

Drill now, pay later

The drive to tap oil reserves in Alaska and offshore overlooks our long-term need for petroleum

By Gal Luft
September 7, 2008

No energy policy proposal has caused more acrimony or political gridlock preventing major progress toward energy security than domestic oil drilling in the Arctic National Wildlife Refuge and the Outer Continental Shelf.

Liberals and environmentalists who oppose tapping into America's oil reserves in Alaska and offshore invoke the need to protect America's pristine lands and coasts. Republicans - led by Sen. John McCain and his running mate, Alaska Gov. Sarah Palin - see nature conservation as a lower priority in the face of high gasoline prices and dangerous dependence on oil coming from some of the world's worst regimes. Their battle over drilling recently took center stage in Washington's political theater when House Republicans launched a floor protest against House Speaker Nancy Pelosi's decision to adjourn for the August recess without voting on opening new areas to drilling. It continued last week at the Republican National Convention.

The problem with the national discussion on domestic drilling is that it has been framed in pure environmental terms (are you a friend or an enemy of the caribou?) when what is really at stake is not only the fate of a remote nature reserve and its inhabitants but also, and more important, the ability of future generations of Americans to enjoy a modern lifestyle throughout the 21st century and beyond.

Today, most of our oil is used for ground transportation, a sector in which one can foresee significant oil displacement through alternative liquid fuels, plug-in hybrids and electric cars. But there are many other uses for oil that are also extremely important but where oil cannot be as easily displaced, including pharmaceuticals, petrochemicals, aviation fuel, detergents and plastics. Therefore, a nation that consumes a quarter of the world's oil but owns only 3 percent of conventional world reserves should debate the drilling issue in the context of one critical question: How much oil do we want to leave for future generations so they too can paint their homes, pave their roads with asphalt, make their medicines, drink from plastic bottles, wear rubber-soled sneakers, brush their teeth and enjoy multiple other applications of petroleum?

Petroleum-based products are pervasive throughout our society, but unlike in the transportation sector, the potential for widespread conversion of many of these products to non-oil-based platforms is quite limited. For some uses of petroleum (such as wax used in the packaging of frozen foods), substitutes to oil are not even on the horizon.

In the next three decades, the U.S. population is projected to grow by 60 million. Assuming that by 2030 we succeed in eliminating the need for oil in the ground transportation sector, enabling vehicles to run on alternative fuels and electricity, we will still need every single year, for other purposes, an amount of oil equivalent to more than 5 percent of all the technically recoverable oil contained in ANWR and offshore combined.

But for the "drill here, drill now, pay less" cohort, America's future needs for petroleum take lower priority than short-term political gains. This is hardly a surprise when the next generation of Americans can expect to be greeted with a \$9 trillion national debt and a crumbling Social Security system.

Compare this with Saudi Arabia, where per capita oil reserves are 130 times that of the U.S. Upon recent discoveries of oil in the kingdom, King Abdullah ordered that those new finds be left untapped to preserve the nation's oil wealth for future generations. "When there were new finds, I told them, 'No, leave it in the ground, with grace from God, our children need it,'" the king said.

Behind the king's statement lies a plain truth: The Saudis prefer to sit on their oil, while we are rushing to deplete ours. The Saudi reserve-to-production ratio - an indicator of how long proven reserves would last at current production rates - is 70 years; Iran's is 82; the United Arab Emirates' is 90; and Venezuela's is 91. Iraq and Kuwait are at more than 100. How long does the U.S. have left? Eleven years.

While America is increasingly dependent on foreign oil, to the detriment of its national and economic security, making domestic drilling the linchpin of our energy policy would perhaps buy us a few more years of complacency in the driver's seat of our SUVs, after which we would be guaranteed to be in a world in which, in the words of the International Energy Agency, "we are ending up with 95 percent of the world relying for its economic well-being on decisions made by five or six countries in the Middle East."

Eager as Congress may be to provide Americans immediate relief at the pump, it should consider the long-term implications of breaking America's oil piggy bank, depleting our last remaining reserves and leaving future Americans even more vulnerable than those of today.

Gal Luft is executive director of the Institute for the Analysis of Global Security, a Washington-based energy policy think tank. His e-mail is luft@iags.org.