

Mr. WYDEN. Before he leaves the floor, I say to the distinguished majority leader how much I have enjoyed working with him over the years on this issue of health care. As he knows, Senator HATCH and I have worked for many months on a bipartisan proposal that we would like to be part of the discussion he is going to launch. I have come to the conclusion that, as pressing as the financial issues are with respect to health care, the social and ethical issues are going to be even more important as we face this demographic tsunami of millions of baby boomers who are retiring in 2010 and 2011. So I am grateful the majority leader continues his interest in health care.

I continue to have a bipartisan interest in working with the majority leader, who has spent so much time on those issues over the years. I know I speak for Senator HATCH in this regard as well.

We have to break the gridlock on this issue. Literally for 60 years, if you look at the parallel between what Harry Truman tried in the 81st Congress in 1945 and what was tried in 1993 and up to this day, we see, unless we find a way to take a fresh approach, as the distinguished majority leader said today, we are not going to break this gridlock.

So I welcome your statement today. I am anxious to work with you and the chairman of the committee, Senator GREGG, to pursue these proposals.

Mr. FRIST. Mr. President, just briefly responding through the Chair, I very much appreciate those comments because, just as we have done with Medicare, it is going to take strong bipartisan support to get good, effective legislation through.

Second, the point about why now versus 10 years ago, 20 years ago, or 30 years ago—I agree wholeheartedly. We have this huge demographic shift that didn't occur 10 years ago or 20 years ago or 30 years ago or 40 years ago, that we are realizing right now. It gives us a perfect reason for all of us to come together to address these problems—the uninsured is a major one for both of us—in a way that may be unprecedented, at least in the last 10, 20, or 30 years.

I very much appreciate those comments and look forward to working with my colleague.

#### IRAQI GASOLINE PRICES

Mr. WYDEN. Mr. President, I come to the floor this afternoon because I am troubled by what appears to be a request by the Bush administration in the Iraq supplemental that would have our citizens use their hard-earned tax dollars to subsidize the cost of gasoline in Iraq so Iraqi citizens would only have to pay 10 cents a gallon.

The questions I am going to raise this afternoon with respect to this proposal can all be found essentially on page 29 of the report with respect to the request for the supplemental funds

for rehabilitation and reconstruction of Iraq.

For those who are following this discussion, this is under the question of the purchase of oil products at page 29 of the request for the supplemental.

I want to begin asking some questions about the fairness of this Bush proposal and about how this subsidy program that is in this report would work if it was actually to be funded by the Senate.

Today I also intend to send a letter to the President trying to get answers to some of these questions. But I would tell the Senate that here is what we know at present.

The Bush administration has included in its Iraq supplemental funding request an estimated cost of \$900 million to cover the difference between “Iraqi demand and refinery production to establish and maintain a 30-day reserve in all major petroleum products to ensure no interruption in basic services due to terrorist activity.”

The administration's funding request specifies:

\$600 million will be needed in the first quarter of 2004 to compensate for the large difference between demand and production and to build this 30-day reserve.

The first question is, How much is going to be spent on creating this reserve, and how much is going to be spent on purchasing gasoline for Iraqis? Using demand data from the Energy Information Agency's latest report on Iraq and current market conditions, it is estimated the establishment of a 30-day fuel product reserve would cost approximately \$200 million. If that amount is correct, that would mean roughly \$400 million would be spent to purchase gasoline and other petroleum products for Iraqis in the first 90 days of next year. Iraq is importing about 750,000 gallons of gasoline a day, according to recent statements by senior oil ministry officials.

Based on those statements, Iraq would need about 67.5 million gallons during the first quarter of 2004. If that estimate is correct, U.S. taxpayers would be paying almost \$6 per gallon for the gasoline that is provided to Iraqis by the United States in the first quarter of 2004.

The question I ask today and in the days ahead will be: Why does it cost \$6 per gallon to provide gasoline to Iraqis when the cost in neighboring countries such as Saudi Arabia and Kuwait is less than \$1 per gallon and below the \$2 per gallon cost almost everywhere in our country?

According to an article in the Houston Chronicle on September 28, the United States has already spent hundreds of millions of dollars to provide gasoline to Iraq under the contract previously issued with Halliburton. My question here would be: What is the cost of gasoline that has been sent to Iraq by the United States? What was the wholesale price involved here that Halliburton paid for the gas sent to Iraq at taxpayer expense?

Of course, I think our citizens would want to know what profit was made on these deliveries.

The Houston Chronicle also reported that in Iraq the low-octane government-subsidized gasoline sells for less than a dime a gallon.

I ask unanimous consent that the article from the Houston Chronicle entitled “U.S. Taxpayer Footing Bill for Cheap Iraqi Gasoline” be printed in the RECORD.

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

[From the Houston Chronicle; Sept. 28, 2003]

#### U.S. TAXPAYERS FOOTING BILL FOR CHEAP IRAQI GASOLINE

By Michael Hedges

BAGHDAD, Iraq.—Mahmoud Ali, a gap-toothed 15-year-old, worked steadily under a penetrating sun at his rather monotonous job outside the large Mansur filling station here.

Taking turns with his two uncles, Ali waited in line in the family's 1982 Chevrolet to get a tank of cheap gasoline, which the locals call benzene, at the station subsidized by the Iraqi Oil Ministry.

After filling up the faded white Chevy, the men pulled the vehicle to a curb. There, they siphoned the fuel into 20-liter plastic jugs to sell at triple the posted price to other drivers too frustrated to wait in the lengthy lines.

Then, one of the men drove the Chevy back to the line to sweat it out until another full tank of fuel could be secured.

Selling fuel at three times its state-set price about 100 yards from a line of 14 working pumps would be a hard dollar to earn in another economy.

But it works here in Iraq, because the low-octane, government-subsidized fuel sells for less than a dime a gallon. Even working-class Iraqis earning a few dollars a day are willing to pay outrageous mark-ups to avoid the line.

“Benzene is cheaper than water here,” local journalist Qais Al-Bashir said Friday.

What it is costing American taxpayers is another story.

Since the fall of Saddam Hussein's regime last April, Iraq's resuscitated oil industry has been unable to produce enough gasoline, cooking oil and other petroleum products to meet the country's needs.

So far, U.S. taxpayers have spent some \$562 million under the Halliburton contract to bring in gasoline and other fuels and make needed repairs to Iraq's gas distribution network, according to the Army Corps of Engineers. In fact, that effort has accounted for nearly half the \$1.22 billion worth of work that Halliburton has performed in Iraq since the war.

“The benzene we sell here comes from Turkey, Kuwait and Saudi Arabia,” said Majed Mohammed, 44, who manages the Mansur station for the Iraqi Oil Ministry.

“Before the war,” he said, “it was 100 percent from Iraq. But now we have problems with sabotage of the pipelines. The refineries are working at far less than capacity.”

Mohammed, who has worked for the Oil Ministry for 21 years, said artificially low fuel prices are nothing new to his country.

“The cost is subsidized by the ministry,” he said. “It was like that before the war when Saddam was here, and it is the same now. We are obliged to do it because of the needs of the people. If we didn't, there would be major problems and even more anger at the Americans.”

Iraq is importing about 750,000 gallons of gasoline a day, according to recent statements by senior Oil Ministry officials. Expectations by the Bush administration that

oil could fund the massive rebuilding of the country—or at least the needs of its people in the immediate future—have not been met.

Iraq's oil output is less than half the pre-war level of 2.3 million barrels per day and only about one-third the 3.2 million barrels produced by the nation before the 1991 Persian Gulf War and the subsequent United Nations embargo.

Experts differ on when Iraq's fuel production capacity will reach 1990 levels. The Coalition Provisional Authority, which oversees the U.S.-led occupation, has said that production could reach 3 million barrels per day by later summer of 2004. Private analysts have said it could take at least a couple of years to reach that level.

For the foreseeable future, the occupation authority will have to spend massive amounts to underwrite the fuel used by Iraqis. And conservation seems unlikely in a country where decades of cheap gasoline have created a culture in which driving around in aging, fume-spewing cars is seen as a form of recreation.

"Iraqis always loved to drive, and there are more cars than ever now—cars from Kuwait and Jordan that have come in since the war," said Mohammed, the Mansur filling station manager.

Even on Friday, the Muslim holy day, lines formed at the city's fuel stations.

"We used to be open 24 hours a day before the war, so there were no lines," Mohammed said. "Now we have a curfew, and people don't feel safe to wait in line after dark because of the explosions."

The 10-person staff at the Mansur station provides its own security, and a stack of AK-47s is kept handy in the main office.

Not all the city's fuel stations are owned and operated by the Oil Ministry, though none is a truly private business.

Meqdam Abdullah, 30, runs a station near the Sheraton Ishtar Hotel in central Baghdad that his family leases from the Oil Ministry. In exchange, officials sell fuel to the station at a slightly reduced price. By averaging sales of more than 100,000 liters a day, the station ekes out a small profit, Abdullah said.

But it is a tough business. During the war, the station got caught in a firefight between U.S. soldiers and armed looters, as evidenced by patched bullet holes.

Since the war ended, thieves have struck more than once, taking, among other things, the station's generator that is needed to produce electricity. Abdullah's family had to pay the looters to get the generator back. It was a necessary expense, because officials provide electricity to Baghdad in sequences of three hours on, three hours off.

Like many other Iraqis, Abdullah said the failure of U.S. authorities to provide security is his biggest complaint in the post-Saddam era. The lack of consistent electricity is the second.

He attributed the sporadic power to some inscrutable form of manipulation similar to the times, he said, that Saddam cut off fuel to disfavored minorities.

"America," Abdullah said, "is the world's great superpower, and it can't get the electricity back? I can't believe that."

The generator briefly failed at the service station on Friday. Ironically, dirty fuel provided by the government because of poor refining was believed to be the cause, Abdullah said.

For a while, the station was quiet. But as the generator sputtered back to life, cars immediately veered into the lanes besides the pumps.

The only types of gasoline transaction not largely controlled by the Oil Ministry here are the bootleg operations like those of Ali and his uncles.

"It is illegal, but no one bothers with them," shrugged Mohammed, the Mansur station manager.

On Friday, business was slow as Ali and his uncles offered large plastic jugs of fuel for sale.

"It is always slow like this on Fridays, because it is the holy day," Ali said. "But we'll be back tomorrow. We always do well on Saturdays."

Mr. WYDEN. Mr. President, my question flowing from what we have learned and the various issues we have been exploring throughout the days since we learned about this is, Were U.S. taxpayer funds spent to keep the cost of gasoline in Iraq at this heavily subsidized low price?

I am of the view that our taxpayers deserve to get answers to these questions. I think we deserve to get them before Congress votes on the Bush administration's funding request.

I can tell my colleagues in the Senate that when I read page 29 of this particular report with respect to oil products purchased, I was very concerned. My citizens and the folks I represent in the Pacific Northwest consistently pay some of the highest gasoline prices in our country. Oregon, Washington, and California have been very hard hit with respect to gas prices. It amounts to a quasi-monopoly in 27 States in our country. We have red lining. We have zone pricing, and a whole host of anticompetitive practices. Now we have outlined on page 29 of this request for supplemental funds what appears to be a request from the administration to have the hard-earned tax dollars of our citizens go to subsidize the cost of gasoline in Iraq so Iraqi citizens will only have to pay 10 cents a gallon. I can tell my colleagues there are people we represent here in the Senate who are not paying that kind of money.

That is why I want to get the details on this proposal. I am amplifying on the questions I am asking today in a letter to the President of the United States. We also come away with a concern that the administration seems to be willing to support creating a reserve in Iraq to protect Iraqi citizens against interruptions in gasoline and diesel fuel supplies when there is no gas and diesel reserve in the United States to protect our citizens in the event of terrorist activity or other disruptions.

This proposal in the report which I have outlined and referred to specifically so that colleagues can see it raises some very troubling questions.

Given what we already know now that the administration has included in its Iraq supplemental funding request an estimated cost of \$900 million to cover the difference between Iraqi demand in refinery production to establish and maintain this reserve due to possible terrorist activities, I think it is time for the Senate to take out a sharp pencil and review this proposal very carefully. I think it raises fundamental questions with respect to fairness and with respect to how the hard-earned tax dollars of our citizens are

being used at a time when in my State, with the highest unemployment rate in the country, there is a world of hurt.

I urge my colleagues to take a good look at this proposal because I intend to focus more on it when the Senate comes back after having the opportunity to be home and gather with the people we represent.

I yield the floor.

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

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

#### CHARITABLE CHOICE

Mr. FRIST. Mr. President, in April of this year the Senate passed, with an overwhelming vote of 95 to 5, a bill called the charitable choice bill. It is obviously bipartisan legislation that was shepherded through this body by Senator SANTORUM, and a lot of work, over a long period of time, has been put into the efforts for passage of this legislation.

Two weeks ago, the House of Representatives passed its version, H.R. 7, by a vote—again, it was overwhelming—of 408 to 13.

The regular process of the House and the Senate is that the bill will proceed to a conference on the differences between these two bills. Unfortunately, it is my understanding that we will be unable to reach an agreement today, this afternoon, before adjourning to go on break, to appointment conferees on the part of the Senate.

There is, simply put, an objection on the other side of the aisle, and with so many Members who have left for the day, I will not ask for a formal consent agreement. But clearly, I am disappointed that we were unable to take the next logical regular order step in finishing this bill. I do hope we can clear this agreement with my Democratic colleagues just as soon as we return from this nonlegislative period.

Another disappointment for me, as we prepare to adjourn, has to do with the partial-birth abortion ban bill—disappointment that we are not able to progress with the legislative process until we get back. When we do return, I will seek an agreement for the consideration of the conference report to accompany S. 3, the partial-birth abortion ban bill. In fact, it is S. 3 which shows the priority of this body toward this important legislation.

Yesterday the House of Representatives passed the conference report, and as soon as we get back, we will be scheduling it for consideration. The bill passed the Senate on a bipartisan vote of 64 to 33. With the conference complete and with the House having passed the agreement, it is imperative that the Senate consider this measure