

May 5, 2006

SCHAKOWSKY, DURBIN CALL FOR WINDFALL PROFITS TAX, NEW ENERGY STRATEGY TO ADDRESS RISING GAS PRICES

Schakowsky says U.S. must limit record profits, invest in renewables and promote conservation to bring prices down

CHICAGO, IL - U.S. Representative Jan Schakowsky and Senator Dick Durbin were joined by small business owners at a fueling station in Chicago today for a press conference on the record gasoline prices facing consumers. When President Bush took office, gas prices in Chicago were \$1.54 for a gallon of regular; today they are \$2.94 and on the rise.

Schakowsky called for a windfall profits tax which would rebate some profits to consumers and low-income households to bring down gasoline prices in the short-term. She also emphasized the need for a comprehensive energy strategy which invests in renewable fuels, including ethanol, and promotes efficient technology and conservation.

Schakowsky's remarks are below, as prepared for delivery:

Thank you, Senator Durbin, for your leadership on this issue. Thank you also to the Chicagoans who joined us today to share their stories of how rising gas prices are affecting their livelihoods.

Last Sunday, Energy Secretary Bodman said that the United States is experiencing an energy crisis. When George Bush took the oath of office, gas prices in Chicago were \$1.54 for a gallon of regular. When he was sworn in a second time they were \$1.88. Today, they average \$2.94 across the city and the suburbs. For most Americans this is a problem, but for many Americans, including the two business people here today, it is, in fact a crisis. But let's be clear, not everyone is a loser. For oil companies, friends of the two oilmen in the White House, President Bush and VP Cheney, this crisis is a bonanza. It seems as if Big Oil is the only sector that has not suffered has not been asked to make any sacrifices. To the contrary, while the President decries our addiction to oil, and Sec. Bodman declares a crisis, every single action that has been taken only serves to further enrich the Big Oil elite.

The oil-dominated Administration and Congress have passed a series of bills during the past year that have provided \$11.6 billion dollars in subsidies to the oil and gas industry, which has turned those breaks into record profits. In 2005, House Republicans voted three times against giving the government the authority to charge steep fines and prosecute oil and gas companies that price gouge.

After covering all of their costs last year, the top five oil companies reported \$110 billion in profits, that amounts to about \$1,000 per American household. Exxon Mobil reported the highest profits of any American company in history. Its CEO, Lee Raymond, took home a \$400 million retirement package - which cost every American household \$3.

It's no wonder that oil and gasoline prices have doubled since President Bush took office.

Virtually nothing has been done to pursue a comprehensive, 21st century energy strategy which invests in renewable fuels and conservation such as fuel efficient cars and mass transportation, and ends our growing dependence on foreign oil. The President's budget only increases funding for renewable fuels by a pitiful 0.2% and it cuts funding for efficiency programs like weatherization, EnergyStar, and the Clean Cities program.

It is possible to lower gasoline prices. Consumers are being exploited at the pump. I agree with Senator Durbin - a windfall profit tax is one of the very few ways in which we can act today to bring gas prices down. Record profits have only led to record prices. Consumers deserve a rebate, and companies need a disincentive to gouge prices to the highest possible level.

As we halt the rise in gasoline prices with a windfall profit tax, we should immediately pursue a new energy policy.

America's demand for oil has gone up because we have not offered any alternatives.

Ethanol provides America with a great option for kicking our dependence on oil, and is efficient, clean-burning, and provides a boon to the Illinois economy. When it is combined with gasoline, it also increases fuel supply. There are now millions of vehicles on the road in the U.S. that are fuel-flexible. Because of the efforts of Governor Blagojevich, Illinois now has over 100 fueling stations that offer both gasoline and an 85 percent ethanol blend across the state. An investment in E85 is an investment in our future.

Raising fuel efficiency standards for passenger cars from 27.5 miles per gallon, where they have been since 1985, to 33 miles per gallon, could save the U.S. 2.5 million barrels of oil a day - eliminating our need for Middle Eastern oil and decreasing demand. The Bush Administration waited six years to ask Congress for the authority to change fuel economy standards - the first time was this Wednesday. And even that requested was qualified in a way that suggests the Administration is not serious.

Unregulated trading has led to speculation and market manipulation to drive up the price of oil and natural gas. A few years ago, a few players involved in the oil business traded oil futures. Today, thousands of hedge funds and investment banks from around the world trade on the futures market, and oil prices shadow their speculation. We must put a stop to market manipulation, make the markets more transparent and regulate off market trading. House Democrats are introducing legislation which would ensure that traders do not manipulate the market to drive up prices and fill their pockets.

Many Chicagoans, like those who joined us today, do not have the luxury of taking mass transit

to work. But for those who do, Chicago offers one of the best and most extensive mass transit systems in the country. We must fully fund it, keep the fares affordable, and make sure it is accessible and far-reaching.

There is an explanation for the rise in gas prices. The culprits are in charge in Washington, and in board rooms across the country. Instituting a windfall profits tax would ensure that oil and gas companies think twice before exploiting consumers at the pump by profiting at a level that's double or triple their costs. That's a short-term solution that you could see at retailers within weeks of legislation being enacted.

We must also change direction, and pursue an energy strategy that offers alternatives to gas guzzling. With more renewable energy sources, fuel efficient vehicles, investment in mass transportation and conservation, we can become free of our reliance on Middle Eastern oil, we can protect our environment, and we can utilize American ingenuity and homegrown fuels to cleanly and affordably power our cars and our economy into the future.