



From the Archives ~

## Energy Alternatives: How Soon We Forget!

By Blake White

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Industrialized societies rely on cheap energy in much the same way as humans require air. Every facet of our daily lives, from our toasters to our factory jobs and our precious automobiles, are inextricably linked to energy sources. In America, the cheaper the energy the better. With this fact established it is no wonder that we have grown to despise those who would raise the price of say, crude oil. Our Arab, Nigerian and South American contemporaries who regained control over their sovereign birthrights -the oil under their lands -sought to use these resources to boost their national economies and influence the policies of the "Developed" countries. Their creation of OPEC (The Organization of Petroleum Exporting Countries) caused America to view itself for what it is -an energy addict -and the Third World let us know that they were the only suppliers in town.

It was America's addiction to cheap oil that put us in such an embarrassingly dependent position and it was OPEC that taught us a lesson with their 1973 and 1979 embargoes. As a result, we consumed less imported oil (the United States having dropped imports from 8.4 million to 4.5 million barrels per day), we downscaled our cars, put more emphasis on conservation and mass transit, replaced our industrial energy sources, improved the efficiencies of our machines, homes and factories. We sought out lighter materials, upgraded equipment, and insulated homes. More importantly, OPEC forced a worldwide, multi-year recession, which in turn kept us from wasting energy in the amounts or ways in which we were accustomed before their price increases. They also evoked a vow from Americans that we would never again be so hooked on external energy sources nor would we use so much in the first place.

How soon we forget!

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Alarming signals are being sounded throughout our economy. These signals are not as overt as gas lines or big fin-equipped cars; indeed they are quite subtle. As OPEC scrambles to save their cartel we see what is apparently an oil glut. Oil prices are beginning to drop, albeit slowly, and OPEC's poorer countries continue to break ranks with the richer ones (such as Saudi Arabia) by lowering prices, further weakening the cartel.

What is America's response? Instead of remembering our vow of independence and energy thrift we once again take the short-term view and follow market prices. Concentrating on market prices, reflecting only immediate supply prospects, has caused the shortsighted leaders of our economy to become apathetic with regard to energy threats. Consumers are also becoming complacent conservers and domestic energy producers are increasingly hesitant to invest in alternative sources. Recently a Big Three automaker alluded to American consumers' returning demand for big cars and as such they could potentially see a retooling to meet that demand. Ridiculous! The American auto manufacturers barely escaped death from the Japanese competition in the small car market with help from a protectionist government and corporate bailouts in the form of billion dollar loans at taxpayers' expense. Are they so ignorant (or is it just arrogance) that they fail to heed the warnings of the past decade? Big cars are out! High energy consumption is out!

We must not be fooled by temporary oil gluts. Our commitment to energy independence and conservation must be reinforced and as such America must not be lulled into ignoring our vulnerability as we seemingly have by our abandonment of funds for energy related research and development.

Have we forgotten that with only 6 percent of the world's population, the U.S. currently consumes over one-third of its energy? Even the energy consumption in other highly developed nations pales in contrast to America's. In Sweden and West Germany, for example, per capita consumption of energy is only half that of the U.S. even though their standard of living is comparable to ours. The U.S. consumes more energy annually than all the countries of Western Europe combined, even though their population exceeds ours by 75 percent. Our energy flow-through was more in 1970 than the world's four other consuming nations combined -the Soviet Union, Japan, West Germany, and Great Britain.

When America's energy consumption is compared to that of poor Third World nations, the figures become so disparate that comparisons become practically obscene. How do we justify the relative energy advantage of the U.S. when a country like Haiti consumes the equivalent of only 68 pounds

of coal per capita per year, while the equivalent American consumption is 23,000 pounds per capita annually? How can we possibly forget that our consumption of electricity for air conditioning during the three summer months alone accounts for more than that of all the electricity needs of the People's Republic of China during the same period? And, China has four times the number of people!

Don't let temporary oil gluts fool you. The energy problem is still with us. It sure seems to make sense that we confront it now before the real crisis arises.

It is clear that technology can improve our chances of finding and conserving the precious little oil we have. Improved geological methods and satellite surveys can be expected to enhance drilling operations but as Robert Stobaugh and Daniel Yergin state in the conclusion of their Harvard Business School Energy Project report:

"There is little likelihood of a substantial increase in the production of domestic oil and gas. U.S. oil production will almost surely decline, and the nation will be fortunate if natural gas output remains at current levels. Entrepreneurs have searched the continental United States for so long (more than 120 years), and so thoroughly (over 2 million wells), that it would be foolish to base a national policy on the supposition, advanced by some forecasters, that the absolute quantity of oil and gas will increase beyond what it is today."

So, we better not put our faith in oil. With the 58 percent global increase in demand for oil by 1990 and the proven advantages of oil as a transportable fuel, the remaining supplies will be subjected to political conflict and pressure. In this context, the Middle East will be joined by hotly disputed offshore territories such as Spitzbergen (Norway and the Soviet Union), the Aegean Sea (Greece and Turkey), and as we have already seen, the Falkland Islands (Argentina and Britain). A wise energy strategy would de-emphasize oil and emphasize other technological resources.

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