

Energy Price Plunge is a Short-Term Effect of the Credit Crisis

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President Kennedy once observed: "In a crisis, be aware of the danger, but recognize the opportunity." Today, America's credit crisis is roiling Wall Street and pushing the economy into a recession. However, one of the few benefits of the economic slowdown is the decrease of energy prices caused by a decline in global demand. The cost of a barrel of oil has fallen almost 70 percent in just four months. While some politicians are ready to take the energy issue off the table, we should use this short-term drop in costs to renew our commitment to a long-term energy solution. If we take the necessary measures to increase domestic energy production today, it will strengthen America's economy and national security tomorrow.

According to the Heritage Foundation, the plunge in gas prices since July could provide the average household with an extra \$1,100 annually. These savings will help U.S. families whose assets are depreciating, as well as small retail businesses which are expecting a difficult Christmas season. However, now is not the time to get complacent. Eventually the economy will rebound, and with it, the price of energy. Hedge funds and large investors are selling off liquid assets, including oil and gas positions, but eventually the global supply and demand imbalance will prevail, and energy prices will increase again.

One thing America must do is expand domestic energy supplies. The U.S. remains the only oil-producing nation on earth that has placed a significant amount of its reserves out of reach. To its credit, Congress recently allowed the longstanding restrictions on offshore drilling in 85 percent of our territorial waters to lapse. However, some Members of Congress are talking about reinstating the federal offshore restrictions. That would be a mistake. According to the Minerals Management Service, there are 14 billion barrels of petroleum in the restricted areas of the outer continental shelf. Those reserves should be explored and drilled for America's energy needs.

But Congress shouldn't stop there. We also need to permit energy exploration in the Arctic National Wildlife Refuge (ANWR). Back in 1995, when the average price of oil was \$16 a barrel, I joined with my Republican colleagues to pass a bill allowing ANWR exploration. Unfortunately, President Clinton vetoed that bill. If he had signed it, today our country would be

producing about 1 million more barrels of oil – nearly enough to replace our daily imports from Saudi Arabia.

While we admittedly can't "drill our way" to energy independence, increasing our domestic production of oil can be a bridge to the next generation of energy technologies. We should increase U.S. investment in the energies that will help fuel the world in the 21st century – including solar, wind, and nuclear power.

By expanding and diversifying America's energy portfolio, we can increase the pressure already being felt by petroleum-rich and adversarial governments in Russia and Venezuela, and rogue regimes in the Middle East. They have used the enormous jump in oil prices over the past half-decade to finance Islamic terrorists, provide weapons to narco-traffickers, and blackmail neighbors into tolerating aggression.

The recent dip in the price of energy has caused major problems for all of those regimes. In Iran, President Mahmoud Ahmadinejad has been forced to impose price controls and raid his country's foreign reserves to deal with the global economic slowdown.

In October, Russia conducted its largest naval deployment in the Caribbean in more than 20 years. The purpose was to build a "strategic alliance" with Venezuela's dictator, Hugo Chavez. For years, Mr. Chavez has promised to use his "strong oil card" to "finish off the U.S. Empire." But Venezuela is struggling to find replacement financing for its state run oil company since the Royal Bank of Scotland cut off its \$5 billion credit line, and reports indicate Mr. Chavez's government may be strapped for cash. At last, the tables may be turning.

By increasing U.S. oil exploration, we can not only smooth the inevitable return of higher gas prices, we can also put much-needed pressure on some of the most nefarious regimes on Earth.