There's no escape from the reality that we will be largely dependent on these national behemoths for future oil supplies. The implications of this restructuring of the oil industry should be sounding alarm bells in the capitals of major oil-consuming countries. The list of national oil companies whose production has been stagnant or falling in recent years due to civil unrest, inefficiency, government interference, or corruption is long and includes such diverse oil-rich countries as Indonesia, Iran, Iraq, Mexico, Russia, and Venezuela. In fact, many important producers could follow Iran's lead and become net oil importers in the coming years, including Mexico and even possibly Venezuela, as revenues are siphoned away to more pressing domestic welfare spending instead of retained for badly needed reinvestment in core oil-producing projects.

Thus, future oil supply might simply fail to materialize in the volumes we expect and need. This shortfall means that any energy strategy that only fools around at the margins is dangerously lacking in foresight. We need a grand solution with greater long-term potential. To this end, electricity may be the medium of the future. Canada, France, Germany, and the United States generate electricity from several different fuel sources, but for the most part, without recourse to oil. We must shift the automobile fleet to plug-in, hybrid electric vehicles that can run on either electricity or gasoline, such as Renault's Kangoo and the plug-in, hybrid electric models of the Toyota Prius and the Dodge Sprinter. This shift would better position people for any contingency. If oil is short, we plug in our cars. Over time, if carbon must be restricted, we plug in our cars and generate electricity from nuclear or solar power, cleaner renewable fuels, or coal from which the carbon has been sequestered.

For every mile per gallon improvement in U.S. car mileage standards, 350,000 fewer barrels of imported oil are required each day. Curbing the rise in gasoline demand would eliminate 70 percent of the expected increase in oil requirements. We have the technology to do this. We just need to use it.

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