

Fueling war on the West

By Milton Copulos / Gal Luft

The Washington Times

September 10, 2006

On September 11, across the nation Americans will gather in remembrance of the nearly 3,000 victims of the worst terror attack in U.S. history. Yet, even as we gather in mournful homage, representatives of the nations largely responsible for the tragedy will meet in Vienna, Austria, at the 141st gathering of the Organization of Petroleum Countries (OPEC) with a different purpose: keeping oil prices high to ensure the continued flow of petrodollars into their coffers.

Indeed, OPEC's current secretary general and president, Edmund Daukora of Nigeria, already has pronounced the \$70 plus per barrel prices that have prevailed lately "satisfactory" and Venezuela's radical Hugo Chavez has said the upper limit on what we can be charged for crude is "infinite."

OPEC's "stick in the eye" choice of the fifth anniversary of the September 11 attack for their meeting should remind us just who we are dealing with. Their membership ranges from the undemocratic to the downright despotic. The sad fact, however, is that no matter how despicable some of these nations' governments are, in the five years since the September 11, 2001, global political uncertainties and economic realities have sent a tidal wave of petrodollars flooding into their coffers. In December 2001, oil prices averaged \$16.52 per barrel. A year later they had increased 63 percent to \$26.93. But that was just the beginning. This year they hit over \$70 a barrel, more than fourfold the December 2001 price.

Last year, the hemorrhage of cash flowing abroad to pay for crude oil imports topped \$230 billion; this year it could easily reach \$300 billion. That's a \$70 billion jump in a single year. Ironically, much of this windfall is a direct consequence of OPEC members' failure to invest in further developing their reserves. So they are rewarded for not acting prudently with a \$50 per barrel premium.

But even the nominal rise in prices doesn't tell the full story. There are hidden costs -- what economists call "externalities" -- that come with our excessive import dependence. These range from loss of basic economic activity that would occur if the money were spent here to lost investments, to the added military burden that is part and parcel of our import vulnerability. Taken together, these will total \$825 billion this year, and that's just the monetary effect. Of even greater concern, it will also rob America of more than 2.4 million jobs.

But there's another aspect of this outflow of capital -- some portion of every dollar we spend on imported oil finds its way into the hands of nations who wish us ill. Oil money is funding groups like Hamas, Hezbollah and al Qaeda, enabling them to plan and perhaps execute the next September 11-type attack. It is also oil money -- much of it from

Saudi Arabia -- funding the madrassas or Islamic schools that spread the radical, militant Islamist viewpoint that gave us the Taliban and September 11 and is now feeding civil strife throughout the Islamic world.

Five years into the war on terrorism, it has become increasingly apparent that OPEC's main players are also the main drivers of anti-Americanism. They have worked tirelessly to undermine U.S. foreign policy objectives such as promoting democracy, preventing nuclear proliferation and defeating terrorism, and the danger they pose grows daily.

Iran, OPEC's second-largest producer, is on a collision course with the U.S. over its nuclear ambitions and genocidal agenda. Its leader Ali Khameni brags, "The U.S. will never be able to guarantee a safe supply of energy in this region." Venezuela's Hugo Chavez uses his nation's petrodollars to foster anti-Americanism in our own hemisphere, and the Saudis continue advancing global Islamist militancy.

Yet, despite the obvious danger, we continue ignoring the only real defense we have: an economic warfare strategy to supplement our military and diplomatic initiatives -- and in this case it means a strategy to end our import dependence. Otherwise, as noted by the chief economist 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."

Having an economic strategy is not a novel idea -- we did it in World War II and in the Cold War. We can do it again -- if only we find the political will to proceed. We have the resources to become energy independent. It will not be easy, but it can be done. If we do not, America will see the hemorrhage of cash for oil imports grow and its enemies strengthen.

Milton R. Copulos is president of the National Defense Council Foundation and a founding member of the Set America Free Coalition. Gal Luft is co-director of the Institute for the Analysis of Global Security, and a founder of the Set America Free Coalition.