

Opinion & Analysis

Ireland 'among most vulnerable' to peak oil



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HERE'S A conundrum: restarting global economic growth will, by definition, push up energy costs. Rising energy costs will in turn choke off that economic recovery, leading to a fall in energy prices. Try to restart growth again, and the brick wall of energy costs magically reappears. Repeat ad infinitum.

It is hard to overstate the extent to which our daily lives are subsidised by cheap, plentiful oil. Every 24 hours, Ireland burns around 200,000 barrels. That's the daily equivalent of the muscle power of 2.4 million men, each working for a full year.

Our entire way of life depends on abundant, inexpensive oil. This era is now drawing to a close. Five years ago, the Hirsch report published by the US department of energy concluded that the world has "never faced a problem" as difficult as peak oil, adding that: "without massive mitigation more than a decade before the fact, the problem will be pervasive and will not be temporary". Oil peaking will be, it warned, "abrupt and revolutionary".

The advent of peak oil is, by definition, the end of decades of relentless economic growth, since this dramatic phase in human history has been entirely predicated on ready access to vast amounts of cheap energy.

A recent report from Feasta, the Irish-based Foundation for the Economics of Sustainability, gazes into the murky crystal ball of life beyond peak oil. Their document, *Tipping Point*, concludes that since humanity is entirely dependent on vast and expanding energy inputs, "there is a high probability that

our integrated and globalised civilisation is on the cusp of a rapid and near-term collapse".

As energy flows begin to reduce, Feasta argues, this will trigger a domino effect, as one crisis reinforces another in a rapid downward spiral. The financial crash of September 2008 (triggered at least in part by record oil prices) was a portent of an energy-constrained future.

While oil is the black blood of industrial civilisation, credit is its oxygen. "In a growing economy, debt and interest can be repaid," said report author, David Korowicz. "In a declining economy, not even the principal can be repaid." The effect, he argues, is the inevitable disappearance of credit. Once it becomes apparent that most of the world's debt can never be repaid, cash, bonds and shares plummet in value, and the banking system crashes. The ensuing financial chaos triggers drastic reductions in international trade, thus deepening the depression.

A globalised economic system would be crippled by a collapse of the financial markets, since the confidence that underpins transnational trade would evaporate. Businesses and nations will only trade with others if they have a high confidence of being paid something of value. Where does that leave a resource-poor island like Ireland, with precious little to trade?

Critical infrastructure, from IT and telecoms to water and sewage treatment, from electricity generation to the mainframes that power everything from globalised trading to your local ATM, are almost unknowably complex. They depend on continual resupply

of energy, specialised components and expertise. They also rely entirely on a functioning global financial system.

The sheer complexity of these networks renders them highly vulnerable to external shocks, such as an energy or credit crisis. Globalised economics has largely traded resilience for efficiency. The flip side of this choice means the lack of resilience in these "lean" systems leaves them exposed to what are called cascading failures, as one system's crash triggers failure in another that depends on it, and so on.

For developed countries such as Ireland, relying on just-in-time delivery of food, digital money and complex information systems, "starvation and social breakdown could evolve rapidly", Korowicz warns.

A Forfás report published in 2006 found that Ireland is a country "among the most vulnerable to a peak oil scenario". Meanwhile, a high-level group featuring Sir Richard Branson – the Industry Taskforce on Peak Oil and Energy Security – heard in February that the witching hour for peak oil is now almost

upon us: "2015 is when capacity starts to be overwhelmed by depletion and lack of new capacity additions."

We are on the cusp of a period of what Feasta calls "profound and abrupt change". Nor can it now be prevented. Energy efficiency and renewable energy projects are certainly better than nothing, but the time to have invested massively in a post-oil economy has long passed.

In 1977, US president Jimmy Carter warned that the need drastically to alter our relationship with energy was "the moral equivalent of war". Carter's injunction was lost beneath a tide of cheap oil.

Renewables won't be riding to the rescue either. The economic consequences of peak oil will ironically cripple our ability to invest in alternative energy or even to finance the extraction of hard-to-reach oil reserves, which will most likely stay in the ground indefinitely.

"What we now require is rapid emergency planning coupled with a plan for longer term adaptation," Korowicz advises. Before this can begin, there lies the formidable challenge of overcoming our own psychological defences in confronting these stark new realities.

The inability or unwillingness of society in general and the media in particular to grasp unambiguous scientific warnings about climate strongly suggests Feasta's warning shot on peak oil is also destined to remain unheard and unheeded.

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