

Expensive Energy: This is Only the Beginning

Considering that the average American meal travels 1500 miles before it's consumed and that the 90-minute commute is now commonplace, it's not much of a surprise that public concern about energy consumption is pretty limited. But when you consider that our most commonly used energy sources will soon see an inevitable decline in supply, it's hard to understand why more people aren't asking, "What am I going to do when energy really gets expensive?"

All fossil fuels are finite resources, which will eventually reach production "peaks". Resource peaks are geological events that occur when a region reaches its highest level of production. Following the peak, that region's supply goes into a permanent decline, producing less and less fuel each year regardless of increased economic investment. North America has just passed its natural gas peak, and the entire world's oil reserves are expected to peak within the next 5 years.

In 1971, despite record spending on exploratory drilling and improved technology, the U.S. oil fields reached their production peak, producing 3.5 billion barrels of oil per year (bbo/year). The decline in production since then has been offset by oil imports from other countries, which today amount to over 4 bbo/year, or over 60% of what we currently consume. Even by 1973, only two years after the U.S. oil peak, our economic dependency on foreign oil had grown large enough to allow exporting nations to severely wound our economy. Six months after the 1973 OPEC oil embargo, 500,000 American jobs were lost and real wages declined by 5%. One year later the price of oil had quadrupled and the Dow Jones had dropped over 40%. Stagflation, high inflation together with recession, hit the U.S. economy. Unlike the oil embargo, there will be no political solution to the world oil peak because the global oil supply will be in a permanent decline.

Ever-increasing energy prices will directly and indirectly increase virtually every aspect of our cost of living. Fossil fuels are used to heat homes, fuel cars, transport goods, pump water, as well as make plastics, pharmaceuticals, fertilizers and pesticides. There is little debate that the price of energy affects the daily lives of every American; and our economy as a whole is not prepared for sudden and rapidly increasing energy prices.

In order to avoid a severe economic depression we need to change how we value finite resources. We need to adopt a national policy that will reduce our growth in energy demand. This will delay the oil peak and give us time to build a sustainable infrastructure that can function on a declining supply of fossil fuels. This new infrastructure will require more trains for goods distribution, more public transportation, energy efficient homes and vehicles, along with massive increases in renewable energy production. These changes will require a huge investment of both capital and energy. The resources are currently available but in the future they will not be. We must redirect the resources now, by providing proper incentives for the development of a new infrastructure, and eliminate the subsidies that support excess resource consumption.

The responsibility for instigating these changes belongs to us, the people. Without pressure from educated and concerned citizens, our government will not adopt these necessary policy changes; and economic forces will not redirect investment until it is too late. Please take the time to research and discuss this topic with friends, and do everything you can to spread knowledge and enthusiasm in your community. A few of the many information sources available are: the movie "End of Suburbia", the book "The Party's Over" by Richard Heinberg, and www.globalpublicmedia.com.

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