



Energy + the Economy - A Roundtable Discussion

Sunday, June 26, University of the District of Columbia, David A. Clarke School of Law

Hosted by **The Energy Xchange** in conjunction with **OurEnergyPolicy.org** and the 2016 conference of the **International Society for Ecological Economics** and **International Society for Biophysical Economics**

Featuring

Carey King – Assistant Director, University of Texas Energy Institute

David Daniels – Chief Energy Modeler, Energy Information Administration

Steven Kopits – President, Princeton Energy Advisors

Charles A.S. Hall – Co-author, *Energy and the Wealth of Nations*

Schedule

12:30 – 1:00 Refreshments, Introductions

1:00 – 2:15 Looking Back

2:15 – 2:45 Break

2:45 – 4:00 Looking Ahead

4:00 – 4:20 Break

4:20 – 5:00 Closing Thoughts

How will changing dynamics regarding energy shape our economic future?

The world has experienced profound changes in recent years regarding both energy and the economy. Fossil fuels, while still abundant, are becoming more costly to develop as the most easily-accessible resources become depleted. Many renewable energy technologies are becoming less costly, but would still require massive capital investment to replace fossil fuels at current scale. Global demand for energy continues to climb but, at the same time, advanced economies are becoming less energy-intensive (less energy used per unit GDP).

Meanwhile, a global financial crisis, mounting public and private debt, and other headwinds have cast a shadow of lingering uncertainty over the world economy. Conventional thinking presumes an eventual return to “normal.” But slowing growth, increasing inequality, and a sense that an apparent recovery remains fragile are driving concerns that the world had entered a new era, where the usual economic rules and tools may no longer apply.

In his book [*The End of Normal – The Great Crisis and the Future of Growth*](#), noted economist and University of Texas professor James Galbraith explores how these trends may be related and converging to define a *new normal*. He describes how the role of energy in economy activity was well-known in classical political economy, but was essentially forgotten in the growth theories that have dominated economic thinking for the past half-century or more. Re-discovering the energy-economy connection is important to making sense of the recent past and the outlook for the future.

Key Questions

How have economists historically viewed the role of energy in the economy? Will energy be more or less important to the economy in the future?

- How important has energy been in economic thinking regarding growth, wealth, and other indicators of economic well-being?
- How much has energy contributed to economic growth relative to other factors—e.g. non-energy technology, productivity, debt? What is the connection between energy and slowing productivity growth?
- Is the economic significance of energy just a matter of cost, price, and percentage of GDP? What are other relevant factors?
- How does price uncertainty and volatility affect profits, investment, productivity, and other key economic factors? Do rising prices have a significant “choke chain” effect on economic activity and growth?
- Did energy play a role in the 2008 financial crisis and ensuing recession?
- Is there a connection between energy and debt?
- Are some forms of energy more consequential than others—e.g. how are oil and electricity similar or different?

Costs and capital investment to develop fossil fuels, especially oil, have been increasing as more accessible, higher quality, and less costly sources are depleted. Meanwhile, renewable energy sources are increasing rapidly but are not exact substitutes for fossil fuels. What are the economic consequences of these trends?

- How does declining surplus or net energy (diminishing returns on energy investment) affect overall economic activity and growth?

What would a wholesale transition from fossil fuels to a sustainable energy society mean for the broader economy? What are the critical economic questions and issues that need to be addressed in making such a transition as smooth as possible?