

# Life after the Peak

---

Samuel Alexander

Office for Environmental Programs, University of Melbourne; Co-director, Simplicity Institute

## **Evidence is mounting that the age of cheap energy – the age of cheap oil, in particular – is over. What are the lifestyle implications of this historic turning point?**

The rise of consumer societies since the industrial revolution has only been possible due to the abundant supply of cheap fossil fuels – most notably, oil. Economic activity depends on energy, so cheap energy means cheap and easy production. This has allowed parts of the world, at least, to get very wealthy. Within the most developed regions of the world, recent decades of unprecedented economic growth have all but solved the economic problem of how to secure the necessities of life and, indeed, have resulted in most people living lives of relative luxury and comfort. On the whole, ordinary people are materially wealthy when considered in the context of all known history or when compared with the multitudes around the world who still struggle for a bare subsistence.

Western-style consumer lifestyles, however, are incredibly energy intensive – the US alone consumes approximately 19 million barrels of oil every day. In a world of energy insecurity, this dependency on energy puts the consumer way of life at risk. Consumerism is an experiment that has failed for various reasons – social, ecological, and economic – but arguably the most pressing failure is its fatal reliance on oil, which is a depleting non-renewable resource.

The world is facing a situation where economic and geopolitical competition escalates over access to increasingly scarce oil supplies. One consequence of this (a consequence already playing out) is that oil will get more expensive. Since oil is the ultimate foundation of industrial economies, when it gets more expensive, all commodities get more expensive, and this dynamic will have pervasive implications on the globalised economy and the high consumption lifestyles that fully depend on that economy.

The world's dependency on cheap energy raises some pressing questions. What would happen to our economies, or our societies more generally, if the global supply of oil stopped increasing and began to decline? Is there a chance of oil supply stagnating or decreasing and, if so, when? And what would the consequences of much higher oil prices be?

With the prospect of energy descent and much higher oil prices being very real indeed, the question we will focus on is how this eventuality is likely to affect the high consumption, energy-intensive lifestyles that so many people in the developed world take for granted today. It may be useful to begin with the issue of food production, since this is an area that is both heavily dependent on cheap and abundant energy and most likely to be the cause of great suffering if the arrival of expensive oil is not prepared for with due diligence.

To state the obvious, we all need to eat, but equally obvious is that almost nobody in Western-style consumer societies could last for very long if they were expected to provide food for themselves. Instead, other people generally grow our food, or most of it, and make it available for purchase through lines of transportation that are often extremely long. In Australia, for example, a basket of food typically travels 70,000 kilometres from producer to consumer (if the distance each item travels is aggregated). How secure is this globalised system of food supply? Some insight into this question can be gleaned from the trucker's strike that took place in the UK in 2000, although it could have just as easily occurred in Australia. The nation realised very quickly how dependent it was on the globalised food system, because when the truckers were not trucking, food was not getting to the supermarkets. Before long supermarket officials were calling members of parliament advising them that without the lines of transport open to restock the shelves, supermarkets only had about three days of food. In the words of one commentator, the nation was only "nine meals from anarchy." This exposes how insecure our food systems actually are. As oil gets more expensive in coming years, can these food systems be sustained?

Today's agribusiness is extremely energy-intensive. First of all there is the energy needed for commercial fertilisers, which are derivatives of natural gas; secondly, commercial pesticides are derivatives of oil. Thirdly, all the irrigation, plastic packaging and marketing done behind the scenes are also highly energy-intensive. But once the food is grown and packed, it still has to be trucked, flown, and/or shipped around the country or around the world, and given how cheap oil has been in recent decades, the costs of global trade have not been prohibitive. This means that today the typical meal in consumer societies has typically travelled vast distances to get to our plates. If, however, as can be expected, oil gets much more expensive in coming years, then quickly this mode of food production and distribution will become uneconomic. High oil prices will add crippling costs to the globalised food trade, and this will unleash powerful economic forces that are likely to result in systems of food production and distribution that are much more localised and that use considerably less fertilisers, pesticides, and packaging.

The same economic forces will eventually apply to all commodities in the globalised market that are dependent on oil. When the price of oil goes up, oil-dependent things like plastics, pharmaceuticals and pesticides are going to be much more expensive and thus decreasingly accessible or affordable in the same quantities we often take for granted today. The key point, however, again concerns transport. Since almost all the goods we purchase are no longer locally made, this means that they are all dependent on oil due to the fact that they have to be driven, shipped and/or flown to our localities. When the price of oil goes up, however, this highly transport intensive economic practice will become much less common.

It is not just economic relocation, however, that will flow from expensive oil. There is also going to be a significant reduction in the amount of things people can afford to consume, since the extra costs of production (due to high oil prices) will mean that less can be produced and/or what is produced costs more. Consider, for example, a typical family living in the suburbs: the parents both work in the city and drive separately to work. When oil gets more expensive, this commute is going to get more expensive, and so the family immediately has less discretionary income and thus is forced to consume less. However, the impacts on the family's consumption habits are more direct, for reasons outlined above. Since almost all commodities (especially food) have some oil embedded in their production, all commodities will get more expensive, meaning that a given income will purchase fewer things. It can be fairly assumed that with less disposable income, people will fly less, drive less, transition to more local work, use less heating and air-conditioning, eat in season to avoid food miles, etc.

If anything like consumer culture does persist into the second half of this century, it will be lived and experienced by far fewer people or at a much downscaled level. A more likely future is one where food production is largely relocated over the next two or three decades, plastic packaging almost disappears, car culture enters terminal decline, and industrial production and consumption of all commodities drops significantly due to the embedded costs of expensive oil. This will be the age of deindustrial civilisation, the dawn of which seems to be almost upon us.

Assuming that governments do not prepare adequately for peak oil, which is by far the most likely scenario, the first way the oil crunch may impact on ordinary members of the global consumer class is through unemployment. If peak oil production signifies the twilight of economic growth globally, it is likely that today's growth-based economies will not function properly (which may be what we are seeing already in many places around the world today). This might mean two-income families become one-income families, or it might mean that people lose their jobs and struggle for long periods to find new ones or similar paying ones.

A second way high oil prices are likely to impact on consumer lifestyles is on car culture. Currently, oil prices make it economically feasible for many individuals to drive long distances to work (usually with only one person in the car) or to take many short trips around one's locality for shopping or other errands. As oil prices increase, these practices are likely to disappear or be greatly reduced. Public transport, so far it is available, will become much more widely used, and there will be huge upsurge in people walking and cycling places, primarily for economic reasons. The environmental and health benefits of walking and cycling will be a welcome and much-needed bonus. People will also travel much less – locally, nationally and internationally.

A third lifestyle impact of high oil prices will be the flow-on effects on the price of food, especially meat from grain-fed animals. Producing food and transporting it around the world will get much more expensive, for reasons noted above, and this extra cost will be quickly passed onto consumers. This will provide economic incentives for consumers to grow as much of their own food themselves, as well as provide economic incentives for businesses to relocalise food production in order to reduce transport costs. Meat consumption is likely to decline. We may see food production in consumer societies begin to resemble the highly localised production in Cuba, which has already experienced its own (geopolitically imposed) oil crunch. Westerners, especially those living in the suburbs, will dig up their lawns and relearn the joys of home gardening, and supplement their home food production from local farmers markets. Supermarkets as we know them today will need to evolve or risk becoming redundant.

The fourth impact of high oil prices will be the flow-on price effects more generally. As noted above, when oil gets expensive, all commodities dependent on oil for production, packaging, marketing or transportation get more expensive too. This includes almost all commodities, to varying degrees, meaning that a given income will be able to purchase fewer things. This will enforce frugality and moderation in consumption on most people, as well as provide a great incentive to reduce waste, and recycle and reuse wherever possible. Most importantly, perhaps, it will provide a great incentive to simply reduce the amount of household consumption. At every opportunity, people will find that it is in their immediate and long-term interest to provide for themselves in ways that do not rely on the formal economy. For example, more people will mend or make their clothes rather than buy them new; people will find ways to entertain themselves that do not involve monetary exchange or high energy consumption; and people will lend when asked and borrow when necessary. In short, the potential for sustained and even considerably higher oil prices will increasingly price consumer lifestyles out of the market.

The unemployment scenario mentioned earlier provides a great incentive to develop the art of living with less income, and one way to do this is to begin living well below one's means today. It also provides an incentive to get out of debt as soon as possible, because debt is the last thing one needs when facing the risk or reality of unemployment. This post-consumerist living strategy obviously contrasts starkly with the approach in consumer societies today, where people typically spend every dollar they earn and even place themselves deeply in debt to satisfy their seemingly insatiable consumer desires. But the virtue of frugality, it could be argued, is soon to make a renaissance. And if it turns out people embrace frugality and are fortunate enough to remain employed, then nothing is lost, except the chains of one's debt. Living simply, therefore, seems like a good bet.

Interestingly, the Voluntary Simplicity Movement (hereafter, the "Simplicity Movement") has been exploring and embracing many of these lifestyle changes and attitudes by choice. This diverse social movement is made up of people who are resisting high consumption lifestyles and who are seeking, in various ways, a lower consumption but higher quality of life alternative. Participants in this movement generally seek to "downshift" the level and impacts of their material and energy consumption, while at the same time aiming to create for themselves an alternative conception of "the good life" in opposition to the western-style consumerist ideal. And it seems that they are succeeding to some extent, with a recent study showing that for almost everyone in the movement, living simply is a path to increased happiness. This ratifies the vast body of sociological and psychological research indicating that once basic material needs for food, clothing, shelter, etc. are satisfied, the pursuit of wealth and possessions quickly distracts people from more fulfilling endeavours, and thus contributes little to overall wellbeing. In high consumption societies, therefore, this opens up space for people to "consume less and live more", which is a large part of what living simply is all about.

This post-consumerist living strategy typically involves transferring progressively more of one's time and energy away from materialistic sources of satisfaction toward non-materialistic or post-consumerist sources of satisfaction – social relations, community engagement, creative activity, home-based production, self-development, spiritual exploration, relaxation, etc. Because this lifestyle implies the privilege of choosing one's standard of living, the Simplicity Movement arises, by and large, within the highly developed, affluent nations where such a choice is most widely available. The suggestion is that this lifestyle may be exactly what is required when the impacts of peak oil get more severe, although the point is also that by then it will be "involuntary" simplicity.

The personal benefits of living simply depend on one's state of mind: the same transition voluntarily embraced will seem very different to the person upon whom simple living is imposed by force of circumstances. Fortunately, our attitudes are largely within our control. To paraphrase the great American psychologist, William James, change your attitude of mind, and you can change your world.

The cheap, easy-to-find oil is gone – period. This marks the dawn of a new age, an age in which “simpler lives” of reduced energy and resource consumption will eventually be imposed upon us by force of geological, environmental, economic and perhaps even geopolitical forces. It would be wise, therefore, to prepare ourselves for this future – psychologically, socially, economically, and politically – by embracing lifestyles of voluntary simplicity. There is no 12-point plan that can explain how we should prepare for the forthcoming impacts of peak oil. Ultimately, we must think for ourselves about these critical issues.

With consumerism on its deathbed, it is time to dream a new dream – a post-consumerist, post-petroleum dream – and we should recognise that we are now under considerable time pressure to realise this new, simpler form of life.

Adapted from Alexander S. *Peak Oil, Energy Descent and the Fate of Consumerism*. Simplicity Institute report 11b, 2011., available at [www.simplicityinstitute.org/publications](http://www.simplicityinstitute.org/publications)