Scenarios for peak oil faced with the global systemic crisis



Jean-Luc Wingert 28th of April 2011 – ASPO – Brussels



Energy crisis or Energy transition ?

A break after 2 centuries of cheap and abundant energy supply : coal, oil, natural gas

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When will the peak of world oil production come ?

« Peak, plateau, bumpy plateau... »

What decline rate after the peak ?





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Energy revolution

A new energy revolution

- •Mastering fire (500 000 years ago)
- Agriculture (6000 years ago)
- Industrial revolution (2 1/2 centuries ago)

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Main solutions

Energy efficiency

- Transportation
- Building (new and existing)

- Industry

Energy Savings

Develop renewable energies

. . .



The mysterious future price of oil

4 scenarios :

- Bumpy plateau
- Systemic collapse with standard recovery
- Systemic collapse followed by endless disagreements
- Energy efficiency





Scenario 1 : Bumpy plateau

- Successive phases of increase/reduce production
- A classical model (Mentioned by Jean Laherrère in 2001)



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Scenario 2 : Systemic collapse with standard recovery

• The next oil crisis is too strong for the financial and monetary system (National debts too heavy, € disappears, no trust in the \$...)

• No consensus about what to do (back to "old" business or new rules)

• Finally back to "old" rules a little bit improved for a small decade of oil production increase, knowing the oil problem has just been postponed



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Scenarios

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Scenario 3 : Systemic collapse followed by endless disagreements

• The next oil crisis is too strong for the financial and monetary system (National debts too heavy, € disappears, no trust in the \$...)

• Deflation starts, no consensus about what to do : back to "old" business or new rules (unemployment becomes a urging problem)

• Everybody gets radical : conservatives want to go back to old values (risk of fascist tendencies), the left wing is lost, the ultra left gets radical (risk of totalitarianism), the greens are seduced by deep ecology...



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Scenarios

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Scenario 4 : Energy efficiency

• General agreement on cooperation and necessity to address energy problems, environmental problems and unemployment problems.

• The energy transition is very job intensive (building insulation, renewable energy, less mechanised work, services...)

• New rules : sustainable development integrated in legislation, huge investments in social work, education and health...



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Conclusion

- The **4th oil crisis**, when ever it comes, is likely to be the end of energy illusions for the majority of reasonable people
- Close to production capacity limits, even small delivery disruptions have big impacts on prices (Arab revolutions, crazy dictator...) : be prepared for high **oil prices volatility** (with an increasing trend)
- There is no consensus on a new development model, this can lead to severe political fights. Rethinking deep values (like "work") can lead to some kinds of civil war... if people still care about their (grandchildren's) future.
- We need to focus on **energy efficiency**, energy savings but also employment : the energy transition is the kind of "new deal" we need







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