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Opening Statement of Rep. Henry A. Waxman
Ranking Member, Committee on Energy and Commerce
Hearing on "The American Energy Initiative: Rising Gasoline Prices"
Subcommittee on Energy and Power
March 7, 2012

Today the Subcommittee examines the issue of rising gasoline prices.

We've seen this movie over and over again for the last 30 years. Gasoline prices go up; politicians make false promises about how they will bring prices down; and nothing gets accomplished.

We've seen it with the push to open our coastlines to more drilling. We've seen it with enactment of legislation to promote refineries in 2005. Still, prices rise.

Now, the Republican mantra is that we need to "drill, baby, drill." This slogan may sound good, but it's based on a complete fiction.

We are drilling more, but prices are still going up. U.S. crude oil production is the highest it's been in eight years, and the U.S. has more oil and gas drilling rigs operating right now than the rest of the world combined. Net oil imports as a share of our total consumption declined from 57% in 2008 to 45% in 2011 – the lowest level since 1995.

We need to face reality. And the reality is that oil prices are determined on a global market. No matter how much we drill, our gasoline prices are going to rise if there's a crisis in the Middle East, labor unrest in Nigeria, or any of a host of other factors we can do little about.

There's only one way we can protect ourselves from the impacts of rising oil prices: we need to reduce our dependence on oil.

There are no short-term solutions. There is no silver bullet. We need to invest in clean energy to diversify and reduce our energy use.

The President has taken important steps. He has acted to cut the emissions of cars and trucks, doubling the fuel efficiency of our fleet. As a result, our dependence on oil has declined.

But he needs our help. Oil companies are making record profits, yet they are still getting $4 billion in subsidies from taxpayers each year.

We can't afford to take money from taxpayers struggling to pay their mortgages and fill up their tanks and hand it to oil companies making billions in profits.

That is why we need to repeal the oil subsidies and use the money to develop sources of clean energy that reduce our dependence on oil.

Today, we are going to hear a lot of the same old unsupported claims. The American Petroleum Institute will tell us that we can bring down global oil prices by drilling more in the United States.

The refiners will tell us that to help consumers we need to send a "message to the market" by producing more oil in the U.S.

And the National Association of Convenience Stores will say that making an "announcement of a long-term commitment by the United States to increase its contributions to the international crude oil market could help calm some of the inflationary influences in the futures market."

These claims have no foundation in reality. My staff contacted some of the nation's leading energy economists, and they told us that the so-called solutions we'll hear today from the oil industry will not reduce our gasoline prices.

John Parsons is an economist at MIT and one of the nation's leading experts on oil markets. He told us the industry claims are "not remotely plausible" because drilling more will have "at best a miniscule impact" on gasoline prices.

Oil industry expert Phil Verleger told us that announcing more production would have: "no impact – ZERO on the current price." He predicted that the people who buy or sell oil would simply ridicule these recommendations as a plan for reducing gasoline prices.

The President said it best when he said, "anyone who tells you we can drill our way out of this problem doesn't know what they're talking about – or isn't telling you the truth."

This Committee has a responsibility to set the nation's energy policy. We should start by facing facts, listening to experts, and crafting policies that will reduce our dependence on oil.