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NGO disasters

Greenies and their efforts to save the planet now trump the efforts of people to feed their families.

We have the US NGO called Pew trying to tell NZ to sequester all of the natural resources of the Kermadecs in a no-go zone. But we do have a problem. Humanity needs natural resources to survive. This Australian article puts the matter very succinctly...

<http://www.goldendolphin.com/WSArticles/Government%20by%20NGO-Quadrant.pdf>

Some environmental controls are required, but getting external influence from self-appointed foreign NGOs is not the way to work it out.

Debt, oil and interest rates in perspective

My thesis is that governments are trying to represent GDP as rising rather than falling by using money printing and low/negative interest rates to goose the figures. While the US Fed believe they can start raising rates from June this year, I expect there is no chance.

A Norwegian's perspective (and I don't know how his linkage really works)...

<http://fractionalflow.com/2015/04/05/the-oil-price-total-global-debt-and-interest-rates/>

I do however follow the analysis of Kurt Cobb and at the foot of that, the note from the MD of Hills Group

<http://resourceinsights.blogspot.co.nz/2015/04/the-hidden-reasons-behind-slow-economic.html>

Hills Group believe that the higher the price of energy from oil and gas, the less of it people will be able to afford and they extend that to rationalise a perpetually lower price...which I don't necessarily agree with.

The present "glut" and low prices results from declining demand meeting the new North American shale output levels. But the market is more finely balanced than one may think. The extra is only about 1 million bbls per day and that has been during the Northern winter during which demand always drops. Now the big European and American refineries are coming back on stream after annual maintenance, we could easily see under-supply. The Saudis are quick off the mark...

<http://www.bloomberg.com/news/articles/2015-04-05/more-saudi-aramco-cuts-may-prices-for-extra-light-crude-to-u-s->

The Chinese have quietly used low prices to fill their strategic petroleum reserve. They will again build more storage, so at least their demand over summer will not be for storage but for consumption. As they put more than 20 million more cars on the road each year, we can expect their summer demand to also be higher. You may recall me saying that when I first started studying the supply and demand for oil, China was using less than 4 million bbls per day. People think that China is just an oil importer but their strategy towards neighbours and the South China Sea is driven by the need to keep finding oil. In addition China is forward buying access to the capacity of oil producing nations and much of her strategy in building a navy with aircraft carriers, foreign deepwater ports, etc. is designed for the time when she knows she will need to protect her trade routes...particularly for energy supply.

China has a city called Daqing that sits smack bang in the centre of China's largest oil field which has been operating for the last 50 years or so. It is one of the five remaining super giant fields but is now in decline. For those who are interested, this blog from Gail Tverberg provides a pretty good picture of how they view oil depletion...

<http://ourfiniteworld.com/>

Just to run the numbers past you. China uses approx. 10.7 million bbls of oil per day; importing 6 million. The USA uses approx. 19.3 million bbls per day and imports 7.5 million. The USA's oil consumption has been stable but China's is growing at more than 7.5 % p.a. China is Saudi Arabia's largest customer, and you would be right to question what happens when US shale production goes into its inevitable decline...sometime soon.

Because China has the rights to divert oil that presently comes our way (when she needs it), that will be when things will get very interesting.

Increasing resource use in a finite world?

BTW, Gail's blog is all about increasing resource use in a finite world; and you will have noticed from Gail's posts that the Chinese have a pretty good appreciation of the issues.

Will there come a time when we lose access to critical resources due to cost or scarcity?

That time must come and while there are many folk in Europe and USA starting to re-align their lifestyle plans in the way of doomsday preppers there are some who recognise the transition will take time and why not start now? This article is about transition towns in New Zealand, but they are to be found in many countries...

<http://www.stuff.co.nz/life-style/home-property/67582964/How-to-live-in-a-Transition-Town>

I am sure it isn't for everyone...it is hard work....*(Editor's note: it is also based on many false alarmist premises.)*

For species that come under stress, Liebig's Law usually determines their fate. This law means that there will be some factor that makes the difference between life and death. It may be water

or food or energy or shelter etc. Past societal failures have shown it is always one factor that determines the outcome. For humans we have the ability to go into overshoot by subsidising things that become unrealistic. In the case of the state of California, there have been many problems over the years and folk have found a way around them with technology...and likely will do so again. But are they likely to be hit with Liebig's law...where water becomes the catalyst for disaster?

http://www.nytimes.com/2015/04/05/us/california-drought-tests-history-of-endless-growth.html?_r=1

The North will obviously do OK. But in the South, things are getting tricky. Water will not just disappear. But the cost of water will hit the economics of growing stuff on one side of the continent and shipping it to the other side.