

How Over-production and Peak Oil will Trigger the Next Depression

by Bob Stevenson

In 2011, Nicole Foss, co-writer at the Automatic Earth, spoke at a public forum in Ottawa. In her critique of present-day capitalism, she stated that one basic problem is that the system has no operating manual. There are no guidelines to control the system. Consequently the CEO of each corporation seeks to maximize profit for their company and no one is guiding the whole process. In addition, the system relies on a growth model that is based on finite resources. It's not sustainable.

The federal government gives the illusion that it is there representing the public interest but instead it accommodates all of the demands of the corporations. For example, in the 1950s, the federal corporate tax rate was 40% and companies had enough for shareholders and for investment. Today the federal rate is 15%.

Having no operating manual results in massive overproduction. It stares us in the face

in every big box store. They are crammed to the rafters with stuff. Since most of the stuff does not serve our basic needs, it will never be sold. For many, our basic needs have been more than met. In my area of Ottawa, the most frequent new commercial constructions are five-storey storage buildings to keep stuff that no longer fits into our homes.

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This overproduction is also clearly seen in the over-supply of motor vehicles. There must be tens of thousands of vehicles on car lots and storage lots across Ontario. Most of these vehicles will never be sold. Drive down the highway south from Smith Falls and there are 10 car lots full of hundreds of new vehicles and RVs. The Town has no manufacturing base to supply the customers. The biggest employer grows marijuana. Sadly the Town has gone to pot.

At some point the managers of the vehicle assembly plants will

order a two-day week in the hopes of dealing with the huge over-supply. This action will be the tipping-point and the start of a “snow-ball effect” on our whole economy.

The decline in our purchasing power will also be affected by Peak Oil. This is the point at which one-half of conventional oil has been pumped out of the ground. There is much left but it is deeper and in seabeds and in countries unfriendly to the West. Many of the experts in the Association for the Study of Peak Oil have identified 2005 as the year of Peak Oil. At some point in the future there will be a tipping point after which there will be a permanent decline in production and a permanent increase in the price of oil. This hasn't happened since 2005 due to the fracking of unconventional oil. Environmental damage by this process is leading to public protest and more governments stopping the practice.

Many books are available on this issue. I recommend Richard Heinberg's *The Party's Over* (2003) and *The End of Growth* (2011). All of these books, including one by James Kunstler,

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The Long Emergency (2005), predict localization of all of our activities as we enter the post-carbon era. In Canada, the same call has been taken up by the Leap.

Fortunately there are guide-books available to us in dealing with these changes. Rob Hopkins' *The Transitions Handbook* (2008) is the Bible for towns and cities coping with the challenges of Peak Oil and Climate Change. Richard Moore's *Escaping the Matrix* (2008) outlines the local political changes and the role of facilitators that will be necessary.

Humanists with our tradition of rationalism and support for democratic institutions will be needed to act as facilitators at the local level. They will be part of a Great Transition that leads us through the economic depression and into our post-carbon future.

Bob Stevenson is a retired high school geography teacher. Luckily he was introduced to humanism at the University of Toronto at club meetings of the Student Humanist Guild.