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Where lawmakers come to blog

The Big Question: Is Obama's offshore drilling plan good?

By Sydelle Moore - 04/01/10 12:34 PM ET

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Some of the nation's top political commentators, legislators and intellectuals offer insight into the biggest question burning up the blogosphere today. ...

Today's question:

Is President Barack Obama's offshore drilling plan a good policy?

John Castellani, president of the Business Roundtable, said:

Yes, and the President deserves credit for rolling out this policy. Expanding oil and natural gas exploration off the Atlantic, Alaskan and Gulf coasts is an important step toward greater energy security, and a needed job boost for our nation.

As we laid out in our economic modeling study, [The Balancing Act](#), increased domestic sources are critical elements of the comprehensive approach we need – combined with investments in renewable fuels and new technologies to enhance more traditional sources – to ensure a secure supply of energy in order to meet the growing demand for the years ahead. Yesterday's announcement is a critical first step in the process.

My members understand their role in this discussion, and they plan to remain engaged with the Administration and members of Congress to create more jobs and move our nation toward a more sustainable future.

Glenn Reynolds, Instapundit Blogger, said:

I was initially enthused with this proposal, but the fine print seems to render it far less impressive than the initial hype suggested. Offshore drilling, of course, won't solve all of our problems, but as even modest increases in the supply of oil tend to drive prices down, it would be very good for the economy. Obama's plan, however, seems calculated to create a lot more buzz than drilling.

Justin Raimondo, editorial director of Antiwar.com, said:

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Obama's offshore drilling plan is not only a good policy in and of itself, it is also -- refreshingly -- an astute political move. I'm not sure how to explain this, given the administration's record -- which is, by this time, a compendium of mis-steps, muddled opportunities, and missed chances -- except by positing that this is surely a mistake, which will soon be corrected.

Jerry Taylor, Senior Fellow at the Cato Institute, said:

Obama's press conference at Andrews Air Force Base yesterday did indicate a welcome new direction for U.S. energy policy. But in an absolutely perfect world, the government would not be in the business of allocating scarce resources—in this case, the offshore oil fields—to competing user groups. The market would play that role.

Hence, the best policy would be to divest this land via auction and allow environmentalists, recreationalists and preservationists to compete with oil and gas companies for the rights to those resources.

It is not at all inconceivable to me that those opposed to drilling, whatever their reasons, might well out-bid extraction industries for rights to some of these fields. Unfortunately, there seems to be limited political support for privatization, so President Obama's initiative is probably better than the status quo.

We need to remember, however, that if governments could intelligently allocate scarce resources across the economy without recourse to market information or institutions, then the North Korean economy would work swimmingly.

John F. McManus, president of The John Birch Society, said:

President Obama sought and gained many headlines with the announcement of his new plan for limited offshore drilling. But, as Competitive Enterprise Institute's Myron Ebell points out, the President had already taken "ten steps back on domestic oil production" before this latest "one small step forward."

Ebell explains that, in 2008, President Bush revoked previous bans on development in huge offshore areas where energy resources are known to exist. This welcome move has been suspended by the Obama administration. The new plan offered by Obama does not affect work in areas where his actions have already barred drilling.

Our nation now imports more than 60 percent of the oil we consume. America's neck is in a noose and the way out of it is to take advantage of oil deposits available in areas that are still locked up - ANWR being a prime example of a resource sitting idle waiting to be tapped. The president's announcement avoided opening up ANWR.

The noose is tightening and Mr. Obama's headline grabbing announcement and its supposed change in policy will not loosen it.

Tyson Slocum, director of Public Citizen's Energy Program, said:

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Yesterday's announcement by the White House that it would seek an end to the moratorium on oil & gas development off the eastern and gulf coasts of the U.S. has nothing to do with serving as a bargaining chip for stalled Senate climate negotiations, but rather is intended to blunt expected GOP campaign attacks that Obama the socialist environmentalist has caused gasoline prices to rise \$1 per gallon since taking office. I see Obama's move more about controlling the tone of the upcoming mid-term elections than about cutting a climate deal. So here's my prediction: this drilling announcement marks the death of a climate deal for this congress.

Obama's political move to open up our coasts to more drilling is wrong because opening offshore areas to drilling hurts efforts at a climate deal * not helps. On March 23, 10 coastal senators wrote a letter to the ad hoc Senate climate crew of Kerry-Lieberman-Graham warning that they "cannot support legislation that will . . . put our coasts at greater peril." They note the environmental concerns that offshore drilling presents, but also highlight the unfair proposal of allowing coastal states to keep a sizable portion of the royalties rather than share that revenue with all states and taxpayers.

Additionally, opening up "access to the Pacific, Atlantic, and eastern Gulf regions would not have a significant impact on domestic crude oil and natural gas production or prices before 2030." That's because the US isn't Saudi Arabia: we sit on only 1.6 percent of the world's oil reserves, while the Saudis have 20 percent. Dumping our little pond of oil into the giant sea of global reserves can't make a significant dent on our imports or impact prices.

And lastly, Obama's proposal fails to hold oil companies accountable for fleecing taxpayers on existing drilling leases. The GAO estimates the loss to the U.S. Treasury of more than \$50 billion over the life of these royalty-free leases * a huge subsidy for Big Oil. And investigations have found serious problems in the management of the entire royalty program. I debated Steven Colbert about this.

As recently as August 25, 2009 - when President Obama submitted his Mid-Session Review budget to Congress * he recognized this fleecing of the taxpayer by Big Oil and proposed a "Levy tax on certain offshore oil and gas production" as a back-door way to capture some revenue from these no-royalty leases, raising \$6 billion over a decade.

But in Obama's budget submitted in February, the Administration has now dropped this offshore tax on Big Oil.

Obama puts a lot at risk with this offshore drilling plan and gets little reward. What a disappointment.

Damon N. Spiegel, entrepreneur and writer, said:

Good policy, good plan or marketing strategy? The timing couldn't come at a better time. Start to enroll the many people and big energy companies that were so against the Healthcare Bill. The idea and concept is certainly the right thing to do. After all, the less dependent we can be on the Middle Eastern terrorist supporting nations for oil the better we will be as a nation. It is time for us to explore alternatives to importing energy and to start looking at the resources our nation can provide. On top of this, the Administration should be investing even more time developing Alternative Energy that will protect our ecosystem for the years to come

Dean Baker, co-director of the Center for Economic and Policy Research, said:

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We know that there is almost certainly very little recoverable oil in the area being opened up to drilling. The energy information agency estimates that the oil available in these areas is too little to have a noticeable impact on prices. Maybe this is good politics but it clearly is bad energy and environmental policy.

Hal Lewis, professor at UC Santa Barbara, said:

Yes, and it should be extended. We need the oil to support our existing economy, while we search for alternatives to support our future economy. Energy is precisely coupled to economic success and our standard of living. We should also facilitate the building of nuclear plants, since they are the only existing realistic non-polluting source of electrical energy (we've already almost fully exploited our hydroelectric resources, the only other one). But Obama's so-called energy policy is inconsistent and fully politicized, for reasons that don't belong in a response to this question.

Karen Harbert, president and CEO of the Institute for 21st Century Energy at the U.S. Chamber of Commerce, said:

Is President Barack Obama's offshore drilling plan a good policy?

Pursuing a balanced energy policy that includes offshore drilling is good policy, but it appears that President Obama's plan will not actually do much of it. While it is encouraging to hear the President recognize the important role America's vast oil and natural gas reserves can play in our energy future, I just wish that his plan did more to accomplish that goal.

The Administration's new Five Year Plan on oil and gas leasing opens up significant offshore areas for study, not for actual exploration. For both our energy security and our economy, we need more than that. In fact, the plan proposed for the next two years actually reduces the areas that originally were to be opened for exploration. We now have a proposed plan that falls far short of what our nation needs and actually regresses by placing billions of barrels of oil and gas under lock and key.

However, Congress can play an important role shaping a more effective energy policy. For starters, Congress should act to unlock portions of the Eastern Gulf of Mexico that were listed as being potential areas of exploration. In addition, Congress should enact revenue sharing for states to encourage more offshore exploration and help address the budget crisis that exists in many states' budgets. That would be a stimulus package that the taxpayer wouldn't have to shoulder.

So while I am pleased to see the President acknowledge an important role for oil and gas, I am disappointed that his offshore plan is woefully short on the actual exploration that is needed to unlock these resources and the jobs and revenue that would result.

Comments (5)

No not for the environment-No for the corruption that will come out of it from the Obama administration-

BY **BIG RED DOG** on 04/01/2010 at 14:43

I think the policy is good, not great. I think we need to hunt for oil everywhere we can. I am not saying we should not be good environmental stewards. We can do

both and should. PoliticalCentrist.com, News and views for independent voters

BY **POLITICAL CENTRIST** on 04/01/2010 at 15:23

What short memories we all have. When did big oil companies become friends of the environment? Has anyone ever managed to explain why gas prices do not change, no matter how much or how little oil we have? Does anyone remember the last financial reports for Exxon Mobil's record profits! The good news is that big oil companies are no longer going to lobby against the President's policies. The bad news is that the environmentalists and conservationists' opinions no longer need to be considered! Changing our dependency from foreign to domestic oil is not a policy, it is a sell out!

BY **MARK** on 04/01/2010 at 15:45

So in essence this is all a big ruse. It closes down areas that are currently available for exploration, and then the press can lie and say the President is "expanding" areas for offshore drilling? Hmmm. I hope those "objective" reporters at the NYT are proud of themselves for deceiving us for our own good. Maybe tomorrow they can have an article describing how giant green monsters roam the streets at night smelling the air for people who forgot to brush their teeth.

BY **ALPHA** on 04/01/2010 at 19:00

Is his plan good?? He does not have a plan...he has empty rhetoric that even if put into action, is still nothing more than a deflection. The appearance of doing something, while actually doing nothing. He politicizes his every move...the consummate actor...all a facade.

BY **SAVANT NOIR** on 04/02/2010 at 02:14

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