



Belief Systems at a Turning Point

Posted by [Gail the Actuary](#) on June 13, 2010 - 10:00am

Topic: [Environment/Sustainability](#)

Tags: [deepwater horizon](#), [oil spill](#) [[list all tags](#)]

It seems to me with the BP Horizon Blowout, we may be hitting a turning point in belief systems, in more than one way:

- Can businesses really be expected to regulate themselves, with minimal oversight?
- Can technology solve all our problems?
- If there are technological solutions, can they be expected immediately?
- Can we really depend on the oil supply that everyone has told us is here?

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1. Can businesses really be expected to regulate themselves, with minimal oversight?

Once upon a time, back in the pre-Reagan era, capitalism and profits didn't seem to have quite the emphasis they have today in the the way the country functioned.

In 1961, [President John F. Kennedy](#) said, "Ask not what your country can do for you; ask what you can do for your country," and people took him seriously. [Lyndon B. Johnson](#) in the 1963 to 1969 period was responsible for designing the "Great Society" legislation that included laws that upheld civil rights, Public Broadcasting, Medicare, Medicaid, environmental protection, aid to education, and his "War on Poverty."

But by 1980, the country had been through a lot of hard times, with the decline in US oil supply starting in 1970, Nixon canceling the convertibility of dollar to gold in 1971, [real wages starting to decline](#) in 1973, and the oil price shock of 1973-1974.

[Ronald Reagan](#) was elected as US president in 1980. He was known policies that much more oriented toward *laissez faire* capitalism, including trickle down economics, reduced taxes, getting tough on labor unions, and deregulation of businesses.

The BP Deepwater Horizon blowout and what appears to be questionable internal decisions, makes one wonder about whether this deregulation really makes sense. There were hints that

deregulation might be a problem before--with [Enron's](#) manipulation of energy markets and creative accounting, discovered in 2001, followed by all of the [bank bailouts](#) in 2008 and 2009.

Now, when one hears all the detailed allegations made in the BP incident, one wonders whether our faith in deregulation might be misplaced. One wonders too, what other problems lurk around the corner, in other deregulated industries. We recently experienced a [major coal mine explosion](#). Might there be other problems, lurking in, say, the electrical industry, or the unconventional natural gas industry?

2. Can technology solve our all our problems?

Many individuals and groups, from *Scientific American* magazine, to school systems, to Energy Secretary Chu would seem to be telling us that technology can solve all of our problems.

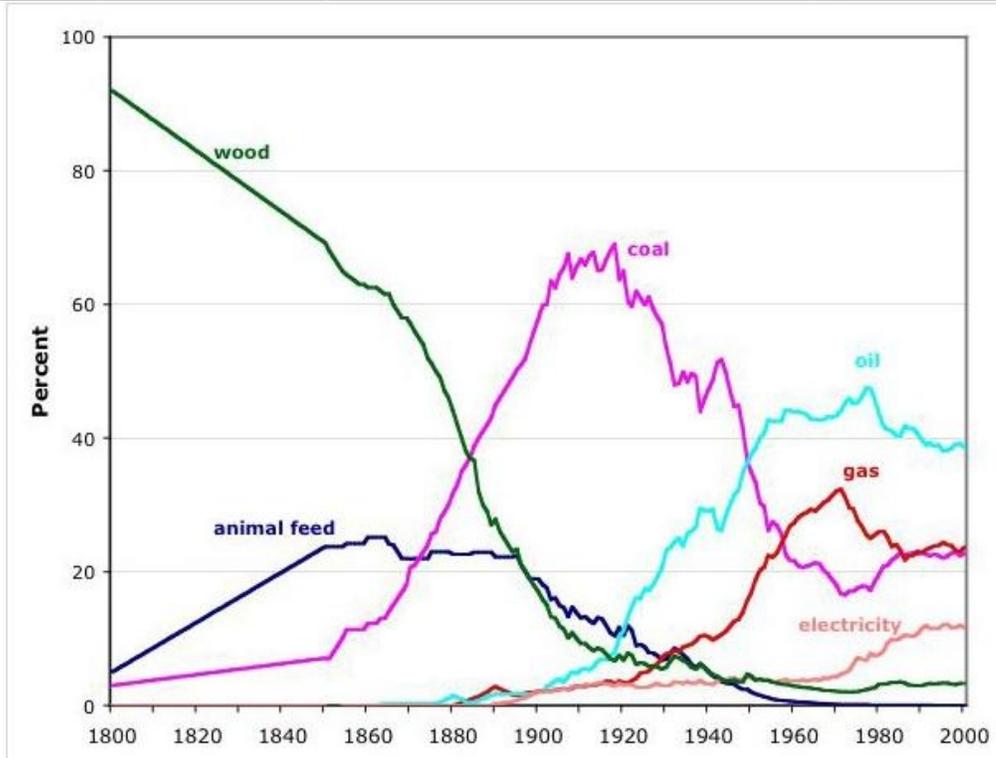
And we have seen an endless array of new fancy gadgets over the years, starting with calculators, then computers, electric copying machines, the Internet, portable phones, and all kinds of devices to play music and send messages. These all seem to suggest that technology can do marvelous things.

Now, we are confronted with what should be not too difficult a problem--cutting off the oil flow from a well--and we find it is difficult to do. Perhaps the Deepwater Horizon blowout is an event that should get us to rethink our assumptions a bit.

3. If there are technological solutions, can they be expected immediately?

As we sit and wait for months for relief wells to be drilled, and weeks for additional ships to be brought in, the idea that even when we do have solutions, they take time sets in.

Earlier this week, Nate posted an article by Dr. Cutler Cleveland about energy transitions. It included this graph:



Composition of U.S. energy use. (Source: Cutler Cleveland)

While wood represented over 90% of energy use in 1800, it took over 100 years to get down to 10% of energy use. Coal was the chief fuel for a fairly short period of time, but took 50 years (from about 1920 to 1970) to drop from its high point to its low point, as oil started substituting for its use. Now we are in an era of oil, gas, and "electricity". One can talk about going to electric cars, but if governments are too poor to subsidize the costs on a mass basis, and other cars have little trade in value, how many of us are going to be able to afford them? How long can such an energy transition realistically be expected to take?

Is a transition to different energy sources really going to need to take 50 years or more?

4. Can we really depend on the oil supply that everyone has told us is available?

I think this question is one that not just Oil Drum readers, but the general public, is beginning to think about. Drilling in the Gulf of Mexico seemed like a fairly secure source, and suddenly we have been disillusioned. The reserves of oil companies and of the USGS depend on resources like this. But now those resources don't seem so secure. What if we with the additional costs of the new safety systems, the wells are really too expensive to drill? Or maybe they already were borderline too expensive, and this just makes the problem more clear.

Besides deep water in the Gulf of Mexico, there are other deep water oil supplies that looked to be next in line for drilling in the next few years. Brazil has made a number of claims regarding deep water discoveries, and last October, at the Association for Peak Oil USA conference, Dr. Marcio Mello [made a claim](#) that possibly a half a trillion barrels of oil could be extracted from sub-salt area, from areas around the world (not just Brazil) that are not currently included in reserves.

Another area that seems to be in line next is the arctic, but we hear that Norway has [cut off](#) new

deep water drilling, until the investigation by the US into the causes of the Deepwater Horizon blowout is complete.

We are running short of places to drill. If the areas that seemed to be promising no longer look quite as promising, then where does that leave us?

Questions

1. How have the recent events affected your beliefs?
2. Are there ways we can gradually shift beliefs toward some more helpful belief systems? For example, if there is going to be less, an attitude of sharing what we have might be helpful. [Income Inequality](#) in the US is very high. Is there a way we can even out this inequality, so that the resources we have could be shared better?
3. What opportunities do you see from the recent events?



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