

Vinyl 2010 Essay Competition Submission Template

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Summary:

A politically-incorrect view that questions the green pressure.

I tried to resist writing nice-looking green essay providing simple answers to complex problems. I tried to track down the roots of current crisis and offer a difficult, yet possible solution to society's problems. This essay tries to avoid common buzzwords and easy ideals which do not work in practice. We should look into the history to learn from it and avoid making same mistakes over and over again. We should educate people well to create individuals that will take their own path rather than saying what is best for them.

Essay:

Today as oil and other commodity prices are plummeting, we once again can look into the past and ask ourselves: *Is there any food or energy crisis?* Answer to this simple, yet complicated question is not easy. We hear that oil is becoming scarce, population is growing and people are starving. We hear that we must turn green, reduce our consumption and stop polluting the Earth. Those are the popular words, the politically-correct ones. On the other hand, „*If you repeat a lie long enough, it becomes a truth*“. This quote is attributed either to Mao Zedong or Joseph Goebbels. Scary figures of our history, but they knew what they were saying indeed. Simple minds demand simple solutions to complex problems, slogans like *Stop the GMO/Nuclear Power/Fossil Fuels* or whatever you like. Energy and food crisis is just another simplification to a complex problem. Nobody really knows when or where the problem started as well as what the problem really is.

Let us look into the recent past, to the 20th March 2003 when the US-led invasion to Iraq started. It is not my goal to judge whether it was necessary or justified, but it largely contributed to oil price escalation as Iraq is in the possession of second largest oil reserves in the world. With oil prices rising, partly due to the invasion, partly due to OPEC's policies, partly due to high demand from China and India, governments in developed countries made a wise decision – to become less dependent on imported oil. But they turned to politically-correct „*green*“ solution which was even then evident to make things worse rather than better. The biofuels. Plants grown for fuel production, mainly ethanol for gasoline engines and rapeseed oil methyl ester for diesel ones. Farmers were now growing plants for fuel in great quantities because of this artificially-created demand for just a few percent of biofuel portion in the gasoline. This resulted in food prices soaring together with oil prices. Rising markets attracted less experienced investors, or better – speculators, to put their money into the gamble. Volume of money in commodity exchange skyrocketed. But history tells us that no tree grows into heaven, however, history repeats itself and people once again started to pump their money into

this beginning bubble, only few years after the infamous *dot com* bubble. Ironically, it was another bubble that literally punctured the commodity one. The mortgage crisis, which led to bank sector problems, that resulted in financial crisis, which in turn led to whole stock market fall. For example, the price of Citigroup share fell to almost 1/12 of its late 2007 value. It was inevitable, that this crisis will affect also the commodity exchange. It fell few months later and the price of oil is now less than 1/3 of its peak value. But all this that started as the oil crisis, evolved into the commodity crisis, combined with the mortgage crisis resulted in the global crisis that well may evolve into a world-scale recession.

This whole thing is mere economic crisis rather than true energy or food crisis. We have plenty of energy and food. At least for now. Crude oil reserves are being discovered continuously and food production per capita rises steadily for almost 50 years despite exponential growth of the world's population. We just happen to be at the end of one period of the economic cycle – a decline in economical growth that shows up time after time. This crisis will pass over some day and the economy will be growing up once again. Until the next crisis indeed.

However, there are some things that we can do to reduce severity of the economic cycle. I would like to express three of them. First, good governmental regulation of markets. Regulations are not popular but they are necessary. Well maintained market with clear and fair rules is more efficient and predictable than chaotic jungle either of no regulations or too many of them. Second, governments should stop subsidizing large companies that get into the trouble; it is unfair and prefers weak before strong. Life's tough and people are afraid of changes, but we are living in a dynamic world. We can not preserve weak, corrupted companies only because they are large or have a history. I mean companies like GM, Merrill Lynch or Société Générale in Europe. And third, but most importantly, we have to educate people to make them stronger, with their own views, capable of making wise decisions and less prone to be manipulated by various pressure groups, green, industrial or financial. Only then there will be a chance to make our development fast, effective and sustainable.