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# How to Weaken the Power of Foreign Oil

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OUR country has just gone through a sober national retrospective on the 9/11 attacks. Apart from the heartfelt honoring of those lost — on that day and since — what seemed most striking is our seeming passivity and indifference toward the well from which our enemies draw their political strength and financial power: the strategic importance of oil, which provides the wherewithal for a generational war against us, as we mutter diplomatic niceties.

Oil's strategic importance stems from its virtual monopoly as a transportation fuel. Today, 97 percent of all air, sea and land transportation systems in the United States have only one option: petroleum-based products. For more than 35 years we have engaged in self-delusion, saying either that we have reserves here at home large enough to meet our needs, or that the OPEC cartel will keep prices affordable out of self-interest. Neither assumption has proved valid. While the Western Hemisphere's reserves are substantial and growing, they pale in the face of OPEC's, which are substantial enough to effectively determine global supply and thus the global price.

According to senior executives in the oil industry, in the years ahead that price is going to rise beyond anything we've seen — well above the $147 per barrel we experienced three years ago. Such a run-up in the price of oil has been predicted as a consequence of an event like an attack on a major Saudi processing facility that takes production off line. But such a spike would be more likely to be caused by the predictable increase of demand in China, India and developing countries, alongside the cartel's strategy of driving up prices by constraining supply. While OPEC sits on 79 percent of the world's conventional oil reserves, it accounts for only one-third of global oil supply.

There is, however, a way out of this crisis. Ultimately, electric cars may become the norm, but for the near and middle term, the solution lies in opening the transportation fuel market to competition from sources other than petroleum. American oil companies have come around to understanding the wisdom of introducing competition, as a matter of their own self-interest. But doing so means rapidly ramping up production of the alternative fuels, and that is the challenge. As an example, before investors will expand production capacity for cellulosic ethanol from plant life, or for methanol from natural gas — which on a per-mile basis is significantly cheaper than gasoline — they want to see that a sufficient proportion of the cars and trucks on America's roads can burn these fuels.

Here too, however, a solution is at hand; it lies in Detroit's making more flex-fuel cars — cars able to use gasoline, ethanol, methanol or any mixture of these. And because this flex-fuel option costs less than $100 per car, making such a change is not exorbitant. Indeed, some 90 percent of all cars sold in Brazil last year are flex-fuel cars, and many of them were made by Ford, Chrysler and General Motors. That gives Brazilian drivers the option to purchase the most cost-effective fuel, and they can easily switch from one type to another.

But here's the rub. Although the American manufacturers have stated publicly their willingness to make flex-fuel vehicles up to 50 percent of their production, they're just not doing it. Hence the need for Congress to require that new vehicles allow the use of alternative fuels. In some corners of Washington, that raises a cry against "mandates." Of course the response to that is: Doing nothing is equivalent to mandating a monopoly by a single fuel (whose price is set by a foreign cartel).

Competition is a bedrock of our American way of life. It's time to introduce it into our fuel market.

That is the purpose of the United States Energy Security Council, a bipartisan group being introduced to the public today in Washington, which includes former Secretary of State George P. Shultz and two former secretaries of defense, William Perry and Harold Brown, as well as three former national security advisers, a former C.I.A. director, two former senators, a Nobel laureate, a former Fed chairman, and several Fortune-50 chief executives (including a former president of Shell Oil North America, John Hofmeister).

The time has come to strip oil of its strategic status. We owe it to those who lost their lives on 9/11 and in its aftermath, and to those whose fate still hangs in the balance.

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