Elites Suggest Price Controls, Dystopian Travel Restrictions To ‘Manage’ Soaring Energy Costs

Description

Before the Russian invasion of Ukraine, Russia supplied the world with one out of every ten barrels of crude consumed. But as the United States, Canada, and Australia have imposed embargoes on Russian crude and some buyers in Europe are halting purchases, the global oil market is facing one of the worst disruptions since the 1973 oil crisis when the members of the Organization of Arab Petroleum Exporting Countries (OAPEC) led by Saudi Arabia declared an oil ban on Western countries for their support of Israel during the Yom Kippur War.

The energy price shock of the mid-1970s led to the reduction of maximum national speed limits from 70 mph to 55 mph. The 21% reduction in speed equated to gas consumption savings.

Now the International Energy Agency (IEA) has proposed similar measures to lessen the oil shock following the Russian invasion of Ukraine and embargoes on Russian crude.

IEA said Western economies could reduce daily oil demand by 2.7 million barrels within four months by restricting how people drive, indicating the move to reduce highway speed could almost offset the 3 million barrel-a-day loss of Russian production for April.

> *“These efforts would reduce the price pain being felt by consumers around the world, lessen the economic damage, shrink Russia’s hydrocarbon revenues, and help move oil demand to a more sustainable pathway,” IEA said.*

The IEA has unveiled a ten-point action plan it hopes Western countries will implement to curtail oil demand.

1. ***Reduce speed limits on highways by at least 10 km/h*****Impact***: Saves around 290 kb/d of oil use from cars, and an additional 140 kb/d from trucks
2. ***Work from home up to three days a week where possible*****Impact**: One day a week saves around 170 kb/d; three days saves around 500 kb/d
3. ***Car-free Sundays in cities***Impact

   : Every Sunday saves around 380 kb/d; one Sunday a month saves 95 kb/d

4. ***Make the use of public transport cheaper and incentivise micromobility, walking and cycling*****Impact**: Saves around 330 kb/d
5. ***Alternate private car access to roads in large cities*****Impact**: Saves around 210 kb/d
6. ***Increase car sharing and adopt practices to reduce fuel use*****Impact**: Saves around 470 kb/d
7. ***Promote efficient driving for freight trucks and delivery of goods*****Impact**: Saves around 320 kb/d
8. ***Using high-speed and night trains instead of planes where possible*****Impact**: Saves around 40 kb/d
9. ***Avoid business air travel where alternative options exist*****Impact**: Saves around 260 kb/d
10. ***Reinforce the adoption of electric and more efficient vehicles*****Impact**: Saves around 100 kb/d

Today's oil price shock could be a redux of the mid-1970s oil crisis as it may suggest price controls are next. Prime Minister of Italy Mario Draghi stated Friday that price controls could be coming to the natural gas markets, likely meaning petrol is next.

Mark Twain once wrote, "history doesn't repeat itself, but it often rhymes." Baby boomers who remember the mid-1970s and the pain a commodity shock caused most likely understand today's turmoil is far from over.

What is lurking dead ahead is stagflation; what may be lurking beyond that is far, far worse.

by Tyler Durden

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1. Economy-Business-Fin/Invest
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3. Politics-Geopolitics-Gov.-Events

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