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Representative Harry Crawford
District 21

HJR 12: NATIONAL ENERGY INDEPENDENCE

The National Energy Policy release by the White House in March of 2001 was a 170-page document, which outlined the President's goal of freedom from dependence on Middle-Eastern oil. Within the document, topics were covered from oil development to alternative fuels to alternative energies such as solar and wind.

Several American presidents have pushed for energy independence, and from Nixon to Carter they all had the same goal, freedom from dependence on middle-eastern oil. For years, there has been a split in how to attain this goal. Some argue for more development while others argue for energy efficiencies and alternative energy sources. This resolution attempts to bring both of those means to the table to attain the same end; that is, North American energy independence.

Alaska is ideally situated to fill the energy needs of the North American continent. With the possibility of North Slope natural gas development, new oil development, vast coal reserves, and the possibility for various alternative energies and fuels, Alaska could potentially fill the gap left by foreign oil.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HJR 12
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Natural Resources
Title: Supporting Federal Energy Initiatives BRU: Oil and Gas Development
Component: Oil and Gas Development
Sponsor: Rep. Crawford
Requester: House Oil and Gas Component No. 439

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal: ☐

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

There is no anticipated fiscal impact associated with implementation of this resolution.

Prepared by: Mark D. Myers Phone 269-8800
Division: Oil and Gas Date/Time 3/10/2003
Approved by: Tom Irwin, Commissioner Date 3/10/2003
Agency: Natural Resources

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[Let's Chat](#)**OpEd: Let's Declare Our Energy Independence**

The new symbol of American energy independence? Wind turbines like this are rising all over America as the fastest and safest way to supplement America's energy supply.

By [Bill Moore](#)

September 11, 2001 was America's wake-up call.

September 23, 2001

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Last night's speech before the American Congress was President George W. Bush's finest hour. In a stirring, thoughtful address he clearly defined the challenge confronting America and the World. Evil men have

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perverted the Prophet Mohammed's message of peace and self-control with the justification that "jihad" against the morally-corrupt West is Allah's will. The Taliban government of Afghanistan is the most extreme example of this warped theocratic vision, where music is forbidden and women are cruelly demeaned. These extremists would foist their brutal, totalitarian regimes on others.

They deserve to be brought to justice. They must be brought to justice, or as President Bush put it, justice will find them.

But beyond the rhetoric and the flag waving, America needs a visible symbol of our determination to resist and defeat radical Islamic terrorists. If I were directing the fight, I would start with a declaration of energy independence.

The opening phrases of the United States Constitution says that the very purpose of our Union is to "insure domestic tranquility, provide for the common defence, promote the general welfare, and secure the Blessings of Liberty to ourselves and our Posterity. . ."

It is these very tenets that George W. Bush swore to defend when he took the Oath of Office. What better way to uphold the Constitution than to declare America's energy independence, and mean it this time.

It seems clear to me that the reason we now find ourselves embroiled in this new kind of war has to do, in some large measure, with our national addiction to oil, much of it imported from these troubled parts of the world. It was the US "invasion" of Saudi Arabi in 1991 and its continued "occupation" that set Osama bin Laden on his personal, murderous "jihad." And while bin Laden's subsequent declaration of war stated it would be the West which would burn the oil fields, we cannot assume that he or his kind will continue to let oil flow freely to his sworn enemy.

In that event, the shock would be felt around the world.

Of course, it would be overly simplistic for me to suggest that reducing, much less stopping the importation of oil from the Persian Gulf -- most of which is shipped to China, Japan and the nations of the Pacific Rim -- would prevent further acts of terrorism. In fact, it would probably only further destabilize the region and topple those few governments that remain on good terms

COMMENTS

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On the other hand, it would remove a significant economic weapon from the hands of our enemies. More importantly, it would help insure that we are no longer vulnerable to political arm twisting. It would also mean we could dramatically reduce our military presence in the region, thus removing one of the major irritants enflaming radical fundamentalism in the Middle East. An America that doesn't need Middle Eastern oil is a safer, more secure America, in my view. It also places America in a stronger strategic position to deal with those who would use oil as an economic weapon against us. The countries of the Middle East need to sell their oil. They have little else to offer the rest of the World.

Let me hasten to add at this point, that I believe oil is a valuable resource and that the nations blessed to have it are entitled to extract it at a rate they deem prudent for their long-term economic well being and sell it at a fair market price.

I also believe it is simply too valuable a resource to consume at the profligate rate at which we are doing so. While oil income in the Middle East has raised the standard of living for some people in the region, it often has also fostered excesses and corruption far beyond those found in the West. The lavish lifestyles of Arab princes are legendary and can only have helped sow the seeds of militant discontent among a people whose religion exhorts them to practice abstinence and charity.

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Energy Independence or Interdependence? Integrating the North American Energy Market

by **Pietro S. Nivola**

"Let us set as our national goal," President Richard Nixon proclaimed more than a quarter-century ago, "that by the end of this decade we will have developed the potential to meet our own energy needs without depending on any foreign sources."

Although President George W. Bush's energy plan is a lot less utopian, and indeed has certain merits, one of its suppositions, too, seems to be that Americans will be better off if they reduce "reliance on foreign energy." During the 2000 election campaign, the Bush camp rhapsodized about bygone days when "one of America's greatest strengths was its energy self-sufficiency." The theme has since been reiterated frequently, for the United States now produces at home less than half the oil it uses. In the words of the House majority whip, Tom DeLay, "America faces a serious degradation of our national security unless we move at once to reduce our dependence on foreign sources of energy." (Which "foreign sources of energy"? Presumably, we are not debating inflows from friendly places like Canada and Mexico. But hold on; I will return to that subject shortly.)

Cobbling at Home

For all its persistent political fascination, the self-sufficiency logic is fundamentally flawed. In 1973 the United States imported little more than a third of the petroleum it consumed. Yet the U.S. economy then proved far more, not less, exposed to the shock of rising international oil prices than it was two years ago when those prices soared again while our dependence on foreign oil reached an all-time high. The extent of a nation's vulnerability, in other words, is not a function of how much energy it produces domestically or buys from abroad. Britain, for instance, produces more oil than it needs. But its self-sufficiency scarcely shielded British consumers from the sudden spike in

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gasoline prices in the summer of 2000. The reason is simple. Petroleum prices everywhere are set in a world market--and no country, even a net exporter, can readily repair to an energy policy that says, in effect, "Stop the world. I want to get off."

More consequential for economic stability than the share of fuel supplied by foreign sources is a nation's relative energy-intensity and susceptibility to inflationary pressures. To produce a dollar of GDP, America today requires about 30 percent less energy than it did 30 years ago. So our economy now is less vulnerable to the effects of energy price increases. The economy is also far less inflation prone than it was in the 1970s. Consequently, even the tripling of global crude-oil prices between 1998 and 2000 did little damage.

Although you might not know it from listening to the rhetoric in Washington, this country still produces all but about a quarter of the "energy" it needs. Yes, imports of oil have increased (mostly because Americans choose to drive far more, and use much less efficient motor vehicles, than do consumers in other industrial countries), but imported oil is just one part of the picture. Nearly all of what propels the nation's electric generators--coal, gas, nuclear power, hydropower, and non-hydro renewables--is domestically produced. About 85 percent of our primary heating fuel, natural gas, is made in the U.S.A. (almost all the rest comes from Canada).

The quest for ever-greater energy independence was fanciful in Nixon's time and would be no less quixotic today. The days when the United States was a low-cost producer of oil are history. Squeezing additional supplies from the remaining domestic reserves will require increasingly elaborate operations, many of which may be prohibitively expensive if proper environmental safeguards are factored in and if world prices sag, as they have repeatedly in the past 15 years. In a free market, it is hard to see how such projects can compete with various foreign sources where production costs are lower. Most of the oil extracted by the Organization of Petroleum Exporting Countries (OPEC) costs less than \$5 a barrel to produce.

It is wasteful to insist on making at home those commodities that can usually be supplied more cheaply from somewhere else--just as it makes no sense for me to cobble my own shoes instead of "importing" them from a shoe store. Funneling scarce resources into enterprises in which we no longer have a comparative advantage means leaving less capital and labor available to other industries--ones that could put those resources to better use. Society's living standards are lowered, not secured, by the pursuit of autarky.

Prudent Policy

All this is not to say that no additional reserves of oil are worth recovering within U.S. territory. Wherever feasible, they should be found and used. Adding their output to the world's supply is desirable, just as it is worthwhile to get more from any industry that can competitively make products the world needs.

Nor do I mean to suggest that a disruption of the global oil supply would no longer have an adverse impact on the U.S. economy. Suppose that another crisis in the Middle East were to take a large volume of oil--say, 7 million barrels a day (mbd)--off the market. Suppose, also, that after drawing down perhaps 2.5 mbd from strategic petroleum reserves no other sources were available to make up for the shortage. Brookings economist George L. Perry estimates that the world price of crude could hit \$75 a barrel. An increase that big could add as much as 5 percentage points to inflation and would promptly deepen the recession throughout the industrialized world.

Clearly, building up emergency stockpiles in the industrial countries is the first line of defense against such a disruption. Having access to spare production capacity outside the disrupted fields is also helpful. If the strategic reserves

contribute 2.5 mbd and the extra capacity could add 1 mbd, a potential 7 mbd loss would be reduced by half. Under these circumstances, according to Perry, the price of oil would go to only \$32 a barrel, so that regular gasoline would cost roughly \$1.75 a gallon—a change well within the range of price variation in recent years. But notice: the surge capacity is a global, not a national, imperative. As long as it is available somewhere amid the earth's extensive assortment of reliable producing areas, much of the global shortfall (and the price shock for American consumers) will be offset.

Some of this cushion already exists. The supply side of the international petroleum market today is a lot more diversified than it was in the dark days of 1973, when the Arab oil embargo wrought havoc. The share of oil the United States buys from the Persian Gulf now represents less than a quarter of U.S. oil imports, down from almost 30 percent in 1980. Fully half of the oil we import comes from within the Western hemisphere. A number of large suppliers, outside OPEC as well as within it, are not operating at full capacity. If past is prelude, they would almost certainly put more oil on line amid the high prices of a tight market.

To gain additional insurance in an economically efficient fashion over the longer haul, policymakers should enhance trade relations with the stable suppliers that have abundant energy resources. Conveniently, at least two of them happen to be in the immediate vicinity. President Bush, to his credit, has spoken of the "need to recognize the energy potential of our neighbors, Canada and Mexico."

Opportunities in North America

The United States is the world's second largest producer of oil, Mexico the eighth. But with proved reserves around 23 percent larger than those of the United States, Mexico holds considerable promise for increased production. The same goes for our northern neighbor. No country, not even Saudi Arabia, exports more oil to the United States than does Canada. In the years ahead, Canada is likely to make a larger contribution as much more output from recent discoveries, such as Newfoundland's enormous Hibernia Field, comes on stream. The bulk of Canada's hydrocarbon resource base is still unrecoverable at current prices and with existing technology, but it is potentially immense. Alberta's oil sands, for instance, might contain the equivalent of an estimated 300 billion barrels of oil, more than all of Saudi Arabia's proven reserves. To put matters in perspective, if eventually even just one-quarter of this source were to become available, it would meet all the combined demand of both countries for nearly a decade (at current rates of consumption).

Opportunities for expanded development and trade of natural gas throughout North America ought to be more fully exploited as well. Canada now furnishes around 14 percent of U.S. requirements. New fields are being developed off Canada's east coast between Newfoundland and Nova Scotia. In addition to providing heating fuel for Nova Scotia and New Brunswick, the offshore source could at last bring an end to New England's anomalous dependence on heating oil.

More could be done. Vast quantities of gas, possibly several hundred trillion cubic feet, remain untapped in an area stretching across the Western Canada Sedimentary Basin to Alaska. Known deposits in Alaska and the Yukon alone exceed 70 trillion cubic feet—more than three years of total U.S. consumption at present levels. Official estimates of Mexican proven reserves of natural gas are reportedly half that, but recent estimates by the Gas Technology Institute suggest that as much as 65 trillion cubic feet of gas could turn up in the Burgos Basin of northeastern Mexico.

The importance of bringing more natural gas to the North American market cannot be overstated. Gas can readily displace oil in various ways—as a

heating fuel, as a fuel for electric generators (substituting for the oil-fired ones that comprise about half of Mexico's generating capacity, for example), and to an extent, even as a transportation fuel. More important, this relatively clean-burning fuel is the leading alternative to coal. To meet America's anticipated demand for electricity in the near future, as much as 200,000 additional megawatts of electric power may have to be produced nationwide. Across the continent, power plants will spew fewer air pollutants, particularly greenhouse gas emissions, if they are powered by natural gas instead of coal.

NAFTA's Unfinished Business

The energy markets of the United States, Canada, and Mexico would have realized more of their potential by now if the North American Free Trade Area (NAFTA) had integrated them more completely. But in the energy sector, NAFTA stopped short of achieving a truly open framework for trilateral trade and investment.

The main roadblock remains on the Mexican side, where constitutional provisions, nationalistic sentiment, and raw politics combine to maintain state-owned monopolies that retard growth of that country's oil, gas, and electricity industries. According to the World Bank's estimates, Mexico ought to be financing approximately \$10 billion each year in energy development and infrastructure just to meet its own projected demand, never mind those of its trading partners. Yet, Petróleos Mexicanos (Pemex) is required by law to transfer as much as a third of its annual revenues to the Mexican treasury. During 2000, close to \$30 billion in Pemex earnings was turned over, funding 37 percent of the government's general budget but leaving the company unable to plow adequate revenues back into new exploration and production. Not only do Pemex and the public power company, Comisión Federal de Electricidad (CFE), perennially underinvest; the system of national enterprises (and, in the case of CFE, underpriced electrical rates) also discourages private investors from underwriting Mexico's essential energy projects.

Most of the liberalization of energy trade has been between Canada and the United States. By the time NAFTA was ratified in 1993, Canada had jettisoned the statist energy regime it had erected some 15 years earlier. The government-run monopoly, Petro-Canada, was largely privatized. Gone as well were restrictions on foreign ownership and obstructive price regulations, including the mercantilist practice of imposing supra-market export prices. The result was a rapid rise in Canadian exports after 1983, especially to parts of the American West. By 1991 Canadian natural gas was satisfying approximately 25 percent of California's gas consumption.

Canada, unlike Mexico, did not insist on major exclusivity provisions for energy industries under NAFTA. Thus U.S. and Canadian interests have launched important cooperative ventures in recent years. The Alliance Pipeline—extending over 2,300 miles from western Canada to Chicago—is probably the most striking example. The jointly financed line can carry 1.4 billion cubic feet of gas to the Midwest, and connecting links will eventually deliver a substantial share to locations as far away as Pennsylvania and New York.

But U.S.-Canada energy flows still are not entirely unfettered. Ottawa can negotiate international trade treaties, but jurisdiction over the disposition of natural resources rests with the provinces. Local disputes over key decisions, such as the routing of natural gas lines from the Arctic to the continental United States, continue to cause delays.

All three NAFTA countries could save energy and score big environmental gains if their electric utility grids interfaced seamlessly. Fewer additional generating facilities might be necessary in the future if power could be readily wheeled around the continent to wherever it is needed. But inadequate

transmission capacity, unsynchronized connections, and insufficient deregulation (open access) in various local systems continue to pose obstacles. The deficiencies, moreover, are not limited to links between the United States and Mexico, where cross-border sales of electricity are still negligible. To a degree, problems also persist in and among U.S. regions and some Canadian provinces.

What Next?

The United States is not likely to be well served by any national energy strategy that favors, in effect, a buy-American bias when international trade can meet a sizable share of our energy requirements more affordably. Recent events, if anything, underscore this conclusion.

To succeed without massive subsidies, government policies to encourage homemade energy would have to be supported by a sustained period of steep market prices and also by a long suspension of politics as usual. Neither is likely. The ink was barely dry on the Bush administration's National Energy Policy when market prices shifted unexpectedly. Natural gas, which had run to \$10 per 1,000 cubic feet in early 2001, was closer to \$3 by last summer and headed lower. Crude oil plunged from about \$30 a barrel in early September 2001 to around \$17 a barrel by mid-November. Everywhere, including California (where spot prices of electricity had briefly soared), the energy "crisis"--and thus the urgency of having a "plan"--had faded.

In any case, even the best-laid energy plans are perforce politicized. The Bush initiative is no exception. In the name of furthering "energy independence," a multitude of interest groups make a pitch for their pet projects. Never mind how costly, amid the legislative logrolling any homespun energy scheme--from ethanol farms to synthetic fuels--can make headway. By the time the House of Representatives had finished with the president's proposals, for example, it had authorized more than \$5 billion in subventions to promote an oxymoron: "clean coal." (Power plants using coal treated by so-called fluidized bed technology still emit about 10 times more smog-causing nitrogen oxide than do comparably sized plants fueled by natural gas.)

Instead of futile planning to quarantine "foreign energy providers," U.S. policy should seek deeper integration with some of them, especially the ones next door. In accordance with the aspirations of NAFTA--a genuinely open market for commerce and investment--the three member countries need to be shedding more of their anachronistic energy regulations. In particular, Mexico should be urged to privatize Pemex and the CFE. Before his election President Vicente Fox had intimated that the Mexican government ought to reduce its reliance on Pemex as a cash cow. One way for the United States to encourage reform south of the border might be to swap liberalized immigration rules up here for a firm commitment to restructuring (or, at a bare minimum, much lighter taxation) of the state-controlled energy industries down there.

The United States and Canada, too, can take additional steps congruent with the free-market principles of NAFTA. The installation of new power lines linking U.S. and Canadian utilities, for example, will lag as long as regulators on both sides of the border prevent the utilities from profiting fully from these investments. And negotiating other vital regulatory reforms with our trading partners is complicated by the perpetuation of what they deem to be U.S. trade barriers. Some Canadian provinces complain that "mandated renewable portfolios" in many U.S. states (which allocate substantial market shares of electricity sales to U.S. producers of renewable energy) interfere with exports of electric power from Canada. In 1999, a coalition of independent U.S. oil producers asked the Commerce Department to impose anti-dumping duties on Mexican crude oil.

If politicians in Washington are serious about improving America's energy

security, they would do well to clear away such hindrances, and in Mr. Bush's words, "make it easier for buyers and sellers of energy to do business across our borders."

Pietro S. Nivola is a senior fellow in the Brookings Government Studies program. He is the author of *The Politics of Energy Conservation* (Brookings, 1986) and, with Robert W. Crandall, *The Extra Mile: Rethinking Energy Policy for Automotive Transportation* (Brookings and Twentieth Century Fund, 1995).

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On the Road to Energy Independence

by Edith T. Carper

Congress continued its slow pace on energy legislation this spring, taking time out, so to speak, to debate such regional issues as the possibility of drilling for oil in the Arctic National Wildlife Reserve (ANWR). Another issue that consumed considerable time was nuclear power and whether or not its use should be encouraged.

Congress is currently considering a compromise energy bill that would reconcile the House and Senate versions of the *Saving America's Future Energy Act* (H.R. 4). The Senate version has been described as "a modest collection of inducements for greater energy production, conservation and the use of renewable fuels, and insulation." The general Republican attitude is that the United States must find more domestic fuel sources to reduce its dependence on foreign oil. On the other hand, Democrats in general believe we should conserve energy to achieve energy independence. The House version reflects the Administration's energy recommendations — including opening ANWR to oil and gas drilling.

On 7 March, during Senate debate of 2003 funding for the Department of Energy, Sen. Mary Landrieu (D-La.) urged colleagues to pass laws to encourage U.S. energy independence. The declaration, she said, should embrace three principles:

- We must produce energy through cleaner fossil fuel and more nuclear generation
- We must conserve energy
- We must provide federal "coastal impact assistance" to states whose environment and infrastructure are impaired by energy production.

Landrieu's own state of Louisiana has lost more than 1,000 square miles of its coast to the quest for resources in the past 50 years. The United States consumes 26 percent of the world's oil supply, but produces only a fraction of the total. "We are clearly eating without working," she said.

On the Nuclear Energy Front...

Earlier this year, the Administration and Congress launched an effort to promote nuclear energy through tax breaks for nuclear power production and through an Administration initiative to encourage public-private partnerships for new nuclear power plants. In mid-February, the Department of Energy announced a proposal to invest \$38.5 million in FY 2003 for a public-private partnership to explore federal and private sites for locating new nuclear plants and for research in "safe and efficient" nuclear plant technology.

Meanwhile, low-key efforts are being mounted in Congress — with help from the nuclear power industry — to increase the use of nuclear power. Both the House and Senate have approved a measure to extend the *Price Anderson Act*, a 1957 law that limits the liability of nuclear power plant owners in case of an accident. The Senate version also includes provisions that would create a Department of Energy (DOE) unit to probe new ways to recycle nuclear waste. It would also expand a program to develop advanced nuclear reactor technologies between DOE and industry.

Several Senators have urged expanded use of nuclear power in statements made this spring. Sen. Pete Domenici (R-N.M.), ranking Republican on the energy appropriations subcommittee, hopes to add several million dollars for research of nuclear technologies to the FY 2003 spending bill. And Sen. Larry Craig (R-Ind.) wants to increase nuclear power's share of the U.S. energy market from 20 percent to 30 percent. The Energy Department's own predictions say nuclear power's share of the energy market could shrink to 11 percent by 2020, as power plants go out of service and are not replaced.

...and On the Renewables Front...

In late March the Senate heard from advocates of expanding use of renewable energy sources. A document was cited (and inserted in the *Congressional Record*) from DOE's Energy Information Administration to the effect that renewable energy sources can easily provide 20 percent of the electricity we use from wind, solar, geothermal and biomass energy sources. Such a goal could be achieved by 2020 and would cost consumers almost nothing.

The Administration has added its voice to the pleas to Congress to act on energy. At a GOP fundraiser in Connecticut in early April, President Bush commented on a recent decision by Saddam Hussein to cut off oil exports to the west. "The

threat emphasizes the importance of diversifying our supply away from places like Iraq," he said.

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Edith T. Carper is an IEEE-USA special correspondent.

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Are you driving with Bin Laden?

Energy Independence or Continued Terror? You Decide.

By Tim Neagle

Let's play "what-if" for a moment.

What if, in 1981, Ronald Reagan hadn't dismantled all of President Carter's energy programs? What if Reagan had taken the idea of energy independence seriously? It's not all that hard to imagine. Reagan certainly had his battles (Lebanon, Libya) with the Arab world during his two terms. The idea of being free from the need for Arab oil could have had some appeal for the Gipper.

What if, instead of Star Wars, Reagan had seized on the idea of true energy independence and expanded on Carter's effort, pushed national conservation and poured money into research of alternative sources of energy?

What if the United States had stayed the course Carter envisioned, and spent the last 25 years

A Faultline Editorial

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conserving energy and developing alternatives to fossil fuels?

If we had done this, do you think anyone would ever have heard of Osama bin Laden?

One of the main things about us that honks off Osama and his boys is the stationing of American troops in Saudi Arabia. If we had solar cars, does anyone believe those troops would be there?

For much of American history, the United States paid virtually no attention to the Arab world. That changed dramatically in the 1970s, with the OPEC oil embargo. Since then, we have been engaged with the Arab world with a vengeance - literally. It's not because we have any particular interest in Islam as a religion or culture. It's not because we have any particular interest in the internal politics of individual regimes.

Nope. We're involved in the Middle East and Persian Gulf region because they have oil, and we need it.

This simple fact has led to the present morass we find ourselves in, locked in a difficult and brutal war with terrorists. Furthermore, it is a war in which to all appearances, despite what pundits and politicians say, the terrorists have the shouting, fervent support of a good many Arabs, and at least the tacit support of most others.

Now we are confronted with the situation of being loathed by more than 1 billion people in nations spanning a vast portion of the Earth - the portion that has most of the oil reserves in the world.

There is a way out of this. If we didn't need their oil, we could go back to the benign neglect of the Arab world that characterized US policy for centuries. Without oil, there would be no need for a massive American military presence in the Middle East and Persian Gulf, thereby removing the main source of friction with the Arab world.

No oil dependence, no terrorism.

If we were really serious about energy independence, every home and business in the Sunbelt would have a solar water heater right now. The technology is there. The cost, compared to hurling cruise missiles all over the Muslim world, is negligible.

If we were really serious about energy independence, the solar car would be close to reality. It is astonishing how far solar power has come in the last 30 years, despite attitudes in the federal government that range from complete lack of interest to outright hostility. And because of that scandalous record, we are still years, if not decades away, from replacing the internal-combustion engine with solar.

If we were really serious about energy independence, California would be on its way to a hydrogen economy.

If we were really serious about energy independence, the rest of the country would be adopting the conservation policies adopted in California during the energy shortages of the spring. It's largely forgotten now, but consumption of electricity dropped by more than 10 percent in California then. What if all 50 states acted the same way - all the time?

Of course, the federal government is not really serious about energy independence, and for a simple reason: the oil companies don't think they can make any money - or at least not as much money - from solar, or hydrogen, or wind power. And so they give large amounts of money to politicians' campaign funds to make sure that no one ends up in office who might make them try to develop alternative sources of energy. Their profits come first, and no post-World War II administration, Republican or Democrat, has been willing to buck them.

No one is saying these alternative energy sources are going to be available tomorrow, or next month or next year. But they will be ready eventually, and that day could come much

sooner if we were serious about pursuing energy independence. We have already wasted the better part of three decades.

But don't hold your breath waiting for this to happen. We will likely continue on the path we have been treading these past two decades. We frantically pump out the oil, all the while propping up corrupt regimes that fear their own people but will sell us the oil. This policy guarantees that men like Osama bin Laden will continue to exist, even after we catch or kill the current version. It also guarantees that the acts of terror of the past two decades - from the Marine barracks in Beirut to our embassies in Africa to the World Trade Center disaster in New York - will continue to happen.

We will continue paying for oil with blood, as if no other alternative exists. But alternatives do exist. And someday, perhaps our political leaders will disenthral themselves from the spell of Big Oil's money, pursue and attain true energy independence.

Having achieved that, we could bring the ships home from the Persian Gulf, the troops home from the Arabian peninsula, the planes home from the skies over Iraq. We could grant the fundamentalists their fondest wish: complete American withdrawal from the Arab world. We'd enjoy our solar cars and our smog-free skies; the extreme fundamentalists would be free to continue their relentless march into historical irrelevancy. Sounds like a win-win situation.

Tim Neagle, former Executive News Editor at the *San Francisco Chronicle*, is a frequent contributor to *Faultline*.

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Ross Mackenzie ([back to story](#))

January 2, 2003

A new Apollo project for energy independence?

The matter of Saddam ought to be concentrating the American mind on America's need for energy independence.

Fact is, as the world's largest oil-consuming country, the United States is a hostage of those with extensive oil capacity - most notably the unsmiling Saudis, who have amply demonstrated their ability and willingness to manipulate oil prices by arranging shortages and gluts. Currently, we are most beholden to our semi-sensible No. 1 and No. 2 suppliers, Canada and Mexico. The Saudis are No. 3. Wild and wacky Venezuela is No. 4. And No. 5, even in this difficult hour? Iraq.

United Nations mandates allow Iraq to export 1.1 million barrels per day to raise money, supposedly for food to feed its people; 900,000 of those barrels come to the United States - or about the same number of barrels that would come from the Arctic National Wildlife refuge, were Congress to allow drilling there. But Congress prefers to deny access to ANWR's 8 billion estimated barrels, so the oil companies are exploring on Sakhalin Island. If they are successful in finding oil, that will increase the potential flow from always-stable Russia, which soon will surpass Saudi Arabia as the world's No. 1 oil producer.

The United States finds itself a captive in a strange game that enriches regimes malign and bizarre.

Oil prices already have gone up in anticipation of war in Iraq, just as they did prior to the Gulf War 14 years ago. They went up relative to the 1973 Yom Kippur War; deployment of "the oil weapon" derived directly from Arab oil sheiks' dissatisfaction with American/European policies regarding Israel. Our reliance on any regime for our petroleum needs limits our ability to act anywhere in that regime's sphere of influence.

Exhibit A is the Middle East.

Right now, the United States depends on the Middle East for 13 percent of its overall oil consumption. That oil flows not only from Iraq and several emirates, but especially from Saudi Arabia, which (1) hates all things Israeli and (2) has paid money to families of Palestinian suicide bombers, (3) provided the majority of 9/11 hijackers yet (4) hardly cooperated with American authorities in the post-9/11 investigation, (5) still resists giving the United States basing rights for an assault on Saddam, and (6) year after year has deigned to work with the United States seemingly in accordance with phrenological interpretations and the phasings of the Moon.

And this from a regime (the House of Saud) owing its creation to the West and its continued reign to Western - i.e., American - support.

Periodically the cry goes up for energy independence.

Weighty studies fuel furrowed-brow, deep-voiced, earnest-eyed sincerity in urging that the time for the United States to move is long past. Then the crisis (usually war) ends. Then an unforeseen enabler (e.g., an emergent Russia) suddenly allows us to maintain our foreign-oil dependency - and we retreat back into complacency.

Iraq follows 9/11 and the Palestinian terror war against Israel as the latest reminder of the need for the United States to move resolutely toward energy independence.

President Bush should show the way - as JFK did on the Apollo program to land men on the Moon, as FDR did quietly on the Manhattan Project to build an atomic bomb. In addition to rhetorical encouragement, there should be public-private consortiums and, of course, tax credits for such things as....

- Oil exploration and improved extraction technologies.
- Better and more economical technologies to get oil from coal (the U.S. is the Saudi Arabia of coal).
- More efficient gasoline engines for the 17 million vehicles America produces every year.

And all of those might help tide us over until we can develop efficient and affordable engines that run on fuels other than petroleum. On the West Coast, buses are testing hydrogen-fuel-cell engines for the post-petroleum age. Hydrogen may prove to be the answer.

But the United States needs to marshal its resources and know-how. Any country that could do that for the bomb and the moon should be able to do it - with the proper will and leadership - to achieve energy independence. Until then the likes of the unsmiling Saudis will hold us hostage, a gun to our weary head.

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Posted on Fri, Feb. 28, 2003

Star-Telegram

An '80s kind of energy feeling

By Jack Z. Smith

Star-Telegram Staff Writer

It's 2003. But it's starting to look like 1981.

Oil and natural gas prices are going through the roof, just like they did during the prolonged energy boom that produced record crude prices 22 years ago.

In futures trading on the New York Mercantile Exchange, oil for April delivery closed at \$37.20 on Thursday, and natural gas closed at \$7.49 per 1 million Btu. Meanwhile, some spot-market gas prices have been in an astronomical \$15 to \$25 range.

Skyrocketing energy costs affect not only how much you pay to fuel your car and heat your home but also the price tag for an enormous array of consumer products ranging from lawn fertilizer to plastic food containers.

An already shaky economy becomes even more wobbly when energy prices lurch out of control.

Consumer confidence is nose-diving amid corporate corruption, worker layoffs, a deeply depressed stock market, record trade deficits, spiraling federal budget deficits and huge revenue shortfalls in the governments of key states such as Texas and California.

A sustained rise in energy prices would put a damper on consumer spending. It could be the knockout punch that sends the economy to the mat.

Energy prices have gone bananas because of bitterly cold weather that has sent demand for heating oil and natural gas soaring. And a looming war with Iraq could disrupt Persian Gulf oil shipments.

On a broader scale, however, we are continually

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vulnerable to volatile energy prices because we lack a strong national energy policy.

We import three of every five barrels of oil we consume. We rely excessively on faraway nations blessed with subterranean hydrocarbon fortunes expressed in *beaucoup* billions of barrels of petroleum reserves.

A strong U.S. energy policy wouldn't make Big Oil or leading environmental groups 100 percent happy. Nor would it please many Americans who are determined to keep driving the biggest gas hogs available.

A strong energy policy would include reasonable opportunities for expanded domestic oil and gas drilling, perhaps even in a limited portion of Alaska's Arctic National Wildlife Refuge.

It would encourage strengthening of our national energy grid. That might mean building a pipeline to transport natural gas from Alaska or expanding electric transmission systems in fast-growing regions.

A strong national energy policy would enthusiastically encourage accelerated development of alternative energy technologies.

One of the most promising is hydrogen fuel-cell technology that within a few decades could replace the internal combustion engine in cars and trucks.

Fuel cells, developed for the U.S. space program and already coming into broader use, could power everything from laptop computers to remote rural homes isolated from electric grids.

President Bush recently proposed federal spending of \$1.2 billion to help develop the "hydrogen car," which would dramatically curb polluting emissions from vehicles. His initiative is a move in the right direction, but perhaps not enough.

Although Bush is bullish on expanding oil and gas drilling, he hasn't done nearly enough to encourage energy conservation. He should, for example, support a significant, gradual increase in federal fuel economy standards for cars and light trucks.

Wind, solar and other alternative technologies should get more attention. But environmental groups sometimes are unrealistic in focusing excessively on alternative technologies and conservation as solutions.

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Oil, natural gas, coal and nuclear power probably will be vital components of the world's energy supply for many decades to come. Fuel-cell cars probably are 20 to 30 years away from being economically realistic for the average American.

A strong national energy policy should encourage expanded mass transit. That should be complemented by urban planning policies that encourage mixed-use development and other measures enabling people to live closer to their jobs, thereby reducing freeway gridlock and air pollution.

Continued strides also should be made in adopting more energy-efficient building codes and standards for appliances.

Energy prices could drop sharply in the near future, with warmer weather and increased stability in the Middle East.

But for now, 2003 is looking too much like 1981 for anyone to feel comfortable.

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