Energy Supply

The problem of the present widening gap between available energy reserves and increased energy use is one of critical concern to all of us. As Philip Abelson points out (Editorial, 2 Mar., p. 857), "we cannot afford the luxury of sleeping for another 12 years."

There are two points raised in the editorial, however, that I would like to comment on, as they recur often in discussions of the petroleum industry. One is the idea of "windfall profits." Crude oil prices, over the last decade, remained remarkably more stable than prices in general and more stable than costs to the industry itself for equipment and personnel. During this period the price of crude oil rose 17.2 percent, from $2.90 a barrel to $3.40 a barrel. The U.S. Bureau of Labor Statistics wholesale price index rose 25.6 percent for all commodities over the same period. During these years, oil well casing prices rose 45.9 percent, oil field machinery prices went up 35.7 percent, and average hourly wages in oil and gas production climbed by over 57 percent. Over the past 10 years (1962–1971), the petroleum industry's rate of return on net worth has averaged 11.8 percent, compared to an average of 12.2 percent for all manufacturing industries, according to surveys reported annually in the April issue of the First National City Bank of New York's *Monthly Economic Letter*.

If taxes are excluded, the price of gasoline, the industry's most consumer-visible commodity, actually was *lower* in 1972 than it was 50 years earlier, when it averaged 24.8 cents per gallon. Permitting prices of petroleum products to reflect their true costs would certainly not lead to windfall profits.

I would like also to comment upon Abelson's allusion to the "tremendous resources, both financial and technological" of the industry. This, of course, is true, but size does not necessarily imply success. The tasks facing the industry are tremendous as well, if our energy needs are to be met over the next decade. The domestic capital needs of the industry are estimated at about $250 billion from 1971 through 1985—in 1970 dollars. According to one estimate, by 1985 we will need the equivalent of 160,000 productive oil and gas wells, some 400 to 500 large-capacity tankers, and the equivalent of more than 50 new refineries, for example, just to keep pace with rising consumer demands for petroleum.

To this end, the American Petroleum Institute has recently issued a statement of policy on energy, outlining the goals we believe are necessary to ensure continuing supplies of energy. Among the points we consider important are four that Abelson mentions: a return of coal to its former markets, a national storage plan for oil, immediate funding of research into nonconventional sources of fuel, and a national program to encourage more efficient use of energy. This statement is available free of charge.

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Jason and the National Defense

The report on the defense consulting group Jason by Deborah Shapley (News and Comment, 2 Feb., p. 459) mentions the assertion by critics of the Kennedy Administration that those who aided the American war effort in Vietnam were guilty of "arrogance, amorality, or naiveté." It is a fact, however, that this is a democracy and that actions by the U.S. government are on behalf of a majority of the American people. It is not consistent to condemn those scientists who aid our national defense without condemning the majority of the U.S. population. In fact, the question could be raised as to the morality of those scientists who would attempt to thwart the will of the majority because of their peculiar position in the society. Is it right for a scientist to weaken the national defense by refusing to contribute his part to it, so long as this is a democracy?

Shapley states that "Jason originated during Project 137, a 1958 conference involving economist Oskar Morganstern, and physicists Eugene P. Wigner and John Wheeler, who invited younger physicists along to familiarize themselves with military technical problems." Eugene Wigner had nothing to do with originating Jason. He has many times contributed his efforts to the national defense, but he has taken almost no part in the activities of Jason.

There are two compelling reasons why university scientists should act as consultants on national defense for the