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## **Better-Management Newsletter 13 September 2015**

**The hubris of our modern technocracy / The “Malthusian nightmare” delayed / More states are failing / Jevons Paradox / Our leaders are failing us - appallingly**

### **The hubris of our modern technocracy**

George Carlin is credited with the comment, “Never underestimate the power of stupid people in large groups”.

In 1859 Edwin Drake’s team struck oil at Titusville in Pennsylvania; and this, on top of the use of steam engine technology for coal extraction in the late 1700s, ushered in the industrial revolution and the industrial age of oil with all its innovation.

<http://www.thestatesman.com/news/opinion/malthusian-nightmare/89415.html>

### **The “Malthusian nightmare” delayed**

The “Malthusian nightmare” was put off by the one-time access to the world’s fossil fuel endowment. Oil and gas gave us access to plastics and fertilisers and the mechanisation of farming and many forms of transport. Together with colonisation of distant countries, the threat of European over-population from the year 1800, was averted. Farms only require 4% of the population in the OECD to produce its food nowadays, compared with 95% of the population in the 1700s.

Conventional crude oil peaked in 2006 and the oil boom was prolonged by the availability of much higher prices to stimulate the use of fracking technology and the use of marginal products such as bio-fuels, tar sands, tight light oil from source rocks, ultra-deepwater oil... and so on. Unfortunately the net energy from the production of oil from these products is certain to be far less than we require to continue to operate our industrial society.

This means that our global population is almost certainly in overshoot....**today**.

Just as oil depletion for the Netherlands introduced us to the term “The Dutch Disease”, even the Venezuelan lawyer whose efforts led to the establishment of OPEC understood the inevitability of exponentially expanding extraction of oil as a finite resource. He used this phrase: “Ten years from now, twenty years from now, you will see: oil will bring us ruin... Oil is the Devil’s excrement.”

(source: [https://en.wikipedia.org/wiki/Juan\\_Pablo\\_Pérez\\_Alfonso](https://en.wikipedia.org/wiki/Juan_Pablo_Pérez_Alfonso) )

Seems it has taken Venezuela twice that time to destroy their economy...but I get his point.

### **More states are failing**

This current predicament isn't just an energy phenomenon. If we look at many countries from the USA, China and UK, to the failed states of Syria, Egypt, Libya, and Yemen we are looking at countries that once relied on the export of oil as a form of revenue that no longer exists. In fact, each country must now import and pay the high cost. The MENA states that have failed – or are failing – have allowed oil revenues to support greatly expanded social and food programmes...and thereby grow their populations past a sustainable level. The recent emergence of droughts has brought the distress of the MENA nations into sharp relief, so UNHCR tells us there are now 40 million displaced persons as a result...all bottled up in refugee camps.

The population of refugees in their millions had been contained within the Middle East (out of sight of the mainstream media's attention) until Germany broke ranks and gave them hope. Now the movement of people towards Europe is a “front of the mind” global issue...but our inability to control our limitless expectations of the right to breed remains ignored.

Some folks point to “climate change” as the cause of refugee problems. But there is a credible line of argument that “global warming” is simply a fraud...

<https://www.youtube.com/watch?v=w4hbKF5-qUE#t=13>

Some folk point to the over-exploitation of freshwater aquifers.

<http://www.startribune.com/oil-and-circuses-our-frivolous-approach-to-the-planet/326845581/>

I would like to turn my rebuttal to those who believe it is within mankind's power to use technology to save us from our predicament.

### **Jevons Paradox**

The Jevons Paradox is a reasonable underlying reason why the fools who think more technology and drilling deeper will give us ever more energy when the EROEI from oil, gas and coal production is dropping faster each year...and the resource is (if large) finite. *(Editor's note: some, such as your Editor, think technology will lead to ample availability of energy in the longer term (nuclear, solar etc.) that does not rely on fossil fuels except for minority applications, but there are likely to be major shortfalls in the short-term, and quite likely awful chaos during a transitional period.)*

“In economics, the Jevons paradox (*/ˈdʒevənz/*; sometimes Jevons effect) occurs when technological progress increases the efficiency with which a resource is used (reducing the amount necessary for any one use), but the rate of consumption of that resource rises because of increasing demand.[1] The Jevons paradox is perhaps the most widely known paradox in ecological economics.[2] However, governments and environmentalists generally assume that efficiency gains will lower resource consumption and are an effective policy for sustainability, ignoring the possibility of the paradox arising.[3]”

Source: [https://en.wikipedia.org/wiki/Jevons\\_paradox](https://en.wikipedia.org/wiki/Jevons_paradox)

The reason that technology to harness other “sustainable energy” sources will not save us, is even more simple to comprehend. In the twilight of oil, the ability to replicate our built roads and transport assets will be impossible. Nothing has the scale to cope with replacing even a fraction of our built environment which relied on the industrial age of oil for its construction and operation.

Not even the mythological EESU (as a storage device to complement solar and wind energy), if it was real and launched at the same time as atomic fusion and LENR could help. We have now run out of time to launch these goodies.

And let’s face it, other than coal and iron ore, very few of the minerals we require for the future of our society have currently proven reserves that can last over 20 years (at only current rates of consumption). Every one of those will take more energy to produce in the future. Every one will from now on be available only if we dig deeper and then extract it from poorer assay rock with higher processing energy and cost inputs.

### **Our leaders are failing us - appallingly**

From California to the Middle East we are exhausting fresh water aquifers. *(Editor's note: the major problem has been appalling management of water, including treating it as a free public good. Most water actually costs a lot, including distribution. In the very big picture, there's vast amounts of water in the oceans which occupy 80% of the world's surface. Currently it is expensive to desalinate sea water, but the costs are coming down fast. In the long term, technology and sound management will fix the problem for most people, but there will inevitably be a chaotic transitional period - similar to energy.)*

So a child asking “WTF are we doing?” would never get a sensible answer from either the man in the street or the experts!

If I am right, how do our leaders score? Their mark in every country of the world is a “fail”. They hope their term of office will be over by the time the “balloon goes up”. The more powerful, the more culpable...

<http://www.sciencedaily.com/releases/2015/01/150127212214.htm>

George Dubbya and fellow Yankees...you’ll only take 10,000 refugees? Out of what? 40 million and counting?

Sorry, I must be mad? Surely we can replace energy with money printing and debt? What? We can’t? How long will it take the banksters and eCONomists to figure that out?

Will the human population in 2050 be 10 billion or 5 billion – or something in between? And if we have global cooling instead of global warming? Ouch, remember what happened in the last European cooling cycle. Mass die-back!

The guys fighting to increase the energy and resources available for humanity, and to find alternatives, are the heroes of our age.

I now unreservedly accept the logic of “peak oil” because I have an in-depth understanding of how it is playing out. I unreservedly accept the logic that human economic and population growth by comparison with finite resources will not end well – and soon. I unreservedly predict a coming financial bust (GD1) based on hyper-excessive money printing and debt creation – soon. But where I remain stumped is whether or not climate change will play out as a factor in our distress, with either short term warming or short term cooling...so there I remain firmly impaled on the fence...

The really smart folks will look for a place to “bug out” and become bona fide “preppers” (not me but I wish....). The not so smart folks will look for assets like gold and silver and physical assets. The dumb folks will keep on with business as usual.