

Separating Rhetoric from Reality: President Obama's Radio Address, February 28, 2009

Last week, President Obama unveiled his budget proposal outline, which included the most devastating tax proposals in the history of America's oil and natural gas industry. Throughout his campaign, and so far during his short time in office, President Obama has spoken of a responsible approach to American energy. The administration has included virtually every tax possible on American oil and natural gas producers – which will not only *increase* our dependence on foreign oil, but also *eliminate* good-paying American jobs and the U.S. tax and royalty revenues that are a primary component of federal, state and local revenues.

Abolishing American oil and natural gas from the nation's energy mix is not a comprehensive energy plan. Americans and the Independent Petroleum Association of America overwhelmingly recognize the need for all kinds of energy to help decrease our dependence on foreign oil.

As the American public continues to wait for a detailed energy plan from the president and his staff, the statements they have made so far can best be described as an energy train wreck. The following is an examination of President Obama's remarks on energy from his most recent radio address:

President Obama said: "I promised an economy run on clean, renewable energy that will create new American jobs, new American industries, and free us from the dangerous grip of foreign oil." Rhetoric. The reality is that America will become more dependent on foreign oil if these tax proposals become law. By essentially wiping out the American oil and natural gas producing industry, the United States will have no resources of its own to use, thus having to resort to more imports of oil and natural gas to keep America running.

"In other words, I know these steps won't sit well with the special interests and lobbyists who are invested in the old way of doing business, and I know they're gearing up for a fight as we speak. My message to them is this: So am I." Reality. The president is gearing up for a fight with American small businesses, like all independent producers. It is discouraging to see that President Obama is so quickly embracing the very partisan battles that he condemned during his campaign. Independent producers drill 90 percent of the oil and natural gas wells in America – not so-called Big Oil. These American businesses will bear the burden of new energy taxes.

"The system we have now might work for the powerful and well-connected interests that have run Washington for far too long, but I don't. I work for the American people." Rhetoric. If President Obama was really concerned about the will of the American people, he would recognize that the majority of Americans favor further exploration and production of oil and natural gas here at home, particularly in our nation's offshore areas.

(http://www.api.org/Newsroom/upload/Offshore_Exploration_Survey_2_2009.pdf)

“I know that oil and gas companies won’t like us ending nearly \$30 billion in tax breaks, but that’s how we’ll help fund a renewable energy economy that will create new jobs and new industries.” Reality. The president is correct to say that oil and natural gas producers will not like these taxes. He is overlooking another group that will not like these provisions either – the American public. Following this energy outline the president has provided will lead straight to higher prices for consumers.

“That is the change this budget starts to make, and that is the change I’ll be fighting for in the weeks ahead – change that will grow our economy, expand our middle-class, and keep the American Dream alive for all those men and women who have believed in this journey from the day it began.” Rhetoric. The statement that these tax proposals will help to usher in a growing economy and provide jobs is a gross overstatement. The reality is that these proposals will cause thousands of jobs to be lost, millions of Americans and their families to have less income, while also causing America to have a shortage of energy supply.

“This budget puts us on that path, through a market-based cap on carbon pollution that will make renewable energy the profitable kind of energy; through investments in wind power and solar power; advanced biofuels, clean coal, and more fuel-efficient American cars and American trucks.” Rhetoric. The reality is that wind and solar power will not be available en masse for many years to come; today, they provide less than 1% of America’s energy. And, because they only produce when the wind blows and the sun shines, they need natural gas turbines to back them up. Unfortunately, we don’t know when wind and solar will be available on a massive scale, and whether or not they will be ‘the profitable kind of energy’ that the President refers to. If they make too much profit, the tax breaks they are being afforded now, will likely be pulled from them later.

“I didn’t come here to do the same thing we’ve been doing or to take small steps forward, I came to provide the sweeping change that this country demanded when it went to the polls in November.” Rhetoric. In fact, President Obama is engaging in the same partisan struggles that have plagued Washington for far too long. We have yet to see any comprehensive energy proposals from the Obama administration that reflect the change and responsibility they have touted since last year.

America is a nation whose infrastructure is built on oil and natural gas, and that cannot be denied. If President Obama is serious about his responsible approach to energy policy, he must recognize this and incorporate it into his policy decisions. As it stands, the president has done nothing short of proposing further unemployment, further economic downturn, less energy production in America, more foreign oil dependency, and higher costs for consumers.

###