collections in just the next few years—something on the order of 20 percent of our gross domestic product. Revenues are not the problem. They are going to be back where they have always been. Our problem is the spending, as I said. The spending in this country is now above 25 percent.

I misspoke a moment ago when I was talking about collections. The tax collections in this country have averaged between 18 and 19 percent of GDP. The spending has been a little above 20 percent. So the revenues are going to get back up to that 18 or 19 percent under any of the budgets that have been suggested—the Ryan budget, the Obama budget, and others.

The problem is spending. Under the Obama budget, spending never gets below 23 percent of the gross domestic product. In the Ryan budget, it goes from the 25 percent that we are at today to below 20 percent. I think that after 10 years, in the Ryan budget passed by the House of Representatives, it is about 19.1 percent of the gross domestic product. That is a way to get spending down to historic levels. Revenues will be back up to historic levels, and that is the way we have both a vibrant economy and we produce the revenues the Federal Government needs to operate without having to borrow 40 cents or 42 cents on every dollar as we have to do today.

When we are talking about how to get the budget better balanced, how to reduce our deficits, we should not be looking at the revenue side or the taxing side; we should be looking at the spending side. On spending, we know the big money is in the entitlements, not the discretionary part of the budget.

We need to, as a downpayment, be looking in the order of magnitude of about $2 trillion. Speaker BOEHNER has said that if the administration wants to increase the debt ceiling by $2 trillion, then we should show $2 trillion in savings. If it is $1 trillion, then make it $1 trillion. So far in our negotiations, we are only talking about a couple hundred billion dollars. We have to get up to the $1 trillion and $2 trillion level. Over the course of the 10 years, we are going to have to at least double that to more than $4 trillion if we are going to handle the long-term debt problem. That is how big it is.

Under the Ryan budget, the actual debt ceiling is increased by $5 trillion over 10 years. So we are not talking about slashing everything in half. We are talking about continuing to have to borrow more money to pay our bills. But under the Obama budget, the amount we would have to borrow, in addition to what we have, is $12 trillion. President Obama would be asking us to raise the debt ceiling by another $12 trillion, and that is not sustainable in this country. It has to be more along the line of the Ryan budget, as I said. That means we are going to have to come up this year with at least $4 trillion—I would say between $4 trillion and $6 trillion—in savings in order to be able to bend this spending curve downward over time. That means at least a couple trillion dollars as a downpayment, at least double that over this 10-year period, and that means a lot more than what we have been talking about in our negotiations so far.

I do not doubt the good will of the parties to achieve that objective, but it cannot be achieved by looking at just domestic discretionary spending. We have to look at fundamental entitlement reform in order to achieve those kinds of savings. For those who say that may change the Medicare Program or it may change the Social Security Program, two things:

First, nobody is talking about changing any of those programs for anybody who is currently on them or even somebody who is going to be on them within a 10-year period of time. We are not talking about people who are on Social Security or people who are even 9 years away from Social Security.

Second, with respect to the benefits that are promised in these programs, understand that if we do not do something about them now, those benefits are not going to be there in 15 or 20 years. In fact, under Social Security, the law is that when it no longer has the benefits, the benefits stop. This is not a matter of either keeping in law what we have right now or nothing; this is a matter of either fixing the programs now or having a dramatic reduction in benefits on down the road. That is why we need to tackle this issue now.

One of the reasons I wanted to discuss this on the floor today is because there is some misunderstanding of comments I made on television yesterday, and I think it is easy to misunderstand people when they talk about raising revenue in the context of dealing with a budget deficit. Republicans are simply not going to raise tax rates in order to try to reduce this deficit with more revenue as opposed to savings. It is much different to talk about that than it is to say there are tax expenditures we can deal with, and if we can eliminate those or reduce them, then we can also reduce our tax rates and make our Tax Code more competitive.

That makes a perfect amount of sense. But I don't think we will be able to do that within the next 2 months. My guess is it is either going to be later this fall or early next year before we are able to achieve that kind of bipartisan revision of our Tax Code, if we can even do it then. I hope we can because I think there is a recognition by a lot of folks that there are a lot of these tax expenditures in the code that do not need to be in the code. They pick winners and losers. The more we can do away with and thereby reduce tax rates, the better off we will be. I am hopeful we will, through these bipartisan negotiations, be able to come together on significant savings.

The last point I will make is I would not be concerned, however, that the United States of America will ever default on our debt. We will not. The President has made it clear, the Secretary of the Treasury has made it clear that we can't. In fact, if we look at article IV of the 14th amendment, it says we can't. So I don't think any creditor should be of the view that we are not going to pay them when their T-bill comes due. That is not going to happen.

Nonetheless, it is not a good situation when the income of the government is less than the bills we need to pay because even though we may pay creditors, that may mean, Mr. President, your paycheck and mine might be paid 2 weeks late or something like that, and I am sure all of us would like to see our bills paid on time. But I think we can come together and even avoid that result if we are able to work together as both sides of the aisle and as both bodies in the Congress have committed themselves to do.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

EXTENSION OF MORNING BUSINESS

Mr. CARDIN. Mr. President, I ask unanimous consent that morning business be extended until 7 p.m. for debate only, with Senators permitted to speak for up to 10 minutes each.

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

OIL COMPANY TAX BREAKS

Mr. CARDIN. Mr. President, I come to the floor to talk about a conversation I had in Baltimore this afternoon dealing with the high price of gasoline. I was talking to a station owner. I mention that because the problems of the high price of gasoline have nothing to do with the station owners. These are small business owners. They are having a difficult time with the cash flow due to the higher costs to purchase their product. They are also on the front lines, getting the wrath of consumers as they get the sticker shock when they fill up their tanks.

I can tell you that consumers are hurting today every time they go to a gasoline station to fill up their gas tanks. It is affecting their household budgets. It is affecting our economy. It will become even more dire as we go into the summer months when more and more families will be deciding on their family vacations, and the cost of gasoline will very much figure into it, having a direct impact on our economy.

I can tell you a group of companies that are not hurting as a result of the gasoline price increase, and they are our big oil companies. With gas prices escalating, oil profits have soared. There is a direct relationship. As our economy is suffering with higher gasoline prices, the profits of the oil companies go up. The five largest oil companies—ExxonMobil, Shell, BP, Chevron, and ConocoPhillips—have seen nearly $1 trillion in profits over the last 10 years. In the first quarter of 2011 alone, the first 3 months, they had a record profit of $35.8 billion.

When we compare that to a year ago, these companies have seen an increase in their profits. Where American businesses are suffering, where household incomes are being stretched, the oil industry makes more money on higher prices of gasoline.

I am for the free market economy. I hope businesses make a lot of money and hire more people; that is good. But that is not the situation with the oil industry. Most of their profits go to their stockholders and to repurchase shareholders' interests. It is not going to creating new jobs in America.

They are making these profits in part because of taxpayer subsidies. The person who goes to fill up his or her gas tank at a gasoline station is being affected adversely twice: first, by the cost of the gasoline today, and, second, they are being asked as taxpayers literally to help subsidize the oil industry. That makes absolutely no sense whatsoever.

In 2005, President George W. Bush said:

> I will tell you, with $55 oil we don't need incentives to the oil and gas companies to explore. There are plenty of incentives.

As you know, the crude oil price per barrel today is not $55; it is $100, and it has even gone higher than that. At the time, 2005, all of the Big Oil CEOs agreed there was no need for subsidies with oil prices reaching $55 a barrel. Once again, today it is $100 a barrel.

We will have a chance later this week to consider legislation to eliminate these tax loopholes. Senator MENENDEZ has introduced legislation, and we are going to have a cloture vote on that later this week.

I want to talk about the largest tax provision that is involved in this legislation, section 199. There is about $18 billion of taxpayer revenue involved. Let me give a little history about the genesis of this tax provision.

It was originally put in the tax law for foreign sales companies, U.S. companies that exported products overseas for, you see, a U.S. manufacturer is at a disadvantage with regard to a foreign company manufacturer. If you manufacture your product in Europe or Asia and you import it into America, you can take off from the imported price the value-added tax that is added in Europe and Asia. But if you are an American manufacturer, and you are sending your product into Europe and Asia—and, yes, there are taxes involved in producing a product in America—you cannot take that tax off when you send that product into Europe. So the playing field we are competing on is not a level playing field. American manufacturers do not share the same competitive advantage.

Congress did something about that and passed a tax provision to give U.S. manufacturers that export products a tax break. That is what we did. Obviously, the oil industry did not get that tax break. First of all, they are not what we would call traditional manufacturing, and, second, they import a lot more than they ever export. They import their crude oil, and the amount of their exported product is a lot less than that.

The problem happened after we passed this foreign sales provision. Companies in Europe and Asia took us to the World Trade Organization and said this was an illegal subsidy to U.S. manufacturers. We argued, and I think ours was the right position, that it was not, but we lost the case. As a result, we had to redo the tax provisions, and we passed what is now known as section 199.

What we did is rough justice. We gave all manufacturing a certain tax break, figuring that it would be fair to deal with their manufacturing that was used for export.

I must tell you, I don't think any of us envisioned at that time that $18 billion of that revenue would go to the oil industry. They did not need this break. This is not a matter of subsidizing their products into the export market when, as we know, petroleum and oil is a global product. It makes no sense whatsoever to continue this tax provision for the oil industry. It should have been repealed a long time ago.

But one thing is clear. It is not needed. The profits of the oil industry are very high, and we need these revenues for other purposes. We need these revenues in order to deal with deficit reduction.

I hear my colleagues on both sides of the aisle talk frequently about how we need a credible plan to reduce the Federal deficit. I agree with that. We do need a credible plan to reduce the Federal deficit. But if we don't start with getting rid of these tax expenditures that are clearly not serving any public purpose—if we can't start with what is easy—how are we going to make the tough decisions?

If we are being asked to tell our seniors they will have to make do with less, students will have to pay more, let me tell you, the oil industry can do without this subsidy they do not need.

We will hear all types of scare tactics used by those who oppose this repeal. One of the common lines is that it will increase the price at the gas pump. Nothing could be further from the truth. If I could just tell you the basic math: $140 billion in profits, we are talking about annually—projected to be $140 billion. The tax provisions are about $4 billion on an annual basis. The numbers I was giving you before are 10-year numbers; this is on an annual basis.

In 2009, over 85 percent of the profits went back to the shareholders. So there is no possible way it would have an impact on price.

Let me quote from some experts in this area. Severin Borenstein, the co-director of University of California Berkeley's Center for the Study of Energy Markets observes:

> Gasoline prices are a function of world oil prices and refining margins . . . the incremental change in production that might result from changing oil subsidies will have no impact on world oil prices, and therefore no impact on gasoline prices.

Our own Congressional Research Service said:

> In the recent market environment . . . prices are well in excess of costs and a small increase in taxes would be unlikely to reduce oil output, and hence increase petroleum product (gasoline) prices.

So let me just put that myth aside.

All of us are concerned about how do we bring down gasoline prices. Will eliminating this price bring down gasoline prices? No, it will not, in and of itself. But what it will do is give us all the tools we need in order to move forward with energy policies in America. We are going to be asking for budget priorities to deal with energy independence so we can bring down energy prices. We have to get rid of these unnecessary tax expenditures so we can have a budget that makes sense and is fiscally responsible.

Yes, there are things we can do to help bring down gasoline prices. We can certainly regulate speculation in the commodities market, give the Commodity Futures Trading Commission the tools they need. Some of my friends on the other side of the aisle want to cut their resources. We think they should have the resources in order to get their job done.

It is time we take on the monopolistic policies of the countries that produce oil. These are countries, many of which are not what we would call at all free economic countries. They are manipulating price and supply. We need to do a better job taking that on. We need a comprehensive energy policy.

I have said many times on the Senate floor that America has a little over 2 percent of the reserves of oil and we consume 25 percent of the world's oil. We have to get off oil, imported oil. The only way to do that is develop renewable energy resources, use less energy so our Nation can become energy independent. That will not only help us as it relates to the current economic problems, it will also help us create more jobs in America, will make us more energy secure, and will also help our environment. The first step is to repeal the unwarranted taxpayer subsidies to the big oil companies.

Let me close by quoting from an editorial that appeared in my local paper, the Baltimore Sun, on Friday, this past

Friday, May 13. I am going to quote a small part of it.

What, tens of billions of dollars in potential profits isn't good enough without the government adding some kind of sweetener to your $100 barrels of black gold?

That's just greedy, and with the nation facing a debt crisis, it's downright immoral. To be talking about trimming Medicare and Medicaid—basic health care for our seniors and the poor—while preserving tax breaks that cost the federal treasury $21 billion annually is just beyond the pale.

I agree with the editorial in the Baltimore Sun. It is well past time that we end these taxpayer subsidies. We are going to have a chance to do it this week.

The first vote will be on cloture, whether we want to take this up for a vote, up or down. I don't think this is terribly complicated. This is an issue on which the American people expect us to take a stand, on an up-or-down vote. I hope my colleagues will support the consideration of the bill of Senator MENENDEZ to repeal these tax subsidies and vote to repeal these subsidies so we can help the American taxpayers and work together to develop an energy policy to make America secure so we can have a stable energy cost, including reducing the costs of gasoline at the pump, which is affecting every one of our constituents.

I yield the floor.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. NELSON of Florida. Mr. President, the Senate is expected to take up a bill that would repeal $20 billion in outdated, antiquated tax breaks for the oil and gas companies. In many cases, this tax break was created about a century ago. They have little, if anything, to do with modern, job-creating energy policy. It is time for them to go.

These oil and gas tax breaks are targeted in this bill we are going to vote on. They are narrow, special interest tax subsidies that distort the marketplace. It happens to pad the profits as a result of the tax breaks, and it does nothing to keep gas prices down.

It simply doesn't make any sense to me that we would continue to rely on oil and gas tax breaks that were originally written in 1916. These rules are truly vestiges of another era. In some cases, rather than encouraging energy independence, the tax breaks actually promote energy dependence on the OPEC oil-producing member states and other foreign countries that produce oil.

For example, there is a part in it called the ''dual capacity'' provision and it allows major oil companies to claim a foreign tax credit for royalties paid to foreign governments. The foreign tax credit was never intended to offset royalty payments. It was originally intended to offset foreign income tax payments. So a company does business in a foreign country, they pay an income tax. The foreign tax credit was created so you could offset your foreign taxes on your American income taxes. But what has happened is the oil companies have twisted that and are claiming the royalties they pay to foreign governments as an income tax. It isn't. It is a royalty payment. The foreign tax credit was never intended for that, and it is another loophole in our Tax Code that does nothing more than promote reliance and dependence on foreign oil and, for that matter, foreign governments. That is exactly what we ought to be reversing, just from a national security standpoint, not even speaking of the threat to our national economic condition, because we are now importing 70 percent of our daily consumption of oil from foreign shores.

In addition to repealing those kinds of tax subsidies, we also need to close a loophole that allows oil companies to claim a tax break for their own irresponsible actions. It turns out that BP has figured out how to shift nearly a third of their cleanup and legal costs of the Gulf of Mexico oilspill onto the backs of American taxpayers. Here is what they have done. They have come out with a projection of future income and profitability in a report. They expect they are going to have somewhere in the neighborhood of $40 billion of payments they are going to make as a result of their irresponsible action of having this huge Deepwater Horizon oil spill in the Gulf. Part of that, of course, is payments to local governments. Part of that is payments through the Gulf Claims Facility Fund. Part of that is going to be a hefty fine that is going to be imposed by the Federal Government.

Very cleverly, they have gotten their tax lawyers together and figured out what they can do is deduct the oil spill recovery payments as an expense, and save themselves $11.8 billion in taxes. What BP is doing is treating its cleanup and legal expense as an ordinary and necessary cost of doing business. These costs aren't ordinary business expenses and they should not be deductible.

When the five oil company CEOs were in front of our Finance Committee, I asked the CEO of BP: Are you going to do this?

He said: That is what the law allows and that is what we are going to do.

I said: What the law allows doesn't make it right. Why don't you take a cue from the Boeing Company or from Goldman Sachs for the expenses they incurred as a result of untoward activity? They voluntarily did not employ this part of the Tax Code to use it as a business deduction and, therefore, to cut their taxes.

Of course, when a company such as this cuts their taxes nearly $12 billion, guess who makes up the difference? The rest of us do. The American taxpayers.

I filed a bill, the Oilspill Tax Fairness Act, and it aims to reduce the deficit by billions of dollars by preventing oil companies from shifting the cost of oilspills onto our taxpayers. In the past, Congress has stepped in to prevent unconscionable tax deductions for expenses such as civil and criminal fines, bribes, lobbying expenditures, political contributions, excessive executive compensation. We have done that in the Congress by passing laws to prevent those as tax deductions. Well, we ought to step in and do it again. I think anybody would say BP was irresponsible and negligent to the detriment of a whole lot of people and the company should not be able to claim tax savings for their missteps, especially while our people are being squeezed at the pump every day because of the price of gasoline at the same time that in the first 3 months of this year, the first quarter, those five oil companies had $35 billion in profits. This is pouring salt on the wound. How much more flagellation can the American taxpayer take?

Today's rising gas prices reflect more than just record profits for the oil companies. There is also rising demand in Asia. It is clearly evident that our oil and energy markets are no longer governed by supply and demand. Speculation is back with a vengeance. We saw the handiwork of speculators 2 years ago when the price of oil hit an all-time high of $147 a barrel, only to plummet 80 percent of that price a few months later. That is not supply and demand. That is not the workings of the economic market. That is in part caused by speculators running the price of oil up, and then because they had to drop their positions on the Commodity Futures Trading Commission, and the exchanges, they started dropping all of those futures contracts in oil. Now speculators are using the turmoil in the Middle East and North Africa as an excuse to drive the price of oil sky high.

It makes no sense that we continue to let the commodities exchanges self-regulate by setting their own margin levels and other rules. Last year, when we passed the Dodd-Frank Wall Street Reform and Consumer Protection Act, Congress empowered the Commodity Futures Trading Commission under the new law to rein in excessive speculation so that commodities markets don't fly off the rails. Yet this same commission has yet to finalize new rules to impose speculative position limits, which are hard caps on the amount any one speculator can invest in oil derivatives.

There are a number of us who have been working for months in this Senate to push the CFTC to act. The law we passed was clear, and it is time for the Federal regulators to follow through.

Sadly, I want to recall a little over a year ago something that a lot of us remember so vividly. Many people cannot forget the images of the oil that was gushing from 5,000 feet below the surface of the Gulf of Mexico.

In my public service for decades, I have warned about the dangers of drilling out there in the gulf. It is now unbelievable that almost a year after the gulf oilspill and the environmental disaster that ensued, folks are still now talking about being willing to risk the economy of the entire gulf coast again. You remember that 11 people died because safety took a back seat to expediency and profit.

Last week the House passed three bills that would speed up oil production in a way that ignores serious safety concerns. Now Senator MCCONNELL has a similar proposal. These bills would require the Secretary of the Interior to approve or deny drilling permits within a maximum of 60 days, and if the Secretary does not take action within that time, a permit is deemed approved. That is like saying if a home buyer is not approved for financing within 60 days, they automatically get the financing regardless of their credit. Or it is like saying if a prisoner does not hear back from the parole board in 2 months, that prisoner is going to be automatically out on parole.

It is simply irresponsible to deregulate an inherently dangerous activity in this manner, and it is a slap in the face to the commercial fishermen, the hoteliers, and the small business owners on the gulf coast who, to this day, have not been made whole. Yet these bills are out here. The House passed it.

Senator MCCONNELL's bill would roll back the Department of the Interior's post-Deepwater Horizon revisions to offshore leasing—revisions that came about because of what we learned from the oilspill. Senator MCCONNELL's bill seeks to limit the fundamental right of Americans; that is, access to the courts. His bill would not allow Floridians who want to file a civil lawsuit regarding any offshore energy projects in the Gulf of Mexico to have a claim near their home in Florida or their place of business in Florida. Instead, under his bill, they have to go to the Fifth Circuit. That is Mississippi, Louisiana, and Texas. Why should people from Florida have to file a claim there? Why can't they go through the Eleventh Circuit, which is the one for the State of Florida and Georgia? The Fifth Circuit certainly cannot be the only circuit with expertise on the subject of offshore energy.

I believe we have a responsibility to protect access to the courts, and Senator MCCONNELL's bill jeopardizes that for the people who do not have the luxury of going far off to another State to bring a lawsuit.

Meanwhile, the House has passed a bill last week that seeks to open—now it is getting personal—they seek to open the eastern Gulf of Mexico off of Florida, that which Senator Martinez and I made off limits in law. There are obvious reasons we have it off limits in law. It is the largest testing and training area for the U.S. military in the world. We have two letters from two successive Secretaries of Defense, including the present one, Secretary Gates, that says you cannot have oil drilling and related activities—they use the word it is ''incompatible'' with the military training and testing mission. That is the largest training and testing area for the U.S. military in the world.

It is basically right off of Florida. Of course, you all have heard me over and over talk about all the dry holes. There is not much oil out there off of Florida. The oil is where the Lord intended the oil to be—and that was for years the sediments coming down the Mississippi River and then being compacted, and then for millions of years the compacting of the Earth's crust formed that oil. That is off of, primarily, Louisiana, some off of Mississippi, some off of Alabama and Texas, not Florida.

The proponents of these bills claim they will lower gas prices. At the same time, the oil and gas companies are making billions of dollars. Just look at their first quarter report. And we are giving big tax subsidies to the oil companies.

The price of oil dropped $17 a barrel last week. It was the largest weekly decline in over 2 years. But do you know what? I do not think the folks at the gas pump saw a commensurate drop. I think it is about time we gave them some relief, and we are going to have a chance to do that.

I conclude by saying we are not fooling ourselves. To be able to get an individual bill such as this for specific tax breaks—however objectionable those tax breaks are, it is going to be difficult to get 60 votes to break a filibuster. But help is on the way. There is a group called the Gang of Six. They are meeting, and they are trying to put together a package to solve our deficit crisis and to make real progress over the next decade or so, as we move toward budget balance—a condition we enjoyed as recently as 2001—not only budget balance, but a budget surplus.

It is my hope when we get down to putting this package together of how we are going to lower the deficit, people of good will will come together and recognize there are things in the Tax Code that have to be changed to make them right. I have enumerated but a few here today.

Mr. President, with that, I yield the floor, and I look forward to the comments of the very distinguished Senator from New Hampshire.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mrs. SHAHEEN. Mr. President, I am pleased I could be here to hear our colleague from Florida talking so eloquently about the importance of ending the subsidies we are currently paying to the Nation's largest oil companies and about the importance of continuing to preserve the gulf and to make sure the regulations we put in place last year continue.

I appreciate his leadership on both of those issues, and particularly on protecting the gulf, which is a national treasure. So I thank very much our colleague from Florida, Senator NELSON.

I came down to the floor today to talk about the important legislation that is before us to reduce our deficit by ending the needless subsidies for the Nation's largest oil companies.

At a time when Americans are paying these companies $4 a gallon for gasoline—and in some places it is more than that—it might be surprising to some people out there that these same companies are receiving $4 billion a year in subsidies from the American taxpayer.

The legislation that is before us in the Senate right now would end six of these separate tax handouts. One of them repeals a provision that essentially amounts to a subsidy for foreign oil production. A second closes a loophole that lets oil companies drill for free on public lands in the Outer Continental Shelf. Another ends a practice that lets oil companies manipulate the numbers when deducting the cost of new wells from their taxes. Under current law, in fact, oil companies sometimes can deduct more than they actually paid to put in place the well.

While so many families and small businesses nationwide have struggled to pay the high cost of gasoline, the five largest oil companies in the United States collectively made nearly $1 trillion in profits over the last decade.

Yet because of unnecessary and outdated tax subsidies, ExxonMobil—the biggest oil company—paid no U.S. income tax in 2009. That is hard to explain to the small businesses in New Hampshire and Florida and Delaware that are struggling in this recession to pay their taxes, that the biggest oil company in the country that made the highest profits did not pay any taxes in 2009. With record deficits, ending those giveaways is a commonsense step toward fixing the Federal budget.

I have heard some people who are in favor of these giveaways say we need them so the oil companies can keep prices low. But as Senator NELSON so clearly put it, the nonpartisan Congressional Research Service said last week in a report that rolling back these tax handouts will not raise gas prices. With prices so high, they said, oil companies will do all they can to maximize production from all existing wells and the oil supply will remain unchanged. A barrel of oil is currently selling for far more than it costs an oil company to produce. These subsidies are doing nothing to make gasoline cheaper.

In fact, the former CEO of Shell Oil Company spoke about drilling subsidies last February, and he said: ''with high oil prices, such subsidies are not necessary.''

But I think it is important to be clear. This legislation is not about punishing the oil companies for doing well. We want all companies in America to do well. It is about reducing the deficit and our debt and making smart policy choices with our limited resources.

Tax breaks for big corporations are just spending under another name, and all government spending of taxpayer dollars has to come under scrutiny as we tackle our debt and deficits. We are never going to get our massive deficits and debt under control unless we are prepared to eliminate outdated and unnecessary government programs—and that means government programs that we support on the Democratic side of the aisle, and it also means outdated and unnecessary programs that our colleagues on the other side of the aisle support.

Providing tax handouts to one of the most profitable industries in human history—an industry that clearly needs no help from taxpayers—is a logical place to start.

As we emerge from this historic recession and grapple with our long-term deficits, we have to ask ourselves: What are our priorities—investing in the next-generation economy, reducing the national debt to leave to our children or is it providing outdated tax breaks to one of the most profitable industries in the history of our country? I think the choice is pretty clear.

I hope our colleagues will join us in supporting this legislation to eliminate these giveaways, reduce the deficit, and strengthen our economy.

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

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

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. SCHUMER. Mr. President, I rise in support of legislation we will later vote on this week, authored by the Senator from New Jersey, Mr. MENENDEZ. As we all know, he has been championing this legislation for quite some time. He had the prescience and foresight to focus on this idea early on, and I applaud the hard work he has done to build support for it.

I am also glad our leader, Senator REID, scheduled a vote on it this week. I hope the bill will pass. I have heard that even a few of my friends from the other side of the aisle say they are considering voting for it.

Nothing would be better, in terms of showing bipartisanship and giving the American people hope that we can come to a fair agreement on the budget, than to pass the legislation this week.

In the last election, voters gave those of us who serve in this Chamber two distinct mandates. They told us to do two things at once, either one of which alone would be hard to do. First, and perhaps foremost, they said make the economy grow, create good-paying jobs, make sure of that the American dream which says the odds are that you will be doing better 10 years from today and the odds are that your children will do better than you. That is the American dream.

Since the founding of our great Republic, that candle has burned brightly in the eyes of Americans, whose ancestors have been here since the Mayflower landed, as well as in the eyes of Americans who are just here for a generation or two and even new immigrants.

They also gave us a second mandate—not just grow the economy, not just to employ people but a second one: rein in the out-of-control Federal deficit. The American people, as usual, had wisdom, because both these goals are important. Some say the debt isn't important. I believe it is.

Here is the way I put it: We, the Federal Government, are a blindfolded man, and we are walking toward a cliff. Once we fall off that cliff, there is no getting back. The debate is whether we are 20 feet from the cliff or 200 yards from it. But we know that sooner or later, no matter our distance, if we keep walking, we are going to fall off. Once you fall off, there is no getting back. So that means we have to take the bull by the horns and confront our mounting debt.

It would be hard enough to accomplish one of these two goals. To try to do both at once is a Herculean task. I think everybody is trying to do what is right, regardless of their ideology, but there are strong and different feelings and clear policy differences.

There are many tough choices ahead, but there is at least one choice that isn't tough at all—not by a mile. It is obvious to me and to most Americans, whether it is people you talk to as you go about your State or looking at the polling data, that at this time of fiscal restraint, to continue to give the big oil companies giant tax breaks makes no sense. Getting rid of these corporate subsidies to Big Oil is a no-brainer.

Decades ago, when these breaks were enacted, oil was $17 a barrel. Maybe it made sense then to give companies an incentive to explore and produce. One of the subsidies the Menendez legislation repeals, the oil depletion allowance, dates back to 1913. That is the same year a man named William Burton patented a new oil extraction process called thermal cracking. Big Oil no longer cracks petroleum using Mr. Burton's method. It is an outdated process, but the outdated tax subsidy still remains on the books, amazingly enough.

With oil hovering at $100 a barrel and Big Oil reaping record profits, it defies logic for the government to spend billions of taxpayer dollars on these subsidies. We are writing out a check for $4 billion to the big oil companies. Does that make sense when we have so many other needs and a huge deficit? To me, it doesn't.

At the same time, Americans get hit with a double whammy. When they drive up to the pump, they are paying $4—or close to it—a gallon for gasoline, diesel fuel, and Big Oil is taking some dollars out of their pockets because their taxes—a small percentage of it—go to pay these Big Oil subsidies. How galling.

In my home State of New York, the price of gasoline is up 35 percent, on average, compared to this time last year. Economists estimate that a typical New York family—a typical American family—will pay as much as $1,000 more on gas this year than last. When these families sit around the dinner table on Friday nights after dinner and mom and dad are trying to figure out how they are going to pay their bills, those gas prices make things much harder. Families across the country are struggling to make ends meet, as the economy slowly recovers. They can't afford to get gouged at the pump. With billions of dollars' worth of tax subsidies and gas prices at near record highs, it is no wonder these top five oil companies have just announced mind-boggling profits. These companies are not only among the most profitable businesses in the United States, but they are among the most profitable businesses in the whole world.

In the first quarter of this year, the big five brought in $35 billion in profits. In the past decade, they took home nearly $ 1 trillion—that is with a T. There is nothing wrong with profits in and of themselves. In America, we celebrate success. We want the private sector to thrive and make good profits. But at a time when the government is looking to tighten its belt and we are asking every family to tighten their belt and we are grappling with painful cuts because of the dual goal of growing the middle class but also reducing the deficit, it boggles the mind that we continue to subsidize such a lavishly profitable industry.

There are priorities. I said this to the auto company executives last week when they testified before our Finance Committee. There are priorities. How many Americans would choose to give oil companies an extra subsidy rather than help kids who deserve to go to college pay for their tuition? That is what some of my colleagues are recommending. When I asked Mr. Mulva, the head of Conoco, one of the big five oil companies—I said: Well, which would you choose? He said they are two different things. Mr. Mulva, in all due respect, they are not. If we have to reduce the deficit by a certain amount, if we take the $21 billion we are giving you, that gives us some money to play with that we might be able to deal—not play with but to use for good purpose—that we could give to prevent cuts and help middle-class families defray the cost of tuition to send their kids to college, which is part of the American dream. So they are related—at least in a government-deficit world, at least in a budget world in which we live; every dollar you don't spend on one thing is a dollar you might be able to use on something else.

Try to wrap your head around it. Big Oil is recording record profits. Gas prices are near an alltime high and we as American taxpayers, are subsidizing the oil industry to the tune of $4 billion a year. You need the imagination of Lewis Carroll, who wrote ''Alice in Wonderland,'' to come up with a more ridiculous scenario.

That is why I strongly support and am proud to cosponsor Senator MENENDEZ's ''Close Big Oil Tax Loopholes Act.''

This legislation will put an end to taxpayer handouts to the five largest integrated oil companies and use that $21 billion in savings to reduce the deficit. This $21 billion is an excellent downpayment on the effort to get our fiscal house in order. If we use this $21 billion, it will be a little easier to reach our huge goal of reducing the deficit. It will be a little easier to complete our dual goals of reducing the deficit but still growing the economy.

The bill repeals a host of Byzantine tax provisions that only a lobbyist could love, such as the deduction for tertiary injectants and the deduction for intangible extraction costs. Some thought these up a long time ago. They have sat in our Tax Code, but they mean lots of money to Big Oil.

Small- and medium-sized oil firms are exempt. The only companies the legislation deals with are the big five—Shell, ExxonMobil, Chevron, ConocoPhillips, and British Petroleum.

I have heard pundits from the hard right parrot Big Oil's talking point that repealing these giveaways would increase gas prices for consumers. Nothing could be further from the truth. Last week, two major studies—one from the nonpartisan Congressional Research Service and another from the Joint Economic Committee—found that ending these absurd subsidies would not—would not—impact the price of gas. Neither of these studies—these were scientific studies done by economists. They did not have any biases.

In what was perhaps an inadvertent moment of candor at last week's Finance Committee hearing, ExxonMobil's CEO Rex Tillerson said:

> Gasoline prices are a function of crude oil prices, which are set in the marketplace by global supply and demand, not by companies such as ours.

Let me repeat what he said because it directly answers the argument that some on the other side of the aisle have made that if we repeal these subsidies, we will raise gas prices because that means the companies would decide to raise them because they are getting less subsidy. Here is what Mr. Tillerson said:

> Gasoline prices are a function of crude oil prices, which are set in the marketplace by global supply and demand, not by companies such as ours.

That does not seem like an objectionable comment; it is true. But when he made that comment, Mr. Tillerson of ExxonMobil was conceding that repealing taxpayer-funded subsidies for the big five will not increase prices. Prices are set, as he says, by global supply and demand. That is not to say repealing the subsidies would necessarily bring down prices. We are not making that claim. All along we have been clear that the purpose of this bill is to make a dent in the deficit by repealing tax breaks for the five companies that are the least in need of help from Uncle Sam.

Lowering the cost of gasoline and ridding our country of its dependence on foreign oil requires, of course, a long-term comprehensive approach. It is something we must do. It is outrageous that our country sends $1 billion a day overseas, wealth out of American pockets. To whom do we send them? People we dislike intensely—Ahmadinejad of Iran and Chavez of Venezuela. Why are we doing that? Because we failed to come up with a long-term policy that reduces our dependence on foreign oil.

In the months ahead, I expect the Democratic caucus will unveil a thorough and forward-thinking plan to do just that. In the meantime, if Republicans in the House are serious about deficit reduction, the Menendez bill is their chance to show it now.

If we are going to come together, is this not the easiest place to come together? We are going to have a lot of hard struggles as we attempt to reduce the deficit, as the debt ceiling looms over us. But this is an easy one, and many people on my side of the aisle are scratching their heads. If our colleagues on the other side cannot give in on something such as this, what are they going to give in on? Speaker BOEHNER said earlier this week he wants to make trillions of dollars in cuts. Here is a good place to start. Indeed, the Speaker himself has said as much.

At one point, he seemed to say it makes some sense to eliminate subsidies to the big five. Let's not forget that Speaker BOEHNER was in favor of repealing oil subsidies before he was against it.

The bottom line is this: At a time of sky-high oil prices, it is unfathomable to continue to pad the profit of companies with taxpayer-funded subsidies. The time to repeal these giveaways is now. No more should we send $4 billion this year, next year, or any year to the five big oil companies which have made record profits and admittedly, by the admission of Mr. Tillerson, if we take them away from them it would not raise gas prices a plug nickel.

Our plan to cut the deficit begins with ending wasteful subsidies to Big Oil. The Republican plan, as embodied by the Ryan amendment, for which almost every Republican in the House voted begins with ending Medicare as we know it. That is a bright line difference between our side and theirs. We know what choice the American people want us to make.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Ohio.

EXTENSION OF MORNING BUSINESS

Mr. BROWN of Ohio. Mr. President, I ask unanimous consent that morning business be extended until 8 p.m. for debate only, with Senators permitted to speak therein for up to 10 minutes each.

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

CLOSE BIG OIL TAX LOOPHOLES ACT

Mr. BROWN of Ohio. Mr. President, I thank the senior Senator from New York who has been a real leader on this issue to bring more tax fairness to the American people and take away the subsidies of these five companies that absolutely do not need those subsidies and to help deal with the budget deficit. We can do that with one simple step that far too many conservative politicians in this city are resisting. I join Senator SCHUMER in expanding on his comments.

We think our Nation's spending and its budget should reflect our Nation's priorities, should reflect our investments in education, infrastructure, how it will strengthen our economic competitiveness, whether in Charleston, WV, or Ironton, OH, through the innovation of entrepreneurs and small businesses.

Our Tax Code should also reflect our priorities to create jobs at home—to encourage companies to invest in clean energy to end our Nation's dependence on foreign dirty oil.

Last week, unfortunately, we heard just how out of touch some politicians and their benefactors in the oil industry are with the real priorities and real problems facing our Nation—huge Federal deficits, $4-a-gallon gas, Americans struggling to find a job or put food on the table even if they are employed.

I received a letter from Laurie from Lakewood, OH:

> This recession has hurt our family budget for the past three years. My husband and I have had our pay reduced.
>
> We cut our expenses—not going out to eat or to the movies or the department stores. My husband and I are both working second jobs to keep our kids in school and food on the table. We carpool and do everything we can to cut expenses.
>
> I'm at the end, I don't know where else to cut and I don't have the option of not putting gas in my tank because I have to get to my jobs.

She said ''jobs,'' plural.

> Please, if you can do anything, it would help so many of us who are struggling.

Laurie's story is similar to that of many other Americans and so many Ohioans from Ashton, OH, to Hamilton, from Lima to Gallipolis, the working mom who drives from home in the suburbs to work downtown; truckdrivers in Toledo where high gas prices jeopardize their ability to operate and transport products across the country;