

scum. It grows quickly, increasing its bulk in hours. They can harvest it for diesel fuel. So you actually capture the CO₂ and produce a beneficial use which is a biodiesel fuel. There are ways for us to do this.

My point is that if we are going to have a bill that works, you need to have dramatic funding commitment for research, development and demonstration up front. That was not the case with the pending bill. I know some will argue that it is. This is known as the kick-start fund for coal and is largely for demonstration and deployment. That is different from the massive need for additional research we need. We need a Manhattan Project to make these investments. That is a different kind of funding than the research and technology we need if we are going to decide that we are going to unlock the mystery and use our most abundant resource in the future. We continue to need investments in research and development as well as demonstration and deployment programs for coal to thrive in a carbon constrained world.

I am also a fan of wind energy, energy from the wind, for producing electricity. It makes sense. That doesn't contribute environmental problems like emitting greenhouse gases. Also, there is geothermal and biomass, the production of ethanol, and hopefully cellulosic ethanol in the future.

I was visited by Dr. Craig Venter the other day who is working to create microbes and bacteria that would essentially eat the coal or convert it into liquid fuels as it is being processed by these microbes while underground. That is pretty exciting. I also mentioned the other day that we are studying termites in the science area of our Government. These are the kinds of things people might ridicule. They say why are we spending all this money to study termites. Termites eat your house. When they eat wood, we understand now they produce methane gas, as a lot of living things do. We are trying to figure out what in the 200 microbes in the gut of a termite might allow them to eat your house. If we can figure out how to break down woody products, it is important in terms of producing future energy from cellulosic ethanol.

There is a lot to do. If we are going to be serious about climate change and global warming—and we should be, in my judgment—two things are necessary: One, we need to have kind of a Manhattan Project that in a very short period of time is going to find ways to dramatically increase the use of renewables. Second, we are going to dramatically accelerate our effort to determine how we can use coal and other fossil fuels and still protect our environment by capturing and sequestering carbon or providing a beneficial use of carbon. That is expensive, but we can get that done. That was the amendment I had, which would shift \$20 billion to the front end of this to say: Let's do this in a serious manner.

I wanted to indicate that my vote on cloture earlier today should not diminish the work and effort and intent of others with respect to climate change. I think something is happening in our climate. Most of us believe we will be seeing climate change legislation passing through the Congress at some point in the near future—perhaps as early as next year. When it is done, it needs to be done in a manner that is reflective of all of strengths and resources of our country to move ahead in unison in doing the right thing in the right way.

PRICE OF GASOLINE

Mr. DORGAN. Mr. President, I spent part of this morning visiting with some experts about the issue of energy speculation and the price of gasoline. I am very concerned about the price of gasoline. I come from a State that not only produces a lot of energy but uses a lot of petroleum products. We are a farm State and a big State with a sparse population. North Dakota is spread over the equivalent of 10 Massachusettses in landmass. We use a lot of energy per capita. When the price does what it has been doing recently, it is very harmful to a rural State that does a lot of family farming and requires people to travel a lot because of its sheer size.

Here is what happened to oil prices in the last year: They have doubled. There is no justification for that—none. There is no justification for this at all. Get this, crude oil futures hit a record \$139 per barrel today.

I used to teach a little economics in college—not in a serious way. I taught the supply and demand intersection and what happens to price. I understand all that. If we take a look at supply and demand, there is nothing that justifies what is happening in the futures market with respect to oil prices.

Now back up 14 months, in fact, to the time prior to the price of oil doubling and ask yourself what happened in this world. Were we oblivious then to the fact that India and China were going to want more fuel in their economies? I understand there are probably 150 million Chinese who want to drive cars. Where are they going to get the fuel? A lot of folks in India want to drive cars too. I understand all of that. These signals were already in the market 16 and 18 months ago. That is not different.

Here is also what I understand. Since the first part of this year, our inventories of petroleum stocks have been going up in this country and use has been going down. People are driving slightly less and using less. So what is happening to price? It has doubled.

I will tell you what I think is happening. On the oil commodity markets, we have a dramatic orgy of speculation and carnival of greed. Are all of the speculators who are neck deep in these markets there because they want oil or want to hold oil? Have they tried to lift a 42-gallon drum? I don't think so.

They want to make money speculating. As a result all of this excess speculation, they are driving up the price of a commodity. That damages this country and injures most Americans.

This is what has happened to speculation. This Congress and this President have a responsibility to stop it. When excess speculation damages an economy, damages the country and its people, we have a responsibility to stop excess speculation.

This is a picture of NYMEX, where they trade commodities. Most people have seen pictures of the floor of a trading session like this. In fact, I think it was 80 years ago when Will Rogers talked about these guys buying things they will never get from people who never had it. At NYMEX, they trade futures contracts.

Let me describe what one fellow testified before the Energy Committee. By the way, he has had 30 or 35 years as an executive analyst in these markets. Fadel Gheit said this:

There is absolutely no shortage of oil. I am absolutely convinced that oil prices shouldn't be a dime above \$55 a barrel. I called it the world's largest gambling hall. It's open 24/7. Unfortunately, it is totally unregulated. This is like a highway with no cops and no speed limits, and everybody is going 120 miles an hour.

Mr. President, the New Jersey Star Ledger wrote:

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

The president of Marathon Oil, Clarence Cazalot, Jr., said:

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

Here is an oil executive saying this price isn't justified.

Stephen Simon, a senior vice president at Exxon, said on April 1, 2008:

The price of oil should be about \$50 to \$55 per barrel.

Mr. President, how did we get here? On December 15, 2000, in this Chamber, one of our colleagues, Senator Gramm from Texas, stuck a little provision into the Commodity Futures Modernization Act which was included in a very big piece of legislation that was being enacted. I believe it was the Consolidated Appropriations Act of 2000, a large supplemental bill being done. That little provision changed everything. Prior to that time, prior to Senator Gramm from Texas putting this provision into law, every futures contract in this country was subject to regulation and oversight. Senator Gramm stuck a provision in a very big piece of legislation that said essentially certain commodity provisions need not be subject to regulation and oversight. Then it started. That was called the Enron loophole.

I know something about that because I chaired the hearings at which the late Ken Lay, the CEO and president of Enron Corporation, testified. He raised his hand, took an oath, sat down, and

then took the fifth amendment. He ran one of the biggest energy companies in this country. We found out that at least part of it was a criminal enterprise. It benefitted greatly by the actions of the Congress, and only a few in the Congress knew what they were trying to do. That created this loophole by which Enron and others down the road could create an energy market that was unregulated, outside of the view of regulators and of the grasp of regulators.

So now, going forward from December 15, 2000, to today, what is happening is that we have seen, outside of the purview of regulators, a dramatic amount, an obscene amount of speculation in energy markets.

I have met with experts who have said that there is no speculation here. Yesterday, I met with a person yesterday, someone who is an expert in this area and runs a major corporation, who said there is no speculation here. That is just wrong. That is false on its face. All one has to do is look at what is happening in these markets. Can anybody, anyplace, anytime, anywhere tell us that something has happened in the last 14 months in terms of the market fundamentals that justifies doubling the price of oil or gasoline? There is nothing that justifies that.

This Congress cannot sit around any longer. I know the President and the Vice President opposed responding to the electricity crisis out West when they first came to office. I recall when some of us in Congress were trying to take some action against what was happening to hijack wholesale electric prices on the West Coast by the Enron Corporation that they stood by idly. I and others pushed and pushed. The Federal Energy Regulatory Commission said there is nothing going on there. DICK CHENEY made fun of us, saying these markets are working, we just don't like markets. The President didn't want to do anything. We finally found out what was something illegal happening. Every day was criminal. They were manipulating supply in a criminal way, and there are people sitting in prison for it. Ken Lay died beforehand, but he was on his way to prison because it was a criminal enterprise he was conducting. And the Vice President was belittling those of us in Congress who were trying to do something about it. The Federal Energy Regulatory Commission was dead asleep, very content to do nothing.

That cannot continue to be replicated now. We have to do something to soak the speculation out of these futures markets. There needs to be a futures market for energy, I support that. There are legitimate hedging requirements, I understand that. There needs to be liquidity, I understand that. But when you have excessive speculation that damages this country and runs up the price of oil to double the price when, in fact, the market fundamentals do not justify it. Hedge funds, investment banks, and many

others rush into these markets in order to make profits through speculation and the public be damned. It doesn't matter what it does to the country, then something is wrong, and it is the responsibility of the Congress to act. It is our responsibility and requirement. We cannot sit around and ignore this any longer.

I had a call from the owner of a trucking company in North Dakota the other day. They have been running a trucking firm for years. His dad ran it, and his family has been running it for four or five decades. He said: I don't think we can continue. We can't afford the price of diesel fuel.

I understand we have had 12 airlines that have gone into bankruptcy. I know of five in the last 6 or 8 weeks. The fact is, this country cannot exist without a vibrant aviation industry. We have to have airline companies that are able to move Americans back and forth across the country. The price of jet fuel is even worse than the description I just offered with respect to gasoline and oil.

We need to work on this issue in a very aggressive and urgent way, and we need to do something that shuts down this speculation. I indicated yesterday that I am working on legislation to try to do that and to try to make certain we have a completely regulated system with respect to the trading of these contracts.

First of all, they ought to be regulated. Some say that, if we try to regulate them here, they will move offshore. We ought to be able to regulate it. If you are in this country, you want to play games in the commodities markets as a speculator, if you are picking up a telephone and trade commodities in this country, as far as I am concerned, you ought to be regulated with respect to your order of commodities contract.

A lot of work is being done. As I said, I spent part of this morning with experts who understand the complexities and the vagaries of these commodity markets and especially the oil markets and the speculation that is occurring. I side with those who believe there is excessive speculation and that there is a requirement that we do something about it.

Mr. President, I yield the floor and 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. NELSON of Florida. 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. NELSON of Florida. Mr. President, what is the parliamentary procedure we are in?

The PRESIDING OFFICER. The Senate is in a period of morning business.

Mr. NELSON of Florida. Mr. President, if I may be recognized.

The PRESIDING OFFICER. The Senator from Florida is recognized.

HIGH GAS PRICES

Mr. NELSON of Florida. Mr. President, we are getting ready to consider the gasoline bill next week and all its ramifications for the American public who are suffering under \$4 and \$4-plus gas.

A few days ago, this Senator showed a photograph of a town in north Florida, Madison, FL, in Madison County, downtown, the local Shell Oil station. Regular in the State of Florida, reflected in that photograph of a few days ago, was at \$4.10 a gallon.

It goes without saying that our people are hurting. And I can tell you, having had 18 townhall meetings last week all over my State, that hurting has turned into frustration, and that frustration is turning into anger.

Now, there is a new poll out this week that reflects the increasing number of Americans who believe it is the supply and demand of oil that is driving these prices to record highs—just the supply and demand. We know we have a very tight world oil market, and we know places such as India and China in fact are consuming more oil, and their demand is higher. We understand that makes the world's oil markets all the more tight. And believe it or not, because of that, and because of this constant amount of information coming out from the oil sector about supply and demand creating the tight oil market, the American people are believing that is the cause of these record oil prices, believing that translates into these very high gasoline prices.

It is interesting because it is just at a time that the Senate has voted to close the so-called Enron loophole, which is perhaps the real culprit to blame in the shocking runup of the oil prices.

Now, what is the Enron loophole? Back in the year 2000, legislation was passed that exempted oil and metals from being regulated on the commodity futures exchange. That meant that as contracts for future purchase of oil and metals are being traded, there is no government oversight, no government regulation of how much those can go up. So as long as the participants bidding for those futures contracts continue to bid the price of those oil contracts higher and higher, in fact the price of that oil on the world market continues to go higher and higher, much over and above what normal supply and demand would cause the price to be.

This closing of that Enron loophole has just occurred. It is still in the works because even though it was added to the farm bill, the farm bill was vetoed by the President. The veto was then overridden and, therefore, it came into law immediately upon the override. Nevertheless, we found that we omitted a section of the farm bill, so we are going back and redoing that all over again. We just passed the farm bill again in its entirety in the Senate yesterday, last night. It does have the