

Sustainability Paper – On the Environment

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Peaking Out

"Peak oil" is the term used to describe the situation when the amount of oil that can be extracted from the earth in a given year begins to decline. Oil production 'peaking out' is inevitability due to finite reserves and geological limitations. When oil production has peaked, extracting the remaining oil becomes increasingly difficult, causing prices to increase as the amount of oil produced begins to decrease.



At its peak in 1970 the US produced 10.2 million barrels of oil a day. In 1980 US oil production had fallen to 6.9 m barrels a day. Iran peaked in 1978 at 6m barrels and is now producing 3-3.5 barrels a day. The only conventional oil producing country that may not have peaked is Saudi Arabia. The last major oil discoveries all occurred in the 1970's. The US reaching peak production and a 1973 oil supply crisis came in quick succession and despite the epic exploration that followed there has been one discovery of any significance- the Kashagan oilfield in Kazakhstan. Even this has been problematic as the terrain makes drilling difficult and expensive.

A recent Voice article highlighted the issue of oil and natural gas depletion in the UK and this is certainly a problem. The increase in demand for oil alongside a depletion in reserves means that next year the UK is expected to become a net importer of oil. The 1973 oil crisis occurred when the Organization of Petroleum Exporting Countries (OPEC) decided to raise oil prices dramatically by reducing world supply. Looking at domestic reserves does not show the severity of the problem. Although the UK production of oil and gas is expected to drop dramatically in the next decade, it would only take a relatively tiny drop in worldwide production to cause a global recession. The 1973 oil crisis was caused by a drop in the global oil supply of around 9%. The British picture is not the bigger picture and we are looking at the wrong oilfields.



Around 2/3 of the worlds oil is produced in the Middle East and most Middle Eastern oil is Saudi Arabian. OPEC production quotas are based on reported oil reserves. In 1985 Kuwait reported a 50% increase in reserves, enabling them to increase production. To protect production quotas other oil producers followed suit and one by one reported similarly huge increases in reserves. In 1990 Saudi Arabia reported an increase in oil reserves from 170 to 258 billion barrels. The reported increase in reserves from Saudi Arabia came from existing oil fields rather than new discovery and despite producing 9.5m barrels of oil a day Saudi Arabia does not report any depletion. The reported oil reserve of OPEC

countries is likely one of the most irresponsible works of fiction ever written.

The functioning of the world's financial markets requires the constant, uninterrupted supply of two commodities- cheap oil and confidence. The 1973 oil shock was followed by recession in the West, as was the case in 2000. The 1973 crisis ended when Saudi Arabia increased production to lower prices, fearing the damage to the Saudi economy if the recession became global. The worldwide demand for oil is rising exponentially, exceeding all predictions and it is implausible to suggest that Saudi Arabia and its aging oilfields can continue to act as a swing producer for much longer.

Following the recent trade union conference on climate change there has been much discussion about whether, as trade unionists we have a responsibility to protect jobs in the airline industry despite the environmental cost of air travel. If we were looking at the issue of sustainability as a whole it is a debate I am not sure we would be having. The airline industry will likely change beyond all recognition in the short to medium term and the budget airline industry will probably have begun to disintegrate within the next 5 years. Oil reserve depletion and the spiralling oil price which will result means many jobs in the airline industry are not economically viable in the long term, irrespective of global warming.



Every Little Harms

It is easy to see the link between the government and the war in Iraq and it is easy to protest against a war for oil. People do not make the link between the weekly shop and the war for oil. Every week we drive to the supermarket to buy air freighted goods from abroad, petrochemically fertilized and wrapped in plastic. We pack them into plastic



carrier bags and drive away without giving it a second thought. There is a link between consuming oil and fighting for it. When we entered the war in Iraq people resigned their Labour Party membership. No one resigned their Tesco clubcard. Perhaps in invading Iraq the government made a better, more accurate assessment of our priorities than we did. Governments survive unpopular wars, they do not survive recessions.

The weekly shop as we know it has resulted in the fundamental alteration of food production on a global scale. There is no real place for the words 'small' or 'independent' in the world of supermarket shopping. Small and independent food production is an inconvenience to supermarkets and has largely been dispensed with as a direct result of the activities of the large multiples. Supermarkets built away from town centres have redirected shoppers away from the independent, local food stores in traditional shopping centres and have largely driven them out of business. The end result of thirty years of supermarket expansion is the fact that supermarkets now receive 80% of UK spending on food.



The stranglehold the supermarkets have gained over food spending has given them an extraordinary degree of control over how food in the UK is produced. Many farmers have been faced with the stark choice of supplying to supermarkets or not supplying at all. Supermarkets are able to dictate which varieties of fruit and vegetables are grown, to which size and colour and on what terms farmers supply their produce. Supermarket demands for cosmetically perfect fruit and vegetables with a week long shelf life has meant a huge increase in the amount of fertilizers and pesticides in farming. 'Delisting' is the term used for a supermarket ceasing to trade with a supplier. Delisting can happen overnight without notice and even when a supplier is listed with a supermarket there is no contract obliging the supermarket to buy the food produced by farmers. Whole deliveries can be returned to suppliers for any reason whatsoever, although supermarkets usually cite the reasons of 'quality'. Supermarket buyers are often rotated on a yearly basis, usually have no knowledge of the product they are buying and have as their sole function to drive down the price suppliers are paid.



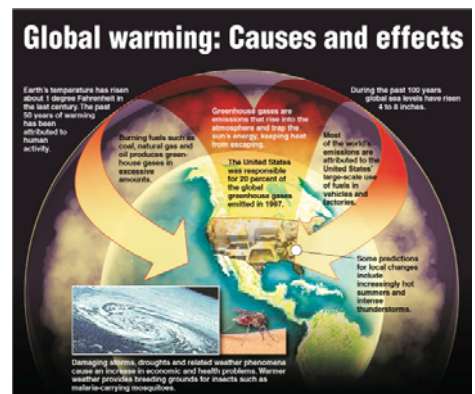
Having sewn up UK food production, the supermarkets have continued their relentless pursuit of lower prices overseas and have made swift progress in repeating their UK success in foreign markets. This has resulted in even more pressure on UK farmers to cut the costs of production as more and more food is sourced from further and further a field and air freighted back to the UK. One of the few controllable costs to any business is wages and we now find more and more imported food as a direct result of supermarkets



taking advantage of lower wages for workers abroad and applying pressure on foreign producers to lower them further. In the UK today 15% of all migrant workers are found working in food production. As trade unionists we are engaging in irrelevant debate as to whether to try and save jobs in aviation, even as we lend our unstinting support to the world wide destruction of sustainable agriculture in the form of the weekly shop at notoriously anti trade union Asda Wal-Mart.

Selling Aramageddon

The problem with climate change is that to try and raise awareness of the issue is to take everything we know sells products and ideas and apply the rules in reverse. Gillette does not sell it's razors by lamenting the misery of razor burn and shaving cuts. It does not use it's advertisements to highlight the phenomenon of the ingrown hair or seek to explain it. It sells it's razors with images of happy, attractive men with no shaving nicks. Wilkinson Sword has made the vast majority of innovations in razor technology and so have a strong, fact based case

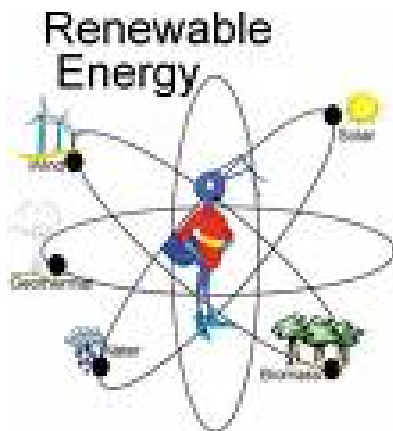


for saying their product is better. Gillette is the market leaders because they have a rhyming jingle and because the facts are irrelevant.

Gillette does not campaign against Wilkinson Sword and even if advertising standards permitted, Gillette would have more sense. If Gillette and Wilkinson Sword were to campaign against each other, people would doubt both products and not buy either. This is where 'balance' comes into the climate change debate. People taking the 'balanced' view are not buying anything.

The climate change movement has been stymied by a handful of people who have successfully packaged and sold themselves as balance. The concept of balance has become an integral part of the climate change debate to the degree it has become almost obligatory to wheel out a professional balance peddler every time the subject is mentioned. No matter that their arguments fly in the face of the scientific evidence, the idea of there not being a disaster is so much more attractive. We have the strong fact, based case for saying we are right. They have the rhyming jingle and the facts are irrelevant. The climate change debate has given us everything from exploding stars to homeless polar bears and a preponderance of balance.

Deposits of natural, finite resources will always be conflict magnets and any world built upon them will be inherently and perpetually unequal, simply by virtue of the fact that their distribution is so uneven. We could try and burn our way out of our approaching energy crisis with Chinese coal, with its environmental consequences, or invest in nuclear energy with its toxic waste but if we choose either we should know that we have chosen the foreign policy implications that go with our choice and there will be no point protesting about them later.



There is a Chinese expression which says 'if we do not change direction, we will wind up where we are headed' So many times, we almost did change direction. There were literally hundreds of bills in the US Congress following the 1973 oil crisis and every time the price of oil starts to rise there is a sudden upsurge in interest in renewables which quickly dissipates just as soon as prices have fallen again. This time the price isn't coming down and we have spent enough of our precious, finite time in balanced debate. If this all sounds rather bleak then

funnily enough we can look to the Saudi's for comfort. The Saudi's have always believed in renewables and have been so keen to act as the world swing producer of oil precisely because they have always known that a high oil price, if sustained for too long would mean we would decide on something better. We have always had something better. Now we need to decide on it. And start selling.

