

The Economic Consequences of a Global Energy Crisis

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Abstract

Modern society is dependent on the availability of growing supplies of energy. This paper looks initially at energy security in the UK: the change from an energy exporter to an energy importer, and the pressures on the electricity supply and distribution infrastructure which are likely to lead to expensive power failures.

At the global level, the oil price has risen dramatically since the start of 2008 and is now three to four times the long-term trend value for the 20th century – this in spite of recession in the US, which traditionally depresses demand. Peak Oil theory predicts an unavoidable decline in supply. The wide range of alternative or renewable fuels will be unable to plug the gap. In the face of energy shortages the future of globalisation and growth economics must be in doubt.

Keywords

Peak Oil, primary energy, coal, gas, renewables, recession, growth, investment returns, business continuity.

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