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Energy supplies**The devil and the deep blue sea**

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**Finding more oil has become the first issue of the campaign**

"IT IS just simply wrong for Congress to take a five-week paid vacation when so many families...are struggling under the weight of \$4-a-gallon gasoline." With those words Mike Pence, a Republican congressman from Indiana, explained to a crowd of bewildered tourists, including a troop of Boy Scouts, why he was refusing to leave the floor of the House of Representatives when its summer break began on August 1st, even though the lights, microphones and television cameras had been switched off. Instead, he and a few dozen Republican colleagues have returned to the chamber repeatedly in recent days to demand that Congress reconvene and vote on a proposal to increase the scope for oil-drilling in America's territorial waters.

The Democrats have dismissed the "Phantom Session" as a gimmick. Nancy Pelosi, the speaker of the House, calls it "the war-dance of the handmaidens of the oil companies". Even the White House has said there is no point recalling Congress, since the Democrats would continue to squelch the Republican initiative.

But the call for more drilling has captured the attention of the media and energised the Republicans, who have been searching for an issue to revive their foundering electoral prospects. Mr Pence, one blogger quipped, could not normally secure a prime-time interview on CNN "unless he hit Lindsay Lohan with a car". Now drilling is dominating the airwaves, and the Democrats are on the defensive.

John McCain, the presumptive Republican presidential nominee and a supporter of offshore drilling, has ridiculed Barack Obama, his Democratic rival, for suggesting that Americans should try to conserve fuel by keeping their tyres fully inflated. Republican activists have taken to handing out pressure gauges labelled "Obama's energy plan" at rallies. In response, Mr Obama has softened his opposition to offshore drilling, while denouncing Mr McCain as a lapdog of the oil industry who will do little to bring down prices.

Voters are certainly up in arms about the cost of oil. They rate the health of the economy as the biggest problem facing the country and the rising price of energy as the biggest drag on the economy, according to a poll that was conducted last month by the Pew Research Centre, a think-tank. Some 68% of respondents said that petrol (gasoline) was hard to afford. Among voters' worries, the cost of driving easily eclipsed the war in

Iraq, unemployment, health care or terrorism.

The Republicans argue that allowing oil firms more leeway to drill offshore will help to bring the price of petrol down. Twelve years after an infamous spill from a well off Santa Barbara in 1969, Congress barred the government from issuing new offshore leases anywhere but in the western Gulf of Mexico and Alaska. By the government's own reckoning, there are some 18 billion barrels of oil to be discovered in the restricted areas—enough to supply all America's needs for two-and-a-half years. Oilmen also have their eyes on the Arctic National Wildlife Refuge, which lies just beside prolific fields on Alaska's North Slope, but there is less enthusiasm among Republicans for opening it to drilling; Mr McCain, for one, opposes the idea.

Moreover, there have been no big spills from offshore wells and platforms since 1969 (oil tankers, such as the *Exxon Valdez*, are another matter). Until recently, states whose beaches attract lots of tourists have supported the drilling ban. Florida, for example, has traditionally resisted oil exploration in the eastern Gulf of Mexico, for fear of another devastating spill. But congressmen hoping to lift the ban have tried to get round the objections of particular states by allowing them the final say on drilling close to shore, and by giving them a share of the royalties. A recent poll by Quinnipiac University found that 60% of Floridians now favour an expansion of drilling.

Democrats have tried to depict themselves not as enemies of drilling, but as the scourge of big oil firms. They dismiss the offshore ban as a distraction, since it would take a decade or so to get any oil out of the seabed and into cars (although that could be seen as a reason to hurry). They also argue, rightly, that the volumes of oil involved would probably be too small, and too expensive to extract, to make much difference to the price.

But the alternatives the Democrats are attempting to push through Congress are an incoherent mish-mash. One, dubbed "use-it-or-lose-it", would oblige oil firms to exploit their existing leases more quickly or see them revert to the government. The hitch is that federal leases already work along those lines, and few imagine that oil firms are deliberately ignoring vast pools of oil, given the current high price.

Another proposal involves revoking a tax break for oil firms, with the proceeds going to fund research into alternative energy. Mr Obama, in a similar vein, wants to impose a "windfall tax" on oil firms' profits and use the proceeds to give all taxpayers a \$1,000 "energy rebate". But any measure that reduces oil firms' margins in America is likely to have the effect of diverting at least some investment to other countries—and so exacerbate the shortage of fuel produced at home.

Other proposals target speculators and the OPEC cartel. Yet another idea, to release some oil from America's Strategic Petroleum Reserve, would doubtless help to bring prices down briefly. But it would not be sustainable: the government's entire stockpile would keep America going for no more than a few weeks, and is supposed to be used only in dire emergencies. Democrats in either the House or the Senate have approved all these measures in some form, but the two chambers have been unable to agree on any of them.

The Republicans' plans are little more coherent. Mr McCain wants to suspend the federal government's relatively paltry tax on petrol during the summer months, when Americans tend to drive more. That would encourage drivers to buy more, pushing up prices again while reducing Uncle Sam's take. And both candidates want to reduce emissions of greenhouse gases—a sensible goal, but one that is likely to make energy more expensive, not cheaper.

Just before Congress shut up shop, a bipartisan group of ten senators suggested a compromise that would allow drilling off Florida, Georgia, the Carolinas and Virginia, while also raising taxes on oil firms. But amid the charged pre-election atmosphere, it is hard to see it becoming law. The Republicans are determined to make hay out of the Democrats' perceived intransigence on drilling, while the Democrats are keen to paint the Republicans as the lackeys of greedy oil barons.

Meanwhile petrol has been getting cheaper of late, thanks to the sliding price of oil. It still costs over \$3.80 a gallon on average, \$1 more than a year ago. But it is some 25 cents below its peak, and falling. Some Republican lawmakers, ludicrously, claim that the drop is a result of their drive for more drilling. Mere talk of opening up America's coastal waters, the theory runs, has convinced traders of a big future boost to oil supplies and so pushed the price down. In fact, the gyrations on the oil market illustrate the opposite: they show that the price of oil is largely out of America's politicians' hands.