

our cost of servicing interest on the Federal debt.

Currently, we pay 11 cents out of every dollar—I don't think a lot of people realize this—11 cents out of every dollar is used to pay the interest on our debt. Lower the debt and you lower the interest burdens, and that frees more money for other priorities.

It was not until 1999 that we got to a point where the Social Security surplus was no longer used to offset spending—being used for debt reduction instead—and members of each party in both the Senate and House swore they would not go back to using the Social Security surplus for spending. In addition, many of us who supported the President's tax reduction package did so because the President promised he would limit spending and he would use all of the Social Security surplus to pay down debt.

I refer to that as a three-legged stool: No. 1, it allows meaningful tax reductions; No. 2, it restrains the growth of spending; and No. 3, it reduces debt.

That was the promise and I expect the President to keep his promise. I know many of us who supported the tax reduction will keep our promise to limit spending, and we are not going to spend the Social Security surplus.

So far in the appropriations process we look like we are on track to maintain a semblance of fiscal discipline because we are basically sticking with the budget resolution. Those appearances are deceiving because we are holding off the toughest bills for last, instead of tackling them first. We all know the way things are going, we are likely to increase spending for defense and education far beyond the levels anticipated when the budget resolution was passed. Like my colleagues, I support a strong national defense and funding for true educational responsibilities. However, I think we must offset increases in these programs by making reductions in other areas, understanding the President is not going to get everything he wants and Members of this body are not going to get everything they want.

Unfortunately, that is not what we are doing. I agree with President Bush that the responsible course of action for the Congress is to immediately move up the two biggest appropriations bills, Defense and Labor-HHS: Consider them first. We need to get everything on the table and reallocate resources in order to stay within the budget limits, just as I did when I was Mayor of Cleveland and Governor of the State of Ohio.

If we were in this kind of situation in a county, or in a city or at the State level, we would get everything on the table, we would look at all the things that need to be done, and say we have to reallocate these resources. But not in the U.S. Senate. Not in the U.S. Congress. We do these appropriations bills, No. 1 with blinders on, No. 2 with blinders on, No. 3 with blinders on—we go all the way to the end and just keep

ratcheting it up a little bit until we get to the biggest ones at the end, and then we say: Holy smoke, we don't have the money; and then Katie bar the door. That is what has happened in the last 2 years I have been here.

I urge the President and urge the Senate leadership, let's get real. Let's look at what we are doing and understand we cannot do everything for everyone, and try to figure out how we can live within the limits we have set. We can do that. I think it would be the finest thing we could do for this country. It hasn't been done around here—I don't remember if it has ever been done since I have been watching government, and I have been watching it as a mayor and as a Governor for 20 years. I would like to see that happen.

The other thing I am going to try to do to guarantee we do not end up spending the Social Security surplus is offer two amendments in the near future, with colleagues from both sides of the aisle, that will force the Senate and House to make the necessary hard choices that will bring fiscal discipline to the Government and keep the Social Security surplus from being used.

My first amendment I will introduce will address Congress's perpetual irresponsible spending and budget gimmicks, gimmicks that Congress used in 1999 to avoid the appearance of using Social Security. There are a lot of them out there. We have to make sure we are honest with the public about what we are doing and not try to pull the wool over their eyes.

The second amendment I will be offering is an amendment to guarantee Social Security funds will not be spent and instead will be used to reduce debt. It is my hope, as we proceed through the appropriations process, these amendments will be given favorable consideration by my colleagues and not turned aside on a procedural vote. We ought to have an up-or-down vote on some of these issues that are really going to clarify the process and make what we do in the Senate more transparent. We owe the American people nothing less.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

The Senator from New Mexico.

Mr. BINGAMAN. Mr. President, I ask unanimous consent I be allowed to speak for up to 15 minutes in morning business.

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

#### ENERGY POLICY

Mr. BINGAMAN. Mr. President, I will take this opportunity to speak for a few minutes on the work that is currently underway in the Energy and Natural Resources Committee on which the Presiding Officer serves with great distinction. We are making an effort in that committee to develop a comprehensive and balanced energy policy. I want to inform my colleagues

about the likely steps we will be following in the near future.

As I see it, Congress has a real opportunity this fall to set an energy policy that will sustain our economic prosperity as we move into this new 21st century. The Senate has a key role to play in seeing this opportunity does not slip through our grasp.

A great deal has changed since 1992, which is the last time Congress enacted major energy legislation. We have seen energy markets become more competitive and more dynamic. But we have also seen some significant bumps along the way.

First of all, consumers are more vulnerable to the vagaries of the energy markets than they ever were before. I think the evidence we have of what happened in California with electricity prices is one example.

Second, gasoline supplies are increasingly subject to local crises and price spikes due to the proliferation of inflexible local fuel specifications.

Third, we rely more heavily each year on natural gas—natural gas to heat our homes and to produce electricity. But our system for producing and transporting that natural gas is showing signs that it is reaching its limits.

Fourth, the need to address the fundamental connection between energy and global warming is something that is becoming a major concern of many of us, and I think rightly so.

So I am pleased most of my colleagues in the Senate recognize these challenges. I believe there is a bipartisan consensus in favor of a sensible energy policy that will smooth out the bumps in the market by increasing energy efficiency, by boosting our energy supplies, by modernizing our energy infrastructure.

Technology and policy innovations will be key to achieving this balanced outcome so Americans can have reliable and affordable energy choices that are sustainable over the long term. Our energy problems cannot be effectively addressed by packaging up a collection of tired old wish lists and passing that through the Senate floor in a day or two. Energy consumers and producers, and several committees here in the Senate, will need to focus on new energy approaches if we are to protect our national economic prosperity and do so through smarter ways to produce and use energy.

For this reason, as the Senate takes up and considers energy legislation this fall, we will be talking about the need for proactive policies, about the need for technology-driven approaches to our energy problems. We have made a good start already in the Committee on Energy and Natural Resources. We began our markup in July, before the August recess—a markup of comprehensive energy legislation.

The first part of the bill that we have substantially completed at this point is a comprehensive revitalization of the

national capabilities for energy research and development. Putting research and development first reflects a broad consensus that new science and new technology are at the core of any solution to our national energy challenges. Despite the importance of energy R&D, our recent commitment to it leaves a great deal to be desired. The level of effort we are making today in Federal energy technology research and development is equivalent in constant dollars to what we were making in 1966. Yet our economy is three times larger today than it was in 1966. It is very hard to see how we can build a 21st century energy system on a 1960s level of effort in the research and development budgets.

The committee will begin its deliberations beginning this next week and its effort to mark up a bill this next week. Major topic areas before the committee as we move forward in this markup will include policy proposals to improve energy efficiency, to improve our ability to produce energy from a great diversity of sources, and to tackle the tough issues related to electricity restructuring.

Today I am releasing a detailed description of the proposed chairman's mark in these various areas. I am also releasing the text of the major portions of the bill we will be working on in committee—the next major portion of the bill. This part of the bill will deal with electricity, and it will provide a framework to integrate new technologies into electricity markets to provide high-quality, efficient electricity generation in every community and to give consumers new ways to manage and control energy use and energy costs.

I would like to take an opportunity to describe some of the key proposals in the mark that we will be considering in a little more detail. With respect to energy efficiency, the chairman's mark that we will be considering for the energy policy bill will contain provisions that will improve energy efficiency in household appliances—also provisions that will improve energy efficiency in Federal and other facilities and industry itself.

Let me state my belief, though, that increasing vehicle fuel efficiency is one of the highest legislative priorities that the Senate should have in energy legislation. In addition to our growing dependence on foreign imported oil, we have reached the limits of our current infrastructure to refine and distribute fuels. A policy of simply continuing to increase the demand for gasoline is not sustainable. Fortunately, advanced technology in a variety of areas to improve automotive fuel efficiency offers a better answer, and we need to move in that direction.

The National Academy of Sciences has given us some very useful ways of thinking how to reformulate the CAFE program. Clearly, consumers want the option to choose the type of vehicle that suits their needs and preferences.

They also want to be able to count on reliable and affordable fuel supplies.

While CAFE standards are not in the Energy Committee's jurisdiction, a number of other mechanisms to encourage greater fuel efficiency in cars and trucks are in our jurisdiction. The mark will contain purchase requirements for Federal fleets that will provide greater incentive to automobile and truck manufacturers to produce more highly efficient vehicles.

A topic closely allied to vehicle fuel efficiency is the question of the fuels that we will need in the future to power cars and trucks. Here, the Congress has a clear duty to address the growing multiplicity of fuel specifications around the country. Part of the solution to this problem will be provided by a bill in the Committee on Environment and Public Works, sponsored by Senators SMITH and REID. I hope that these provisions find their way into our overall energy bill in the Senate.

The Chairman's mark will include a number of energy efficiency provisions relating to appliances. Perhaps the most visible proposal in this regard will be one that enacts a 13 Seasonal Energy Efficiency Rating for central air-conditioning units. Such a standard was finalized earlier this year, but since then the Bush Administration has attempted to withdraw it and substitute a lesser standard. The Committee on Energy and Natural Resources held hearings on this topic and the record before the committee has persuaded me that the administration based its decision on economic information that was outdated and inaccurate.

A 13 SEER rating for central air-conditioning units can do a lot to help avoid summer blackouts and brownouts when high temperatures send electricity demand soaring. During the intense heat wave we had in early August, which was felt nationwide, peak demand from air-conditioning did, in fact, lead to problems in electricity availability in some parts of the country, while others were uncomfortably close to the margin. We need to build more efficiency into this part of our system over the long term, and a higher standard for these large air-conditioning units will help.

The Chairman's mark will also require the Federal government to purchase Energy Star or other efficient products designated by the Federal Energy Management Program. This is a requirement that, again, makes eminent sense. Taxpayers save money, and the cost of energy-efficient appliances to consumers comes down, when the Federal government takes a leadership role in purchasing highly energy efficient computers, office machines, and other appliances.

The mark also authorizes a grant program to help build energy-efficient schools. School districts can ill afford to waste taxpayer funds on excessive energy bills because of the inefficiency of school buildings.

With respect to new energy sources, it is important that the Senate look to policies that will truly improve our supplies of domestic energy security, including measures to improve our supply of natural gas and to diversify our energy mix to include a greater reliance on domestic renewable resources. These are the types of provisions that I will include in the Chairman's mark.

I will not be including in the mark any provisions relating to drilling for oil in the Arctic National Wildlife Refuge. The debate over oil drilling in the Arctic National Wildlife Refuge—a long-standing bone of contention in energy policy—is in many ways a distraction from more important opportunities to bolster our domestic energy security. Oil produced from the arctic refuge is not likely to influence the world price of oil, or the prices that U.S. consumers pay for gasoline. I plan to focus attention in the Energy Committee mark-up on a number of issues that will have a greater impact on our domestic production of oil and gas and a larger near-term impact than drilling in the Arctic.

The first such issue is another Arctic resource that could be brought to U.S. markets—natural gas. The exploration for oil in the Prudhoe Bay region of Alaska has resulted in the discovery of abundant supplies of natural gas, but there is now no way to bring that gas to markets in the lower 48 States that could benefit from it. The projection of growing demand for natural gas has reawakened interest in building a pipeline from Prudhoe Bay to Alberta, Canada, where it would join with existing gas pipelines that serve the United States. That pipeline would be an enormous construction project on the part of the private sector, requiring perhaps 2,000 miles of steel pipe and costing \$20 billion. A lot of spurious job numbers have been floated about drilling in the Arctic Refuge. The gas pipeline would be the real thing as far as job creation is concerned.

If we do not act while there is substantial private-sector interest in building the Arctic gas pipeline, we will lose an important opportunity to bolster our national energy security in natural gas. If we do not bring the Alaska gas to market, then our growing demand for gas will be met by large-scale import of liquefied natural gas. At \$3 or less per million BTU, imported LNG will be cheaper than Alaska gas. But it would be foolhardy to look at the issue solely through the prism of short-term economics. We are already more than 50 percent dependent on foreign oil. If we do nothing about the Arctic gas, we could wind up being similarly dependent on foreign natural gas, from many of the same OPEC countries from which we import oil. That is an economic and national security issue.

We face a clear moment of decision. The Chairman's mark that I will bring before the Committee will contain authorizing provisions to streamline the

regulatory approval process to move forward with the pipeline. We may find a mechanism to ensure that the domestic option for a pipeline route is chosen. I hope to be able to work with my colleague from Alaska during the mark-up to help make that happen.

The second key initiative for domestic production is to undertake a top-to-bottom review of both federal and State royalty and tax policy on domestic oil and gas production. Our current policies were put in place when the U.S. had abundant and easily accessible reserves. We have fewer such reserves now, and while technology for finding oil has continued to improve, we should consider whether the financial structure we have in place should change to one that enhances the economics of exploring for oil and gas in more challenging geological formations. It should also take into account the boom-and-bust nature of the industry, and provide incentives to maintain domestic production when prices are low.

The third proposal is to provide adequate funding for the federal programs that actually make new leases for oil and gas available to domestic producers. For all the rhetoric from the administration about the need to boost production, it has not asked for enough money in order to bring this about. The result is likely to be further delays and frustration on the part of U.S. oil and gas producers. In the mark that I will present to the committee, we will authorize a higher level of funding for the necessary personnel to make the decisions and to process applications for domestic production.

The area of electricity, as I mentioned earlier in these remarks, is the next major topic that we will take up in the markup. We do need to provide for reliable and diverse electric power generation and distribution sources in the country. Electricity is a central part of modern life. Yet our electric system largely operates on a design that is nearly a century old. There are many problems in our electricity markets that need to be addressed. The problems faced by California and the West earlier this year should be a wake-up call to all of us.

What the electricity crisis in California showed is that the institutions that developed in the last century have not evolved enough to ensure reliable and affordable supplies of electricity. We face a crucial turning point. During the next few years, billions of dollars of investment will be planned and committed to electric generation and transmission. Those investments will have a 30- to 50-year lifespan. Will we put in place a structure to maximize the chances that investments will go to new technologies that will give consumers real choices over their energy use or will Congress, by its inaction, perpetuate obsolete frameworks for managing electricity markets, with the result that we wind up with little improvement in the status quo?

I believe that we in Congress and the President have a great opportunity to be visionary about the future of electricity. A transmission grid that is open to a wide variety of generation options, including distributed generation, will ensure the power quality and efficiency that our 21st century society will need in order to sustain our economic prosperity.

That opportunity creates a great duty on the part of Congress and the President to focus on electricity as a major part of comprehensive energy legislation. Our task must be to build a regulatory structure that has adequate authority to resolve market defects, without interfering unduly in those markets.

I believe we need to move forward now with a legislative solution to these problems. To leave electricity legislation for another day would be to perpetuate an obsolete system that will not provide the reliability, quality, affordability, and choice that consumers will want and need.

The changes that I believe are needed, and that we are going to be trying to address in the chairman's mark, include the following:

First, we will try to clarify who has jurisdiction over regulating electricity transmission in interstate commerce. That is a key part of what the legislation will do. That role is assigned to the Federal Energy Regulatory Commission, or FERC. FERC will be given authority to ensure that all electric transmitting organizations in interstate commerce play by a consistent set of fair rules.

Second, the chairman's mark will give FERC the responsibility for taking the current voluntary system for promoting reliability in electric transmission and making adherence to reliability rules mandatory.

Third, the chairman's mark will give the FERC the tools to ensure that competitive markets work well to provide customers with affordable electricity.

Fourth, the chairman's mark will address the tough issue of siting new transmission facilities. This is something the President has indicated his support for. A national transmission grid is a necessity, but cannot occur without a new approach to transmission planning, expansion, and siting. Federal eminent domain, by itself, is not likely to lead to an effective approach to meeting this need. What is needed is to use federal eminent domain as a backstop to a more cooperative, regionally based approach to transmission and siting issues. Thus, the chairman's mark will rely on regional transmission organizations to do the bulk of transmission planning, expansion and siting. Only if those regional entities are stymied will a federal eminent domain authority be invoked, and that authority will be used only to implement the decisions taken regionally.

The chairman's mark will include a repeal of the 1935 Public Utility Hold-

ing Company Act, or PUHCA, but the protections in that act will be replaced by giving FERC jurisdiction over mergers of holding companies that own utilities and over acquisitions of generation assets.

Finally, the chairman's mark will ensure that there is transparent information on market transactions.

As part of a balanced and comprehensive legislative solution, the chairman's mark also includes numerous benefits and protections for consumers, so that we don't repeat the mistakes of telecommunications deregulation. These include an emphasis on ensuring future access by rural, remote, and Indian communities to electricity; protection of consumers from unfair trade practices; and a Public Benefits Fund to ensure that there is a way to fund electricity programs in the public interest.

The chairman's mark also includes a series of provisions to ensure that we have a greater role in our electricity generating system of the future for renewables and distributed generation, while maintaining the contribution made by existing sources of baseload generation, such as hydropower and nuclear. Among the important tools for making sure we have diversity in our sources of electricity is a renewable portfolio standard, uniform interconnection standards to the electric grid, greater flexibility and predictability to the process of relicensing hydroelectric dams, and a reauthorization of parts of the Price-Anderson Act.

Finally, a common thread among many of the provisions that I have mentioned in this chamber today and that we will be considering in the bill is perhaps the most important public policy challenges of the 21st century, and that is climate change. Climate change policy and energy policy are inseparably linked, because energy production and the use of energy are leading sources of greenhouse gases that affect the atmosphere. The Senate must ensure that the energy legislation it passes makes a meaningful, positive contribution to dealing with this issue. Many of the provisions that I have already discussed—energy efficiency, the focus on more renewables—make a contribution to this goal. The mark that we will be considering in committee will contain some additional provisions to promote better information and policy on greenhouse gas emissions.

Energy policy is a difficult and complex topic. Getting to a solution that gives America a vibrant energy infrastructure and the right policies for the 21st century will require careful work on complicated issues. Our Nation's future economic prosperity, and the jobs of millions of Americans, are at stake. I hope that the approach taken in the Senate combines a thoughtful analysis of our current energy challenges with a willingness to take some bold policy steps to address those challenges. That certainly is the spirit in which I will be making proposals before the committee.

I look forward to working with all my colleagues in the Senate to produce constructive legislation for the future of our country.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. EDWARDS). The Senator from Ohio.

**UNITED STATES-MEXICO ENGAGEMENT: AN UNPRECEDENTED OPPORTUNITY FOR COOPERATION**

Mr. DEWINE. Mr. President, earlier today we welcomed to the historic House Chamber President Vicente Fox, the President of Mexico. At this moment, President Bush and President Fox are in my home State of Ohio. They traveled to Toledo, OH, making several visits there. So we welcome both Presidents to our home State.

As an opposition candidate, President Fox's election and inauguration last year overturned 71 years of one-party rule in Mexico, one-party rule domination of the executive branch by the Institutional Revolutionary Party, PRI. That election made history. And today, with his Presidency, and with President Bush in office, we are continuing to make history, as our nations have the unprecedented opportunity to implement positive changes and to create lasting progress for our entire hemisphere.

I say to my colleagues, it is important that we not squander this opportunity, that we not squander this chance. Because of Mexico's critical importance to our Nation and our hemisphere, it was not at all surprising that President Bush chose to travel to Mexico for his first official foreign trip as President.

This week we welcome President Fox to our country. These historic meetings demonstrate the vital nature of our relationship with Mexico and the importance of bilateral cooperation.

I commend both leaders on their ongoing commitment to hemispheric partnership, and look forward to even greater cooperation stemming from this week's meetings.

No one can deny the importance of our involvement with Mexico—our neighbor—a nation with which we share an over 2,000-mile common border.

Additionally, over 21 million Americans living in this country are of Mexican heritage; that is 67 percent, two-thirds of our total U.S.-Hispanic population. Indeed, many people and many issues bind our nations together. It is in the interest of both Mexico and the United States that we make that bond even stronger.

That is why we want to see President Fox succeed. He is off to a good start.

President Fox's election was received as a positive step in Mexico's maturing economy and has fueled new investments in the country, raising expectations for better economic opportunities for the Mexican people. At the same time, Mr. Fox also has raised expectations here in Washington for better op-

portunities to improve U.S.-Mexico bilateral cooperation on a wide range of issues.

As an advocate of free trade in the Americas, Mr. Fox recognizes that a strong, steady economy in Mexico can be the foundation to help solve many of our shared challenges and advance our mutual interests.

I am confident that President Fox's visit to the United States will advance our growing and strengthening partnership and that both leaders will engage in constructive dialog to promote cooperation, enhance the security and prosperity of both nations, and enable each country to establish mutually agreed-upon goals in at least four areas: First, economic development and trade; two, the environment; three, immigration; and four, law enforcement and counterdrug policy.

In each of these four areas, both countries should seek to implement realistic and practical steps that will build confidence in our partnership and help set the stage for continued discussions and further progress.

A good demonstration of our relationship's success is the economic cooperation spearheaded by the North American Free Trade Agreement, NAFTA.

Thanks to this partnership, trade between the United States and Mexico now amounts to over \$250 billion annually, making our neighbor to the south now our second largest trading partner behind Canada.

In the last decade, U.S. exports to Mexico have increased over 200 percent, and today 85 percent of Mexico's entire exports go to the United States. However, progress in our partnership cannot occur absent continued progress in Mexico's economy.

Although Mexico is in its fifth consecutive year of recovery following the 1994-1995 peso crisis, improved living standards and economic opportunities have not been felt nationwide in Mexico. In fact, as could be expected, the slowdown in the U.S. economy has also had an impact on Mexico. Lack of jobs and depressed wages are particularly acute in the interior of the country, once you get away from the U.S.-Mexican border in the north. That is even true in President Fox's home state of Guanajuato.

As long as enormous disparities in wages and living conditions exist between Mexico and the United States, our Nation will simply not fully realize the potential of Mexico as an export market, nor will we be able to deal adequately with the resulting problems that come about because of that poor economy, because of that great disparity in wealth that brings about illegal immigration, border crime, drug trafficking, and other problems.

In keeping with the market-oriented approach that we started with NAFTA, the United States can take a number of constructive steps to continue economic progress in Mexico and secure its support for a free trade agreement

with the Americas, which is something that clearly this administration and this Congress must push.

First, we can bring to Mexico the Overseas Private Investment Corporation, a loan program that also assists U.S. small business investments in many other countries.

Second, we can encourage entrepreneurship in Mexico through increased U.S. funding of microcredit and microenterprise programs, which will encourage small business development.

Third, we should expand the mandate of the North American Development Bank beyond the current situation where it only extends to the U.S.-Mexico border.

This bank has been a successful source of private-public financing of infrastructure projects along our borders. Extending its authority inland not only would bring good jobs into the interior of Mexico but also would help to develop and further nationalize a transportation and economic infrastructure.

Continued investments in the NADBank also would facilitate greater environmental cooperation between the United States and Mexico through projects geared toward advancing the environmental goals and objectives set forth in NAFTA and also would enhance the overall protection of U.S. and Mexican natural resources.

Both nations need to pursue a joint immigration policy that takes into account the realities of the economic conditions of our countries. At a minimum, President Bush should continue to evaluate the temporary visa program for unskilled workers, which has proven burdensome for U.S. farmers and small business men and women. Any liberalization of this program should be linked to concrete programs to reduce illegal immigration into the United States. This is not going to be an easy issue. We have heard discussion from President Fox and President Bush over the last several days about this. Many Members of Congress have very strong opinions about it. I believe it is important for us to deal with this issue in a practical and rational way.

Additionally, in a quick and simple fix, the administration should eliminate the annual cap on the number of visas issued to Mexican business executives who enter the United States. Currently, the cap stands at 5,500. And under current law, it will be phased out in the year 2004. The United States does not have such a cap for Canada. Repealing the cap now would send a very positive signal to President Fox and to the Mexican people about their nation's value to us as an economic partner.

Further, it is important for the United States to be seen as a partner and resource, as President Fox undertakes his pledge to reform Mexico's entire judicial system.

I have had the opportunity, as I know many Members of the Senate have, to travel to Mexico and see the problems,