unanimous consent that at 3:15 today I be recognized to offer an amendment.

Mr. McCain. Madam President, reserving the right to object—I will not object—that would not in any way preclude Members from coming down for opening statements. We want to make sure everyone can make their opening statements. I know there are a lot of Members who would like to make opening statements on the bill.

Mr. McCONNELL. Madam President, I believe that is what the time is for. I concur with the Senator from Arizona.

Mr. McCain. There may be more than 2 hours, and Members may come down afterwards since some Members are coming back late this afternoon. I would like to make that clear.

Mr. DODD. Madam President, reserving the right to object—I will not object—I urge Members who have opening statements to make on this bill to come to the floor between now and 3:15. Obviously, later in the day during consideration of amendments Members can make whatever statements they wish. But to have some coherency to the remarks, this would be the appropriate time to do so. We urge Members to come to the floor.

The PRESIDING OFFICER. Is there objection?

Mr. REID. Madam President, reserving the right to object, I am wondering if anyone knows that there is going to be a vote this afternoon. That was talked about last week.

Mr. McCONNELL. Madam President, it is my understanding that there was a plan to have a vote at 6:15.

The PRESIDING OFFICER. Is there objection to any of the requests? Without objection, it is so ordered.

The Senator from Kentucky.

Mr. McCONNELL. Madam President, we are in business for opening statements, if anyone would like to proceed.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. DODD. Madam President, I yield 30 minutes to the distinguished Senator from Wisconsin, Mr. FEINGOLD.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

Mr. FEINGOLD. Thank you, Madam President.

Mr. McCain. Madam President, may I say to my distinguished colleague, my statement would be 5 minutes long.

Mr. FEINGOLD. As always, I defer to my commander on this, the senior Senator from Arizona.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. McCain. Madam President, I thank my friend, Senator FEINGOLD, for his partnership and for his friendship.

Today we begin the first open Senate debate in many years on whether or