



Reducing Our Dependence on Foreign Oil

This article was written in response to John Gapper and Christopher Caldwell's articles, "Corn kernels are no cure for oil junkies" and "Urban Sprawl and a waste of energy," that appeared in *The Financial Times* on January 29, 2007 and January 27, 2007. This article was subsequently submitted to the editor of *The Financial Times*, who chose not to publish our article.

John Gapper and Christopher Caldwell's recent articles ("Corn kernels are no cure for oil junkies" and "Urban Sprawl and a waste of energy") provide thought provoking commentaries on energy consumption and alternative fuels.

Families are settling in the suburbs to avoid some negative aspects of city life and to find more affordable real estate. In today's society where dual income earners have demanding or conflicting work schedules (particularly if children are involved) and public transportation is largely inadequate, individual transportation needs necessitate multiple vehicles. In addition, Americans seem obsessed with "being on the go" and driving even short distances. As a result of our intensely mobile culture, U.S. motorists consume over 321 million gallons of gasoline per day. We could drastically reduce our consumption of gasoline by simply driving less and conserving energy through more efficient travel such as carpooling. Development could also place a greater emphasis upon self-contained communities where residents can walk to school, work, stores, postal facilities, etc. Unfortunately, Americans exhibit an unwillingness to make sacrifices when it comes to transportation.

Though alternative energy sources, including ethanol, biodiesel, and biomass, have gained prominence, it seems that the main players are relatively absent in the "space race" for viable alternative energy. Energy companies such as ExxonMobil, Chevron, BP and Royal Dutch Shell have been some of the most profitable companies for investors over the last several decades, creating more long-term value than nearly any other industry. It makes sense, then, that these energy companies should be one of the main competitors in the space race for alternative fuels. BP's motto of "Beyond Petroleum" embodies the future of the energy industry and its transition from fossil fuels to alternative sources of renewable energy.



If there is indeed a space race for alternative energy sources, several things will likely happen. First, the oil companies will reposition and rebrand themselves as global "energy" companies. With ample excess funds generated by their strong profits, these companies may consider acquiring agricultural companies as well as massive farms here in America and throughout the world. This would put production of the raw sources of alternative energy, be it corn, sugar cane, prairie grass, etc. in the hands of the energy companies.

Should the energy companies acquire the technologies to genetically modify agricultural goods, massive amounts of "super-sized" corn or sugarcane could be produced, ensuring adequate supplies for energy. After all, if household fertilizers can produce 800-lb. pumpkins and tomatoes the size of soccer balls, genetically modified technology could surely help produce abundant sources for energy production.

In addition, the energy companies are best positioned to capitalize on the alternative energy markets in that their massive refining and distribution networks lend themselves to ensuring adequate supplies reach consumers. With control of production and distribution, the energy companies' shareholders would stand to continue benefiting from strong earnings trends well into the future. And the companies' stakeholders would benefit in the form of less greenhouse gas emissions from alternative energies.

Perhaps it is time for the energy companies to fully enter the space race for alternative energies. By doing their part, we can reduce our dependence on fossil fuels to the benefit of all. To be sure, this transition from oil to alternative energies for transportation needs will be a long journey. But to start, perhaps we can do our part by using our individual transportation privileges more responsibly.