

## Why, Exactly, Are Gas Prices So High?

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*Steve McCullough*

Recently our elected representatives in Congress interrogated the heads of the major oil companies (those *evil* corporations) and wanted to know why these companies are making a profit for their stockholders. Of course, many of us are stockholders either through our IRA's, our 401K's, or the stock market. But, never mind that. "Big Oil" is the evil-doer and the cause for high gas prices. Oh, really?

Did they forget that drilling in ANWR is off limits, and drilling off the coast of Florida and California is also off limits, except for China, Venezuela and Cuba who have signed 100-year leases on the oil in the Gulf of Mexico. Coal-to-oil technology, which has been around since the 1930s, is prohibited, no dams can be built for hydro-electric power, and don't even think about copying France which gets 80% of its energy needs from nuclear power. And no windmills which only clutter the view of Senator Kennedy from his summer cottage in New England. Meanwhile, there has not been a new refinery built in over 30 years and the number of operational refineries has been cut in half since 1982. The refineries that are in existence have to make different blends of gasoline, allowing states like California to dictate what unique gasoline blends must be made for them, further driving up the cost to produce gasoline. To add insult to injury, several states (again, like California) and the federal government have imposed gasoline taxes amounting to more than 15% of the price of gasoline, while only 4% represents oil company profits. Of course, Congress will not consider a reduction of the federal gasoline tax, even for the summer months.

Instead, our genius representatives have passed legislation that would allow us sue OPEC - like that will accomplish something! Let's produce more ethanol which costs \$1.23 to make a dollar's worth of energy while driving the cost of food through the roof. Great idea! Oh, and don't forget the recent action to protect the polar bears and their habitat which makes the location of future oil development off limits to drilling. Finally, because the oil companies are making "too much money", our government is looking at seizing any money that the legislators consider "windfall profits". Hillary Clinton said she wants to "take that money" and do something productive with it. (I guess that's how she intends to pay for her government health care program).

Did Congress ever hear of the law of "supply and demand"? World-wide demand for crude oil has increased in recent years due to the rapid industrial growth of China, India, and other developing countries. Meanwhile, supply has been limited by OPEC and foreign national oil companies, which control nearly 80% of world petroleum reserves and benefit financially from limiting the availability of crude oil. Many of these oil-producing countries are less than friendly to the US (Venezuela, Russia, Iran, and other Middle East states). We have enough domestic natural energy resources to allow the US to be energy independent for centuries. According to most energy experts, oil and gas reserves on federal lands hold an estimated 100-plus billion barrels of recoverable oil. These areas hold an estimated 635 trillion cubic feet of recoverable natural gas. Anywhere from 800 million to two trillion barrels of oil are available from oil shale in

Colorado, Utah and Wyoming. According to Mackubin Thomas Owens, Professor at the Naval War College in Newport, R.I., and editor of *Orbis*, the journal of the Foreign Policy Research Institute in Philadelphia, "If Congress really cared about the economic well-being of American citizens, it would stop fulminating against IOCs (investor-owned oil companies) and reverse current policies that discourage, indeed prohibit, the production of domestic oil and natural gas. Even the announcement that Congress was opening the way for domestic production would lead to downward pressure on oil prices". Until Congress takes these steps we will be held hostage to countries who want to cripple our economy.

So, tell me why, exactly, are gas prices so high?

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