

Peak Oil naysayers partying on for growth

Contributed by Jan Lundberg
12 October 2006

Culture Change Letter #142

This quaint little culture of growth

Our oil price & supply mini-analysis

Palast's polemic punctured

Ideologically very wealthy, modern citizens and their less successful emulators hide behind the religion of economic growth, puffing up their chests to speak so assuredly that there can be no long-term shortage of oil or energy. They adhere to neoclassical economics that claims resources are available according to price/supply/technological factors, not based on natural limits.

The rest of the religious litany for growth relies on the unproven carrot "a rising tide lifts all boats." However, trickle down was already discredited even before Reaganism. The wasted '80s should have taught us all we needed to know. But no. Despite the worsening of key indicators such as real income, energy security and environmental quality, the same people and system remain on top, screaming for more growth. Thrift and conserving are discouraged, and record indebtedness encouraged, as economists cheer on consumer buying-power as the driver behind the global economy.

To imagine the origin of the concept and practice of growth, the phenomenon may have first come about inside the unhappy or insecure heart. Someone wants more this or that -- badly. Or less of something, such as deprivation or a perceived threat. When this first occurred in history or prehistory is irrelevant; it is the fact that it took over a whole culture which became the dominant one today.

Growth is also a contagion, like violence. Once someone uses it, there will be more. Getting everyone to stop after the genie's out of the bottle is a tall order. The whole culture would have to radically alter course, or disappear.

Simple overshoot of the ecosystem's carrying capacity is the culture's way of taking its leave on the stage of history, possibly ending history. Overpopulation may turn into something lonely, as its opposite.

The worst and greatest example of growth is the U.S., where a policy of population growth is successfully fueled through incentives and such mechanisms as high legal immigration levels. If one is going to start addressing global consumption levels that need to be slashed, the U.S. is the best place to start. However, Congress and its corporate constituency fervently like high population size and growth of almost all kinds. In place of realistic hopes, we can sit back and muse that meaningful restrictions on immigration should actually be in the form of limiting numbers of car-driving immigrants, as society ideally reduces cars on the roads along with their emissions. This would, however, threaten the U.S. Gross Domestic Product.

When a wealth-oriented person justifies "growth," this attitude seems like it's the only way such an individual can prop up the ego and live a lie. In a former age when taking down a large amount of timber was not so threatening to the Earth, there was more innocence among wealth-seeking, growth-oriented developers. Destruction of wildlife habitat, extinctions, loss of farmland, global warming, depleted aquifers, silted-in dams, rising costs for city dwellers -- the list goes on, but the pro-growthers justify it all. If anyone questions it, they may boast of job creation or cloak themselves in the national flag.

In California, a Proposition 90 is on the ballot to assist big property owners, to protect their interests/ feather their nests with financial remedies to society's costs of growth. The San Francisco Bay Guardian says the proposed law is like

"...property rights run amok. It could lead to massive waves of evictions, environmental damage on a large scale, the end of health and safety rules... and huge profits for a few corporations and big landlords." [Oct. 4-10, 2006] - Growth run amok: the short description of end-stage Western Civilization.

Unless you believe humans are inherently destructive and doomed, we can argue that all the roots of society's ills can be traced to a mistaken lunge on the part of Western Civilization for growth of riches, empire, and heedless "totalitarian agriculture." (This is not to say that there aren't other problems or explanations of processes.) There are solutions to

these problems, but growth is not one of them! As Herman Daly famously announced, the economy may grow but the ecosystem does not.

Growth is a divide-and-conquer tool: step right up and buy into it or be a loser, say the leaders and bosses. Another such tool to divide us may be a long public debate about peak oil or economic collapse, whereby action is stalled. Although healthy, debating still serves to divide, and this lets people refrain from dealing with their fear or confusion. People normally don't ponder their world turned upside down. Easier to hope for a promised technofix.

The divisions among us include subclasses. Most consumers are like comfortable eunuchs, thinking they're doing alright in a have/have-not world. As debates and divide-and-conquer tools vaporize come petrocollapse, people will have to forget about materialist growth and preserving classes.

Men and women in modern culture have been separate classes. Growth derives in part from the practice of patriarchy and pridefully proliferating, all too often without sufficient concern for the women who must bear and swaddle the offspring. This is one reason the education and empowering of women helps cut fertility rates. However, can't patriarchy dissolve when the culture collapses and a more cooperative, egalitarian social system emerges in a less crowded land?

It's hard to see our complex culture clearly when it's also dazzling. It is believed that the hyperactive market, the global economy, is something new. Actually, it's the same old domination game that's been going on for thousands of years. The consuming frenzy that's eating up the Earth hides behind glitz, lies, bribes and fear. "Laws protect you," but blind us as well.

Oil grows?

The pro-growth Exxon corporation has a similar position to Saudi Arabia, not surprisingly, regarding peaking of extraction: that there are many billions of barrels left to extract. Trust us, they say -- no independent verification is permitted. A religious faith in their own self interest might be even more accurate than "a religious embrace of 'growth'."

This makes about as much logical sense as the abiotic oil theory. To summarize, it claims that oil is being replenished and that it was not created from prehistoric biomass. Funny, though, the believers in abiotic oil always believe there should be plenty of cheap petroleum products for consumers' use. Take a guess if these folks are interested in simple living or environmental protection from motor vehicles.

For us to put out the idea that cheap oil will come to an end soon, and that substitutes are not ready on the scale necessary to keep the economy going, is worse than heresy. We are like some atheist or pagan visitors in the holy cities of growth and affluence, where laws protect the major property owners at all cost. For now they are ignoring us for the most part. Some loyal mouthpieces for industry, such as Daniel Yergin and his CERA consulting firm, serve as intellectual firepower for Exxon's crusade of its own profits and of more growth.

"Producers move to debunk "Peak Oil" forecasts: report": "...prices have fallen from a nominal all-time high of more than 78 dollars a barrel in July, although, adjusted for inflation, oil reached as high as 99.21 dollars in April 1980. [People's Daily Online – Sept. 15, 2006]

The National Petroleum Council's Lee Raymond, who ran Exxon, says "The resource base is continually changing, driven by economics and technology." It doesn't matter: the resource of oil is supposedly not subject to finite limits. Only a religious nut can view resources as infinite, contrary to common sense. However, as he heads up an investigation of peak oil, he added, "I might learn something."

As it turns out, prices of oil in 1980 were even higher than the record referenced, because of subsidies not being reflected in prices. This is even more true today, so it is false to say we have not reached the all time high for crude and petroleum products.

"Aramco said the world had produced only about one trillion barrels, or about 18 percent, of the earth's producible potential of 5.7 trillion barrels of oil. 'That fact alone should discredit the argument that peak oil is imminent, and put our minds at ease concerning future petroleum supplies,' CEO Jum'ah said. The remaining 4.7 trillion barrels should be enough to last more than 140 years at current output rates, he said." - Abdallah S. Jum'ah, chief executive of Saudi Arabian state-owned Saudi Aramco. [ibid]

It has been claimed that many predictions have been wrongly made for many decades about oil running out. Even if these claims were so numerous and all wrong, that does not mean we are immune to resource limits. Today's overpopulation and level of dependence on petroleum are unprecedented, and extraction is getting harder and harder to accomplish with a positive energy return.

Beyond the debate: food crisis ahead

People are lulled with corporate news -- often including other nations' interests -- which is a starvation diet, if truth is nourishment. However, many people all through society's strata have been sensing problems growing into crises that are on the way to widespread panic. But no relief comes, as wealth is siphoned off for wars and subsidies for fossil and nuclear industries and weapons.

People prefer peace, even though they have been stampeded for cheaper oil via invading Iraq. But still, peace and less pollution are what people generally want. They often want fewer cars on the roads, more greenery and parks, and no contaminants in the water or air or food. But somehow the leaders let down the people consistently. Meanwhile, the rich who back the leaders are never let down. The rich get some help from the middle and lower classes when the latter demand growth too. All this may change after petrocollapse, including the toppling of hierarchy, patriarchy and other cultural mistakes wherever an open attempt at sustainable culture is tried.

Fortunately, many of the rich are taking a look at what's happening globally and at home, and they see the game is up. Culture Change reader Richard Rainwater, featured in Fortune Magazine on Dec. 26, 2005, is one investor who sees peak oil as meriting preparation for our lives and society to change profoundly. He knows growth won't solve the problem posed by peak oil. Anyway, growth will no longer be possible with the loss of cheap oil for transport.

There won't be growth in the food supply either, as petroleum peaks in its global extraction. The post-peak effects will kick in right away, with a little help maybe from our "It isn't NICE to fool Mother Nature!" planet Earth. In other words, famine means negative growth.

Getting back to price. And coal?

Peak oilists are lamenting these days that lower petroleum prices and the Chevron discovery in the U.S. Gulf "of Mexico" serve to minimize public interest in understanding why global oil supplies are still probably peaking.

"Oil fell below \$61 a barrel on Oct. 3, extending a 3 percent drop in the previous session, as forecasts for a further build in fuel stocks in the United States." -- Reuters , October 3, 2006.

It's not hard to refute the idea that peak oil has been disproved. And it's obvious that the lack of hurricanes were a nice little luck for status-quo polluting known as the petroleum economy. And the economy has slacked off some, easing off on oil demand. However, this short-term thinking does not take into account future cold-snaps that suddenly suck great quantities of oil and natural gas. Oil industry sources still admit that the market is very tight, with no spare capacity in refining or extraction.

Coal is referred to, in a drumbeat of propaganda, as a solid resource for many decades where we'll have growth: production, consumption, people, and pollution. When people are so convinced that coal will be just like an extension of our good ol' cheap petroleum, they are lulled into continuing to consume more petroleum and not do anything crazy like hoard gasoline or head for the hills with gardening tools.

Coal is now more profitable than ever, but it must be extracted through mountaintop removal for the economics to be satisfied. And this unsustainable catastrophe would be for our never-ending driving lifestyle? No, coal is a temporary complement to petroleum, and coal cannot maintain growth. When growth stops, when oil is no longer coursing through our economic veins, the machinery of today's society will stop. That will allow for complete rearranging of the music chairs of survival -- and there aren't enough chairs! Too many mouths for too little healthy land and water. Under such circumstances, coal use will be rather local. And it won't come in very handy for subsistence agriculture that will dominate.

Greg Palast blows his credibility

Greg Palast published a diatribe a few months ago against peak oil's discoverer, M. King Hubbert: "No Peaking: The Hubbert Humbug - What if everything you thought you knew about Peak Oil was wrong?" came out online on May 23rd, 2006. For some reason this story was not among Palast's regular emails which I've been receiving. The article was on Palast's website but has been removed.

He later published another oil analysis that reveals great faith in economics' ability to produce resources. This article backed off on Hubbert, as Palast sounded more reasonable. I don't know which article was written first. From the one still on his website:

"But we are running out of a certain kind of oil nevertheless: cheap oil. That is, we are coming to the end of the stuff we can pump at a low cost, the easy oil that practically jumps out of the ground. When we bring price into the equation, Hubbert was correct-technically. ... At low prices, there's not much oil. As prices rise, so does supply... kick the price up to a post-invasion \$50 a barrel, and the world reserves are wildly understated."

In his hit piece on Hubbert, there were several errors in his thinking - mainly omissions. Jumps in logic could prompt us to wonder if Palast is also this uncaring in other subjects he researches and reports on. A giveaway as to Palast's axe to grind against Hubbert and peak oil theory is that Palast doesn't give Hubbert credit for accurately predicting the 1970 U.S. peak.

Just because oil companies are making out like bandits and will continue to do so until the industry reaches the ultimate crisis and mostly shuts down, doesn't mean there's no peaking of global oil extraction. This is investigative reporting (?):

"Every once in a while the landlords of the planet have to remind us to be grateful for their services. In 1956 it was Shell Oil's turn and Hubbert was their man for the job." - Greg Palast

It's self serving for me to bring up, but: Oil is something that many people, of many disciplines or interests, have taken on as a favored topic, and not many of these people know very much about oil or the oil industry. They're learning fast, and I learn from them too. Some people know aspects of the oil industry, but not the supply end as I did. I don't have a foundation in geology or chemistry. But my 34 years of monitoring oil and fighting oil pollution might count for something when someone like Palast pops up to opine on oil.

My background included monitoring energy forms that can be found to substitute for oil. Ever since, I've not been seeing what self-styled energy experts are fantasizing about. When it comes to a technofix that's cleaner than petroleum, these "experts" (promoters) are in a religious trance: they don't see reality because they can't see the big picture. They certainly can't see a picture without opulence in the form of appliances, cars and whatnot. If they did, they'd better keep quiet if they want their comfy funding to continue.

Along comes Palast from an unexpected angle -- not from the oil industry, not a technofixer, but a leftist defender of the poor and minorities. He insults peace activists who believe we've really seen war for oil. Palast acknowledges there's oil bigtime in Iraq, but he doesn't see it as a quantity to grab in the peaking present or soon-to-peak future. His idea is ludicrous that the simple geopolitical game concerning Iraq is what's mainly really going on (regarding resources and their limits).

Palast is falling into the trap of debating when peak oil will hit, which people in the peak oil movement remind us not to do. And as Hubbert says, fossil fuels are but a pip in the entire human time-scale. If Palast is trying to say that there's so much oil out there that the future is not our concern for a post-peak world, then Palast is like the neoclassical economist that refuses to believe in resource depletion. Palast cannot seriously presume economic growth through oil as sustainable. Or might he? Let's remember, he's a celebrated investigative muckraker, and he has gone into deep water without training in energy or ecology perhaps.

He also asserts that Venezuela has the biggest reserves. However, they are not conventional oil reserves that will significantly keep the wheels of commerce humming.

Palast is into social justice and pointing the finger at skullduggery. So ("unnecessarily") high oil prices rankle him, and besides, poor people need cheap petroleum, right? So an oil analysis (by a peak oilist, say) that looks dispassionately or critically at economic growth, the environment, etc., can appear to not adhere to some politically correct view of poor people's rights to expand or to afford materials and energy that many modern folks such as Palast, presumably, want to consume without threat of termination or profit squeeze.

Whether Hubbert was right in the following or not, and whether or not he also predicted peak production a few years before the present (as I heard that he did), an error by Hubbert as Palast would display does not mean that other findings of Hubbert are wrong.

"Sometime during 2006, we will have used up every last drop of crude oil on the planet. We're not talking 'decline' in oil from a production 'peak,' we're talking 'culmination,' completely gone, kaput, dead out of crude—and not enough natural gas left to roast a weenie."

A writer such as Palast must know that "culmination" can also mean peak.

Palast quote Lewis Lapham, long-time editor of Harper's Magazine. I love Harper's, but car ads paid a lot of bills there for decades I guess. That's not supposed to influence the journalistic side, in the ideal world of capitalism. Lapham, "the only editor in the hemisphere with hard knowledge of the petroleum market," according to Palast, said "Why in the world would oil companies, or any company, announce that there's lots of its product out there? You'd bust your own market. It's better to say the cupboard's bare." Palast quotes Lapham further as saying "we have been 'running out of oil' since the days we drained it from whales."

Palast's reasoning,

"To believe that George Bush and Dick Cheney hustled us into Iraq to open up that nation's untapped bounty of

petroleum is to believe that these two oil Texans in the White House are deeply troubled that the price of oil will rise unless they get us more crude. But Dick and George get a rise out of the rise."

is specious because Dick and George really do think about supply security and profits, not just the price of some oil that they may be in some way connected to (just as Americans, if nothing more).

Palast says "discoveries have more than kept pace" over consumption. Any historical chart shows this to be false. New barrels discovered are outdone by consumption by a factor of 2:1 or 4:1 depending on who's estimating.

The following is over the top. It indicates how much we should trust the rest of what he says. Although, he has done good work before and will keep doing it -- on other subjects than energy.

"But the average American thinks, Blood for oil? That's a BARGAIN."

What about the fact that Hubbert was urged not to let fly with his prediction?

"In March of that year, Hubbert presented the solution to his fellow oilmen at the API in Houston."

The following goes beyond the simple truth that the oil companies and OPEC are a fraternity when it comes to being in the same oil market. Big Oil would rather have ownership, not equal business partners, but OPEC exists; so be it. However, these countries have gotten "out of line" with the US in the past, so Venezuela and Iraq as well as Afghanistan are taught lessons if possible.

"OPEC's government cover makes the price-fixing perfectly legal, and Big Oil reaps the rewards."

I believe Palast means PROJECTIONS of oil reserves when he says:

"Worldwide oil reserves continue to rise even faster than America and China can burn it."

Palast doesn't mention the false reserves jacked up on paper in the 1980s and '90s when it suited OPEC members to lie.

Hubbert is cast in Palast's revisionist column as a nuclear power advocate tinged with Hitler imagery. Criticism of pro-nuclearism may be justified on its own, but doesn't prove anything about the validity of oil depletion. It's almost like bringing in some personal flaw of Hubbert to make him less trustworthy.

Palast does know that consumption is out of control, even if he wants it to continue:

"...the Bush Administration... (since) 2001... monstrous jump of two million barrels a day in U.S. oil consumption." Actually it was "only" one million barrels a day increase, which is ecologically insane enough and makes the nation and world less secure.

The following logic, as if global warming is not a concern (if oil were maximized by being cheap) may be Palast's most revealing statement. "Slander" is an interesting choice of words, as if oil has been a gift. Will billions of people soon to be starving say that, when the shortage hits? Likewise, could millions of car fatalities and cancer victims and paved-over species say oil has been a gift? Palast ends with this:

"So please don't slander Mother Earth and say she's run out of oil when it's man-made mischief to blame. Evil, not geology, has a chokehold on energy; nature is ready to give us crude at \$12 a barrel where it was just a few short years ago."

In his later report, culled from his latest book *Armed Madhouse*, he seems to change his position:

"I fear that some may take my noting the super-abundance of oil remaining on the planet as approval for our using it. Far from it... cheap, good air and water are in limited supply. We can't keep pooping combustion contaminants into the sky unless expect we expect our children to grow gills that will metabolize sulfur."

Palast means well, but is like a bull in a China shop in his peak oil hit piece on Hubbert. Thus, Palast is mostly trying to gore paper of his own invention. When he subscribes to modern economics and does not seem to go much deeper in the way of solutions other than to show Bush and his ilk are bad guys, we aren't helped along toward fundamentally changing society or dominant culture. At the risk of sounding naively optimistic, it is time for mass convergence to find common ground on our small planet, and positively overthrow the mind-set of growth.

* * * * *

October 12, 2006 - San Francisco, California

* * * * *

Further Reading and links:

The books and articles of Herman Daly. Steady-State Economics (excerpt):

<http://dieoff.org/page88.htm>

The books of Daniel Quinn, particularly Ishmael, My Ishmael, The Story of B, and Beyond Civilization

The Rainwater Prophecy:

<http://money.cnn.com/magazines/fortune/>

Greg Palast's "No Peaking: The Hubbert Humbug"

gnn.tv/articles/2295/No_Peaking_The_Hubbert_Humbug

Richard Heinberg's open letter to Greg Palast:

richardheinberg.com/museletter/171

Palast's preferred peak oil essay:

<http://www.gregpalast.com/>

Lee Raymond and peak oil:

blueclimate.com/blueclimate/2006/09/exxons_lee_raym.html