Record gasoline prices amidst hyperconsumption and slaughter

Contributed by Jan Lundberg
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For someone who professionally analyzed gasoline prices and the petroleum industry from 1972-1987, maybe it's a bit surprising I've not had much to say about May's record gasoline prices. For many years I've not been one to often make a prediction on the price of gasoline or oil. This is because I'm much more interested in bigger issues that cover more than prices and particular fuels.

With that sense of priorities, I'm much less desirable as a most-quoted U.S. energy analyst, as I once was. Up until two decades ago I spouted many a market pronouncement taken seriously by those interested in short-term economics, whether for a household or to serve corporate power. When I gave it all up to fight pollution and perhaps help improve the way people live in this country, I was freed from the data-gathering and analysis of price changes that increasingly struck me as trivial. This was partly because I became a non-driver.

Mainstream news media are nowadays a little more prepared to hear oil analysis that's more ecological, and price changes can occasionally be discussed in dollars-per-gallon changes than cents-per-gallon. So it's time for a look at gasoline prices with a whole-system approach.

I do agree that oil-industry factors in price run-ups have recently included strained refining capacity and high demand. I don't believe the price of oil and gasoline are really driven by a control-Iraq conspiracy aimed at the world oil market, although the Middle East is a playground for such appetites. Nor do I subscribe to the perennial notion that oil companies are "keeping full tankers off shore" to deprive consumers of the cheaper gasoline that many believe they have a right to burn to no end.

But the most basic reasons for high gasoline and crude oil prices are seldom-heard because they are about bigger trends: (1) geologically rather than geographically determined supply, and (2) infrastructure-investment in a system that has no future. First, Peak Oil implies a survey of the landscape for extraction trends, interpreting sketchy reserves data, and, usually neglected, an understanding of market-driven supply dynamics -- all allowing us to acknowledge that cheap oil is gone forever and a new world is opening up. In the context of history's fossil-fueled fling, global Peak Oil is here now.

We have strung ourselves out so far with the car-oriented economy that it wrecks local economies, and it suppresses national reorientation toward more efficient, less deadly transport and land use. Subsidies -- hidden and direct -- to the tune of hundreds of billions of dollars a year nearly the size of the Pentagon budget, keep us on oil and gasoline and in cars, even as fuels and vehicles rise in price. Meanwhile, workers must work harder and harder to afford energy and to travel the daily distance to and from work and for needed services. The price at the gasoline pump may really be $15 per gallon because of subsidies, according to the International Center for Technology Assessment's study ten years ago. That figure does not include environmental or health costs.

The USA clings to an illusion of post-World War II cheap oil and the one-worker per suburban household "American dream," when oil came out of the ground at up to 100 barrels extracted per one barrel expended to drill. The toxic petrochemical nightmare inherent in consumerism was barely known then. Recent efforts, e.g., oil wars, election fraud, propaganda, cannot reverse geologic trends and "mistakes" such as the General Motors/oil industry criminal destruction of several dozen urban rail trolley systems.

I was interviewed on Chicago-area radio on May 12, and when pressed, I made a prediction of gasoline reaching at least $4 per gallon this summer. Most interesting about the show (WKRS 1220AM, Waukegan, Illinois) was that almost all discussion during the nearly two-hours, including callers' questions, centered around cars somehow getting all the desired alternative fuels (or not getting them, as I repeatedly explained). Some of the same callers were dubious of global warming and Peak Oil. The experience made me wonder if I'd been wrong to disagree with those who've said the West Coast is a different culture. It's "all about consciousness," and it's on the rise in many quarters, more so on the West Coast.

A question I'm asked frequently, but seldom by mainstream reporters, is "When will petrocollapse hit?"

It can happen anytime now or within a few years. This analysis is based in part on seeing the nine percent shortfall for U.S. gasoline deliveries in 1979 that triggered our Second Oil Shock, that my then-family business forecast. Picture another such shortfall today, but on the grander scale with the same percentage, due to three decades of unwise growth

of the extractive economy and of the population of humans and cars. Perhaps this summer there will be one or more global-warming-charged hurricanes hitting petroleum facilities. This could mean too tight a market for EU countries to fill in the supply gap, as happened in 2005 after the U.S. Gulf Coast hurricanes. Throw in a major interruption of oil flow from an oil exporter, and we have a situation that gets quickly and terminally out of control for millions of drivers and other users of oil. How can one predict prices when in Nigeria the "main insurgent group, the MEND, who recently announced they were through with kidnappings of foreigners and were about to embark on a program to destroy more of the country's oil infrastructure"? [Peak Oil Review, May 28, 2007]

Another possibility is that an energy crisis will be masked by a global financial development, or war involving China perhaps, that spells massive disruption and oil supply breakdown.

When people cannot get to their jobs or get the foods and services they require daily, any significant breakdown can escalate into violent chaos with no floor, toward complete socioeconomic collapse and failure of government. Big government will not be able (or interested in?) helping you, especially in cities as large as and larger than New Orleans. I believe the national and state governments will retrench under stress and choose to favor saving and supplying the rural areas; they are productive, whereas consuming-centers of huge cities may be written off and become die-off zones. Climate-change induced drought can also have a major effect and boost fuel demand at a sensitive time. If natural gas were absolutely unlimited and plentiful, there would be a much less harsh energy scenario to offer. But gas has already peaked in extraction in North America. So called solutions such as liquified natural gas, and other technological fixes, are not ready on a massive scale and will not be ready to stave off petrocollapse.

When SUV sales have not been as hurt as much as the car-industry average in recent months, it's a heavy reality-check on our collective awareness that suggests "people are hopelessly unconscious." And when car travel is not being forgone for summer vacation-planning, despite nearly $4 a gallon gasoline, we are in La-la Land -- one of the more fitting nicknames for L.A., the biggest gasoline market and the originator of freeways and self-service gasoline.

Death from war versus car

There's a major, awful story in "Americans have opened nearly 1,000 new graves to bury U.S. troops killed in Iraq since Memorial Day a year ago. The figure is telling -- and expected to rise in coming months." [Associated Press, May 26, 2007.] Why so many people who are affected by this thoroughly discredited war are putting up with it is an interesting question. To get to the heart of it, we must look at culture and conditioning:

Record gasoline usage, which as we may discover is occurring (when the figures are in), means more deaths on the road and in the cancer wards. This is a holocaust surpassing 100,000 U.S. residents each year. It could be drastically reduced if our society really valued life over greed. Looking at the actual number of deaths of U.S. troops in Iraq (aside from the far greater Iraqi civilian casualties), the 3,440-plus figure is but a fraction of ongoing car slaughter and lethal exhaust-caused diseases in this country. Hundreds of thousands of U.S. drivers also die from unhealthy hearts caused by the sedentary lifestyle.

We have to keep hammering that we are experiencing -- hello! -- 7,500 car-related and unnecessary deaths every month in the U.S. The Dept. of Transportation changed terminology from "accidents" to "crashes" in the mid 1990s, perhaps because they know that in general predictable numbers of crack-ups are not truly accidental. Drunk driving explains 40% of the fatalities from crashes, and faulty cars and roads account for more, so all in all it's not accidental; it can be numerically anticipated. This slaughter (of also a million animals daily on U.S. roads) is allowed especially when more roads are built or widened, and even maintained.

The top speed limits are so far above safety levels and optimum efficiency -- which would be approximately 45 miles per hour -- that society is apparently not "ready" for conservation of fuel or of lives. But the government would not go so far as to say it is "policy" that 100,000 U.S. residents die annually from crashes and exhaust-fume related diseases. The Iraq war has cost almost as many Iraqi civilian lives as the U.S. has lost domestically during the same period from car and oil dependence. So, it may be that U.S. citizens' tolerance for the war -- not stopping it somehow -- may be related to being inured to death by violence and government "policy" decade after decade. It certainly is industry policy.

I was at a policy meeting of the U.S. Dept. of Transportation in or around 1990 for a small public meeting on car and traffic issues. What struck me there was that lobbyists from industry got away with saying for the feds, "So, the car and its traffic and infrastructure work well most of the time, except two times a day (rush hours)." That's the way they want to frame any debate: cars are fine, although they can stand a little tinkering. During that same meeting, when I said I worked toward a national paving moratorium, one jaded old car-industry lobbyist grinned at me like he relished the extremely unlikely consideration due my concept.

One reason that gasoline price musings leave me cold is that it's horrifying to think that the car madness carries on year after year. For many of us it has been forty years of observing the highly questionable, unbridled consumption of toxic fuels and non-renewable resources. This year's motor gasoline consumption in the U.S. can easily be over 140 billion

gallons and become a new record. I was astonished at the mere 90 + billion gallons I tracked for 1971, brand by brand, state by state, month by month. If such quantities of gasoline burned and spilled appeared crazy to some of us way back then, it's even more absurd today due to the cumulative effects of pollution. Society as nutty and ecocidal is the real issue, not the amount of price movement of gasoline and crude oil -- even though plenty of consumers want to know about prices of "essential" commodities. They are also "naturally" interested in interest rates, school tuitions, and the possibility of more jobs available that help trash the planet and harm public health. The dominant pattern is actually unnatural when system breakdown and climate chaos are guaranteed..

With the car so troublesome and a waste of money -- one can be liberated enough to live without a car -- it is tragic that so much effort goes into fiddling with the technology to clean up only the propulsion. We are hearing more and more about hybrid cars not being the energy savers, overall, compared to gas-guzzling cars, when all the energy involved at every step is taken into account (first reported in Culture Change a year ago). If only dealing with the exhaust were enough to clean up the car and its total effect on the environment, on economics, on health, and military urges. So we must put flies in the ointment (petrochemical, no doubt), showing biofuels and hydrogen to be unlikely on a major scale, as because these systems would not be sensible or sustainable. Additionally, as this column repeats, the average speed of the U.S. motorist is only about 5 miles per hour, as Ivan Illich found, when all the hours going into supporting the car are taken into account. But society continues to tolerate and reward charlatans catering to the driving habit and the economic forces that also reach into the funded environmental movement.

Piston heads, thinkers and lemmings

Could it be a sign that the times are a' changin'? The former automobile industry honcho who was Bush II's chief of staff was loudly booed at the University of Massachusetts on Friday. Former White House chief of staff Andrew H. Card was verbally confronted by hundreds of students and faculty members as he rose to accept an honorary degree. The boos and catcalls -- including those from faculty members who stood on stage with Card -- drowned out Provost Charlena Seymour's remarks as she awarded the honorary doctorate in public service. Card was, until 2000, president and CEO of American Automobile Manufacturers Association.

It was most likely the war that soured people on Card and his former boss in the White House, and not the fact that cars by the millions kept being forced on us by corrupt corporate influence of government. Meanwhile, trains and better land-use are not forced on us. The lowly bus is superior to the car safety-wise, by a factor of ten. If sane transport and land use had been policy since the mid-century years when freeways and cars took over, gasoline might be a luxury item today and not a staple for hapless commuters -- they barely have a chance to get jobs in walking- or biking-distance to home. Or have a chance to get housing near work.

If America had a bigger passenger train system, of course, more travelers would have an alternative to high gasoline prices that heavily benefit overseas oil companies, which are increasingly government-controlled, and a way to travel that leaves a smaller carbon footprint.
- Ross Capon, Executive Director, National Association of Railway Passengers

We hear the "blameless" oil Industry claiming the biofuel push may hurt at the pump. The New York Times reported recently that as

Gas prices are spiking again -- to an average of $3.22 a gallon, and close to $4 a gallon in many areas… some oil executives are now warning that the current shortages of fuel could become a long-term problem, leading to stubbornly higher prices at the pump. They point to a surprising culprit: uncertainty created by the government's push to increase the supply of biofuels like ethanol in coming years.

"$7-Gallon Gasoline" is a concept that Dave Pollard explores as part of his ongoing, online How to Save the World:

...The bottom line is that, while $3.50/gallon gasoline was a cakewalk (just a catch-up after decades of after-inflation price decreases), $7-gallon gasoline will be nightmarish. Not because we can't afford to pay $140 to fill our gas tank, but because we can't afford to pay twice as much for the oil we eat, the oil we wear, the oil that drives our entire economy. And our economy is stretched so tight, and is so over-extended and over-leveraged, we have no room to maneuver.

This is the incredible bind we've gotten ourselves into: Coping with global warming and the End of Oil (before the nightmare outlined in The Long Emergency befalls us) demands a large increase is the price of energy to dampen our appetite for it. But that large increase could easily plunge the world into another Great Depression.

...So the real problem is not that gasoline prices are too high, or that they are too low, it's that we think the price of gasoline is the real problem, and that changing that price will solve it. (May 23, 2007)

In a petty analysis that would have been mortifying to me if I were still running Lundberg Survey, the U.S. Energy Information Administration "took issue yesterday with a private survey that concluded Americans are paying more per

gallon than at any time in history when inflation is factored in, [saying] the average price of a gallon of unleaded regular stands at $3.22. The agency pegs the inflation-adjusted record high at $3.29, set in March 1981... The Lundberg Survey, which is conducted every two weeks, said the inflation-adjusted price of a gallon of regular unleaded was $3.18. According to Lundberg, that price beats the 1981 record of $1.35 - or $3.15 in today's dollars." [The Journal News, andLower Hudson Online, May 24, 2007]

Future generations or future intelligent species will deem humans and their industrial society to have become "too intelligent" for their own good. Much will be judged by the immense amount of useless crap left behind, if we can put climate distortion aside for a moment. However, it's worth remembering that humans managed cleanly and at a reasonable population size for untold millennia before the recent frenzy of consumption and fouling of our nest -- Earth.

The motorized lemmings are still at it, the USA Todaymade clear with its top story on May 26:

"Soaring gas prices did not appear to be deterring Americans from hitting the road and airports this Memorial Day weekend for what many expect will be record holiday travel... One in eight Americans will travel more than 50 miles from home this weekend, the Travel Industry Association and AAA said. That represents 38 million travelers, 2% more than last year's record. More than 32 million of them will travel by car, truck or RV, the groups say."

In reviewing a draft of this article, one of our volunteer editors, Dmitry Orlov, chimed in with the following thoroughly unrealistic but interesting thought experiment:

A lot of people seem to think that the solution to the problem caused by cars is... more cars. New ones. That sort of piston-headed logic has to be ridiculed, not patiently argued against.

I seem to think that the solution involves fewer cars, if any, and I have a Modest Proposal: Ban manufacturing and importation of motor vehicles and internal combustion engines. This will improve the situation in the following 10 ways:

1. It will improve the efficiency of every car on the road, since the older the car, the more highly amortized it is in terms of energy that went into its manufacturing.

2. The older the car, the more unsafe it is. Therefore, people will be forced to drive more slowly, saving fuel.

3. After a while, old cars no longer run. The fewer the number of cars available, the more passengers per vehicle, resulting in greater efficiency.

4. An entire industry devoted to manufacturing and marketing of cars will be forced to shut down, saving valuable energy.

5. The existing cars will need plenty of highly skilled mechanics to keep them moving, relocalizing the transportation part of the economy.

6. Old cars tend to be rusty, ugly, and uncool, and so people will look for alternatives to driving to get around, saving more energy.

7. With fewer cars on the road, fewer roads have to be maintained, saving money and energy.

8. With fewer cars on the road, there will be fewer crashes, limiting a major source of American morbidity and mortality, and making the population more productive.

9. With cars available to fewer people, more people will be forced to walk or bicycle, improving their cardiovascular fitness, and reducing health care costs.

10. It will send a powerful message that the age of the automobile is nearing its end.

-Dmitry

I would add these principles, because I'm not quite in the spirit of ridiculous fun:

- To make sure the car ban happens and we save the planet from too much CO2 and methane, we must, prior to the banning of manufacture and importation of cars, strive to buy only used cars. This forces the economy to reorient itself away from national and global manufacturing which will take a tumble, perhaps in the form of a significant depression that rational economists were predicting long before now.

- The rejection of new cars and then the coming banning of cars (except for health-emergency, e.g., food-growing/distribution vehicles) will clearly address extricating ourselves from laziness (i.e., not walking or bicycling when able) and from petroleum in general including plastics that poison the inside atmosphere of cars.

Some of Dmitry's other mock-initiatives this holiday weekend are:

- scrapping overseas military bases and repatriating the troops instead of leaving them stranded in hostile lands with no way to get home

- shutting down and moth-balling all nuclear facilities, to prevent nuclear material from falling into the wrong hands as the US collapses into chaos

- announcing a jubilee -- forgiveness of all debts, public and private, since they will not be repayable in any case

Dmitry makes it clear he does not expect any of these initiatives to produce any results: "They are an exercise in creative futility -- a public art project, if you like." As Albert Bates said in our interview in Culture Change, it is the artists, not the scientists, who will save us.

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Further reading:

Peak Oil Review, ASPO-USA, Tom Whipple, Editor:

aspo-usa.com

Holiday travelers ignoring fuel costs, by Andrea Stone and William M. Welch, USA Today, May 26, 2007:

usatoday.com

Questions for the gasoline guru-ess (Culture Change Letter #146):

culturechange.org/cms

Andrew Card booed by hundreds of students and faculty members at UMass:

truthout.org

Oil Industry Says Biofuel Push May Hurt at Pump, by Jad Mouawad, NY Times 05-24-07:

hendersonvillenews.com

Dave Pollard:

blogs.salon.com

The Long Emergency, by James Howard Kunstler"

kunstler.com

Paul Lepek & Company, weekends on Lake County, Illinois talk radio:

wkrs.com

National Association of Railroad Passengers, Phone 202-408-8362:

narprail.org

"Not so fast on gas price record, agency says" by Allan Drury, The Journal News, Lower Hudson Online, May 24, 2007:

thejournalnews.com
Green Wheels Corporation unveils Super-Hybrids™ next to Ford Hybrids at Humboldt State University, Arcata, Calif.:

green-wheels.org

"Don't buy hybrid hype" - Transportation analysis from Greenwheels, by Aaron Antrim:

green-wheels.org

Energy Information Administration, US Dept. of Energy, petroleum consumption table:

eia.doe.gov

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