



Written by [Brian Koenig](#) on March 30, 2012

Senate Rejects Obama's Call to End Oil Industry Tax Breaks

President Obama hailed the legislation, contending that oil companies are generating record profits and that taxpayers are getting hit from two sides, once at the gas pump and once more through billions of dollars in tax "subsidies" to the oil industry.

"I think it's time they got by without more help from taxpayers who are already having a tough enough time paying the bills and filling up their gas tank," the President [said](#) Thursday in a speech at the Rose Garden. "And I think it's curious that some folks in Congress, who are the first to belittle investments in new sources of energy, are the ones that are fighting the hardest to maintain these giveaways for the oil companies." He later [added](#), "Wind and solar power... energy-efficient cars. That's the future."



Following the Senate's thumbs-down vote, White House Press Secretary Jay Carney attested that Obama would remain persistent in his fight to repeal the so-called oil "subsidies." "That was an unfortunate vote," Carney lamented late Thursday, but Obama "won't stop calling for this. It makes zero sense to have the American taxpayer subsidize oil and gas companies who are enjoying record profits."

However, congressional Republicans censured the President for advocating higher fuel prices, asserting that an increase in expenses for oil companies will discourage spending on new exploration and, ultimately, spike the cost of gasoline. "Is this the best we have to offer folks who are staring at \$4 a gallon gasoline?" Senate Minority Leader Mitch McConnell (R-Ky.) asked prior to the vote, challenging the President and Democratic leaders. "A bill that even Democrats admit won't do anything to lower the price of gas?"

CNBC's outspoken on-air editor Rick Santelli [railed against](#) the President's advocacy, pointing out the supposed hypocrisy in Obama's winners-and-losers mentality of arbitrarily favoring and disfavoring various sectors of the economy:

If I broke my right arm, am I going to pick a fight with the neighbor? No. If I'm two months behind on my mortgage, am I going to go complain to the bank? Probably not. But let's see, with gasoline approaching \$5 a gallon, isn't this just a supreme time to pick a war with the energy people that are bringing us what already seems to be in the market's eyes in short supply? Just like picking fights with China when the world's about ready to go into recession. There's a time and a place for everything. And, by the way, all these profits Exxon's making, the administration doesn't like it. Well, what about Apple making a billion dollars a week, or Microsoft? I bet you if GM made a



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billion dollars a week, they wouldn't mind. Come on!

"This bill is pretty simple: we end wasteful subsidies to the big five oil companies and we use those proceeds to invest in clean energy, in creating jobs, and reducing the deficit," Menendez [said](#) Monday when introducing the bill. "I think the American people are sick and tired of paying ridiculously high gasoline prices at the pump and then paying big oil again with ... taxpayer subsidies."

However, as Bob Adelman [asserted](#) last May in *The New American*, there is a grave difference between tax breaks and what Obama and Menendez characterize as "subsidies." "The echo chamber of the mainstream media and liberal Democrats merely confirms their attempt to confuse the issue to promote their agenda," Adelman affirmed. "Subsidies and tax breaks are different entities entirely, and getting the terms wrong means getting it all wrong."

Writing for *The Freeman*, Sheldon Richman [explains](#) the difference between the two:

A subsidy is a cash grant from the government.... They are direct transfers from the taxpayers to the beneficiaries....

[This] government intervention enables people to obtain money they were not entitled to; the flip side is that someone else is deprived of money he is entitled to....

When someone is given any kind of "tax break," he keeps money that he is entitled to.... Thus, if a person retains some of his own money because of a government action, we should not condemn this as a subsidy.

But Menendez goes a step further, and calls the oil tax breaks "wasteful subsidies." Is this contrary to the clean-energy industry's *un*-wasteful subsidies? Obama's Energy Department has dished out billions of dollars in "green" subsidies, to companies like SpectraWatt, Eastern Energy, Beacon Power, Evergreen Solar, and the controversial Solyndra — which [all ended up in bankruptcy](#). These five companies, along with seven others, are now in financial disarray, after collectively reaping more than \$6.5 billion in taxpayer-backed government assistance.

In effect, one might suggest that Obama and Menendez are pointing their fingers in the wrong direction.

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