

Opening Statement
Rep. Edward J. Markey
Committee on Natural Resources
“Harnessing American Resources to Create Jobs and Addressing Rising Gasoline Prices: Impacts
on Seniors, Working Families and Memorial Day Vacations”
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Our economy is finally starting to pick up speed, but high gas prices have the potential to hit the brakes on our recovery.

Economists have a general rule of thumb that each \$10 increase in the price of a barrel of oil reduces the growth rate of the economy by 0.2 to 0.3 percentage points. A recent UC San Diego analysis concluded that “all but one of the 11 postwar recessions were associated with an increase in the price of oil.”

If American consumers have to dip deeper into their wallets to pay for gas, we could be in for a double-dip recession.

American families and businesses want real solutions not bumper sticker slogans. They want lower prices, more choices, and a reduced dependence on foreign oil.

The Republican claim that more drilling will lower prices has proven to be a myth. In fact, U.S. oil production is currently at its highest levels since 2003. The average national price for a gallon of regular gasoline the week before Memorial Day in 2003 was \$1.44. It is now \$3.85.

But the Republican plan is still to drill more. It is to drill off our beaches and in our most pristine wildlife refuges.

According to the Energy Information Administration, the Republican plan to put drill rigs off of Cape Cod in Massachusetts, off of the Outer Banks in North Carolina and off of California would reduce gas prices by ONLY 3 cents per gallon in the year 2030.

And drilling in the Arctic National Wildlife Refuge – the crown jewel of our refuge system – will reduce gas prices by about 2 cents over the same time period.

That means that the totality of the Republican drill, baby, drill plan could save consumers a total of \$14 per year at the pump when it is fully implemented. All while risking our tourism, fishing and other industries that are vital to the economies of our coastal states. And even getting that 5 cents a gallon savings – that \$14 bucks a year, is completely reliant on the naïve hope that somehow Saudi Arabia, Kuwait, and the rest of OPEC will refrain from curtailing their production in order to keep prices high.

The Republican plan is a one-note song, and it isn't even a one-hit wonder.

Now let's look at the Democratic proposals. In 2007, the Democratic Congress passed the first fuel

economy increases in 32 years and President Obama has now accelerated those standards.

With just this one improvement, the average driver is going to save nearly \$400 a year. That's \$400 less to the oil companies, and \$400 more towards books for their kids, medicine for their health, and savings for retirement.

The Obama administration is also pushing to go farther with new fuel efficiency standards so Americans can go farther on each tank of gas. The administration has announced a plan to continue raising efficiency standards, which could save consumers an additional \$450 every year at the pump.

And those savings for consumers don't even include the impact of electric vehicles and other alternative-fueled vehicles that will offer consumers choice and break oil's monopoly on our economy. If you can go the same distance on \$4 of gasoline or 75 cents of electricity, what do you think consumers will opt for?

Democrats have also passed financial reform legislation that would finally crack down on the speculators who are driving the price of oil up.

Speculators have turned Wall Street into a crude oil casino. Goldman Sachs has said that speculation in the marketplace has contributed to \$20 or more per barrel of oil. That means there is a roughly 33 cent speculation tax added onto every gallon of gas.

Getting rid of this speculation tax could save consumers another \$145 dollars this year.

But what has been the Majority's response? The Majority has authored legislation that would jeopardize new fuel efficiency improvements by unilaterally disarming the EPA. The Republican majority has voted to cut the budget to the Commodities Future Trading Commission and take the speculation cops off the beat. And the Majority has cut the budget for alternatives to oil by 70 percent while leaving in place billions of dollars in tax breaks for oil companies.

So in total, the Democratic plan could save consumers about \$1,000 a year at the pump,

compared with the Republican plan, which could save consumers \$14 dollars.

As we head into the summer driving season with prices once again rising, it is time we start talking about solutions that will really save consumers money – increasing fuel economy and ending speculation – and stop talking about giveaways to oil companies.

I look forward to hearing the testimony of the witnesses today on these important pocketbook issues to all Americans.