



## J on CERA/Yergins and the When? of Peak Oil

Posted by [Prof. Goose](#) on June 22, 2005 - 1:34pm

Since J puts all of his good stuff in the comments, I am going to move some of J's ideas up front for us, with J's blessing of course.

I consider J to have a uniquely informed and provocative point of view (since he is so old and "experienced"...ah, he deserves that, I've been asking him for a post for months, damn it.) So, here's his first guest post.

First on the topic of CERA and Yergins:

Lots of squabbling about this paper and that paper (referring to the [CERA/Yergins article of yesterday](#)), who to believe, etc. has been talked about. This comes back to doing your PO homework, which you get every time some pundit, think-tank or talking head trots out "new" facts via MSM.

I have a very healthy dose of skepticism because I have: a) worked for Halliburton, b) been to every continent except Antarctica, c) lived in various 3rd world countries, d) I read foreign periodicals, e) I read spanish, f) worked for BP, f) been shot at, g) been held at gunpoint, h) I am NOT stupid. All of these things have developed in me a very healthy ability to question ANY source which seems contrary to my world view or that seems entirely too "convenient" for one reason or another. I am especially wary of anything issued by our government, as they lie or obfuscate 70% of the time based on what I know. That percentage may be higher since the corruption of the MSM.

This makes me dig to find who wrote it, their background and affiliations, who PAID for it (I always follow the money - it drives each of us), and where/when it is published. When you begin to process technical papers and "news sources" in this fashion, your reality changes. It can make the average person paranoid or at least highly disillusioned. Thus many of them simply quit, as continuing will require them to repudiate many of the truths they have always thought to be self-evident.

I picked on someone (snip) yesterday simply because I already knew who funds CERA and who writes Yergins checks, and he was accepting their line as at least a possibility simply because of WHO wrote it. Please, everyone learn to FOLLOW THE MONEY.

Even in this free media, people are paid to go out and blog positions or throw doubt on ideas and assumptions that are too close to the bone for their sponsors. Yes sponsors - follow the money, follow the money, follow the money!

In Response to Ianqui on then the "peak" will occur:

Picking a time frame is moot - we are there, the idea is in play, and people are actively trying to refute or quash it. If oil jumps too high too fast, the economy stalls and we enter Depression II because of oil. If the housing bubble pops, and the GSA or banks have to be bailed out, we enter Depression II because of defaults. If we piss off China or others and they begin to sell dollars, we enter Depression II because Condi and the neocons acted stupidly. If oil begins to trade for Euros or Dinars, we enter Depression II due to lack of faith in the dollar. If Account 990N stops buying to support the US markets, we enter Depression II because the false economy is revealed. Does that give you some idea of the knife point we are perched upon?

I use Depression rather than recession because entering a major recession with the current trade, budget and personal deficits we are running has simply never happened, but that does not mean I cannot imagine the consequences. The government and the banking system know - that is the sole reason for the new bankruptcy laws - to allow them to recover their assets. Why are our markets unregulated (they don't enforce anything of consequence - i.e., Martha Stewart, who is innocent anyway)? Because this allows money from ANYWHERE to come into play and keep the machine going. Why are they asking new recruits if they would be willing to fire on their contrymen? Why are we using non-Americans in our armed forces? Why does Homeland Security want to monitor all domestic communications? If you deny the answer the government provides, what are you left with as an answer to these questions?

When we enter Depression II, oil demand drops. This means drilling and exploration slows, and we go into a holding pattern where we are continuing depletion at a lower rate, but not bringing new sources online. We will not be able to respond to any increase in demand later. When you finally see one of the remaining oil majors merge with or buy another, you will know that the end of oil travelling across the world is near(years or a decade - who knows?).

The problem with trying to predict anything is that there are so many ways the dime can drop. This multiplicity of vulnerabilities has never occurred in history - Greenspan, Nixon, many others share in the blame for where we are. But each of us must accept blame for buying what they sold us blindly and quietly, while we all tried to build the American financial dream.

I personally think the housing bubble will pop sometime in the next 12 months. This will throw a lot of people and finance companies into trouble financially, and bankruptcy is no longer an answer. That doesn't mean these people will not simply walk away and live on cash - it has happened before. But is this shock going to be enough to start the dominoes? I don't know, the government will assuredly print more money to bail the big losers out. That means soaring inflation, which is already a problem. This may make the dollar hegemony much less attractive as well. All of this is a swirl of possibilities, which only time will sort out. Like I said earlier - we have to surf the wave and be ready. I am, mostly, ready.

Read the archives from the last year at [urbansurvival.com](http://urbansurvival.com) - George covers these issues very well, and links to other reliable sites are all over his daily updates.

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