

DOES ENERGY DRIVE THE WORLD ECONOMY

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Energy is the life blood of modern economic system - Energy and economy are the key drivers of any progressive nation. Economic production and consumption activities need energy as primary input. Without a secure energy base, a country cannot survive in the brutal economic Powerplay.

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Since the dawn of 21st century, the global policy has undergone a huge shift and the world has become more energy-centric and economic oriented. At present, the rival nations instead of forging wars compete each other at economic fronts. In fact, **economic zones have become new war zones** and energy is the life blood of modern economic system. Nations rich in energy reserves are thriving well and those that are unable to cater to their energy needs, are struggling to keep abreast with changing dynamics. Without a second thought, it would not be baseless to claim that energy and economy are the key drivers of any progressive nation. Economic production and consumption activities need energy as primary input and without a secure energy base, a nation cannot survive in the brutal economic powerplay.

Ever since man's humble beginning on earth, he has relied on energy to fulfill his needs. The life and processes that take place across the world depend on energy. Very much like earth is powered by sun, economic process is driven by a consistent, reliable and affordable energy supply system. The modern industrial era began with the development of steam engine and after that day, man never looked back. Industries, factories and economic enterprises that sprung up at every nook and corner ~~and~~ paved way for a new era where capitalism and communism emerged as new economic systems and divided the world into a capitalist and communist society. But what

did not change was the constant demand for energy to run industries, power appliances and heat homes. In fact as development continued, the demand for energy grew. Modern lifestyle would not have evolved without widespread use of fossil fuels.

Energy and economics are highly inter-related and intertwined in modern world dynamics. We are living in a world full of gadgets driven by energy, from everyday usage to industries, auto-mobiles and large enterprises, all economic activities are dependent on energy sector. Energy is thus the main driver of global economy. In some countries like Gulf States, it is major contributor to economy while in others all sectors of economy are more or less dependent on energy. The economic growth and prosperity is conditioned directly by the growth of energy sector, which unfortunately relies predominantly on fossil fuels. Recognizing the increasing demand for a cleaner energy, the world has shifted focus from traditional energy sources to renewable energy sources. As **John Baldacci** emphasizes that ;

Energy Consumption Matters Both To Our Environment And

Economy - John Baldacci

Energy is the foundation stone of the modern world economy. Energy provides an essential ingredient to all human activities. The production

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Sector relies completely on energy for its functioning. Without a consistent supply of energy, the industrial, agricultural and business activities all come to a halt. A stagnant economic landscape can no longer support and sustain a healthy and progressive country. The same is happening in Pakistan, the textile industry which makes 60% of Pakistan's GDP is in critical situation amid energy crisis which has strangled country's economic growth.

Energy is at the heart of development. It has become the critical backbone of most economies. It provides a number of job opportunities either directly or indirectly. Without energy, business and industries are shut-down, economic development becomes stagnant, unemployment increases and people are forced to live in a dire state of poverty and misery. On the other hand, energy makes investment possible, innovations and new industries that are engines of jobs, inclusive growth, and shared prosperity for entire economies.

Unlike past, the dependence of today's world on energy and economy has increased. Today energy security is a matter of national security. In the highly competitive international environment, nations with weaker economy and energy dependency struggle and are often over-looked by their strong competitors. The Gulf countries and the larger parts of Middle East are oil-rich and have an edge over other countries owing to their oil-rich economies. These countries control

most of the world energy supply. Similarly Pakistan as the **World Bank** report states is an **Energy Insecure Nation** and on account of this its economy as well as national stability remains under a constant impediment unless proper energy infrastructure and policies reforms are introduced -

Moreover, the countries that are more stable economically and financially have a more say at international level. Such countries had a more relevant position and key players in geo-politics and geo-economics. One such example is Russia's invasion of Ukraine which triggered a world wide energy crisis as a result inflation, prices and commodities all over the world increased unprecedently and Europe was at the brink of a severe energy crisis with not even enough fuel to heat homes. This forced European nations to look for new markets to fulfill their energy demands. The single incident made the world realize of its energy vulnerability and hence more focus for a shift to renewable and alternative energy sources.

For the past century, mankind has made relentless use of fossil fuels ~~at~~ to fulfill its energy demand. As a result the amount of greenhouse gases and other pollutants have increased greatly. This has led to a considerable impact on earth's climate as well as general masses. On one hand, the developing world is suffering from climate injustice, on the other hand

the demand for an equitable and sustainable growth as well as the loss and damage fund has become a nightmare for developed world who for their part are responsible for much of the damage done to environment as well as social fabric.

Traditional fossil fuel driven economic models have resulted in great damage to the environment. Almost all industries rely on fossil fuels for most of their economic input. According to experts transport sector is one of the major consumer of energy and accounts for 70% of energy usage. This has led to increase atmospheric emissions followed by global warming and climate change. Thus the toll of traditional fossil fuel sector is greater than its benefit. World wide, the major economies are shifting their energy demands to more efficient and cleaner resources. The use of solar energy and biofuels is widely adopted all over the world to reduce reliance on traditional means of energy production.

Indeed countries blessed with huge oil and gas reserves are great beneficiary compared to other countries. This unequal resource distribution has led to economic and social disparities worldwide. On one end, there are countries with beaming lights and endless energy reserves and on the other side there are neighbourhoods with flickering lights and ~~endless~~ hopelessness. This state of inequality leads to unrest and a resentment which reflects in societies and nations at a greater level. As **Robert Kiyosaki** observes it ;

" History reminds us that Dictators
and despots arise during
times of severe economic
crisis " ✓ Robert Kiyosaki.

Energy thus steers the economic potential of country both developed and developing nations depend on energy to drive economies, run business and provide a quality life to their citizens. The world has realized the importance of energy resilient economies and economic system in the wake of Russia-Ukraine war, now more number of countries are transitioning to renewable and alternate energy sources. China, for example, has shifted most of its energy sector to solar energy at the same time it ~~also~~ is utilizing biofuel to power its industries. Other developed countries have followed suit and are putting more investment in alternate energy sector to ensure energy sustainability even at the time of crisis.

Developing countries are more vulnerable to energy crisis and more prone to any fluctuation in oil & gas prices surge at international market. As per a UN-Report energy is considered a luxury for more than 40% of world population most of which lives in Sub-Saharan Africa. Pakistan, a developing economy, in the heart of Asia is continually at risk from a looming energy crisis that can

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Threaten the country socio-economic viability as well as national security. At present Pakistan relies on a mix of energy fuels with more dependence on fossil fuels (approximately 64%) and facing an energy downfall. Much of the country's gas reserves are dwindling and by 2050 it is expected that Pakistan will run out of gas reserves (OQDCL).

In conclusion there is no denying to the fact that the present global economy relies strongly on energy reserves that are dwindling at a faster rate. Fewer nations have hold on these energy reservoirs and therefore control the entire global economic system as well as the world order. Energy is the new currency, it is the fuel that keeps the economies working and the nations going. A world without energy presents a gloomy picture that mirrors man of the stone age. Without ensuring secure and consistent energy provision nations cannot rise and surge as powerful economies remaining at the mercy of their powerful masters.