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OIL IMPORTS

Oil imports are the talk of the town - the Washington town, anyway. There is not much talk about improving solar electrical power or hydrogen fuel cells, even though both put a man on the moon and resulted in exploration of the universe. They represent the future of technology. Fusion reaction, which would provide endless, inexpensive power from simple water, is getting some attention at the highest level of physics but does not seem to be a national priority.

Amidst all of this discussion and debate, I recently had an opportunity to re-read my monograph, "The Energy Crisis and Oil Imports," dated 1973. I wrote: "Petroleum and petroleum imports are the biggest pieces of the energy puzzle, and will probably continue to be so for some time in the future." The theme of the paper is that there was a "triple alliance" consisting of a set of professional contacts, pressure groups, and the appropriate legislative subcommittees. As a result of these groups, the "public interest" might be forgotten about altogether. "The nature of the alliance is such that it is oriented away from the consumer."

A detailed review of oil politics since the first oil well was dug in the United States in 1859 and the development of foreign oil reserves in Mexico in 1876 is instrumental in understanding our current problems. By 1912, oil imports had risen to 28 percent of domestic demand. From that point on, the United States struggled to reduce oil imports, chiefly by setting oil import quotas. The 1930's policy was justified on conservation and price stability, while the oil import quotas which evolved in the '50s were predicated solely on national security grounds.

While clumsy, the oil import quota policy did its job of making the United States less dependent on foreign oil. Interestingly, President Nixon rejected a task force report to lift or change the quotas. By the early '70s, the oil import quota policy of the United States was beginning to crumble. As late as 1973, John Ehrlichman and William E. Simon, Deputy Secretary of the Treasury and new Chairman of the White House's Oil Policy Committee, told a domestic producer industry group that the administration was working to strengthen the oil import quota program and was moving towards auctioning off the right to import oil. Finally, on April 18, 1973, President Nixon announced his retreat on defensive oil import quotas. There was concern about protecting the domestic industry from lower prices abroad, but otherwise the quota system was doomed.

The national security argument for the quotas was stronger in 1973 than it had been in the 1950's and 1960's. However, by the 1970's, domestic producers had such a large interest in importing foreign oil, that those special interests could no longer be ignored.

Giants like Standard Oil of New Jersey justified the abolition of import controls on lower consumer prices from foreign oil. What in fact occurred was that the United States became hostage to foreign producer prices and international gamesmanship by fundamentalist Muslims.

With economic growth as the sole criterion of the United States energy policy, we have not only abandoned the oil import quotas which protected the United States from a security point of view, but in its place we have substituted nothing. As early as 1970, the

trans-Arabian pipeline had been sabotaged numerous times, and Palestinian guerillas had attacked the Aramco fuel storage tanks in Saudi Arabia. I wrote then: "The Saudi government has in effect been paying 'insurance,' known less respectfully as blackmail, against such guerilla operations by liberally financed Fatah, the main Palestinian organization." Not much has changed, as U.S. oil policy has continued to drift.

President Bush now proposes either withdrawing oil reserves in the United States, or not replacing them as they are used up. This bad policy will lead to only more dependence on oil.

The United States has no problem with the technological promise to put a man on Mars, but cannot seem to address the need to increase the efficiency of solar electric, hydrogen fuel cells, or the promise of inexpensive fusion-generated power. The "triple alliance" written about in 1973 is simply too close to the administration to permit the government to do anything which represents an economic threat to the industry. The oil industry is benefiting from oil imports, high oil prices and the pain felt by the consumer. Until there is a change in the political leadership, our oil woes will not be addressed.