Remarks By John McCain On Energy Security

June 17, 2008

Thank you all very much. Governor Perry, Lieutenant Governor Dewhurst, and other distinguished guests, I appreciate your joining us today. And thank you all for the warm welcome to Houston.

Among its other distinctions, this great city is known as the oil capital of America. But people in Houston and all of Texas understand as well as anyone that the high price of oil and gas today is causing great harm all across our economy. People are hurting, small farmers, truckers, and taxi drivers unable to cover their costs, small business owners struggling to meet payroll, the cost of living rising and the value of paychecks falling. All of this, in large part, because the price of oil is too high, and the supply of oil too uncertain. These citizens believe their government has a duty to finally assure the energy security of this country, and they are right.

I first addressed this issue at the outset of my primary campaign. And in just that time -- a little more than a year -- the price of a barrel of oil has more than doubled. And the price of a gallon of gas in America stands at more than four dollars. Yesterday, a barrel of oil cost about 134 dollars. And various oil ministers and investment firms have confidently informed us that soon we can expect to pay 200 dollars for every barrel, and as much as seven dollars for every gallon of gas. That may come as good news in Moscow, Riyadh, or Caracas, where economic growth and rising oil prices are more or less the same thing. But their oil prosperity is our energy vulnerability. And the jobs, family budgets, and futures of the American people should not depend on the whims of foreign powers. Oil and gasoline are the most vital of all commodities in a modern economy. Their price affects the cost of things even more basic and essential. America's dependence on foreign oil is a matter of large and far-reaching consequences -- none of them good.

Whoever controls oil controls much more than oil. And in our time, much of the world's oil supply is controlled by states, regimes, and a cartel for which America's well being is not exactly a priority. Many occupy a violent part of the world -- a region all the more violent for the influence of oil wealth. Their opinion of America is not exactly a priority. Many occupy a violent part of the world -- a region all the more violent for the influence of oil wealth. Their opinion of America is not exactly a priority. Many occupy a violent part of the world -- a region all the more violent for the influence of oil wealth. Their opinion of America is not exactly a priority. Many occupy a violent part of the world -- a region all the more violent for the influence of oil wealth. Their opinion of America is not exactly a priority.

Somehow the United States -- in so many ways the most self-reliant of nations -- has allowed and at times even encouraged this state of affairs. This was a troubling situation 35 years ago. It was an alarming situation twenty years ago. It is a dangerous situation today. And starting in the term of the next president, we must take control over our own energy future, and become once again the master of our fate.

The next president must be willing to break with the energy policies not just of the current Administration, but the administrations that preceded it, and lead a great national campaign to achieve energy security for America. So in the days ahead I plan to return to the subject in a series of discussions to explain my reform agenda. And I will set forth a strategy to free America once and for all from our strategic dependence on foreign oil.

Energy policy has enormous implications for America’s economic security, our environmental security, and, above all, our national security. Each one of these challenges demands our concentrated consideration. And each one requires that we look beyond the special interests that too often dominate energy policy. We need to draw on the best ideas of both parties, and work together for the common good.

As in other challenges that confront our nation, we must shape events, and not simply manage crises. We must steer far clear of the errors and false assumptions that have marked the energy policies of nearly twenty Congresses and seven presidents. There are dangers in the long term and dangers in the short term. Some tasks will be the work of decades, and some the work of years. And they all will begin in the term of the next president.

Among these is a challenge we hardly even understood back when America first learned to associate the word “energy” with “crisis.” We now know that fossil fuel
for offshore drilling, it’s safe enough these days that not even Hurricanes Katrina and...nous resources in cleaner, more responsible ways. As...

In oil, gas, and coal deposits, we have enormous energy reserves of our own. And we...rational limits, and put the investments and pensions of millions of Americans at risk. Where we find such abuses, they need to be swiftly punished. And to make sure it never happens again, we must reform the laws and regulations governing the oil futures market, so that they are just as clear and effective as the rules applied to stocks, bonds, and other financial instruments. In all of these markets, reform must assure transparency, prevent abuse, and protect the public interest.

Investigation is underway to root out this kind of reckless wagering, unrelated to any kind of productive commerce, because it can distort the market, drive prices beyond rational limits, and put the investments and pensions of millions of Americans at risk. Where we find such abuses, they need to be swiftly punished. And to make sure it never happens again, we must reform the laws and regulations governing the oil futures market, so that they are just as clear and effective as the rules applied to stocks, bonds, and other financial instruments. In all of these markets, reform must assure transparency, prevent abuse, and protect the public interest.

Of course, with the formation of the OPEC cartel, and the oil embargo of the early 70’s, we already left behind pure economics in the oil market, and we entered a new era of power politics. No longer was crude oil simply a commodity. Now, suddenly, it was a strategic weapon.

At the time of OPEC’s oil embargo, we imported roughly a third of our oil. Now we import two thirds. At that time, every day, we produced more than nine million barrels of oil domestically. Now America produces five million barrels a day. Five million barrels sounds like a lot until we compare the number with the oil we use, which comes to 20 million barrels, or a quarter of all the oil used every day across the earth.

Of that total, a little more than half comes from Canada, from Mexico, and from our own domestic production. That’s a heavy reliance on these two nations. But there is a world of difference between relying on two democratic neighbors and partners in NAFTA, and relying on often hostile and undemocratic regimes in the Middle East and elsewhere. When critics of trade talk about unilaterally renegotiating NAFTA, as my opponent has done, that’s one more concern they might want to keep in mind.

It takes a very short leap in logic to wonder why we produce less and less crude oil, while we use more and more of it, or why politicians talk so much about promoting alternative energy sources, but often do so little to promote these alternatives. A reasonable observer, presented only with these numbers of consumption and production, might draw the conclusion that America has accepted this fate because we have no choice in the matter, or because we have no resources of our own. But just the opposite is true: We do have resources, and we do have a choice.

In oil, gas, and coal deposits, we have enormous energy reserves of our own. And we are gaining the means to use these resources in cleaner, more responsible ways. As for offshore drilling, it’s safe enough these days that not even Hurricanes Katrina and...
Along with the harm that America's dependence on foreign oil has inflicted on our struggling to pay for gas and groceries, tax relief just isn’t change he can believe in.

Oddly enough, though, Senator Obama doesn’t want to lower the gas taxes paid by consumers, which would be the most direct and obvious way to give Americans a break at the gas station. Even in tough times for our economy, when folks are struggling to pay for gas and groceries, tax relief just isn’t change he can believe in.

But the stakes are high for our citizens and for our economy. And with gasoline running at more than four bucks a gallon, many do not have the luxury of waiting on the far-off plans of futurists and politicians. We have proven oil reserves of at least 21 billion barrels in the United States. But a broad federal moratorium stands in the way of energy exploration and production. And I believe it is time for the federal government to lift these restrictions and to put our own reserves to use.

We can do this in ways that are consistent with sensible standards of environmental protection. And in states that choose to permit exploration, there must be an appropriate sharing of benefits between federal and state governments. But as a matter of fairness to the American people, and a matter of duty for our government, we must deal with the here and now, and assure affordable fuel for America by increasing domestic production.

We should set the highest goals for ourselves for the years and decades to come, and I am a believer in the technologies that one day will free us from oil entirely. But to get there at all, a more pragmatic approach will serve us better. In the short term, we must take the world as it is and our resources where they are -- even as we press on with new and cleaner sources of energy. We must be bold in our plans to break our strategic dependence on oil, and over the next two weeks, I’ll be offering a vision that will be bold. But we must also address the concerns of Americans, who are struggling right now to pay for gasoline, groceries, and other necessities of life.

What is certain in energy policy is that we have learned a few clear lessons along the way. Somehow all of them seem to have escaped my opponent. He says that high oil prices are not the problem, but only that they rose too quickly. He’s doesn’t support new nuclear plants. He doesn’t support more traditional use of coal, either.

So what does Senator Obama support in energy policy? Well, for starters he supported the energy bill of 2005 -- a grab-bag of corporate favors that I opposed. And now he supports new taxes on energy producers. He wants a windfall profits tax on oil, to go along with the new taxes he also plans for coal and natural gas. If the plan sounds familiar, it’s because that was President Jimmy Carter’s big idea too -- and a lot of good it did us. Now as then, all a windfall profits tax will accomplish is to increase our dependence on foreign oil, and hinder exactly the kind of domestic exploration and production we need. I’m all for recycling -- but it’s better applied to paper and plastic than to the failed policies of the 1970’s.

Oddly enough, though, Senator Obama doesn’t want to lower the gas taxes paid by consumers, which would be the most direct and obvious way to give Americans a break at the gas station. Even in tough times for our economy, when folks are struggling to pay for gas and groceries, tax relief just isn’t change he can believe in.

Along with the harm that America’s dependence on foreign oil has inflicted on our
economy, there remain other costs that are even greater and harder to count. The massive wealth we have spent over the years on foreign oil is not flowing to the most upstanding citizens of the world. When trillions of dollars are transferred to other nations in exchange for oil, the consequences are serious and pervasive. But they can be understood in three simple ways.

The first takes the form of a current accounts deficit that has drained vast sums out of the American economy. We are borrowing from foreign lenders to buy oil from foreign producers. In the world’s capital markets, often we are even borrowing Saudi money for Saudi oil. For them, the happy result is that they are both supplier and creditor to the most productive economy on earth. For us, the result is both dependency and debt. Over time, in interest payments, we lose trillions of dollars that could have been better invested in American enterprises. And we lose value in the dollar itself, as our debt portfolio undermines confidence in the American economy.

As bad as all that is, the second consequence is worse by far. Oil revenues are enriching the enemies of the United States, and potentially limiting our own options in containing the threat they present. Iran alone receives more than 66 billion dollars a year from oil sales, even as that regime finances terrorists, threatens Israel, and endangers the peace of the world with its designs on nuclear weapons. Moreover, by relying upon oil from the Middle East, we not only provide wealth to the sponsors of terror -- we provide high-value targets to the terrorists themselves. Across the world are pipelines, refineries, transit routes, and terminals for the oil we rely on -- and Al Qaeda terrorists know where they are. Osama bin Laden has been quite explicit in directing terrorists to attack the oil facilities on which so much of America’s economy depends. They have come close more than once. And we are one successful attack away from an economic crisis of monumental proportions.

Even if our economy were somehow immune to this threat, the vast wealth we shift to the Middle East, Venezuela, Angola, and elsewhere would still have a third harmful and pervasive effect. It would continue to enrich undemocratic, unjust, and often corrupt regimes. Some of the most oil-rich nations are also the most stagnant societies on earth. And among the many luxuries their oil wealth affords them is the luxury of ignoring their own people. In effect, our petrodollars are underwriting tyranny, anti-Semitism, the brutal repression of women in the Middle East, and dictators and criminal syndicates in our own hemisphere.

We cannot allow the world’s greatest democracy to be complicit in such corruption and injustice. America’s most vital interests call us to the mission of energy security, and so does our sense of honor. And the straightest, swiftest path to energy security is to produce more, use less, and find new sources of power -- so that no commodity can determine our security, and no crisis can undermine our economy.

This will require great ingenuity and resolve of the American people, and these are not in short supply. Americans like to say that there is no problem we can’t solve, however complicated, and no obstacle we cannot overcome if we meet it together. I believe this about our country. I know this about our country. And now it is time to show those qualities once again.

Thank you.