



Times change, will attitudes ?

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The passage of the Energy Bill may be the last major marker at the end of an era. But not perhaps in total, the one that you would immediately picture. For, over the past decades, as oil replaced coal as the major fuel source, and natural gas also took its share of the market, proponents of each fuel have sought advantage at the cost to the other.

Tradeoffs and political favoritism has led to the passage of legislation that helps one source of power over another, and the management of each has sought to cut the costs to generate product, in order to remain competitive. Thus mining companies have fought for relief from some provisions that were sought to tighten environmental constraints on their operation. Oil companies sought tax relief as they put together the billion dollars or so required to drill in the deeper waters of the Gulf of Mexico. Each step had, as a driver, the need for that fuel to remain competitive, against the inroads of the other into the market.

Those days are coming to a close. As the nation and the world move to a time that we will need all sources of energy to meet the world supply in its various forms, the pressures to shave that last cent from the price of a ton of coal, for example, will no longer be there.

I can remember coming to the United States at a time when coal companies would not put in safer roof control measures because they would add pennies to the cost of a ton of coal, and thereby possibly lose that company a customer. Well there is a paradigm shift coming, that will I expect, initially be hard for company management to accept.

When the world has to have that energy supply, and when it will take all that the company can viably produce, then the motivation to cut corners on safety, or compliance with regulation will be considerably reduced. Now I am not expecting this to be an overnight miracle, and there are many managers (and some economists ? â€“ grin) who will say that the company will always try and reduce costs in these areas in order to increase profit. That is true, but when the market will be more willing to accept the cost, one might hope that the costs for compliance will be more readily accepted and integrated into the costs of doing business by the mining and petroleum companies. (After all at some stage someone might start to mutter about folks getting tax breaks for putting an operation into the Gulf such as Thunder Horse that is generating 250,000 bd of oil at \$60 a barrel or a mere \$15 million a day).

Management will likely be more easily persuaded to accept these conditions, than those who are already beginning to see the burden of the increased cost of gas. Because they are not next door, the growing problems of Indonesia, Korea, the Phillipines, Yemen, and the other poor countries are not yet being fully discussed. But these are the places where demand destruction is already happening. Where these additional costs cannot, already be easily absorbed. Thailand is joining those having problems, as reported by the [Voice of America](#) (thanks to [Powerswitch](#) for this and the next two stories)

The Thai government hopes voluntary conservation steps will cut oil consumption. But officials have also spoken about the possibility of limiting oil imports to force conservation and reduce the trade deficit.

Thai Energy Minister Viset Chooipiban has called for measures that include closing gasoline stations early and switching off the lights on billboards and night golf areas after 9 p.m. "The first stage the government [will] try to convince the people to save energy by the certain campaign," explains Thai Government spokesman, Chalermdej Jombunud. "After three months we will evaluate the result and if it cannot reduce the use of energy then we will go on to the step of control."

The Thai government says it is also committed to eliminating its last major energy subsidies - a marked contrast to just more than two years ago when it maintained subsidies as global prices rose before the Iraq War. At the time, officials said the government was willing to spend \$55 million a month to keep the subsidies in place.

But is phasing out the remaining subsidies for diesel fuel and cooking gas, which will be eliminated by the end of the year.

At the same time there is a growing emergency in [Nicaragua](#)

The Nicaraguan Congress has declared an energy emergency throughout the country as long as the energy crisis caused by the increase in oil prices in the international lasts.

According to a decree put into effect in Managua, the state of emergency will last until barrels of oil reach 45 US dollars. The currently price is about 60 US dollars.

The new resolution also includes control of hydrocarbon supplies, and also establishes provisional control of oil derivatives prices.

In addition, public transport will be reorganized to reduce fuel consumption, electric plants will be exempted from oil taxes, and the government is considering subsidising energy consumers.

Given the conditions set for its removal, that State of Emergency might last a long time.

And as to what we have to look forward to, Powerswitch also has [an article](#) on how bad the situation was in the UK back in the 1970's. The British are a little slower to let these situations get to them but eventually they did

Manufacturing production declined 15% between 1979 and 1983 as a result of the crisis. Many industries, especially steel, are very energy-hungry and dependant on the cost of energy.

In the seventies, the sales of some products changed for reasons that can be traced more or less directly to the energy crisis. The sales of bicycles went up. DIY-related products went up as well, because it was cheaper to do home improvements oneself than pay somebody to do it, coupled with a slight increase in the time people could be at home. Tobacco sales declined, because people were giving up unnecessary luxuries. But

alcohol sales increased, due to the more negative mood of the times.

The economic problems will have a knock-on effect on other areas of life. For example, in the seventies the birth rate fell and from 1975 to 1977 population figures went down. It's fairly safe to assume that the main reason for this is that many people preferred not to have children in an adverse economic situation.

Another knock-on effect was an increase in violence. The riots in 1981, the "summer of fire bombs", were mostly caused by high unemployment and frustration in an economic recession. Also, the confrontations with workers on strike were more violent than they were ever before. Some workers abandoned some of the traditional restraints on the right to strike, for example putting patients' lives in danger. The crimes of violence against the person increased, as well as the crimes by young people, often unemployed, particularly personal violence and vandalism. Racism also increased, mostly due to a perception that immigrants were stealing British jobs. All these situations are quite likely to repeat.

In the seventies it took 6 years for the situation to become seriously uncomfortable.

It is hard to argue that somebody has started carving large letters on a wall that stretches around the world. Now if only more of us would read them.

One wonders how long it will take this time around in the States? How long before the costs of fuel and its wastage changes the lifestyle of those of us who can, much more than those in those other countries, still afford the gas? How long will hour-long lines at toll booths, burning gas across four lanes of traffic, be tolerated (An Advocate peeve) ?

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