was hit with an ambush and he lost his life. He said that colleague should have been in the armored car, but the armored car was being used to transport prostitutes from Kuwait back to Baghdad for the enjoyment of this particular contractor's employees. So I say, I try not to be surprised, but the depth of incompetence and waste and fraud and abuse in contracting in Iraq is unbelievable.

I started the hearing today by describing again, as I have a couple of times, a piece of work done by the New York Times that I wish perhaps would have been done by the Pentagon or by the Congress in terms of oversight.

This is Efraim Diveroli, the CEO of a firm awarded $300 million in a contract by the Pentagon to arm the Afghani fighters. Our Pentagon wanted to provide weapons and ammunition to the Afghan fighters, a perfectly reasonable thing to do because they are taking on the Taliban and al-Qaida in Afghanistan. To arm the Afghan fighters, they contracted with a company who had a 22-year-old CEO. This company was largely a shell company established by this young 22-year-old's father. It had been an inactive shell company, but now it is behind an unmarked door in Miami Beach, FL. So a 22-year-old CEO gets a contract with the Pentagon. His 25-year-old vice president is a massage therapist, a masseur. So you have a 22-year-old and a 25-year-old massage therapist running a company, and they get, we are told, a third of a billion dollars in contracts from the Pentagon.

By the way, the contracts were to provide ammunition to the Afghan fighters. Here is a photograph, again, crediting the New York Times. It is first-rate reporting by three reporters. Here is an example of what they shipped to the Afghan fighters, ammunition including 40-year-old, Chinese-made cartridges, and the pictures of what the Afghan fighters received from this $300 million contract—boxes taped up, bulging at the seams and bursting at the side with bad ammunition. It is unbelievable.

The question is, How is it the Army Sustainment Command in Illinois provided a $300 million contract to a company that had a 22-year-old president of a company that used to be a shell company for most of its existence and a 25-year-old massage therapist as a vice president and they run off with a third of a billion dollars of the Pentagon's money?

Actually, the taxpayers' money, isn't it? So who is going to answer to that?

After the New York Times did their story, the Pentagon then suspended this contract. But my understanding from a discussion with a high-ranking Army official in the last week or so, that high-ranking Army official was saying privately: No, the contracting with that company was perfectly logical and legitimate. It is just that the goods that were provided the Afghanis didn't meet standards.

You tell me how a general in charge of this kind of contracting can decide to take what had been a shell company and give a 22-year-old and a 25-year-old masseur a third of a billion dollars. You justify that to the American taxpayer. It is not going to happen. That cannot be justified.

It is long past the time for this Congress to do something about it. We now have a very large urgent supplemental appropriations request in front of Congress. How much of that money is for this purpose? How many of those contracts would be as embarrassing as this contract? How many of those contracts will go to allow the kinds of things I heard for 2 hours this afternoon at a hearing I just held in the Dirksen Building? When are we going to have some feeling that some of this stuff is going to be straightened out?

I have described before what we should do about it. Some of my colleagues have put in place a piece of legislation called the Truman Commission. I fully support that. But that is a commission of people outside of our Government that will study and make recommendations on Government contracting. It is a good thing to do. I fully support it, but the President is not implementing that commission, despite the fact it was passed into law. But what we really should do as well, because you cannot delegate accountability for this, we really need what is called a Truman committee. That is a committee, a select committee, bipartisan committee in the Senate similar to the Truman committee of the 1940s. Harry S. Truman created a bipartisan select committee in the Senate. It cost $15,000 at the start of the Second World War.

They held 60 hearings a year. It was bipartisan. It had subpoena power. With a $15,000 cost as they started it, it saved the American taxpayers $15 billion. This Congress needs a Truman committee. Three times we have voted on it. Three times the minority voted against it. Because it takes 60 votes, we do not now have a Truman committee.

In nearly every other major war, every other conflict, we have had some kind of select committee to do the kind of oversight, to provide the focus on the waste and fraud and abuse. But that has not been the case now. We need to fix that. We need to make that happen. We have voted on it three times, and we will be voting again because the American taxpayers deserve that kind of oversight, that kind of accountability, and so, too, do the America soldiers who are being disserved by this waste, fraud, and abuse.

ENERGY PRICES

Mr. DORGAN. Mr. President, I would like to make a comment about energy, the price of gasoline, and the price of oil.

It is not surprising to people what is happening in this country. We see the price of oil and the price of gasoline, especially the price of gasoline, go up, up, and up because the price of oil has gone skyrocketing in recent months. I have a chart that shows what has happened to the price of oil.

You can see from April of 2007 to April of 2008 the increase in the price of oil. One might say, there must be something in the supply and demand—the need for oil relative to the supply of oil—that causes this to happen. After all, it is the market system, isn't it? No, it is not the market system. There is no free market here. There is nothing about a free market here.

A substantial portion of the oil is on the other side of the world, controlled by OPEC countries. That is not a free market. They sit in a room with a closed door, and the oil ministers of the OPEC countries then make decisions about supply and the effect on price that reflects their self-interest. So this is not some natural result of a market system.

I made the point a couple days ago that Saudi Arabia, which has the largest known reserves of oil in the world, is producing 800,000 barrels a day of oil less than they did 2 years ago. Think about that. The largest producer of oil in the world has cut back production by 800,000 barrels a day. Is it surprising that the price goes up and up? That is one reason, isn't it? The largest supplier of oil has cut back production.

What is another reason? Another reason is this administration—a smaller reason but nonetheless a reason—is taking oil from the Gulf of Mexico as royalty-in-kind oil and putting it underground. Here is what this administration is doing. At a time when oil is $110 to $120 a barrel, bouncing around like a yo-yo, this administration is taking 62,000 barrels of oil every day and sticking it underground in what is called the Strategic Petroleum Reserve. The Strategic Petroleum Reserve is 97 percent filled. Yet when oil is at a record high, this administration is continuing to stick oil underground, taking it out of supply and putting it underground. That is an unbelievably inept policy because it puts upward pressure on oil prices and upward pressure on gas prices.

The fact is, this isn't just any oil. This is sweet light crude which is a subset of oil, the most valuable subset of oil. And we have had testimony before the Energy Committee saying this activity does affect the price of oil and the price of gasoline in a negative way.

When I say putting it in the Strategic Petroleum Reserve, this chart shows where they are putting it. This is what it all looks like. This is the SPR, the Strategic Petroleum Reserve. The oil goes underground. They had a choice with that oil. The choice would have been to put it in the marketplace and perhaps reduce some of these prices. Instead they stick it underground. It is a bad policy. I aim to change it in our appropriations process, in the supplemental. One way or another, we are going to vote on this.

Do you really think that at $115 to $120 a barrel, we ought to be sticking oil underground and increasing the price? I don't.

There is another thing happening with respect to the price of oil. I just mentioned the Saudis cutting production back 800,000 barrels a day over the last 2 years. I just mentioned putting nearly 70,000 barrels underground every single day by this administration. That further cuts the amount in the supply line.

But there is something else happening with the price of oil. An orgy of speculation is occurring in the futures market for oil and gas. This didn't used to happen. The futures market is necessary. It is necessary to hedge. It is necessary to provide liquidity. I understand all that. But the futures market has become something unbelievably speculative. We have hedge funds neck deep in the futures market. Do they want oil? They don't want any oil. They just want to bet on oil. They want to gamble on oil. These are people who want to buy something they will never get from people who never had it and make money on both sides of the transaction in a futures market. We have hedge funds making big bets on oil in the futures market. We have investment banks making big bets on oil. Investment banks didn't used to be engaged in the futures market, but they are now.

In addition to that, in addition to the investment banks working in the futures market, we have investment banks that are actually buying oil storage for the purpose of taking oil off the market and putting it in storage until oil is more valuable later.

That is what is happening. We have not previously had that occur. So we have this binge of speculation in the futures market that has nothing at all to do with the supply and demand of oil. Why is this happening? At least in part it is happening because in the stock market. If you want to buy stock on margins, you have to pay 50 percent of the margin. You have to come up with half the money. If you want to buy stock on the margin, come up with half the money. If you want to buy oil on margin in the futures market, all you need to come up with is 5 to 7 percent. If you want to control 100 million dollars' worth of oil contracts, $5,000 to $7,000 will do it for you.

It is almost unbelievable what has happened with respect to the speculation in these futures markets. My belief is, we should change the margin requirements on the futures markets. When there is excess speculation, it injures this country's economy. It damages the American economy. This excess speculation has been pushing up oil prices in a very significant way.

Yes, there is a combination of things that are happening. One is, as I said, the Saudis cut back production by 800,000 barrels a day. Our Government, the Department of Energy, is sticking nearly 70,000 barrels a day underground of sweet, light crude. But it is also the case that a significant part of this, in my judgment, comes from a binge of speculation on the futures markets. I believe we should increase the margin requirement at least to 25 percent.

I want to go through a couple of observations.

On April 1 of this year, Stephen Simon, a senior vice president of ExxonMobil testified that:

> The price of oil should be about $50–$55 per barrel.

Oh, really? Then why isn't it? This is from an oil expert saying: I think the price of oil should be around $50 or $55 a barrel.

Well, this company is making plenty of money off of the current price of oil. The price is double. That company must grin all the way to the bank. That company, the Saudis, the OPEC countries, and the other large oil companies, they must be smiling all the way to the bank. But Mr. Simon says the price of oil should be about $50 or $55 a barrel.

Mr. Clarence Cazalot, Jr., the CEO of Marathon Oil said:

> $100 oil isn't justified by the physical demand in the market.

That was during a question-and-answer period with reporters. He said a more reasonable range for crude oil prices was between $55 and $60 a barrel. Now, understand what he said. He said: ''$100 [a barrel] oil isn't justified by the physical demand in the market.'' He is the CEO of one of the large oil companies in the country.

This price is not justified by supply-demand.

Well, we are told the market system works; supply-demand determines the market price. I used to teach a little economics in college, and you teach supply-demand curves. You also talk about a free market, there is no free market here, of course.

As I started to say earlier, we have the OPEC countries, that is a cartel. We have the big oil companies—all with two names now. ExxonMobil, ConocoPhillips—they all have two names because they found they like each other and they wanted to marry up. So they merged. So they have much more muscle in the marketplace. Then we have the futures markets which have become a binge of speculation.

A New Jersey Star Ledger article from January of this year said:

> Experts, including the former head of Exxon Mobil, say financial speculation in the energy markets has grown so much over the last 30 years that it now adds 20 to 30 percent or more to the price of a barrel of oil.

Fadel Gheit is a man who came to testify before the Senate Energy Committee. Fadel Gheit is an energy analyst for Oppenheimer & Co. I think he has been with them for 25 or 30 years. He knows this business. Here is what he said:

> There is absolutely no shortage of oil. . . . I'm absolutely convinced that oil prices shouldn't be a dime above $55 a barrel. . . . Oil speculators include ''the largest financial institutions in the world.''

He said:

> Call it the world's largest gambling hall. . . . It's open 24/7. . . . Unfortunately, it's totally unregulated. . . . This is like a highway with no cops and no speed limit, and everybody's going 120 miles per hour.

Now, here is a picture of NYMEX, the New York Mercantile Exchange, where you can trade commodities such as oil. You will see the trading pits. A lot of people have made a lot of money in those trading pits. In fact, I have a Wall Street Journal story that describes this that is titled: ''Trader Hits Jack Pot in Oil, as Commodity Boom Roars On.'' This describes Mr. Andrew Hall. Mr. Andrew Hall has earned a lot of money, about $250 million—a quarter of a billion dollars. It says:

> The commodities market's historic surge is generating huge paydays on Wall Street. One of the biggest beneficiaries has been Andrew Hall, an enigmatic British-born trader who, five years ago, anticipated an important shift in the way the world valued oil—and bet big.

The point of this is, here is a man who made a lot of money. I do not begrudge a man making a lot of money. But he made a lot of money by betting. He bet big. Isn't that interesting? As I said before, the notion of buying something you will never get from somebody who never had it—that is the futures market. It provides liquidity, yes. But when it goes way beyond liquidity and encompasses a binge of speculation, that is damaging and harmful to this country, then it seems to me it is not anything about the market system.

Anybody who has studied history and knows economics knows we have seen binges of speculation before. Go back four or five centuries, and you will read about a tulip bulb—one tulip bulb being sold for $25,000 because there was a speculative binge which, in the rearview mirror, looks completely irrational with respect to the price of tulip bulbs.

Well, we have seen over the centuries many of these binges of speculation. We now see it in the futures market, in my judgment, in part because the margin requirement is so unbelievably low: 5 to 7 percent. We now see binges of speculation that are driving up the price of oil and causing the American consumers an enormous amount of lost income and great difficulty.

There is a group of truckers who have come to Washington, DC, today. I was talking to somebody who was a little disadvantaged—He said he got slowed down on some travel up Constitution Avenue. I said: Well, that is an inconvenience, but think of what truckers are going through right now—a whole lot more than inconvenience. When it costs a substantial amount of money—one trucker talked about that it cost $1,000 to fill his truck with fuel. That is a lot more than an inconvenience.

I talked a week or two ago about how I think there are three airlines—perhaps now four—that have announced bankruptcy as a result of fuel prices.

We have working folks who will drive up to the gas pump tonight to try to fill their tank, trying to figure out how to get the money. Where does the money come from to pay for the gas?

At the same time, we have people who are engaged on the futures market and who are going to the bank with the largest profits ever seen.

I think we have a right to ask in this country—when we have a market that is not a free market; when we have a perverted market, first by OPEC, a cartel, second by excessive speculation on futures markets—don't we have a responsibility to do something? I think the answer to that is clearly yes.

So my hope is we will, first, decide to support an amendment that I will offer to the supplemental that immediately shuts down placing nearly 70,000 barrels of oil every single day underground at a time when we need that in the supply pipeline. Why should we allow the Department of Energy to be taking oil at the highest possible price and sticking it underground? We can fix this, and we can fix it soon, within a matter of weeks, if we had the will to do it.

Second, while we have not previously legislated on the issue of a margin requirement for engaging in speculation on the commodities exchanges, I think if the Commodity Futures Trading Commission or other entities will not do it, I think Congress should. After all, Congress created the mechanism by which these exchanges exist. We created the referee for the exchanges, and if it does not work, then we have a responsibility to fix it.

I recall—and it does not relate to the oil companies—but I chaired the hearings on Enron over in the Commerce Committee. I had the CEO of Enron come and testify in front of me and take the fifth amendment. Ken Lay came and said he could not speak and took the fifth amendment. But when he did speak later he said he did not know anything about what was going on.

The fact is, there was unbelievable speculation going on on the west coast on wholesale electricity prices and the manipulation of markets, and it cost tens of billions of dollars to west coast consumers who were bilked out of that money.

When the system does not work, when regulatory authorities are not willing to regulate, when those who are supposed to be referees in this free market system are not making sure a perverted system is changed to make sure it works, then we have a responsibility in Congress to deal with it and to respond to it.

So I believe very strongly there are a few things we can do. First, stop SPR oil from going underground; second, find ways to increase the margin requirement on the futures market. There are several other approaches we can use as well.

But I would conclude by saying this: I am just a little tired of people talking about the free market. There is no free market here. I want oil companies to do well. I want them to find more oil. I was one of four people in this Chamber who led the fight—successfully, I might add—to open Lease 181 in the Gulf of Mexico where there is substantial oil and gas reserves. I believe we should produce more, and I witnessed that by being one of four Members of the Senate who helped get that done.

We should conserve more. We should provide much greater efficiency with all the things we use. We should provide much greater effort to renewable energy. We should do all of those things. But even as we do them, in my judgment, we have a responsibility to address this issue of oil and oil pricing. Even the oil companies say there is no justification, given the current supply and demand, for the price of oil to be above $60, $65 a barrel. We have heard it in the statements of people who run our major oil companies.

The rest of it is going up to the hedge funds and the investment banks and others who are making massive amounts of money at the expense of truckers, at the expense of airlines, at the expense of the ordinary American drivers who are trying to figure out: How on Earth do I pay this bill?, and stopping excessive speculation.

We need to fix this, and the sooner the better because I believe it is damaging our economy.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll of the Senate.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. BAUCUS. Mr. President, I ask unanimous consent that all the time remaining for morning business be yielded back.

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

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

FAA REAUTHORIZATION ACT OF 2007—MOTION TO PROCEED

The PRESIDING OFFICER. Under the previous order, the Senate will resume the motion to proceed to H.R. 2881, which the clerk will report.

The assistant legislative clerk read as follows:

A motion to proceed to the bill (H.R. 2881) to amend title 49, United States Code, to authorize appropriations for the Federal Aviation Administration for fiscal years 2008 through 2011, to improve aviation safety and capacity, to provide stable funding for the national aviation system, and for other purposes.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, at 5:30 this afternoon, the Senate will vote on the motion to invoke cloture on the motion to proceed to the reauthorization of the airport and airway trust fund, also known as the aviation trust fund. I urge my colleagues to support getting to this important bill.

Before getting to the specifics of the bill, however, I would like to give some perspective on our current aviation system. And I will start with the story of Sir Robert Watson-Watt.

Robert Watson-Watt was born in Scotland in 1892. He was a descendant of the steam-engine pioneer James Watt. Robert was a student of science, with a fascination for radio waves and how they might be used to transmit information. After finishing school, he got a job as a meteorologist at the Royal Aircraft Factory, not far from London. He worked on developing methods of using radio waves to help British airmen locate and avoid thunderstorms.

After years of work, in 1935, Watson-Watt produced a report called ''The Detection of Aircraft by Radio Methods.'' The report suggested a new idea. The idea was that people could use short-wave radio to detect not only bad weather, but also aircraft, including bombers.

Watson-Watt's superiors tested his theory, and it worked. They called his new gizmo RADAR, an acronym for radio detection and ranging.

By the time that World War II broke out in September 1939, the British Government had installed radar all along the English Channel and the North Sea coasts. That gave the British advance warning of Hitler's bombers. Acclaimed historian A.J.P. Taylor said he doubted that Britain could have survived the Second World War without Watson-Watt's invention.

Next, radar was ready for commercial application. All civil aviation needed for dramatic growth was a faster set of planes. That happened with advent of the jet engine in the 1950s and 1960s.

In 1952, what is now British Airways introduced the de Havilland Comets. Those were 36-seat British-made jets that could fly as fast as 500 miles an hour. Six years later, the Boeing 707 entered commercial service. Pan Am flew it from New York to Paris in just under 9 hours—twice as fast as a propeller plane.

It took Charles Lindberg 33 hours—almost four times longer.

Seven years after that, in February 1969, the world's first wide-body jet—the Boeing 747—made its inaugural flight. With seating for up to 450 passengers, the 747 was 80 percent bigger than the largest jet of that time. The era of mass aviation was in full swing.

But as air travel flourished, growing pains ensued. And by the late 1960s, public concern over air-traffic had spilled into the headlines: Here's a news story from 1967.

Thicket in the Skies. . . . When a passenger hops a commercial plane to get from here to there quickly, he soon discovers that man does not live by one means of transportation alone. The Labor Day weekend congestion and peril underscores the point. . . .