

The Great Simplification

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[00:00:00] **Nate Hagens:** Okay, this is the third and final video in this series, briefly covering the basics of oil. From what it is to how we've built our civilization around it and why it can't last. And now in this one, we'll look to the future of our systems in a world with less.

[00:00:28] Everything I've described in these three videos is part of a single phenomenon for a brief window. In geologic time, humans discovered, accessed and burned through an extraordinary one-time inheritance of ancient stored sunlight. I call this the carbon pulse picture. A bell curve stretched out over around 300 years.

[00:00:52] We are somewhere near the peak of this curve right now, and what's unfolding with the stray of hor may prove to be a marker of that peak or an accelerant past it on the way up. Carbon Pulse gave us abundant cheap energy to power modern civilization population growth from 1 billion to 8 billion.

[00:01:12] Industrial agriculture, global supply chains, modern medicine, electrification, the internet, air travel, and the complexity of modern governance. The human economy measured by people times, goods and services per person is now 1000 times bigger than 500 years ago. This is the lens that's missing from virtually all mainstream economic and political discussions and analysis.

[00:01:42] We are making long-term plans, taking on long-term debts, building long-term institutions and financial systems, all based on the assumption that the energy and material large S at the top of the carbon pulse is a permanent plateau. It isn't. It goes up and it will come down likely soon. The down slope has

The Great Simplification

implications for every dimension of civilization, but especially our economic system.

[00:02:14] The economy runs on energy and material flows full stop. We think it runs on money, but money is just a marker, a claim on the real physical work. And when money is created, it does. So, without referencing how much oil or gas or forests or copper or, or orangutans or butterflies exist in the world as events in the world cause oil to get more expensive or less available, or both, we will respond out of necessity by governments and central banks, offering guarantees, writing checks, printing more money.

[00:02:55] Yes, we can and will print money, but we cannot print energy. We can only extract it faster and extracting it faster requires us to print more money. It's kind of a biophysical or boros. The current growth-based financial system and its Byzantine array of financial claims is all predicated on having more energy, affordable energy every year, and the entire structure of debt, interest and repayment assumes a future that is bigger and materially richer than today.

[00:03:36] When the energy supply contracts, those monetary claims don't just take a time out. They crack along with the associated bonds and currencies and markets. We have been drawing down the principle of the main input to our economies, but in our universities, our stories, our institutions, our media, treating it as if it were interest.

[00:04:02] As we covered in the previous video, the geology of shale is punishing rapid depletion, constant drilling just to stay flat. But what is less discussed is that shale was as much a financial phenomenon as a geological. One cheap money made expensive oil. Temporarily viable. And when capital tightens or interest rates rise, the financial scaffolding collapses and the underlying depletion problem, uh, then becomes worse.

The Great Simplification

[00:04:32] The Horus situation, unless resolved very quickly, is going to wreak havoc on global financial markets, especially in those countries who have to import a great deal of fossil energy. There's one more aspect to this, not currently linked to discussions of Horus in the media. The energy crisis and the climate crisis may feel like separate problems.

[00:04:58] They aren't. There are actually two sides of the same crisis. If we don't stop burning fossil carbon at this scale, we risk the biosphere's ability to function in ways that support future civilization and the broader web of life. And we're simultaneously running low on the high quality stuff that our lifestyles depend on.

[00:05:22] These feel like separate problems, but they're two faces of the same predicament. The carbon pulse created both the unfolding ecological crisis from burning too much, and the depletion crisis from drawing it down too fast. The question isn't. Can we keep burning? But rather what kind of civilization can we build on the down slope while also protecting the living systems?

[00:05:49] We depend on history shows. What happens when civilizations lose their primary energy source. They turn to wood. Easter Island, the US Seaboard in the 19th century, Greece after the great financial crisis in 2009. If you compare the standing forest stock in the United States. To just the fossil energy we use for winter heating.

[00:06:13] Most states would be stripped bare of trees within a year or two on the down slope of the carbon pulse. The world's forests are at risk from both climate change and human desperation. Same cause, same story. And in all of this, the eight to 10 million other species on this planet have no voice. Nor any vote, they didn't sign up for the carbon pulse.

[00:06:38] They don't benefit from GDP. On the contrary, they are bystanders to a species that accessed a one-time energy inheritance and used it to reshape the

The Great Simplification

entire living world. Whatever we decide to do on the downlow. They will bear the consequences. 70% of wildlife populations have already disappeared since 1970.

[00:07:00] The Great Simplification will determine whether that trend accelerates or whether enough humans choose to actively protect what remains. On top of all that, the geopolitical dimension in this predicament is already playing out in real time. We are witnessing a war over two thirds of the world's remaining conventional oil reserves in the Middle East.

[00:07:25] The country's best positioned to provide oil at high flow rates to the world in 20 to 30 years time. Iran, Iraq, and Russia are the very ones the West is currently attacking or sanctioning. We are simultaneously dependent on and in conflict with the people living in the geography that holds the world's future energy supply.

[00:07:49] And the second and third order effects of the current Horus crisis are the ones almost nobody is discussing. Over 40% of the world's sulfur supply critical for mining and industry transits the strait. So does the LNG, that Europe depends on after cutting off Russian pipelines, so does the feedstock for nitrogen fertilizer that feeds 4 billion people.

[00:08:11] This isn't just an oil story, it's also a food, chemicals, and industrial story layered on top. As energy becomes scarcer and more contested, geopolitics is not going to become more collaborative. And more rational, it will become more desperate and focused on energy security as nations hoard and alliances fracture the most vulnerable countries, the ones that are dependent on importing energy and food.

[00:08:41] Are gonna be hit first and hardest. And currencies and bond markets built on an unending horizon of cheap, dense, affordable energy will become

The Great Simplification

unstable as trusted markers. The post World War II Global order was built on the foundation of cheap, abundant oil tied to American military and financial might.

[00:09:06] That relationship is now in question. Nations are choosing sides based, not on ideology, but on energy access. China has signed 27 year gas deals with Qatar and long-term oil contracts with Iran and Russia. The Gulf States are now hedging between Washington and Beijing Europe after cutting off Russian pipeline gas now depends on LNG that transits.

[00:09:30] The same strait that's currently closed, we are watching the realtime fracturing of a global order that was always underneath the flags and the treaties. An energy arrangement. The alliances of the next 30 years will be determined by who has hydrocarbons and energy access and who needs it. All of this points in one direction.

[00:09:57] When monetary claims exceed the productive energy. Material capacity to support them. There will eventually be a recalibration. This is what I refer to as The Great Simplification. It doesn't mean collapse necessarily. It could be a conscious scaling back, a Simplification of systems, a reorientation towards what actually matters.

[00:10:23] We've been living in two economies simultaneously without knowing it. One, using technology and money. And the other one using energy and materials. Underpinning the first one. If we remain energy blind and try to solve this situation with money and tech only, it's likely gonna be chaotic, unequal, and devastating.

[00:10:48] But even a managed Simplification will require something our species has never been too good at. Humanity has always been good at creating tools to meet the challenges. Of our current situation, managing our own psychology is much harder. Energy decline will trigger political conflict, scapegoating and

The Great Simplification

short-term thinking at exactly the moment we're going to need long-term foresight and cooperation.

[00:11:16] Loss aversion means people fight harder to keep what they have rather than to gain something new. Every instinct shaped by evolution and reinforced by modern culture will push towards clinging, hoarding, blaming the Superorganism, which is shorthand for our collective consumption Metabolism. Incentivize for growth doesn't downshift gracefully, and understanding this and naming it is the first step towards steering it.

[00:11:50] I don't believe this is a story about doom. It's a story about a species growing up. It's physics, biology, geology, and psychology. And the better we understand all four and how they interrelate, the better our choices become. Let's take a step back because while the bulk of this series has been focused on our 21st century predicament, the carbon pulse brings us to a species level conversation on a timescale of a few hundred thousand years.

[00:12:23] The carbon pulse doesn't look like a curve at all, but more like a straight line because it would take millions of years to recharge a battery of this size and scope and quality. And we're consuming these incredible resources in a few short hundred years. Our fossil armies will only be with us for one fleeting moment, a century or two.

[00:12:50] But what we choose to do on the down slope will define whether we live up to our name, homo sapiens or Wise Ape. Here's what I've come to believe. After 20 years of studying this, the carbon pulse gave us extraordinary material wealth, but it also subtly narrowed our definition of a good life to one, measured by consumption, convenience, speed, and stuff.

[00:13:19] Pursuit of happiness became pursuit of more. And yet the psychological research is remarkably consistent beyond a threshold of basic needs being met.

The Great Simplification

More stuff does not produce more wellbeing. What produces wellbeing, what produces meaning is connection and purpose and maturity and time in nature and skills, community and relationships, service to something beyond yourself.

[00:13:51] A sense of belonging. These are ancient satisfactions that do not require ancient sunlight. Because they predate the carbon pulse by hundreds of thousands of years. They don't require a barrel of oil, but they do require us to restrengthen skill sets and muscles that have been eroded away in our modern context.

[00:14:14] Things like trust and collaboration, communication, conflict management, and a shared sense of purpose. The Simplification ahead is going to be disruptive and painful in many ways. But it also will reopen a door. That cheap energy quietly closed the door to a life organized around what actually matters, rather than what the economic Superorganism optimizes for the most meaningful life available to a human being, has never required 200,000 calories a day and never will.

[00:14:55] We have a brief window to figure out what comes next. This is the conversation that matters. Energy, ecology, and human behavior. That's what this channel is for. And in coming episodes, I'll continue with a series called Staying Human about how to take in reality at this scale and still act. The world with purpose.

[00:15:16] 'cause the questions were never really about whether the carbon pulse would end, but when and how, and what comes after. After spending two centuries building a civilization on something, most of us couldn't see the recent events in Iran or forcing us to see it from here. We need to ask ourselves, who will we be at the top and who do we want to be on the way down?

The Great Simplification

[00:15:42] I do not know how the straight of Horus situation will resolve, but I hope it resolves quickly and benignly, and if it does, I hope we use it as a dress rehearsal for rethinking our plans, our relationships, and our culture. Thank you.