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Energy Policy: Past or Prologue?

The United States was remarkably complacent about energy policy until the Arab oil embargo of 1973. Since then we have relied on unnecessarily costly regulations and poorly designed subsidies to mandate or encourage particular forms of energy production and use. And our presidents have quested after an elusive technological “silver bullet.” Congress has elevated parochial regional interests and short-term political advantages over national needs. Despite the thousands of pages of energy legislation of the past four decades, Congress has never demanded that Americans pay a price that reflects the full costs of the energy they consume. Given our nation’s economic fragility, our difficult fiscal situation, and the daunting challenges of achieving energy security and limiting climate change, we can no longer afford second and third-best policies. This essay discusses the failures of the past and how we might avoid repeating them.