

OVERVIEW: The Energy Crisis

World energy prices have increased dramatically as the United States retains its enormous thirst for oil, and developing countries like China and India consume ever larger amounts of the resource to fuel their rapidly growing economies. The consequences of this demand-driven energy crisis are both global and local. It will be a major issue in the presidential election as pocketbooks are strained and the country agitates for a national energy policy that benefits the environment, while developing new energy sources to replace our addiction to oil.

The foremost reason why oil prices in the United States have risen so dramatically is due to world demand for this exhaustible resource steadily outpacing world supply, resulting in higher fuel prices as the commodity becomes more scarce. The United States, with 4 percent of the world's population, consumes roughly a quarter of the oil produced globally each day, 22 million of 85 million barrels. China and India combined, which represent two of the world's fastest growing economies, tally 27 percent of the world's population, but together only consume 10 million barrels of oil each day, half as much as the United States. As China and India's economies continue their rapid expansions, they will demand larger amounts of oil to fuel their cars and industries and to heat their homes. It is unclear whether oil production can meet this long-term rise in demand for oil, which will keep energy prices high as we await alternative and clean, new energy sources.

Other contributing reasons for the high price of oil compared to years past are: a) a weak U.S. currency which requires more dollars to buy the same amount of imported oil as before; b) geopolitical uncertainties in the Middle East, Africa and other unstable regions that could substantially curtail the supply of oil in the future; c) a weak American stock market as money flows out of equities and into commodities like oil, searching for better investment opportunities.

The candidates in the presidential election will most likely focus on long-term solutions to our energy crisis as little can be done to bring the cost of oil down in the coming months. These policy prescriptions fall into three complementary categories: reducing our demand for oil, reducing our dependency on foreign oil, and investing in alternative and renewable energy resources.

Reducing our demand for oil could include mandating higher fuel efficiency for motor vehicles and a renewed commitment to our national rail system, which in turn would help to reduce our need of foreign oil. Greater investment in alternative and renewable energy sources such as hybrid and hydrogen technology for motor vehicles, and wind and solar energy for our homes, would help cut our carbon emissions and our dependency on oil. Until these new technologies and policies are established as viable alternatives to our carbon-based economy, we will continue to pay a premium for our dependency on oil.

OVERVIEW: Major Presidential Candidates' Positions on the Energy Crisis

Directions: This summary focuses on several significant issues within the larger campaign issue -- the energy crisis. For a more comprehensive description and rationale for their positions, use the web sites of the McCain and Obama campaigns cited in "Sources" below. After studying this issue through research and current events discussion, decide how you feel about each candidate's position for the three specific energy issues. Go to the **Comparing presidential candidates** chart to record your viewpoint on the candidates' energy policies. To help you decide, write the abbreviation next to each policy statement:

SA- strongly agree; **A-** agree; **SD-** strongly disagree; **D-** disagree; **N-** no opinion

National energy policy:

John McCain supports:

- _____ Significantly more domestic oil and natural gas production by increasing off-shore-drilling.(He had been against new off-shore-drilling.)
- _____ Promoting and expanding the use of natural gas.
- _____ The renewal of nuclear power plant construction.
- _____ Initiatives in alternative energy sources.

Barack Obama supports:

- _____ Limited increase of off-shore-drilling. (a recent change in his no new off-shore position).
- _____ Initiatives to develop clean coal uses in order to reduce our dependency on foreign oil sources.
- _____ Requiring oil companies to use existing drilling leases, rather than granting new leases for off-shore or Alaskan oilfields.
- _____ Restoring U.S. leadership on climate change.

Energy taxes and incentives:

John McCain supports:

- _____ Giving tax credits to businesses for investing in research and development, such as his Clean Car Challenge.
- _____ Eliminating federal gas tax during summer months.
- _____ Eliminating protectionist tariffs and special interest subsidies.
- _____ Not having any windfall profits tax on oil companies.

Barack Obama supports:

- _____ Windfall profits tax on top grossing oil companies.
- _____ Helping U.S. automakers with their health-care costs in exchange for more hybrid auto production.
- _____ Investment of \$150 billion over 10 years in production technology and development of biofuels and other renewable, clean energy sources.

Conservation Issues

John McCain supports:

- _____ Reducing dependency on fossil fuels by developing alternative energy sources.
- _____ Reducing auto emissions through market forces that will lead to cleaner technology (consumers will demand it).
- _____ Enforcing mileage requirements to compel all carmakers to produce fuel-efficient vehicles.
- _____ Programs to address climate change, such as reducing gas emissions.

Barack Obama supports:

- _____ Increasing the use of renewable energy sources.
- _____ Phasing out incandescent light bulbs by 2014.
- _____ Requiring all new vehicles to be able to run on biofuels.
- _____ Requiring standards that will cut auto emissions by 80 percent by mid-century.

Recent rapid increase in fuel costs (some as also cited under Energy Policy)

John McCain supports:

- _____ Eliminating federal gas tax during the summer months.
- _____ Increasing off-shore drilling for oil as quickly as possible.

Barack Obama supports:

- _____ Selling 10 percent of the nation's strategic oil reserves as a near-term way of reducing gas prices.
- _____ Reducing the burden of rising gas prices on working families by increasing regulation of oil markets and their price manipulation.

Other energy issue(s) important to you: Use the candidate's web sites cited below to learn their position.

Issue: _____

Summarize the candidates' positions on this energy issue on another sheet.

Sources:

- Obama-McCain comparisons at:
<http://www.obama-mccain.info/compare-obama-mccain-economy.php>
- McCain campaign at: <http://www.johnmccain.com/Informing/Issues>
- Obama campaign at: <http://www.barackobama.com/issues>
- Google Election Tools for Teachers at:
http://www.google.com/educators/elections_tools.html