September 5, 2005 My constituents in the Texas gulf coast are very concerned about the price of gasoline, especially in the wake of Hurricane Katrina. Katrina has left nine gulf coast refineries inoperable, and reduced capacity at four. This will mean the loss of 20 to 40 million barrels of oil in coming months, and prices at the pump well over $3. Congress can help immediately by suspending federal gas taxes, which alone add 18.4 cents to the cost of every gallon. The state of Texas adds another 20 cents per gallon in taxes. Citizens are always asked to sacrifice during crises; why are governments never expected to do the same? Immediate, short-term relief for every American at the pump could be a reality when Congress returns to Washington this week. Congress should pass, and the president should immediately sign, a bill suspending the federal gas tax. This would create pressure for states to do the same. This is the simplest, fastest, and soundest way to drop gas prices and ease the financial impact of Katrina. Wouldn't it be better to leave that money in the pockets of the American public at least temporarily, especially as we're all being asked to provide financial help to hurricane victims? Many people are upset with oil companies, which is understandable given the frustrations of steadily rising gas prices. But the fundamental problem is not a lack of regulation or price gouging, but rather the lack of price competition between oil companies. The maze of regulatory and environmental rules makes it nearly impossible for would-be competitors to explore new domestic sources of oil or build new refineries. When was the last time you heard of a new start-up oil company? This is because of too much government regulation, not too little. History proves time and time again that the best way to provide any good is too allow markets to operate freely. The bulk of our refining capacity is concentrated along the gulf coast, leaving the nation's gas supply vulnerable to annual hurricanes. Without new oil exploration and new refineries, our domestic capacity is fixed. As demand rises with the growth of the U.S. population, we find ourselves increasingly dependent on oil-rich nations-- many of which have questionable governments. With worldwide demand for oil increasing, and our domestic supply fixed, we face a new era. We must increase domestic production, pure and simple. We cannot afford to be held hostage by unrealistic environmental rules that threaten to strangle our economy. Existing refineries cannot carry the nation if we hope to maintain reasonable gas prices. Turmoil in the Middle East demonstrates that we cannot depend on OPEC nations to make up for our lack of domestic production. As recently as 2002, before we went into Iraq, oil cost less than $20 per barrel. Now it's nearly $70 per barrel. Before the war, many predicted that a renewed flow of cheap Iraqi oil would benefit American consumers. The opposite has taken place. Iraqi oil production has come to a halt, and OPEC prices have risen steadily over the last few years. Consider this: Iraqis can buy gas for as little as five cents per gallon, courtesy of American taxpayers! We're talking about imported refined gas, because Iraqi refineries are not operating. Iraqi officials, using American tax dollars, buy this fuel from the Saudis or other OPEC nations at market rates. This subsidy to Iraq cost us nearly $3 billion in 2004 alone. What kind of foreign policy justifies using your tax dollars to subsidize gas prices in an oil-rich nation, while prices skyrocket in the U.S.? We must change our priorities and focus our resources on the American people. We cannot count on using military or political influence in the Middle East to keep gas prices low. It is easy to call for drastic government action in the emotional aftermath of Hurricane Katrina, but we must not ignore history, logic, and basic economics. The Nixon administration imposed price controls on gasoline, but the result was shortages and long lines at the pump. The price mechanism is necessary to create an incentive for oil companies to increase the amount of refined gasoline available. Price controls also discourage the development of alternative fuels. When President Reagan later lifted price controls, worldwide oil production increased dramatically and gas prices plummeted. Electric, hybrid, and alternative fuel vehicles may be the future, but for the foreseeable future the American economy will continue to depend on oil. We must face this reality and increase the number of domestic refineries, while considering immediate tax relief at the pump. Long term, we must rethink our foreign policy to focus on the interests of American citizens rather than spending billions on nation-building exercises. We are spending more than one billion dollars every week in Iraq, and thousands of National Guard soldiers are assigned there. Those dollars and that manpower are sorely needed in Mississippi, Alabama, and Louisiana.