



Powerful House Energy and Commerce Committee Chairman Fred Upton (R-MI) Addresses Franklin Center for Global Policy Exchange

WASHINGTON, DC May 23, 2011 – One of the most influential and powerful Members of the US Congress, House Energy and Commerce Committee Chairman Fred Upton (R-MI), joined the Franklin Center this morning for its Benevolus policy discussion series.

With gas prices and energy supply issues dominating the headlines, the Chairman has been focused primarily on energy issues in Congress, with health care a close second. Rep. Upton had recently visited an oil rig in the Gulf of Mexico, and explained how much of the potential exploration in the region was stalled due to lack of permitting by the US government. During his visit, he was told that one company in the area was paying roughly \$750,000 per day to keep an idle oil drilling ship in the area as permits were being processed, but that if a permit weren't approved soon, the ship would move to Brazil and likely never return.

The problems surrounding permitting were not limited to oil production in the Gulf of Mexico, however. Mr. Upton said a similar situation had developed around the construction of the Keystone Pipeline, a massive project that could create up to 20,000 jobs and bring more than a million barrels of oil to the US each day from Canada. While the project has already been scrutinized, there are new holds and obstacles that have delayed construction. These and other issues threaten production, which eventually hurts the US in terms of higher fuel prices.

Given these challenges, energy is clearly job number one for the Chairman and the Committee, and will likely stay that way for the foreseeable future.

Health care is also a major responsibility for the Committee, and here too the panel has been busy. The Congressman focused briefly on health care, but said it was critical that Congress move forward on replacing the "Affordable Care Act," with different reforms that help reduce cost and increase quality. The Affordable Care Act was a top priority for President Obama and Democrats in Congress, and was enacted over the strong opposition of Republicans. Chairman Upton noted that the Committee would soon consider legislation which would permit individuals to purchase health insurance across state lines, a proposal many experts believe would lead to increased competition between insurers and lower costs for consumers.

The biggest challenge for this Congress, however, is the process by which the federal debt ceiling and deficit reduction measures will be handled later in the year, and the Congressman devoted much of his presentation to addressing this volatile issue. One hurdle is that there is little actual time to work on the complex negotiations that will be required to both forge and sell such a controversial package to elected officials. Mr. Upton noted that Congress would only be in session a mere six weeks between late May and August 2nd, when the US government is projected to reach the debt ceiling. "That's only 21 legislative days, so that means it's going to be a long, hot summer," said the Chairman.

He summarized the main challenges of the debt ceiling discussion, saying how difficult it would be to reform a highly popular program like Medicare, nevertheless underscoring that it must be done given the size of today's deficit and the fact that entitlement programs will overtake the rest of the budget in just a few years. He recalled the 1980s, when as a young staff member for the Office of Management and Budget, there was concern of a deficit that was roughly \$80 billion per year, significant but tiny in comparison to today's \$1.5 trillion budget gap. "We're in duck soup," he said, in arguing for serious action on the long-term budget problems facing the country.

The Congressman also shared these thoughts during the question and answer session:

On a national alternative fuel policy:

“The Congress just can’t be in the position of picking winners and losers in the fuel markets,” said Mr. Upton. “We will need 30 to 40% more electricity in America before the next decade, and we haven’t done much.” He noted that 28 states now have renewable energy standards but they are all different, which may lead to market distortions.

On EPA Greenhouse Gas Regulations:

The Chairman was encouraged by what he saw as positive steps being taken by the US Environmental Protection Agency (EPA) to back off implementation of aggressive new regulations that some have said could slow an economic recovery. “EPA did the right thing,” said Mr. Upton, “let’s see what they do next.” The Chairman believes that the economic realities are starting to weigh on many in the Administration, and that it would be foolhardy even from an environmental perspective to send jobs to countries like India and China with little to no environmental regulations.