

Politics 

FACT CHECK: More US drilling didn't drop gas price

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 Associated Press

WASHINGTON -- It's the political cure-all for high gas prices: Drill here, drill now. But more U.S. drilling has not changed how deeply the gas pump drills into your wallet, math and history show.

A statistical analysis of 36 years of monthly, inflation-adjusted gasoline prices and U.S. domestic oil production by The Associated Press shows no statistical correlation between how much oil comes out of U.S. wells and the price at the pump.

If more domestic oil drilling worked as politicians say, you'd now be paying about \$2 a gallon for gasoline. Instead, you're paying the highest prices ever for March.

Political rhetoric about the blame over gas prices and the power to change them -- whether Republican claims now or Democrats' charges four years ago -- is not supported by cold, hard figures. And that's especially true about oil drilling in the U.S. More oil production in the United States does not mean consistently lower prices at the pump.

Sometimes prices increase as American drilling ramps up. That's what has happened in the past three years. Since February 2009, U.S. oil production has increased 15 percent when seasonally adjusted. Prices in those three years went from \$2.07 per gallon to \$3.58. It was a case of drilling more and paying much more.

U.S. oil production is back to the same level it was in March 2003, when gas cost \$2.10 per gallon when adjusted for inflation. But that's not what prices are now.

That's because oil is a global commodity and U.S. production has only a tiny influence on supply. Factors far beyond the control of a nation or a president dictate the price of gasoline.

When you put the inflation-adjusted price of gas on the same chart as U.S. oil production since 1976, the numbers sometimes go in the same direction, sometimes in opposite directions. If drilling for more oil meant lower prices, the lines on the chart would consistently go in opposite directions. A basic statistical measure of correlation found no link between the two, and outside statistical experts confirmed those calculations.

"Drill, baby, drill has nothing to do with it," said Judith Dworkin, chief energy economist at ITG investment research. Two other energy economists said the same thing and experts in the field have been making that observation for decades.

The statistics directly contradict the title of GOP presidential candidate Newt Gingrich's 2008 book "Drill Here, Drill Now, Pay Less," as well as the campaign-trail claims from the GOP presidential candidates.

Earlier this month, GOP front-runner Mitt Romney said of his solution to higher gas prices: "I can cut through the baloney ... and just tell him, 'Mr. President, open up drilling in the Gulf, open up drilling in ANWR (the Arctic National Wildlife Refuge). Open up drilling in continental shelf, drill in North Dakota, drill in Oklahoma and Texas.'"

On Wednesday, with President Barack Obama traveling to oil and gas production fields on federal lands, Crossroads GPS, a nonprofit arm of a super PAC supporting GOP candidates, released a new ad to air in the same states that Obama was visiting. It accused Obama of restricting oil development in America and concludes "bad energy policies mean energy prices we can't afford."

The late 1980s and 1990s show exactly how domestic drilling is not related to gas prices.

Seasonally adjusted U.S. oil production dropped steadily from February 1986 until three years ago. But starting in March 1986, inflation-adjusted gas prices fell below the \$2-a-gallon mark and stayed there for most of the rest of the 1980s and 1990s. Production between 1986 and 1999 dropped by nearly one-third. If the drill-now theory were correct, prices should have soared. Instead they went down by nearly a dollar.

The AP analysis used Energy Department figures for regular unleaded gas prices adjusted for inflation to 2012 dollars, oil production and oil demand. The figures go back to January 1976, the earliest the Energy Department keeps figures on unleaded gas prices. Phil Hanser, an economist and statistician at the energy consulting firm The Brattle Group; University of South Carolina statistics professor John Grego; New York University statistics professor Edward Melnick and David Peterson, a retired Duke University statistics professor, looked at the analysis, ran their own calculations, including several complicated formulas, and came to the same conclusion.

