Support to Lift Crude Oil Export Ban About to Overwhelm Obama

Apparently deciding that approaching President Obama directly on the matter of oil exports would be a waste of time the Laborers' International Union and the International Union of Operating Engineers (both Obama supporters) wrote a letter to Congress instead, urging them to lift the ban on exporting crude oil.

Said the letter:

> Opening global markets to U.S. producers will support added domestic production that will create hundreds of thousands of new jobs and contribute tens of billions of GDP dollars in the supply chain within the next few years.
>
> At the same time [lifting the ban] will put downward pressure on domestic fuel prices, while we provide our allies and trading partners with an alternative to sourcing energy from unfriendly and unstable sources.

The ban, a leftover from the oil embargo of 1973 when OPEC decided to punish the United States for its support of Israel during the Yom Kippur War, was designed to keep domestic oil supplies from being shipped abroad. It was sold as a way to keep the country energy-secure.

That was then. This is now. The ban is counterproductive, as it limits the ability of American energy producers to sell to world markets that would be more than willing to buy it at prices from $5 to $14 above current domestic prices. Those producers are forced to make a decision between two unhappy alternatives: pump crude and sell it for less than they could get for it internationally, or leave it in the ground.

Studies of the impact of lifting the ban have increased greatly in just the last couple of years as the logic of lifting the ban threatens to overwhelm the ideology of both the environmental movement and the White House, which seeks to diminish, not to expand, America's economic footprint in the world.

A recent report from the Governmental Accountability Office (GAO) found that lifting the ban on crude exports could not only reduce gasoline prices by as much as 13 cents a gallon, but also "would lead to additional investment in crude oil production and increases in employment." Additional studies by disparate groups such as the Harvard Business School and the Boston Consulting Group also support lifting the ban.

In July 2013 a surprisingly erudite memorandum was issued by the Council on Foreign Relations that sounded like a lesson from a class in Austrian Economics 101: "Removing all proscriptions on crude oil exports … will strengthen the U.S. economy and promote the efficient development of the country's energy sector." Its author, Blake Clayton, added:

> Were the ban overturned today, crude exports would immediately rise by several billion dollars a year, according to industry executives, likely surpassing five hundred thousand barrels per day by 2017….
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> Exporting energy is good for the economy. Crude oil exports could generate upward of $15 billion a year in revenue by 2017 in today's prices….
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> Letting drillers reap extra profits from selling crude oil overseas, if the market dictates, would provide greater incentives for drilling, stimulating new supply. It would also encourage investment in oil and gas production in the United States rather than abroad … [and] more workers would be hired for oil exploration and production….

Emanating from another usually statist group, the Aspen Institute, came a report in October 2014 singing the same free-market song:

> Removing the ban on crude oil exports could add to growth in manufacturing by stimulating higher levels of oil production in the United States.
>
> [Those] higher levels of production [would] require higher investment expenditures for capital equipment and construction which in turn [would] boost overall demand for goods. This [would] stimulate the manufacturing sector and its supply and distribution chains. The resulting improvement in income and employment [would] boost the economy significantly.

According to the Institute, that boost would add nearly a full percentage point to the country's GDP and 630,000 new jobs by 2019. It would also raise real (inflation-adjusted) household income by between $2,000 and $3,000 a year by 2025. It concluded,

> Lifting the ban on oil exports … is a simple and effective way to support high economic growth, better jobs for a beleaguered segment of the working population and for skilled workers and engineers, and energy self-sufficiency for the United States.

A major player in America's energy sector, John Hess of Hess Corporation, added:

> There is no defensible justification for the continued ban on the export of U.S. crude oil … repealing the export ban would increase global oil supplies, which would put downward pressure on prices and therefore help to lower U.S. gasoline prices….
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> The U.S. already exports more than 3.5 million barrels a day of refined products such as gasoline and diesel fuel. American producers export natural gas and soon liquefied natural gas as well.
>
> Why not crude oil?

President Obama is likely to have the opportunity to change his mind in light of legislation gaining momentum in Congress to lift the ban. House Bill 702 already has 70 co-sponsors, with similar legislation being offered in the Senate. As co-sponsors of the House bill, Joe Barton (R-Texas) and Henry Cuellar (D-Texas) wrote in *Roll Call* on Thursday: "We will continue to push our colleagues and the president to take action to end the decades-old ban on oil imports and make the U.S. a global energy superpower. Anything short of repeal would be a missed opportunity."

If the president misses this opportunity, it will likely be hung around the neck of the Democrat Party's nominee for president in 2016.

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