Oil and peak misunderstood as we guzzle petroleum

Contributed by Jan Lundberg
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Some of us wonder why some people we know worry little about the trend of sharply rising prices for food and petroleum. They may even acknowledge we have a huge population size and that the environment has been ravaged, but still the situation seems to them normal and stable. Theirs is a laid-back mindset common to those content to pay their bills, or perhaps they have given up on seeing fundamental societal change. They may be well-educated, liberal people. They are not usually the ones striving to change our culture toward respect for nature, although they are inclined to save the planet a bit and support social justice.

Their lack of alarm ought to become better understood if it cannot be remedied. For us to just wait for economic or climatic collapse doesn't help. But warning of it (to deaf ears, usually) can do more than allow us to eventually say, “I told you so.” I pass along this analysis stemming from conversations with friends who have not taken seriously enough the consequences of oil dependence:

Many don't imagine themselves to be pro-capitalist or in favor of economic growth that's destructive to the environment. But they nevertheless have a form of faith in the market: that we will simply transition through the oil supply crisis. They say, “Higher prices bring down demand and there will be major conservation, and people will switch to other forms of energy. The economy will make more of the right products, and jobs will change.” This scenario is based on (1) economics that deny indicators of resource depletion and ignore our world's losing its stable climate, and (2) a lack of understanding of energy and the role of our petroleum-based infrastructure.

The laid-back way of discounting oil's monster role allows one to reject collapse as the most likely possibility. The implications of having to rapidly adjust to a fraction of the world's daily oil habit of 85 million barrels are more than formidable, but many of us just hope for the best. When reminded that all past empires collapse, and that civilizations collapse, the person rejecting likely modern day collapse responds that the process could take a long, long time. Jared Diamond in Collapse has fed the idea that we will see a long decline instead of a crisis on the level of a house-of-cards collapse.

People don't seem to suspect they have a dire need to understand crucial aspects of energy, although we all can’t be technical experts. Truths are staring us in the face regarding the function of the oil market and the hard realities of supply and demand. Both the economist and many a peak oilist seem to make up their own rules -- something I've tried to address in publications, media interviews and speeches.

Peak oilists do understand that the feasibility of alternative fuels for powering industrial society is in question. The inability to produce petrochemicals from solar panels and other “renewables” is a key point. Sadly, yet to be explored and hashed out with the public is the role of petroleum in our modern industrial culture. Growing social vulnerabilities demand organizational as well as culture-change solutions. However, there is no solution or simple answer; there is just a resolution awaiting us when we must face the “overshoot” society has accomplished with our natural bounty we're spending. At the same time, there do exist options for survival, even if we cannot just solve our problem with some fix.

It helps to keep in mind that the real alternative to our fossil-fuel hell, and the energy crisis known as peak oil and petrocollapse, is the local-community approach to living that respects the fragile Earth and its shrinking biological and cultural diversity. But we are not on our way to sustainability as long as we're not dealing with our serious oil addiction. Ideally, dealing with it will involve increased understanding of oil and the oil industry.

A basic understanding of the workings of the oil industry is lacking among experts and novices alike in peak oil, to be expected when non-industry types are the ones inclined to question the lucrative business of the fraternity of oil. The role of the oil market as it interplays with geological-based shortage is critical, but neglected. In ignoring or forgetting the supreme importance of the distribution system for all oil products readily available, and how it is controlled by buyers and

sellers rather than how much crude oil may be left in the ground, many peak oilists assume there will be a gradual decline of oil extraction. They also assume the oil industry is set up for orderly contraction.

I discussed why this isn't the case at the Ecocity World Summit last April in San Francisco:

I disagree with Dr. Colin Campbell, peak oil geologist, that we are entering with peak the “Second Half of the Age of Oil.” My view involves my donning my oil-industry analyst hat and discussing the oil market. I formerly ran Lundberg Survey which predicted the Second Oil Shock in 1979.

Assumptions about oil's mirror-image demise (patterned after its graphic ascendancy) come largely from the “Hubbert Curve” and its arbitrary bell shape that implies extraction of oil gradually dwindling. As these thinkers and analysts with their non-industry background tout a milder effect of peak oil than collapse, a “doom and gloom” label tends to be put on anyone who does not see how substitute energy and materials (for our huge, growing population) can “save us.”

Socioeconomic collapse will come when global trade is hamstrung by the end of abundant oil -- possibly suddenly, in the form of a fatal interruption of supply due to world events. However, as bad as the disruption will be, a positive outcome from the loss of global corporate products will result, probably unevenly and with delay. In the main, the chain of events will mean the inevitable abandonment of unsustainable practices, institutions, and obsolete cultural values.

Perhaps this view could belong to every incurable optimist of the human spirit faced with today's compounding errors and failures of Western Civilization. Fortunately there are models already functioning that provide for reliable operation and increased self-reliance in the post-petroleum age. Energy's role in our post-petroleum future and the full potential of technology will have to hew to Earth's limits, a thought that disturbs and meets objection. Still, decentralized and diverse techniques and resources will assist local economies in their cultural development.

Peak oilists are of many stripes, and most are unknown to the public. It could well be that few peak oilists today -- with or without thorough oil industry understanding -- see a positive outcome from full petrocollapse. Granted, goodness and survival are not guaranteed; they will have to arise out of the ashes -- figuratively, one would hope -- of petroleum civilization that happens to be already rusting, literally, much faster than it can be maintained.

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This essay is from the forthcoming book Petrocollapse and Culture Change, by Jan Lundberg.

Further Reading:
Matt Simmons, petroleum investment banker, "Rust Happens":

blogs.oilandgasinvestor.com