



FINANCIAL PREPAREDNESS

"One of life's most painful moments comes when we must admit that we didn't do our homework, that we are not prepared." ~ Merlin Olsen

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The Long Emergency

I just finished reading [The Long Emergency: Surviving the End of Oil, Climate Change and Other Converging Catastrophes of the Twenty-First Century](#) (4.5 stars) by James Howard Kunstler, which was published in 2005. Kunstler is very knowledgeable and it's obvious that he has spent many years thinking about these problems. This well-written book is an important part of the collapsology genre, and I plan to read more of his books.

The book's central thesis is that we are quickly running out of fossil fuels, which provided "the greatest fiesta of luxury, comfort and leisure that the world has ever known." Although there is a lot of fossil fuel left, it will become increasingly difficult and expensive to extract, so much of it will never be recovered. The rapidly increasing cost of fossil fuels will result in a Long Emergency of severe, unprecedented problems and extreme hardship that will require humans to revert to a 19th Century lifestyle (if they still have the knowledge and means to do so).

Kunstler notes that "...throughout history, even the most important and self-evident trends are often completely ignored because the changes they foreshadow are simply unthinkable....something so far beyond the ordinary experience of those dwelling in a certain time and place that they cannot make sense of available information [which creates cognitive dissonance]....The Long Emergency is going to be a tremendous trauma for the human race. It is likely to entail political turbulence every bit as extreme as the

economic conditions that prompt it. We will not believe that this is happening to us, that two hundred years of modernity can be brought to its knees by a worldwide power shortage. The prospect will be...grim....”

But wait, it gets better: “The world oil production peak represents an unprecedented economic crisis that will wreak havoc on national economies, topple governments, alter national boundaries, provoke military strife, and challenge the continuation of civilized life. At peak, the human race will have generated a population that cannot survive on less than the amount of oil generated at peak—and after peak, the supply of oil will decline remorselessly. As that occurs, complex social and market systems will be stressed to the breaking point....slowly at first and at an accelerating rate, world oil production will decline, world economies and markets will exhibit increased instability with ever wilder oscillations from prepeak norms, and we will enter a new age of previously unimaginable austerity. These trends are irreversible.”

Kunstler describes the effect of the OPEC oil embargo in 1973, which was just a preview of coming attractions: “The U.S. economy suffered a body blow. Because absolutely everything in the industrial economy was either made, transported, or carried on with petroleum products, the price rise alone thundered through the system. Prices of food and manufactured goods shot up. The entire American workforce suffered, in effect, a substantial cut in pay. The stock market dropped 15% in a month, and a year later it would be down 45% from its pre-embargo high.”

Kunstler reminds us that since “Islamic nations possess most of the remaining oil in the world....we are desperately beholden to these governments for our continued supply of lifeblood oil and we are bound to support them no matter how alienated they are from their own community—which only reinforces the jihadi rage and determination” of the worldwide Islamic community.

Kunstler warns that “At peak and just beyond, there is massive potential for system failures of all kinds, social, economic, and political. Peak is quite literally a tipping point. Beyond peak, things unravel and the center does not hold. Beyond peak, all bets are off about civilization's future.”

Past peak production, “...all the major systems that depend on oil—including manufacturing, trade, transportation, agriculture, and the financial markets—will begin to destabilize....The peak will set into motion feedback loops of strange behavior as the boundaries among politics, economics, and collective paranoia dissolve, especially...global markets and supply chains, which depend on a modicum of reliable expectations and...trust. Once the world is headed firmly down the arc of depletion, fuel supplies will be interrupted by geopolitical contests....” Such as the one in Ukraine.

Kunstler describes the vulnerability of the global energy infrastructure (as Russia recently discovered with its Nord Stream gas pipelines under the Baltic Sea): “...it would be next to impossible to stop a determined [attacker] bent on sabotage within the [Saudi energy] facilities....Pipelines running from the giant oil fields of the Persian Gulf [towards Europe]...are indefensible....The pipeline could be taken out with a camel and a few pounds of Semtex explosive at any point along a five-hundred-mile transit....If the Saudi oil infrastructure were crippled, the global economy would stagger, with the U.S. economy leading the way off an economic cliff. Normality...would end very quickly.” About seven years after this book was published, [Saudi Aramco suffered the worst cyber attack ever](#),

with 35,000 computers partially damaged or destroyed.

The book includes a chapter called “Why Alternative Fuels Won't Rescue Us,” which is fairly technical and can be a slow read. Kunstler points out that “...all of the non-fossil fuel energy sources actually depend on an underlying fossil fuel economy.” For example, “You can't manufacture metal wind turbines using wind energy technology. You can't make lead-acid storage batteries for solar electric systems using any known solar energy systems.” After taking a deep dive into every potential alternative energy source, Kunstler concludes that “the only remaining alternative is nuclear energy.” But currently there isn't much political will to build nuclear power plants, and even if there was, they take many years to build.

Kunstler warns that “As the struggle over the remaining oil and gas intensifies, larger numbers of economic losers will be created, [who] will be underfed, ill-housed, poorly doctored, badly informed, badly behaved, and subject to plummeting life expectancies.”

He makes a number of predictions that have since proved prophetic. This one hasn't happened yet, though COVID-19 seems close to it: “...the possibility exists of governments or ruling elites strategically using 'designer' diseases within their own borders to cull unwanted populations without incurring any political blame....” And if the disease doesn't get you, [the vaccine for it will](#).

Kunstler says that less global food production “would then lead to compromised immune systems and the migration of poor, hungry, and probably unhealthy people [which doesn't] mean the orderly entry of people through airport lines, but rather the uncontrolled rush of desperate mobs, tribes, and whole ethnic groups from failing habitats....This is an obvious recipe for conflict and woe. Where the refugee camps set up, disease will surely follow.” This is already happening.

Kunstler argues that a number of Old School diseases will reappear as the era of cheap energy comes to a close, and reminds us of what happened during the Black Death in Europe: “Civil disorder followed the plague....Banditry and lawlessness were commonplace wherever the plague burned. Authority was unable to function decisively.”

For me, the most fascinating part of the book was the one about entropy and complex systems. Kunstler defines entropy as “the spending down of energy and its translation into negative by-products,” and cites examples such as air pollution, social disorder, institutional breakdown and death. He elaborates, “In the modern era, entropy has been expressed...as war, industrial pollution, pornography, mass political murder, the shattering of a consensus about the value of [fiat] money, and incompetent parenting. The introduction of high entropy into a given system is profoundly destabilizing in many ways.”

So why doesn't everything fall apart at once? As Kunstler explains, “the flow of entropy faces obstructions or constraints. The more complex the system, the more constraints. A given system will automatically select the paths or drains that get the system to a final state—exhaust its potential—at the fastest possible rate given the constraints. Simple, ordered flows drain entropy at a faster rate than complexly disordered flows....which is exactly why a Wal-Mart economy will bring us to grief more rapidly than a national agglomeration of diverse independent small-town economies. Efficiency is the straightest path to hell. Inefficient economies are much more complex than efficient ones....”

Kunstler argues that natural, living systems are far more complex than the monocultures created by industrial food production, making them self-stabilizing, which stalls entropy. But “man-made substitutes for natural bio-economies...tends towards positive feedback, which is self-amplifying, self-reinforcing, and destabilizing...leading to the certain eventual destruction of that system.”

Kunstler says that the housing bubble (which followed the dot com bubble, etc.) “was consistent with the Las Vegas-ization of the national moral sense, chiefly the increasingly popular belief at every level of American life that it really was possible to get something for nothing.”

Kunstler warns that “As energy supplies decline, the complexity of human enterprise will also decline in all fields, and the most technologically complex systems will be ones most subject to dysfunction and collapse—including national and state governments....central government is likely to be increasingly ineffectual and irrelevant....Complex systems based on far-flung resource supply chains and long-range transport will be especially vulnerable. Producing food will become a problem of supreme urgency. The U.S. economy of the decades to come will center on farming....All other activities will be secondary to food production, which will require much more human labor.” For years now, legendary investor Jim Rogers has suggested farming as a career for young adults.

Kunstler predicts that the contraction of big cities “will accelerate in the Long Emergency....The biggest cities...will join Detroit and hemorrhage their populations. They are liable to become dangerously unsanitary and unsafe....the urban ghettos may explode again, and the next time it happens it will be in the context of a much more desperate society....It is unlikely to be confined to the ghettos themselves but will likely resolve into a more generalized and protracted guerrilla warfare.”

Kunstler believes that “the interstate highway system will reach a point of becoming unfixable and unmaintainable....The resources will not be there to keep up the level of service at the minimum necessary to prevent cascading failure. I think we will be shocked by how rapidly its deterioration proceeds.” If the interstates become undriveable, that means the semi trucks that move food and supplies to urban areas will stop coming.

Kunstler concludes, “The Long Emergency will cause unprecedented social and economic dislocation, and the outcome may be a world we would barely recognize....large numbers of desperate people [will] place themselves in the service of [those who control land](#)....”

Now for my criticism of the book. First, Kunstler wrote it at a time when the term “global warming” was being replaced by “climate change,” which was a way for climate alarmists to hedge their bets and blame twice as many climate events on human activity. You would think that climate scientists, who are drenched in “Science,” would be able to predict the results of climate change. But Kunstler writes, “We...don't know what the effects of global warming and climate change will mean....” Which is even better, because no matter what happens, you can blame it on human activity (especially capitalism).

Second, Kunstler's description of the *scary* Deep South is snobbish yet amusing, almost comical. It was obviously written by an uninformed Yankee who has never lived outside of the Deep North and may have attended one too many Unitarian Universalist services or read one too many articles in *The New Yorker*. He alleges that Southerners are superstitious (i.e., religious), paranoid (i.e., wary of [meddling carpetbagging politicians](#)),

hyperindividualistic (i.e., love liberty) and prone to violence. He thinks that an End Times theocracy may emerge during the Long Emergency, but in the last county I lived in, you were more likely to find an Indian house of worship than a Baptist church, much less a fundamentalist one. He complains about our supposed paranoia, but his own superstitious beliefs about the South make him the one that seems paranoid. And what is a hyperindividualist? A free man, one who owns himself.

Finally, although the South is heavily armed, it is no longer prone to violence like the Scotts-Irish shepherds who settled Tennessee and Kentucky. Today Southerners choose to experience violence vicariously via college football. If you want to see people prone to violence, check out [the denizens of Chicago](#). To be fair, the book was published nearly 20 years ago, so I'll give Kunstler the benefit of the doubt. I now subscribe to his newsletter and occasionally have time to read an issue, and my impression is that he is significantly more conservative than he once was.

In closing, take heed of this line: "...human survival skills will be the new capital." Invest wisely!

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