

## **AT LAST! HIGH OIL PRICES!**

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**BRASS**

Many, many years have passed since the original Rio conference brought to global attention the looming problem of carbon emissions and climate change. During the intervening years we have seen myriad policies come and go as governments of every hue and persuasion have sought to tread that delicate path between saving the planet and lining the pockets of the already-wealthy.

The interesting thing is that for years environmentalists have been saying that the contemporary structure of consumption is unsustainable and yet somehow people in general and politicians in particular do not seem to have understood that 'unsustainable' means 'we cannot go on like this indefinitely'. Now, the era of indefinitely has arrived!

I am looking forward now to all those who opposed the fuel price escalator policy in the UK to step once again into the spotlight and admit that they were short-sighted, greedy, and fundamentally wrong. Of course it will not happen, but it was actions like theirs that have reinforced our chronic dependence upon a limited resource when the rational approach would have been to use all measures possible to reduce such dependence. All those people who bought large fuel-hungry cars and premised their lives on the assumption that they could drive 1,000 miles a month should step forward too and admit the error of their ways.

The real joy, for those concerned with the environmental issues, is that now we have for all to see a clear correspondence between the concerns over the health of the planet, and the deterioration in economic conditions. We always knew it would be like this really: we would lobby and plead and present evidence and seek the democratic negotiated solution while always being secondary to the relentless logic of an untrammelled marketplace built on hyper-consumption...but in the end history tells us that every economic bubble has to burst, and when that day arrives (as it appears to have done) the rules will change.

It can now be predicted with some confidence that the forthcoming economic downturn (let us not use the word 'recession') both here in the UK and elsewhere will do more to reduce carbon emissions than all the preceding 20 years of environmental policy put together. All of a sudden, those nicely comforting theories such as the one that you need rapid economic growth to be able to afford environmental efficiency will be exposed for the empty and ideological rubbish that they are. Of course an economic downturn is hard for many people, and the poor of any country will suffer the most. But again, let us be clear about this, the liberalisation of economies around the world premised on the IMF agenda of free movement of money and restricted movement of people has resulted in almost all cases in a widening of the

income gap between the rich and the poor, so it is hardly as if rampant economic growth has been of great benefit to most of us. We have more stuff, but cannot any longer afford a National Health Service or free university education, yet 20 years ago both were possible: this is the legacy of the current model of economic growth.

Our rampant consumption of things will also have to be reduced, and again it is hard to see anything but good come out of this. Who knows, maybe we will return to the halcyon days when it actually made financial sense to buy replacement inks for a printer rather than just throwing the whole lot away and getting a new one? Maybe we might get a little less selfish in terms of buying behemoth two-tonne cars that are 'safe' for us inside but disastrous for everybody else? Maybe we will start to re-organise our lives such that we live, shop, work, go to school, and have fun in approximately the same place?

There will be plenty who seek to blame the Chinese or those in other emergent economies, for having the temerity to aspire to our levels of material wealth; it saves us having to look at our own contribution to the unfolding chaos. However, the shift in economic power underway is also unprecedented: at a global level the flows of products and wealth have been altered on a scale not seen since the early 1970s oil shocks. Perhaps for the first time, even the US is powerless in the face of these trends and can no longer buy its way out of trouble by printing dollars. In other words, it is too late to go blaming emergent economies and expecting them to change to suit us: it is we who will have to change to suit them.

So far it is probably the case that the general public does not appreciate that the situation with respect to oil is also the situation with respect to a great many other commodities including both foodstuffs and metals. The original authors of the Limits to Growth, again derided for their pessimism and the weakness in the methodology adopted, must be feeling quite smug by now. Since around 2002 the trading price of the majority of commodities has shot upwards; partly this is because it is difficult to expand supply capacity in line with the rate of growth of demand during this period, but partly it is because again some fundamental limits are being reached.

There may be some un-reconstructed neo-conservatives that will maintain this latest episode merely demonstrates the efficacy of market forces. As demand changes relative to supply, so prices change and this will bring forth a new equilibrium. Higher prices will also stimulate the emergence of substitutes, so again there is nothing to worry about. As we have now seen, market forces are magnified by speculative manipulation and the resultant changes are too rapid to allow any meaningful adjustment. In this world of liberal economics in the short term we suffer, and in the long term we are dead. So this is not a validation of free markets. On the contrary, more than ever before the situation we are now in demonstrates emphatically the dire need for long-term, brave and consistent policies to make our lives more sustainable in every sense.

