

1977 – The Central Intelligence Agency In March of 1977 the Central Intelligence Agency produced a Secret briefing paper entitled “The Impending Soviet Oil Crisis”. It is one of about five CIA reports that have since been declassified which mention Peak Oil by name and which came to my attention about two years ago. My newsletter “From The Wilderness” published an analysis of the CIA report by Peak Oil educator and author, Professor Richard Heinberg in which it was shown that the CIA had a clear understanding of Peak Oil nearly thirty years ago.

The CIA paper said in part: “The Soviet oil industry is in trouble. Soviet oil production will soon peak, possibly as early as next year and certainly not later than the early 1980s...”

The Soviet Union, of course did not peak in the 1980s. Current flat-earth economists sometimes argue this point as a rebuttal to Peak Oil activists to prove that they are wrong. What happened however had nothing to do with geology and everything to do with political dirty tricks. Starting in the late 70s the United States encouraged OPEC nations in the Middle East to relax production quotas which could only be accomplished if they somehow managed to double, triple or even quadruple their stated reserves. OPEC production quotas are linked to “booked” reserves. So, with the stroke of a pen -- and very much like Saudi Arabia’s comical announcement last week that its reserves had just again magically doubled – every Gulf producer announced bountiful reserves, crashed the wellhead price of a barrel of oil, and forced the Soviets, who couldn’t produce oil as cheaply – out of the market. Every producer except one, that is. Dubai left its stated reserves as they were. So the maneuver was exposed as a mere accounting trick. OPEC production exploded and oil prices collapsed below a level where the Soviets could compete. Soviet foreign exchange sales plummeted, the Soviet economy tanked and Soviet production and infrastructure collapsed. By 1989 the Soviet Union was finished and its oil infrastructure lay in ruins.

Since the 1990s as oil prices have soared, Russia has become the second largest oil exporter after Saudi Arabia. Yet even their official press organs and reports today confirm that Russian production is now near a second well-understood and final peak. Published stories this year state that Russian production will go into irreversible decline sometime between 2006 and 2010 and that Russia will cease exporting oil. Eighteen major exporting nations or regions including the North Sea, Mexico, Norway and Indonesia are showing steep and ever-increasing decline rates.

Later, the same CIA report acknowledged that US domestic production had peaked and entered irreversible decline in 1970. If the CIA knew it was a problem for the US and the Soviet Union, they knew it was a problem that would ultimately face the whole world.

1999 – RICHARD CHENEY

In November 1999, then CEO of Halliburton, Richard Cheney, gave a speech to the London Petroleum Institute. In that speech he said: “We as an industry have had to deal with the pesky problem that once you find oil and pump it out of the ground you’ve got to turn around and find more or go out of business. Every year you’ve got to find and develop reserves equal to your output just to stand still, just to stay even. This is true for companies as well in the broader economic sense as it is for the world. A newly merged company like Exxon-Mobil will have to secure over a billion and a half barrels of new oil equivalent reserves every year just to replace existing production, “...For the world as a whole, oil companies are expected to keep finding and developing enough oil to offset our 71 million-plus barrel a day of oil depletion [today it’s 84 million], but also to meet new demand. By some estimates there will be an average of two percent annual growth in global oil demand over the years ahead along with conservatively a three- percent natural decline in production from existing reserves. That means by 2010 we will need on the order of an additional 50 million barrels a day... So where is the oil going to come from?

“For most companies the majority of their profits come from core areas... but many of these core areas are now mature... Some of the oil being developed in new areas is obviously very high cost and low margin. “...Larger companies tend to have the highest credit ratings and therefore the lowest borrowing costs, but they also tend to have higher multiples in the stock market. The share price premium becomes a valuable currency for takeovers”... Energy is truly fundamental to the world’s economy. The Gulf War was a reflection of that reality... It is the basic, fundamental building block of the world’s economy... “Well, the end of the oil era is not here yet, but changes are afoot, and the industry must be ready to adapt to the new century and to the transformations that lie ahead...”

APRIL 2001 THE COUNCIL ON FOREIGN RELATIONS

In April 2001, just a month before Vice President Richard Cheney's National Energy Policy Development Group (NEPDG) which had been meeting in secret since January of that year, released its own public report, the Council on Foreign Relations, arguably home to the most influential policy makers and economic interests in the world, released its own energy report. Some of its admissions, even in comparison to damning ones from Cheney's public NEPDG report, were rather stark admissions that the scope and seriousness of Peak Oil were well understood long before any public evidence of peak started to appear.

That report, titled "Strategic Energy Policy Challenges for the 21st Century: Report of an Independent Task Force Sponsored by the James A. Baker III Institute and the CFR" included the following observations: "Strong economic growth across the globe and new global demands for more energy have meant the end of sustained surplus capacity in hydrocarbon fuels and the beginning of capacity limitations. In fact, the world is currently precariously close to utilizing all of its available global oil production capacity, raising the chances of an oil supply crisis with more substantial consequences than seen in three decades.

"These choices will affect other US policy objectives: US policy toward the Middle East; US policy toward the former Soviet Union and China; the fight against international terrorism. Meanwhile, across much of the developing world, energy infrastructure is being severely tested by the expanding material demands of a growing middle class, especially in the high growth, high-population economies of Asia... "As demand growth collided with supply and capacity limits at the end of the last century, prices rose across the energy spectrum at home and abroad..."

Ladies and gentlemen, that is a near-perfect description of what Peak Oil is and how it is now playing out on the world scene. The CFR report also included a line which has been almost an economic mantra since the Second World War. "... Oil price spikes since the 1940s have always been followed by a recession."

Since we have now witnessed the largest oil price spikes in history over the last four years, including a more than 100% jump in the wellhead price of oil in just the last three years, we should reasonably be on the brink of a recession, shouldn't we? Today we are – especially in the wake of Hurricanes Katrina and Rita – within mere weeks on an economic collapse that may well surpass the one which began with the stock market crash of 1929 and from which there will be no recovery. These devastating hurricanes are not separate from Peak Oil and do not explain it away. They are instead revealing Peak Oil in all of its deadly significance. The hurricanes are deadly catalysts which have pushed US and planetary collapse into overdrive and given it momentum that will be impossible to recover from. There won't be enough energy available to rebuild the energy infrastructure, let alone make up for what has been lost.

There will be no coming back for a US economy which – as of today – has more than 90% of its Gulf oil production and more than 65% of its Gulf natural gas production shut in. News reports – conveniently ignored on the nightly news – have confirmed that as far as infrastructure is concerned Rita and Katrina are unparalleled disasters that would, under normal circumstances, require a decade and hundred of billions of now non-existent dollars to recover from. Before the storms hit, the world was producing oil at maximum capacity and still falling short of global demand. There has not been a single discovery of a 500 million barrel field for two years in a world that uses a billion barrels every 11-½ days and discoveries have been in steep decline since the mid-1960s.

MAY 2001 – THE NATIONAL ENERGY POLICY DEVELOPMENT GROUP

This secret task force, which fought all the way to the Supreme Court to keep its records and deliberations secret from the public, is for me the place where the deepest darkest secrets of both the September 11th attacks and government's awareness of Peak Oil lie buried. The task force convened just as the first 20 out of 25 wells drilled in the Caspian Basin came up dry holes. In "Crossing the Rubicon" I discuss the meager seven pages of NEPDG records released after lawsuits which confirm the group's obsession, not with oil discovery, conservation (economic stagnation) or energy substitutes, but with where the known oil was, who owned it and apparently who had to be dealt with to get it.

The public report of the NEPDG told us, just four months before the 9/11 attacks: " America in the year 2001 faces the most serious energy shortage since the oil embargoes of the 1970s.

"Estimates indicate that over the next 20 years, US oil consumption will increase by 33 percent, natural gas consumption by well over 50 percent, and demand for electricity will rise by 45 percent.

" US energy consumption is expected to increase by about 32 percent by

2020. Between 2000 and 2020, US natural gas demand is projected by the Energy Information Administration to increase by more than 50 percent. Yet we produce 39 percent less oil today than we did in 1970, leaving us ever more reliant on foreign suppliers. On our present course, America 20 years from now will import nearly two of every three barrels of oil — a condition of increased dependency on foreign powers that do not always have America's interests at heart."

February 2005 – SAIC Report of Robert Hirsch

Science Applications International Corporation is one of the most elite military and intelligence technology companies in the world. It controls a significant part of the Internet and is one of the core companies in the field of data mining technology used by the US government to spy on potential enemies – us. In 2004 the US government commissioned SAIC to look at Peak Oil and to recommend various strategies for dealing with it. That report – published this summer – revealed some the immediacy of the pending collapse. While refusing to take a position as to when actual peak would occur, the report -- PEAKING OF WORLD OIL PRODUCTION: IMPACTS, MITIGATION, & RISK MANAGEMENT – made the picture pretty clear.

"Waiting until world oil production peaks before taking crash program action leaves the world with a significant liquid fuel deficit for more than two decades." If mitigation were to be too little, too late, world supply/demand balance will be achieved through massive demand destruction (shortages), which would translate to significant economic hardship..."

Ladies and gentlemen, there is a plan to deal with Peak Oil. It has been formulated for some time and it is being carried out right in front of our very eyes this minute. It contains none of the aspects you would like to see or hope to initiate but it is irreversible, etched in stone, and nothing is going to deter it... We are witnessing government response to Peak Oil now. In my earlier presentation I have made it clear that that response will include only measures which protect the financial elite's and major corporations. They include:

- 1. Rationing**
- 2. More Coal and Nuclear – Emphasis on Fisher-Tropsch Coal-to-Liquids Conversion.**
- 3. Suspended Environmental and Drilling Restrictions**
- 4. Protection of Critical Infrastructure**
- 5. Strengthening and Reinforcing Domestic Military Operations – Suspension of Posse Comitatus**
- 6. Suspension and Relaxation of Labor and Minimum Wage Laws.**
- 7. Changing and Tightening the Bankruptcy Laws Allowing Fewer Distressed Consumers to Discharge Debts.**
- 8. Allowing and Facilitating Population Reduction through Famine and Disease.**
- 9. Strengthening and Giving More Power to FEMA.**
- 10. Destroying Demand Through Economic Collapse and Allocating Scarce Resources – by Force if Necessary – to Protect the Interests of the Wealthiest Communities and Interests in the Country.**

Accordingly, I have developed five rules which should be used as a guide for all who understand Peak Oil, who appreciate both its imminence and significance, and who wish to do something to increase their chances for survival as our long emergency now begins:

1. There is no combination of alternative energy sources anywhere that will enable current consumption and growth to continue.
2. Even if there were, it takes 30 years and lots of capital investment to change an energy infrastructure. Peak Oil is here now. The current infrastructure will not be rebuilt or even well maintained. The return on that investment for the financial elites is "uncertain" and they will not spend any more than they have to on band-aid solutions until the crash becomes apparent.
3. No government entity (federal or state) will do (or be able to do) anything to solve Peak Oil and energy shortages. The political system is utterly and irretrievably broken.
- 4. Until you change the way money works, you change nothing. It will be more profitable to let decline, starvation, wars, disease and famine occur than it will be to prevent them (Disaster Capitalism).**
5. All real solutions will be place-based, local and originate at the grass roots, independent of government. What saves you and your family will be determined by what and who is in your own neighborhood and what

Our dilemma stems from the postwar adoption of a military-based rather than a people-based economy. This policy, authored by Wall Street's Paul Nitze, is embodied in NSC-68, a document signed by President Truman in 1950. Along with then Secretary of State Dean Acheson, and without any expertise in Russian history or Soviet affairs, Nitze convinced -- some say coerced -- Truman into recognizing the Soviet Union as an evil and imminent threat, and into signing NSC-68 and launching the Cold War.

After NSC-68 was signed, it needed the approval of Congress. Post-Cold War documents reveal that the Korean War was triggered by Americans and South Koreans for this purpose (Uncertain Partners: Stalin, Mao and the Korean War, by Sergei N. Goncharov, John W. Lewis, and Xue Litai; Stanford University Press). According to Article 3, Section 3 of the Constitution, starting any war against the US is treason if there is evidence that a US citizen took part. All US military actions from 1950 to 2005 flow from this decision, made without the consent of the American people. There is no fundamental difference between the Cold War and today's so-called permanent war on terror; perfect fuel for our military-based economy. For 55 years, America has been waging a crime against humanity, a crime for profiteers. I call it the Long War because "permanent" is defeatist.

As satellite photos and extensive post-Cold War interviews have revealed (including interviews with Acheson, Nitze, and former Deputy Secretary of Defense Paul Wolfowitz), no Soviet threat existed in 1950. Whether or not it was a ploy, NSC-68 changed America's priority from human prosperity to conflict-dependent industry profit, and elevated corporations (which rarely have a conscience) to a status above that of the people (who are, according to the Founding vision, the conscience of government).

When the Cold War ended, longtime admirers and associates of Paul Nitze, led by Paul Wolfowitz -- mentor to Donald Rumsfeld, Dick Cheney, and Richard Perle -- immediately began searching for another means to justify America's permanent war economy. Plans for today's war on terror surfaced in 1992 as President George H.W. Bush pulled out of Iraq. Realizing that the follow-up to the Cold War was not playing out according to their expectations, blueprints for re-invasion and global expansion were drawn up by Wolfowitz, Cheney, and Lewis Libby, Cheney's current chief of staff.

A war-dependent economy requires conflict, so there have been more than 200 wars since NSC-68. But those in power today have also retooled our corporate industry (through the weakening of safeguards), our national intelligence agencies (through top-down coercion, firings, and policy changes), and the public mindset (through consolidation of media) to optimize war profits and popularize the notion of the need for permanent war. The war-driven economy is justified by a "necessary" war on terror. But which came first -- America's global military-economic outreach, or international terrorism? Despite protestations from the current administration, terrorism is and has been a blowback of our policy, and as Chomsky says, the way to stop terrorism is to stop participating in it.

In the pathological pursuit of profit and power, government and corporations (and university executives) march hand in hand, realizing President Abraham Lincoln's worst fears: "I see in the near future, a crisis approaching that unnerves me and causes me to tremble for the safety of my country. Corporations have been enthroned, an era of corruption will follow, and the money power of the country will endeavor to prolong its reign by working upon the prejudices of the people, until the wealth is aggregated in a few hands, and the republic destroyed."

Before he died in 2004, Paul Nitze denounced the war on terror, but Wolfowitz doesn't talk about that statement -- because the warriors on terror co-opted Nitze's Cold War policy to perpetuate America's war industry. All the better to neocontrol the world and keep "lesser" Americans from power.

Today the Pentagon is pressuring Japan to rescind Article 9 of its Constitution as part of our National Defense Strategy (drafted by guess who). The irony is crushing. Here we have the first nation on Earth to use weapons of mass destruction (the United States) urging the only nation to suffer nuclear attacks (Japan) to re-establish a military and arm itself with nuclear weapons. Why? War is our business, so we make it everyone else's too. On Wall Street, war is damn good for business. Some 310,000 companies worldwide depend on war because we have made them dependent on war.

America's business should be its people's prosperity. That's where the Constitution should come into play. The highest office in the land may be the presidency, but according to the Declaration of Independence, the greatest power rests with the people. People is a title above that of President or Secretary of Defense or

