

My colleagues are, of course, entitled to disagree with my approach. I welcome their suggestions and their advice. But what I really want is for the Senate to live up to its responsibility and engage in a serious debate about the topic that is on the mind of every American: how to put our Iraq policy right and our national security policy right.

Mr. President, I yield the floor.

Mr. DURBIN. Mr. President, how much time is remaining on the minority side?

The PRESIDENT pro tempore. Twenty-two minutes.

FAILED ENERGY POLICY

Mr. DURBIN. Mr. President, this morning across America, people got up to go to work. Some of them had a very unsettling moment because they had to fill up their gas tanks. So people heading off to work pulled into a gas station across America—in Chicago, in Springfield, and all across our Nation—and saw again a reminder of the failure of our energy policy. They watched as those numbers rolled in front of them and saw a new, almost recordbreaking total, just for the gasoline for their trucks and their cars going to work.

Businesses face the same thing, businesses that are trying to keep their heads above water and that may be forced to lay off people. The farmers I represent across the State of Illinois, farmers who are out trying to plow for their corn crop this year, are paying more for their diesel fuel, paying more for the fertilizer they are going to ultimately need.

All of these are part of the cumulative impact of the increase in energy prices across America. The pain is being felt in every family of modest means in America. Money they have spent they know is going directly from their pockets and their credit cards to the biggest oil companies in America, the biggest oil companies in America, which have recorded record profits—record profits.

I took a look at the five major companies and how well they did. In the year 2005, they had \$111 billion in profits. That boils down to \$1,000 for every household in America. Every family of every home paid an additional \$1,000 last year that went directly to the profits of these oil companies. It didn't go for investment, investment in new oil opportunities and oil sources or gas opportunities, no. It went to profits, profits that were realized by the people who are running the companies.

One of them is the CEO of ExxonMobil. ExxonMobil has the largest corporate profits in the history of the United States of America, and they are on course to break that record again this year. They rewarded the architect of these profits, Mr. Lee Raymond, their retiring CEO, with a little farewell gift. No, it wasn't a gold watch. No, it wasn't a set of golf clubs. It happened to be \$400 million—\$400

million given to this man as a parting gift for realizing all these profits. What does that come out to? Well, every household in America donated \$3 so that Mr. Raymond would have a nice little going-away gift—\$400 million. And Lee Raymond didn't even have to buy a Powerball ticket; all he had to do was to be there in the corridors of power when the money came rolling in.

So who is to blame? Well, part of the blame is right here, right here in Washington where we have failed to develop an energy policy. Do you know that we signed—the President signed, I should say, and we passed—an energy bill last August, 8 months ago, that spelled out the energy policy for America, a policy to lead us forward into the future. No sooner had the ink dried on that bill than the cost of heating our homes across America went up 20 percent, our imports from overseas started reaching record levels, and the price of the gasoline we had to buy has broken all records. What an energy policy. What a failure. What a failure of leadership. Honestly, when you take a look at this failure of leadership, you can understand why people across America are calling for a change in direction. They are sick and tired of the policies that have brought us to this point, failed energy policies which do not protect the consumer, that do not punish the profiteer, and sadly they do not promote the kinds of things we need for our energy future.

On the floor of the Senate during the debate of this energy bill, Senator MARIA CANTWELL, of Washington, stood up and made a proposal. Here is what she said: We need to reduce our dependence on foreign oil. Let's set a national goal of reducing our dependence on foreign oil by 40 percent over the next 20 years.

It is ambitious, it is tough, it would require real leadership and cooperation on a bipartisan basis. She said this should be our national goal—Democratic Senator MARIA CANTWELL.

It was virtually rejected out of hand. The Republican side would have nothing to do with it, not even setting a goal of energy independence. Do you know why the administration said they opposed it? Because it would require oil savings; using less oil to reach that goal, conservation and efficiency. The administration said they would oppose the Cantwell amendment because it would force us to improve our CAFE standards, the fuel economy of the cars and trucks we drive. That was the administration 8 months ago, 8 months ago opposing the Cantwell amendment, 8 months ago opposing a clear way out of the crisis we currently face.

I think we understand the obvious: 60 percent of all the oil we import goes into the cars and trucks we drive. Unless they are more fuel efficient, we are going to continue to burn more oil every single year to go the same mileage we went last year. Burning more oil means more dependence on foreign sources, means more cost to families

and businesses, and sadly means more air pollution, more greenhouse gases, more global warming, more natural disasters, more hurricanes and storms. All of it is tied up in one sad package. But the administration opposed our efforts on the Democratic side to spell out a clear energy goal.

This morning the Republican leader of the Senate, Senator FRIST of Tennessee, appeared on a string of television shows to express his concern about gasoline prices. I saw one on CNN. I read a transcript of his comments on NBC. He is touting, among other things, a \$100 rebate; that we would send a \$100 check back to the people of America for the gas prices they are currently paying—\$100. One of the newspapers yesterday said that is chump change instead of real change. What does \$100 buy you, two tanks of gas if you are lucky? Is that the best we can do in Washington, DC? And then say, Adios, voters, see you in November, we have taken care of the problem? We certainly have not.

What the majority leader said on the show was what he was rebating to the consumers across America were the Federal taxes they paid on gasoline. Let me tell you, the cost of gasoline has gone up dramatically. Some of it is associated with Federal taxes, but most of it is associated with profit taking by the biggest oil companies in America, an issue and subject which most Republicans will not even touch.

Then, of course, the majority leader, Senator FRIST, returned to that good old saw of drilling for oil in the Arctic National Wildlife Refuge. According to Senator FRIST, that is the answer to America's prayers. If we could go up to this wilderness and wildlife refuge—set aside 50 years ago to be protected for future generations—if we could get the trucks and the equipment and the pipelines and the roads, then America could breathe easy. Then we could find ourselves relieved from this terrible burden of oil and gas prices.

But, sadly, the facts don't back him up. The United States of America has under its control in Alaska, offshore in the continental United States, 3 percent of the world's oil supply, all of it. If we could drill it, all we have, 3 percent. Each year we consume 25 percent of the world's oil supply. We can't drill our way out of this. We can't even if we invade every wilderness, every refuge, the Great Lakes, the national parks, and put a derrick down by the Washington Monument—we cannot drill our way out of this problem. But time and again, that is what the Republicans suggest is the answer.

Let me tell you the facts. If we decided to start drilling in the Arctic, if we decided to violate this land that we once promised to hold sacred for future generations, if we said America was so desperate that we have to turn to drill for oil to a wildlife refuge in Alaska, this is what we can expect: The first drop of oil would come out of that area in 10 years, and as we drill for that oil

and bring it out, how much is there by best estimates? By best estimates, eight-tenths of 1 percent of world oil production. OPEC could turn the spigot off just a little bit and eat up all of the oil we take out of that wildlife refuge. The Arctic National Wildlife Refuge is not the answer to America's energy prayers. It is a desperation effort by the Republicans to come up with some answer to deal with the problem, an answer which sadly does not meet the challenge we face.

I listened as our majority leader talked about why we face these gas prices today. Time and again he said, and I quote, "I think the price is determined by supply and demand."

You know, that is basic economics—reduce supply, increase demand, and the price goes up. Increase supply and reduce demand and the price goes down, basically. Except there is one element the majority leader does not refer to, an element which is critically important: We are not just talking about price, we are talking about profit. We are talking about a market price which has been inflated so these companies can realize record-breaking profits at our expense.

This last weekend I appeared on a talk show surrounded by people from the oil industry, investors, and they talked about all of the conditions that have led us to this point where gasoline prices are so high: Hurricane Katrina, reduced refinery capacity, \$70 to \$75-a-barrel oil—they went through the whole litany of these things. I said to them, as I learned basic economics, everything they explained to me would account for an increase in the price of oil. But they all failed to acknowledge an increase in the profits of the oil companies, dramatic, record-breaking historic profits by these oil companies. Unless and until we address this reality, then everything we do here is for nothing.

What can we do? We are down to five major oil companies. Isn't it curious, as you drive around your hometown, all the prices on all the pumps seem to go up at the same time and come down at the same time and then go up? Is that the sort of thing Government ought to look at once in a while? I think so. But when you look at the antitrust division of the Department of Justice, they turned kind of a blind eye to all the mergers and acquisitions that have led to this concentration of ownership in the oil industry, concentration at the expense of the consumers and the American economy.

Sadly, we don't have the kind of Government oversight we need. This administration, the President and Vice President, made their fortunes in private life in the oil industry. This administration is closer to the oil industry than any administration in our history at a moment in our history when the oil industry needs to be held accountable.

So what do we do? We need to move forward in several areas and we need to

do it specifically and immediately. This morning I read in the New York Times that there was a debate on the Republican side about a package of legislation to deal with this issue. This is what the headlines in this morning's New York Times said:

Republicans drop a tax plan after business leaders protest. Senate rejects action to cushion high gas prices.

What is this all about? In the Republican plan to deal with high energy prices, they imposed a tax on these profitable oil companies and they squealed like stuck pigs. Their lobbyists got on the phone and started raising all sorts of objections, indignation, and the Republicans removed the tax. So we cannot even tax these businesses, according to the Republican majority, when they are experiencing record-breaking profit.

This article goes on to talk about all of the protests that came from this industry, and this is a powerful industry. Pick up this paper, the New York Times, or your hometown paper, and today you are likely to find a full-page ad—they run every day, every single day—explaining why all the money you are paying at the gas pump is for your own good. This is a public relations campaign by an industry that is experiencing record-breaking profits. Last week the American Petroleum Institute—which represents all these oil companies—was asked, What are you going to do to respond to the consumers' outrage over gasoline prices? What are you going to do about the fact that you are crippling businesses and farmers and hurting individuals? What will you do when it comes to changing policy?

They said, What we will do is this: We will spend \$30 million more this year on lobbyists in Washington, DC, and \$25 million more buying newspaper ads explaining that it really isn't so bad.

The American Petroleum Institute is not going to come willingly to the table. What our Republican friends have said is they are not going to drag them to the table to hold them accountable for what has happened across America.

What can we do? What should we do? First, we need fuel economy standards for the cars and trucks we drive. I have introduced this amendment twice and it failed twice, and I will call it up again the first chance I have. The year 1985 was the last time we had a serious effort to bring about more fuel-efficient, fuel-economical vehicles across America. It worked. We increased the average fleet mileage of cars across America from about 15 miles a gallon to 25–28 miles a gallon, and we did it in 10 years without raising gasoline prices through the roof, despite the objections and resistance from Detroit and the oil companies. We showed leadership and got it done.

In that 10-year period of time, as America's economy surged forward, our imports of oil from overseas dropped by

30 percent. We dedicated ourselves to conservation and efficiency, burned less fuel, and still fueled economic growth. That is what we need again. But it calls on a President and a Congress controlled by his party to step out and say some things which a lot of oil companies will find objectionable. But so be it. That is what leadership should be about.

We need to encourage the kinds of technology for sustainable and renewable fuels, technology that will lead to new companies, good-paying jobs across America. Instead of being enslaved to foreign oil, we need to be masters again when it comes to energy, and we can do it with leadership. We can see in these ways the way of the future. There are alcohol-based fuels. The President has talked about them. I think he is right. For a long time I have supported ethanol. Of course, that is homegrown in Illinois. It is our corn turned into alcohol fuel supplementing our gasoline. There is a great opportunity for expansion there. Biodiesel, taking soybean oil and other vegetable oils, adding it to diesel fuel to stretch the value of that fuel and to reduce its pollution—that is another opportunity for us. Cellulosic ethanol, which is another approach that has been used successfully by Brazil. Brazil, over 30 years, decided they would become energy independent. They saw the writing on the wall. As long as their economy depended on foreign oil, they could not control their future and so they said we are going to be dependent on our own homegrown fuel. With local oil as well as alcohol, they have transformed their economy into an energy-independent economy which, within 2 years, will start exporting fuel around the world. What did it take to reach that? Leadership. Leadership that said no to the powerful oil interests and said their country's interests were more important.

We need the same thing now. We need a President who will stand up to leaders in this oil industry and say the economy of America is more important than their profits. We can do this, we can do it as a nation, and we need to do it because we need to combine this energy debate with another debate that is critically important.

In a few days former Vice President Al Gore is going to release a documentary. It is called "An Inconvenient Truth." It is going to talk about global warming and how it is changing the world we live in, why we have so many violent storms and hurricanes and changes in weather patterns. It just isn't God's random way of reminding us He is in charge.

Sadly, we had something to do with it. What that means is we have found ways to burn less fuel and still fuel our economy.

We have to find ways to conserve and be more efficient so we don't see the disappearance of the Arctic, or Greenland, or sections of Antarctica, or the elimination of species of animals such

as polar bears because of the ice melting that is taking place around the world. It is a very real issue and a very real problem. As we debate the future of energy, let us do it in an environmentally responsible way.

When my Republican colleagues say we can find new places to drill, such as wildlife refuges and wilderness, we can drill in all of these places and are bound to find some oil; maybe we would, but at what cost? Shouldn't America's goal be economic growth in an environmentally sensible and responsible way? That should be part of this debate as well. We cannot ignore it—the energy debate and the environmental debate together.

Whatever our solution is, it should be a solution that says to our children we will not only give you a world where you can drive and go to work with affordable gasoline prices, but we will give you a world where it is safe to live, where the environment you live in is not going to destroy the lifestyle we have enjoyed for generations. That is part of our responsibility.

I think we have a special challenge. There is a challenge to Congress to rise to the occasion which has caused concern and anger across America—energy prices that have broken the backs of individuals, families, and businesses, driving people to payday loans and pawnshops to fill up their tank so they can go to work. We need to show leadership. It starts by acknowledging that the Energy bill signed by the President last August has failed. We need a new approach. We need new leadership. We need to punish profiteers. We need to protect consumers across America. We need to promote energy independence and the new technologies of sustainable and renewable fuels that will generate new industries, new jobs, and new opportunities. That is the vision for an America moving in a new direction, a significant new direction, something the people across America have been asking for.

I yield the floor.

THE PRESIDING OFFICER (Mr. DEMINT). The Senator from Arizona is recognized.

ENERGY

Mr. KYL. Mr. President, I wish to address the same subject and begin where the distinguished Senator from Illinois left off when he talked about new leadership.

I wonder if he would join Republicans to see if we can eliminate the tariff on Brazilian ethanol, something which the Senator from Illinois suggests we need more of, one of the three solutions he says we need—more leadership, more ethanol and fuel economy standards. I think we are going to provide some leadership and we are going to provide some more ethanol. One way to do that is to reduce the extraordinary expense of bringing it in from Brazil. We haven't gotten a lot of cooperation from the other side on that. That will

be my first question to him: Will he step up and exercise leadership with us to eliminate that tariff on ethanol?

There is a 10-percent mandate in the Energy bill on ethanol. The Senator suggested we should have a higher mandate on ethanol, or a higher subsidy for that. The reality is one of the reasons gas prices have been where they are is we haven't been able to meet that 10-percent mandate. There isn't enough ethanol being produced and, therefore, because there is a lack of supply in comparison to the demand, the price has gone up, obviously. What we need to do here, instead of pointing fingers and demagoguing the issue, is to understand economics and appreciate where the real problem is. Then we can begin to solve it.

There is an old saying: For every complex problem, there is a simple and wrong solution. That is what we have mostly heard on the other side. The reality is, if you want to know the truth, the single most important component in the retail price of gasoline is the cost of crude oil—the single most important factor. Indeed, the cost of crude oil accounts for 95 percent of the price of a gallon of gasoline. Changes in the price of retail gasoline are almost entirely explained by changes in crude oil prices.

I have a chart I wish to show you which demonstrates that over the last 15 years, changes in the world price of crude oil have accounted for more than 95 percent of the changes in gasoline prices. It shows that as crude oil prices have gone up, the price of gasoline has tracked it almost exactly.

If you are looking for a culprit and why crude oil prices have gone up, it is because the demand has exceeded the supply. Countries such as China and India are demanding more and more of the product. And because of constraints imposed significantly by the Congress, we have not been adding to the supply.

There are also other problems that have created this spike recently. The largest reason, according to the folks on Wall Street, is the nuclear saber rattling from Iran, which produces about 4 million barrels of oil a day—or about 5 percent of world's supply—and it controls the Strait of Hormuz through which about 17 million barrels of Middle East oil passes every day. Some experts believe that concern about the Iranian nuclear crisis has added \$10 per barrel to the price of crude oil since the start of the year. If you add to that supply disruption in Norway and Nigeria, as well as the machinations of Venezuela's strongman Hugo Chavez, you can see there has been a spike in the world prices which have been reflected at the pump.

We have also had some domestic problems that have added to the spike in prices. The U.S. Minerals Management Service has reported that over 334,000 barrels per day of crude oil production in the gulf coast are still shut in as a result of Hurricane Katrina.

More importantly, some of the heavily damaged gulf coast refineries representing nearly 5 percent of U.S. refining capacity are still undergoing repair. But the good news is they are likely to resume production at the end of this month.

Another problem is because there was so much refining capacity that went down, the Government urged the refiners to continue refining and forego their regularly scheduled annual fall maintenance in order to keep the supply of gasoline from dropping even further. They did that. I am glad they did.

The problem now is the crisis is over and they are having to engage in that deferred maintenance. And after months of heavier than normal usage, they are finding this long overdue maintenance is reducing production out of the refineries as well. As it comes on line, we are going to see some relief.

Finally, as occurs every spring, refiners, in compliance with Federal mandated fuel regulations, have to switch from the wintertime fuel blend to the summertime fuel blend which entails completely drawing down supplies of wintertime fuel blend and replacing it with the summertime fuel blend. This obviously also causes a short-term supply disruption adding to the spike.

There are some other factors as well, having to do with the elimination of MTBE as a motor fuel additive and the mandate for ethanol production or addition to the fuel which was not initially able to comply with the 10-percent standard which has had some impact on prices, especially in much of the East Coast and Texas.

But the bottom line here is there is a variety of reasons why fuel costs and, therefore, gasoline prices have spiked. It does not do a lot of good to point the finger at somebody and say, We know the answer; we will punish them and that will solve the problem. The reality is that profits from the oil industry are now being put to use in expanding production. The industry invested nearly \$109 billion in 2004. While the numbers aren't in for 2005 yet, for first three quarters it showed investment spending was 28 percent higher than in the first three quarters of the previous year. It is projected this year to grow by double digits again.

This investment will lead to a 2.2 million barrel per day increase in production this year, outpacing demand that is expected to rise by just 1.8 million barrels per day. That, more than any of these other factors, is going to add actual fuel to the pipeline which will, therefore, enable us to bring the fuel costs down.

The bottom line here is when you are talking about solutions, you talk about that which will either reduce the demand or increase the productivity. Unfortunately, consumer demand has not been reduced that much even with the higher prices, which means you have to look for more production. There are several ways you can do this.