

fought gains, gains paid for with the blood of American soldiers.

Recently, Admiral Mullen, Chairman of the Joint Chiefs of Staff, stated the obvious—that the U.S. military has too many troops tied down in Iraq to send reinforcements needed in Afghanistan. It is clear again this President decided before he won the war in Afghanistan to start a new war in the Iraq, at the expansion of our original mission. According to Admiral Mullen, “There are force requirements [in Afghanistan] that we can’t currently meet.” He said, “Having forces in Iraq at the level they’re at doesn’t allow us to fill the need that we have in Afghanistan.”

The GAO just released an assessment of U.S. efforts to counter terrorist activity in the border area of Pakistan. The report concluded that the United States has not met its national security goals in Pakistan’s tribal areas and that “. . . al-Qaida has established a safe haven near Pakistan’s border with Afghanistan.”

A top Army commander, MG Jeffrey Schlosser, warned that Afghanistan could see record levels of violence this year.

Just the other week, the British charity Oxfam released a report noting that Western countries have failed to deliver \$10 billion of nonmilitary assistance pledged to Afghanistan since 2001. The United States is responsible for one-half of that shortfall. Despite the billions that have been spent in Iraq, we have failed to keep our promises when it came to humanitarian assistance, nonmilitary assistance, in Afghanistan.

This is not isolated. The World Bank has spent approximately half of its commitments to Afghanistan; the European Commission and Germany, less than two thirds; and the Asian Development Bank in India, a third.

Take another example—support for the National Solidarity Program, widely regarded as one of the most successful development efforts in Afghanistan. The 5-year-old program is funded by international donors, administered by the Government of Afghanistan. It is one of the few to reach into rural areas. In this program, village residents work collaboratively with local governments to identify developing needs. There is a feeling of ownership, of participation. Women are actively involved. Because of the sense of ownership, the Taliban is less likely to destroy these local projects.

Take for example the recent example profiled in the Washington Monthly. In the village of Dadi Khel, residents came together to decide on developing a small hydroelectric turbine for the nearby river. When finished, it will be able to provide electricity to about 300 families in the village.

Next to the site is a poster nailed to a tree that clearly shows to all the disbursement of funds for the project. A local teacher told the reporter, “This is our money. All the time we are checking whether it’s spent correctly.”

Yet this novel program is facing a shortfall of hundreds of millions of dollars to continue work in existing communities—let alone to expand into Afghanistan’s remaining 7,000 villages. While Canada, Germany, and the U.K. have all increased financial support for this program, U.S. funding was reduced between 2006 and 2007.

It’s not surprising therefore that the Oxfam report said that international development aid to Afghanistan remains “woefully inadequate.” Oxfam noted that only \$7 is spent in international development assistance in Afghanistan for every \$100 in U.S. military expenditures.

That translates into less development aid per capita in Afghanistan than the world spent in postconflict Bosnia or East Timor.

How could we let this happen? How could we take our eye off the ball?

Of course, part of the answer is that this administration diverted critical military, intelligence, and civilian assets from Afghanistan to Iraq.

Just imagine how much more progress we could have made in Afghanistan if we had not gone into Iraq.

But another part of the problem is that we have not done enough to support long term development efforts so critical in winning the hearts and minds of the Afghan people.

I remember during a visit to Afghanistan last year that there were only six American agricultural experts for the entire country—I think today there are eight. That is right, for a nation with an agricultural economy and record poppy harvest, only a handful of agricultural development experts.

Sadly, I suppose this is not really surprising. USAID has seen its number of full time Foreign Service officers drop from a historic high of over 5,000, to only 1,000 today. The Peace Corps has seen its budget in real dollars drop by almost 40 percent since its inception in 1961.

America’s strength comes not just from its military might, but from the power of its ideas, from its generosity, and from its ability to serve as a beacon of hope, human rights, and democracy. I fear in recent years a measure of this leadership has been lost.

We must ensure that the efforts in Afghanistan, and in Pakistan, receive the resources they deserve. We must invest in development activities that work to develop economic and educational opportunities. We must help with agricultural and democratic development.

And, we must work with our allies to ensure that the Taliban and al-Qaeda do not reemerge.

I hope all Members of the Senate will understand that as this administration comes to an end in just another 8 or 9 months, there will be a temptation on the other side of the aisle to blame this woeful state of affairs somehow on the Democratic Party. But this war in Iraq was initiated by this President with the overwhelming support of his party.

This President has refused to change the policy in Iraq, and we continue to see an endless war, costing us dramatic sums of money, creating sacrifice in the United States, still endangering our troops, with no end in sight. That is the legacy of the Bush administration in Iraq, and that is why the war in Afghanistan, today, continues to be a challenge to the United States.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Texas.

GAS PRICES

Mr. CORNYN. Mr. President, as the summer travel season rapidly approaches, the cost of gasoline continues to skyrocket and the American people are left to wonder whether Congress has any plans to do anything about it. Unfortunately, every “commonsense solution” that has been offered seems to be far from common sense or a solution because most of those that have been offered within the last year would only serve to raise, not lower, gasoline prices.

So far, Congress has offered the American people little more than newsclips and sound bites from hours of endless hearings lambasting, usually, the oil companies. The result, of course, has not been any reduction in gasoline prices but proposal after proposal to raise taxes on America’s energy companies, which—guess what—would ultimately be passed on to the consumer, thus raising prices and not lowering prices. This policy posture reminds me of a quip from former President Ronald Reagan, who said, “Congress’ approach is that if it moves, tax it; if it keeps moving, regulate it; if it stops moving, subsidize it.”

History has shown that a tax increase ultimately has the effect of not only passing along costs to the ultimate consumer but of drastically reducing supply. From 1980 to 1988, this same tax idea, so-called windfall profits tax, actually caused a decline in oil production, reducing domestic oil by as much as 8 percent—that is right, reducing America’s supply of its own natural resources and increasing our dependence on foreign sources of oil. The result, of course, was not eliminating a perceived windfall but, rather, causing a precipitous fall in production of American oil and, as I said, an increased dependence on foreign oil.

The problem, then, is the same as the problem today—not a cabal of oil executives conspiring to swindle the American people but a shortage of oil around the world. With burgeoning economies such as those in China and India, demand for oil has skyrocketed, while the supply has lagged behind. Raising a tax on domestic energy companies only takes away from the capital that could be used to reinvest in domestic energy discovery and production. It does nothing to address the world’s stagnant supply of oil.

We can pass a lot of laws here in Congress, and we can actually repeal a law

every now and then, but we can't repeal the law of supply and demand. This is the law that for some reason Congress just refuses to learn. In fact, one of the leading contributors to oil shortages in America is actually Congress itself, which refuses to allow our domestic oil companies to tap into American natural resources.

Revisiting failed policies of past decades and trying to beat the same old dead horse will not address our current energy challenges. Instead, some of my colleagues on the other side of the aisle have suggested a new solution, one of their new "commonsense" solutions: They will simply sue OPEC for more oil. Aside from the almost comical image of suing OPEC and somehow finding some court somewhere in the world that will accept jurisdiction of that lawsuit and somehow then direct OPEC to produce more oil so that American consumers can enjoy lower prices for that oil, I would be concerned, first of all, how OPEC might respond to such a threat. Would they simply laugh it off or would they turn off the spigot? But let's say the proponents of suing OPEC were successful. Would that make us more dependent or less dependent on imported oil from foreign sources? I think it is obvious that it would continue to make us more dependent on foreign sources of oil.

We simply have to get out of this mindset that we can tax, regulate, and litigate our way to greater energy independence.

At the same time, one of the things we can all agree on is the need for America to be less dependent on foreign sources of oil. We need to remember how much of an impact our energy policies have on the lives of our constituents, of 300 million American citizens. High gas prices are driving up the cost of living, they are raising the cost of driving to work, driving your children to school, they are driving up the price of fuel for the airline industry that is hitting American travelers even harder.

While it is important that we increase our supply of energy from all sources, we need to recognize too that the heavy hand of the Federal Government can sometimes have unintended consequences. Our subsidization of ethanol as a fuel source is driving up food prices, as limited supplies of corn are being split between fuel, food, and livestock feed.

At the same time, rising prices at the pump are hitting families at the dinner table as well, as transportation costs continue to drive up food prices. Now, there is no question that in the long term, renewable fuels are an important answer to the energy crisis we face today. But it is also irrefutable that oil, whether from American sources or foreign sources, will continue to be a large part of our energy supply in the near to midterm.

Our solution to increasing the supply of oil must begin here at home, using

America's vast natural resources. We can develop environmentally responsible oil production here at home if Congress would simply get out of the way and allow American companies to do so. In short, the majority's response to high gasoline prices appears to be summed up in three words: Posturing, suing, and raising taxes, none of which is designed to provide effective solutions to the problems that confront working families in America today.

The end result is an energy policy that shuts off the valve of American energy, while desperately awaiting the last drops from the trickling pipeline of foreign oil. This schizophrenic approach to gas prices is best summed up in a cartoon I saw recently which I wish to share with my colleagues. This is from Investor's Business Daily earlier this month.

While Democrats demand energy companies solve their problem, they simultaneously have rejected every responsible solution. As this cartoon points out, the first segment says, "We demand you energy companies do something about these high energy prices," to which they respond, "We can drill in ANWR." That is in Alaska. The answer: "Forget it."

"How about offshore?" The answer: "Are you crazy?"

"How about clean coal?" "Out of the question."

"Nuclear power?" "You are joking, right?"

"Well, don't just sit there, do something."

That is what Congress keeps telling the energy producers in this country time and time again. But every proposed solution, whether it is drilling in Alaska, whether it is developing offshore resources from the Outer Continental Shelf, whether it is investing America's ingenuity and know-how in using clean coal technology or nuclear energy or nuclear power, Congress seems to answer: No, no, a thousand times, no. And the price of oil and the price of energy for American consumers keeps going up, up, and up. With this kind of response from Congress, no wonder energy prices are so high.

At every turn, we handcuff American producers while at the same time demand they fix the problems that Congress is creating. The only real commonsense solution is to finally take advantage of the resources we have in this country with which we have been richly blessed. It is estimated that if the Congress stopped penalizing and handcuffing our domestic energy supply, we could produce as much as 2.7 to 3 million barrels of oil a day in addition to what is being produced now.

Does that not make more sense than continuing to rely on countries such as Venezuela and Hugo Chavez, and enriching our enemies and those who use that oil wealth to invest in military weapons and the like?

Allowing American companies to begin producing this oil would send a

strong message to the American people and to the market, which has run up the price of oil to about \$120 a barrel because of speculation that Congress intends to do nothing about it, and this static supply and increasing demand continues to drive up the price of oil and refined petroleum products.

But the message, if we were to pass some of this commonsense legislation, would be to tell the marketplace and the speculators we are serious about addressing this by producing as much as 3 million additional barrels of oil here in America each day. It would bring down the price, I believe precipitously, and I believe nearly immediately.

Demonstrating our commitment in this way would have an immediate impact, but, unfortunately, we find ourselves locked into the same old "he said, she said" sort of arguments and nothing seems to happen, to the detriment of the American consumer.

We find that sound energy policies continue to be blocked that would provide access to our vast natural resources here at home. If we are tired of relying upon other nations for our energy needs, along with the national security and economic risks that that entails, if we are tired of paying high prices for their low production, is it not time we did something about it here at home?

It would be nice to see a "Made in America" sticker on the side of a gas pump for once. Aside from demonstrating our independence and lowering gas prices, it would provide a boom to our economy. What better stimulus to our economy could there be than creating new jobs here in America as a result of increased activity, exploring and developing our natural resources right here at home?

We have a potentially enormous domestic energy industry waiting to be permitted by Congress to start going to work. Once we give them that opportunity, it will mean the creation of thousands of new jobs as well as more affordable gasoline and less dependence on foreign oil and gas from dangerous parts of the world.

While opening American resources would be beneficial, it will not have the full intended effect unless we also encourage companies to build new refinery capacity here in America. Of course, 70 percent of the cost of gasoline is due to the cost of oil. But a lack of adequate refinery capacity to take that oil and to make it into gasoline is another reason why the supply has been limited and prices continue to go up.

We have not built any new refineries in America since the 1970s, primarily because of burdensome regulation by the Federal Government. Since we have that limited capacity, we once again run in that pesky old law of supply and demand; the only law that, try as some of my colleagues might, we cannot repeal and we cannot ignore.

If we do not increase refinery capacity, prices will only continue to go

higher. While we increase American oil production and lower our gas prices, we should also pursue technological developments and good old American know-how that will allow us to take advantage of the energy resources we do have here and are available.

We should not forget conservation efforts, and this has been one area where Congress has gotten it right by passing commonsense fuel efficiency requirements for automobiles and conserving this scarce resource.

We need to also be good stewards of the environment and ensure that we are doing all we can to use our resources wisely and not wastefully.

Finally, we need to pursue alternative energy solutions that will ensure our future energy production is secure. We need to start now to utilize and develop energy production methods that will work alongside of oil and gasoline to power America's economy into the future, sources such as, as I mentioned a moment ago, clean coal, nuclear energy; even biofuel and wind can be part of the answer to the overall fuel and energy mix our country needs.

But we need to give all of these potential power sources a free and open chance to develop and to reach their potential in the marketplace. We must encourage American innovation and technology to help us develop the ability to use these in a way that is compatible with a good environment.

We must be careful not to play favorites, as unfortunately we have, and are now seeing the consequences come home to roost and turn these industries into political tools. Different energies will work better in different areas, and all of them can work together to provide America with cost-efficient energy and the strong energy industry we need in order to fuel our growing economy.

But our future energy production starts today with removing the roadblocks that this cartoon indicates that Congress has thrown in front of every opportunity to increase energy supply and bring down the cost ultimately to the consumer.

We cannot make up for lost time, but we can start today by recognizing the mistakes of the past and what that has actually done to run up the cost of gasoline at the pump and made us even more dependent. We need to act now to build a strong American energy policy, bring down the price of gasoline, and free ourselves from foreign oil-producing nations, many of which want to do us harm.

Every day we delay brings a heavier burden on American families with the cost of gasoline. We cannot ask the American people to foot the bill for our inaction any longer. It is time for Congress to take responsibility for gas prices in America, by allowing our industries to utilize the American resources that are available to us that will eventually help bring that price down.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Republican whip.

TAXING THE RICH

Mr. KYL. Mr. President, I wish to compliment my colleague for his cogent analysis and remarks just now. He is absolutely right about the way we need to deal with our energy crisis today.

I wish to talk very briefly about another subject, frankly the challenge and a refrain that we have often heard from the other side; that is, that the so-called rich are an endless well that can be tapped to fund limitless spending priorities.

My colleagues across the aisle frequently argue that the 2001 and 2003 tax cuts were a giveaway to the so-called rich and that that should be allowed to expire, in effect, raising the tax rates to their pre-2001 level.

The marginal rate cuts enacted in 2001 and accelerated in 2003 reduced the tax burden for all Americans. In fact, the effective tax rate for the middle fifth quintile of taxpayers dropped more than 2 percentage points, from 16.6 to 14.2 percent as a result of these cuts.

Let's assume that the other side would not only let the tax cuts expire but actually repeal them this year. How much would taxing the so-called rich raise? The 2005 Internal Revenue Service Statistics of Income report notes that those earning over \$349,700, putting them in this top marginal tax rate of 35 percent, earned a total of \$1.1 trillion. Of that amount, \$565.4 billion was taxed at the top rate.

These 950,000 taxpayers, or the top .9 percent, paid a total of \$315.4 billion in taxes, \$198 billion at the top marginal rate. So if the 2001 and 2003 tax cuts were repealed today, taxes on those filers would increase \$26 billion, an increase of \$27,300 per top marginal taxpayer, not an insignificant sum for those taxpayers, but clearly not enough to offset the cost of the Democratic spending plans.

What about broadening the definition of the "rich" by including those taxpayers in the upper middle class, or those in the second highest tax bracket of 33 percent? Would that bring in enough money?

Well, these 1.5 million taxpayers, or 1.4 percent of filers, paid \$92.4 billion in taxes; \$26.1 billion was paid at the marginal rate. If you increased their tax rate from 33 percent to the pre-2001 level of 36 percent, it would raise \$2.4 billion in additional taxes.

Reinstating the 39.6-percent and 36-percent tax rates for the taxpayers in those two top brackets raises \$28.4 billion more than under current rates, still just a fraction of what my colleagues on the other side of the aisle want to spend.

What if one reaches down a little deeper and includes the middle class by increasing taxes on people in the 25- and 28-percent tax brackets?

The ACTING PRESIDENT pro tempore. The Republican time has expired.

Mr. KYL. I ask unanimous consent for 1 additional minute.

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

Mr. KYL. A back-of-the-envelope calculation using the same data shows that raising the top four marginal rates would increase taxes for 28 million Americans, increasing revenue on a static basis \$37 billion this year and \$111 billion over the next 5 years, not even enough to offset the cost of the additional discretionary spending assumed in the Democratic budget resolution.

When someone claims to want to increase taxes only on the rich, taxpayers should view such a proposal with a healthy dose of skepticism. Our experience with the AMT should convince us of that. Taxing the so-called rich never raises as much revenue as the other side claims and usually manages to hit a lot more taxpayers than just the rich. Invariably, when one talks about raising taxes to pay for new spending, a lot of people who would otherwise not consider themselves to be wealthy end up paying more in taxes.

The PRESIDING OFFICER (Mr. CARDIN). The Senator from North Dakota.

CONTRACTING IN IRAQ

Mr. DORGAN. Mr. President, I wanted to discuss two things today. One is a hearing I have just concluded of our policy committee, and then I want to talk about the price of gasoline and oil.

Let me talk first about the hearing I just concluded of the Democratic policy committee. It is the 13th hearing I have done on the issue of contracting in Iraq and Afghanistan, especially waste, fraud, and abuse of contracting in Iraq. I have held a good many hearings. I am not easily surprised any longer about what I hear at these hearings of the unbelievable waste and fraud and abuse in Government contracting, where American taxpayers are being fleeced and where our soldiers are being disserved by waste and fraud and abuse.

I do get surprised, even though I say it is hard to surprise me. Today I hear about the stealing of artwork and rugs and crystal, the stealing of gold in Iraq in some of the palaces by contract employees, the stealing of gold and melting down of gold to make spurs for cowboy boots—something I hadn't heard before—the charging of a 100-percent markup on a little thing like a laptop computer. There is testimony today of the purchase of 300 laptops to be delivered to DynCorp in Iraq. They were purchased for \$1,400 apiece, and then the Government is charged \$2,800. That is a 100-percent markup.

A witness told us that a colleague of his was killed in a car in Iraq in a high-risk area. He was on an official assignment in an unarmored car and that car