

the hand of OPEC countries by pushing for higher prices, and threatening to cut off the flow of oil to the United States.

As Chavez continues to march towards socialism, he seems determined to wipe out free enterprise, drive out private investment and wreck the economy in order to establish iron-fisted control of Venezuela's economy, just as Fidel Castro in Cuba.

Venezuela and Hugo Chavez are flush with record-high oil revenues, but Chavez is threatening to kill the oil-drenched golden goose.

Just last month, the Venezuelan oil minister showed up at two oil fields run by European companies in order to reclaim them on behalf of the Venezuelan government and Hugo Chavez. Hoisting the Venezuelan flag over the fields, he said the move symbolized the return to state control.

This dramatic move is proof, as if more is needed, that Chavez is putting Venezuela on a path to a nationalized energy industry. These moves, and his saber-rattling military buildup and crackdowns on freedom at home, continue to roil the international oil markets and are enabling Chavez to help keep crude prices high.

Venezuela supplies the United States with about 15 percent of our oil imports; and few Americans probably realize that Venezuela's state oil company owns Citgo Petroleum, which owns refineries that are geared to handling the heavy Venezuelan crude, together with a network of thousands of independent gas stations.

Chavez's radical strategy to nationalize his energy industry is being felt across Latin America. Just this week in Bolivia, newly-elected President Evo Morales nationalized the country's natural gas industry, ordering foreign companies to give up control of fields and accept much tougher operating terms or leave the country. Morales even ordered soldiers to commandeer many fields across the nation.

The move solidifies Morales' role alongside Chavez and Castro in Latin America's new axis of socialism united against American interests and free people everywhere. Make no mistake, the images of soldiers toting automatic weapons outside refineries and gas fields is reminiscent of military dictatorships past.

Chavez has been promising to build a Bolivarian axis of like-minded, anti-American governments throughout Latin America. Only recently, few people took him seriously. Not anymore. Just this past weekend, Chavez and Morales signed a free trade agreement with Castro.

Mr. Speaker, history has proven that no nation with a state-controlled economy can prosper, and anyone who lives in such a nation lives without the freedom and liberty they deserve.

A Venezuela with President Hugo Chavez at the helm is a nation doomed to repeat the failures of history and a people who will be forced to live with-

out the freedom, security and prosperity they once had but still deserve.

#### THE OIL CRISIS AND HIGH PRICES OF ENERGY

The SPEAKER pro tempore (Mr. PRICE of Georgia). Under a previous order of the House, the gentleman from Oregon (Mr. DEFAZIO) is recognized for 5 minutes.

Mr. DEFAZIO. Mr. Speaker, well, let us talk about the energy crisis and the high prices of energy.

The oil man in the White House and the Vice President and the Republican majority say it is just market forces at work. Let us talk about the market forces.

First off, the crude oil market, unlike every other commodity in America, is virtually unregulated. About 75 percent of the crude oil marketed here is sold off the books, and they are doing trades that would be illegal if it was a regulated market, and of course they do not want to regulate it. One trader will sell to another who will sell back, they sell back, they sell back, they sell back until, guess what, they have raised the price and made a lot of money.

Now, unfortunately, someone is going to pay for that. So it is the consumer. In crude oil trading, we have seen a 46 percent increase over 1 year in the margins there. Quite simply, if we just subjected crude oil to the same market controls that are used for all other commodities traded in the United States of America, if we took away this exemption for big oil, then we could drive down the price, it is estimated, 20 to 25 percent immediately at the pump. That would be quite an economic stimulus for this country and do more for the American people than all of George Bush's tax cuts have done for average people, of course, not for the millionaires and billionaires.

Then they say, guess what, prices are high because we do not have enough refineries in America. That is interesting. The American Petroleum Institute circulated a memo just about 10 years ago this day saying, hey, guys out there, they mostly are all guys, guess what, there is too much refinery capacity in this country; if you could squeeze down refinery capacity, you could drive up profits.

Have they done that?

Of the three bucks you are paying for a gallon of gas, the increase in the margin for the refiners has gone up 255 percent in 1 year; and, guess what, there are no new refineries under construction.

Now they want to pretend it is those darn environmentalists. Well, no, it was not the environmentalists. Of the 55 refineries closed in America in the last 10 years, they were all closed for economic reasons, mostly oil company mergers. Not a single one was closed for environmental purposes or objections.

So they are doing a wonderful thing here. Valero, fastest-growing, biggest

energy refiner, who had a very small company just a few years ago, their chief operating officer, when asked about building more refineries, he said, why would we want to do that? It is working quite well the way it is. Artificial shortage of refinery capacity.

So perhaps we could impose a windfall profits tax on the likes of ExxonMobil, \$36 billion of profit last year, largest corporate profit for anybody in the history of the world in 1 year, \$100 million a day of profit.

Now they did give away 4 days of profit to their CEO when he retired. He got a \$400 million retirement, but they had the rest of that money to spend elsewhere.

What did they spend it on? New refinery capacity? No. Exploring for new oil? No. They bought back a bunch of their stock to increase the value of the stock options of the other executives at ExxonMobil. So about a windfall profits tax on money that they make that they do not invest in new refineries, new production capacity or alternative fuels, but the rest of it, it should be taxed at a very high rate to stop their price gouging and excess profit-taking.

Now the Republican answer has been that they want to give everybody a \$100 rebate. Is that not nice? Well, except we are running a deficit. So they would borrow the money, obligating American taxpayers today and their kids and grandkids because we will pay it off over 30 years. They would borrow the money to give everybody a measly \$100 rebate. Because God forbid that we should ask the oil companies to rein in the profiteering and the speculation in crude oil, that we should have them stop creating a false refinery capacity squeeze which has driven up their profits tremendously.

But they do want to investigate price gouging. It was in a bill that passed the House last year. Guess who they think is price gouging? These little guys down here, the distributors and retailers.

I just met with the independent distributors today. They are getting six cents a gallon. Five years ago, they got six cents a gallon. Five years ago, that was 6 percent. Today that is 2 percent. So it is not the distributors and retailers here, with the exception of some of the company-owned stations, that are making that big profit.

It is right up here. It is big oil. It is the artificial refinery shortage that they have created, and it is this profit-sharing and hot money speculation in crude oil. We could take significant steps here to fix it, but, guess what, they get a little too much money from them at campaign time. It ain't going to happen.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. BURTON) is recognized for 5 minutes.

(Mr. BURTON of Indiana addressed the House. His remarks will appear

hereafter in the Extensions of Remarks.)

#### THE ROLE OF THE FEDERAL GOVERNMENT

Mr. BISHOP of Utah. Mr. Speaker, I ask unanimous consent to claim the unallocated time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Utah?

There was no objection.

The SPEAKER pro tempore. The gentleman is recognized for 5 minutes.

Mr. BISHOP of Utah. Mr. Speaker, from the beginning of this country, there has always been some confusion or at least debate over what is the role of the Federal Government vis-a-vis the State government.

It was President Andrew Jackson who actually derailed the Mayes Bill Road, claiming that it was wrong for the Federal Government to actually spend Federal dollars on road projects.

In the post-Civil War time is when the Federal Government started giving more and more grants to States, especially for land grant colleges, which is why so many schools have Aggies, especially in the West.

But it was in the 1960s when the Federal Government significantly increased the kinds of programs and the amount of money that was given to cash-starved States, and we ramped up ever since that time with more and more funds and more and more money that have been given to States.

Now, I was a State legislator and I understand the problems with the process if you are trying to establish a budget by the State with a four- or five- or six-to-one match, so the States can put a dollar in, and they will get \$4 or \$5 or \$6, even in some cases \$10, of Federal money back. States could easily provide services without having to raise State tax money at the same time. It is an easy thing to do.

However, once that situation took place and the States accepted the Federal money, then the requirements came in.

I still understand that we have somewhere in the State of Utah the computer system back when they were very expensive that the Federal Government required us to buy even though we did not want it, we did not need it and we did not use it, but it was a requirement for us to get vocational education funds coming to the State of Utah. As the old cliché goes, the only thing worse than an unfunded mandate is a funded mandate to the States.

Now we can simply say to the States, well, the simple answer is, quit taking the Federal money, which is like asking an addict to go cold turkey after they are hooked on the system.

State budgets have been built on Federal money. States bristle at the requirements placed upon them unfairly by the Federal Government. The Federal Government is in a constant quandary of what we do to try and con-

trol the rampant spending that we have, and all of us seem to be caught in this same financial trap.

As one of the former leaders of this House once said, sometimes if you want to get out of a trap you have to let go of the cheese.

Well, Mr. Speaker, tonight several of us would like to talk about one proposal that may indeed do that, one proposal that would turn back the power to the States the ability to have some control over their destiny, and hopefully with creativity.

As one of the NCSF task force co-chairs said about one of our education programs being mandated by the Federal Government, that it stifles State innovation, we believe the Federal Government's role has become excessively intrusive in the day-to-day operations of public education. States that once were pioneers are now captive of a one-size-fits-all education accountability system.

Now one of those things we need to do is simply go about and review the process in which we have found ourselves. States need to have the opportunity of going back and discovering if they really do want this type of money with the accountability and requirements that are attached to it.

Our good friend from Texas (Mr. CULBERSON) has introduced a bill which talks about this concept of State rights or, more appropriately, called Federalism. It would require States to take a proactive position on issues of whether they wanted to have the Federal requirements and the Federal money going at the same time.

□ 1515

It would slowly have a choice or chance of having States to reinvigorate themselves and to judge for themselves whether this is the road they wish to go on, whether this is the proper approach to be, and it would allow us to reinvigorate ourselves to see if these are the types of programs we really do want to fund in the future. It would allow us for the first time to have a clear and decisive debate on the proper role of State and Federal Governments and not simply react to happenstance that has grown up over 40 years of casual and sometimes nonthoughtful behavior.

I appreciate the gentleman from Texas who will be addressing us in a few minutes on his effort to try and come up with a bill that puts this all in perspective and does exactly that by restoring the role and balance between State and Federal Governments, allowing States, if they wish to be involved in the Federal Government, to make it as a proactive, positive statement of principle they wish to do.

On the Constitution Caucus as chaired by the gentleman from New Jersey, who will also be addressing us, it is our prime effort and our indeed pleasure to be able to introduce this particular bill as one of those things we think Congress needs to address in

this particular time at this particular session.

The SPEAKER pro tempore (Mr. PRICE of Georgia). Under a previous order of the House, the gentlewoman from California (Ms. WOOLSEY) is recognized for 5 minutes.

(Ms. WOOLSEY addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

#### HONESTY IN BUDGETING

Mr. McDERMOTT. Mr. Speaker, I ask unanimous consent to take the time of the gentlewoman from California (Ms. WOOLSEY).

The SPEAKER pro tempore. Without objection, the gentleman from Washington is recognized for 5 minutes.

There was no objection.

Mr. McDERMOTT. Mr. Speaker, we heard a lot of talk out here a little earlier about honesty in motions on the floor. I want to report that there has been some honesty not in the floor but to the press by the majority leader. The majority leader has finally run up the white flag. The Republicans have capitulated; they have given up. Today's Roll Call says, the majority leader says we will be here until Christmas.

Now, that is from someone who is in charge of the House that has not passed the tax reconciliation bill from the last budget that started on October 1, 2005. That is 7 months ago. And the Republicans can't run a two-car funeral. They can pass the cuts, but they can't deal with the tax bill. If you look on the list that they offer for the next session next week, possible legislation, the Tax Reconciliation Act.

Every year starts the same here. January 1, we have until April 15 to pass a budget. Then the Budget chairman goes over there, and he did it again this year, and they had this big hoo-haw and they have all kinds and they flap their arms, but they haven't passed a budget.

The law says the budget has to be in place by April 15. Well, we are about 3 weeks past that now, and if you look in the orders for next week, there it is: possible legislation, possible budget resolution.

This country is running without a budget. The Republicans do not want a budget because they don't want people to really know what this is costing. Well, what about the hole that they are digging for the American people and their children and their grandchildren? In the 6 years that the Republicans have been in charge of this House, we have raised the debt limit \$3 trillion.

These are fiscal conservatives. You know, they are very careful with nickels and dimes. They are spending like they had all the money in the world and they never had to think about paying their credit card. Well, obviously they don't intend to pay with their credit card because they can't put the tax reconciliation bill, together which