



BBC Newsnight mentions peak oil

Posted by [Chris Vernon](#) on April 26, 2006 - 2:34am in [The Oil Drum: Europe](#)

Topic: [Supply/Production](#)

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Newsnight, the BBC's late night news programme mentioned peak oil last night (25/04/2006). Almost a cross between news and current affairs the programme tends to tackle the issues of the day with more depth and analysis than a regular news broadcast. Asking questions rather than just presenting facts.

Last night covered the \$75 oil story in some detail including an interview (reproduced below the fold) with Stephanie Flanders, their economics editor. This interview actually mentioned peak oil and displayed some graphs to illustrate the point.

Of course the economists conclusion was that current high prices would encourage us to conserve energy and also makes a lot of alternative and additional sources of energy more financially viable.

The full video of the programme is available for a short period from the Newsnight website: [link](#).

This isn't the first time Newsnight has covered peak oil.

In December 2005 they hosted 'The End Of Oil Debate' featuring:

- * James Howard Kunstler, author of The Long Emergency
- * Sonia Shah, author of Crude: A History of Oil
- * Richard D. North of the Institute of Economic Affairs in London
- * Tom Burke of Imperial College London
- * Prof. Paul Ormerod, author of Why Most Things Fail
- * Prof. Felipe Fernandez-Armesto, author of Ideas that Changed the World

The 39 minute video is available from [Global Public Media](#).

Jeremy Paxman: Stephanie Flanders our economics editor is here now. I don't understand why people like you aren't worried?

Stephanie Flanders: Partly because we've seen this, in the last couple of years, everybody's been worried about the impact of these high prices and the economy has kind of carried on trundling on quite well. It has slowed the economy a bit and it has pushed inflation up a bit. But given in real terms the price of oil is now actually quite close to where it was in the late seventies and it's gone beyond where it was in the first oil shock, it's in a way surprising it hasn't done more damage.

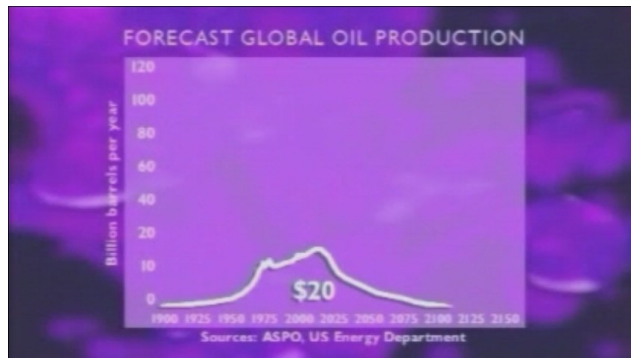
Now one reason in the UK is that we still produce a lot of oil so it benefits us. I think more broadly though the richer economies now find this more easier the handle because thanks to conservation they use less energy per 1% of economic growth than they did before.

The increase in prices as Paul was saying is coming from economic strength and rising energy demand, it hasn't come from a false cap on supply like it did in the seventies and that's made a

The Oil Drum: Europe | BBC Newsnight mentions peak oil <http://europe.theoil Drum.com/story/2006/4/26/23413/8691> difference. There's also the extra thing, you've got hundreds of billions of dollars of oil profits sloshing around the world economy that these oil exporters have and don't really know what to do with. A lot of that's actually going through the city and helping to keep interest rates lower than they would be. So although it's not very pretty for us at the pump, there is reason to be cheerful.

JP: That also led to a lot of trouble in the past as we all, the older ones among us can recall. I suppose it also encourages people not to be so profligate with oil I suppose.

SF: That's one reason why people like us, economists, actually think it's a good thing, it encourages us to conserve energy. It also makes a lot of alternative and additional sources of energy more financially viable as well, that has a huge impact. If you look at this graphic.

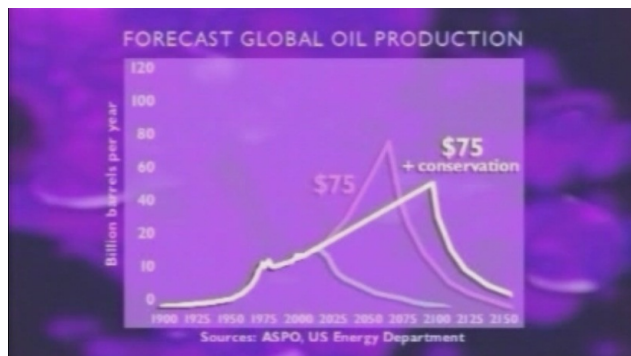


[Click to enlarge.](#)

[This graph seems to peak at ~40mbpd though! CV]

This is where we are, if we assume that the price of oil was going to be \$20 a barrel for the next 50 years, this is what global oil production looks like and actually we're getting quite close to the peak of global oil production.

But if you assume it's \$75, suddenly you push that day of reckoning way out and if you actually start having conservations, slower energy demand it goes out even that much further.



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So in that sense this is all rather good since it encourages all these new supplies...

JP: But you can't take it for granted.

SF: No and that's actually the problem, the companies don't know any more than we do whether or not the price is going to stay here at \$75 and if it doesn't then obviously a lot of those very long term, 5, 10, 15 year ahead investments suddenly look less secure and they probably won't do them. So that's definitely a source of uncertainty, especially if the speculators that Paul Mason talked about, if they start deciding that oil isn't the great thing it has been over the last couple of years and pull out and the price falls then we're back to worrying about possibly the peak of oil production.

Even if those new supplies come through of course if you're George Bush you're worried about the fact that some of it comes from Canada but a lot of it comes from Venezuela and Iran so even though the short term looks like we can weather it quite well it looks as if there are plenty of things to worry about in the long term as usual.

JP: That's reassuring! Stephanie thanks very much.



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