



# MONETARY & ECONOMIC REVIEW

Volume XXVI, No. 1

Summer 2011

## **U.S. Oil Problem: *The Raw Truth***

by Chuck Bates - Executive Vice President & News Director, IRN/USA News

*Chuck Bates, an economist and talk radio host, is Executive Vice President and News Director for IRN/USA Radio News. He previously served as an assistant in the office of Political Affairs in the White House. Chuck contributes articles regularly to Monetary and Economic Review and Unravelling The New World Order, as well as to The Main Street Journal in Memphis, Tennessee. As co-host of "News & Views" (heard Monday through Friday on radio stations around the world and on IRN/USA News, Chuck continues to educate all listeners in the areas of economics, politics, and religion.*

Few will disagree with a little relief at the pump, given the skyrocketing costs of gasoline and other petroleum products in the last few years. Even with the recent drop in the national average cost of a gallon of gasoline, at this writing the national average is still nearly a dollar higher per gallon than it was just one year ago. But why did prices drop recently, and how do presidential politics fit into that equation?

Prices at the pump have been dropping for weeks as the demand for fuel has continued to wane. Decreased demand, of course, is directly linked to still-rising unemployment and the general economic malaise resulting from the greatest recession since the Great Depression. Waning demand results in additional supplies of fuel sitting on the market, bringing a resulting drop in price. This is not unlike the situation facing the housing market in our nation, with more supply on the market than there are home buyers currently. Adding to the drop in fuel prices has been the rather arbitrary decision by President Barack Obama to raid the nation's Strategic Petroleum Reserve and dump an additional 30 million barrels of oil into the marketplace, creating more supply, which in turn presses prices down.

Now before you conclude that I am looking a gift horse in the mouth, let me say that I drive a diesel vehicle that uses a lot of fuel. I am always looking for some relief at the next filling station, but what would cause the President to dump 30 million barrels of our Strategic Petroleum Reserves onto the world market when prices at the pump were already dropping? Some might say this action was a shrewd move to capitalize on high prices, producing revenue for cash-strapped government programs.

The problem with that argument is that prices have been higher, and there have certainly been more opportune times to sell. In my opinion, tapping into our Strategic Reserve was, for the most part, raw politics on the part of a politically unpopular president facing an uphill battle for reelection.

Let's face it: scrutiny of the President's policies on the economy, foreign affairs, and even military issues shows that many of his policy moves have been abject failures. From politically unpopular health care programs, to rising unemployment—especially, after his assurances that his big-spending plan would put a lid on unemployment—to his meddling in one Middle Eastern nation while ignoring others—has left Mr. Obama clinging to the tattered old pages of class warfare and street level politics of "give and get" to buy votes. Consider that the "green-jobs President" has essentially done a "180" on all of his previous efforts to price fossil fuels out of existence—or at the very least, make his green initiatives seem less prohibitively expensive. It's all an effort to gain in the polls and buy some votes at the pump.

Despite my skepticism about the sincerity of the President's most recent actions, I do want to thank him for proving a point I have been making, which is this: adding supply into the global oil market does indeed push down prices. When Obama released 30 million barrels of oil from our reserves in June, that action resulted in a nearly 12% drop in the price of crude oil.

That action proved two important points: (1) The law of supply and demand is still viable—increased supply does indeed bring down prices; and (2) If we were not prohibited by this administration's policies from developing and delivering more domestic oil, we would be less dependent on foreign sources—and that would have a profound effect on global oil prices.

Another point: We could perhaps expedite withdrawing our troops from some of these unfriendly nations abroad if we increased our sources of petroleum here at home. It's possible our outlays for defense could be substantially reduced, along with our national security risk, which results from our military being stretched dangerously thin.

As for any long-term benefit from the President's tapping into our Strategic Oil Reserve, it is important to understand that the daily consumption of oil in the U.S. is roughly 18.7 million barrels per day, and thus the 30 million barrels released amounted to less than two days of supply.

### **“Selective” Energy Policy**

The same President whose administration has made it all but impossible for domestic oil exploration—both on-shore and off—has given loans to foreign nations to do the very thing he seeks to prohibit at home. The usual mantra from this administration is that it would take years to bring those new sources of oil and gas online to do any good. Apparently, Obama and his policy wonks believe—for some unfathomable reason—that the space/time continuum is different in Brazil! Your tax dollars, my friends, were recently spent in Brazil to aid a state-owned oil cartel in deep water drilling, with President Obama rationalizing this bizarre move by declaring enthusiastically to the Brazilians that we would be their “best customers” for this new oil supply! That's wonderful, Mr. President. But in light of your generous tax-payer support of Brazilian oil cartels, how do you justify your “no drilling, no exploration” policies here at home?

Another question, Mr. President: When will you and your State Department stop the foot-dragging on approving the new Canadian pipeline that is ready to deliver oil at the US/ Canadian border? The Canadian province of Alberta has the world's third largest oil reserves after Saudi Arabia and Venezuela, and more than Russia or Iran. Daily production from oil sands is expected to rise from 1.5 million barrels today to 3.7 million in 2025. Delivering the oil will mean building two pipelines, one south to the refineries on the Texas Gulf Coast and the other west toward the Pacific, where it can be exported to China. If the U.S. doesn't approve its pipeline promptly, Canada may increasingly look to China to market its oil. Sinopec, a Chinese-controlled company, has invested \$5.5 billion in the planned pipeline to the Pacific coast.

The House Energy and Commerce Committee passed a bill in late June that requires President Barack Obama to speed up a decision on approving the pipeline. Rep. Fred Upton, chairman of the House Energy and Commerce Committee, told *Newsmax* that the pipeline project could create 100,000 jobs (“Obama Losing Canada's Oil to China,” *Newsmax.com*, 7/2/2011). And imagine how much further prices would drop at the pump with these new sources on-line for delivery!

Common-sense Americans understand the destructive effects that Obama energy policies have had on our economy. They also know that using our own resources—and availing ourselves of oil supplies from a friendly neighbor—is a good thing and WILL be of long term benefit to this nation—not just in oil but tens of thousands of jobs. Developing our own domestic sources could add some additional exports as well.

As long as these backward policies prevail, the pain at the gas pump will be just one of our energy-related worries as a nation. Until we wake up and realize the full extent of the “U.S. oil problem” and demand a sweeping overhaul, the problems will only get worse.

### **“The Wicked Web that Mark DeMoss Wove”**

This was a subtitle in a chapter that Erickson devoted to showing how an alarming number of “conservative, pro-life, pro-family” leaders “sold their souls out to Romney.” One of the chief instigators of deception, according to Erickson, was Mark DeMoss, a lawyer by trade and head of The DeMoss Group, which bills itself as the largest PR group serving Christian organizations. The DeMoss Foundation has given millions of dollars in grants to religious organizations every year, including Samaritan's Purse, the Billy Graham Evangelical Association, Jay Sekulow's American Center for Law and Justice, Chuck Colson's Prison Fellowship Ministries and the Family Research Council, among others. If there is a single man who has a lot of clout with evangelical Christians, DeMoss is that man.

In October 2006, convinced that Mitt Romney was a leader who shared his values, DeMoss brought a group of evangelical leaders together, anticipating a concentrated discussion about Romney's faith and theological views. That did not happen. Instead, Romney skirted the issue of Mormon religious teachings by employing a mini-speech that he would use a month later in an interview with Pat Robertson on the *700 Club*: “I think Americans want people of faith to lead their country. Generally they don't care so much about the particular brand of faith if the people that they're looking at have the same values they have. And people of my faith have the values of other great religions that are represented here in this country” (John J. Miller, “Evangelicals for Romney?” *National Review Online*, 18 Dec. 2006).

After that meeting, Erickson writes, DeMoss wrote a letter to 150 influential Christian leaders, urging them to support Romney. Erickson presents that letter, and attributes DeMoss's support for Romney to apathy or to ignorance about Romney's beliefs and his record. She dissects the letter, point by point, demonstrating fact-by-fact that DeMoss's gushing support for Romney could not possibly have been based on research and understanding of Romney's real beliefs or his record. One revealing comment by DeMoss toward the end of his letter raises serious questions about his level of understanding of Mitt Romney and the Mormon church: “As a Southern Baptist evangelical and political conservative,

*I am convinced I have more in common with most Mormons than I do with a liberal Southern Baptist, Methodist, Roman Catholic, or a liberal from any other denomination or faith group."*

### **"Romney Reinvents Himself Yet Again"**

In this chapter, Erickson offers a keen observation about a voting bloc that could be a powerful factor in 2012 if Romney wins the Republican nomination. The following statement from *Politico* sets it up:

"Among the selection of voters who said they voted for Obama but do not now approve of his performance as president, Romney is viewed most favorably of any of the other potential Republican challengers to Obama in 2012 (Andy Barr, "Poll: Ex-Obama Voters Like Romney," *Politico*, July 15, 2010).

Erickson's analysis: "It is easy to see why former Obama voters would support Romney. To Obama voters, Obama was anything they wanted him to be. There was no scrutiny of his ties to Jeremiah Wright and the Weather Underground, his Marxist philosophies or his scant state and Senate records. All Obama had to do was read smartly off a teleprompter, look good, and promise something different from George Bush.

"Now that the economy is in shambles and the country is on a fast track to socialism, these voters are looking for another image machine.

Romney can offer himself as an alternative to Obama, but he doesn't have the mainstream media in his corner to gloss over his record; so in order to fool voters he has to once again reinvent himself."

The author devotes the entire final chapter of her book to documenting the ways Mitt Romney has reinvented himself for political expediency, drawing on sources that range from the *Boston Globe* and *Politico* on the left, to the *Daily Caller* and *The Wall Street Journal* on the conservative side.

She ends by writing, "Romney is relying on the backlash against Barack Obama's radical policies to propel him into the presidency. Ever the image master, like Obama, he is positioning himself as the white horse, the savior of the country. He is counting on the American electorate to ignore his record, flip-flops, and insatiable quest for the presidency that began with his father. Where Obama's brand was hope and change and the anti-Bush, Romney's is Mr. Fix It and the anti-Obama.

"The only question is: Will we be fooled again?"

*In reflecting recently on the electorate's decision in '08 to elect the current occupant of the White House, I was reminded for some reason of this bit of wisdom I had come across: "You don't need a parachute to skydive. You only need a parachute to skydive twice."*

--Editor