Peak America – Is Our Time Up?

New Solutions #6 summarized a part of the United States’ story which is not in our history books. It’s the story of a nation that joined Britain and other European powers as an imperial power. We suggested that the U.S. Empire is no longer sustainable and that trying to continue it runs the risk of a nuclear war fought over control of the remaining oil and gas resources.

This newsletter looks at our culture and where it’s headed. Evidence suggests that consuming has become our psychological reason for existence as our values have become increasingly materialistic. Just as we threaten the stability of the world with our imperialistic tendencies, we also pose a threat to ourselves as our standards of care and community decline, and it becomes more difficult for average Americans to attain or sustain well-being.

How does this bode for our place in the world? Is the American Century over? When the impact of Peak Oil really hits, how will we deal with it? Will we cooperate with the rest of the world in sharing scarce resources, or will we rely on our status as the only Superpower to try to bully the world? And if the latter, would we survive?

Measuring U.S. Inequity

There are several ways to measure the quality and health of a society. We can look at the distribution of income and wealth over time. We can ask how generous we are at home and abroad and seek an honest answer. We can compare the level of violence in our society to the world’s norm. And we can compare our spending for the social good with our spending on military might. Finally, we can ask if confidence in the honesty of our government, business and other institutional leaders is increasing or decreasing?

As described in our previous reports, world statistics show increasing inequity in the world along with increasing social deterioration. Inequity in the U.S. is also increasing, and is at the highest point since the time just before the Great Depression. Figure 1 shows the distribution of income in the U.S. in the 20th century. Inequity was highest during the roaring 1920s and the Great Depression that followed. In the 1930s and ’40s, Franklin D. Roosevelt passed laws to make incomes more equal. But since the Reagan era of the 1980s, the trend has reversed. A further breakdown of the data shows that the share of income that goes to the top five percent increased from 16.6 percent in 1970 to 22.4 percent in 2000. Furthermore, in 2001, the amount of income going to the top 20 percent actually passed the 50 percent mark for the first time since the 1930s.

In blunt terms, the poor are getting poorer and the rich are getting richer. In fact, except for the top 20 percent of our population, we are all getting poorer as more and more income shifts to the very top, and The American Dream becomes less and less attainable for more than 80 percent of our population.

Amazingly, the differences between the top fifth – the richest – and the bottom fifth – the poorest – is almost equal to what it was during the Great Depression, with no New Deal in sight! This discrepancy was made painfully apparent during the Hurricane Katrina disaster when the poorest of New Orleans’ inhabitants, the bottom fifth, suffered the lack of nearly all life-sustaining resources, as Federal Emer-
The Gini coefficient for the U.S. – registering in the unacceptable range – is 0.462, a rate exceeded only by a handful of very poor countries in Central and South America and Africa.

Measuring U.S. Generosity

Another measure of a people is how generous they are with their neighbors. Unfortunately, the United States falls behind the rest of the developed world on this criterion as well.

Relative to the other nations of the G7 (see Figure 4), the U.S. is the stingiest donor. The G7 nations (not including the U.S.) give an average of $79 per citizen per year from an average annual income of $31,298. The U.S. average is $65 per person per year from a larger average annual income of $38,000. By contrast, the U.S. spends $1,265 per person on its military, more than double the rest of the G7’s.

Violence in the U.S.

Some historians have suggested that the wealth of the U.S. resulted not only from the plenitude of natural resources but also from the genocide of almost 12 million Native Americans and the enslaving of tens of millions of African-Americans. Although our past history was violent, could we now have evolved to a more peaceful state?

One way to analyze this is to again measure how the U.S. fares relative to its partners in the G7, this time in terms of violence. Figure 4 shows various crime levels in the U.S. compared to the other members of the G7. The U.S. has the worst record compared to the others in murders, assaults, prisoners and inequity. Only Canada is worse than the U.S. in murders, assaults, prisoners and inequity. Our past history was violent, could we now have evolved to a more peaceful state?

To round out the picture, we are the only G7 nation that does not provide health care as a right to its citizenry.
Higher education is increasingly becoming too expensive for average families in the U.S. Protection of our environment is under continuous attack. And, while tax cuts make the rich even richer, Congress seeks cuts in domestic programs to pay for an oil war. If these are our priorities at home, there is little wonder that we are dimming as a “shining light” of freedom and democracy in the world.

**Selling Our Souls for Gasoline**

The dominant economic theory in the U.S. for the past 60 years holds that the pursuit of self-interest is the engine of economic growth which will ultimately benefit all of society. There are clear benefits from the creative dynamism that is released in free markets. But this “greed is good” economic theory, which is maintained with nearly religious fervor, has tended to create extremes of wealth and poverty, along with unsustainable environmental destruction. It is not clear if it can or will evolve into a sustainable and fair system.

We must ask the question: “What has this situation brought us?” Have the great quantities of goods and services brought us notable happiness? Statistics, as shown in Figures 5 and 6, suggest otherwise. Figure 5 shows that the percent of people who are very happy has not increased at all as the average income increased.9 Figure 6 compares the GDP and the GPI (General Progress Indicator).10 The GPI measures a wide variety of societal and ecological characteristics to determine the rate of progress in areas other than financial. It has been flat or declining since the 1970s.

For centuries, all our spiritual traditions have told us to avoid focusing on accumulation of material goods. The familiar “Sermon on the Mount,” based on the theme from Matthew 16:26 “For what...
doth it profit a man, if he gain the whole world, and suffer the loss of his own soul?" is rarely heard today. In the last half of the 20th century, particularly the last 25 years, the West has rejected these traditions and adopted the religion of growth economics, the fundamental principle being that if everyone pursues his or her own self-interest, then society will benefit.

In 1985, one of the nation’s leading financial crooks, Ivan Boesky, told an audience of Stanford business students “I think greed is healthy. You can be greedy and still feel good about yourself.” None of the executives at Enron, Arthur Anderson, Tyco or WorldCom reported feeling bad about themselves – but they did feel bad about getting caught. In August, 2005, the top five executives of WorldCom responsible for an $11 billion fraud which destroyed the life savings of thousands, were sentenced to an average jail term of less than seven years. No other employees were prosecuted.

It is tragic to view this new culture of greed. But the greatest tragedy will be to our children and their children. Over the last 60 years, American materialism, based on cheap, abundant oil, has blossomed. Yet scientists have known about the finite nature of this resource since the theory of Peak Oil was first proposed by M. King Hubbert in 1956. And they – and policymakers – were aware that his predictions were verified 35 years ago when Peak Oil occurred in the U.S. in 1970.

The government and our politicians have specifically known about the limits of Saudi oil for 25 years as reported by Matthew Simmons in his book “Twilight in the Desert,” in which he describes Senate hearings in 1974 and 1979 about Saudi Arabia’s reserves. (Part of the congressional record of these hearings still remains sealed from the public). On April 18, 1977 President Jimmy Carter addressed the nation on the energy problem saying, “Our decision about energy will test the character of the American people and the ability of the President and the Congress to govern this Nation. This difficult effort will be the ‘moral equivalent of war,’ except that we will be uniting our efforts to build and not to destroy.”

So far we have failed the test.

The Coming World Fuel Clash – Balancing the Scales

Some 82 percent of the world’s population lives in what we call the Rest of the World (ROW). This is in distinction to the OECD (Organization for Economic Co-Operation and Development) nations, essentially the “rich” countries of North America and Europe, and Japan and South Korea. Among the essentially “poor” countries of the ROW, there is a growing awareness of the levels of violence and inequity that exist within the U.S. Yet, Americans are largely unaware of this, being constantly fed on the puffery of “a rising tide that lifts all boats,” “trickle down theories” and “sharing a larger pie.” Military forces and threats of withholding aid or loans keep the ROW people in line. But when oil peaks the “rising tide” will fall and the “pie” will shrink, and the rich will hoard whatever resources they can while the poor strive to survive on less and less.

The poor in the world, however, may not be willing to die so that Americans can drive big cars, live in big houses and generally consume a disproportionate share of world resources. Reallocation of energy resources to sustain life equitably at a minimal level will be necessary. This will either be done by peaceable sharing of the world’s resources or by violence as we fight to maintain the inequitable distribution of resources that sustains our lifestyle.

It is possible, but unlikely, that the richer nations can continue to consume at close to present levels while the poor ROW consumption and income continues to decline. The obvious difficulty here is that it is the poor ROW which contains most of the remaining oil and gas, with 70 percent of it in the Middle East and Russia, in an area called the Strategic Ellipse. This
oil is very close to the large countries of Asia with growing populations.

Each year the Strategic Ellipse contains a greater percentage of the remaining oil that exists in the world. If it is 70 percent today, it will be 75 percent tomorrow. As the OECD countries draw down their reserves, their dependence on OPEC (Organization of Petroleum Exporting Countries) supplies increase. At some point in the not too distant future (a few decades) the great bulk of the oil being consumed will come from the OPEC countries.

The Fundamental Issue—Who Benefits from Arab Oil?

The relationship between the OECD and OPEC will change in the future when all non-OPEC nations have drawn down their supplies and almost all of their oil is imported. Currently the OECD consumes about 55 percent of the world’s oil, or about 46 million barrels per day, which is approximately 16.8 billion barrels per year. Based on a price of $50 per barrel today, OECD oil expenditures will be $840 billion yearly. At a price of $200 per barrel, (a number Matt Simmons estimated could occur by 2010)\(^2\) OECD oil expenditures would be $3.4 trillion per year. Using existing population numbers, this latter case will represent a cost of $3,000 to each OECD citizen. Since the U.S. uses about twice the oil per capita than the other OECD members, its cost will be closer to $6,000 per citizen per year.

Based on the $200 price, the average additional annual income to each OPEC citizen will be approximately $4,500. This new income will not be equally distributed to OPEC nations since each ships different amounts of oil. For example, Saudi Arabia, with most of the oil reserves and a population of 25,000,000 people, will have an increase of almost $22,000 per person. (It is important to note, however, that this largess will not accrue to the average Saudi, since the 15,000 members of the royal family will take a disproportionate share.)

It is questionable if the OECD nations will easily accept this increase in price—a price that will continually increase as oil supplies decline worldwide. However, the OPEC nations may think it entirely appropriate to charge whatever the market can bear. After all, Western drug companies charge what they want in underdeveloped nations. So it would just be good business sense for the citizens of the oil-producing nations to choose this path as oil resources diminish. What reason would they have to remain poor when they own the resources upon which the rich economies are based? According to free market principles, choosing a high price is fair and reasonable.

But will the G7 or OECD, particularly the U.S., allow this to happen? Will they allow free market principles to prevail in this region when the result will be a huge transfer of wealth from the OECD countries to “non-elite” countries in the rest of the world? Will they accept the OPEC nations as good businessmen, when it will negatively affect their economies?

Armageddon Approaching?

Most U.S. citizens remain ignorant of our true history and the effect of our government’s present military and economic actions. The world is one of increasing inequity and violence, led by the U.S. and supported in many instances by the nations of the OECD. The public is inundated with stories of evil Arabs who are denying us access to oil. We recently received a photo of a woman bearing a sign with the words “Kick their Ass and Take their Gas.” The attitude of the average American is that he or she is good—and that Arabs are “ripping us off.”

The Arab world has come to hate and fear the U.S. for past and present exploitation. When we say “our way of life is not negotiable” it is a clear and frightening threat. They are aware of the menacing media spin now directed toward Iran as being a supporter of terrorism, a builder of nuclear weapons and unfair to women. Iran and other Muslim nations view this propaganda as preparing the mood in America for more invasions of Muslim countries.

History, including that of our Revolutionary War, shows that colonized nations do not give up and that people are willing to die for freedom from control and exploitation. The example of Vietnam is not too far in the past and the current example of Iraq verifies this principle. Because of the vital need of every nation for oil, we can expect that major powers such as China and Russia, and possibly India, will eventually support the countries with oil. As we become ever more aggressive, these nations (and maybe others), will begin increasing their defense expenditures and join together in countering the only superpower—the U.S.

If the U.S. were to attempt to fully control the oil and gas resources of the Persian Gulf countries, other nations which also need oil might support Arab resistance. We need to consider well that our supply lines are long and fighting alliances between countries like Iran, Russia and China would not be the same as invading a weakened country like Iraq.

Most Americans cannot consider the thought of losing a war with anyone. They think we will always come out on top—kill some people and if that doesn’t do it, kill some more. But the next war may not be that simple. The Arabs have developed a new weapon—the suicide bomber—which has changed the dynamics of wars of occupation.

In his recent book “Dying to Win: The Strategic Logic of Suicide Terrorism,” author Robert Pape points out that suicide bombers are primarily driven not by madness or Islamic fundamentalism but by a strong desire to remove an invader from their lands. (He also points out that suicide bombing stops once the invader leaves.)

One wonders, however, to what extent this tactic will be adopted as just another tool of war. Would a nation, or a group, use suicide bombers to take the war to an
occupying nation, or one they feel harmed by? Many, of course, would argue that this is exactly what Osama Bin Laden did on 9/11, avenging what he saw as U.S. exploitation of Arab peoples, and intrusion of our commercial culture into Arab lands. But what if suicide bombers were used by sovereign nations as policy?

Hannah Arendt, in her book “Eichmann in Jerusalem: A Report on the Banality of Evil,” noted how Nazi leader Adolf Eichmann was not evil incarnate but an average bureaucrat interested in furthering his career. The evil he did came from the seductive power of the totalitarian state and an unthinking adherence to the Nazi “cause.” The American way of life was not intended to create massive poverty and violence along with environmental devastation. It was simply people seeking a life of ease, convenience and comfort. But it is now characterized by an infatuation with material possessions and electronic toys.

How many people will we kill to obtain cheap energy? And even if we kill enough, how long will the oil last with our prodigious use?

This lifestyle does not desire violence and exploitation – but it does require them. The U.S. essentially gained control of the world in 1945 and chose consumption of material goods as the national priority. Essentially it chose unsustainable fossil fuel consumption. And today it must continue to control the world to maintain its huge disparity in resource use. Furthermore, the U.S. has recently committed to a policy that is in the worst tradition of evil – first strike attacks with nuclear weapons against non-nuclear countries. The enemy is evident – the mostly Muslim nations that contain most of the oil reserves of the world. The strategy requires that we attack Islam, making it and the people of these countries appear to be raving irrational madmen.

Controlling will not work, however, without enormous violence and suffering. The U.S. could not defeat the Vietnamese because people will always fight to the death to defend their homeland, particularly – like the Vietnamese people – when there is no where else to turn. How many people will we kill to obtain cheap energy? And even if we kill enough, how long will the oil last with our prodigious use?

Could We Lose the War?

Science fiction writer Kim Stanley Robinson, in his 1984 book, “The Wild Shore,” imagined a United States which had been destroyed by the other countries of the world working in concert, as a defensive measure against U.S. dominance, arrogance and disproportionate consumption of the world’s resources. The country is kept in an unreconstructed state with Canada controlling the northern border, Mexico the south, Japan the west, and Russia the east. With satellite surveillance and advanced weapons systems, these countries destroy any attempts by Americans to rebuild infrastructure which might enable them to regain any power in the world.

Couldn’t happen, you think? Then consider the situation with Iran. Following the invasion of Iraq by the U.S., the Bush Administration has threatened that Iran might be next, yet it is questionable if China and Russia would allow such an invasion, or if they might instead choose to go to war to protect their access to Arab oil. They also have a “way of life” to protect and, particularly in the case of China, a rapidly growing need for more and more oil. Should China and Russia decide to protect Iran from invasion, nuclear war might occur, particularly if the U.S., following its latest stated policy of using nuclear weapons against a non-nuclear nation in a preemptive strike, attacks Iran. This could then lead to retaliatory attacks by Iran against the oil fields and shipping terminals of Saudi Arabia – possibly with nuclear weapons. World War III would have begun.

Another scenario is that, if attacked, the OPEC nations might destroy their oil fields and seed them with radioactive materials to keep the West from controlling the oil. This possibility is described in the book “Secrets of the Kingdom: The Oil of Saudi Arabia” by Gerald Posner. He claims that the oil facilities in Saudi Arabia are already mined with nuclear material, to be activated if attacked.

Saudi oil fields, according to author Gerald Posner, are already mined with nuclear material, to be activated if attacked.
of Venezuela, saying “We have the ability to take him out, and I think the time has come that we exercise that ability…. We don’t need another $200-billion war to get rid of one, you know, strong-arm dictator…. It’s a whole lot easier to have some of the covert operatives do the job and then get it over with…. I don’t know about this doctrine of assassination, but if he thinks we’re trying to assassinate him, I think that we really ought to go ahead and do it…. It’s a whole lot cheaper than starting a war…. and I don’t think any oil shipments will stop.”

Of course, not everyone agrees with the U.S. government’s actions and goals. Former president Jimmy Carter, in a November 14, 2005 editorial in the Los Angeles Times, described his concerns with the current direction of the U.S.: “In recent years, I have become increasingly concerned by a host of radical government policies that now threaten many basic principles espoused by all previous administrations, Democratic and Republican.

“Regardless of the costs, there are determined efforts by top U.S. leaders to exert American imperial dominance throughout the world.”

“These include the rudimentary American commitment to peace, economic and social justice, civil liberties, our environment and human rights. Also endangered are our historic commitments to providing citizens with truthful information, treating dissenting voices and beliefs with respect, state and local autonomy and fiscal responsibility.

“At the same time, our political leaders have declared independence from the restraints of international organizations and have disavowed long-standing global agreements – including agreements on nuclear arms, control of biological weapons and the international system of justice.

“Instead of our tradition of espousing peace as a national priority unless our security is directly threatened, we have proclaimed a policy of preemptive war, an unabridged right to attack other nations unilaterally to change an unsavory regime or for other purposes. When there are serious differences with other nations, we brand them as international pariahs and refuse to permit direct discussions to resolve disputes.

“Regardless of the costs, there are determined efforts by top U.S. leaders to exert American imperial dominance throughout the world.”

Who Will We Become?
The answer to the question, “Could we lose the war?,” must inevitably be “Yes.”

Of course, the U.S. could reverse direction, and begin to cut back on consumption, share our wealth and resources to address inequities in the world, heal the sick and feed the poor, rescue the environment… or not.

Dr. Colin Campbell, the world’s leading figure on the topic of Peak Oil, describes in his book “The Coming Oil Crisis” the five-million-year period of Early and Modern Man leading up to the time of Christ. He designated the period from the birth of Christ to 1850 as the period of Sustainable Man. He designates the period from 1850-1950 as the time of Industrial Man and the period from 1950 – 2050 as the time of Hydrocarbon man. Campbell says the end of Hydrocarbon man is the end of consumerism and the beginning of a period of New Sustainable Man. We will reach that stage creatively and peacefully – or violently with much loss of life. The choice is being made now and each of us must take a stand.

– Pat Murphy

References
5. CIA World Fact Book 2004 – Population, Life Span, PPP, Gini Index
7. http://www.globalissues.org/TradeRelated/Debt/USAid.asp
10. World Watch Institute, Vital Signs 2005, p 45

Coming Up in New Solutions:
With our next issue, New Solutions will look at some of the major societal changes that will have to be made as a result of Peak Oil, and, more importantly, the changes in our culture. We currently have a mind set, almost a religion, which equates happiness and fulfillment with consumption of fossil fuel and the products made from fossil fuel. A new world view is needed and will be described.

The following issue will move from the “macro” to the “micro” and discuss the personal steps we will all need to take to live in a low energy world. A new way of personal accounting, one based on energy, must become a part of our daily habits.
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Resources

Peak Oil Books Published in 2005

The Bottomless Well: The Twilight of Fuel, the Virtue of Waste, and Why We Will Never Run Out of Energy. by Peter Huber and Mark Mills, January 2005

Beyond Oil: The View From Hubbert's Peak by Kenneth S. Deffeyes March, 2005

Over a Barrel: A Simple Guide to the Oil Shortage by Tom Mast, March 2005

The Final Energy Crisis, edited by Andrew McKillop April 2005

The Long Emergency: Surviving the End of the Oil Age, Climate Change, and Other Converging Catastrophes of the Twenty-first Century by James Howard Kunstler April, 2005

Secrets of the Kingdom: The Inside Story of the Saudi-U.S. Connection by Gerald Posner May 2005

The Collapsing Bubble: Growth and Fossil Energy by Lindsey Grant, Seven Locks Press, May, 2005


Twilight in the Desert: The Coming Saudi Oil Shock and the World Economy by Matthew Simmons June 2005

Over a Barrel: Breaking the Middle East Oil Cartel by Raymond J. Learsi, August 2005

The Empty Tank: Oil, Gas, Hot Air, and the Coming Global Financial Catastrophe by Jeremy Leggett, November, 2005

New Web Resources

The U.S. Association for the Study of Peak Oil and Gas has a new website at www.ASPO-USA.com.

Other Recommended Resources

The Great War for Civilisation: The Conquest of the Middle East by Robert Fisk, November, 2005

The Small Community, Arthur Morgan, 1942 (available from CSI)

The Long Road, Arthur Morgan, 1936 (available from CSI)

The Unsettling of America: Culture and Agriculture, Wendell Berry

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