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## **Better-Management Newsletter 24 Mar 2015**

### **The rise of authoritarianism / Greexit then crash? / The oil Ponzi continues / TEOTWAWKI**

The success of Singapore under the late Lee Kwan Yew gave a strong impetus for the use of benevolent dictatorship over democracy. Folk used to bemoan the tight rules he introduced but he converted Singapore from a swampy island to an economic success story.

The USA is becoming more autocratic a state with every passing year. The militarisation of the police is a case in point, and the state and federal prosecutors are resorting to many and varied abuses of the law to win their cases. It sometime seems that anything goes. Rarely do they get pulled up. This will be a fascinating case to watch...

<http://www.dcclothesline.com/2015/03/20/federal-judge-threatens-sanctions-against-doj-for-perjury-in-his-court/>

### **Greexit then crash?**

Meanwhile, I suspect that Greece is locked into the EU by the bankers' fears as to what will happen with a run on the derivatives markets caused by defaults to largely German, French and British banks. However, this article from David Stockman nails down why Greece must get some sort of debt forgiveness to go with what they already got...

<http://davidstockmanscontracorner.com/cmon-angela-let-them-greexit/>

The North American oil patch has a number of industry segments operating below break-even (for anyone interested)

### **The oil Ponzi continues**

North America is where all the increase in oil production has come from, fuelled by funds searching for higher yield (regardless of whether this is a Ponzi or not), so the Saudi reaction is probably understandable as it is the high cost North American producers who in theory should cut back (but won't until bankrupted)...

<http://www.aljazeera.com/news/2015/03/saudi-arabia-political-motives-oil-policy-150322082024541.html>

The most obvious unprofitable one is ethanol... in the USA...supported only by massive and ridiculous subsidies. With an EROEI of 3:1 at best, this entire industry segment should not exist at all. The corn should go for food instead.

Then there is the shale industry that we keep talking about – at less than 20:1 ...but no-one knows how bad a Ponzi scheme this is at present.

Then there are the oil sands of Canada with an EROEI of between 5 and 7:1 ...insufficient net energy to support our economic growth aspirations. This is definitely a high cost quartile method of winning oil. This article provides a little background, because if prices stay really low, these folk will all go bust too...

[http://seekingalpha.com/article/3017256-how-much-did-it-cost-to-produce-1-barrel-of-oil-from-oil-sands-husky-imperial-meg-energy-and-suncor-in-2014?source=email\\_macro\\_view\\_com\\_2\\_19&ifp=0](http://seekingalpha.com/article/3017256-how-much-did-it-cost-to-produce-1-barrel-of-oil-from-oil-sands-husky-imperial-meg-energy-and-suncor-in-2014?source=email_macro_view_com_2_19&ifp=0)

Meantime, we watch the rig count dropping in a weekly basis...

<http://www.peakoil.net/headline-news/closing-the-fracking-valve>

And folk losing their jobs in the oil patch...

<http://peakoil.com/business/across-american-oilfields-layoffs-and-auctions>

But of course, the lower oil price means folks who drive, have more disposable income for other stuff. But that benefit is spread very wide and hard to quantify.

## **TEOTWAWKI**

In case you haven't heard of it: 'The end of the world as we know it'. For those with a sunny and unflappable disposition....

We often speak of the disasters that humans could cause to our planet. Yet should humanity actually do something irreversible, then the planet would likely just shrug some of us off and continue on its merry way, regardless of climate changes or resource depletion. But there are geological and evolutionary stories that present a different set of possible scenarios for earth's "use by date"....

<http://www.bbc.com/earth/story/20150323-how-long-will-life-on-earth-last>

But did the "Big Bang" even happen, and could we just swap to a parallel universe?

<http://www.telegraph.co.uk/news/science/large-hadron-collider/11489442/Big-Bang-theory-could-be-debunked-by-Large-Hadron-Collider.html>

Given that the universe is still expanding, it may be difficult to come up with another rational theory. But who knows. Physics is now based on theory and conjecture.