

Governing Energy

Big Adversity—Big Prosperity

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Some notable technologies that advanced to a mature phase during World War II include the computer, ballistic missiles, jet powered aircraft and of course nuclear energy. All of these capabilities existed or were known about prior to the commencement of hostilities but the adversity imposed by that period accelerated their development.

What is less known about the period is that the belligerent nations still used horses even as logistics processes were partially motorized in between the two world wars.ⁱ And while horses continued to play a role throughout the war (often because combat losses of motorized equipment or lack of fuel), their days as mainstream transportation were numbered.

Many societal changes were institutionalized during the wartime process and a return to the former era afterwards was unlikely. What followed was a period of unprecedented growth and prosperity including in Japan and West Germany (albeit as laggards).ⁱⁱ

The traumatic global ordeal of the early 1940s set the stage for an economic boom that included the birth of the so called Baby Boomers who are now beginning to retire. As Nietzsche stated, “that which does not kill us makes us stronger” was certainly true in that era and perhaps to a lesser extent it applies to us today.ⁱⁱⁱ

The oil sector is enduring a yearlong economic bust. Many continue to hope that when prices recover, *things will get back to normal*. What if the era of the first part of this decade is over?

As we have noted before in this series, technology may enable structural change in the sector. According to the Wall Street Journal, “the oil-price squeeze is driving operational efficiency and productivity to the top of all oil producers’ agendas, lowering development costs and increasing standards across the industry.”^{iv}

This is but one of the four factors the Journal attributes to an economic environment that may actually “help” US shale producers. The other three are essentially attributed to the *cooling of an overheated market* and associated directly measurable economic factors.^v

This period of economic adversity will pass. The larger question is not even when it will pass but what will the energy sector’s world will look like when this period is officially declared over.

If history is a guide, one can surmise that it will not look like the past but may usher in an era of great prosperity for those properly positioned to benefit. Expect the effective use of now maturing technologies to play a significant role.

How is your firm preparing to prosper in the next energy era?

About the Author

Dr. [Scott M. Shemwell](#) has over 30 years technical and executive management experience primarily in the energy sector. He is the author of five books and has written extensively about the field of operations management. Shemwell is the Managing Director of The Rapid Response Institute, a firm that focuses on providing its customers with solutions enabling operations excellence and regulatory compliance management. He has studied cultural interactions for more than 30 years--his dissertation; *Cross Cultural Negotiations Between Japanese and American Businessmen: A Systems Analysis (Exploratory Study)* is an early peer reviewed manuscript addressing the systemic structure of social relationships.

End Notes

ⁱ https://en.wikipedia.org/wiki/Horses_in_World_War_II

ⁱⁱ https://en.wikipedia.org/wiki/Post%E2%80%93World_War_II_economic_expansion

ⁱⁱⁱ http://www.brainyquote.com/quotes/authors/f/friedrich_nietzsche.html

^{iv} <http://blogs.wsj.com/experts/2015/05/06/four-reasons-low-oil-prices-actually-help-u-s-shale-producers/>

^v Ibid.