Strait of Hormuz closure would mean different things to different people

Contributed by Jan Lundberg
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If you can picture 15 million barrels of prime Persian Gulf oil each day going through a narrow strait, that of Hormuz, it's not hard to understand that a serious choking action could touch off petrocollapse. That is, if you understand the extreme volatility of the oil market and the potential for a crippling blow to the prevailing just-in-time-delivery system of commerce.

Alas, this understanding is not in the mainstream media and usually not even in progressive websites and publications. Almost a year ago, we published (e.g., in Alternet.org) a warning on the implications of the Arab Spring: Arab World's Turmoil May Spell Sudden Petrocollapse.

Our illustration that went with the article is still apt:

As you must be aware, tensions between the states of Iran, the U.S. and an assortment of self-interested allies are at a high mark. If international sanctions would try to close off Iran's oil exports, over a possible nuclear weapons program in Iran that the country and some other parties greatly downplay, what do you think Iran might do? For self-preservation, it may play the only hand it thinks it has: blockade the Strait of Hormuz.

The Persian navy is now in a position to control the Persian Gulf, and this is like catnip to some hawks in the U.S. and Israel. Would some Dr. Strangeloves love to pounce and leave others to worry about the radioactive rubble and epic oil slicks? War is preferred over straightening things out; you do know what's most profitable for the few at the top of the present pyramid; never mind that any serious shutdown of a significant portion of world oil supply can mean quick urban panic with lasting effects.

In 1979 my old firm Lundberg Survey famously predicted the Second Oil Shock. Right now I'm predicting the Final Oil Shock, and the Persian Gulf has been my prime geopolitical example for a resultant "run on the energy bank" by desperate oil users. (Read about it in my book Songs of Petroleum.) When, exactly, I don't say, but it can be soon, as today's events show.

What the possible closure of the Strait of Hormuz means for petroleum dependent folk, such as rich oil people in both the Eastern and Western Hemispheres, is complete chaos. For some of them, rising prices of oil at the expense of desperate customers is quite alright when crude and refined products fetch outrageously high prices. But for most oil addicts, the conflict between Iran and the Western economies is like Russian Roulette: let 'er ride and see what happens! That's no way to assure the basics of modern life compassionately.

For those of us aware of the risks and stupidity of blind dependence on a diminishing, strategic resource, living a more simple life and saving money are only more reassuring and sensible. And if we add practical skills to our low-consumptive lifestyle, we are the new top of the pyramid: the survivors. We try to spread the word, but most people prefer more cash and credit if they can get it, and to hell with tomorrow. But tomorrow's already here.

Speaking of which, we would like to be here for tomorrow, i.e., next year, for you Dear Reader:

Catching the wave for Culture Change

Culture Change needs your support if we're to be visible for you in 2012. It's not surprising, in today's economy that we must state this strongly. But the state of the economy and its hopeless unsustainability is why your support is needed now, for both culture change and Culture Change! After all, the middle class dream has collapsed, and the alternative has to work for everyone.

Currently I'm the only full timer at CC, so if I'm distracted by other things then your service suffers. It's okay that two jobs that have just come in for me personally are right up the alley of CC. At the same time, my lawsuit against Big Oil money, over the killing of my mother, is a drain on my energy and funds. I could give you ten new Culture Change reports and essays more easily than jump through some of the legalistic hoops that the lawyer priesthood has erected against the common layperson!

What's going on of a more enlightened, hopeful nature is much groundwork for the Sail Transport Network via the debt-for-nature swap initiative between China and the U.S. Needless to say, we've got new reports and essays in the hopper for you, and we pledge to deal with whatever we meet up with, for your reading gratification. We'll ride the cosmic wave of change together.

We got a kick out of an unusual note today that came from the postman, not an email. A quasi-anonymous donor enclosed a one-hundred dollar bill. What an expression of solidarity, sad but humorous in a way. More such notes, donations too perhaps, are quite welcome, in case you are in a position and in the mood. However, more important than even paying our bills is that I've met a lot of decent people since leaving the corporate world in 1988. With that note, that came with the c-note, I just met another. I wouldn't trade this for all the money in the alleged real world.

Please help us in this hopeful winter, so that we may better help you and our fair planet. Go for it, for an end of year tax-deductible donation.

- Jan Lundberg

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Saber-rattling in Strait of Hormuz
STRAIT - December 28, 2011, analysis by Tim Lister, CNN

Slip-Sliding to War with Iran by Robert Parry,
December 29, 2011