

Bush calls for more handouts to energy companies

Andre Damon
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US President George W. Bush called on Congress Wednesday to repeal the ban on offshore oil drilling, ostensibly as a means of “taking pressure off gas prices” and strengthening “national security.” Republican Presidential Candidate John McCain announced his support for the plan Tuesday, and Bush made his speech in support of McCain’s position. Both had previously supported the ban.

In his speech, Bush also reiterated his proposal to open up the Arctic National Wildlife Refuge for drilling and called for a loosening of government oversight of refineries.

The proposal to open the Outer Continental Shelf—an area of the ocean floor lying from three to 200 miles off the coast of the US—was the most substantive of the measures enumerated in Bush’s speech. There are currently two bans on such activity—a law enacted by Congress in 1982 and an executive order signed by the first President Bush in 1990 and renewed by Clinton in 1998. In his speech, Bush vowed that he would repeal the executive order as soon as the congressional ban is lifted.

A number of state governors—most notably California Governor Schwarzenegger—came out against the proposal, arguing that drilling in these areas would lead to increased water pollution and the destruction of beaches.

The argument that these measures would reduce gas prices—whether in the short or long term—is thoroughly specious. A 2007 study by the US Energy Information Administration concluded that opening coastal drilling “would not have a significant impact on domestic crude oil and natural gas production or prices before 2030.” Moreover, the study found that by the time production is at its peak, “any impact on average wellhead prices is expected to be insignificant.”

Another report released last month by the Department of Energy concluded that opening up Alaskan National Wildlife Refuge would not bring oil on the market for another 10 years and even then would not reduce the price of oil by more than 75 cents a barrel. Last week oil hit a record high of \$140 per barrel.

Cindy Shogan, executive director of the Alaska Wilderness

League, told the *Los Angeles Times*, “What [Bush] failed to mention was data released recently by his own Department of Energy that shows, unequivocally, that drilling in the arctic refuge will have no effect on today’s high gas prices.” She continued: “At peak production, two decades from now, the amount of oil speculated to be available in the refuge would lower gas prices by less than 4 cents a gallon.”

The EIA survey noted that even if approved immediately, coastline oil production could not begin before 2017, and that total domestic crude oil production would only increase by 1.6 percent within the next two decades. Moreover, the report notes that, “because oil prices are determined on the international market... any impact on average wellhead prices is expected to be insignificant.”

The US currently produces some 6 million barrels of oil per day, and consumes 21 million, leaving some 15 million barrels to be imported.

Both Bush and Republican presidential candidate McCain had until recently supported the ban on offshore oil drilling, but rising prices have increased the potential profitability of these areas for oil companies, whose lobbyists have in turn begun to pressure allied politicians to open coastlines for drilling.

Bush’s latest proposal serves a number of purposes. First, it is an attempt to use popular furor over high oil prices to shove cash and perks into the pockets of the oil conglomerates. Secondly, it is a cheap attempt at taking an “active” posture on fuel prices in the upcoming presidential elections. The Democrats have made no meaningful proposals to mitigate the disastrous impact of high fuel prices on the population, and the Republicans are making good use of this.

In Wednesday’s speech, Bush said, “I know the Democratic leaders have opposed some of these policies in the past. Now that their opposition has helped drive gas prices to record levels, I ask them to reconsider their positions. If congressional leaders leave for the 4th of July recess without taking action, they will need to explain why \$4-a-gallon gasoline is not enough incentive for them to act.

And Americans will rightly ask how high oil—how high gas prices have to rise before the Democratic-controlled Congress will do something about it.”

Congressional Democrats criticized the proposal. Harry Reid, the Democratic Senate majority leader, called the move “a cynical campaign ploy that will do nothing to lower energy prices and represents another big giveaway to companies already making billions in profits.” Nancy Pelosi, the Democratic House Speaker, observed, “The president’s proposal sounds like another page from the administration’s energy policy that was literally written by the oil industry: give away more public resources to the very same oil companies that are sitting on 68 million acres of federal lands they’ve already leased.”

These statements are not incorrect, as far as they go. But as always with the Democrats, rhetorical denunciations of the Bush Administration’s excesses are not accompanied by any serious alternatives. Bush justified his proposal on the basis of a policy that is part of the Democratic stock-in-trade: “energy independence.” In his speech, Bush noted, “much of the oil consumed in America comes from abroad—that’s what’s changed dramatically over the last couple of decades. Some of that energy comes from unstable regions and unfriendly regimes. This makes us more vulnerable to supply shocks and price spikes beyond our control—and that puts both our economy and our security at risk.”

This is a page ripped straight from the Democrats’ book. Obama had little of substance to say about the proposal, claiming only that “[McCain’s] decision to completely change his position and tell a group of Houston oil executives exactly what they wanted to hear today was the same Washington politics that has prevented us from achieving energy independence for decades.” The debate is over of how best to guarantee energy supplies for American capitalism, and has absolutely nothing to do with the conditions facing masses of people.

In recent years the Democratic Party has tried to imbue the phrase “energy independence” with some sort of oppositional tinge, seeking to draw an equals sign between the “energy insecurity” of US imperialism and the “insecurity” that working people feel over the skyrocketing price of fuel.

Beneath all the posturing, the Democrats’ calls for “energy independence” are basically similar to their previous denunciations of inadequate armaments for US troops and their calls to increase the size of the military. These are right wing policies veiled in demagoguery and put forward by the supposed “opposition” party.

For both parties, the energy question is one of imperialist strategy. Ramping up national production will have very little effect on national prices within a world market. But in

case world distribution is disrupted by a major conflict, domestic oil supplies—whether in the form of ethanol or crude oil—become extremely important. In a speech given before a pro-ethanol coalition in 2006, Obama said, “[There is] a realization of American weakness shared by the rest of the world. It’s a realization that for all of our military might and economic dominance, the Achilles heel of the most powerful country on Earth is the oil we cannot live without.”

He continued: “It would be nice if we could produce our way out of this problem, but it’s just not possible. We only have 3 percent of the world’s oil reserves. We could start drilling in ANWR [Arctic National Wildlife Refuge] today, and at its peak, which would be more than a decade from now, it would give us enough oil to take care of our transportation needs for about a month.”

The solution, according to the Obama of 2006, was ethanol, to which he and a slew of other Democrats have introduced subsidies. As a result of the switch from food to fuel production—funded by taxpayer handouts of 50 cents per gallon—corn prices have shot up dramatically, translating into vastly higher prices of staple foods ranging from breakfast cereals to meat and poultry. Despite Democratic Party posturing, corn ethanol has no environmental or energy benefit over oil.

There are a number of other factors playing a role in the energy debate. Involved in the debate over ethanol production versus increased oil extraction are definite material interests, with Democrats tending to have close ties to agribusiness and Republicans to the oil industry. Obama, a senator from the coal-producing state of Illinois, has also supported coal liquefaction schemes that are neither cleaner nor more efficient than oil.

But these schemes have nothing in common with the real concerns of the US population. Ethanol production has doubled since 2001, sparking record prices for agribusiness, but having no meaningful impact on gasoline prices. Neither the Democrats nor the Republicans have any genuine solution to upsurge in fuel prices, and their proposals amount to little more than posturing.



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