



Sammmamish Forum April 18

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Economics, not slogans

I would love (actually I dare) for John Berg to produce a 2008 letter he wrote about President Bush's handling of high gas prices (\$4.39 in July in Seattle).

Incidentally, the U.S. production of oil was at a 10 year low in 2008 and imports were at 57 percent. These are easy facts to find and verify.

The Associated Press reports in March that an analysis of 36 years of Energy Information Administration data shows "no statistical correlation" between domestic oil production and gas prices.

Oil is a global commodity and U.S. production has only a tiny influence on supply. Factors far beyond the control of a nation or a president dictate the price of gasoline. Global demand, especially in India and China, has greatly influenced oil prices. Oil speculation has perhaps had the biggest impact on gasoline.

An ABC News report cites Bart Chilton, a current commissioner with the CFTC, who believes Wall Street speculators are adding several hundred dollars to the gasoline budget of Americans each year.

Chilton includes interesting facts on how much oil speculation increases average consumer spending.

Even conservative establishments such as The Cato Institute and the Wall Street Journal disagree with Berg's beliefs, both citing a lack of responsibility on President Obama's part for rising prices.

Mr. Berg is correct on the decrease of oil production on federal lands (although production is up 1 percent over the past five years).

But overall production is at its highest since 2003 with the U.S. imports now at 45 percent. This has not impacted prices in the least so why would more drilling work? Congress can do something about oil speculation but they have not though several Democrats have offered up bills. A vote to keep all production from the Keystone Pipeline in the U.S. was defeated by Republicans (and even some Democrats) in a March vote.

Presidential candidate Gingrich claims he will get the price a gas down to \$2.50 if elected, a claim several times over debunked.

Drill, baby, drill just simply doesn't have the impact Mr. Berg wishes it did.

Byron Stargel

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