



Testimony of James L. Martin
Chairman, National Defense Council Foundation
Before the House Committee on Foreign Affairs'
Subcommittee on the Western Hemisphere
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My name is Jim Martin and I am here today as the newly elected Chairman of the National Defense Council Foundation. I am more readily identified as the 15-year Chairman of the 60 Plus Association, a senior group that is also dedicated to providing energy security to all.

The Foundation has been ahead of the curve of this dilemma we find ourselves in today. I refer to our website www.ndcf.org for numerous studies on the energy crisis.

NDCF commends you for convening this important hearing focusing on the lack of adequate energy supplies and the resulting high energy costs. NDCF respects the law of supply and demand.

This nation has the wherewithal to fulfill energy supply right here where we live...but we only seem to be willing to let the demand increase.

Gasoline to drive our cars, heating oil to keep our homes warm, electricity to power the stores we shop in...everything is on the increase, cost-wise.

America's rising and I might add dangerous oil import dependence imposes drastically on the domestic economy. The hidden cost of imported oil lies within high defense expenditures, loss of domestic investment, and cost of supply disruptions. Defense expenditures to protect foreign oil have been high since 1945 when President Roosevelt agreed to provide Saudi Arabia security in exchange for access to its oil.

It was clearly understood by the Second World War when, on Valentine's Day in 1945, President Franklin Roosevelt met with King Ibn Saud aboard the USS Quincy and reached an agreement whereby the U.S. would guarantee Saudi Arabia's security in exchange for access to its oil. This commitment has been reaffirmed by every President since.

As we purchase our oil from other states, we help build their strength and prosperity while we lose jobs domestically. Funneling money into states like Venezuela only helps to "put meaning" and "monetary strength" behind the words of leader Hugo Chavez, as former Special Forces Major F. Andy Messing pointed out in his 2006 op-ed "Showdown with Chavez?" Major Messing preceded me as Chairman of NDCF and is currently a Board Member.

As of 2006, NDCF determined that the direct loss of economic activity arising from U.S. oil import dependence amounted to \$117.4 billion. Importing oil eliminates more than 2.4 million American jobs. Some portion of every dollar we spend on foreign oil lands in the hands of individuals that wish to do us harm. Oil money funds groups like Hamas, Hezbollah, and Al Qaeda.

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 strengthened.

At the NDCF, we estimate that within five years, oil imports could be reduced by 40 percent. Within 15 years, they could be reduced by 75 percent, and within 25 years, oil imports could be eliminated entirely. Moreover, these goals can be met without discovering a technological breakthrough. It is first necessary to dispel one of the most persistent myths about our energy dependence: the United States lacks energy resources.

According to the U.S. Geological Survey (USGS), the United States has almost 175 billion barrels of oil reserves. These include 21.9 billion barrels of "proved oil reserves" – oil that has been discovered and can be produced right now – and more than 150 billion barrels of "undiscovered" reserves.

According to the U.S. Department of Energy, the United States has some 320,222 trillion cubic feet of natural gas in the form of methane hydrates, the equivalent of 51.1 trillion barrels of oil. The bulk of our undeveloped energy resources are found on federal lands or federally controlled areas offshore. Since the 1970s these areas have increasingly become foreclosed to natural resource exploration and development.

During the 1973 Arab oil embargo, two of your previous colleagues, Gerald R. Ford of Michigan and John J. Rhodes of Arizona appointed Indiana Congressman Roger Zion to lead the House Republican Task Force on Energy. Today, Roger is Honorary Chairman of the 60 Plus Association at a hale and hearty 87 years young; he's still fired-up about foreign energy, and for good reason. President Jimmy Carter once cautioned when oil imports were at 37%, that they must not rise another point. Today, it's over 70%! Where do we stop this rising dangerous dependence on foreign oil?

It is clear that America's continuing reliance on imported oil is imposing an enormous financial burden on the nation's economy – a burden that is a threat to the nation's economic and more ominously, its national security. Eliminating this dangerous dependence must be an urgent national priority.

President George W. Bush made his intentions very clear in a speech at the White House on June 18 of this year when he announced he was lifting the executive ban from the 1980's that prohibited drilling in the Outer Continental Shelf (OCS). He had challenged Congress about a month ago to lift its own ban and promised he would do the same. As the President said in the Rose Garden, a month has gone by and Congress has been silent about drilling. The President has made his position on OCS drilling clear and it is time for Congress to do the same. If Congress does not respond, there's going to be not only pain at the pump but pain at the polls come November and that's bi-partisan pain depending on where each Member comes down on this issue.

Here's why I make that assertion. In 2005, the 60 Plus Association mailed a letter to 150,000 seniors in Florida, Virginia, and New Jersey. We asked them to send a postcard to the Minerals Management Service urging exploration of the OCS. Our 60 Plus seniors responded to this request at a 6.5% rate, producing 9,750 letters and postcards to MMS. In the direct mail world, a 1 to 2% return rate is considered a successful campaign; I daresay 6.5% is nothing short of phenomenal! While 60% favored exploration, that number jumped to an amazing 90% for two reasons: 1) When told that oil rigs would be so far out that someone with binoculars could not see them and 2) More powerfully, these seniors were incensed when told that Communist Cuba, with aid

from Communist China, was exploring for oil some 40-60 miles off the coast of Florida but Congress will not allow American exploration of the OCS!

Were these retired veterans ticked off? You bet. But they were further infuriated when learning that Venezuela was selling gas for 20 cents a gallon. How can they? Two reasons: 1., Venezuela develops their own resources - - what a quaint approach – bringing to market their own energy and 2., Hugo Chavez seized a lot of American energy resources, billions of dollars worth in order to heavily subsidize gas and oil.

And now, in 2008, polls suggest that 57% of the American public supports OCS drilling. Many criticisms to this percentage were that the majority of supporters must not be representative of states in which drilling would take place. Contrary to that perception, an even greater percent of residents in my home state of Florida supported drilling at an amazing 61%. And the Miami Herald came up with the same results.

Today the national average for a gallon of gas is \$3.96. That's an increase of \$1.63 per gallon since Democrats took the majority. Republicans today chide their Democrat peers just as Democrats did some years back when the GOP held the reigns of Congress. But enough of that! We must move away from political grandstanding.

But this is very real...and very telling: Senator Barack Obama and his supporters claim that drilling would not benefit the US for another 10 years. Well, as you all know, President Clinton decided to ban drilling 13 years ago with the same comment, results will take 10 years. If he had allowed drilling, let's concede it takes 10 years, then we would now have three years of production; these resources in 2005 – right as prices began to skyrocket and the numbers talked about are 1 million barrels of oil per day --- that's 365 million barrels a year. For 3 years, that's 1 billion, 95 million barrels of oil. I defy you to tell me that wouldn't make a difference. As columnist Robert J. Samuelson recently wrote in the Washington Post, "We're almost powerless to influence prices today because we didn't take sensible actions 10 years ago.

It is true that drilling is not the only solution to this problem we face. Renewable resources such as ethanol, biomass, and geothermal technologies are important as well. However, we must stop gasping when we hear the term "fossil fuels" because fossil fuels will be one of the leading sources of energy for the next 30-50 years. Nuclear power is another great route. France currently gets 80% of its energy from nuclear plants. Our military uses nuclear energy, and has done so for 60 years without incident.

In the end, here's what I think:

As Chairman of both the National Defense Council Foundation and the 60 Plus Association, I'm certain that seniors and our proud military veterans have long memories. We fondly recall cheap gas and boundless energy supplies. I, for one, am proud to be the son of a Kentucky coal miner and vividly recollect the sight and smell of my dad's carbide light many mornings as he left before dawn for the coal mine. His industry way back then is nearly unrecognizable today. Now, we have sound technologies that ensure energy exploration and production with diminished environmental risk. The \$50,000 question is: do we have the will to roll up our sleeves and do it?

1. We need all forms of domestic energy that we can produce and this includes coal, natural gas, nuclear and renewables such as wind and solar.
2. Any limits to domestic exploration (whether offshore, drilling in the Arctic National Wildlife Refuge, etc) at a time when international supplies are so uncertain is not good for this country. We must wean ourselves from our dangerous dependence on oil supplies from unstable foreign sources.

3. In re-assessing this country's energy policies, NDCF with its proud 30 year history and with our supporters veterans of military service, now considers this not only an economic issue but a national security issue following 9/11 and the war we're engaged in.

4. Finally, I believe the environmental movement simply cannot continue opposing domestic energy production at every opportunity. The Santa Barbara oil spill of 40 years ago simply will not occur in today's advanced technology. Good old Mother Nature is more at fault with oil oozing up from the ocean floor. We must bridge this divide between those who claim the environmental mantle and those who are responsible for providing our energy needs.

We need more domestic energy, more sources of domestic energy and senior citizens as well as our great men and women of the military and all Americans will benefit. On behalf of NDCF, I strongly support efforts to ensure reasonable energy prices through access to our nation's abundant offshore oil and natural gas resources in all areas of the U.S. Outer Continental Shelf (OCS).

I thank the President for lifting the executive ban on drilling in the OCS. We couldn't agree more. This is not just an economic issue. This has become an issue of national defense. I repeat, those who do not support drilling, Republicans and Democrats alike, will feel political pain at the polls come November, in this old Marine's opinion.

Thank you again for this important hearing.