That old black magic

President Bush decided this past week that the time was right to call upon Congress to pass his energy plan. With crude oil prices 2 cents a barrel below the all-time high, no one can argue with his timing. But our dangerous dependence on foreign and often-hostile nations for our crude oil is hardly new. Our dependency upon OPEC has not only left the United States vulnerable to geopolitical forces beyond our control but has influenced American policy in the Middle East for the past half-century.

Bush deserves great credit for attempting to support and nurture democratization in the Middle East. By so doing, he has given the United States an opportunity to improve the lives of hundreds of millions of Middle Easterners and aligned our foreign policy with traditional American values of liberty and integrity while acting in our national self-interest.

Now that political rationality is at hand in our relationship with the Middle East, the president has a further opportunity to rationalize our economic relationship with the Organization of Petroleum Exporting Countries. With crude oil prices near $56 a barrel and the average price of regular unleaded gasoline selling for more than $2 a gallon, our dependence on foreign oil is clearly an economic vulnerability and risk that we must soon remove.

Homeowners are also paying higher heating bills this winter, as if our nation's working men and women needed another squeeze on their monthly budgets. Oil prices will rise even higher if insurgents continue to disrupt supply in the Middle East. The Saudi Arabian oil minister, Ali al-Naimi, has responded as any friendly government official would: Get used to it--high prices are here to stay.

The United States consumes more than 25 percent of the world's oil each year, despite the fact that we control only 3 percent of the world's oil and gas reserves. As such, we now import about 58 percent of the more than 20 million barrels of oil we use every day, with more than one fifth of those net petroleum imports coming from Persian Gulf states, according to the Energy Information Administration. In the years ahead, imported oil is on track to grow to 68 percent of our total supply by 2025, with U.S. crude production at the lowest level in 50 years.

The sharp jump in the cost of oil and the ever rising volume of imports contributed to more than a third of the increase in our trade deficit last year. We spent more than $179 billion last year on imported oil, and that accounted for more than a quarter of the overall trade deficit. Foreign oil, in point of fact, last year created a larger deficit by itself than any of our overall total trade deficits before 1998.

"Troops and dollars." Our dependence on foreign oil is more than a daunting economic problem. Many of the dollars we spend on imported oil are going to nations that support the radical Islamist terrorists against whom we're engaged in a global war. The Institute for the Analysis of Global Security estimates that 22 percent of the world's oil is controlled by states that sponsor terrorism and are under U.S./United Nations sanctions. "We are, in fact, fighting a war on terrorism and paying for both sides of the war," says Gal Luft, executive director of the institute. "On the one hand, we are sending our troops and dollars to fight for freedom and democracy all over the world, and on the other hand, we are sending money to the people who don't like us."

To reduce our dependence on foreign oil, the institute helped organize Set America Free, a coalition of nonprofit organizations and individuals spanning the entire political spectrum that is introducing ways to solve this imminent crisis. Set America Free's blueprint is based entirely on increasing the use of existing technologies like hybrid cars, flexible fuel vehicles, and cheap alcohol-based fuels that require no additional research and development. The number of hybrid cars has actually grown 10-fold since the turn of the century, but the 100,000 hybrids sold last year still represent only about one half of 1 percent of the 17 million new cars sold in 2004.

Whether we pursue the president's plan or any number of others that will originate in Congress this year, we must work immediately to reduce our dependence on foreign oil. The president's timing for a rational energy plan is good. We can't afford to waste another quarter century in coming to terms with our dependence on imported oil.