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OPEC strangling American economy

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By Robert Zubrin - As oil prices continue to top \$120 a barrel, it is time for Congress to take definitive action to break the OPEC cartel, which is taxing the United States into a depression.

This year, with OPEC-rigged oil prices exceeding \$120 a barrel, Americans will pay \$1 trillion for their oil supply, and the world as a whole will pay \$4 trillion. These petroleum costs are up more than a factor of 10 from what they were in 1999, and represent a huge highly regressive tax on the world economy. For Americans, the \$1trillion oil levy is equivalent to a 40 percent increase in income taxes across the board — with 60 percent the sum being paid over in tribute to foreign governments.

Make no mistake: OPEC is responsible. This can be seen clearly by comparing OPEC and non-OPEC oil production since 1973, when the cartel's governments took effective control of the Middle Eastern oil supplies away from the international oil companies. Since 1973, non-OPEC oil production has doubled, in tune with the doubling in size of the world economy over the same period. However, while OPEC has engaged in many wild, short-term production expansions and contractions to manipulate the market, overall OPEC production has barely increased over the past third of a century despite the fact that they are sitting on top of 80 percent of the world's oil reserves — including all the most accessible oil reserves. This shows that they have had a long-term policy of limiting production in order to increase prices. As economic growth in China and India increases worldwide demand, the OPEC policy of strangling production is threatening to send the U.S. economy into a depression.

The OPEC policy of limiting production in the face of increasing demand is like that of a cruel dog-owner who puts a collar snugly around the neck of a young puppy, but then refuses to let it out as the dog matures. So as the dog grows, the collar gets tighter and tighter until it chokes to death. But it is not the growth of the dog that kills the dog; the culprit is the dog owner who refuses to let out the collar. This is what OPEC is now doing to the United States, the industrial world at large, and to the Third World — whose impoverished people can least afford to pay for overpriced oil.

Averaged over the U.S. population of 300 million people, the \$ 1 trillion OPEC-induced burden levies a tribute amounting to \$3,300 per head — for every man, woman and child in the country (or \$13,200 for a family of four). The average American worker makes about \$45,000 per year, or \$35,000 after taxes paid to Uncle Sam. In 1999, a worker supporting a family of four had to pay 3 percent of his disposable income for oil. Now Uncle Saud and Uncle Hugo are taxing him for over 35 percent of his take-home pay. Is it any wonder that

such people are not buying houses? Such a massive drain of cash from the pockets of consumers must perforce cause the real estate market to collapse — as well as affecting many other kinds of consumer goods.

And this is just the beginning. OPEC leaders, including Venezuela's Hugo Chavez and Iran's Mahmoud Ahmadinejad, are already openly discussing raising the price of oil to \$200 a barrel or more. In that case, Americans' oil tribute will rise to \$1.8 trillion per year, paid to an evil cartel whose total worldwide extortions will cost the global economy more than \$7 trillion. If we want to avoid complete economic defeat, we need to destroy the oil cartel.

In order to stop the OPEC looting of the U.S. and world economies, we need to break the cartel's vertical monopoly by creating fuel choice on a global scale. Congress can make this happen with a stroke of the pen, by passing a law requiring that all new cars sold in the United States be flex-fuel vehicles that can run on any combination of gasoline, ethanol or methanol. The technology is readily available and it only costs about \$100 per vehicle.

By making America a flex-fuel vehicle market, we will effectively make flex fuel the international standard, as all significant foreign car makers would be impelled to convert their lines over as well. Around the world, gasoline would be forced to compete at the pump against alcohol fuels made from any number of sources: This includes current commercial crops like corn and sugar; cellulosic ethanol made from crop residues and weeds; methanol, which can be made from any kind of biomass without exception as well as coal, natural gas, and recycled urban trash.

By creating such an open-source fuel market, we can enormously expand and diversify humanity's fuel resource base. We will thus protect all nations from continued blackmail, robbery and — indeed, in some cases — starvation induced by the oil cartel.

Taxation without representation is tyranny.

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