Subject: Crude oil rose $4.51 today to top $100 per barrel

Dear Colleagues,

Crude oil traded on the New York Mercantile Exchange surged yesterday to an all-time high of $100 a barrel - and rose again today to $100.74 at closing. Prices around Tallahassee already show some of that increase.

Prices could fall back temporarily, but markets are telling us that the trend line will rise further this year. Global demand continues to increase, more than making up for small decline in consumption by American motorists, and supplies remain tight. ``We should be looking at oil in the $120-to-$150 area by the end of the year without any major changes,'' Peter Schiff, head of Euro Pacific Capital, told Bloomberg News today.

Adjusted for inflation, $100 is about the price that crude oil reached in the 1979 oil crisis. Particularly ominous, this is a time of year when crude oil and gasoline prices fall - not rise - because motor fuel and heating oil demand usually falls in the spring.

At $100 a barrel, $2.38 of each gallon of gasoline we purchase at the pump goes for the crude oil alone. Further, almost two-thirds of the oil we consume in the United States comes from the government-owned oil companies of Mexico, Venezuela, Saudi Arabia, Iran, Libya, and so forth. These governments use their new oil bonanza to fund public spending programs from education to military buildups and even terrorism.

Further, we are buying this gasoline with money borrowed from overseas. As Ben Stein put it recently, we borrow $1-1/2 billion a day to pay for imported oil - roughly a half-trillion dollars a year. Our foreign debt continues to spiral out of sight. The dollar continues to fall in value. It now takes $1.47 to buy one Euro (which four years ago was worth about 85 cents) - increasing inflationary pressure in the U.S.

The foreign creditors so willing in recent years to lend us billions of dollars a day now are having second thoughts and demanding higher returns to make up for losses as their dollar investments lose value - jeopardizing our ability to invest in our industries - or even to continue to own our industries. Foreign takeovers of U.S. businesses are again on the rise.

As a result, reducing oil use is an economic imperative, not just an environmental imperative. On our current course, we are driving our community into poverty. Each dollar we spend to waste motor fuels is a dollar that will not buy something produced locally. The exploding cost of oil should be crisis enough to change our growth management and transportation policies.

Yet, as I have said before, our state and local planning decisions assume that the price of motor fuels is zero. The 20th century of cheap and abundant oil has ended. The sprawl and road-building policies we pursued then are even more unsustainable today. The price of dumb growth just got a lot higher this week.

It won't be enough just to buy a few hybrid cars for our city and county fleets - or to install a solar panel here or there - or dream about alternative fuels. We must get serious - to enable people to walk and ride buses, to direct new growth inward, to require energy efficiency standards for new construction, to rebuild schools in our urban center, and to stop caving into real estate developers' selfish demands.

We need to start right away.

Yours truly,

Bob Rackleff