

that, I wish to associate myself with the remarks of the Senator from Nevada in paying tribute to the Senator from Arizona. Senator McCAIN's words were both eloquent and profound, and they reflect not only his strong beliefs but his own personal experience and also reflect something else that has been consistent in everything he has done in the Senate; that is, his respect and deep regard for the men and women of the military services. His reflections today remind us of what they have done and of the high standards of conduct they expect of themselves and that we have to recognize also. Again, I join Senator REID in saluting Senator McCAIN for his words but, as he does so many times, for also being the conscience of the Senate on so many important topics.

TAX SUBSIDIES

Mr. REED. Mr. President, I want to talk about the provisions my colleagues and I have introduced to ensure that the large oil companies of this Nation which are receiving great tax subsidies no longer receive taxpayer money to subsidize their profits, and to target those savings towards deficit reduction, which is one of the great tasks before us.

We are seeing an extraordinary runup in gas prices. In Rhode Island, the prices are exceeding \$4 a gallon. These high gas prices threaten our economic recovery and they also put a brake on the expansion in job growth which is so necessary for all of our citizens. In fact, it is estimated that because of these gas prices, U.S. households will pay about \$825 more in 2011 for gasoline than they did last year. That is a big bite out of the discretionary spending available to moderate-income families across this country.

One aspect of this runup in gas prices is the role of speculation. I am pleased that the President responded to a letter I led suggesting the appointment of a task force to look into this. He created the Oil and Gas Price Fraud Working Group, and under the leadership of Attorney General Eric Holder, they are looking seriously at the speculative aspects of the runup in gas prices. Some economists estimate that excessive speculation can drive up prices by as much as \$1 a gallon. In fact, the huge retreat in the commodities market for oil last week suggests that much more than just simple supply and demand is responsible for these huge price increases, and we have to look carefully at this.

I am pleased to be a cosponsor, along with Senator MENENDEZ and several of my colleagues, of the Close Big Oil Tax Loopholes Act. It is extraordinarily ironic—and that is a mild term—to see the oil industry receiving huge subsidies at a time when market prices are producing what you would think would be the major incentive oil and gas companies need to explore and develop, and that incentive is the rather substantial

given prices at the pump throughout the Nation. In fact, these prices have transformed and turned themselves into huge profits for the industry. ExxonMobil, for example, posted its biggest first-quarter profit in 8 years, with net income rising 69 percent, to \$10.7 billion. In fact, the combined profits of the big five oil companies were more than \$30 billion for the first quarter. Those are the kinds of rewards in the marketplace that suggest to everybody that the need for subsidies from the government is nonexistent. Indeed, what we have seen, rather than using the subsidies and these excess profits to go out and intensify the search for new oil, is that most of this has gone to providing dividends or stock buybacks to stockholders. That is a legitimate use of corporate money, but it really undercuts this notion that these subsidies are so essential for the companies to be competitive and also necessary for the kind of activity they are undertaking to search for and develop new oil resources.

There are so many aspects of the bill that I think are positive. They have been, in part or in whole, debated before. The bill ends a deduction the oil industry receives for the production of oil that is meant to assist American manufacturers, not oil producers. Some suggest that the oil companies only discovered this tax loophole after the fact but exploited it very aggressively, that it was intended for small companies that are producing physical products that could be shipped around the country; not for bringing in oil, reprocessing it, refining it, and getting a tax break. There are so many other irrational aspects of these subsidies that, again, the subsidies themselves have been called for a serious review, evaluation, and indeed elimination.

The other factor that compels us to take this step today is that we have to begin to reduce the deficit. All of the resources that are being saved, we hope through this legislation, will be targeted to deficit reduction. We can continue to provide the necessary support for our economy through a healthy oil and gas system, but not to subsidize an industry that does well in the marketplace, and we ought to use those funds to reduce the deficit.

There is another aspect not directly related to the provisions Senator MENENDEZ and I support, but relates to this debate. At the same time as the big oil companies defend these subsidies, they are also pushing for increased offshore drilling, but are unwilling to help ensure that it is safe. For example, we have tried to get the oil and gas industry to at least pay more for the inspections that are so necessary on these offshore platforms to provide for safety and prevent another Deepwater Horizon explosion. The administration has proposed an increase in fees oil companies pay for rig inspections from the present fee of \$3,250 to \$17,000, and the companies have balked at this. Here is an industry

that is deriving huge tax subsidies, and obviously the example of the devastating Deepwater Horizon explosion and spill has raised serious concerns about the ability to manage and safely develop some of these offshore platforms, and essentially they are saying: No, we are not going to pay more for the inspection fees that are necessary.

The total increase is minimal. In fact, let me give a comparison. BP, British Petroleum, would be asked to pay about \$1.5 million in fees, if this new fee structure were in effect, for their offshore platforms. That would represent about 0.01 percent of the \$10.9 billion in revenues from the Gulf of Mexico last year. Yet the companies are saying no. When it comes to paying their fair share for inspections that directly benefit them, provide further confidence to the public that their operations are successful, and give them, frankly, more confidence in allowing or encouraging further offshore drilling, they say no. But when it comes to tax subsidies that benefit their bottom line, they say yes, yes, yes.

I think what we have to do is press forward to ensure that these tax subsidies are revoked, and dedicate these tax subsidies to deficit reduction. In that way, we can let the market decide on the success or failure of these companies. That is one of the mantras I hear so often from many here, particularly from my colleagues on the other side of the aisle. I think it can be done without in any way impacting the cost of fuel in the United States.

I think, frankly, what we are seeing—going back to my initial point—is that there are factors beyond tax subsidies that are driving up the cost of fuel: speculation; issues of the international exchange; the value of the dollar. But it is quite clear, given our dependency—and we have to get off that dependency on oil—that there will be a robust market for petroleum products in this country for the foreseeable future. That market alone justifies increased exploration, research, and other activity, and it will reward the companies. These subsidies are not necessary. Instead of wasting taxpayer money on subsidizing big oil profits, it is time we close these loopholes and return the savings to the American taxpayer. With that, I urge rapid support and favorable support of Senator MENENDEZ's legislation.

I yield the floor and suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DURBIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

USE OF TORTURE

Mr. DURBIN. Mr. President, there was a column written in this morning's

Washington Post which was extraordinary. It was written by one of our Republican colleagues, Senator JOHN MCCAIN of Arizona.

JOHN MCCAIN and I came to the House of Representatives in the same year—1983. Though he came to the Senate first, we have worked on many things together over the years. We have our differences, that is for sure. But there are times when JOHN does extraordinarily good things, and this morning was one of them. He wrote a column in the Washington Post about the issue of torture. It is an issue that has been in the headlines for the last 2 weeks, after the capture and killing of Osama bin Laden and the questions raised as to whether so-called enhanced interrogation techniques, or torture in another parlance, were used to obtain information that led to Osama bin Laden.

A few years ago, that issue came up on the floor of the Senate. I had strong feelings about it. But Senator MCCAIN stepped up and led the effort to put the Senate and our government on record that we were opposed to the use of torture. No person is better qualified in this Congress to speak to it than Senator MCCAIN. He was a victim of torture himself when he served in the U.S. Navy during the Vietnam war. He was shot down as a naval aviator and spent more than 5 years in prison. I cannot imagine what that must have been like. Couple that with the severe physical injuries he still labors with today and the torture—mental and physical—that accompanied it, and no person is as well qualified as Senator MCCAIN to speak to it.

This morning, in the Washington Post, he once again stated what may not be the popular view but I believe is the right view—that the United States should make it clear we do not accept torture as a standard for our conduct when it comes to dealing with our enemies. For the longest time, that has been our standard. It was only relaxed or changed after 9/11, when some in a previous administration argued that was the only way to get information from these hard-core terrorists.

Senator MCCAIN made a good point in his article this morning in the Washington Post. He asked Leon Panetta, head of the Central Intelligence Agency, whether there was any linkage to these enhanced interrogation techniques and the information that led to the disclosure of the messenger who was then linked to Osama bin Laden which led to his capture. Leon Panetta said no, and MCCAIN revealed that in his article. In fact, the information which came out of waterboarding one of these terrorists ended up being just plain wrong. Senator MCCAIN made the point in his article, when you are being tortured, you will say almost anything to make the torture stop. You will lie, if you have to, just to make it stop. That is what happened here.

So I wish to commend him. It was courageous for him to write that arti-

cle this morning—not very popular but right. I wish to thank JOHN on behalf of both sides of the Senate aisle for his leadership and for having the courage to speak out on such an important issue relative to the values of America and who we are.

He ended his column talking about how we would expect our troops to be treated if they were taken prisoner. If anyone tortured an American soldier, I don't know of a single American who wouldn't step forward and say it is an outrage. Well, if we are going to stand for humane treatment, sensible treatment of detainees, then we are doing it not only to protect our values but to protect our men and women who serve this country both in the intelligence agencies and in the military services.

OIL SUBSIDIES

Mr. DURBIN. Mr. President, an issue is going to come up next week which is very important for every American family and business; that is, the issue of gasoline prices. I have been across my State, and as I mentioned on the floor earlier, my expert on gasoline prices is my wife. When I speak to her in the morning in Springfield, IL, she will tell me the latest in gasoline prices. Last week, it was \$4.20 a gallon. I don't know what it is this week. But what she asks me is—as everyone in Illinois must ask—what are you going to do about it?

It turns out we are going to do something. It may not have a direct impact on gas prices, but it certainly has a direct impact on our policy toward oil companies. You see, American families are being clobbered three times by high prices at gasoline stations: first, at the pump; second, when we give \$4 billion in subsidies every year in the Tax Code to oil companies; and third, when we have to borrow the money from China to give to these oil companies and we end up paying interest to China—ourselves, our children, and our grandchildren.

Paying three times for outrageous gasoline prices is an outrage itself. The big oil companies have made almost \$1 trillion in profits over the last 10 years—over \$35 billion in the first 3 months of this year. Some of these oil companies are breaking records on Wall Street for corporate profits. The Wall Street Journal also reported last week that the CEOs of oil and gas companies who are appearing before the Senate Finance Committee today had the highest median compensation—at \$13.7 million annually in 2010, up 17.3 percent from the year before.

In addition to the profits, the oil industry receives over \$4 billion in tax giveaways each year. Instead of using that money to lower prices at the pump, these giveaways have merely been used to pad the profits and the compensation of the oil companies and their executives. Yesterday, Senator MENENDEZ introduced a bill, which I am cosponsoring, to end the special

treatment of tax breaks given to the five largest oil companies in America. This would save Americans over \$4 billion a year, and it is our goal to use that money to reduce our Nation's deficit.

Americans across the board agree it is time to end this corporate welfare for the big oil companies. In a recent poll, three out of four Americans support eliminating tax credits for the oil and gas industries to reduce the Federal deficit. We have to deal with our deficit that is growing at an unsustainable rate, and I am hoping this will be a commonsense, good-faith, bipartisan agreement to end these subsidies. We can take the taxpayer dollars flowing to the oil companies and give them, instead, to those who are dealing with our deficit to reduce it.

Incidentally, we are not talking about business expenses at these oil companies, which is what many of these executives would like to have people think. These are subsidies used to increase profits and reduce their tax burden. Last year, Exxon had an effective tax rate on its U.S. income of 16 percent—less than half the corporate tax rate. According to the Congressional Budget Office, the average American has an effective tax rate of over 20 percent. So Exxon was actually paying a lower tax rate on their profits than the average American pays on their income.

In addition, the big five oil companies have used 71 percent of their profits not for exploration and production, which is what they would like you to think, but rather for boosting share prices. Actually, they used only 12 percent of their prices for exploration and new development. In other words, these oil companies spend almost six times as much on dividends and stock buybacks as they do in looking for new sources of oil. The primary use of these subsidies is not to discover new oil, it is to discover new record-breaking profits.

It is time for government handouts to these extremely profitable, well-established companies to come to an end. Ending them will not raise gas prices, as some Republicans have argued. We are dealing with a world market for oil. The price is set by the global market. Gasoline prices have risen significantly, even with these subsidies in place. Removing them will not change these prices.

The Congressional Research Service has said the effects of removing the subsidies would be very small. According to the Department of the Treasury, removing them would cause the loss of less than one-tenth of 1 percent of the global oil supply and have little or no impact on prices in the United States.

In addition, removing oil subsidies reduces U.S. oil production by less than one-half of 1 percent, and it will increase exploration and production costs by less than 2 percent for companies that are making record-breaking profits.