

ED WALLACE

Time's Up

BY ED WALLACE
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It's gotten to the point where it seems everyone in the world needs their own personal fact checker, (Other than social media) to clear things to believe. If for no other reason, than because many individuals, most well-meaning, confuse confirmation bias as the only facts worth knowing; they reject easily confirmed and verifiable facts that don't fit their worldview as being somehow tainted. However, this is nothing new. Daniel Patrick Moynihan wrote in a *Washington Post* column in 1983, "Everyone is entitled to his own opinions, but not his own facts."

Well, here we go with that fact-checking stuff. Many others before Moynihan wrote an almost identical thought, but it was Bernard Baruch who first wrote, "Everyone has a right to his own opinions, but no man has a right to be wrong in his facts" in 1947. So, we know that for at least the past 73 years we've had an observable problem with individuals thinking personal opinions outweigh known facts.

Of course, for years I've quoted former Saudi Oil Minister Ali Al-Naimi as saying, "The stone age didn't end because the world ran out of stones, and the oil age will not end because we run out of oil." However, many credit his predecessor, Ahmed Zaki Yamani, with saying that in 1973. At least, that's what Thomas L. Friedman at the *New York Times* wrote in 2000. But as it turns out, it wasn't a wise man from the Middle East who came up with that clever conceit. No, Don Huberts, who was pushing the hydrogen age for Royal Dutch Shell, said it and was quoted by *The Economist* in its July 1999 issue.

But now we're down to trying to find real-world, verifiable facts and where they might take us in the future — the not-too-distant future, at that. As Vice magazine recently reported, a new study published in the journal *Energy Strategy Reviews* finds that our supply of the basic components needed for our social-economic global economy to continue is kinda getting down to that red light starting to flash on the fuel gauge. Now if you think about that position for just a minute, it does have the potential to be dismissed as out of hand immediately; or it's capable of taking one's breath away.

Consider. If the oil age ends in 2050, what does that do to the airline industry with no aviation fuel? Well, some believe top scientists are working on that right now and will solve the problem before the end date. But that's wishful thinking; historically, America has done its best work only once our collective backs have been pushed up against the wall. Meaning the problem has already arrived, therefore it can't be ignored anymore.

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The reason this is being brought up is that part of the study states that “fossil fuel energy sources are approaching biophysical constraints as it relates to Energy Return on Investment.” That takes us back to the quote about the stone age's not ending for a lack of stones, no matter who said it first. This measurement correlates with another metric used where one unit of energy once pulled 20 – 25 units of energy out of the ground in oil to be refined. Great ratio, 1 in, 25 out. But the super easy-to-reach large oil fields are long gone, and now we're down to fracking fast and loose. And once oil companies get to the point where a unit of energy for production nets them only one unit of crude energy, the oil age is over.

That's right, this study shows that the world is quickly reaching the point at which continued production of fossil fuels will become too costly to maintain. And renewable energies don't solve the problem because of their obvious limitations; for example, wind farms don't work without wind — that's a fact, not a personal opinion. Worse, to grow enough renewable fuels for all transportation requires more arable land than exists on the planet.

This study is a big believer in moving over to electric transportation — that is, until we run out of the minerals necessary to make batteries, personal cars, and public transportation. Yeah, about that: Their conclusions indicate lithium for battery production goes into a bottleneck by 2042 – 2045 and manganese by 2038 to 2050. Bummer. One will notice that nobody running for high elected office has said one word about a possible unfolding economic transition from our current economic society's strong consumerism. But that's predictable, too. If this future shock actually comes to pass, whatever political party isn't in power will blame the party in power for letting it happen.

Yet, this study claims we can easily make the first transition, from fossil fuels to electric vehicles, but then will hit a second brick wall when the requisite raw materials run out. Or about the same time we transition to electric vehicles. What about our current push into self-driving cars or robo-taxis? In fact, in our current automotive world is where trucks, SUVs, and crossovers dominate the market for sales and account for the vast majority of auto manufacturers' profits. Yet those same corporate entities are investing in and suggesting a future where no one owns cars anymore. Hence the new rush to electric vehicles and then autonomous cars. Worldwide we may be talking about a half trillion in new investments for products that virtually no consumer on the planet has asked for. Could this be based on being told that oil and raw materials are going to go into bottleneck conditions, or be nonexistent, a couple of decades out? That's just too paranoid to even be considered out loud.

Then again, this new study may be like the Club of Rome's Prediction of the early Seventies, that the planet's population growth would make it impossible to feed all the people, and as a result overall population would start to decline after the turn of this century? Somehow that hasn't panned out, and that can be proven by the reality TV show *My 600-Pound Life*. Apparently for some, there's lots of food to consume. The bad news is that the Club of Rome has only kicked its 50-year-old, possibly misguided prediction ahead to mid-century.

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Investment fund manager Jeremy Grantham discussed a similar situation some years ago in his annual newsletter. His point is that while some debate whether the oil age ends in decades or a century from now, it's a pointless or worthless discussion. His suggestion is to look further down the road, say a couple of hundred years, when there is zero debate that there will be no more oil. Or iron ore, copper, or any other raw material left on our planet to continue with large-scale manufacturing. Without these raw materials the industrial age, which started in England around 1760 and is the basis for our current social-economic world, comes to an end. Then what?

Of course, while this is not a discussion ever held while individuals run for elected office, although they understand the critical need to maintain adequate fuels for transportation and ore and minerals for manufacturing. True, we may have gone into Afghanistan after bin Laden and the Taliban in late 2001, but as soon as it was peaceful enough in that Central Asian country, the United States Geological Survey's crews went into action. For two years beginning in 2005, they worked with that country's minerals team to map out the size and value of Afghanistan's mineral wealth. (At least \$1 trillion and more likely three times that amount.) Proving someone should update Joseph Heller's brilliant satirical book on the insanity of war, *Catch-22*. Or we should at least rename our Department of Defense the Milo Bender Institute for Peace.

And before you think that's too silly a comment, starting in 2009 the USGS was asked to participate in a second survey to find the value of Afghanistan's minerals, this time in conjunction with the Task Force for Business and Stability Operations — part of, you guessed it, the Department of Defense. The summary of their findings can be found online at the USGS.gov website, titled "Summaries and Data Packages of Important Areas for Mineral Investment and Production Opportunities in Afghanistan."

I have no idea whether this new survey suggesting that problems lie ahead is accurate in any way, or is so obscure that few if any will want to peer review it to find the holes in their logic. But there's something in the back of my head that makes me wonder why almost every last car manufacturer in the world is committing tens of billions of dollars into electric cars, with future sales volumes larger than today's, but questionable for the size of those stated investments. Likewise, absolutely no one is writing and asking me about self-driving cars, either. Yet here again, there's hundreds of billions in investments to create that vehicle, too.

Remember, GM stopped production of its Cruze while it was still selling 140,000 units a year and Ford dropped the Fusion while sales were 166,000 in a year; so why would these companies invest untold and unlimited billions to build a self-driving electric car that maybe four people in America want to buy?

Maybe, just maybe, they know something we don't.

Ed Wallace is a recipient of the Gerald R. Loeb Award for business journalism, bestowed by the Anderson School of Business at UCLA, and hosts the top-rated talk show, Wheels, 8:00 to 1:00 Saturdays on 570 KLIF AM. Email: edwallace570@gmail.com

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BY ED WALLACE
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It never occurred to me that one day I might be at a loss for words, but here we are. This will be my last column for the Fort Worth *Star-Telegram* after nearly 20 years, almost 1,000 columns and of those only six were rejected.

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