The Oil Drum
DISCUSSIONS ABOUT ENERGY AND OUR FUTURE

Oil, Jihad & Destiny - some comments

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Re-reading the New Yorker piece on depletion (thanks Anon), I was struck by a comment made about energy independence by Robert Ebel (who works for CSIS). He said "it will never happen in my lifetime." And it struck me that there is this perception that nothing much will really change when Peak Oil appears and that it is assumed that it will not affect the way in which the nation operates.

The same thought struck me as I read Ronald Cooke's "*Oil, Jihad & Destiny*" this weekend. His response has perhaps been one of the more publicized to the CERA report and Yergin's publicity campaign for it.

In his book Cooke posits four scenarios for future demand and supply, but does not consider that as soon as supply cannot meet demand for an extended period, that the conditions change. For example, stating that by 2022 there will be a shortfall of 39 billion barrels in the Best Case, does not consider that as soon as a shortage develops behaviors and consumption patterns change. One has only to look at the drop in consumption (pictured here) in the 1970's in the United States to realize that planning beyond that crunch point must predicate on those conditions rather than the continuation of society as was.

One sees those changes already at the edges of our society. While it may not make the major papers yet, the effects of the continued high price of gasoline is getting more coverage in regional papers. And in those articles you find that local business owners are curtailing vacations, and already taking steps to trim fuel costs but still trying to keep from raising their prices to customers. With the impacts of high prices on the poor nations, referenced earlier, both will combine to give some Demand Destruction. Of course in the exporting countries such as Russia, the increased prices have led to a significant budget surplus. Although that story carries with it a disquieting caution from the Russian Government.

> growth in Russia's gross domestic product (GDP) slowed this year by comparison with the same period in 2004 to 5.6 per cent from 7.4 per cent, partly as a result of a slow-down in oil extraction, the chief motor of the country's economy.
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> "We had exhausted all possibilities for boosting oil exports, and for now we have no other driving force," Deputy Economic Development Minister Andrei Sharonov admitted in an interview with the business weekly Profil.

Which brings me back to Cooke's book.

Although the book suffers some from being written over a period of time from 2000 to 2004 (it suggests that oil prices might not reach $66 a barrel until 2022 for example in one scenario) it is where he reaches his conclusions that I disagree most with him.

On the one hand he feels that Government cannot save us, (which I would rebut by pointing to the efforts in Europe to develop alternate energy sources and to encourage public transport). In recommending a change to hybrid vehicles, he ignores the number of cars currently in use, and the slow rate of change that can be effected with them, but it is his recommendation regarding NASA that is most off. I quote:

> "Which brings us to NASA. Sorry. But I cannot get excited about another trip to the moon or yet another pretty picture of Mars. Not when we humans should be focusing our attention on urgently essential solutions to real problems here on Earth. NASA was created to fund a solution to a specific challenge â€“ go to the moon (and elsewhere). But that mission is over. So now we have an institution that no longer serves an essential purpose. NASA desperately needs a new assignment.
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> So here is a proposal. Let's remission NASA. Change the name. Meld the resources with existing DOE programs. Focus its entire attention on the development of a new fuel system. Bring in the best minds from all over the world. Make this a really international effort. Now NASA would have a really, really useful purpose. Make sense?"

No! It does not! It is a fairly asinine recommendation, at best. Why? Because at the level of inquiry needed you will have to waste a huge amount of time retraining people into new disciplines. Yes I know that this is the
Fed's general practice in a crisis, to just throw huge amounts of money and I have ranted about this before but it does bear repeating.

There are already experts in many of the fields that need to be developed. By giving large amounts of money to a Federal Agency that is not currently engaged with these folk, you can almost be certain that at least a couple of years will be wasted, and a lot of money as the usual "pork" experts wade into the trough. It would make a lot more sense to work through existing agencies, who know where this expertise lies in most cases, and develop those programs where the money will get a more immediate response. Well I'm starting to rant again so I'll stop.

The book is no longer at Amazon (I got mine from one of their recommended booksellers) and it will likely go to the back of my library, since it has little to encourage use as a reference.

UPDATE: Um! It dawns on me that in this day of open-ness that I should disclose that about 30 odd years ago I did get a minor award from NASA (following a contract from them, that they had in turn from the Bureau of Mines), and that I have served on a panel that they assembled to discuss drilling.

Technorati Tags: peak oil, oil
