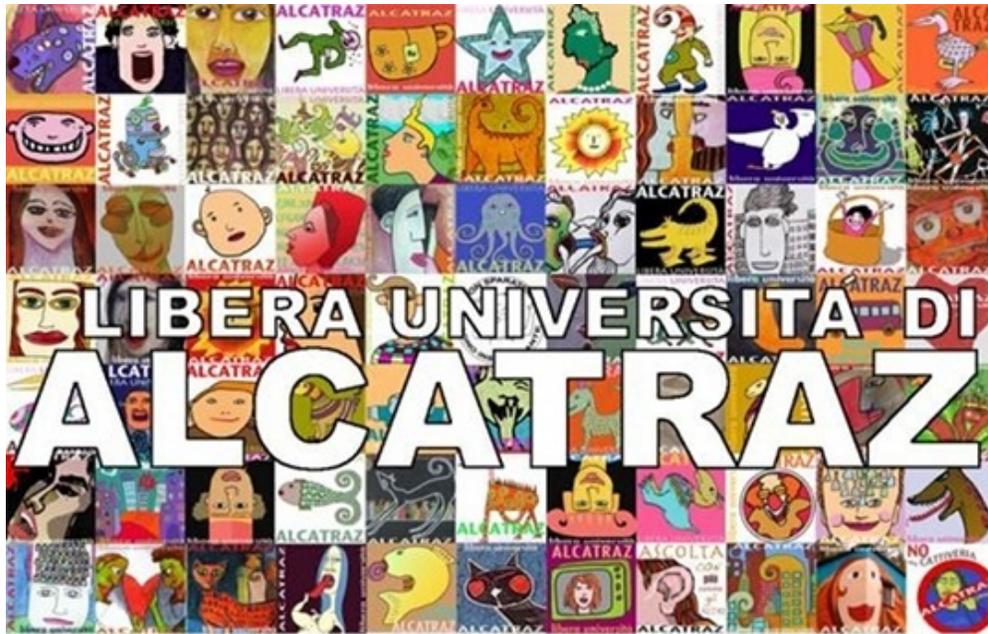




Thoughts from Alcatraz

Posted by [Luis de Sousa](#) on August 11, 2009 - 10:28am in [The Oil Drum: Europe](#)
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More than a month has passed since the [ASPO/TheOilDrum summit](#) at the [Libera Università di Alcatraz at Perugia](#), but only recently have I had the time to go through my notes. In this post, to match the summit's informal framework, I provide a collection of thoughts I brought back home from the conference, instead of the usual one paragraph digest of each presentation.

An audio version of this log entry can be downloaded from [here](#).

The Setting

Alcatraz is an Arab word referring to the large, white sea bird that through linguistic migration and evolution came to be known in English as albatross. I have yet no idea how it also came to be the name of a sanctuary/tourist venue in the hills north of Perugia, but that's where the so called Peak Summit took place. It is a wonderful site, deep within the luxurious North Italian forest, comprised of a few scattered houses built around a central complex which houses a reception area, a small bar, a self-service restaurant and a sort of conference house.

The central buildings were decorated with eerie post-modern wall paintings featuring a good number of bare breasted ladies, plus some scattered sculptures in the same vein of alien art. The staff were warm and laid back, leaving the central buildings pretty much to the guests, easily making everyone feel at home. But what made the place really special was the total isolation from the outside world, away from the cities, their traffic and noise. In a subtle invitation to introspection, we would wake up to the chants of dozens of small birds in the morning, and when it got warmer our ears would be flooded by the callings of a million cicadas.

There were about 60 attendees. All were able to fit in the conference house, a sort of elementary school class room with a projection screen in place of the black board. This class room environment, the proximity of speaker to audience, the extended debate sessions, and the natural setting engulfing Alcatraz together provided for a unique experience, a close sharing of ideas without any of the formalities imposed by a more academic (or larger) event. Discussion erupted naturally during presentations and went on to the dining area and into the night.

Without a shadow of doubt, this summit was the first-rate idea of Ugo and Rembrandt, that they were also able to very-successfully implement. Congratulations and thanks to both.

Beyond Energy

One major difference between this summit to previous ASPO gatherings was the small number of presentations directly aimed at energy production and/or consumption. This change came perhaps as a consequence of Peak Oil being now history for many, or perhaps because the current economic crisis forced a new perspective on the issue. The truth is, the wider implications of the perceived end to energy growth were the main focus of this event. The impact on raw materials production--the impact on food production--the impact on the economy--the impact on social equity, any one of these subjects can eventually exacerbate the scarcity of energy itself, triggering social convulsions of enormous scale, but more than that, masking the root problem of the finitude of fossil fuels.

A very common concern is the social impact of an extended period without physical economic growth (physical, as opposed to growth in reported GDP, e.g. based on Inflation). As many times discussed at this forum, and [pointed out clearly by Herman Daly](#), this growth interruption will immediately translate into a degradation of Social Equity under the Western Socio-Economic framework, with less wealthy folk being the first to lose access to scarce goods and services. When the numbers of those hurt by unemployment, rampant energy prices, inaccessible products, crime waves, etc, becomes large enough, all the best-laid plans for the energy transition will go overboard.

Whilst avoiding that sort of social breakdown is the underlying motivation of all those giving their time to the energy problems, it may be exactly there that Society is set to go. As Nate would explain in his wrap-up address, with everyone set to compete their way into the 20% of individuals that own 80% of the wealth, nothing short of re-instating growth will do. In his words "we need to compete for something else". It is very possible that Social Policy will need to find a larger place in this whole fossil fuels debate. How to do so without darting right down into daily politics *faits-divers* is the difficult thing.

Planned Economics

Another important point common to many speakers is the necessity of changing the current Economic Paradigm in order to avoid the outright onset of the Social convulsions discussed above. Tweak the Market in order to avoid the depletion of rare chemical elements and foster the use of more common ones, expand the recycling processes to keep matter circulating in the Economy, manage food consumption reducing dependence on imports, change rules to facilitate the build up of alternative energy infrastructure, were among the strategies discussed. The speakers at the summit had funny names for it: "Managed Austerity", "War Time Economics"; at school there was a much more recognizable definition for it: Planned Economics.

Unfortunately, today the term Planned Economics carries with it a political connotation that distorts its true intention. Planned Economics is about setting long term goals and objectives and devising the strategies and tactics to achieve them. It doesn't have to be about ending or limiting private entrepreneurship; on the contrary, it can be used as a means to actually foster it, but in ways that lead to a different overall outcome for Society.

Wind power is an interesting case, well known to readers of this forum. This energy source has been assessed as having a relatively high EROEI, even factoring in storage losses, well in excess of 10:1 and comparable to other mature electricity production systems. But when entering the market, Wind presents itself as financially disadvantageous, a disconnect imposed by the current financing framework that penalizes projects where the largest share of investment is made upfront. Without the feed-in tariffs aimed at facilitating the scale up of this energy source, most of the infrastructure already in place in Europe would not exist.

Programmes like the EU 20-20-20 goals can be seen as an archetype of an Economic Plan, with the establishment of a structured set of long term objectives. Unfortunately in this particular case, the tactics to achieve these goals either do not exist or are too vague to assure success.

As the Peak Oil community moves from pre-peak warning mode to post-peak mobilization mode it might become important to address Planned Economics in a scientific, politically open way, exploring its possibilities in times of scarcity.



The "classroom" at Alcatraz.

The Roman Empire and Money

[Ugo's talk](#) was one of the most stimulating. The talk links to many of the issues discussed during those two days, with the difference that it was prepared from a historical perspective. In short, empires go through several cycles of good and bad times, but always increasing complexity, up to some point beyond which complexity can't increase any further. From that time onward, investment cannot keep up with capital depreciation, and the decline unfolds.

Ugo referenced in his talk a very interesting theory about the collapse of Rome. The crucial element that the Romans brought about and made the Empire possible was the professional military. The English word soldier (as in many other languages) evolved from the Latin *soldato*, a man on salary, formed in its turn from the word *soldo*, pay or salary. The professional military

was the great Roman invention. Prior to its invention, war in Europe was waged either by mercenaries or farmers, defending or taking capital (land, crops, etc). Under the new approach, legions were comprised of men dedicated entirely to the military activity, receiving a fixed income, either engaged at war, stationed as peace keepers or in training. This meant that the Empire had to maintain a constant flow of precious metals to its legions. As long as the Empire kept expanding geographically this was easily attained, with plunder and more precious metals mines under its domain, assuring the maintenance of the military machine. The expanding territory meant an expanding Money Supply.

Some historians say that the Roman Empire expanded to wherever vines and olive trees could be farmed. Whether imposed by climate or other factors, the truth is, when the Empire reached certain foreign environments, such as Scotia or Germania, it stopped expanding. Once it stopped expanding, it was only a matter of time before Money Supply would stop growing. The number of mines producing silver and gold stopped increasing, but at the same time precious metals would leave the economy either looked up as wealth storage or sent abroad through trade (taxation had a special role on this, sending money to Rome that would be spent on luxuries). At some point, the flow of money from mining was outpaced by the outflow and it became impossible to maintain the usual number of military. Some point to the depletion of silver at the [Rio Tinto](#) mines as the catalyst for this reversal.

Other reasons can be pointed for the collapse of the Empire--Pollution, Disease, Climate Change and more. It might even have been a combination of factors, but the Money thesis is attractive in several respects. It presents a clear token for Complexity, and furthermore, it postulates that it wasn't exactly production constraints that brought the Empire down. Gold and silver, even more then than now, had no practical usefulness. They don't grow crops, and were too malleable to produce hand tools. Their value arose solely from their exquisite chemical properties (density and durability). This leads to a very interesting perspective of the Roman Empire running out of the tokens to maintain its Complexity.

As a more technical speech, the statements above outline an Economy where Money Velocity is relatively low and constant and Money Supply is the main macro-economic variable. With the mines depleting, Rome debased the currency and increased taxes, trying to prop up Money Velocity, but it failed nonetheless, because under those conditions being a *soldato* became a much less interesting profession.

This description of Rome's downfall becomes the bridge to today's Economic Crisis and its relationship to Fossil Fuel depletion. There's an essential difference between today and Roman times--now there is no physical constraint on Money Supply. This is an advantage, but there is a catch: money today is created as debt, the promise of future growth, not as a token for the real energy (Complexity) that flows through the Economy. Without growth this system can stop working, and that may exactly be what the present Crisis is about. While the Oil Empire is in no clear way better prepared than the Roman Empire for Peak Complexity, it may have some interesting options the latter didn't have. Money can actually be a key element in the transition away from Finite Energy.

And a final note in this vein. The idea that Money Velocity today has the same properties as it did back then is at least worthy of discussion. It is hence somewhat appalling that one sees the debate regarding the relationship of the Economy with Energy almost always subject to a rather strict Monetarist perspective. This was apparent at the summit, as it is in the daily discussion among the ASPO/ TheOilDrum community. Some open mindedness on the subject is in order.

Squealer

A common thematic at this sort of gatherings is the apparent difficulty in bringing the fossil fuel depletion home with politicians and stakeholders in general. Being such an obvious and pressing

issue, why are the power structures largely ignoring it? Or at least pretending to ignore it?

In my perspective there's an old book that may explain why: [Animal Farm](#). It is the story of a farm where the animals working there revolt against their masters and take power. They are led by the pigs, the brightest of those on four-feet, who learn to read. The story ends up with the pigs simply replacing the men, enforcing their power on other animals (mainly sheep) with fierce dogs. Written originally as an allegory for the rise of Communism in Russia, it actually has much more wider application than that; it can be interpreted as a book on the human condition itself.

The supreme leader of the Animal Farm is a pig called Napoleon, who takes that position by learning how to teach and control the dogs. But in the course of the book he becomes less of a leader, with the practical leadership relying on another pig: Squealer. He is a brilliant, charismatic speaker in whom the other animals completely invest their confidence. Squealer is at first able to make the animals understand the miserable lives imposed on them by men, and then convince them into revolt and seek freedom. Unfortunately, that blind confidence is later used to bring the animals back to a sort of slavery.

The point is: there is no Peak Oil Squealer. Surely, there are bright minds and special individuals in the this realm, starting with M. King Hubbert himself, and including many others that readers of these lines know pretty well. But none of them has the charisma of someone like Al Gore, for instance. Since his first involvement with the cause, then as US Senator of the state of Tennessee, he dedicated a good part of the last 20 years raising awareness to the possible effects of the increase of global atmospheric CO₂. He became a venerable person, a man the masses are willing to listen to and follow. He exerts the authority that Nate writes about, to the point that the man is sometimes be confused with the cause itself. He is the Squealer of Global Warming.

While there's no Squealer for Peak Oil (or more broadly, Fossil Fuel depletion) it might be actually good that there isn't one. There isn't such a thing as "a solution" for Peak Oil. There may exist answers at different levels and different places, but as of now, there's no silver bullet, no magic formula, that can solve every problem right away. Cassandras are not charismatic; Squealer wasn't only telling the other animals they were doomed, he was also telling them precisely how to act upon it. A Peak Oil Squealer can only emerge presenting a solution to the masses, and considering that to be the case, the chances are good of him being wrong.

Women

The most important is saved for last, and not because of the interest this word naturally generates. Last year [TheOilDrum conducted a survey](#) revealing that less than 10% of its readership is of the female sex. The same with the web site's staff, where presently only two members are women (although producing more and much more regularly than the men). Similar figures could be drawn from a statistic on the summit's attendance.

In his wrap-up lightning address, Nate briefly referenced the fact that Men have steeper discount rates than Women. The obvious question was raised by Ugo during the ensuing and final debate session: being so, why were so few women at Alcatraz that day? Somewhat surprisingly Nate couldn't give an objective answer, saying that it was possibly a combination of several factors. But one of the female attendees had a pretty objective thesis to bring forth: it is all a problem of communication. So we were left with the view that institutions like The Oil Drum or ASPO are unable to communicate properly with about half of the world's population.

This subject would dominate what was left of the summit. After dinner I entered into a rather long discussion with the female attendee who brought up the issue of Communication. It was a serious mind opener for an issue that I'd never realized to be so profound and horizontal to Society. Adding those new elements to Nate's approach on human behaviour, I walked away convinced I really understood it all. And that may be exactly the problem.

The Oil Drum should definitely try to reach the female audience, not only to broaden the community aware of the issues discussed on its pages, but because women may bring different ways to deal with them. That is something that possibly only women can do, so I guess I can say we want to hear from you. Writing for The Oil Drum is pretty close to being in that classroom at Alcatraz, no formalities, scant rules (mainly directed at format, not content), it's just a blank sheet of paper ready to nourish your thoughts.

See you at the next ASPO/TheOilDrum gathering.

For the contents of the Summit go [here](#).



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