ENERGY SECURITY

Today, America’s energy security position is far stronger than in prior decades. This is the result of the growth in U.S. domestic production as well as the changing global oil market. Militarily, no country or nonstate actor is able to cut off U.S. consumers’ access to oil. Thus, while energy security remains important, it is far less problematic today than in previous decades and does not require substantial military action abroad.

POLICY RECOMMENDATIONS

- **Manage national reserves.** Ensuring that the strategic petroleum reserve is maintained at an appropriate level will help offset temporary shocks in the oil market.
- **Understand the policy implications of current energy market dynamics.** Policymakers should recognize that America is an energy-abundant nation and should base their relevant policy decisions on that reality. They should also reevaluate whether global military commitments made in prior decades are still necessary to meet U.S. energy needs.
- **Be mindful of other nations’ energy concerns.** The United States should avoid, when possible, actions that unnecessarily threaten the energy security of other nations.

BACKGROUND

Fears about the vulnerability of American energy supplies date back to the oil crises of the 1970s. Today, however, America is quite energy secure. President Trump’s National Security Strategy correctly notes that “for the first time in generations, the United States will be an energy-dominant nation.” America now is a state capable of shaping world oil markets, not one at their mercy.

Indeed, it is countries like China and other emerging economies—not the United States—that are most vulnerable to energy disruptions, in part due to American dominance and protection of international shipping lanes.

This doesn’t mean that the United States has solved the problem of energy security: specific disruptions of oil supplies are always possible, arising from civil wars in producing countries or military actions of another state. But today, these disruptions impact price, not supply.

How does it work? The “pooled” nature of the international oil market—sometimes pictured as a giant bathtub—means that lost supply from one source can be replaced from elsewhere at a slightly higher price. Over time, higher prices encourage other producers to pump more, bringing the market back into equilibrium. Over the past four decades, lost supply caused by major oil shocks have all been replaced within six months or less.

In short, energy security is no longer the concern it once was for the United States. This has implications for foreign policy more generally, beginning with long-running U.S. relationships with nations like Saudi Arabia and the Carter Doctrine’s commitment to protect Middle Eastern oil supplies. Such policies are far less necessary than previously, particularly as most of these supplies now flow to China and other East Asian states.

FOR MORE INFORMATION, CONTACT JAMES KNUPP AT JKNUPP@CATO.ORG.
ADDITIONAL RESOURCES
