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Marilyn C. O'Leary

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ENERGY FUTURE

R. STOBAUGH and D. YERGIN, Eds.

New York: Random House Vintage Books. 1983, 3d ed. Pp. 459. \$6.95

When the first edition of *Energy Future* was published in 1979, the United States was reeling from the effect of a one-two punch inflicted by the Middle East. The first blow was the Arab Oil Embargo of 1973-74, which caused an unprecedented rise in the price of Middle East oil. The second was the Iranian Revolution in 1979, which resulted in further increases in the price of imported oil.

Thus, the first edition of *Energy Future* was welcomed at a time when the United States was looking for solutions to the world-wide energy crisis. It provided an analysis of the political and economic ramifications of dependency on Middle East oil supplies and an elucidation of conservation energy as a resource. The question now is why, with the changing world oil picture and "oil glut," is a revised third edition relevant? The answer is that a reading of this edition clearly shows that this issue of *Energy Future* with its updated analyses and recommendation for a balanced energy program is at least as relevant as was the first edition.

Despite the mood of complacency in the country regarding current energy supplies, *Energy Future* demonstrates that little has changed to alter the long-term picture. In fact some of the solutions Americans were looking to in 1980, such as nuclear power and Mexican oil, have presented us not only with no solutions, but with additional problems. Indeed, in the face of the complacency resulting from a belief that the current "oil glut" is permanent, *Energy Future* is even more needed today.

Alternating with feelings of complacency is the equally stagnating sense of confusion. An example of the confusion is current disenchantment with "conservation" seen in New Mexico this past winter. Early in 1983 the New Mexico State Legislature, in a mood of hostility, summoned the New Mexico Public Service Commissioners before it to demand an explanation of why, although they "turned down the heat and put sweaters on" their utility bills "still went up." What adds to the confusion about conservation is that New Mexico, as many other states, is also having to deal with the situation of excess electrical energy supply and an overabundance of natural gas supply. These realities appear to contradict Stobaugh and Yergin's statements of energy shortage. It is precisely because of today's energy situation that *Energy Future's* analysis and plan is so important. Working for a regulatory commission, I am convinced that our sense of oversupply is not only an illusion but a danger if it is accepted as a long-term reality, and *Energy Future* supports that view.

The book's analyses have been updated where necessary. President Reagan's energy policy, or lack thereof, is discussed, as is deregulation of natural gas and the gasoline tax. Although the editors have made some changes in assumptions, the themes remain the same. Those themes are political and economic instability in the parts of the world which produce U.S. oil imports; the uncertainty of supply including availability and cost of oil, gas, and nuclear fuels; and the uncertainty in economic growth and energy use projections. This edition continues to focus on conservation as the key to energy independence and supply, the editors recommending that conservation and solar energy be given the chance, through economic incentives and policy implementation, to compete with oil, natural gas, coal, and nuclear energy in the market place.

The lesson inherent in the third edition is that even painstaking analysis is unable to predict what the critical events will be or when they will take place. Oil prices have fluctuated more wildly than anticipated. OPEC's recent loss of control over oil prices was never anticipated to happen when it did. What was predicted as a gradual rise in price became instead a sharp increase followed by a slight decrease. Neither the rapid increase nor the subsequent decrease were predicted and, in fact, were unpredictable. A further lesson is that long-term projections are becoming short-term reality: what was projected to happen in ten or twenty years is happening in a much shorter period of time. An example of this phenomenon is the unexpected decrease in the growth of the electric utility industry. And solutions which were just over the horizon, such as nuclear energy production, have been delayed.

Without a comprehensive and long-term energy policy such as that proposed in this book, this country will be forced to react with a crisis mentality to the ever-increasing and disruptive energy shocks inflicted by foreign suppliers. This book is an updated reminder of that fact, with a proposal that could work.

MARILYN C. O'LEARY
Assistant Commission Counsel
New Mexico Public Service Commission