

We talked a lot about the drought and the devastation for ranchers and farmers when it doesn't rain and how they take care of their cattle herd and what might happen to them.

One of the issues raised in that meeting repeatedly was—in addition to the lack of rain—if you are running a farm or ranch, you are a heavy user of energy. What has happened to the price of energy, particularly the price of fuel, has been devastating to those farmers and ranchers.

Our State university pointed out that the average farm and ranch in North Dakota is confronted with about \$18,000 a year in higher costs because of what has happened to the price of fuel.

This morning I woke up and listened to the news, just as I did yesterday, and found that the price of oil is over \$75 a barrel and continuing to go up. If we take a look at the major integrated oil companies in this country, we will discover the substantial increase in profits—this is 2005 over 2004, last year's numbers: 43-percent increase, 37-percent increase, 31-percent increase in profits.

The Congressional Research Service just did an evaluation for one of our colleagues which says that cash reserves for the major integrated oil companies have grown from over \$9 billion in 1999 to nearly \$58 billion now. Let me say that again. Cash reserves of the major integrated oil companies now stand at over \$58 billion.

It made me think about a story that was in *BusinessWeek* 2 years ago, "Why Isn't Big Oil Drilling More?"

Rather than developing new fields, oil giants have preferred to buy rivals, "drilling for oil on Wall Street." While that makes financial sense, it is no substitute for new oil.

Oil has been over \$20 a barrel continuously since 1999. Far from raising money to pursue opportunities, oil companies are paying down debt, buying back shares and hoarding cash.

That was 2 years ago. It is worse now. Last fall, we offered a windfall profits rebate that would have collected from those companies that were not using their revenues to expand their search for additional oil. For those that were buying back stock or drilling for oil on Wall Street, they would pay a fee, the total proceeds of which would be rebated to consumers. Those who were building additional refineries or investing back into the ground to search for oil would not pay the fee; they would be exempt.

The oil companies were very upset by that proposal, but the fact is, they would decide whether they would pay it. None of it would come to the Government; it would all be rebated to consumers. They would decide whether they pay it based on their decisions. Are they going to buy back stock with their profits? Are they going to hoard cash, drill for oil on Wall Street, or are they going to use those profits to expand the supply of energy?

I believe given what is happening, as we know, there is no free market in oil. I know there is a lot of discussion on

the floor of the Senate about free market. We have oil ministers from the OPEC countries sitting around a table behind a closed door talking about how much they are going to produce and what price they aspire to have. We have big oil companies married up through blockbuster mergers, and they have two names—ExxonMobile, PhillipsConoco; they have more raw muscle in the marketplace—and, third, the futures market has become an orgy of speculation, no question about that.

With these three elements, there is no free market in oil. The price of oil is now at \$75 a barrel. Almost all consumers in this country—yes, those who drive up to the gas pumps and pay \$50, \$60 and more to fill their tanks, and especially farmers and ranchers—are struggling to find out: How do I buy fuel for spring planting? How do I buy fuel for the harvest? How do I put up hay for the cattle? How do I do all of that? They are the ones who bear all the pain, and in the meantime the major integrated oil companies are waltzing to the bank with a treasury that is full of money coming from consumers.

This does not work. In the longer term, aside from the question of how dependent we are on offshore oil, it seems to me Congress has to decide that it is going to intervene if we are going to \$58 billion in cash reserves created by the major integrated companies. Those cash reserves are not working. Those cash reserves are not expanding the supply of energy, they are not expanding the supply of oil, and therefore reducing prices. They are being used—as I said, in *BusinessWeek* there was one example of drilling for oil on Wall Street or buying back stock. That is not a way to bring prices down and provide some relief to consumers.

Last fall, Senator DODD and I offered a proposal that would have provided a rebate to consumers from those companies as a result of those companies not using those profits to reinvest in expanding the search for energy. We came up very short in the vote. It is our intention to offer that proposal once again. At \$75 a barrel for oil, with increases particularly for farmers and ranchers in an agricultural State, it is reasonable to ask: What is Congress doing? Is it just content to observe, just watching? What is Congress doing?

So if nothing intervenes in the coming days, Senator DODD and I intend to offer, once again, that proposal. Let me underscore that the point of that proposal is this: That proposal will be the most significant incentive to expand production and expand the search for additional production that we could have. This is not punitive. It is to say: Either you are using it to expand the production of energy supplies and bring down prices or you are going to have to rebate some of it back to the consumers.

In 2004, the oil industry had its highest profits in its history. The average

price for a barrel of oil was \$40. Now it is \$75. Those major integrated companies haven't done anything to increase expenses or any other issues; they are just collecting that additional revenue.

I want the oil industry to find additional oil and to produce in areas that are available to them. The best way, the most significant incentive I can think of is to say to them: If you are thinking about what to do with that cash reserve of \$58 billion and deciding between buying back your stock or trying to do additional mergers and acquiring oil through mergers rather than drilling, then you would be a lot smarter to find a way to expand production by investment because that means you will not be impacted at all by the proposal we would offer.

This proposal is about expanding investment in exploration and thereby expanding the supply of energy and bringing down the price of energy. So that is what Senator DODD and I will, once again, attempt to do.

I hope that in the coming days we will begin to see some lessening of the burden of these energy prices on the American consumer, farmers and ranchers and others. In the meantime, I don't think we ought to take a look at a \$58 billion cash reserve by the major integrated companies, most of them—three of them; nearly 90 percent of them are three companies—and say, that is OK, it doesn't matter to us, while everybody else is feeling the pain and bearing the burden of these dramatically increasing prices.

Mr. President, I yield the floor and make a point of order that a quorum is not present.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BROWNBACK. Mr. President, I believe we are in morning business.

The PRESIDENT pro tempore. The Senate is in morning business, with 15 minutes reserved for the majority and 15 minutes reserved for the minority. The minority still has 6½ minutes.

Mr. DORGAN. Mr. President, I believe my colleague, Senator DODD, is on his way to the Chamber, but let me ask unanimous consent that Senator BROWNBACK proceed, with the understanding that we would reclaim our time on this side when Senator DODD arrives.

The PRESIDENT pro tempore. Without objection, it is so ordered. The Democratic time is reserved, and the Senator is recognized under the previous order.

Mr. BROWNBACK. I thank my colleague from North Dakota for that as well.

NORTH KOREA

Mr. BROWNBACK. Mr. President, I rise to talk about the situation in

North Korea and about the dire situation of the people of North Korea and the human rights abuses that are taking place. I think most of my colleagues know about the missile testing that has been occurring in North Korea, about the difficulty in getting negotiations going on the six-party talks. I applaud the administration for their efforts on getting these six-party talks moving on North Korea.

I also wish to draw the attention of my colleagues to the human toll that is taking place in North Korea. Kim Jong Il, the leader of North Korea, has been a weapon of mass destruction against his own people, killing 1.5 million of his own people in prison camps—nearly 10 percent of their entire population—over the past 15 years. In particular, I draw to the attention of my colleagues an article that is in today's *Asia Times Online* because I think this actually summarizes the overall situation pretty well.

North Korea and South Korea have been talking quite a bit, and the South Koreans have actually sided with the Chinese and the Russians on a weaker U.N. Security Council resolution. The North Koreans just walked out of ministerial talks with the South Koreans, saying that they want to pursue a missile weapons system—the North Koreans do—for the protection of the entire Korean peninsula, including South Korea, which is absurd. This will be used against the South Koreans. At the same time they want to pursue missiles, nuclear technology, the North Koreans are demanding from South Korea half a million tons of rice and several hundred thousand tons of fertilizer to help feed the starving North Korean people at a time when the Government is investing heavily—millions and billions of dollars, perhaps—in missiles and nuclear weapons which they can then sell to other countries, such as to the Iranians, where the missile technology in Iran is based upon the North Korean missile technology system. And then they have the gall at the same time to demand food out of South Korea to feed their starving people in North Korea and fertilizer to be able to grow their crops.

Mr. President, I ask unanimous consent to have this article printed in the *RECORD* at the end of my statement.

The *PRESIDENT* pro tempore. Without objection, it is so ordered.

(See exhibit 1.)

Mr. BROWNBACK. Mr. President, this is just amazing gall, that they would do something like that, and it also highlights the situation and what is taking place.

I hope North Korea knows by now that their behavior has consequences. The Security Council is considering a resolution. I hope we are able to get the tougher one that the Japanese are pursuing. The one from China and Russia clearly does not go far enough. We should work with our allies to attempt to defend against the North Korean threat.

Our missile defense programs now are more important than ever. Thankfully—thankfully—we have put a missile defense program in place that is not fully operational but should help us against these rogue regimes such as North Korea and Iran which are far less predictable—I think one could probably use that term—than what the former Soviet Union was, even though the Soviet Union had a bigger threat capacity.

What the President of Iran will do and what Kim Jong Il will do is hard to predict. These are very erratic leaders and ones who don't respond well, if at all, to a mutual destruction type of threat that we used against the Soviet Union. We need the missile defense system.

The basic problem is the North Korean regime itself. The regime has turned North Korea into a failed state. I had hoped to bring over to the Senate floor this morning a picture that is pretty well known by most people. It is a night photograph of the Korean peninsula, and it shows lights in South Korea, it shows lights in China, and it shows darkness in North Korea, which highlights the nature of the failed state. This is just so amazing, that we have the Korean peninsula divided into two countries—South Korea, the 12th largest economy in the world, democratic and free, growing, robust; and North Korea, having killed 10 percent of its people in the last 15 years through starvation and a gulag system—on the same peninsula.

North Korea is a failed state. The North Korean regime engages in illegal activities, including counterfeiting American money as well as producing missile systems and expanding its WMD programs. It has a humanitarian crisis. I noted earlier that an estimated 1.5 million prisoners have been killed in North Korea's prison camps. The gulag remains. Approximately 200,000 are currently in prison—political prisoners in North Korea.

The assistance China and South Korea provide to North Korea makes them complicit in North Korea's missile development program. The assistance keeps their economy on life support, and thanks to North Korea's lack of transparency, even humanitarian aid is often diverted from the North Korean people for military use.

North Korea's symptomatic human rights abuses are often lost amidst our discussion of its nuclear and missile programs. We should set a longer term goal to bring to light the humanitarian abuses that are taking place. We need a Helsinki-type of discussion on human rights. We should not just discuss missile technology or nuclear technology; we need to discuss the humanitarian crisis that is in North Korea.

I also believe we need to discuss the elephant that is in the room that nobody will discuss. North Korea is a failed state. Hundreds of thousands have walked out of North Korea into China. Some are now finding a way

into the United States as refugees. They tell horrific stories of what is taking place.

The natural state of the Korean peninsula is one country, whole and free. That is the long-term goal for the natural state of the Korean peninsula—one country, whole and free. We should set that as a long-term objective—the spread of democracy throughout the Korean peninsula.

I urge the Bush administration to fully fund the programs authorized by the North Korean Human Rights Act of 2004, and I urge my colleagues to fund those programs as well in the appropriations process. We should be prepared to accept those North Koreans who voted with their feet and escaped the regime into this country and others as well.

We had our first group, a small group of six North Korean refugees, and four were women. The women said that the refugees that make it out of North Korea into China, 100 percent are trafficked into some form of sexual bondage or sexual slavery. They get out of North Korea into China—that is relatively simple—and then they are captured, almost hunted like animals in China. When they are captured, the people who catch them say: Look, you are going to do what I say or I am turning you in to the Chinese authorities; they will repatriate you to North Korea, and you will end up in the gulag. So they do what they say, and they are sold. They are caught like wild animals and sold to people in some form of sexual bondage and sexual slavery in that portion of China.

We should push China aggressively to stop repatriating North Korean refugees. They are going back into the gulag. They are going back into the death camps. The Chinese should be forced not to do that. It is called refoulement. It is against the U.N. agreements on human rights that they entered into. They should be forced not to do that, not to send them back. We should begin discussions with China and South Korea on what the Korean peninsula should look like in the future—one country, full and free.

The bottom line is that our problem isn't just the missile or nuclear capacity of North Korea, it is the North Korean regime itself. We must address the root problem if we are ever to find a solution.

I might remind my colleagues as well that it is not just the missile tests, it is not just the nuclear technology in North Korea, because then they look to sell it, as they have, and spread it to Iran, which multiplies our sets of problems. We must look also at what happens to the North Korean people, and much of our focus must be placed on China. China is the one that is primarily keeping North Korea on life support systems now. They are funding them. The Chinese, by not refouling refugees, by allowing North Koreans to come out and pass freely through there to third countries, would really help a

great deal in this crisis, and China bears much of the responsibility.

Mr. President, I thank my colleagues for the chance to address the body. We are looking at putting forward a resolution calling on any future dialog with North Korea to include a human rights component. Along with the discussion of missile technology and nuclear technology, it desperately needs a human rights component, as we did in negotiations with the former Soviet Union on missiles and nuclear weapons. We also included a Helsinki human rights component. This discussion needs a human rights component as well.

Mr. President, I thank my colleague from Connecticut for allowing me to step in front of him to speak, and I yield the floor.

EXHIBIT 1

[From the Asia Times, July 14, 2006]

NORTH KOREANS LET THEIR FEET DO THE TALKING

(By Donald Kirk)

SEOUL.—The ruckus over the North Korean missile shots has exploded into a war of words that's endangering South Korea's efforts to shrug off the crisis as a minor obstacle on the path to North-South reconciliation.

South Korea appears to have awakened to the depth of the difficulties with the North in the breakdown of ministerial-level talks this week in the port city of Pusan. Far from finding the basis for one of those face-saving statements that often emerge from North-South Korean talks, the two sides cut off the dialogue on Thursday a day earlier than expected after finding no ground for agreement.

The sides were absurdly far apart, according to reports from the closed-door sessions, with North Korea insisting the missiles were needed for the defense of all Korea, North and South, not just North Korea.

Finally, the North Koreans walked out on Thursday after South Korea's Unification Minister Lee Jeong-seok flatly rejected their claim that the North's Songun or military first policy covered both Koreas equally. The talks were originally to have gone on until Friday.

Lee, a one-time leftwing activist who has sought mightily to paper over North-South differences, got nowhere in efforts at persuading North Korea to return to six-party talks on its nuclear weapons.

At the same time, he rejected North Korean demands for half a million tons of rice and several hundred thousand tons of fertilizer to help feed starving North Koreans at a time when the government is investing heavily in missiles and nuclear weapons.

The failure of the talks is ominous since they were "ministerial level". The North Korean delegation was led by Kwong Ho-ung, chief cabinet counselor. The North Koreans, before boarding a direct flight from Pusan to Pyongyang on Air Koryo, the North Korean airline, said "our delegation was no longer able to stay in Pusan" as a result of the South Koreans' "reckless" insistence on raising the issue of the missile tests.

Suggesting the seriousness of the collapse, a statement distributed by the North Koreans said the North now had no dialogue partners in the South "due to the South Korean side's unreasonable" position. The statement said they had not come to Pusan to discuss military matters or six-party talks.

South Korean leaders, caught between conflicting demands from the United States,

North Korea, China and Japan as well as their vituperative critics and foes on their own home front, remain determined to head off U.S. and Japanese attempts to bring about a debate in the United Nations Security Council on sanctions against North Korea.

South Korean officials firmly favor a resolution introduced by China and Russia that "strongly deplores" the missile tests and calls on all nations to "exercise vigilance in preventing supply of items, goods and technologies" for North Korean missiles. The resolution also asks them "not to procure missiles or missile-related items" from North Korea.

The fear in the South is that a debate on a much tougher Japanese resolution, banning North Korea from deploying or testing missiles, importing or exporting missiles or weapons of mass destruction, including nuclear warheads, or developing any of them, would greatly exacerbate tensions.

South Korean strategists believe such a strong resolution would arm Japan with the pretext for following through on threats to attack North Korean missile sites. In fact, South Korea has responded with far greater alarm to Japan's floating this idea than to the actual missile tests, while the rift between Japan and South Korea has turned into what appears as an unbridgeable chasm.

A spokesman for South Korea's President Roh Moo-hyun blasted Japan for what he called a "rash and thoughtless" threat. It was, he said, "a grave matter for Japanese cabinet ministers to talk about the possibility of a preemptive strike and the validity of the use of force against the peninsula".

U.S. officials, led by Christopher Hill, privately warned Japan against a preemptive strike, reminding the Japanese that open discussion of that possibility only invited an adverse response from South Korea as well as China.

Such talk, they note, also plays into North Korea's propaganda machine, which often emits noises about U.S. plans for a "preemptive strike", citing that danger as a rationale for the need for nuclear weapons.

The U.S., however, sides with Japan in the United Nations, and no U.S. official adopts a harder line than the U.S. ambassador to the U.N., John Bolton, a tough-talker from his days as under secretary of state for arms control during President George W. Bush's first term.

Bolton and Japan's U.N. Ambassador Kenzo Oshima have engaged in the diplomatic nicety of calling the Chinese and Russian draft "a step in the right direction". South Korean officials believe, however, they may hold off on supporting it, calling instead for a debate that gives both of them a forum for lambasting North Korea.

Oshima found "very serious gaps" in the Chinese and Russian draft, while Bolton seemed anxious to have the Japanese resolution submitted to a vote despite the certainty of Chinese and Russian vetoes. "We're prepared to proceed at an appropriate time with a vote," said Bolton, and "let every one draw their own conclusions."

The standoff over how to deal with North Korea comes at a critical time in relations between the U.S. and South Korea. A U.S. team has just arrived in Seoul for talks about creating an "independent wartime command" for South Korean forces rather than a unified command led by a U.S. general.

The creation of such a command marks a major—and controversial—departure from the system dating from the Korean War placing all forces under a single American general in the event of war.

The U.S. is also consolidating its bases in South Korea, moving them south of Seoul in

the face of widespread opposition by activists and farmers resentful of the loss of their land while the U.S. scales down its forces, now totaling 29,500 troops, down from 37,000 three years ago.

Activists and farmers also oppose efforts by the U.S. and South Korea to come up with a free trade agreement (FTA). More than 20,000 people demonstrated in a heavy downpour in central Seoul on Wednesday, charging the agreement would deprive farmers and factory workers of their livelihoods.

While the North Koreans walked out of the talks in Pusan, U.S. negotiators boycotted a session of the FTA talks in Seoul on pharmaceuticals. The U.S. claims a plan for South Korea to reimburse patients for the purchase of drugs made in South Korea makes drug imports here virtually impossible.

It was a bad day all around for U.S. negotiators. Hill, in Beijing, said he was finally taking off for Washington after getting nowhere in efforts at persuading China to bring North Korea back to the table. He tried, however, to see the impasse from China's viewpoint.

"China has done so much for that country," he said, "and that country seems intent on taking all of China's generosity and then giving nothing back." The Chinese, he said, "are as baffled as we are."

The U.S. and China, however, seemed in complete disagreement on U.S. Treasury Department restrictions on firms doing business with North Korea. Hill had nothing to say in response to the official Chinese hope, expressed by a spokesman, that the U.S. would "make a concession regarding the sanctions issue and take steps that will help restore the six-party talks".

The U.S. denies it's imposing "sanctions" and says the restrictions are to counter North Korean counterfeiting. Hill has repeatedly dismissed the topic as a matter for the Treasury, not the State Department, while North Korea has made the issue the reason for not returning to talks on its nukes.

ENERGY PRICES

Mr. DODD. Mr. President, let me, first of all, say to my colleague from Kansas, I am always delighted to hear his comments and thoughts.

I wanted to be here earlier to discuss with our colleague and friend from North Dakota, Senator DORGAN, the growing problem we are all hearing about from our constituents all across this country, and that is the ever-rising cost of gasoline and petroleum-related products. There has been a staggering increase in the price of oil and gasoline which is having a huge impact on working families in this country. Their weekly earnings have risen less than one-half of 1 percent over the last 5 years, yet the cost of gasoline has more than doubled over that same period of time.

These charts and graphs give an indication of what has happened to the price. Beginning in 2000, it was \$1.47. Just last week, in my hometown in Connecticut, the price ranged from \$3.15 per gallon to \$3.35 per gallon, depending upon the quality of fuel you were buying, and the national average is creeping closer to \$3.00 per gallon. We have seen the price of oil soar from just over \$30 per barrel in 2001 to an excessive \$75 per barrel this week.