threat of a halt in oil exports, while others say he may reckon that things are going his way anyway, with support for the long-standing U.N. sanctions growing increasingly weak.

There is little doubt that Iraq is getting more assertive. An Iraqi fighter jet two weeks ago flew over part of Saudi Arabia for the first time in a decade, leading U.S. officials to warn that Washington would strike back if Baghdad provoked neighboring Kuwait or Saudi Arabia. U.S. officials have also warned against thinking they are too distracted by presidential politics to react.

Yet diplomats at the U.N. acknowledge that any concerted effort to get arms inspectors back into Iraq won't advance until after the U.S. presidential election. Hans Blix, head of the new inspection team, made the same point to reporters yesterday, saying ''nothing serious will happen'' until U.S. voters go to the polls Nov. 7.

No one at the U.N. suggests that the Clinton administration has put a hold on Iraqi diplomacy. But a spike in tensions with Iraq, especially if it led to steeper gas prices, could easily ripple through the presidential campaign.

European oil executives familiar with Iraq, meanwhile, say the U.N. sanctions against trading with Iraq are breaking down in the region. Turkey, Jordan, Qatar, Dubai and Oman are all openly trading with Iraq, says one senior European oil executive. ''There is a feeling that except for bombing [against radar sites], the U.S. is turning a blind eye'' to these transgressions, he says.

Western diplomats and industry officials say one potential flash point is a Sept. 26 meeting in Geneva of the U.N. Compensation Commission, which was set up after the Gulf War to decide on claims on losses resulting from Iraq's invasion of Kuwait. The body's governing board is scheduled to consider a claim of some $16 billion by state-owned Kuwait Petroleum Co., a claim that irks Iraq and may have provoked the counterclaim that Kuwait has been stealing Iraqi oil.

The commission has already paid out more than $8 billion to claimants. The U.N. supervises Iraqi exports of oil and directs 30% of the receipts from such sales to fund the commission and finance the awards. Depending on oil prices and Iraqi export levels, the commission is getting some $400 million every month from the Iraqi oil sales. Claims on Iraq total more than $320 billion. Though the commission's awards are expected to be significantly below that, Iraq has long argued that it wouldn't pay damages for decades to come.

If there is a political flare-up now that results in Iraq halting exports, the consequences could be serious at a time when supplies are tight, oil prices already are at 10-year highs of more than $36 a barrel (see article on page C1), and consumers have been protesting across Europe. ''It would be devastating * * * the price of a barrel would double,'' the European oil executive said.

Most OPEC countries are producing flat out to meet strong world demand for oil. Kuwait, for instance, has made clear that it can't even meet the latest quota increase it was allocated as part of last week's OPEC agreement to raise the group's output by 800,000 barrels a day. The increase was aimed at helping to cover world demand, which is running at some 76 million barrels a day.

Iran's output actually declined in August, perhaps because of production difficulties at its fields. Exporters that aren't members of OPEC also are producing as much as oil as they can. Norway and Mexico, for instance, have both said they are producing to capacity.

That's not to say that the rest of the world would be helpless. Saudi Arabia and the United Arab Emirates could produce some extra oil to offset at least part of any shortfall from Iraq. Saudi Arabia's exact surge capacity—the ability to produce extra volumes for a short period of time—isn't precisely known. But given its huge capacity base of more than 10 million barrels a day, the kingdom could produce at a much higher rate for a short period. It also could try to increase its capacity, which would take at least some months.

Meanwhile, the U.S. and other industrial countries that have strategic reserves of petroleum could release them. The U.S. alone has some 570 million barrels of oil stored at salt caverns, and U.S. officials say they are prepared to tap the reserves immediately should Iraq cut off its oil exports.

''We could cover all Iraqi production for a year if we had to,'' one senior U.S. official said.

Altogether, industrial-country members of the Paris-based International Energy Agency have some 112 days of net import coverage through stocks that can be released in case of a 7% decrease in supplies from the average levels of the previous year.

Mr. MURKOWSKI. Think about the simple equation of Saddam's influence over the world right now. You don't have to be a mental giant to reach any other conclusion, but we buy Saddam Hussein's oil. We send him the money. He pays his Republican guards and builds up his biological and chemical weapons capability. We take that oil, put it in our airplanes and fly over and bomb him. And the process starts all over again. What kind of a foreign policy is that?

How do we get back on course? Well, there is a solution. We have to reduce our dependence on foreign oil. We need to go through some avenues to do this. We need to increase our efficiency and maximize our utilization of alternative fuels and renewables. But we also have to increase domestic oil and gas production in this country. We have vast resources in areas like the overthrust belt in Wyoming, Colorado, and other States where we produce oil. We can produce more. But 64 percent of the public land has been withdrawn from exploration. Increased domestic supply is needed to lower prices, reduce volatility, and ensure safe and secure energy supply.

My State of Alaska has been producing about 20 to 25 percent of all the total crude oil produced in this country in the last 20-some years. We can produce more. We have the technology and we can do it safely. Give us an opportunity. Let us show the American can-do spirit. Let us meet the environmental concerns with technology, not rhetoric.

We must increase our domestic energy supply of oil to lower prices, reduce volatility, and ensure safe and secure energy supply. We have legislation to do it. Senator LOTT and I and others introduced the Energy Security Act of 2000, S. 2557. If enacted, It would guide us toward rolling back our dependence on foreign oil to below 50 percent. That is a goal, an objective of the bill.

To meet that goal, our bill would, among other things, increase domestic energy supplies of oil by allowing frontier royalty relief; improving Federal oil lease management; providing tax incentives for production, and assuring price certainty for small producers; allow new exploration in America's Arctic, in the Rocky Mountain States, and along the OCS areas for those States that want it; protect consumers against seasonal price spikes, especially with regard to Northeast heating oil users; foster increased energy efficiency, and provide new tax incentives for renewable energy to replace foreign oil.

The bottom line is, the Clinton-Gore energy policy and our increased dependence on Saddam Hussein is a travesty on the American people, the American mentality, and the American memory. We fought a war in Iraq, and now we are dependent on their resources and unable, or unwilling to do anything about it. Saddam is leveraging the issue by his dictate to the U.N. that he is not going to give them compensation. If they make him, he will simply cut his production, and the world can't afford to have that happen.

Finally, more U.S. dependence on foreign oil gives more leverage to Saddam Hussein to threaten regional stability. The administration seems powerless to respond for fear of cutting back on Iraqi exports. We are in a period almost as if it was during the last year of the Carter administration. Remember that time? We were being held hostage, if you will. We had hostages in our embassy in Iran. This time we have a country, a nation held hostage by Saddam Hussein.

What will the effect be? It is going to be at the gas pump and in your heating oil bill. I haven't even talked about natural gas, and I will not do that today. I want to remind my colleagues that we have been talking about oil today. Tomorrow we are going to talk about natural gas. Natural gas, a year ago, was $2.16. Today it is $5.40 for deliveries in October. The GOP energy plan would defuse Saddam Hussein's threat. The Clinton-Gore plan wants to stand by until the election is over. They hope they get away with it.

That concludes the amount of time allotted to me. Tomorrow I will talk about the price of natural gas and the effect it will have on the economy, your heating bills, and your electric bills.

I yield the floor.

The PRESIDING OFFICER. The Senator from California is recognized, but the Senator doesn't have any time.

Mrs. BOXER. Mr. President, I ask unanimous consent that I may use 5 minutes of Senator DURBIN's time, to be followed by Senator GRAHAM and then Senator DORGAN.

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

CLINTON-GORE PRESCRIPTION DRUG PLAN

Mrs. BOXER. Mr. President, I thank my colleague for giving me these 5 minutes. I listened to Senator GRAMM's attack on the Clinton-Gore prescription drug plan, the Democratic plan. I will tell you, it was very interesting because I just read an article in one of the newspapers. I think it was in The Hill. It is an article by Representative SHERROD BROWN. Representative BROWN points to a confidential document—I will quote him—prepared for House Republicans. It found its way into the public realm. It wasn't news at the time, he says, but when you read it, it suggests that the Republicans go after the Democratic plan by calling it a one-size-fits-all plan, ''a big government plan, especially a one-size-fits-all big government plan.''

As I listened to Senator GRAMM, he uses those terms over and over again. Now it sort of makes sense as to why they have put out this strategy on how to attack this plan. I had to smile when I was listening to Senator GRAMM because I thought, Is he attacking the Medicare program? The Medicare program is a program that covers 99 percent of our seniors. I suppose he thinks that the one-size-fits-all big government plan—and I assume he feels that way because Governor Bush, in 4 years, wants to do away with the Medicare plan. So this is what is happening here.

I want to share a couple of charts that show the differences between the two plans. This is amazing. Also, they say it is a forced plan when it is voluntary. Vice President GORE has been very clear that the plan is a voluntary plan. Seniors can take it if they want. So here you have the Democratic plan, which is affordable for all seniors. It is part of Medicare and it is voluntary. It has a defined benefit, and it gives bargaining power to seniors so that the cost of the drugs would go down.

The House Republican bill has no assistance to seniors with incomes over $12,500. So that leaves out most seniors. It is private insurance, not Medicare. Insurers say they won't offer it. We have proof of that and we have quotes. An insurer can modify or drop benefits year to year. Seniors may lose access to local pharmacies or drugs. There is no guarantee of better prices. Let's see the comments about the Bush-Republican plan—the GOP prescription drug plan by health insurers.

> We continue to believe the concept of the so-called drug-only private insurance simply would not work in practice.

That is Charles Kahn, President of the Health Insurance Association of America.

Let's look at other comments of health insurers on the GOP plan endorsed by Senator GRAMM and Governor Bush.

> Private drug insurance policies are doomed from the start. The idea sounds good, but it cannot succeed in the real world. I don't know of an insurance company that would offer a drug-only policy like that or even consider it.

Charles Kahn, President of the Health Insurance Association of America.

Health insurers tell us that the Bush Republican plan is doomed because no insurance companies are going to do it.

Here is Cecil Bykerk, Executive Vice President of the Mutual of Omaha companies, who says:

> I am convinced that stand-alone drug policies won't work.

You have a real plan by AL GORE for voluntary benefits under Medicare—a program that is revered by seniors. The fact is that the Republican plan, by the very companies that are making life miserable for seniors—HMOs, insurance companies, and pharmaceutical companies—is a complete sham.

Things are getting hot around here. It is ''happy season.'' It is political season. I think we have to get back to reality.

Let's realize that the words used by my friend, Senator GRAMM from Texas, come straight out of the Republican campaign strategy book—call it big government, call it one size fits all; if you don't like the Medicare program, then you ought to support Governor Bush's plan because in 4 years he does away with Medicare.

Let's take a look at this one more time.

The Senate Democratic bill, which is essentially the Gore plan, is affordable for all seniors. It is voluntary. It will work.

The House Republican plan and the one that is discussed by PHIL GRAMM is a sham. The insurance companies say they can't do it.

Thank you very much. I thank my colleague from Florida for allowing me to go ahead.

The PRESIDING OFFICER. The Senator from Florida is recognized.

MEDICARE REFORM

Mr. GRAHAM. Mr. President, for the past 3 days I have been discussing the need to reform Medicare and the fundamental reform of shifting Medicare from being a program that focuses on sickness and dealing with disease and the consequences of accidents after they happen, to a health care system that focuses on wellness and maintaining the highest possible quality of life. I pointed out that an essential ingredient of any wellness strategy is prescription drugs. Prescription drugs are a modality in virtually every form of therapy which is designed to reverse disease conditions or to manage those conditions.

Yesterday, I talked about the fact that the prescription drug benefit for senior Americans should be provided through the Medicare program. It is the program which the seniors themselves have indicated over and over that they believe in, they trust, they have confidence in, and that they would like it to be the program through which this additional benefit would be added to all the other benefits that are available through Medicare. They would also like prescription drugs to be available through Medicare.

In the context of the discussion of our colleague from California, I must point out that while the seniors are saying they want to have a prescription drug benefit administered through Medicare, the Governors of the States are saying they do not want to have the responsibility for administering a prescription drug benefit; it is not our job nor should it be our financial responsibility to be involved in prescription drugs for a group of Americans who have since 1965 been covered by a national program and not a State-by-State program.

I would like to talk about the issue of cost and which alternative before us has the best opportunity to serve not only the interests of the 39 million seniors but all Americans in terms of injecting some control over an out-of-control, spiraling increase in the cost of pharmaceutical drugs.

Let me use as an illustration what has happened to a constituent of mine, Mrs. Elaine Kett. Mrs. Kett is a 77-year-old widow from Vero Beach, FL. She lives on a fixed income of approximately $20,000 a year, which means that her income is above the level that would provide benefits for her under the kind of plan that my Teutonic cousin from Texas has indicated he would support.

Like many of my constituents, Mrs. Kett sent me a list of all the prescription drugs that her physician has indicated are medically necessary for her wellness and quality of life. These are the lists of Mrs. Elaine Kett's drugs. As you will see when you add up all the costs of the drugs which she used in 1999, the total cost was $10,053.36. Mrs. Kett has already said her income is $20,000 a year. Fifty cents out of every dollar of Mrs. Kett's income was consumed in paying for the prescription drugs necessary for her life, wellness, and quality.

In her letter, Mrs. Kett writes:

> This is killing me because my income is just a bit more than double the cost of these drugs.

Then she adds a postscript.

> P.S.—Someone said these are the golden years, only the gold is going into someone else's pocket.

There are millions of Americans just like Mrs. Kett. Passing a real prescription drug benefit to cover Mrs. Kett and all Medicare beneficiaries should be a priority for this session of the Congress.

Today, we will examine one of the key reasons why so many seniors are unable to purchase the medications which their physicians have said are medically necessary. The reason is cost.

Prescription drug prices are growing so quickly that seniors and, I would argue, most Americans cannot keep up. In July, Families USA released a report that concluded:

> The growing reliance on prescription drugs by the elderly and the mounting costs of those drugs is a crisis for America's senior citizens.