

# **Oil Consumption Reduction Position Paper**

## **Recommendations To Reduce U.S. Oil Consumption**

### **Introduction**

That we are having a debate in 2012 about the construction of the Keystone XL pipeline is a sad acknowledgment that we as a nation have failed to develop non-carbon based sources of energy to replace crude oil. Building the Keystone XL pipeline to import crude oil from Canada does not offer a long-term solution to meet our transportation energy needs. It only lulls our nation into a false sense of energy security. In addition, we would be derelict as a nation if we fail to factor in the calamitous economic impact of any spill occurring in America's breadbasket -- the area that the pipeline proposes to traverse.

This paper establishes the Club's policy position regarding decreasing our nation's use of oil. We believe that by decreasing our consumption of oil we lessen the economic impact a spike in oil prices can have on our economy, decrease pollution and make it easier to oppose environmentally risky projects like the Keystone XL pipeline.

### **Background**

In 1973, the year of the Arab oil embargo, the U.S. consumed 17.3 million barrels of oil a day. In 1975 we attempted to reduce our consumption of petroleum products by taking steps that included establishing corporate average fuel economy standards. However by 2011 we were consuming over 18.8 million barrels of oil a day. The increase is primarily due to transportation which currently accounts for 70% of our daily consumption. Transportation consumed 4 million barrels a day more in 2011 than it did in 1973.

As of the end of 2008, we had 20.7 trillion barrels of proven reserves of crude oil. As of 2009 we had another 729 million barrels of crude oil in the strategic reserves. The definition of proven reserves is the estimated quantity of all liquids defined as crude oil, which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. The U.S. Energy Information Administration (EIA) will release an update on proven crude oil reserves on June 15, 2012.

Even if advanced technologies, new oil fields, and high crude oil prices increase our proven crude oil reserves, we will still be faced with an ever increasing worldwide demand that will keep prices high. An EIA analysis says that a \$20 increase in the cost of a barrel of oil shaves about 0.4 points off GDP growth and increases unemployment by 0.1 percentage points. Decreasing our dependence on crude oil is therefore a move toward economic freedom and growth and a less oil-driven foreign policy.

Although we have reduced our reliance on imported oil from 57% when George Bush left office in 2008 to 45% in 2011 and have increased domestic production by over 700,000 barrels a day since then, we have still seen gasoline prices increase dramatically in the last year by over 40 cents a gallon.

This is because the price we pay for a gallon of gasoline is determined by more than our domestic production. Whether a barrel of oil is drilled in Texas or in Saudi Arabia, it all becomes part of a worldwide market in oil that goes to the highest bidder.

As the demand for oil increases worldwide, the price we pay for a gallon of gasoline will also continue to increase; and worldwide events, such as the current crisis in Iran, will inevitably result in spikes in crude oil prices.

Proponents of the Keystone XL pipeline claim that the added supply of crude oil will result in lower gas prices. However, given the world economic and political situation this is most reasonably seen as a grossly optimistic overstatement. It may be more accurate to say that the additional supply of crude oil will result in slower price growth.

### **Policy Position**

The Staten Island Democratic Association accepts the scientific evidence that man has caused all or most of current global warming. Rising sea levels, one of the adverse consequences of global warming, is a major concern for coastal regions like New York City.

The burning of petroleum products is a major contributor to the release of greenhouse gases, a major factor in global warming

The Club's policy position has the dual goals of reducing our consumption of crude oil and reducing the release of greenhouse gases.

To accomplish this end the Club supports:

1. Legislation that would establish the 2025 corporate average fuel economy standards for cars and light trucks at 54.5 miles per gallon. The 2025 standards will reduce our oil consumption by 2.2 million barrels a day. This will reduce by more than half, the increase in transportation related oil consumption since 1973.
2. The Club supports eliminating the multi-billion dollar tax breaks for the oil industry. We do not believe the government should be financially supporting an industry that is enjoying record profits and doesn't need the additional taxpayer support as an economic incentive.
3. The Club supports increased government subsidies and funding for public transportation because moving people out of automobiles reduces pollution, oil consumption and traffic congestion.
4. The Club supports tax credits for building weatherization in order to reduce energy consumption and optimize energy efficiency.
5. The Club also supports the government promoting alternatives to gasoline, such as electric cars and hydrogen power. The Club also supports the government promotion of alternatives to gasoline powered vehicles.
6. The Club supports government funding for research into cellulosic ethanol produced from wood, grasses, or the non-edible parts of plants such as corn stover. However we oppose government subsidies for corn ethanol due the increase in food prices associated with increased corn-based ethanol production.

Since we are years away from a petroleum-free world, we need to take immediate steps to decrease our reliance on petroleum-based products.

We recognize that our nation does not have absolute control over the price we pay for oil, no matter how much we drill, but we can control the amount we consume.