



Remarks By John McCain on Energy Security and Our National Security

By Press Office
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ARLINGTON, VA -- U.S. Senator John McCain delivered the following remarks as prepared for delivery at a town hall meeting in Fresno, CA, today at 10:00 a.m. PDT (1:00 p.m. EDT):

Thank you all very much. I appreciate the kind introduction from Jim Woolsey, and the warm welcome to Fresno State. I'm here to listen about energy issues as well as to talk. So let me just offer a few ideas before we begin our discussion.

All across this state and nation, people are hurting because the price of gasoline is higher than it should be, and more than many folks can afford. Because of far-off events in the world oil market, a barrel of oil has more than doubled in a year. And the bad effects of that are spreading across our economy. The cost of business is rising, the cost of food and other essentials is rising, the whole cost of living is rising. What isn't rising is the value of your paychecks and the rate of America's economic growth. Back in the 1970's, they used to call this "stagflation." And it feels the same today, because the unwise policies of our government have left America's energy future in the control of others.

America imports about one third of its oil from Canada and Mexico and no one need worry about a reliance on friendly, stable neighbors, and partners in NAFTA. The Middle East and Venezuela are a different story. We import roughly a quarter of our oil from them, and they have a disproportionate impact on world prices. When we buy foreign oil from these and other sources, there are many consequences -- all of them far-reaching and none of them good. Worst of all, by relying on foreign oil, we enrich bad actors in the world, some of whom finance terrorists.

Some in Washington seem to think that we can still persuade OPEC to lower prices -- as if reason or cajolery had never been tried before. Others have even suggested suing OPEC -- as if we can litigate our way to energy security. But America is not going to meet this great challenge as a supplicant or a plaintiff. We are not going to meet it with words at all -- we are going to meet it with action. We're going to produce more, conserve more, and invent more. And to a large extent, this strategy hinges on innovations in the cars and trucks we drive.

Ninety-seven percent of transportation in America runs on oil. And of all that oil, about 60 percent is used in cars and trucks. Yet the CAFE standards we apply to automakers -- to increase the fuel efficiency of their cars -- are lightly enforced by a small fine. The result is that some companies don't even bother to observe CAFE standards. Instead they just write a check to the government and pass the cost along to you. Higher end auto companies like BMW, Porsche, and Mercedes employ some of the best engineering talent in the world. But that talent isn't put to the job of fuel efficiency, when the penalties are too small to encourage innovation. CAFE standards should serve large national goals in energy independence, not the purpose of small-time revenue collection.

Innovation in the use of alternative fuels in transportation presents the greatest opportunity for energy independence. At the moment, entrepreneurs and engineers are trying to figure out which among the various alternatives to oil works best. Alcohol-based fuels are the farthest along in both development and commercial use. Some, such as ethanol, are on the market now, and new sources of ethanol are on the horizon that will not require the use of so much cropland. Corn-based ethanol, thanks to the money and influence of lobbyists, has been a case study in the law of unintended consequences. Our government pays to subsidize corn-based ethanol even as it collects tariffs that prevent consumers from benefiting from other kinds of ethanol, such as sugarcane-based ethanol from Brazil. The result is that Americans take the financial hit coming and going. As taxpayers, we foot the bill for the enormous subsidies paid to corn producers. And as consumers, we pay extra at the pump because of government barriers to cheaper products from abroad.

Here's a better way. Instead of playing favorites, our government should level the playing field for all alcohol fuels that break the monopoly of gasoline, lowering both gasoline prices and carbon emissions. And this can be done with a simple federal

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standard to hasten the conversion of all new vehicles in America to flex-fuel technology -- allowing drivers to use alcohol fuels instead of gas in their cars. Brazil went from about five to over 70 percent of all new vehicles with flex-fuel capacity. It did all that in just three years. Yet those same automakers that helped Brazil make the change say it will take them longer to reach the goal of 50 percent new flex-fuel vehicles for America. But I am confident they can do more, and do it faster, in the interest of our energy security. And if I am elected president, they will. Whether it takes a meeting with automakers during my first month in office, or my signature on an act of Congress, we will meet the goal of a swift conversion of American vehicles away from oil.

At the same time, smart policy can also help to broaden the market for energy-efficient cars. Right now we have a hodgepodge of incentives for the purchase of fuel-efficient cars. Different hybrids and natural-gas cars carry different incentives, ranging from a few hundreds dollars to four grand. They're the handiwork of lobbyists, with all the inconsistency and irrationality that involves.

My administration will issue a Clean Car Challenge to the automakers of America, in the form of a single and substantial tax credit based on the reduction of carbon emissions. For every automaker who can sell a zero-emissions car, we will commit a 5,000 dollar tax credit for each and every customer who buys that car. For other vehicles, whatever type they may be, the lower the carbon emissions, the higher the tax credit. And these large tax credits will be available to everyone -- not just to those who have an accountant to explain it to them.

Furthermore, in the quest for alternatives to oil, our government has thrown around enough money subsidizing special interests and excusing failure. From now on, we will encourage heroic efforts in engineering, and we will reward the greatest success.

I further propose we inspire the ingenuity and resolve of the American people by offering a \$300 million prize for the development of a battery package that has the size, capacity, cost and power to leapfrog the commercially available plug-in hybrids or electric cars. This is one dollar for every man, woman and child in the U.S. -- a small price to pay for helping to break the back of our oil dependency -- and should deliver a power source at 30 percent of the current costs.

My friends, energy security is the great national challenge of our time. And rising to this challenge will take all of the vision, creativity, and resolve of which we are capable. The good news is, these qualities have never been in short supply. We are the country of Edison, Fulton, and two brothers named Wright. It was American ingenuity that took three brave men to the moon and brought them back. Think of all the highest scientific endeavors of our age -- the invention of the silicon chip, the creation of the Internet, the mapping of the human genome. In so many cases, you can draw a straight line back to American inventors, and often to the foresighted aid of the United States government.

For all the troubles and dangers our energy vulnerability presents, we know that we can overcome them, because we have overcome far worse problems and met far greater goals. Together, we Americans can achieve anything we set our minds to. I believe this about our country. I know this about our country. And now it is time to show those qualities once again.

Thank you.

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