outside board or to go to court, and they do not want that, either. Naturally the insurance companies are going to oppose this and they are going to try to do whatever they can to prevent it from coming up here in a fashion that we really can vote as a majority for what we think is good for the country. But we will just keep speaking out as we have until we see something come forward that we know is good for the American people.

Mrs. THURMAN. I have enjoyed this. I hope some people have been listening. We certainly would love to hear their comments or their stories or issues that make a difference in people's lives, because I think it is important that we hear from the real people out there that have to deal under the laws that we either pass or do not pass in some cases.

Mr. PALLONE. I agree. I want to thank the gentlewoman for being here tonight as she has so many times. I think all we are really trying to do is what is right for the average American. These health care issues are really crying out for a solution. It is not pie in the sky, it is real, day-to-day lives that people are living and it impacts on their lives.

ADMINISTRATION'S ENERGY POLICY TO BENEFIT THE ENVIRONMENT AND AGRICULTURE

The SPEAKER pro tempore (Mr. GRUCCI). Under the Speaker's announced policy of January 3, 2001, the gentleman from Minnesota (Mr. GUTKNECHT) is recognized for 60 minutes as the designee of the majority leader.

Mr. GUTKNECHT. Mr. Speaker, I am joined tonight by some of my colleagues, and we are going to talk about what I think is a very happy thing that happened today. It is a happy coincidence where good policy comes together, when we are talking about energy policy, we are talking about environmental policy, and ultimately also talking about what is good for American agriculture. All three of those things came together today when the White House announced that they are not going to give California a waiver of the clean air standards in terms of oxygenated fuel.

We have got a number of experts who are going to talk tonight. I know some of my colleagues have other things that they need to be at and so I want to first of all recognize the gentleman from Illinois (Mr. SHIMKUS), who has been really one of the stalwart fighters in the battle for oxygenated fuels, for biofuels, for making certain that wherever possible we grow the energy that we need here in the United States. I want to welcome him to the special order tonight. I know he has got somewhere else that he needs to be tonight. I thank the gentleman for joining us.

□ 2000

Mr. SHIMKUS. Mr. Speaker, I thank the gentleman from Minnesota (Mr. GUTKNECHT). We have folks from Minnesota, Nebraska, Iowa, and I am from Illinois. It is a great day.

I will take kind of a different twist because many of the Members who will come up to speak will be from their position on the Committee on Agriculture or the Committee on Appropriations, and other committees that have an important role. I serve on the Committee on Commerce, and from that vantage point I have had an exciting time dealing with biofuels issues across this Nation, not only ethanol but also biodiesel.

The decision rendered by the EPA today on the California waiver request was a major victory for a couple of reasons. One, it is just a simple great victory for clean air. The Clean Air Act that was enacted into law in 1992 has had a significant impact on cleaning our air throughout this country. The greatest benefit is that 2 percent oxygen requirement that in essence just helps the fuel burn with more intensity and by burning with more intensity it then burns out the impurities. So we have some benefits.

We have a reduction in carbon monoxide at the tailpipe. We also have, in essence, a reduction in carbon dioxide because ethanol and the 2 percent quality is replacing petroleum-based fossil fuels, which is decreasing the carbon dioxide. So we are having tremendous benefits.

Let us talk about it from just the overall energy issue. We have and still have an increased reliance on foreign imported oil. It is very critical to our national strategic energy policy to make sure that we have the ability internally to produce the fuels that we need to create the energy sources to help development in all aspects, and also to have the fuel resources we need to go to war. If we continue to rely solely on one fuel type, petroleum-based fuels, and not explore renewable fuels, then we put ourselves at a disadvantage.

What this California waiver decision does is it establishes for the capital markets and for all the co-ops and all the producers who have been anxiously awaiting some certainty that ethanol is going to have a role in our national energy policy, that there will be some certainty in their investments.

California is a tremendous market, a market that has been primarily filled, the oxygen portion, by MTBE. MTBE has been known to pollute groundwaters and is now becoming the additive persona non grata. No one wants to use it. Ethanol creates a win/win for us because it helps us keep the clean air standards that were passed that have been so successful while ensuring that we have clean water since ethanol does not pollute the groundwater.

This will also translate into an increased demand for our producers, certainty to the markets for the capital investments and as I have talked to a lot of my producers and the folks in the agricultural industry, the most important thing that this administration could have done was to deny the California waiver, keep the clean air and push for the continued use of the oxygenation standard and that oxygenation standard being the use of ethanol. It is a tremendous victory. I applaud the administration on keeping a proper balance with clean air and clean water and also putting a hand out to our family farmers who have for many, many years invested in a product that they know can meet the demands of the future and have cleaner air.

This sends a strong signal to the agricultural sector that ethanol is here to stay and now we can use this victory to leverage an increasing biofuel usage across the board, maybe a renewable standard, also working in the biodiesel aspect with the soy, soy diesel aspects that I have worked through in other legislation.

I wanted to make sure that I had an opportunity to come on the floor to reemphasize the importance of what the administration has done today, and I thank the gentleman from Minnesota (Mr. GUTKNECHT) for arranging this special order and yielding me the time.

Mr. GUTKNECHT. Well, I thank the gentleman from Illinois (Mr. SHIMKUS) for his remarks. He has been afire on this issue in terms of biofuels, and we worked with the gentleman on not only this but ultimately moving forward with biodiesel, a product that can be made with a blend of diesel fuel and soybean oil or other oils. Soybeans seem to work the best. These are ways that we can help solve our energy problems by growing more of that energy supply.

I want to just come back to one point that the gentleman made about MTBEs. Now, we know that MTBEs cause cancer. We also know that it leaches into the groundwater. The reason that ethanol is such a great product in terms of replacing it really is twofold. First of all, we know that ethanol is harmless to people. As a matter of fact, if one puts it in an oak barrel for 7 years, many people enjoy it in the form of bourbon, a modified version of whiskey. So it is something that actually can be consumed by human beings, and it is consumed by human beings.

More importantly, it is actually cheaper than the MTBE. Let me just share some numbers that because ethanol contains twice as much oxygen as MTBE, one only needs to blend half as much; in other words, 5.7 percent ethanol by volume compared to 11 percent MTBE. If one weighs out the economics of it, this decision will allow California to replace 18 cents worth of MTBE with only 7 cents worth of ethanol. In other words, consumers in California will actually save 11 cents a gallon because of this decision.

It is good for the environment. It is good for our energy independence. It is good for the farmer, but ultimately it is going to be good for the consumer as well.

So I want to thank the gentleman from Illinois (Mr. SHIMKUS) for his remarks. I appreciate him stopping by. I know he has a busy schedule.

I also have another good friend and colleague from the State of Nebraska who has been working on this issue for a very long time as well, the gentleman from Nebraska (Mr. BEREUTER). I want to welcome him to this special order and yield to him.

Mr. BEREUTER. Mr. Speaker, I thank my distinguished colleague from Minnesota (Mr. GUTKNECHT) and commend him for taking the important initiative on this important subject tonight and am pleased to be here with my colleagues from Illinois, Nebraska and Iowa.

We have had some discussion about the problems brought on by MTBEs and I am glad the gentleman brought that to the forefront with his colleague, the gentleman from Illinois (Mr. SHIMKUS).

I would begin by strongly commending President Bush for his decision to deny California's request for a waiver of the reformulated gasoline, the RFG oxygenation requirement. I think this is a huge victory for the American farmers and it is a huge victory for our environment. One of the problems, of course, with the additives used in California and in other States, the MTBE, is that we know now it causes cancer. It is highly soluble in water. It does not biodegrade. Indeed, the problem of MTBE, of course, is not limited to California. It is estimated that about 21 percent of the drinking water wells in RFG areas are contaminated nationwide, and the proper solution to California's problem is to switch to using ethanol to meet the Federal oxygen standards.

Now, the impact, of course, on agriculture is particularly important. We will be the first to admit that because we have low commodity prices. Using my State as an example, Nebraska produces about 20 percent of our country's ethanol. The State estimates that its seven ethanol plants would have generated $1 billion in investment and 1,300 jobs. So the decision by President Bush on the California request creates outstanding expansion opportunities for our State just as it does for other ethanol-producing areas of the country.

Our governor is Mike Johanns. He is currently the Chairman of the National Governors Association Ethanol Coalition. We are proud of the leadership that he and other governors are bringing to this issue.

Their estimate, the coalition's estimate, is that the ethanol industry has the capacity of doubling in size by 2004 and tripling by 2010 without disruption in supply or increasing consumer prices.

I want to quote also an analysis released earlier this year by the renowned economist John M. Urbanchuk. He is Executive Vice President of AUS Consultants. He found that greater ethanol use has positive implications for our Nation's economy. The study found that quadrupling the use of ethanol over the next 15 years would save American consumers $57.5 million in 1996 dollars, so it would be more today. This is the equivalent of nearly $540 per household in the U.S.

In the process, more than 156,000 new jobs would be created throughout the economy by 2015.

The Department of Energy's Energy Information Agency now projects a figure of imported oil, 60 percent now, would grow to 70 percent unless we take some changes. Ethanol deserves to be a part of a national energy policy and we have just seen a step forward with the President's decision, and we are ready to meet the challenges.

So I thank my colleague for yielding me this time and I look forward to hearing what the rest of my colleagues have to say and perhaps engaging further with my colleagues, but I thank the gentleman for the initiative.

Mr. GUTKNECHT. We are more than delighted to share the time. I would like to just come back to a chart here that my staff has put together that I think tells a very important story, and a lot of consumers just in the last several months have begun to wake up to the reality that we have not had a very coordinated energy policy in this country for the last 10 years. It really is time that we have one.

As the gentleman indicated, the gentleman from Nebraska (Mr. BEREUTER), according to the numbers we have from the United States Department of Energy, the U.S. imported more than 8.9 million barrels of crude oil per day in the year 2000. That represents over 60 percent of our domestic crude oil demand. Now that is a scary number, but it gets worse. We are currently importing in excess of 613,000 barrels a day from Iraq.

Now in case it has been forgotten, Iraq is the place where Saddam Hussein calls home. We are importing over 600,000 barrels a day every day from Saddam Hussein. At $25 a barrel, that is a lot of money. Supposedly that money is now being used for food and medical supplies, humanitarian concerns, but the truth of the matter, of course, is we cannot know exactly how Saddam Hussein spends that money.

The California waiver decision decreases our dependence on foreign oil and increases demand for clean-burning, domestically-produced ethanol. It is a great decision and, again, in the words of the old spiritual, oh, happy day.

Now I am delighted to have with us as well tonight a good friend that came to the Congress the same year that I did. In fact, his district adjoins mine for a few miles on the southern border, the gentleman from Iowa (Mr. LATHAM).

Mr. LATHAM. Mr. Speaker, I thank the gentleman from Minnesota (Mr. GUTKNECHT) for having this special order this evening on a very, very important issue, I think, for the whole country. This announcement today really shows the concern and the commitment that this administration has and we all have for our environment. The fact of the matter is, this shows that one does not have to sacrifice clean air to have clean water.

The gentleman brought up earlier a discussion on MTBE. We all know that this is a pollutant that has affected our groundwater. Even in Iowa where it has not been used there are traces of MTBE in our water, because it is coming from other States and in the aquifer. This is a very, very important issue for everyone who believes, like we all do, that one has to have clean water.

The environment is very, very important. The question today that was answered was, does one have to sacrifice clean air in order to get clean water? Well, the fact of the matter is, one does not. The proof is here today that one can both get rid of MTBE, clean up our water supply, make it safe for our children, for our families, and also have clean air. With ethanol, we are able to provide the oxygenate that is needed for the fuels. In California, MTBEs will be banned, I believe, by 2003.

□ 2015

They are going to have to have a replacement. I can tell you, in Iowa we are going to do our part. In particular, just in my congressional district, we currently have five ethanol plants under construction in the planning stage, and are going to be online very, very quickly.

The great part of this is, and the gentleman from Minnesota knows this very well, but these are farmer-owned cooperatives, farmer-owned investment groups. This is not some big corporation out here that is going to profit from this. When we talk about value-added products, this is what it is all about.

We believe in investment; we believe in adding value to our products that we produce in such abundance, especially in corn, in our part of the country. We will utilize this great crop that we have in a very, very positive and productive way.

In addition to the five plants that are coming online in my congressional district, we also have at least another five coming online statewide in Iowa to go along with these seven plants that currently are in operation. I know that the gentleman from Minnesota knows very well what this is going to do for the economy as far as adding value to our corn crop. This, I think, combined with biomass, soy diesel, wind energy, and the President's energy proposal, I think, is right-on as far as what he is talking about with alternative energy sources. When we talk about ethanol, soy diesel, and wind energy, we have the largest wind energy farm in the entire country in my congressional district also.

But it is so important that we utilize our resources here, renewable resources, to solve this energy crisis that

we are in, and to cut down our dependence, like the gentleman talked about, on foreign oil. I remember very well back in 1973 waiting in line to buy gasoline, if you could buy any at all. Many times the stations were closed. They were simply out of gasoline. At that time, if I remember correctly, we were about 35 percent dependent on foreign oil. Today we are over 60 percent dependent on foreign oil. The problem has gotten only worse, and it has gone on for decades now; but we have not had really an energy policy in place to address this problem.

So I think today is a very, very significant step in the right direction: good for the environment, good for reducing our dependency on foreign oil, good for value-added agriculture and for people really pulling together in rural America for a cause and to help themselves. This is extremely positive.

Mr. Speaker, one last thing. I think it is so important, and last year we went through a real difficult, very, very close campaign. One of the major issues in that campaign was restoring honesty, integrity, in the Oval Office, having people there who will honestly keep their word.

When our President today was a candidate in Iowa, he came to Iowa, and he said, yes, I support ethanol; I support Iowa farmers. I believe they can help themselves and increase their way of life and improve their families' lives, and we will work for you.

I had the honor to be the with the President last Friday in Waukee and heard the President then reiterate his support for ethanol and support for family farmers; and, as the gentleman well knows, with the tax bill that he signed last Thursday, it is going to be a giant step forward for people to be able to keep the family farm, to reduce the tax burden on people who work and pay taxes, and families, helping them all the way through.

But the thing of it is, many people were cynical. Some of the people who supported the President in the campaign would come up to me and say, Well, he says he is for ethanol, but he is from Texas. You know, the big oil companies down there, they have a lot of influence. You know how many votes there are in California. Well, is he really with us?

All I ever said was just watch; that I believe that there is a person with great integrity, with real honor, who is running for the Presidency.

I think this shows to all Americans that you do not just have to go out and make campaign promises and not keep your word. It is very important I think in this day of very cynical politics in our system, with people being filled with doubt in our leaders, that we finally have someone who actually has done what he said he was going to do, and a phrase that is very familiar around here, the idea of promises made and promises kept.

I am just extraordinarily proud of our President, proud of this administration; and I am so happy for rural America, for Iowa, for all farmers who really want to derive a livelihood from the marketplace with value-added products. This is a great day for all of us.

I thank the gentleman from Minnesota for yielding.

Mr. GUTKNECHT. I thank the gentleman very much. I think the gentleman said it exactly right. This is a person who says what he means, means what he says, and is doing exactly what he said he was going to do, on virtually every front, whether it was education policy, tax policy, the budget, right down the line, from the day that this President took the oath of office, when he put his hand on that Bible and he swore to uphold the Constitution.

He went on to say that he wanted to restore dignity to that office, and part of it is doing what you said you were going to do. This decision today, I think while it surprises some people here in Washington, the cynics, the critics here in Washington, it really does not surprise me, because it was the right thing to do. It is right for the environment, it is right for energy policy, it ultimately is the right thing in terms of agriculture.

I wanted to come back to a couple of quick points before I yield time to another new member of the Committee on Agriculture from the great State of Nebraska. I want to come back to this chart and just point out a couple things to my colleagues.

This is how the increased demand for ethanol is really going to benefit our farmers. I want to talk a little bit about why corn is so important in this equation.

First of all, ethanol demand as we begin to phase out MTBE and replace it with the oxygenate we call ethanol, ethanol demand in California is expected to top 580 million gallons annually. Now, that will utilize, if you produce all of that ethanol with corn, and, incidentally, you can produce ethanol with other agriculture products, I want to make that clear. But I am going to come back to why corn is so important. That would utilize 230 million bushels of corn each year, which ultimately would boost corn prices by anywhere from 10 to 15 cents per bushel. Let me tell you, representing a farm district, 10 to 15 cents per bushel is really the difference for many of our producers between profit and loss. That is a very, very significant number.

But even more significant is that it could add as much as $1 billion annually to the value of American farmers' corn crops or other crops, because if we are using this corn crop to produce ethanol, it means that other row crops can be used for other purposes. So on a net-net basis, this ultimately will benefit all kinds of farmers.

Let me come back to why corn. When we talk about the plants that are the very high-tech plants today producing ethanol, they do not just produce ethanol. One of the great what used to be a by-product but is now a very important product that comes out of the ethanol process is you end up with a very high-quality protein feed.

So there are a lot of things about these processing plants. It is not just about producing ethanol. As my colleague from Iowa pointed out, it is about value added. We are adding value in several ways to this corn crop, and more and more of the production facilities are farmer-owned. This is a way that they can recover more of that downstream profit.

I want to now recognize one of our new members of the Committee on Agriculture, who certainly needs no introduction to anybody in the State of Nebraska or anyone who has followed college football over the years. The gentleman from Nebraska (Mr. OSBORNE) has quickly become a leader in the Committee on Agriculture, not only on the issue of ethanol, but on the whole issue of value-added agriculture and the importance of us at the Federal level doing all that we can to improve markets and find additional markets for those things which we can grow and produce here in abundance in the United States.

Mr. Speaker, I would yield to the gentleman from Nebraska (Mr. OSBORNE).

Mr. OSBORNE. Mr. Speaker, I would like to thank the gentleman from Minnesota, and I certainly appreciate the comments of my colleagues from Iowa, Nebraska, and others who are going to speak after me.

I guess I would like to add my comments of appreciation for what the administration has done. We have heard for a number of weeks that the answer had not been official, but we were going to like what we heard, so I would reiterate what the gentleman from Iowa (Mr. LATHAM) said, that we believed all along that the President was a man of his word, and so we are glad this has happened.

The problem has been that we currently have roughly 62 production plants for ethanol in the United States, and we probably have somewhere near that number in various stages of production. Of course, the thing that has held these people up has been concern, what is going to happen about the waiver in California. If the waiver had been granted, then the demand for ethanol would not have been increased, it would have been reduced.

So those people who are sitting on the sidelines and were worried about investment now are free to go forward, and I think we will see an immediate benefit. We will see a great jump in the production of ethanol in the next year or 2 years. This is important. It has been important for the Nation and important for the Midwest.

I would just like to mention three areas where I think this will have far-reaching consequences.

First of all, as has been mentioned earlier, it reduces our dependence on foreign oil. This is a big issue, because

today roughly 56 percent of our petroleum is imported from OPEC; and as has been pointed out previously, OPEC is not necessarily terribly friendly to the United States. If at any time they decide to double the price or simply turn off the spigot, our Nation would grind to a halt within a matter of months. So dependence on foreign oil is a big issue.

As the gentleman from Iowa (Mr. LATHAM) mentioned, the earlier crises in the petroleum industry in the late 70s and 80s, where we had long lines of automobiles lined up for gasoline, at that time we imported 30 percent of our oil from OPEC, and today that number is double. So we are more at crisis today than we were even at that time.

Of course, there was a great deal of concern about OPEC in those years. Two-thirds of the world's known oil reserves are located in the Persian Gulf at the present time; and by the year 2010, many analysts believe that more than 75 percent of the world's petroleum will be met by Middle Eastern countries. So we are going to become more dependent, instead of less, if we stay on the current track we are on.

In 1998, a poll showed that 83 percent of American voters feared that the United States is extremely vulnerable to OPEC. Of course, if you took that poll today, I am sure that number would be much higher than 83 percent.

Currently, I think there is one thing that many people may not realize, but every vehicle marketed in the United States today can run on ethanol blends. Many people feel, well, you have to have a special automobile. That is not true. Every automobile can run on a 10 percent blend. We have many automobiles that run on 85 percent blends. So if you think about the possibilities, we can certainly lessen our dependence on OPEC greatly as we increase the percentages. So this is a very important development.

The second area that I think is very important as far as this ruling is concerned, as has been mentioned earlier, ethanol and biodiesel are of great benefit to the environment. It reduces greenhouse gases, global warming, acid rain, ozone depletion; and of course, many of us have been somewhat skeptical about global warming, but a recent study that the administration has ordered indicates that apparently there is something to this. It is something that needs to be addressed seriously, and of course, ethanol and biodiesel are important elements of this equation.

Currently, ethanol contains 35 percent oxygen by weight; and of course, that enhances the combustion of gasoline, resulting in a more efficient burn and greatly reduced exhaust emissions. Some people have said it reduces exhaust emissions by as much as 30 to 35 percent. This is a huge factor, and this is why ethanol and MTBE both are required in many of our major cities. Of course, we know that MTBE has been a problem.

□ 2030

Ethanol has nearly twice the oxygen content of MTBE, and can provide greater emission reduction on a per gallon basis than MTBE.

As has been mentioned earlier, MTBE has been proven to have some health consequences and cancer risks. It does pollute the ground water. It is being phased out in a great many of our States, and we think others will follow. Ethanol is not only better for the environment, it is more cost-effective, and is certainly a superior fuel.

Then lastly we might mention, in regard to environmental issues, that ethanol can replace the most toxic parts of gasoline with a fuel that quickly biodegrades in water, reducing the threat that gasoline poses to waterways and ground water. Anyone who has been involved with a brownfield or Superfund problem realizes the threat that petroleum poses to ground water. It has been proven that at the present time ethanol is not a threat, and it is soluble in water, so it is one product that can be used in petroleum that is not a hazard. So environmentally, we see that there are a great many benefits.

Lastly, I would mention that there is a serious economic benefit to the Nation, and particularly to the farm economy. All of us who are on the Committee on Agriculture are very aware of the fact that most of our people will tell us, we do not want any more government payments, we just want a fair price. We want profitability in agriculture.

So most of us, I think, as we have studied the problem, have come to believe and to understand that the key to profit in agriculture is value-added agriculture. It lies in cooperatives, where the farmer participates in the whole process from the beginning to the end. So this is an opportunity for the Nation and certainly for our farmers to reap some of the economic benefits of this product.

Currently, ethanol represents a market for over 600 million bushels of corn each year. This adds $4.5 billion in farm revenue annually. The USDA, as mentioned earlier, estimates that this adds about 15 cents to the price of a bushel of corn. When corn is selling at $1.60, that 15 cents is a huge issue for a great many of our farmers.

Currently, more than 1.5 billion gallons of ethanol are added to gasoline in the U.S. each year, and it is estimated on our current track with this ruling that by 2004, that will go to 3.2 billion. It will more than double. Of course, this will pretty much eat up any surplus that we have in corn and milo, and that could probably be in soybeans, as well. This has been one of the factors, of course, that has led to a lower price, so we think this has some great opportunities in this regard.

Then we might also mention some statistics put out by the Midwestern Governors Conference. They say that ethanol will boost total employment by 195,000 jobs. That is a huge increase in employment, particularly in the agriculture economy. It adds over $450 million to State tax receipts, and improves the U.S. trade balance by $2 billion.

Of course, all of us have been suffering and realize our Nation is suffering from a negative trade balance. This is something that reverses that trend by $2 billion, and it results in a net savings in the Federal budget to $3.6 billion. Of course, that involves all taxpayers, not just people in the farmland, but all taxpayers everywhere.

Lastly, let me just mention a couple of other things. As most people know, we have been talking about ethanol, we have been talking about biodiesel, but it is not just that. In the production of ethanol we have by-products, so we have feed, which is very high protein, very nutritious, and of course that adds value to our cattle, and has been a huge benefit to the livestock industry.

Also we have wet milling plants that, from the by-products of making ethanol, are able to produce clothing, in some cases; plastics, biodegradable plastics, and other products. So we see great potential in terms of side effects, side products. We think this is going to be very important.

So we greatly appreciate the decision by the administration, and that is why all of us are over here tonight voicing our pleasure, our approval. We think it is a win-win situation for the American people, the farmers, the environmentalists, and everyone involved.

So I appreciate the gentleman organizing this special order.

Mr. GUTKNECHT. Mr. Speaker, I thank the gentleman from Nebraska for his contributions, not only to this discussion, but the whole debate about value-added agriculture and how ethanol and biodiesel can certainly be part of the solution. They are not part of the problem.

We are also joined tonight by the gentleman from Illinois (Mr. JOHNSON). He, like I, spent considerable time in the State legislature. He is a freshman Member of the Congress and a freshman member of the Committee on Agriculture.

He represents the Champaign-Urbana area of the State of Illinois, which of course is the home of the University of Illinois, one of the great research institutions, particularly from a land grant institution perspective. If there is a bigger fan of the Illini, I have yet to meet them. So we welcome him, and I yield to the gentleman from Illinois (Mr. JOHNSON).

Mr. JOHNSON of Illinois. Mr. Speaker, I thank my distinguished colleague and senior, mentor, from the State of Minnesota, for this colloquy, and for the opportunity for us to address a critical and serious issue in a very positive vein.

Mr. Speaker, I rise tonight in strong support of the Bush administration's

decision today to deny California's request for a waiver from the reformulated gasoline oxygen requirement. Americans should not have to choose between clean air and clean water. Today's announcement ensures that the citizens of California do not have to make that decision.

This is also a victory for our Nation's corn producers. My home State of Illinois is the number one producer of corn-based ethanol. At a time when farmers are facing, at the very least, difficult economic conditions, today's actions will be a much needed shot in the arm.

This decision will add more than $1 billion to the depressed farm economy. Ethanol is renewable, it is nontoxic, and it is domestically produced. This means jobs for American workers.

California has wisely chosen to eliminate MTBE from its gasoline supplies, and as my State has done recently through an initiative by State Representative Bill Mitchell and State Senator Dwayne Nolan, we have acted likewise at a State level to ban that substance.

I have joined with my distinguished colleagues here and other Members of the House and Senate to introduce similar legislation. We hope for its passage at the Federal level.

The California elimination represents 11 percent of California's fuel supply. Without the addition of ethanol, gas prices would rise dramatically. By denying the waiver and maintaining the oxygenate standard, the lost volume will be replaced with ethanol, which is less expensive than MTBE. Ethanol contains twice the oxygen as MTBE, so blenders will need only half as much ethanol by volume. In fact, the decision will allow ethanol to replace MTBE at half the cost to consumers.

Ethanol currently has 20 percent of the oxygenate requirement market in California. Most if not all petroleum companies in California have experienced using ethanol in Phoenix, Las Vegas, Tucson, and Seattle-Portland. The ethanol market is poised to expand to meet the needs of the California market.

In conclusion, again, I thank the gentleman for this opportunity, and I applaud in the strongest possible terms the Bush administration for its wise, forthright decision to provide both clean air and clean water to the citizens of California, and for opening up a new market for Illinois and Midwest-grown ethanol around the country.

Mr. GUTKNECHT. I thank the gentleman from Illinois, and again, I thank him for his work on the Committee on Agriculture, not only in terms of ethanol and biodiesel, but in terms of value-added agriculture, because, as we said earlier in the discussion tonight, what most of our farmers want is not a bigger check from the Federal government. What they want is an opportunity and more markets so they can earn a decent living from the market itself.

By opening up new markets like the ethanol market and making certain that it is available to American farm producers in the State of California, we really have opened a whole new chapter in terms of value-added agriculture, and again, it is a win-win situation.

Mr. Speaker, I am pleased to introduce tonight a new colleague of mine, the gentleman from Minnesota (Mr. KENNEDY). The gentleman came to us from the private sector and had never served in public office before. He joined me on the Committee on Agriculture.

I think the first meeting that I ever had with the gentleman from Minnesota (Mr. KENNEDY) when he was a candidate, he said, what we have to do is find more markets. He came from a marketing background in business and understands that ultimately, if we are going to increase prices for farm commodities, we have to find additional markets.

He quickly came to understand how important biofuels, including ethanol and biodiesel, were. I am delighted to yield to the gentleman from the Second District of Minnesota (Mr. KENNEDY), a new Member of the Congress and a very important and valuable member of the Committee on Agriculture.

Mr. KENNEDY of Minnesota. Mr. Speaker, I thank the gentleman from Minnesota for yielding to me. I am happy to be here and working on the Committee on Agriculture.

I want to applaud the decision that the EPA and the administration has made to stand up for rural America and for our environment and for rural communities.

This is a decision that is very important to me. I have spoken quite a bit on this. The gentleman from Minnesota (Mr. GUTKNECHT) and I wrote the President a letter earlier in the year encouraging him to make this decision, as we had written President Clinton before him.

When I was at the White House for lunch for the 100-day celebration, I had an opportunity to say just one good thing to President Bush, and that was to encourage him to make the decision we are making here today.

I have taken every opportunity I can, whether it be talking to President Bush's staff or to the Secretary or to other people in the administration, to encourage this decision. That is why I am so pleased.

I have gone around my district in southwest Minnesota for the last several weeks. I have had six agriculture forums. I have collected over 250 letters at those forums from our constituents that have been addressed to President Bush encouraging this decision, so there has been a groundswell of support for this decision. No one is more pleased than I.

As the gentleman said, the reason is because I do come from a business background. In my business background, whenever I have been faced with prices that are too low, my response has always been, how do we grow demand? As I look around our country, we all seem to be well-fed. We are probably not going to eat a whole lot more, so one of the best ways for us to grow demand for our country, for our country's products in agriculture, is to tap into the energy market. This clearly does that.

If we look at that, one of the best things this does is it grows our domestic energy supply. Ethanol is both renewable and it is domestic. As we grapple with how do we deal with the tight energy supplies in this country, this is something that is very important to us.

It was interesting to me to read an article in the Wall Street Journal several weeks ago that talked about one of the reasons why gasoline prices were going up so high was because the alternative to ethanol, MTBE, which has been found harmful to drinking water, was made out of natural gas, and given the shortage of natural gas, that was driving up the price of our gasoline.

So this is ultimately going to help to keep our gasoline prices lower and take demand away from important resources like natural gas that are important for heating our homes in the upper Midwest, as well as providing our fertilizer for corn that we get the ethanol from. So for many, many reasons, this is a great thing. It is a win-win-win-win situation.

It is a win for the supply of energy, for one.

The second thing is in the environment. This is a great thing for the environment. Not only does it take MTBE out of production, which has been found to be harmful to the drinking water, but it helps gas burn cleaner.

We did not have to be paying attention that much in high school science class to know that we cannot start a fire without having oxygen, and if we put a match inside a closed jar, sooner or later it is going to run out. By injecting oxygen into gasoline, which ethanol does, it helps that gas burn cleaner. It helps us deal with the air pollution and global warming and all those other things. So that is the second major reason why this is a very, very positive development for the environment.

A third reason why it is positive is because this creates jobs in our local communities. We in Minnesota have 15 ethanol plants. Twelve of those are farmer-owned and have about 9,000 farmer investors. Six of those are in my district. I visited all of them several times.

As the gentleman mentioned, they have expanded recently, and I think several of the other ones are considering expansion, plants in Winthrop and in Bingham Lake, towns we have never heard of, but towns where these jobs that are brought into those communities are very important. They are growing quality jobs and they are growing this production of ethanol to

meet the increased demand that we see from a decision such as this. So this is very important to get jobs in the rural communities and help those communities thrive.

Finally, it is important for how it increases our demand for our products, for our corn products and all of our other agricultural products. The more demand for corn there is, the better off it is for all products.

I had a forum. At one of the forums, they put up the price of corn, whether it was $1.60 or whatever in a local area. The farmer circled the 0 and said, ''It does not make any difference if this is 160 or 161. If you change the 6 to the 7, it is something we talk about in the coffee shops. But what we really need to do is to change the number to the left of the decimal point. That is what we really need to do for agriculture to make it thrive and succeed.''

□ 2045

And for those that are one of these 87–50 ethanol farmer investors, the amount of dividends that they have gotten back with the high price of gasoline and the low price of corn has really added a digit to the left side of the decimal point for the corn that they have produced. These are the types of opportunities.

The gentleman mentioned value-added production. These are absolutely critical and are putting capital dollars back into our communities for them to continue to invest in more value-added production.

So whether you are talking adding to our energy supply, improving the environment, helping our local rural communities have the quality jobs, or growing the demand for our productions so that they can get better prices, this is absolutely a very positive decision that will be one of the short list of decisions that we say the Bush administration has done great things for rural America.

And I am just proud to be serving under this President and very pleased that we have this decision today, and I thank the gentleman for the time and thank the gentleman for his leadership on this issue.

Mr. GUTKNECHT. Well, I thank my colleague, the gentleman from Minnesota (Mr. KENNEDY), because, as I say, very quickly the gentleman has picked up and made this one of his top issues. It is important to the gentleman's district. It is important to rural development.

We talk about how can we create more jobs and economic possibilities in rural America? This clearly is one of them. Ethanol is not the only answer. We can do biodiesel. We can make plastics, as was mentioned. One of the great things about making ethanol from corn is that you can have so many other by-products from it.

We are learning how to make plastics now. We are learning how to make other products out of this, as well as perhaps the best high-protein feed possible for our cattle and hogs. I am not an expert, but we are finding out that if you take this feed product just at the right time while there is still a little bit of alcohol left in the product, that it makes a terrific product to feed to dairy cows. We are finding that you can actually increase dairy production with just exactly the right blend of feed from these corn-processing plants.

Mr. Speaker, I want to mention something else. And I hope the gentleman will stick around so we can have a little colloquy here that I think is important, and I talked about this chart. I want to come back to it again.

According to the United States Department of Energy, in 2000, the United States imported more than 8.9 million barrels of crude oil every single day. And the problem is that is getting worse every single day. That represents over 60 percent of our domestic crude oil demand; what is worse, we are currently importing over 600,000 barrels of oil from Saddam Hussein every day.

Now, if you multiply 600,000 times $25 a barrel, that gives him an enormous amount of cash that he can use for whatever purposes he really intends it for. Now, we believe, and we have said that that is, you know, for food and humanitarian concerns, but some of us wonder just how much of that actually goes to benefit the citizens of Iraq and how much is going to help him develop even more sinister methods of declaring war on his neighbors.

Finally, the California waiver decision decreases our dependency on foreign oil and increases demand for clean-burning, domestically produced ethanol. Ethanol is not part of the problem. It is part of the solution.

I want to talk, too, about corn itself and what a tremendous reprocessor corn is of CO2, carbon dioxide. We have heard a lot recently about global warming and global climate change. A couple of years ago, I had the head of NOAA, I serve also on the Committee on Science, and NOAA is the National Oceanic and Atmospheric Administration. They are our top weather people. I had the head of NOAA in my office a couple of years ago. He was sitting right there in the chair, and I had the chance to ask the question a lot of Americans would like to ask, I asked him this question: I said, is there any hard evidence that global warming really exists to the extent that some of the people are saying? After a very long pregnant pause, finally he said, no.

Now, he said there is evidence that the level of carbon dioxide in the atmosphere is going up. We believe that in the long-term if the level of CO_2 goes up in the atmosphere that will begin to drive the overall temperature of the Earth up slightly. We do not know how much. We do not exactly what the cause effect. We need to study it more, and I think everyone agrees that we certainly need more study.

Let me just share with you and anyone who happens to be watching tonight how corn plays an important role in this. An acre of growing corn consumes 5 times more CO_2 than an acre of old growth forest. One of the great things about corn is it draws an enormous amount of carbon dioxide from the atmosphere, converts some of it into oxygen, which we can reprocess and make high oxygenated fuels, like ethanol. And so in many respects, cornfields are a great way to reprocess some of that CO_2 in the atmosphere.

They are better than an old growth forest. In fact, they are five times better. An acre of growing corn consumes five times more CO_2 than an acre of old-growth forest. That is good news.

The great thing that happened today is, as I think the President made it clear, that we are going to have a coordinated energy policy in this country. We are going to try and move away from this incredible dependency we currently have in OPEC.

Part of the reason we have seen our energy prices spiking and going up so much in the last year or so is because now we are so dependent on OPEC, they literally can set the price for us. So this is another step that the President is taking today to say that we are not going to be dependent on OPEC. We are going to grow some of our own energy. We are going to solve some of the problems that we have in terms of energy. We are going to do it right here in the United States.

Mr. Speaker, I would yield to the gentleman from Minnesota (Mr. KENNEDY), my colleague.

Mr. KENNEDY of Minnesota. Mr. Speaker, I say to the gentleman from Minnesota (Mr. GUTKNECHT), you are absolutely right on all of the benefits that this has from reducing our dependence on foreign oil, as well as the environment.

We are very, very pleased with the result here today, but the gentleman and I both being from Minnesota, we never settle for what we have achieved today. We are always looking for where we can take it to the next step. Our great State of Minnesota has been a leader on biofuels.

We have just about all the gasoline sold in Minnesota with a 10 percent blend. And as the gentleman from Nebraska (Mr. OSBORNE) said, any car can consume gasoline with a 10 percent blend. But we are also a leader when it comes to E–85, 85 percent ethanol blend, and vehicles like my Dodge Grand Caravan that I drive and several Ford vehicles and several vehicles from other makes can use this product where you have 85 percent blend of ethanol, and the benefits that we have been talking about for the last hour, about the benefits of the environment, the benefits to increasing our energy supply are equally as important there.

What we found is that over time as we have invested in these technologies, we get better and better at making ethanol. We find more and more uses for the by-products that drives down

the overall costs that makes it increasingly more competitive. I am confident that that will be the case in the future.

We have also been a leader on another very significant biofuel in the form of biodiesel; what people do not really realize about our President is that he has taken some bold moves for the environment. This being one.

Another very bold move that he did was to significantly reduce the amount of sulfur in diesel, about a 95 percent reduction in the sulfur in diesel and by taking sulfur out of diesel, you significantly reduce its lubricity. One of the ways to increase lubricity and put that back in is through biodiesel.

We have had a very active discussion in Minnesota on trying to be a forward State on biodiesel as well, and I am hopeful that discussion continues on. I think we can do the same things with biodiesel that we have done with ethanol.

Finally, I just want to go back to one very simple example about how good this is for your environment. As I go around into our ethanol plants, I have oftentimes challenged those that make MTBE, that I will drink some ethanol if you will drink some MTBE. MTBE would be very harmful for, other than given that it is basically 100 percent alcohol, you can drink our good ethanol.

Mr. Speaker, I have been trying to come up with something, because our former Senator Rudy Boshwitz had his milk stand at the Minnesota State Fair where he had flavored milk, strawberry milk and blueberry milk, and trying to come up with something else.

So we toyed for a very short period of time having a taste test like the Pepsi-Coke test, where you would come out to the farm feast, you come out to the State Fair, and you could taste your ethanol versus your biodiesel.

Given that we probably would be killing some and making the rest intoxicated, we gave up on that idea very quickly, but it just really highlights the fact that this is something that is going to be good for the environment.

It is not going to have any side effects. It is the type of thing that we ought to be promoting, and it is the type of thing that we ought to be applauding the administration as we are here today for making the decision that we did.

Mr. GUTKNECHT. I agree. I think every American. This is not just about rural America. I think if every American would think through the arguments about this, I would think every American would thank the President today. He did the right thing. He did the right thing for the environment.

As was said earlier, this is not a choice between clean air and clean water. He made the right choice for the environment. He made the right choice in terms of energy independence and he made the right choice in terms of rural America and helping us find new markets for things that we can grow and produce in abundance here in the United States.

I would like to paraphrase President John Kennedy, he said, you know, we all inhabit this same small planet. We all breathe the same air. We all cherish our children's future.

And if I might parenthetically add, we are all environmentalists. We all want to leave this country and this world a better place. Ethanol is a big part of the solution. I know sometimes the critics, they say, well, yeah, they get the subsidy. We are sending these checks out to farmers for ethanol.

We need to explain this. What happens is we give the blenders of ethanol. It actually goes to the refiners we give them a tax credit. If they will use this product, which we know is better for the environment, both the air and the water, we said a number of years ago, we will give you a small credit.

And the interesting thing is that our farmers and the people who produce ethanol have found ways to produce it so much more efficiently today, that when corn is less than $2 a bushel and oil is over $25 a barrel, it is actually cheaper to put the ethanol in the gasoline.

As a matter of fact, last year when we had this big debate in the United States, because the price of gasoline, particularly in the Chicago market, went up to over $2.20 for a gallon of gasoline, a lot of people were saying it is ethanol. Ethanol is the problem.

But at that time, the rack price of ethanol delivered from Minnesota to Chicago was about $1.10 a gallon. The rack price of the gasoline that was being blended with was over $1.20 a gallon. In fact, it was something like $1.40 to $1.50. That is what the cost was at the refinery.

I find it hard to believe that people would argue that somehow blending a 10 percent blend of a product that costs $1.10 a gallon with a 90 percent blend that costs $1.30 or $1.40 or $1.50 a gallon, how in the world the price of ethanol is driving the price of gasoline?

The fact of the matter is that the price of ethanol was keeping the price of gasoline lower. It is better for the environment. It is better for the consumer. It is better for the energy dependence.

The President did exactly the right thing today, and I think he understood what President Kennedy meant when he said that we all inhabit the same small planet. We all breathe the same air. We all cherish our children's future, and ethanol and biofuels are going to be an important part of our energy future.

Our time is almost expired, and I want to thank all of my colleagues, the gentleman from Illinois (Mr. SHIMKUS), the gentleman from Illinois (Mr. JOHNSON), the gentleman from Nebraska (Mr. OSBORNE), as well the gentleman from Nebraska (Mr. BEREUTER), the gentleman from Iowa (Mr. LATHAM).

Mr. Speaker, I want to thank our new freshman colleague, the gentleman from the State of Minnesota (Mr. KENNEDY). I think this has been an important special order.

This is a very important day. And again as I started this special order, and the words of the old spiritual, oh, happy day. This is a happy day for America. It is a happy day for America's farmers. It is a happy day for American consumers, and whether they realize it today or not, this is a happy day for all of the people in the State of California.

Because they are going to begin to phase out that cancer-causing product which is leaching into their groundwater even as we speak called MTBE, and we are going to begin to replace that with a wholesome product that can be grown right here in the United States called ethanol.

As my colleague from Minnesota pointed out, ethanol is the kind of a product, it is so pure and so clean, and I would not say good for you necessarily, but it will do no more than inebriate you. It will not kill you. We are going to replace that cancer-causing MTBE with ethanol.

So the President has done us all an enormous favor today. This is an important decision. I applaud the administration for making it. I think it is going to open new avenues for all of us. And, again, I thank my colleagues for joining us tonight.

ADMINISTRATION'S POLICY ON NATIONAL MISSILE DEFENSE

The SPEAKER pro tempore (Mr. GRUCCI). Under the Speaker's announced policy of January 3, 2001, the gentleman from Massachusetts (Mr. TIERNEY) is recognized for 60 minutes.

Mr. TIERNEY. Mr. Speaker, I join a number of my colleagues here this evening to discuss the administration's policy on national missile defense.

I put up on the board here one of the comics that was recently in a newspaper showing Secretary Powell with members of NATO and essentially asking Secretary Powell if they really expect him to buy that, and that is, of course, a used car which stands symbolically, in this instance, for the national missile defense program being discussed and being put forth by this administration at this time.

Mr. Speaker, I join my colleagues to discuss that policy and specifically the administration's apparent attempt to move swiftly to deploy that system even before tests show that it is feasible.

□ 2100

There are apparent plans to proceed beyond research and development, though no proper consideration has been given to many critical factors. We have yet to really assess all threats against the United States, whether they be from another state or a nonstate.

The alleged purpose of this limited national missile defense or the early stages of the Bush administration plan is supposedly to protect us against rogue nations or against accidental or