



The alternate approach to the gas problem

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Simplistically there are two approaches a government can take to a crisis. They can do something about it, or they can do nothing. Back in the days of President Carter the nation tried the first approach when faced with an energy crisis, this time we are trying the second.

When asked specifically last night as to whether his proposals would affect the nation's gas supply and prices, President Bush in essence said no. The price, and supply, of enough gas to feed the nation and the world is out of his hands and there is nothing he intends to do about it that will have any effect within the next five years.

This is after opening his [press conference](#) with the comment that

because of higher gasoline prices. My administration is doing everything we can to make gasoline more affordable.

In the near term, we will continue to encourage oil-producing nations to maximize their production.

Here at home, we'll protect consumers. There will be no price gouging at gas pumps in America.

We must address the root causes that are driving up gas prices.

BUSH: In the past decade, America's energy consumption has been growing about 40 times faster than our energy production. That means we're relying more on energy produced abroad.

To reduce our dependence on foreign sources of energy, we must take four key steps.

First, we must better use technology to become better conservers of energy.

And secondly, we must find innovative and environmentally sensitive ways to make the most of our existing energy resources, including oil, natural gas, coal and safe, clean nuclear power.

Third, we must develop promising new sources of energy, such as hydrogen, ethanol or bio-diesel.

Fourth, we must help growing energy consumers overseas, like China and India, apply new technologies to use energy more efficiently and reduce global demand of fossil fuels.

While these are valid goals, there was no indication that the effort will include anything beyond the Energy Bill that the President hopes to sign this summer. And that does not really address any significant new efforts in regard to the first two of the steps, which is unfortunate since these might have some effect on the demand:supply ratio that is developing.

The choice to let market forces drive the price, and the hope that this will induce further supplies to come on the market is unlikely to generate much more oil, since most producers have been providing as much as they can at the existing higher prices. But as the Crown Prince said the other day, there are also constraints in that the transport system to move the oil, and the refineries to process it, are becoming fully employed. This issue is not quite yet that of Peak Oil, rather it is one of supply and demand. It will become a Peak Oil issue when the suppliers such as Mexico, the North Sea countries and many others continue to see a decline in their production and their current customers go onto the market to find an alternate supply and find that there isn't one. And that may or may not yet happen this year. And if we lost the opportunity to do something about that situation ten years ago, as the President pointed out last night, we obviously are not making much of the opportunity to change that situation now.

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