



TOD Inbox: From Investment Resource to 'Eco-nitwits' in Under a Year

Posted by [Nate Hagens](#) on October 19, 2008 - 10:30am

Topic: [Miscellaneous](#)

Tags: [original](#), [site mission](#) [[list all tags](#)]

Each day the editors box at theoil Drum.com gets about 100-150 emails. A few are spam. Many are form letters relating to energy. Many are from readers linking to energy news, etc. Others are from friends/staff. There are a number of 'complaint' emails too, usually 'why don't you write more on the environment?' or 'why haven't you done a post yet on my new energy technology?' etc. Given recent market and world events, I thought I'd go offtopic on a Saturday evening and share with you an email we received today. Plus it's cathartic...;-)



(Vladimir Kush - Breach)

From: *(a reader in Vancouver BC)*
Date: October 18, 2008 1:00:27 PM MDT
To: editors@theoil Drum.com

Subject: content chnages

Hello. i am/was a frequent reader of your weblog for a while now, as last year i found it a valuable investment tool to find research that was under the radar. as this yaer has gone by however, the shift to a hairbrained 'ecocentric' left wingnut content has caused me to totally avoid your site. what i'm trying to tell you is this. the ENTIRE FKN WESTERN WORLD is full of left wing hairbrained 'ecofarming' nutcases with a non-factual axe to grind. Why is it that a decent site, with as close to useful facts as possible, has to degenerate into a fkn 'eco-farming' blog, that has NOTHING to do with the intricacies of oil production? talk about mission creep!

obviously a lot of it comes from the posters who have thier own agenda, but its your job to filter out the fkn ECO-FARMER loincloth crew and get back to what the blog was about.

if its not truly about that, then change your name to the 'HairBrained PepperHaired Eco-nitwitz ' blog and we(intellegent types) can get it off our bookmark list.

thanks for the site, it was GREAT.

your truly,
a liberatarian capitalist.

I'd like to briefly highlight the bigger issues raised in this email. (Believe me we get worse). First of all, let me clarify something- the content on this site is not choreographed - we have a team of great regular writers who put essays in the queue at random intervals - sometimes we have a full cupboard - other times we have crumbs....Also, when things are especially hectic in financial markets, we usually save the better (read: more effort put into) posts for days when people can actually access them mentally. As the economy deteriorates, people naturally are going to be more emotional - stress/unease is transferable due to mirror neurons, herd-behaviour and the psychology of crowds. Civil discourse among thoughtful, intelligent, well meaning folk can then more easily become hijacked by 'believers' of all stripes. (It's kind of funny that if we organized the totality of complaints we get in the inbox, they would mostly cancel eachother out (e.g. 'we are beholden to right wing oil interests' cancels out 'we are beholden to left wing econutz', etc.)

This is not a capitalist site. Nor is it a socialist, a communist, a fascist, or a green site. It is definitely not an investment site, though I expect it is often used as such, as we collectively were years ahead of the wall st analysts on crude supply plateau, declining net energy, and systemic risk (well, one year ahead on that one). However, I am sure we have capitalists, communists, socialists, fascists, and tarot card readers among our readership. I am almost completely certain we have at least one, if not several hairbrained pepperhaired eco-nitwits reading too. Theoil Drum is a place for people to come to provide viewpoints presented with logic and evidence, that bear on our current energy predicament, now made worse by the global deleveraging of financial assets. From our Mission Statement:

The goals of The Oil Drum are as follows:

1. Raise awareness of energy issues

Most people are not aware of the problems we face or they underestimate their potential impact. Politicians and the traditional media have overlooked the problem, out of ignorance or due to a conflict of interest. We seek to fill the information gap,

disseminating underreported facts and analysis.

2. Host a civil discussion

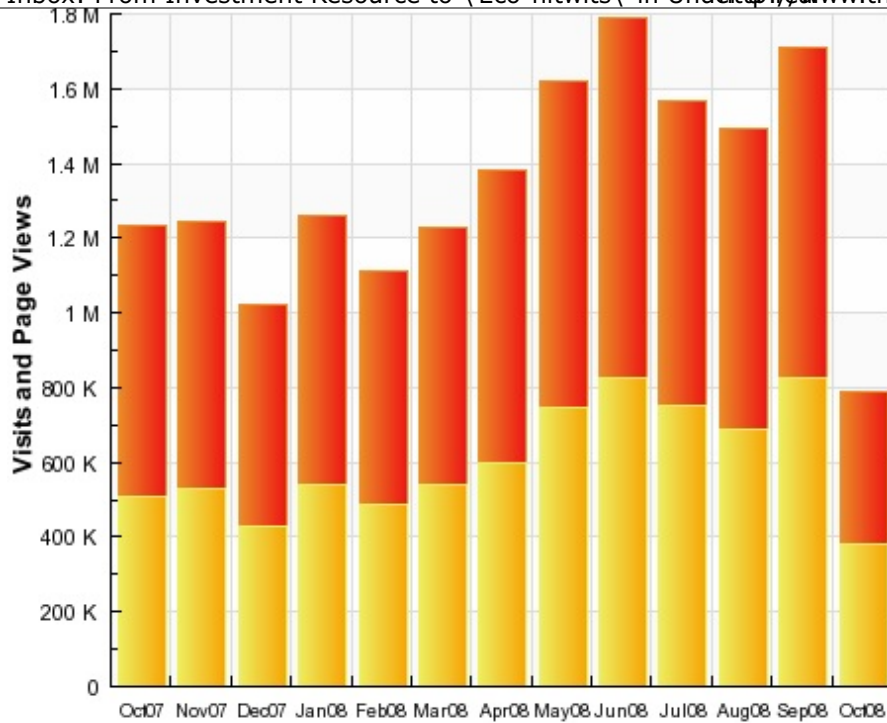
This website is a space where energy issues can be debated in a civil manner. Through the encouragement of evidence-based reasoning and logical arguments, we aim to host discussions with a depth and breadth absent from the traditional media or current political discourse.

3. Conduct original research in a transparent manner

We believe that the issues such as the timing and impacts of our supply and demand problems and the feasibility of alternatives to oil can be explored empirically, in an open and honest manner. Our site draws on the fast pace of the internet and the time-tested traditions of peer review in search of the truth, whatever it may be.

4. Create a global community working toward a common goal

Our society can only address a problem of this magnitude through cooperation. We seek to leverage the open nature of the internet to create a global forum for the discussion of energy problems and solutions. Your participation is welcome—if not necessary—for the improvement of our energy future.



Month of the Year	Visits	Page Views
Oct08	381,081	786,986
Sep08	825,428	1,707,821
Aug08	690,078	1,491,051
Jul08	749,913	1,564,779
Jun08	824,754	1,787,139
May08	747,969	1,618,875
Apr08	599,714	1,379,340
Mar08	539,277	1,228,973
Feb08	486,177	1,109,345
Jan08	540,557	1,260,468
Dec07	428,947	1,023,844
Nov07	531,177	1,241,623
Oct07	507,593	1,231,222

(Source: Sitemeter); NB, October 2008 data is only for half of the month, obviously.

The above graph shows (apparently) a steady flow of hairbrained econitwitz reading the analyses our contributors put forth. I'm certain we could have significantly higher traffic if we wrote exclusively about energy investments and how to profit from peak oil (basically be short). But what good would this do in the long run? Just a paper wealth transfer from some, to others, and the transferees would probably spend it on something of higher energy footprint than the transferers. We have always hoped to have a greater impact than that. (Though I admit to periodic regrets of closing down my hedge fund to work in this area - I could have made a fortune....;-)

Regarding investment/intelligent types, one of the smarter investment analysts I get research from (unrelated to this site) had this to say on Friday:

People asking about gold weakness - in the medium term I think its a mix of higher inventories of physical like many other commodities we have heard about as shippers

cant even get LOC's to move the commodities from sellers to buyers and the system is still in logjam, as well as funds unwinding long positions.

Longer term I also think gold will underperform, this is where I get a lot of slack from people -- first of all gold futures are still in some serious contango (I will revisit this later), gold is overowned, physical prices for delivery of coins and bars are 20-40% above spot prices on the screens and take days. People are playing gold for two reasons - inflation and the end of fiat/Armageddon trade. **If you are long for end of fiat/Armageddon then you should be long in physical b/c you wont get paid being long GLD or gold futures when there is no one left to pay you, and I promise you that if fiat ends that will be the end of all contract law as well and civil society is pretty much over too.**

So the other reason is inflation - well here is where one of my favorite macro trades lies - what I call inflation/deflation trade.

Short 30yr treasuries and short gold. If you believe in inflation over the next few years as the driver, then 30yr yields are at new all time lows recently, the govt is going to be issuing enormous amounts of long term paper and your downside to being short 30s is theoretically somewhat limited given where yields are. If we are in inflation then gold arguably is already pricing this in with its contangoed curve, interest rates likely will go to the moon and at 4% there is room to double digits easily.

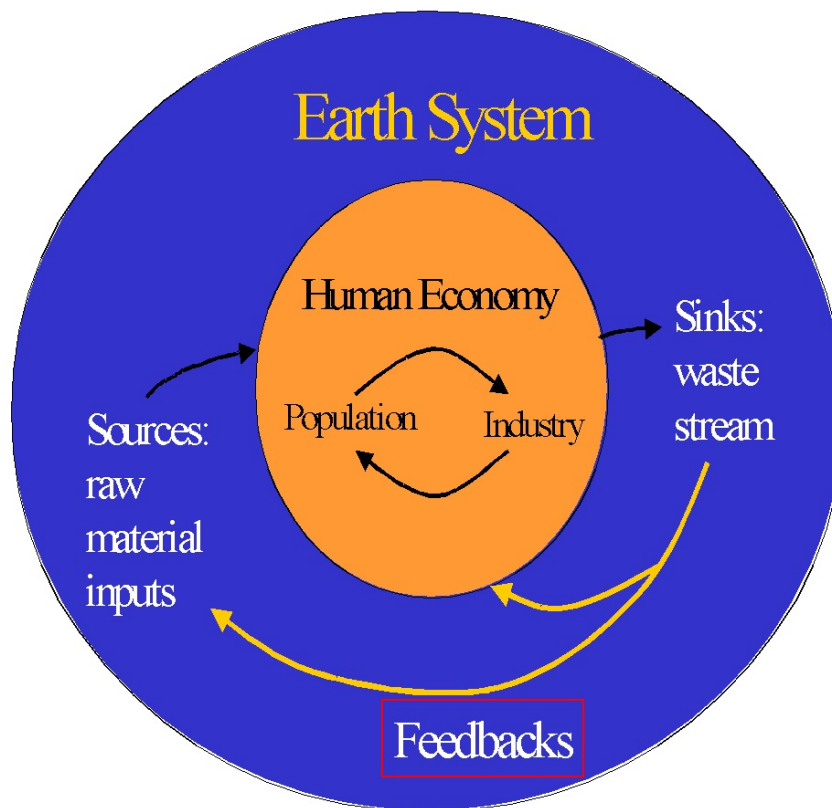
On the other hand if we (as I believe) are in deflation due to the collapsing of lenders and forced mergers of banks which is destroying the money multiplier globally then gold will go to \$200 if not lower and the long end is poised to go much lower and being short 30s will be painful but has some limit to where they can go on a yield basis.

The point of me posting this is not the investment advice (though I actually agree with it), is that, rightly or wrongly, *there IS the possibility of the fiat/armageddon scenario being priced into conventional financial markets*. The people making these bets likely don't understand or appreciate ecology, systems analysis, or net depletion in relation to financial capital, but they connect the dots very quickly when it comes to money. Financial armageddon would mean the [breakdown of our interconnected networks](#). Without those networks, we would revert to local sources of energy and food, eco-farmers (with or without loin cloths) might just be your best friends. Renewable energy is an ecosystem service. Perhaps our inbox correspondent should become more familiar with the local natural capital in and near Vancouver. Just in case.

Bigger picture, NOW is the last critical chance to educate and generate discussion on regional and national scales on changing how we view energy. We are in the midst of what your investment crowd would term a 'higher low', in the long term uptrend of crude oil. The events causing crudes price drop, are simultaneously making the long term energy situation worse. Leanan has been providing links all week to the scale backs in capital spending among oil producers, cutbacks in production are expected at OPEC, projects will be scrapped, marginal, low EROI oil producing companies that need financing will likely go out of business, all the while ongoing net depletion of existing wells continues in the aggregate range of 4.5% per year. (Several on TOD staff are working on analyses on what all this may mean for world oil production.) The credit crisis and 'investments' are first and foremost on everyones mind. But without energy surplus in a usable form coupled with healthy planetary ecosystems there can be no growth. Without growth (or in the near term the perception of it), there can be no repayment of debt, and without debt there is no financial system as we know it.

As an editor, the reason I was compelled to post this publicly, is that I fear [Gresham's Law](#) may end up applying equally well to people as it does to money. I sincerely hope that petty arguments, distractions, disparate viewpoints etc, do not take our contributors (and experts among our readership) limited time away from educating the public on the future of energy, which last I checked, remains intricately involved with our natural environment. Indeed, if/when faced with starving/freezing, or denuding the landscape, all signs point that we will choose the latter. [Leaders in Italy](#) are already making a similar choice this weekend, and the ethanol and tar sands scaling are evidence of trading natural capital not accounted for in the market for profit.

Ecological Economics



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We are going to keep this site going as long as possible, as education and open (to a point) community discussion are some of the only tools we have to steer the aircraft carrier that is called modern society in a less precarious direction. We will probably never know the impact this site has had or will have on the global energy transition. Perhaps none. Perhaps we are changing things locally at the margin in lots of locales. Perhaps lots of people are starting to think in terms of ecological limits and natural capital as our real wealth, and making local civic changes. I don't know the future - the variables are too many. But I do know that the internet is fast, and not only is the 'good' information about whats happening to our planet in real time found online, but the [people reading it may be better able to visualize the bigger picture.](#)

I am hopeful that we are making a positive difference. But I could just be an eco-nitwit.

< / Rant off >



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