“A wide-ranging and comprehensive view of what O'Sullivan calls America’s new ‘strategic boon’—the energy revolution. She shows how it is strengthening America’s economy and its position in the world, giving the U.S. new flexibility, and is also—no doubt to the surprise of many—helping improve America's environment.”

—Daniel Yergin, Pulitzer Prize winning author of *The Prize* and *The Quest*

“Meghan O'Sullivan brings her extraordinary insight to explain how the American innovation and ingenuity behind the oil and gas boom has delivered strategic benefits to the United States—and changed the world in the process. For leaders in government and business affected by global trends, *Windfall* is a must-read.”

—Eric Schmidt, Executive Chairman of Alphabet, Inc.

“In less than a decade, the energy world has turned upside down, from scarcity to abundance. Drawing on her practical experience and analytic acuity, Meghan O'Sullivan provides a convincing account of how the new energy world is transforming geopolitics and helping the United States. *Windfall* is a wonderfully readable book.”

—Joseph Nye, Harvard University Distinguished Service Professor, Emeritus

In this bold, new book, Harvard professor and former Washington policymaker Meghan L. O’Sullivan offers us a compelling, alternative explanation for why world events are unfolding as they are. Based on travel to over two dozen countries and hundreds of interviews, *Windfall* vividly portrays how energy is—and has been—a much more important driver of foreign affairs than so many other factors given much more attention. This book provides its readers a fascinating and forceful new lens through which to view both the past and the future.

O’Sullivan unpacks an energy world that is complex and technical in a way that will captivate both novice and expert readers. Telling stories about people and historical events, she explains the dynamics behind the dramatic energy revolution of the last decade and provides insights into where this on-going phenomenon is headed. Bringing together two worlds that are too rarely connected, O’Sullivan demonstrates how the move from global energy scarcity to energy abundance is shaping the interests and strategies of governments around the world.

The implications for the United States—the source of the technology and innovation that launched the energy revolution—are as profound as they will be surprising to many. From bolstering America’s economic prowess to offering the United States more options to lead internationally, recent energy developments are truly a boon to U.S. power. But America is not the only
country or region transformed by the new energy abundance. O'Sullivan describes how Europe, Russia, China, and the Middle East also are grappling with the impact of a transformed energy landscape – and how these struggles have collectively reordered the way the world works.

O'Sullivan offers readers astute analysis and entertaining anecdotes. Drawing on her experience as a former policymaker, she also sounds an urgent call to Washington to embrace a fresh mindset, one which sees America's energy situation as an asset, not a vulnerability. She provides a wide-ranging set of ideas to policymakers in the United States and elsewhere about how to capitalize on, or adapt to, the new energy realities.

In the words of former World Bank president Robert Zoellick, Windfall is “an insightful, modern companion to Dan Yergin's Pulitzer Prize winning book, The Prize.” It unveils how energy abundance is transforming the fates and fortunes of the world’s most powerful countries and companies – making it a readable and engrossing guide for leaders in business and government who need to how, where, and why these new energy realities matter.
Energy's Outsized Impact on Geopolitics

In today's age of tumultuous global affairs, many people look to leaders, history, or religion to explain current events. Meghan O'Sullivan explains with clarity and precision how energy always has been – and will continue to be – a major driver of foreign policy and national security. *Windfall* explores how the stunning recent changes in energy markets are transforming international affairs. How the ongoing revolution in energy – in oil and gas, but also renewables – unfolds will shape foreign affairs much more than other policy issues that receive more attention.

Energy Markets Have Been Fundamentally Transformed

O'Sullivan takes the reader through the complex and fascinating factors that led to lower prices at the gasoline pump. American entrepreneurs made it possible to bring to market huge volumes of oil and natural gas that had long been thought too expensive to produce. The special characteristics of these new resources disrupted OPEC's mode of managing oil markets. Together, U.S. innovation and Saudi calculations resulted in the massive and enduring plunge in oil and natural gas prices the world witnessed beginning in 2014.

While price has been the most eye-catching element of this energy revolution, the impact of recent changes go far beyond price. The boom in American energy resources – which could eventually extend to other parts of the world – has changed the structure of energy markets in critical ways. Markets, opposed to cartels, are more important than they have been in more than a century in bringing oil supply and demand together. Natural gas markets used to be segmented, with little gas flowing between different regions of the world; today, thanks to new resources and new technologies, a more integrated, fluid natural gas market is emerging. In short, in the span of a few short years, energy markets now favor consumers over producers, rather than the opposite.

A Boon to American Power

Energy independence has long been America's unfulfilled dream. Every U.S. president since Richard Nixon has declared with passion his intention to deliver a different energy future to the country. Thanks to markets much more than policy, this age of energy abundance has finally arrived. This changed reality brings not only economic benefits, but also geopolitical ones.

Yet, the benefits to the United States in the international realm are not – for the most part – the ones that most anticipate. For instance, greater American energy prowess will not relieve the United States of costly and controversial involvement in the Middle East. The advantages that accrue to America are, instead, more subtle, but no less consequential. The new energy abundance provides the United States with new sources of hard and soft power, new opportunities for collaboration abroad, and another shot at strengthening the international order which has served this country and others so well for the last seventy years. Moreover, contrary to conventional wisdom, the energy boom in oil and gas opens some doors for the United States to better address climate change.

A Changed Global Strategic Environment

Every country and region of the world has been touched by the new energy environment, even though, for the moment, the boom in new oil and natural gas largely stems from North America. The change in energy markets – and the shift from perceived scarcity to actual abundance – has altered the strategic calculations of the world's power centers.

- **For Russia**, these new energy realities are a bane to its brawn. While greater Russian economic insecurity will spur more Russian adventurism abroad, Russia's once formidable ability to use energy to advance its international agenda is greatly diminished.
- **Europe**, in contrast, emerges in this new world with more energy options. It will likely remain heavily dependent on Russian energy, but the greater availability of other sources of energy – including American natural gas – gives it the insurance it needs to be more independent from Russia's influence.
- **China** is another big winner from the energy boom. Its leaders can worry less about how to secure the energy from abroad that is so critical to China's growth and political stability. The new energy abundance has also increased China's confidence that the market will deliver the energy it needs; it thereby removes an impetus for China to cultivate its own gallery of rogues and increases the likelihood China will opt to reform – rather than remake – the current international order.
For the Middle East, the new energy realities create fiscal crises, but also offer some intriguing possibilities for good. Changed energy markets have spurred unprecedented efforts to reform energy-dependent economies and are forcing the long-overdue renegotiation of social contracts between leaders and citizens. In some cases, the new energy abundance is providing a spur to peace and greater cooperation, rather than the opposite.

A Call to Policymakers Worldwide

Given the transformative impact of energy on foreign affairs, the new energy abundance should spur policymakers worldwide to refashion their national strategies. Nowhere is this more the case than in the United States. Long accustomed to viewing energy as a strategic vulnerability, American policymakers have been slow to capitalize on the strategic benefits the energy boom has to offer. The Trump administration has focused squarely on increasing oil and natural gas production, but the new energy environment begs for a much broader set of actions:

- The administration also needs to use America’s new energy position to advance wider, non-energy foreign policy goals – such as further integrating the economies of North America to the economic benefit of all.
- It should take better advantage of the new strategic landscape created by the energy boom to advance American interests – such as by using energy (and climate) cooperation with China to establish better relationships and modes of interaction in an otherwise fraught bilateral relationship.
- And it needs to anticipate and plan for new challenges that may arise as a result of the new energy landscape – such as the collapse of some oil producing states such as Venezuela and the continued petulance of Russia on the international scene.