



"Unwelcome Developments..."

Posted by [Prof. Goose](#) on June 27, 2005 - 5:37am

The [economic system is starting to feel the crunch of \\$60/bbl oil](#):

Energy prices appear to have reached a tipping point for many industrial users, as inflation outstrips companies' capacity to absorb higher costs by increasing the prices they charge consumers.

[In a post on 10 APR on the pricing power of terrorists in a time of peak oil](#) and a few other related ideas, I wrote:

One of the reasons the idea of peak oil is so disturbing to me is the notion of supply disruption in a time of static or falling supply (if you buy the notion that we are at or close to "peak oil," which the evidence seems more and more to point to) and ever-increasing demand, including India and China in the equation.

Another piece of the puzzle I have been thinking about is that [Al-Qaeda/OBL used to say that oil needed to hit ~\\$150/bbl](#) to bring the US to its knees:

Osama bin Laden is among those who staunchly oppose the Saudi regime and its oil policy - bin Laden believes a more appropriate price for oil to be \$144/barrel, instead of its current \$23-28/barrel.

Well, the media, now that it's starting to understand that there is no spare supply to call upon in a time of emergency, [is starting to put the pieces together](#):

The price of crude oil could soon reach \$100 a barrel, compared with the present historic high of \$60, if there was further supply disruption in Russia or a political upset in Saudi Arabia, a leading German institute said.

The IFW World Economics Institute in Kiel said that any number of "unwelcome developments" could provoke a crisis. Given that the industry was already producing at full capacity to meet soaring demand in China and India, there was almost no margin to absorb a sudden supply shock.

as is [the US government, as evidenced by its wargames on the situation last week](#).

So, here we are. It's been four years since the last major terrorist attack. [The US has since gone to war in a vain attempt to assure access to the world's oil](#) and [turned world opinion against us](#). We are the world's largest consumer of a shrinking resource pie.

I don't think you can say that we are in an advantageous position, can you? Is it all downhill from here? What can be done to turn world public opinion? Another show of strength (Iran?)? A show of weakness?

I don't understand how anyone can not continue to expect, with peak oil rearing its ugly head, more and more of these "unwelcome developments" and a slow (or perhaps quick...) devolution of American power.

But perhaps I am being a gloomy gus...? Please, someone convince me I'm wrong.

Technorati Tags: [peak oil](#), [oil](#)



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](#).