



**Consumer Federation of America**

**STATEMENT OF DR. MARK COOPER,  
DIRECTOR OF RESEARCH**

**MAY 21, 2007**

With gasoline prices, gasoline consumption and oil imports at record levels (not to mention oil company profits), consumers do not need to be reminded about the pain that our addiction to oil (as President Bush defined it in his State of the Union address) is causing. But, our survey results reveal a critical gap in the public's understanding of America's oil situation. Respondents to our survey know pretty well how dependent we are on oil imports. They understand that oil imports and oil consumption impose heavy costs on our society, in terms of national security, economic drag, and environmental harm. What they don't know is how bad our resource situation is. They vastly over estimate America's oil reserves and therefore overestimate our ability to drill our way out of the predicament we find ourselves in.

It should not be surprising that the public is misinformed about our oil reserves. The oil companies spend millions of dollars a year on public relations promoting the drilling option and, until this year, that is virtually all the Bush Administration talked about. The public has been the victim of a campaign of misinformation, if not disinformation.

So, at the traditional start of the summer driving season, we have tried to find ways to correct that misunderstanding by describing the hard reality of the oil supply and demand situation in the U.S.

One simple way to describe our situation is to point out that, by the end of May, we have already consumed more crude oil than we will produce domestically in the entire year. That is why some people talk about the last day of May as "dependence day."

Another simple way to describe our situation is to calculate how our oil reserves compare to current consumption or to current production. We consume beyond our means. The U.S. accounts for 25 percent of the world's crude oil consumption and 25 percent of the world's gasoline consumption, but we have only 3 percent of the world's crude oil reserves. Domestic U.S. oil reserves equal just three years of current annual U.S. consumption and just twelve years of current annual U.S. production. Given the very mature state of the domestic resource base, there is little chance that reserve additions can address the severe imbalance between domestic consumption and production.

These are simplifications, to be sure, but compared to the PR of the oil companies, at least they are intended to point consumers toward the truth about our oil situation.

The public may also need to be better informed about the way policies that can actually solve the problem would work. That is the purpose of the calculation we have made about the cost of “oil addiction” and the benefit of kicking the habit.

Congress is now moving forward on legislation that aims to increase the fuel efficiency of light duty vehicles – cars and light trucks – by ten miles per gallon in ten years – the “ten-in-ten” plan. So we have calculated how much better off we would be today if we had been smart enough to adopt “ten-in-ten” ten years ago. The numbers are impressive.

Instead of getting only about 20 miles per gallon, our cars and trucks would be getting about 30 miles per gallon. By the end of May, consumers would have consumed 19 billion gallons less of gasoline, saving about \$50 billion and exporting about \$17 billion less for imported crude. They would have emitted over 300 billion tons less of green house gases. Over the course of the whole year, they would consume 46 billion gallons less gasoline, spending \$125 billion less and exporting \$43 billion less. They would emit 900 billion tons less of green house gases.

I might add that Detroit would almost certainly be in much better shape than it is today because it would have been forced to manufacture vehicles that the public wants to buy. The results that show respondents in the Midwest more supportive of higher fuel efficiency standards suggest that the folks who live in auto manufacturing country get it.

For at least a decade the public has been disserved by Big Oil, which misinforms us about what it can do on the supply-side, and Big Auto, which misinforms us about what it cannot do on the demand side. The public has been hit with a one-two punch that diverts attention from the right solution to the nation’s oil problem.

Fuel efficiency is the sweet-spot of energy policy. It is the only option that simultaneously makes significant contributions to help reduce the economic pain, national security vulnerability and environmental harm of our “oil addiction.” It ought to be the first and most vigorous thing we do as a nation. We intend to hold Congress’s feet to the fuel efficiency fire as it takes up legislation next month.