

Drill, Drill, Drill Is Working

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As Sen. John McCain and the GOP leadership nationalize the drill, drill, drill message, the Republican Party might conceivably be riding a summer political rally. The question of offshore drilling, along with expanded domestic energy production, has suddenly become the biggest political and economic wedge issue of this election. Is there a Republican tsunami in the making?

According to the major polls, McCain has overcome a big deficit to pull even with Barack Obama. Meanwhile, according to a Rasmussen survey, Democratic Party identification has slumped.

While Republicans on the House floor shouted "vote, vote, vote" and "lower gas prices," the Democratic majority turned off the lights, cameras and microphones. Determined Republican Senate leader Mitch McConnell offered unanimous-consent requests to vote on lifting the ban on deep-water exploration, and the Democrats objected. When McConnell asked Democrats if they'd overturn the ban at \$4.50 a gallon, they replied, "No." When he raised the price to \$5, \$7 and \$10, they cried, "No," "no" and "no."

On the Stephanopoulos Sunday news show, House Speaker Nancy Pelosi underscored her refusal to allow a drilling vote. Asked about the Republican rebellion in the House, she said, "What you saw in the Congress this week was the war dance of the handmaidens of the oil companies." She went on to say, "We are spending all of this time on a parliamentary tactic, when nothing less is at stake than the planet, the air we breathe, our children breathe."

Oh, really? Voters have a much different view. Polls suggest that two-thirds to three-quarters of the nation wants to drill. To wit, while a just-released Obama campaign ad attacks McCain as a tool of big oil, McCain has taken his first-ever lead in a Rasmussen tracking poll.

There is a voter revolt going on, and it reminds me of the anti-tax rebellion that lifted Ronald Reagan into office 28 years ago. Is the conventional wisdom about to be swept away? As Republicans press home the drill, drill, drill message, might they pick up seats in Congress this year? And might the national clamor for a more realistic and balanced energy policy — one that includes more oil, natural gas, clean coal, nuclear, and the alternatives of wind, solar and cellulosic — carry John McCain to a convincing victory over Obama?

Without even realizing it, the GOP drilling offensive has become a new contract with America. And it appears to be working. The public is putting aside global warming and choosing instead new-energy production, a stronger economy and more job creation. Voters want growth, not austerity. They want Ronald Reagan, not Thomas Malthus. And by resisting this grassroots call, the Democratic Party is digging itself into one of the biggest political dry holes in history.

New economic statistics highlight the damage done by the unprecedented oil-price shock. Only a year ago, real gross domestic product was growing at 4 percent to 5 percent. Then came the dramatic rise of energy prices and down came the economy.

GDP contracted slightly late last year and rose a miniscule 0.9 percent in this year's first quarter. And although real growth picked up to nearly 2 percent in the second quarter, that number is suspect, since the government does not count surging import prices from food and energy.

Wall Street blames everything on the housing slump and the subprime credit crisis. Of course, these are significant. But the drop in housing starts, sales and prices has been going on for nearly two years, without crunching down the economy.

It's the oil shock that has brought us perilously close to recession. In fact, despite a slight rise in GDP, non-farm corporate payrolls have declined for seven consecutive months, while private payrolls have fallen for eight straight months. A year ago, the unemployment rate was 4.5 percent. Today, it's 5.7 percent. Topping it off, the inflation rate has climbed from 2 percent to 4 percent over the past year.

Right now, the recession call is still an open question. But the economic damage caused by skyrocketing energy prices is a no-brainer.

When President George W. Bush eliminated the executive moratorium on offshore drilling a month ago, effectively launching the drill, drill, drill offensive, oil was close to \$150 a barrel. Since then, the barrel price has dropped to nearly \$120, as futures-market traders anticipate a major shift in federal drilling policy.

Over at the Intrade pay-to-play prediction market, the probability of an offshore drilling bill passing in 2008 is now handicapped at 50 percent, up from 25 percent only a few days ago. Clearly, investors know market prices will move well before we see actual new energy supplies from offshore drilling. The likelihood of greater energy supply will incentivize those much-vilified traders to slash barrel prices much more, bringing relief at the pump and earning the gratitude of a whole nation.

At the same time, those wrongheaded Democratic leaders, from Obama to Harry Reid to Pelosi, will see their political fortunes plummet deep into bear-market territory.

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