



Walton County Democratic Party
P.O Box 526
DeFuniak Springs, FL 32435
Ray Padgett, Chairman

With gasoline prices having doubled in the last few years, is President Bush taking the necessary steps needed to reduce America's consumption and dependency on oil, especially from the Middle East?

America's love affair with the internal combustion engine and the ready supply of cheap oil contributed immensely to our economic growth over the past 100 years. This economic growth combined with the freedom of mobility provided by the automobile has made the United States the worlds leading consumer of petroleum. Our country is now hooked on oil and we are faced with the disruptive economic impact of oil price increases, with no end in sight.

Recent jumps in oil prices are complex and according to reports in the New York Times are directly attributable to:

- OPEC's production cutback in April (OPEC owns about 1/3 of the total world's supply of oil.) ;
- Speculation on futures markets (Remember Enron and California) ;
- Unexpected increase in demand, especially in China, the U.S.A and Asia;
- The weak U.S. dollar.

Last week OPEC stated they would increase production by 2 million barrels per day. Even though this was just a promise of a relatively small production increase, the price of oil dropped over \$4 per barrel immediately. We believe President Bush could cause a similar reduction by releasing oil from our Strategic Petroleum Reserves (SPR) instead of continuing to buy 170,000 barrels per day at inflated prices. However, both actions only address the short-term price spike and should not be used to cloud the long-term picture – relentless increases in oil prices and ever-increasing dependence on other countries for oil.

Limited capacity of U.S. refineries and overstatement of oil reserves also contribute to long-term price increases. No new refinery has been built in the U.S. in the past 30 years and refineries take years to finance and build. OPEC countries and major oil companies have production agreements based on statements of their total reserves – the more reserves they have the more oil they are allowed to produce. Shell and BP recently admitted they overstated their reserves. Such admissions indicate that world oil supplies are much smaller than expected and will run out sooner than we thought.

The House of Saud and the Bush family have been inextricably intertwined for decades. Many key members of the Bush administration have spent a large part of their lives in the oil industry, accumulating \$100's of millions in personal fortunes. It is reported that Condoleezza Rice is the poorest cabinet member with a net worth of over \$200 million and a Chevron oil tanker was named for her. We can only expect them to favor the oil business. This administration is providing billions of dollars of tax relief to oil, gas, and coal producers and refiners in the form of tax breaks, direct financial assistance, relaxed EPA requirements and eliminated royalty payments for offshore wells. Such taxpayer subsidies have not reduced prices; they were simply added to the oil companies largest profit increases in history.

The Walton County Democratic Party believes that our country must take immediate and dramatic action to develop alternative, renewable energy sources and eliminate our dependence on foreign and domestic oil for energy. The most promising source may be hydrogen fuel cells; but years of work are required to refine and implement this technology. A project with national focus and full financial support, like the "Manhattan Project" during World War II, is needed for research, development and implementation of alternative energy sources. China and Canada have already established multi-billion dollar projects for this purpose. Over 70% of our oil is now imported; we must act quickly or face an ever increasing, devastating energy dependence on other countries. Oil and time are running out.