



The Free Congress Commentary

The Next Conservatism #29: The Next Conservative Energy Policy

By Roscoe G. Bartlett

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President George W. Bush was half right and half wrong about oil in his State of the Union speech. "America is addicted to oil, which is often imported from unstable parts of the world," he said. However, we can't "break this addiction through technology" alone. Two words conservatives should champion were missing from his speech: conservation and efficiency.

Current U.S. energy policy and the President's Advanced Energy Initiative are too modest and overly focused on the goal of increasing domestic production of oil and alternatives to support increasing oil consumption. This is futile and self-defeating because U.S. oil production is in permanent decline and world oil production will follow - perhaps disastrously soon.

American Shell Oil scientist M. King Hubbert identified "peak oil" in the mid-1950s. He discovered oil field production follows a bell curve rising to a maximum capacity, or peak, when about half of the oil is extracted, after which production declines. U.S. oil production peaked in 1971 and has declined every year since. The U.S. has only two percent of world oil reserves. We contribute eight percent of world production. But we consume 25 percent of world oil production. We're pumping our reserves four times faster than the rest of the world. U.S. natural gas production has also peaked. The United States is now the world's largest importer of both oil and natural gas. From importing one-third of the oil we use before the Arab Oil Embargo in 1973, we now import about two-thirds of the oil we use.

Hubbert was right about the U.S. What about the world? Oil production is declining in 33 of the world's 48 largest oil-producing countries. Experts agree global peak oil is inevitable. Many predict it is imminent. Oil prices have not predicted peak production. Neither high oil prices nor technological advances have reversed production declines after peak. Despite periods of high prices and new technologies, world oil discoveries have steadily declined for 40 years.

With U.S. oil production declining, increasing oil consumption will make America more dependent upon oil imports from foreign sources such as Saudi Arabia,

Russia, Nigeria and Venezuela. Increasing oil consumption will increase competition and potential conflict with other energy consumers, such as China and India. Increasing oil consumption will make us less prepared and capable to overcome the inevitable challenges of global peak oil.

Peak oil will cause a crisis in transportation because there are no ready liquid fuel substitutes of comparable quality or quantity. We can't fill gas tanks with coal, wind, solar or nuclear fuel. A February 2005 report commissioned by the Department of Energy, Peaking of World Oil Production: Impacts, Mitigation and Risk Management, concluded that a crash program to produce liquid fuel alternatives at the maximum feasible rate must start twenty years before peak to avoid significant supply shortages. Oil prices haven't promoted those alternatives. In the Wall Street Journal on January 10, 2006, Marc Sumerlin, formerly Deputy Director of President Bush's National Economic Council, noted that investment in alternatives to oil was stymied by \$20/barrel futures market prices for oil between 1986 and 2003 and fears of a repeat of the 1998 plunge down to \$10/barrel.

\$70/barrel oil and \$3.50/gallon gas will seem cheap after global peak oil. In its September 6, 2005 report, Oil Shockwave, the National Commission on Energy Policy & Securing America's Future Energy projected that a sustained four percent global shortfall in daily oil supply would raise oil prices above \$160 per barrel. Prices that high would inflict a ruinous worldwide recession.

Technology and alternatives are important. However, unless we also use less oil, we won't reduce America's oil imports. Delayed gratification and self-sufficiency are traditional conservative values. That is why the next conservatism should champion policy changes to use less, not more oil through conservation and energy efficiency. Conservatives should recognize that unless we have a national energy conservation program with the commitment, breadth and intensity of the Apollo moon mission and the Manhattan Project to create the atom bomb, our country is unlikely to achieve the goal of replacing "more than 75 percent of our oil imports from the Middle East by 2025" and even less likely to break our oil addiction.

Roscoe G. Bartlett, a Republican, represents the Sixth District of Maryland in the U.S. House of Representatives.