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From the Baltimore Sun

Foreign policy begins in our garage

By Gal Luft

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America's ability to accomplish its main foreign policy goals - winning the global war on terrorism, spreading freedom and democracy around the globe and preventing the proliferation of nuclear weapons - will be compromised as long as we are dependent on oil to the degree that we are today.

Five years ago, oil prices averaged less than $20 per barrel. A year later, they stood at $30. This year, they are more than $70, and oil-rich countries such as Saudi Arabia, Iran and Venezuela make $50 per barrel more than they earned in 2001. Awash with petrodollars, they can actively oppose America's policy goals and are simply unfazed by the prospects of international pressure.

While the United States and the European Union are trying to forge a diplomatic strategy to halt Iran's nuclear program, Iranian President Mahmoud Ahmadinejad seems comfortable advancing his anti-Western agenda, secure in the knowledge that with 10 percent of the world's known oil reserves and the world's second-largest natural gas reserves, his country is virtually immune to sanctions.

With oil at $70 a barrel, Russian President Vladimir V. Putin has emerged as a leading obstructionist of U.S. foreign policy. Russian control over a large part of the world's oil and gas market allows him to play hard-to-get on Iran, jail his opponents, bully his European neighbors, cozy up to Hamas and work to roll back democracy in former Soviet republics such as Ukraine and Georgia.

High oil prices also undermine America's position in its backyard. Petrodollars lubricate the so-called Bolivarian revolution led by the viscerally anti-American president of Venezuela, Hugo Chavez, who is using his windfall oil wealth to buy political influence in the Western Hemisphere and consolidate an anti-U.S. bloc. In other authoritarian countries highly dependent on oil and gas for their income, such as Azerbaijan, Uzbekistan, Turkmenistan, Angola, Nigeria and Chad, freedom is in retreat as oil prices rise.

Winning the war on radical Islam at current oil prices is an oxymoron. Unlike World War II and the

Cold War, in which America's strategy was to deny the other side the economic wherewithal necessary to keep up the fight, in the current war, the U.S. is doing the exact opposite. While the U.S. economy hemorrhages nearly $300 billion a year to pay for imported crude, oil-producing nations such as Saudi Arabia and Iran that are sympathetic to - and directly supportive of - radical Islam are on the receiving end of staggering windfalls. In 2005, OPEC's net export revenues were $473 billion, more than double the amount generated in 2001. This year, the figure is likely to surpass half a trillion dollars. An undetermined portion of that money finds its way - through official and unofficial government handouts, charities and well-connected businesses - to the jihadists committed to America's destruction.

Today, the U.S. imports 12 million barrels per day, and it is projected to import almost 20 million barrels per day by 2025. Demand for oil in China and India is growing at a staggering rate. With the nation at war, and while most oil companies acknowledge that, in the words of Chevron's CEO, "the age of easy oil is over," the odds for a significant drop in crude prices are slim. Yet Washington has failed to recognize the destructive impact high oil prices have on U.S. foreign policy and has done very little to change our energy policy.

In order for us to regain control over our foreign policy, reduce our vulnerability to supply disruptions and curb the flow of petrodollars to unfriendly regimes, a new and central objective should be added to our foreign policy: leading the world on an accelerated shift, enabled by modern technology, toward a global transportation system based on next-generation, nonpetroleum fuels and the cars and trucks that can run on them.

Only through a balanced domestic and international energy policy that encourages investment and innovation in alternative energy and energy efficiency will we be able to gradually reduce global oil prices and increase the chance of accomplishing our foreign policy objectives.

Domestically, the U.S. should require that most new vehicles be flexibly fueled with gasoline-ethanol-methanol, a feature that adds less than $150 to the cost of a new car and opens the market to alternative-fuel producers. The U.S. should also remove the protectionist 54-cents-a-gallon tariff on imported ethanol - particularly absurd because we do not tax oil imports.

On the international front, the U.S. should encourage and help other countries to shift their growing transportation sector from oil, utilizing their wealth of domestic nonpetroleum energy resources. We should also assist developing countries to ramp up production of crops such as sugarcane, soybeans and palm oil that can be turned into fuel.

Failure to act now essentially would guarantee disappointing results in everything America is trying to accomplish abroad - as well as a growing cost in blood and treasure.

Gal Luft is executive director of the Institute for the Analysis of Global Security and co-chairman of the Set America Free Coalition. His e-mail is luft@iags.org.