



Pump It

Student Handout #4: **FactCheck.org**, “A Full Tank of Nonsense”

A Full Tank of Nonsense

July 22, 2008

McCain ad says Obama's the guy to thank for emptying our wallets at the filling station. We say that's ridiculous.

Summary

McCain's new ad accuses Obama of keeping gas prices high, all by himself. That's absurd, and McCain knows it – he has said repeatedly that our current problems were "30 years in the making."

The ad also tells us that gas prices are high because "some in Washington are still saying no to drilling in America." Not true. The federal government's estimate is that if the moratorium on offshore drilling were lifted today, it would be 2030 before we'd see a noticeable effect on supply and prices.

For the same reason, it's simply not true that drilling more now will "rescue our family budgets."

Analysis

Sen. John McCain, who's expected to receive the Republican presidential nomination in September, goes after Sen. Barack Obama, his Democratic counterpart, with a new ad that focuses on the cost of gas. According to McCain's campaign, the spot will air on national cable channels and in unspecified "key states."

Lousy Linkage

The ad opens with a shot of an old-fashioned gas pump standing on a shimmering, moving, body of – water? desert sand? petroleum? It's hard to tell. The female narrator says: "Gas prices – \$4, \$5, no end in sight, because some in Washington are still saying no to drilling in America. No to independence from foreign oil."

"Some" are indeed opposed to lifting the moratorium on new drilling in the waters of the Outer Continental Shelf, and they include Obama.

What's *not* true, however, is that current opposition to lifting the moratorium has

anything to do with today's gas prices. They aren't high *because* any one individual is against ending the ban. As we have pointed out [previously](#), the Energy Information Administration [estimates](#) that if the go-ahead were given right now for such drilling, it would be 2030 before there would be enough oil flowing to have a "significant impact on domestic crude oil and natural gas production or prices." Is there "no end in sight" because of opposition to ending the moratorium? No more so than because of opposition to hastening the development of alternative sources of energy and new kinds of cars. But most experts believe that if we haven't implemented other strategies well before 2030, we're in deep trouble.

As for saying "no to independence from foreign oil," we suppose someone, somewhere, might be saying that – quietly, to themselves, in a small, soundproof room – but no major-party presidential candidate that we're aware of is doing so.

Thank-You Note, Returned to Sender

The most glaring bit of calumny in the ad occurs when the narrator asks, "Who can you thank for rising prices at the pump?" At that point the volume goes up on the soundtrack's background noise, and we realize it's a crowd of voices chanting "O-ba-ma! O-ba-ma!" just as the Illinois Democrat's image appears on-screen.

The notion that Obama is singlehandedly, or to any significant degree, or more than most other senators, to blame for the high cost of gas is absurd in too many ways to count here. Okay, we'll give you a couple: Obama has been in the Senate only since 2005. McCain himself said earlier this month that the problem has been [decades in the making](#).

McCain, July 7: Our dangerous dependence on foreign oil has been 30 years in the making, and was caused by the failure of politicians in Washington to think long-term about the future of the country.

In fact, he has been saying this [repeatedly](#). McCain has been in Congress for a quarter of a century, a span that nearly corresponds with the one he mentioned in his speech. Does that mean McCain might fit the profile of someone to thank for high gas prices more easily than Obama? One could note, for example, that McCain has voted against increases in corporate average fuel economy (CAFE) standards on two occasions, in [2003](#) and [2005](#), even though he teamed with Democratic Sen. John Kerry back in 2002 on a [bill to raise the standards](#) to 36 mpg by 2015. McCain's Web site proposes enforcing *existing* CAFE standards, not tightening them, as Obama would do.

But no one person can be pinned with the credit or the blame for something as vague as "rising prices at the pump." OPEC policy, the weather, wars in oil-producing countries, refinery capacity, consumer demand, environmental concerns, the value of the dollar and a host of other considerations factor into the cost of a fill-up. In fact, McCain may be paying Obama an inadvertent compliment by alleging he has such influence in this area.

Both candidates have energy proposals to reduce U.S. dependence on oil. Obama's was first, and its [centerpiece](#) is a 10-year, \$150 billion spending plan focusing on clean coal technology, further development of plug-in hybrid cars, commercialization of wind and solar power, and other measures.

McCain's, which is called the [Lexington Project](#), includes building 45 new nuclear power plants; offering a \$300 million prize for major advancement of low-cost, plug-in hybrid or electric car technology; and "encouraging the market" in wind, hydro and solar power. Both he and Obama would cut use of fossil fuels to combat climate change.

Lousy Linkage Redux

The ad comes full circle as the narrator tells us, "One man knows we must now drill more in America and rescue our family budgets." Let us reiterate our earlier point that opening up the OCS for drilling now wouldn't have much impact on supply or prices until 2030, according to the government. So forget about rescuing "our family budgets." In 22 years, it'll be other families' budgets – maybe our children's – that will be at issue.

McCain even acknowledged as much in late June when, after saying that drilling would have a positive effect on prices in the short term, he backtracked and said he believed it would have a beneficial ["psychological impact."](#)

That seems to have slipped his mind.

– by Viveca Novak

Update, July 23: The McCain campaign's Brian Rogers contacted us to complain that we had failed to note that the campaign had released a long list of "ad facts" in support of its new spot. "From reading your piece, one would not know that we do have ample justification for asserting that opening up new supply through off shore drilling can reduce prices today," Rogers wrote.

But most of McCain's ["ad facts"](#) don't actually address whether opening new drilling areas "can reduce prices today." We find just three statements on that point:

- *CNN special correspondent Frank Sesno is quoted saying, "Expectations of more production can send prices down."*
- *Harvard economist Martin Feldstein, former chief economic adviser to President Ronald Reagan, is quoted saying that "[a]ny policy that causes the expected future oil price to fall can cause the current price to fall, or to rise less than it would otherwise do."*
- *The Fox Business Network's Eric Bolling is quoted as writing in [TheStreet.com](#): "It would take anywhere from one to six years to produce a barrel from the Outer*

Continental Shelf. That's right, we could realize oil in as little as a year and as far into the future as six years for those really remote reservoirs."

We found that these fell far short of justifying the McCain ad's claim that voters have Obama to thank for rising gasoline prices. But since the campaign seems to rest its case on the notion that lifting a federal ban on offshore drilling would have an immediate and perceptible effect on gasoline prices, we will address them here. Sesno and Feldstein are of course correct: An expectation of an increase in supply in the future can have an effect on prices today. But not necessarily. It depends on how big an increase, and how soon. Bolling's statement that some oil could begin flowing within a year is at odds with the assessment of the Energy Information Administration that it will be 2030 before we'll be pulling any appreciable oil out of the OCS from new drilling. Twenty-two years in the future is an awfully distant horizon when it comes to affecting prices today. And another portion of the [same EIA analysis](#) we've already quoted says that even then, we won't see much of a bump down in costs: "Because oil prices are determined on the international market, however, any impact on average wellhead prices is expected to be insignificant."

The Feldstein quote, by the way, is from an [opinion piece](#) in The Wall Street Journal that never mentions drilling, offshore or elsewhere. And the economist also notes that an expectation of lowered demand would have the same impact on today's prices as an equivalent increase in supply:

***Feldstein, July 1:** For example, increases in government subsidies to develop technology that will make future cars more efficient, or tighter standards that gradually improve the gas mileage of the stock of cars, would lower the future demand for oil and therefore the price of oil today.*

As we've noted before, Obama is proposing to spend \$150 billion over 10 years on energy research. And Obama – and not McCain – proposes tightening corporate average fuel economy standards.

Sources

["Impacts of Increased Access to Oil and Natural Gas Resources in the Lower 48 Federal Outer Continental Shelf."](#) Energy Information Administration Web site, accessed 22 July 2008.

["New Energy for America."](#) Barack Obama's Web site, accessed 22 July 2008.

["Remarks by John McCain On His Jobs For America Economic Plan."](#) 7 July 2008. John McCain's Web site, accessed 22 July 2008.

["The Lexington Project: Breaking Our Independence on Foreign Oil."](#) John McCain's Web site, accessed 22 July 2008.

Source: http://www.factcheck.org/elections-2008/a_full_tank_of_nonsense.html