



Political Implications

Political ramifications of a decision to drill in ANWR are hard to quantify and vary by scale. These scales include state, national, and international levels. The local/state level would benefit from drilling. The Alaskan government would be economically stable for approximately 30 years, dependant on the amount of oil and time of production. This stability will lead to the support of government sponsored organizations such as education, public safety, and some health care. These services are invaluable to the people of Alaska. On the national level there would be no major gains or losses on the political front. Drilling in ANWR is sure to be an issue in Election 2004, but a candidate's stance on the issue will not, alone, cause him or her to loose the election. Finally on the international level there would be a cost to drilling in ANWR. This cost would be in the form of a poor environmental record with the rest of the world. The world oil market and the politics which surround it would be minimally impacted by a decision to drill. The political ramifications of drilling would be a benefit to the Alaskan people and a cost to the United States within the world's view of environmental policy.

[Historical Background](#)

[State Ramifications](#)

[National Ramifications](#)

[International Ramifications](#)

Political Implications - Historical Background

1959 Alaska became a state.

1960 The northeast corner of Alaska named a Wildlife Range by the Federal Government.

1960s Alaskan Natives filed land claims with the Federal Government.

1966 The Federal government froze all federal lands in Alaska. The state, natives, and other organizations were unable to claim over 96% of the land in Alaska. This freeze allowed the Federal Government to settle the outstanding Native Claims before Alaska and private interest groups could claim the land that Natives wanted.

1968 Oil was discovered in Prudhoe Bay, Alaska. Drilling was prohibited because of the land freeze, so pressure was put on the Federal Government to settle the Native Claims.

1971 Alaska Native Claims Settlement Act was passed by US Congress. This Act ended the land freeze in Alaska because it settled the Native Claims. Native Corporations were formed to govern the lands in the best interests of the company shareholders.

1980 Alaska Native Interest Land Claims Act (ANILCA) was passed by US Congress. ANILCA created present day ANWR and designated 13 million of the 19 million acres in ANWR as wilderness. Section 1002 excluded the Coastal Plain from wilderness status, leaving it available for further study and possible resource development. Section 1003 stated that Congress had to approve any development within the 1002 area.

1980s Following the passage of ANILCA, the opening of the Coastal Plain to drilling was under heavy debate in Congress. The oil crisis during the 1970s led to the desire of policymakers to secure a domestic oil supply in case of a similar occurrence.

1989 The Exxon Valdez oil spill occurred. The Congressional Republicans' hopes of opening ANWR met renewed resistance from the Democratic Party, which was against the idea of drilling in the first place.

1992-2000 President Clinton's vow to veto any measure that allowed for drilling ended any debate by Congress about opening ANWR.

2000 President Bush declared that he would pass a measure for opening ANWR. The debate for opening ANWR was renewed.

Political Implications - State Ramifications

An investigation of the political groups associated with the State of Alaska found that the political ramifications of a decision for drilling would be good in the short and long term. The main benefit of opening ANWR for drilling is the economic stability that it would bring to the state as a whole. Oil is the main source of income and stability for the Alaskan government and Alaska would be economically sound for 20-30 years after the opening of ANWR, because of the oil royalties. This would allow for the State to address important issues such as education and healthcare instead of combating the unemployment and the slowed economy which will eventually be the result of keeping ANWR closed.

Native Alaskans are hoping to gain more political influence, something they have been losing since Alaska became a state. The majority of their influence comes because of their corporations. These corporations would benefit from oil drilling because of the royalties they are entitled to by the Alaska Native Claims Settlement Act. The larger these corporations grow the more economic influence they have on state politics. The hopes of Natives that their economic influence will translate to social influence can only be bolstered by the economic gains of oil drilling.

The State of Alaska has three representatives in U.S. Congress: Congressman Don Young, Senator Ted Stevens, and Senator Lisa Murkowski. Both Senators Stevens and Murkowski are already leaders for the Republicans in the Senate. The opening of ANWR for drilling won't affect their political careers. Looking at the picture of Alaska's role in the federal government, Alaska will more than likely maintain its current role when ANWR is opened. Alaska is already a major oil producing state for the US and this would not change. One way Alaska could gain more power in Congress is through an increase in representation, which only comes with population increase. Oil drilling in ANWR will not increase the amount of people that emigrate to Alaska, and so Alaska's congressional standing won't change.

Native Corporations and the State of Alaska will benefit from production of ANWR's oil resources. Alaska, on the national level, won't gain or lose any standing with a pro-drilling decision. The combination of these factors and no major political drawbacks indicate that the state political ramifications of oil production are better than those associated with the protection of ANWR.

Political Implications - National Ramifications

Opening ANWR has implications for the upcoming presidential election. Bush will be running for re-election and will be able to say that he accomplished his goals for energy. His main energy platform of the 2000 election was the opening of ANWR and with the Mission 2007 Proposal this goal would be achieved. The Republican Party could promote the number of jobs the decision created and the positive effect it potential could have on the economy. Democratic presidential hopefuls would be able to paint Bush as anti-environmental for opening ANWR to drilling. Also some Democrats claim that drilling in ANWR would only be the beginning of GOP plans to roll back environmental protection policies. Since there are so many democratic nominees at this point in the race there are sure to be varying positions on the decision to drill. This variation in position will give voters the opportunity to choose a candidate who reflects their views.

Environmental and energy platforms in Election 2004 won't be the deciding factors in whether a voter votes for Bush or for the Democratic nominee or for a third party candidate. Thus, since drilling in ANWR would minimally affect the election of the President and other government officials, in the long run the national political ramifications would be minimal.

Political Implications - International Ramifications

Oil is bought and sold across country lines like any other commodity. However, since 1973, the practical workings of the oil market have been antithetical to the nature of pure competition. The Organization of Petroleum Exporting Countries (OPEC) has used its power as a cartel to control the market price of oil.

Prior to OPEC's actions in 1973, the price of oil was stabilized at approximately \$3 a barrel. OPEC took advantage of the nearly perfectly inelastic demand for oil, and cut its supply; thus, the price for oil rocketed from \$3, to \$5, to \$12, up to today's range of \$22 to \$28. OPEC will cut or raise production so that the price doesn't deviate from this range. While this sounds like a perfect system for the countries in OPEC, it assumes that OPEC has unlimited production capability and that they can cut off all world oil production.

OPEC itself satisfies neither of those two assumptions. However, they are close. The eleven member nations of OPEC -- Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela -- control approximately 35% of world oil production. In many cases, this number would be enough to minimize their impact on the world oil market. However, OPEC controls over 80% of surplus capacity in the world; no other countries can raise production enough to balance out OPEC's influence. Also, OPEC's control of 78% of proven oil reserves gives it a long term capability to control the oil market.

The influence of American drilling in ANWR therefore must be understood within the context of the current oil market. While production in the 1002 region could yield approximately 10 billion barrels of oil, its impact on the world oil market will be minimal. Variations in proven oil reserves can make a difference to one country's power in the market under a more traditional oligopoly, but since the OPEC cartel can simply cut production by an equivalent amount, the price of oil would remain in the current range.

There is a point, however, past which OPEC cannot cut its production, because member nations will simply ignore quotas. However, as world oil demand increases, and with OPEC still controlling a significant majority of the world's excess capacity, the production minimum will disappear within the next decade. And, coincidentally, it will take that decade before significant quantities of oil can be extracted from ANWR. At that point, the world demand will be high enough that OPEC can cut its production by whatever comes out of ANWR and still maintain reasonable quotas for its member states.

For a case study, consider the influence of war in Iraq on the world oil community. Iraq's prewar production level of 1.5 million barrels per day is, within a factor of two, the rate of production in ANWR. The impact of war in Iraq due to the cessation of production of 1.5 million barrels per day was next to nothing. Yes, there was a temporary spike in the price of oil, most of which can be attributed to fears of the war spreading to other oil producing countries; however, the spike was temporary. By compensating in their own export quotas, OPEC was able to maintain the price bracket on oil. Yes, drilling in ANWR is substantially different from war in Iraq; however, the analogy to the oil market impact does hold.

The impact of American oil drilling in the wildlife refuge will be more than the simple number of barrels of oil. The US will send a message that it is willing to do anything to preserve its oil-driven economy. As drilling in ANWR will lead to a slight decrease in OPEC and the Middle-East oil production, the situation for purchasing oil on the European continent could be negatively impacted. This impact coupled with the strong environmentalism present in European countries will lead to tense relationships between the United States and Europe.

The US already has a poor reputation for environmental policy with European countries. This reputation stems from the policies of the United States on international environmental treaties such as the Kyoto Protocol. Many developed nations are disappointed by the fact the US refuses to sign the Protocol and work toward lower greenhouse gas emissions. Opening ANWR for drilling would show environmentalists that the US has less interest in pursuing sustainable resources, and more interest in a cheap source of oil.

In short, drilling in ANWR will have a negligible impact on the economics of the world oil market. In turn, that means that its political impact will be negligible, because the United States will be in no stronger a negotiating position with OPEC. The member nations of OPEC won't have any harder of a job to control the world's oil production. Europe will still have negative feelings towards the United States for its environmental policies and for its continued reliance on oil as its main energy source.

