

Enron loophole closure in the bill. Presumably, that will be passed by the House, go down to the President for signature, he will veto it again, and then it will come back to both Houses for overriding, like we did before about 2 or 3 weeks ago, and the Enron loophole will be closed. There are a bunch of us, including this Senator, who were cosponsors of this provision. Hopefully, it is going to address this loophole.

But what happened in the past? It was enacted back in 2000—in December of 2000. I believe that loophole, when enacted, was exploited by energy traders. This is based on the mounting evidence that we see over and over. It is at least a partial cause of the huge runup in the gas prices.

Well, I think we need to do more on this Enron loophole. There have been some commentaries by some experts that say we should be closing it further. And if we need to do that, this Senator is certainly ready to do it. But right now what needs further examination is how we got to this point in the first place. How did this provision in law, leaving this huge hole big enough to drive a Mack truck through get to this point where it essentially exempted the trading of oil futures from Federal commodities regulation? How did that become the law of the land? What was the role of lobbyists and oil companies and investment banks and commodity speculators? We need answers to those questions.

We have seen through testimony to the Congress and from other reports that unchecked commodities trading plays a very significant role in rising gasoline prices. We know high gas prices are not merely a function of supply and demand in the marketplace. In fact, we ought to know this from several years ago.

A subcommittee, led by Senator CARL LEVIN of Michigan, found that supplies were mostly adequate, but it found something else was missing. What was the role that caused these prices to be jacked up? Just a few days ago, financier George Soros told our Senate Commerce Committee—in fact, just this past Tuesday—that a dramatic increase in commodities trading in recent years has contributed to the oil bubble and its “harmful economic consequences.”

Indeed, loosely regulated speculators appear to have bid up oil prices to these unrealistic highs. There are also links between oil companies and investment banks in the oil futures trading. And this is what these reports are showing. The Senate investigations subcommittee, in a bipartisan way, under the leadership of Senator LEVIN, released a report finding that there was lax Federal oversight of oil and gas traders due to the loophole slipped into the law in 2000, and it was slipped in at the behest, according to the Levin report, of the now infamous Enron Corporation, along with oil companies and investment banks. That is according to the Levin report.

Other links between soaring oil prices and vast sums of money now flowing through these commodity markets were uncovered by a Homeland Security panel and our colleague, Independent-Democrat Senator JOE LIEBERMAN. In fact, a top oil executive for a major oil company recently testified before a House panel that crude oil, under normal supply and demand, ought to be around \$55 a barrel, based on the rule of supply and demand. Yet last week it went up to \$135, and it is somewhere in the \$130-a-barrel range today.

Mr. President, I think those investigations into the cause of the runup of the price of oil ought to continue. An estimated one-third of the amount of the runup of the price of oil can be blamed on speculators having poured tens of billions of dollars into the unregulated energy commodities markets in the wake of that so-called Enron loophole that deregulated those commodities markets. In essence, the loophole exempted electronic trading of energy and metal by large traders—exempted them from Federal commodities regulation. Since then the price of oil and natural gas has skyrocketed, and that is all despite reports that the supplies are mostly adequate.

Next week we are going to try to take up legislation aimed at getting at this situation of high gas prices. This Senator intends to address this issue.

If, in fact, as that oil company executive said, supply and demand ought to cause oil to be trading at \$55, why is it trading in excess of \$130? What role do the unregulated commodities markets play, and how did that get into law? How much of that capital out there is flowing into that because those markets are unregulated, thereby driving up that price to what we have today?

We see one Federal agency that otherwise regulates futures trading has said it will investigate allegations of short-term manipulation of crude oil prices. The Commodity Futures Trading Commission also said it would work with British regulators to monitor large trades of crude oil by a London futures exchange known as ICE, Intercontinental Exchange. Some of the founding members of that intercontinental exchange, it has been reported, were instrumental in getting the Enron loophole through Congress back in the year 2000. It was ill-conceived public policy at best, and it should be reversed. Next week we are going to have a chance to do something about it because we have legislation on the price of gasoline coming to the Senate floor.

By having greater oversight and regulation on oil trading, we obviously have to go beyond that and look to our commitment to a comprehensive national energy policy. Fifty percent of the oil we use goes into transportation, and most of that is for our personal vehicles. So it should not take a rocket scientist to realize we must focus on conservation measures like 40 miles

per gallon as a fleet average for our vehicles. We finally broke through and got through the Senate 35 miles per gallon phased in over the next 12 years. Maybe we ought to accelerate that.

We ought to look at providing bigger tax breaks for hybrid and plug-in hybrid vehicles. Ultimately, we must look to the research and development of electric and hydrogen-powered cars.

All of this is going to fall in the lap of the next President. The next President is going to have to urge us—and I hope we will support the next President—to enact a national energy program to transition us from gasoline to alternative, synthetic, and renewable fuels to power much of this economic engine of America.

President Kennedy led us on such a monumental task, and that was the task to escape the bonds of Earth within a decade, to go to the Moon, and return safely. We did that. We must act with the same urgency now. While we are at it, we are going to have to make ethanol from things that we do not eat. While we are at that, we are going to have to pay attention to how we power, not just our cars and trucks, but our homes and our industries.

We need to develop solar and wind and thermal energy and safe nuclear power. The world is begging for change. One of the most enormous changes that needs to be brought about is how we utilize and how we create energy and how we are going to utilize and create energy for the future. We have a chance to do that next week when we take up this legislation about the high price of gasoline.

I yield the floor.

IN REMEMBRANCE OF JAMES BYRD, JR.

Mr. SMITH. Mr. President, I rise today to remember a life that was untimely taken and to recall a horrific hate crime that shocked a nation. Ten years ago this week James Byrd, Jr., was dragged 3 miles—chained to the back of pickup truck—on a rural road in Jasper County, TX, to his death. It was said that a blood trail of body parts and personal effects stretched over 2 miles, with Byrd's severed head, right arm, and neck found almost a mile from where his tattered torso was discarded. Byrd's face had been spray painted black.

James Byrd was a victim of the cruelest form of racial intolerance. He was murdered for no other reason than for the color of his skin. To think that such a senseless crime could occur in the wake of so many of our Nation's civil rights milestones is disheartening. It is also a stark reminder that much work remains to be done in protecting minorities and ending intolerance.

No American should have to live in fear because of their sexual orientation, race, gender, national origin, or disability. As a nation, we cannot afford to become complacent. We must forever strive to reach the golden rings

of democracy—that is, equality, opportunity, freedom and tolerance. We must also remain vigilant and guard against individuals and groups that seek to marginalize and terrorize whole groups of individuals. That is why, as I have done many times before, I come to the floor to urge my colleagues to enact Federal hate crimes legislation this year. We must pass this legislation and send a message that crimes of intolerance and hate are especially deplorable.

The Government's first duty is to defend its citizens and to defend them against violence and harm associated with intolerance and hate. I have introduced legislation, the Matthew Shepard Act, with my colleague Senator TED KENNEDY, to ensure that the Government has all the resources necessary to investigate and prosecute hate-motivated crimes. The Matthew Shepard Act would better equip the Government to fulfill its most important obligation of protecting all of its citizens.

On this anniversary of the death of James Byrd, let us renew our Nation's commitment to protecting all Americans regardless of their sexual orientation, race, religion, national origin, gender, disability, or color by passing the Matthew Shepard Act.

PAKISTAN

Mr. FEINGOLD. Mr. President, during the Senate recess at the end of last month, I visited the central front in our Nation's fight against al-Qaida: Pakistan. During my 4-day stay, I met with a broad range of political officials from numerous parties, including the Pakistan People's Party of former Prime Minister Benazir Bhutto and the PLM-N of former Prime Minister Nawaz Sharif, as well as with President Pervez Musharraf, Pakistani intelligence officials, the ousted chief justice, and representatives of Pakistan's civil society. Outside of Islamabad, my visit included a trip to Peshawar, in the tumultuous Northwest Frontier Province, where I met with local officials, and Kashmir, where the United States has funded numerous successful humanitarian and development programs in the wake of the devastating 2005 earthquake.

The breadth of this trip was commensurate with the critical importance of Pakistan to our country's national security. Despite recent claims by CIA Director Michael Hayden that al-Qaida is now on the defensive, including in its safe haven in Pakistan, I traveled there because it is out of that country that we face our most serious national security threat. As the intelligence community has said again and again, the fight against al-Qaida begins in Pakistan. According to the State Department's 2007 terrorism report which was released this past April, al-Qaida and associated networks remain the greatest terrorist threat to the United States. That threat emanates from the recon-

stitution of some of al-Qaida's pre-9/11 capabilities "through the exploitation of Pakistan's Federally Administered Tribal Areas." The report added that instability in Pakistan, "coupled with the Islamabad brokered cease-fire agreement in effect for the first half of 2007 along the Pakistan-Afghanistan frontier, appeared to have provided AQ leadership greater mobility and ability to conduct training and operational planning, particularly that targeting Western Europe and the United States."

During my visit, I conducted extensive discussions with Pakistani leaders about ceasefire negotiations, in the Federally Administered Tribal Areas, FATA, as well as in the Swat region of the NWFP. I remain skeptical about those negotiations and am particularly concerned that those in the FATA region will give al-Qaida room to plot against our troops in Afghanistan and our citizens here in the United States. The new civilian-led Government in Pakistan is seeking a different approach from that of President Musharraf, and that is understandable—it has, in fact, been mandated by the people of Pakistan, and it is high time they have a responsive government that heeds their call. A key part of this new approach will require success in reining in the military apparatus, which has historically controlled much of Pakistan's foreign policy—sometimes overtly with a military dictator running the country and other times more discreetly from behind a screen of a civilian-led government. But as Pakistan's new Government seeks to reconcile these complex, multilayered issues, it must not do so at the expense of the grave threats emanating from the border region. We must address those threats head-on because what happens in the terrorist safe haven of FATA is central to our national security, and we cannot afford to be distracted or complacent. To do so would be to the detriment of our safety and security as well as that of our friends and allies.

At the same time, any long-term counterterrorism strategy in the FATA must include serious economic reforms, legal political party development, and initiatives to integrate FATA with the rest of Pakistan. This will not be easy, but it is long overdue and will help ensure we are using all the tools at our disposal to fight al-Qaida and associated terrorist threats. The growing extremism and creation of a terrorist safe haven in FATA has emerged out of decades of political marginalization and ensuing poverty. In working closely with the FATA political agents and local law enforcement, as well as the Government of Pakistan, we need to help create sustainable development strategies that provide opportunities for engagement while ensuring sufficient financial resources are allocated to those in need now and in the years to come.

This must include not only traditional development projects but insti-

tution building and political engagement in a region long deprived of such opportunities. The people of the FATA must have alternative livelihood options that help facilitate opposition to terrorists and extremists.

At the same time, we must find Osama Bin Laden and his senior leaders, and we must work to neutralize forces that plot or carry out attacks against Americans. But that cannot be our only goal. This fight runs much deeper than a simple manhunt—if we are serious about countering al-Qaida, and preventing another Bin Laden from emerging, we must shift our assistance to be more aligned with the needs of the local population and expand our development assistance throughout a country where poverty and anti-Western sentiment are pervasive.

This administration's policies toward Pakistan have been highly damaging to our long-term national security. By embracing and relying on a single, unpopular, antidemocratic leader—namely, President Musharraf—President Bush failed to develop a comprehensive counterterrorism strategy that transcends individuals. He also encouraged Pakistanis to be skeptical about American intentions and principles. The recent elections provide a window of opportunity as the people of Pakistan soundly rejected President Musharraf's leadership in favor of political parties that promised a new direction. Although domestic politics remain fragile, we have an opportunity to reverse our history of neglect and mixed signals by expanding our relationships and supporting fundamental democratic institutions instead of one strong man—something the President may still be reluctant to do. We must do this so that our counterterrorism partnership can withstand the ups and downs of Pakistan's domestic politics, reflecting a more wide-ranging approach that does not ratchet up the already high levels of anti-American sentiment in that country.

Any enduring counterterrorism partnership must recognize that Pakistan, despite the coups and military dictatorships that have marred its history, has a democratic tradition, a vibrant civil society, and a large and educated middle class whose interests and values frequently coincide with ours. By working with those Pakistanis and supporting their desire to promote democracy, human rights, and the rule of law, we align ourselves with the moderate forces that are critical to the fight against extremism. Supporting the Pakistani people as they seek to strengthen democratic institutions is not just an outgrowth of our values—it is in our national security interests. The counterterrorism efforts we need from Islamabad must be serious and sustained in a way that only democratic processes can ensure.

For these reasons, I have been deeply disappointed by the Bush administration's failure to condemn the illegal dismissal of the chief justice of Pakistan and scores of other judges and its