

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

was hit with an ambush and he lost his life. He said that colleague should have been in the armored car, but the armored car was being used to transport prostitutes from Kuwait back to Baghdad for the enjoyment of this particular contractor's employees. So I say, I try not to be surprised, but the depth of incompetence and waste and fraud and abuse in contracting in Iraq is unbelievable.

I started the hearing today by describing again, as I have a couple of times, a piece of work done by the New York Times that I wish perhaps would have been done by the Pentagon or by the Congress in terms of oversight.

This is Efraim Diveroli, the CEO of a firm awarded \$300 million in a contract by the Pentagon to arm the Afghan fighters. Our Pentagon wanted to provide weapons and ammunition to the Afghan fighters, a perfectly reasonable thing to do because they are taking on the Taliban and al-Qaida in Afghanistan. To arm the Afghan fighters, they contracted with a company who had a 22-year-old CEO. This company was largely a shell company established by this young 22-year-old's father. It had been an inactive shell company, but now it is behind an unmarked door in Miami Beach, FL. So a 22-year-old CEO gets a contract with the Pentagon. His 25-year-old vice president is a massage therapist, a masseur. So you have a 22-year-old and a 25-year-old massage therapist running a company, and they get, we are told, a third of a billion dollars in contracts from the Pentagon.

By the way, the contracts were to provide ammunition to the Afghan fighters. Here is a photograph, again, crediting the New York Times. It is first-rate reporting by three reporters. Here is an example of what they shipped to the Afghan fighters, ammunition including 40-year-old, Chinese-made cartridges, and the pictures of what the Afghan fighters received from this \$300 million contract—boxes taped up, bulging at the seams and bursting at the side with bad ammunition. It is unbelievable.

The question is, How is it the Army Sustainment Command in Illinois provided a \$300 million contract to a company that had a 22-year-old president of a company that used to be a shell company for most of its existence and a 25-year-old massage therapist as a vice president and they run off with a third of a billion dollars of the Pentagon's money?

Actually, the taxpayers' money, isn't it? So who is going to answer to that?

After the New York Times did their story, the Pentagon then suspended this contract. But my understanding from a discussion with a high-ranking Army official in the last week or so, that high-ranking Army official was saying privately: No, the contracting with that company was perfectly logical and legitimate. It is just that the goods that were provided the Afghans didn't meet standards.

You tell me how a general in charge of this kind of contracting can decide

to take what had been a shell company and give a 22-year-old and a 25-year-old masseur a third of a billion dollars. You justify that to the American taxpayer. It is not going to happen. That cannot be justified.

It is long past the time for this Congress to do something about it. We now have a very large urgent supplemental appropriations request in front of Congress. How much of that money is for this purpose? How many of those contracts would be as embarrassing as this contract? How many of those contracts will go to allow the kinds of things I heard for 2 hours this afternoon at a hearing I just held in the Dirksen Building? When are we going to have some feeling that some of this stuff is going to be straightened out?

I have described before what we should do about it. Some of my colleagues have put in place a piece of legislation called the Truman Commission. I fully support that. But that is a commission of people outside of our Government that will study and make recommendations on Government contracting. It is a good thing to do. I fully support it, but the President is not implementing that commission, despite the fact it was passed into law. But what we really should do as well, because you cannot delegate accountability for this, we really need what is called a Truman committee. That is a committee, a select committee, bipartisan committee in the Senate similar to the Truman committee of the 1940s. Harry S. Truman created a bipartisan select committee in the Senate. It cost \$15,000 at the start of the Second World War.

They held 60 hearings a year. It was bipartisan. It had subpoena power. With a \$15,000 cost as they started it, it saved the American taxpayers \$15 billion. This Congress needs a Truman committee. Three times we have voted on it. Three times the minority voted against it. Because it takes 60 votes, we do not now have a Truman committee.

In nearly every other major war, every other conflict, we have had some kind of select committee to do the kind of oversight, to provide the focus on the waste and fraud and abuse. But that has not been the case now. We need to fix that. We need to make that happen. We have voted on it three times, and we will be voting again because the American taxpayers deserve that kind of oversight, that kind of accountability, and so, too, do the American soldiers who are being disserved by this waste, fraud, and abuse.

ENERGY PRICES

Mr. DORGAN. Mr. President, I would like to make a comment about energy, the price of gasoline, and the price of oil.

It is not surprising to people what is happening in this country. We see the price of oil and the price of gasoline, especially the price of gasoline, go up,

up, and up because the price of oil has gone skyrocketing in recent months. I have a chart that shows what has happened to the price of oil.

You can see from April of 2007 to April of 2008 the increase in the price of oil. One might say, there must be something in the supply and demand—the need for oil relative to the supply of oil—that causes this to happen. After all, it is the market system, isn't it? No, it is not the market system. There is no free market here. There is nothing about a free market here.

A substantial portion of the oil is on the other side of the world, controlled by OPEC countries. That is not a free market. They sit in a room with a closed door, and the oil ministers of the OPEC countries then make decisions about supply and the effect on price that reflects their self-interest. So this is not some natural result of a market system.

I made the point a couple days ago that Saudi Arabia, which has the largest known reserves of oil in the world, is producing 800,000 barrels a day of oil less than they did 2 years ago. Think about that. The largest producer of oil in the world has cut back production by 800,000 barrels a day. Is it surprising that the price goes up and up? That is one reason, isn't it? The largest supplier of oil has cut back production.

What is another reason? Another reason is this administration—a smaller reason but nonetheless a reason—is taking oil from the Gulf of Mexico as royalty-in-kind oil and putting it underground. Here is what this administration is doing. At a time when oil is \$110 to \$120 a barrel, bouncing around like a yo-yo, this administration is taking 62,000 barrels of oil every day and sticking it underground in what is called the Strategic Petroleum Reserve. The Strategic Petroleum Reserve is 97 percent filled. Yet when oil is at a record high, this administration is continuing to stick oil underground, taking it out of supply and putting it underground. That is an unbelievably inept policy because it puts upward pressure on oil prices and upward pressure on gas prices.

The fact is, this isn't just any oil. This is sweet light crude which is a subset of oil, the most valuable subset of oil. And we have had testimony before the Energy Committee saying this activity does affect the price of oil and the price of gasoline in a negative way.

When I say putting it in the Strategic Petroleum Reserve, this chart shows where they are putting it. This is what it all looks like. This is the SPR, the Strategic Petroleum Reserve. The oil goes underground. They had a choice with that oil. The choice would have been to put it in the marketplace and perhaps reduce some of these prices. Instead they stick it underground. It is a bad policy. I aim to change it in our appropriations process, in the supplemental. One way or another, we are going to vote on this.

Do you really think that at \$115 to \$120 a barrel, we ought to be sticking