

Opening Statement of Ranking Member Spencer Bachus

Full Committee Hearing “Implications of a Weaker Dollar for Oil Prices and the U.S. Economy”

July 24, 2008

Thank you, Mr. Chairman, for calling today’s hearing, which was requested by the gentleman from Texas, Mr. Paul and 16 other Republican Members of the Committee, including myself.

Mr. Chairman, at a time when the cost of gasoline is the biggest pocketbook issue for most Americans, it’s important that we look at all of the factors behind rising oil prices. That certainly includes the impact that a weaker dollar has had on oil and, indeed, all commodities. One recent study by the International Monetary Fund suggested that if the value of the dollar had remained steady against other currencies from 2002 through the end of last year, the price of a barrel of oil would be about 25 percent less lower than it is today..

But make no mistake about it: our fundamental problem is with supply and demand. We are not producing enough American-made energy to meet our needs, so foreign oil producers are holding us over a barrel.

Federal Reserve Chairman Ben Bernanke made a statement before our Committee last week that deserved much more attention than it got. He said that a 1% increase in oil production could lower prices by 10%.

In a survey I just did in my district, there was very strong opinion that with gas now at \$4 a gallon, the U.S. must do more to develop the abundant energy resources we have here at home. That includes our oil and natural gas reserves offshore and in Alaska. It involves nuclear, coal, wind, and solar, as well as renewable fuels, conservation, and technologies of the future like hydrogen.

By diversifying now - through responsible exploration or licensing new nuclear power plants, just to name two examples – we’ll ensure that Americans will have reliable, affordable energy over the long run.

Our constituents are demanding that Congress act. In Bibb County in my district the average per capita income is \$16,217 or \$312 a week before taxes. Some 58.8% of the workers have jobs outside the county and must drive to their jobs. A recent gas receipt from my district came out to \$89 to fill up a tank. When you are spending \$89 every few days just to get to work, that doesn’t leave much to take care of the other needs of your family.

In closing, Mr. Chairman, high gas and energy costs are a burden on everyone – families, schools, businesses, and manufacturers – and they slow our economy. Congress should be devoting its full attention to this issue and to the extent today's hearing draws attention to that fact, it will have served a very useful purpose.

Thank you again, Mr. Chairman, for accommodating our request for a hearing, and I look forward to the testimony of our distinguished witnesses.