

Oil: Executives on the grill

by the St. Louis Post-Dispatch

With gasoline selling at well over \$3 a gallon, it's easy to point fingers at the oil companies. And so, with the cameras rolling, top executives of five major oil companies were hauled before a committee of Congress on Tuesday for a public grilling.

House members may have scored some points with the home folks by running their well-dressed guests through the media ringer. But such public theater does nothing to solve our energy mess.

American oil companies are not responsible for today's gasoline prices. The price of oil, at \$104 a barrel, is the main factor and oil prices are set on a world market. OPEC is big enough to influence them, but American oil companies aren't. Still, they're in the happy position of making spectacular profits because of them.

The industry earned a \$123 billion gusher of money last year. So it's quite proper for Congress to take a look at tax breaks that were handed to the industry back when profits were lean.

When oil was \$30 a barrel, tax incentives for oil exploration made sense. But \$104 provides all the incentive needed. House Democrats have twice voted to revoke \$18 billion over 10 years in tax breaks for exploration and redirect it to renewable fuels development and clean energy. That's a good idea, but Republicans in the Senate have blocked it so far.

Oil drilling is a boom-and-bust business. Oil firms have to figure in the ups and downs of prices when they invest in exploration. For that reason, Congress might consider adding a trigger that would reinstate the tax breaks if oil prices fall drastically, however unlikely that appears to be.

As developing nations industrialize, they develop ravenous appetites for fuel. That explains the bulk of today's inflated price, although lately speculators are adding to the problem.

One sure way to bring prices back to earth is to increase supply. Here, the oil companies make a reasonable point. Oil drilling is prohibited off 85 percent of the American coast, they note. Beachgoers don't like to look at oil platforms. Environmentalists are concerned about oil spills.

Congress and the administration should examine whether those restrictions could be eased without causing harm. Increasing the American oil supply would ease our dangerous and expensive dependence on foreign sources.

Rep. Ed Markey, D-Mass., chairman of the House Select Committee on Energy Independence, played ringmaster for Tuesday's media circus. He demanded that ExxonMobil commit 10 percent of its profits to developing renewable energy. "Why is your company not investing in renewables?" he demanded.

That's like asking why Chrysler doesn't sell Fords. Oil companies sell oil, and they'll sell less of it as ethanol and biodiesel take hold. Farsighted oil companies will hedge their bets by delving into alternative energy, but the main impetus for renewable motor fuels will come from agribusiness.

Even as Congress was grilling oil executives, scores of truckers were stopping or slowing their rigs to protest high fuel prices. "The gas prices are too high," said a trucker protesting on the New Jersey Turnpike. "We don't make enough money to pay our bills and take care of our family."

That complaint will resonate with families across America. But the truckers' suggestion - opening the strategic oil reserve - would help only temporarily. In the long run, American drivers now must compete with millions of new drivers in nations such as India, China, Russia and Brazil for a dwindling commodity.

The real solution must play out over the long term. Alternative fuels are part of it. So is more drilling for domestic oil, if it can be done safely and without harming the environment. But the main answer lies in efficiency and conservation. The cheap oil party is over; we must learn to use less of it.

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