Insight

Give Credit Where Credit is Due

CATRINA RORKE | MARCH 1, 2012

Facing a serious political storm on high gas prices, President Obama is trying to change the conversation and deflect criticism. Exhibit A: This afternoon's press conference in Nashua, NH, in which he challenged members of Congress to choose sides between oil companies and the American people. Exhibit B: This morning's White House blog post titled "Our Dependence on Foreign Oil Is Declining" giving the president credit for our diminished dependence on foreign oil (which isn't exactly true, but we'll get to that in a minute).

This isn't the first time that Obama has taken credit for good energy news. In his controversial remarks at the University of Miami last week, Obama took credit for our highest oil production in eight years, a record number of working oil rigs, increasing Gulf of Mexico access, new Arctic access, and on and on. These are the same things he took credit for in his State of the Union and in countless public comments and weekly addresses in the past few months.

What he doesn't mention is that good news in oil production and offshore access are the result of policies instituted well before he entered the Oval Office. Also left unsaid were his efforts to systematically reduce the resources available for future exploration and development, and increase the cost of every type of domestic fossil production with burdensome regulation and reporting requirements.

This White House fails to grasp that the true measure of a successful energy strategy is long-term development growth and regulatory certainty for investment decisions. Indeed, energy production lags behind pro-development policies, meaning that the next president will preside over the ramifications of Obama's energy decisions.

But it's more than just energy policy. President Obama's most recent go-to talking point is our reduced reliance on foreign oil. By all means, this is good news, and something we built the Department of Energy to achieve. We are less dependent on foreign oil. Is it because we're developing more domestic oil sources? Certainly. Is it because of Obama's oil policies? Hardly. The truth is, Obama's failing economic policies deserve a lot of the credit.

The good news: The U.S. exported more petroleum fuels than it imported for the first time since 1949. We've turned the tide, running our refineries at increased capacity, and increasing exports of distillates and gasoline by

30 percent and 57 percent, respectively, over the past year. More than that, petroleum output is up as states take advantage of new development techniques that opened up vast new resources and let us get more oil out of old fields. Our improved petroleum trade position strengthens our energy independence and resilience, secures our energy supply chain, and creates job growth in oil-producing and refining states.

The bad news: Increased exports are driven by our prolonged, sluggish economy. The economic downturn has reduced our thirst – and ability to pay – for oil. At the same time, a portion of our gasoline needs are being met with ethanol and Bush-era CAFE standards that increase the efficiency of our vehicle fleet. Meanwhile, growing middle classes in the developing world are clamoring for more fuel for their new cars, to heat their larger homes, and to power their successful factories.

Let Obama take credit for this one aspect of American energy success. His failed economic policies have kept demand depressed and sent our oil to markets with more robust economic growth.

President Obama may mock Republicans' pro-development stance as a "bumper sticker," but it's the right policy to generate domestic wealth, create good, high-paying jobs, and give us a fighting chance to cope with high fuel prices. While the president tries to take credit for his predecessors' policies and for aggressive state activity to turn natural resources into income, he needs to start owning his own policies, too. Reduced economic activity as a result of his failed policies is depressing our demand now. Bad energy policy that is cultivating investment uncertainty and increasing the cost of doing business will depress our output later.

As the White House insists that there are no "quick fixes" or "silver bullets" to address high gas prices today, there's certainly a quick fix to bad domestic energy policies: Electing a president in 2012 who will prioritize development and value American energy.