



This ain't Ragnarok

Posted by [Heading Out](#) on August 12, 2005 - 5:52am

When is news not news?

The ABC news tonight began with a story on the rising price of gasoline. But when I scan the headlines of the papers, the fact that we hit \$66 to day is barely mentioned, And in the ABC piece, the villain seemed to be the oil companies, with nary a mention of the possibility of there being an imbalance between supply and demand. We talk about the public awareness of this problem among ourselves, and yet the perception we have is not getting through to the media. Earlier this week I complained about the opinion of a British politician "but, with the exception of the occasional Congressman or MP, almost none of them are realistically aware of the rising problem.

But, to be almost fatalistic about this, very few people are. There is, as yet, very little public knowledge of the evidence, apart from the price rise, of the underlying problems that this, and other sites, are now bringing to the fore. Sure there is media coverage of the truckers protest in Florida "and other media-genic events, but almost none of the reporters than I have seen or read, goes to the underlying cause of the problem that is now starting to come to pass. Those that comment are often not that well informed (see this [comment from an economics prof](#) who has some knowledge).

But, that wasn't what I wanted to talk about. Because as I look at the price of oil, and the market explanation as why it is there, I have to demur. Our gasoline supplies are being drawn down! Gasp! Gasp! - Excuse me, but that is exactly why they were put there, and this happens every year and it is not a surprise. Go back 6 months (which you almost can with this site) and you would find people concerned about whether the reserve, this year would be large enough (on which the jury is still out) but there was never any doubt but that we would be building a reserve and then using it. It was much larger this year, and (though a quick search tells me I lost the site that showed this morning) we are depleting at about the same rate as usual, but from a larger stockpile so that the underlying reserve remains above normal.

Refineries are having problems "hmm" go back and look, virtually every year refineries have problems, most are relatively rapidly solved, but when you have an ageing plant you find that it becomes very difficult to run at almost 100% throughput without having issues. (Those that think otherwise have never tried it, since it holds true in every industry that relies on heavy equipment use).

But that isn't the worry either. The worry comes from the cyclic nature of this business and that, in the first quarter of next year, demand goes down (winter is over and we haven't started driving yet). At which point the price usually goes down (though not this year). Should that happen at the beginning of next year, then my worry is that the "public media cognoscenti" will start running around again assuring us that this was just another "Peak Oil Nutter fantasy" and further failing to prepare the public for what is, very obviously, coming down the pike. Further, of all the years into the future, next year is the last where there will be a significant boost from

projects underway that will come to fruition. It is the last year where we have a reasonable chance at matching supply with my defined definition of demand (which I give in obeisance to [Econbrowser](#)) – that is the amount of oil required to maintain current standards of living and lifestyle, at a reasonable price. As Hirsch and numerous others have pointed out, if we don't start looking for new answers soon, it will only prolong the Fimbulvetr.

Just a small personal comment. There was a note today in the comments that the quality of the site has recently gone down. Sigh! Since I have been the major poster during the past couple of weeks, I suppose that should mean that I apologize to my co-authors. But, I have the balloon ego that goes with my rank (very thin skinned, full of hot air, and over inflated) something that gets worse as you rise in academia, and the qualifying adjective to my rank does not begin with "a", so you may assume I have this in Spades. No! We in academia believe that if we give you the facts, and an explanation of some of the underlying reasons for them, that you are adult enough to make up your own mind. It's why I'm here, I passionately believe in an informed electorate. If I have offended there is little more I can say. But I am not going to stop trying to tell you what I believe to be the facts, nor what they mean, and for that I make no apology. (You might want to skip reading on Saturdays, however).

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