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THE ECONOMICS OF ENERGY

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and

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To Diana and Veronica

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PREFACE

In recent years there has been a proliferation of books dealing with energy and particular aspects of energy economics. For the most part these books have been concerned with either particular energy industries, the general planning and formulation of energy policy or with the use and effects of specific policy instruments, such as the taxation of North Sea oil in the United Kingdom or the Federal regulation of interstate gas prices in the United States. It has been our objective in writing this book to provide an integrated and reasonably comprehensive introduction to the economics of energy. We chose not to devote separate chapters to the individual energy industries in the belief that this approach obscures the common set of problems which are associated with the development and use of the different forms of energy.

The analytical framework of the book is that of Paretian welfare economics. It is aimed primarily at undergraduates reading economics who have studied intermediate-level microeconomics. Thus we hope that it will be especially useful for students studying public policy economics, natural resource economics, applied economics and environmental economics. By making the book comprehensive and by providing extensive references we have tried to make most of it accessible to students in other disciplines, such as engineering and geography, who are studying topics within the subject area of energy economics. Similarly most of it should be comprehensible to those government officials who are concerned with questions of energy policy.

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