Antidote to Collapse Disorientation: Celebrate a 9% Oil-output Decline and Enjoy the Future Now

Contributed by Jan Lundberg
30 October 2008

Culture Change Letter #208, Oct. 30, 2008

"Starve Humpty Dumpty before he falls, for less mess."

The title for this article is a bit more positive-sounding than the simple truism "End your oil use today, spare the pain tomorrow." But either way, this is our time for change; it is now, not when Obama may take the oath of office this winter.

[Political aside: Unless he blows it by letting the wind out of our sails, say by promising to invade Iran, there will probably be partying in the streets when Obama is elected and when he is sworn in to office. And pent up social change may become a runaway train, as Soviet society became under Gorbachev's glasnost and perestroika.]

As autumn peaks and the squirrels have gathered their nuts and acorns, what are we doing as a human version of good sense? Sadly, we continue to shop 'til we drop. Although, we can be cheered by a little gardening and farming being done by far-seeing individuals. Face it, our real communities are either dismantled or just starting to be repaired or created. We are not ready for change that's already upon us. We don't have food security and will not have it as long as the agribusiness/petrochemical/GMO model prevails and its wider system remains.

With the International Energy Agency's (IEA) World Energy Outlook's assessment of depletion (including other factors such as sabotage) at 9.1% of the "natural rate," and given the economic downturn's momentum, we are looking into the gaping maw of collapse. This is the end of the industrial revolution and the agricultural revolution. Why am I choosing to sound so dramatic, and not call today's "recession" a retreat from growth that we can recover from? The reason we will be going all the way down in the trough after our rise to the top of consumption is the Category 5 storm we have unleashed. Now lash yourself to the mast or be swept overboard by the monster wave.

As Culture Change readers learned, agriculture is not sustainable for large populations. [Peter Salonius, author and soil scientist] And what gave us the industrial revolution? Answer: the easy coal and gushing, cheap petroleum.

Regarding the effects of oil depletion or output-reduction, petroleum investment banker/author Matt Simmons told me in July that even an annual production decrease of 1 to 3% per year is a barn burner. So he must be visualizing the whole farm ablaze now.

The Lundberg Letter's forecast of a 9% shortfall in gasoline deliveries for March of 1979 was our prediction of the imminent Second Oil Shock. (The number 9 comes up again, from the IEA.)

The IEA in the leaked preliminary assessment is schizoid when it acknowledges peak oil and still anticipates growth based on demand projections -- a la the U.S. Dept. of Energy's Energy Information Administration (EIA). The IEA, not the EIA, said in its World Energy Outlook, according to the Financial Times on Oct. 28,

"Output from the world's oilfields is declining faster than previously thought, the first authoritative public study of the biggest fields shows..."

This confirms the law of peak oil, which, like evolution, should never be called a theory. However, the IEA still is afflicted by idiotic delusion:

"It expects oil consumption in 2030 to reach 106.4m barrels a day, down from last year's forecast of 116.3m b/d..."

-- this was written before the last month's economic crash became manifest.

Most observers and scared investors -- including retirees watching their wealth evaporate -- believe our main problem as a society is financial. Not social injustice, but financial. Not ecocidal and murderous with our war machine, but financial. Not energy-addicted and at peak oil extraction, but financial. An example of common confusion and misplaced concern follows, and I make no apologies for offending liberals by skewering one of their permitted icons, as I've done in the past in his newspaper's letters column.

I caution students of economics and readers of corporate newspapers such as the New York Times to assume the powers that be and their spokesmen, such as the popular columnists, have not a clue to what's going on. Some grope in the dark better than others. Paul Krugman has located in the darkness the leg of some beast he tries to describe and interpret. But he has found the corpse of the U.S. economy, standing because it has been propped up on rotten stilts. He wrote in the Oct. 26th Times' syndicated column, "The widening gyre: [The Portland Oregonian added to his title, "and its ever scarier possibilities"]

"Bad news begets bad news... U.S. policymakers are stil balking when it comes to doing what's necessary... It was good news when (Treasury Secretary) Paulson finally agreed to funnel capital into the banking system..."

From this we can see Krugman stands for more consumption, growth, and more consumption and more growth. Presumably he believes it benefits most people, as in trickle-down. He would object to being called a Reaganite economist, but it's the same thing as Clintonite economics: growth and capitalism, of the massive corporate variety. So, as bitingly sharp as Krugman is -- and he won the Nobel Prize in economics recently -- he is just another raver for economic dominion by the corporations and massive government. When he wants more economic growth, he wants more of what our main problem is: economic growth. So his stance makes him as ecologically green as mud. Yet, he did feel the corpse of the corps beast when he concluded in the same column,

"... the Bush administration's anti-government ideology still stands in the way of effective action. Events have forced Paulson into a partial nationalization of the financial system -- but he refuses to use the power that comes with ownership. Whatever the reasons for the continuing weakness of policy, the situation is manifestly not coming under control. Things continue to fall apart."

Krugman does not realize that the corpse he senses should not be brought back to life. But try telling him that a better model is local economics, and that having "more" is by buying less, and that a healthy ecosystem is the only way an economy can be sustained, then he would think he has enough light in the darkness to think he's in a nut house that won't pay his bills.

Now we come to the part where I explain the meaning of the oil price collapse and what it may mean for a rebounding of demand. Basically, oil price collapse is just part of general collapse, just as financial collapse is just part of general collapse. Petrocollapse is still valid, but civilizations collapse without petroleum dependence. From the previous Culture Change Letter, #207:

Oil price-change's effect in the context of Humpty Dumpty's fall

We have seen oil prices plummet like never before in history. What does this mean for oil demand and the prospect of petrocollapse? My answer is "Not much." This is because demand destruction does not only come from high oil prices and tight supply. It comes also from economic collapse that in part was triggered by high oil prices. Keep in mind that the apparent price of oil does not include massive subsidies (both direct and hidden). Collapse of the economy and the passing of peak conventional oil extraction are already done -- begun, in motion. So why hold on to the car? Prices can subside but you may not have a job with which to buy fuel at any price. Humpty Dumpty's fall means we do not rebound

in infinite number of times to perform some repeat of higher consumption, as economists are programmed to believe.

Instead of "starve the beast" by buying local, we can as easily say, "Starve Humpty Dumpty before he falls, for less mess."

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"Intensive crop culture for high population is unsustainable" by Peter Salonius:

www.culturechange.org

"World will struggle to meet oil demand" by Carola Hoyos and Javier Blas in London, Financial Times, 28 Oct 2008:

money.ninemsn.com.au

"The widening gyre" by Paul Krugman, New York Times, Oct. 26, 2008:

nytimes.com

"Consuming Globally" December 5, 2003, letter in the New York Times by Jan Lundberg re Paul Krugman ("Most popular emailed"):

nytimes.com

Consuming Globally

December 5, 2003

To the Editor:

The problem with Paul Krugman's worldview ("The Good News," column, Nov. 28) is that global consumption is unsustainable, especially as the population increases.

Petroleum dependence has as much capacity suddenly to limit expansion as it has had in allowing expansion. Mr. Krugman writes, "We are not, it turns out, condemned to live forever on a planet where only a small minority of the global population has a decent standard of living." His claim assumes unlimited oil and natural gas consumption -- about to halt globally as peak production passes. Even if it could be perpetuated, Earth is already being fried.

He says "the critics of globalization do have some valid points." But he scarcely lists any. Aside from oil, he might have mentioned that corporate globalization is through the barrel of the gun, as has been demonstrated from Chiapas to Miami when people are trying to protect what is "decent."

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Arcata, Calif., Nov. 29, 2003

[Note: Chiapas refers to the Zapatista uprising, and Miami refers to the protests against the Free Trade Agreement of the Americas, in that city.]