

Climate change or peak oil – does it really matter?

Has it been that long since my last blog entry? Been extremely busy this winter and of course, busy is good! But on the other hand, I have a set of topics piling up that I would like to write about.

Earlier, I blogged when I read Jeff Rubin's book "How the World is going to get a Whole lot Smaller". When I posted the blog, I had good feedback. I was told that if I read this book, then I should definitely read "The Long Emergency" by Jeff Kunstler. Having been written in 2005 it is getting a bit dated. This makes it even more interesting because as you read, reality can be compared to the author's predictions over the last 5 years.

I really did enjoy the book. The concepts are similar and predate Jeff Rubin. In summary, Jeff Kunstler is convinced that the age of peak oil is upon us and that the world is going to be a very different place sooner rather than later. A number of his predictions have come to pass including the housing crisis and the very deep economic recession that we are just coming out of. Unfortunately the book then goes on to predict doom and gloom- basically the complete collapse of society as we know it. While he may be right, and I hope not, the trouble with this is that it discourages readers from paying attention to the main message. And this message is an important one now being put forward by Jeff Rubin as well.

I do believe him when he says that we are at or near peak oil. I also believe that there is no magic bullet to replace oil and that those who postpone decisions to adapt on the basis that "technology will save us" tend to be somewhat deluded – or in reality are just avoiding the issue. On the other hand, I don't believe that the world will come to an end

and I do believe that there is technology that will help us delay the large scale effects to give us even more time to adapt. But remember, adapting means changing behaviour.

For example, look at one industry. Publishing. How much carbon is used in the manufacture and distribution of books, magazines and newspapers? Look at the business model. Books are published in a big print runs. They are then transported to book shops where they are to be sold, generally on consignment. If not sold, the books are returned (more transport) to be destroyed. While I don't have the numbers I can assume the carbon costs to be significant. So why am I talking about this? Well, along comes technology – an e-reader or now an Apple iPad and what happens? Millions of books, magazines and newspapers no longer have to be distributed in hard copy, but can now be distributed electronically thus reducing the carbon footprint of this one industry by a huge amount. Now I don't want to get into the discussion about the merits or e-readers here – and in fact I do want to blog about it at a later date – but just assume that it does come to pass. Then assume there are other industries that can also do the same. You see where I am going.

So now let's bring climate change into the equation. I am one who certainly does believe that the carbon we are putting into the atmosphere is having an impact on our climate. But even if you don't, then focus on peak oil. If we take action to curb climate change then we can put in place policies to reduce oil consumption before the natural economics affect us too drastically. i.e by implementing carbon reduction policies to reduce carbon, we must price it and thus try and reduce use. Because as we all know from the recent events, nothing is as effective in changing behaviour than changing costs. This artificially pushes us to the same situation that would come naturally once peak oil has come and oil becomes scarcer. Of course people like Jeff Kunstler

believe we are already too late!

This is why Copenhagen was such a big disappointment, In a sense it re-enforces the views in the Long Emergency that our dependence on oil is so great that we just don't have the political will to go in the right direction. Very discouraging.

As we saw from this last recession, when demand drops so does the price of oil. In fact what we see is that it doesn't really take that much of a change to impact the price quite dramatically. With the price risking to almost \$150/bbl in early 2008, it dropped to less than \$50 by the end of 2008 and has continued to rise modestly since then. Now at over \$80, once again there is fear that high oil prices will impact the economic recovery! Therefore the only policy is to price carbon and keep the price of oil from dropping by adapting the carbon price as necessary. Anything else will just lead to short term change and then back to the status quo.

One thing is certain. Oil is a finite resource. Yes we may find more but yes it will be more expensive to exploit. At some point we are going to have to accept that we need to start to shift to a less oil dependent economy. And given oil's uses outside of energy doesn't it make sense to use alternatives? So I will conclude by suggesting that climate change is our warning – start to act now to save the environment or wait until the oil is well past peak and have no plan to save society.

What do you think?