

Exhaustion of oil reserves – the after effects

Business



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“ 2010 study published in the journal Energy Policy by researchers from Oxford University predicted that demand would surpass supply by 2015, unless constrained by strong recession pressures caused by reduced supply or government intervention.” Oil is one of the most important gift of development. It is required in various fields and with the current level of development, there are no feasible replacements if this vital resource was to get exhausted.

Implications:- Setback in Transport – Various conventional vehicles like cars, motorcycles, scooters, buses, trucks, aeroplanes etc will become obsolete and useless. People would have travel by bullock cart, bicycles, horse carts etc. More trees will be cut to provide the logs for building the carts. Also, travelling long distances will take a lot of time and many people won't be able to afford it. For example, over 90% of transportation in the United States relies on oil.

Deforestation – Since oil won't be present, people would require an alternate source of fuel. Firewood would become an absolute necessity and more and more trees would have to be cut to meet the demand. This will lead to deforestation and Global Warming. Reduction in Supply →- Various goods are manufactured with the help of oil. Lubrication fluids, edible oils, body care oils (non edible), pre-package food industry etc will be destroyed. Lanterns and other equipments would become useless and their manufacture will be stopped.

Overall, various industries would be closed down, resulting in unemployment and low level of living. Recession – Due to lack of oil, various oil extracting

companies and other companies heavily dependent on oil would go bankrupt, resulting in widespread recession and crash of international economy. Energy crisis would reach its peak. The GDP and national economy of various countries would be adversely affected, especially Middle Eastern countries, which would be more vulnerable. Agricultural Downgrade – Pesticides, chemical fertilizers, insecticides etc are the main cause of increase in agricultural yield.

Oils are an important constituent of these chemicals. Moreover, farm machinery like tractors, threshers etc require oil not only as fuel but also for maintenance. International Tension – Countries in the Middle East are heavily dependent on their oil reserves for the basis of debts, treaties, international alliances and national income. If the oil reserves were to get exhausted, these countries would face a lot of political and economic problems. Other countries would end ties with these countries. The people of these countries would face a greater setback than the other countries.