THE SELECT COMMITTEE ON
ENERGY INDEPENDENCE AND GLOBAL WARMING

Opening Statement for Chairman Edward J. Markey
"Drilling for Answers: Oil Company Profits, Runaway Prices and the Pursuit of Alternatives"
Select Committee on Energy Independence and Global Warming
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Yesterday, Americans saw that the price of gas hit a record high price. Today, on April Fool's Day, consumers all over America are hoping that the top executives from the five largest oil companies will tell us that these soaring gas prices are just part of some elaborate hoax.

Unfortunately, it's not a joke. For nearly eight years this administration's energy policy has been in the tank.

Shortly after President Bush took office, the price of oil was under $20. A few weeks ago, oil reached an all-time record high of $111 and currently trades over $100.

During this same period, the price of gasoline has nearly tripled -- from $1.11 a gallon in 2002 to yesterday's all-time high, when it hit yet another record of $3.29 a gallon.

And as we approach the summer driving season, skyrocketing gas prices are likely far from over.

Each week, American consumers go to the gas pump and pay the price for this administration's failed energy policy. 20 percent of all households in America make less than $20,000 a year. With gas prices at $3.29 per gallon, the poorest 20 percent of American households are spending nearly 10 percent of their income just on gasoline.

American consumers also know that the major oil companies are reaping a major financial windfall. Big Oil's profits have more than quadrupled over the last six years. Just last year alone, Exxon Mobil recorded more than $40 billion in profit -- the greatest corporate profit in history -- and the five companies sitting before us today netted a combined $123 billion.

And what is the oil industry doing with all this profit? Unfortunately, it goes as much to financial engineering as to renewable engineering. Last year, the five largest oil companies spent more than $50 billion on schemes to prop up the price of their stock.

And as they rake in profits at a record clip, the major oil companies, supported by the Bush administration, are opposing legislation that would take eighteen billion dollars in tax breaks they currently receive and redirect it to renewable fuels and clean energy.

In April of 2005, President Bush said "with $55 oil, we don't need incentives for oil and gas companies to explore." With the price of oil now doubled and our planet's thermometer rising, this Administration must end its opposition to the renewable energy incentive package that the House passed last month.

So on April Fool's Day, the biggest joke of all is being played on American families by Big Oil who are using every trick in the book to keep billions in federal tax subsidies, even as they rake in record profits.

Three things must happen immediately in order to ensure that consumers can begin to get relief from high prices. First, the poorest Americans are now spending an average of 10 percent of their income to pay for gasoline. We need the companies here today to make a similar commitment to American families and pledge to invest at least 10 percent of their profits in renewable energy and biofuels to develop alternatives that will help consumers.

Second, your companies and the Bush administration must support, not oppose, legislation that will unleash the renewable revolution we need to become energy independent and cut global warming emissions.

And finally, the Bush Administration must stop filling the Strategic Petroleum Reserve during periods of high prices in order to send a signal to the market and oil speculators that Americans won't be held hostage by high prices.

> For too long, this Administration's energy policy has led to tax breaks for Big Oil, and tough breaks for American families. American consumers shouldn't have to break the bank to fill the tank. The American people deserve answers and it is time for Big Oil to go on record about these record prices.