1 TRENDEVENTS — January 2006

The First Quarter 2006 North American Technocrat features M. King Hubbert and his connection with Technocracy Inc. It was only within the past year that even the staff at Continental Headquarters became aware that Hubbert was responsible for seeking out Howard Scott. They reconstituted the Technical Alliance on the campus of Columbia University in New York in 1930, and in 1933 M. K. Hubbert and Howard Scott co-founded Technocracy Inc. Howard Scott became Director and Chief Engineer and Hubbert our Director of Education. Around 1945 MKH chose to pursue his chosen career field of geophysics, which he helped to create from the lesser demanding field of geologist. This is recorded in the 1983 featured article of The Society of Exploration Geophysicists: "The Leading Edge." If you are not a subscriber to our field magazine and would like a copy of this issue, send a check or money order in the amount of $4.50 to: CHQ Technocracy Inc., 2475 Harksell Rd., Ferndale, WA 98248. We will send you 2 DVDs containing The North American Technocrat, "The Leading Edge," rare photographs of Scott and Hubbert, and other historical documents about Hubbert and Technocracy Inc.

For the record: China today, with 20% of the world's population, consumes 33% of the world's steel ... 50% of its concrete, and is 2nd only to the USA in the importation of the world's oil. Today's largest exported product to the rest of the world is our trash. The following articles originally appeared in the June 2005 Trendevents — Paul Cordsmeyer

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Next Wave From China: Exporting Cars to the West — NY Times, June 25, 2005, By KEITH BRADSHER

XINSHA, China, June 24 — Honda Motor began loading cars onto a ship here on Friday for export to Europe in China's debut as a volume exporter of cars to the industrialized world.

The shipment follows DaimlerChrysler's disclosure two months ago at the Shanghai Auto Show that it was negotiating to build a factory near Beijing to make small cars for export to North America. It comes at the end of a week when the Haier Group's bid for Maytag and the China National Offshore Oil Corporation's bid for Unocal have fed Western concerns about China's rapid economic rise.

Automakers from around the globe, including General Motors, Ford Motor, and Toyota Motor, are racing to build factories in China even as the rest of the world faces severe overcapacity in car manufacturing, raising the prospect that more factories may someday have to close in Western countries as Chinese exports grow.

China's swift development has already alarmed leaders of the UAW and other Western labor unions, who say their members cannot compete with workers earning $100 a month in coastal Chinese provinces and who would earn half that at auto factories being built in inland provinces.

Following a path already blazed by Korea and Japan, China has built a large auto industry with increasingly high quality over the last decade while protecting its home market behind steep trade barriers. China still imposes a tariff of close to 30 percent on imported family vehicles, compared with American tariffs of 2.5 percent on imported cars, minivans, and sport utility vehicles, and 25 percent on pickup trucks.

What distinguishes China from its Asian rivals, however, is that China decided much earlier in its automotive development to welcome multinational companies — although only through joint ventures with Chinese manufacturers, who are rapidly learning the latest manufacturing and engineering techniques from their partners.

Particularly impressive, auto analysts said, has been the swift improvement in the quality of cars produced in China. Hironori Kanayama, president of the Honda subsidiary producing the cars here, exhorted employees at a shiploading ceremony here to improve quality further. "Our market is overseas," he said. "Our competitors are strong international automakers; we have to exceed them. Our only way out is to make products equal to or exceeding those made in Japan." During a brief interview, Mr. Kanayama conceded that the quality of cars assembled here was slightly worse than that of identical models made in Japan, but said that the difference was quite small and narrowing.

Honda tried to play up Friday's shipment for Chinese audiences without feeding fears overseas of China's economic might. Honda paid to fly in scores of Chinese journalists for the ceremony but did little to alert Western journalists, and only three showed up.

Honda employees began driving 150 Jazz wagons onto the Panamanian-registered Liberty Ace on Friday at a dock on the outskirts of Guangzhou, 80 miles northwest of Hong Kong. The ship was already carrying 5,000 cars from manufacturers in Japan, and will carry all of the cars to Ghent, Belgium.

The first batch of Chinese-built Jazzes will then be trucked to German showrooms. Chinese-made and Japanese-made Jazzes will be sold interchangeably and for the same price at Honda dealerships, first in Germany, then in Italy, and eventually across Europe as Honda tests customer reaction. Slightly smaller than a Civic, the Jazz is sold in Asia and Europe but not the United States, where the market for small cars is limited. Honda executives said they had no immediate plans to start building any larger models for export. The cars being exported were assembled at a new Honda factory here that was built just to supply the European market. By agreeing to export all the cars, Honda won the right to own 65 percent of the factory while its local partners own the rest. China has a 50 percent cap on foreign investment in car factories that supply the domestic market.

During a short press tour of the factory on Friday, it was apparent that Honda had invested in robots where they were needed for quality and safety reasons in the welding of the automobile bodies; but the factory otherwise relied heavily on manual labor, which is very cheap, with workers pushing carts bearing partly completed bodies and auto parts in places where a larger factory in a Western country would probably have a conveyor belt.

At Honda's huge factory in Marysville, Ohio, nearby suppliers deliver seats and other parts to the assembly line every few minutes, minimizing the need to keep costly inventory on hand. But briefly visible during the press tour here was a large hall full of stacks of spare parts and a couple of hundred gray car seats wrapped in plastic. Honda is still importing many of the parts used here, as was evident from stacks of wooden boxes stamped "Made in Japan" near the welding line.

Atsuyoshi Hyogo, the chairman of the Honda subsidiary here, said the company was rapidly increasing its reliance on locally-made parts. The world's biggest auto parts companies have all built factories in China and plan to build more, initially to supply the local market but increasingly to supply assembly plants in industrialized countries as well.

The journey from the factory to the port captures the swift and continuing industrialization of China. Close to the factory the road passes miles of banana plantations, together with rows of single-story concrete barracks with corrugated steel roofs for the workers. Farther along are huge factories producing concrete and other industrial materials, with workers in hard hats clambering over the rising steel skeletons of more factories not yet completed.

On Friday afternoon the Liberty Ace had tied up between a modern dock, with the latest giant cranes using steel talons to load 40-foot steel containers onto a barge, and an aging bulk cargo dock, the cranes equipped with steel buckets for unloading coal but standing idle and with some rust showing.

Chinese and multinational automakers in China already export, but until now these shipments have been made on an extremely small scale. A Ford joint venture in China ships 1,000 vans a year to the Philippines. A GM joint venture ships up to 2,000 very small cars to Southeast Asia.

Purely domestic Chinese automakers are starting to export. Brilliance Automotive has announced plans to export up to 2,000 Zhonghua sedans to Germany later this year, and Chery is laying plans to try to start selling cars in the United States in 2007 or 2008; but Honda’s effort is much greater: its factory here is scheduled to export 10,000 cars during the rest of this year and reach 50,000 a year within five years.

Robert A. Lutz, GM's vice chairman, predicted at the Shanghai Auto Show that Chinese manufacturers would learn to export in large quantities on their own. "We're rapidly approaching that point — I wouldn't venture to say which one it will be," he told several journalists, later adding, "One or more Chinese brands exported to other regions of the globe and selling successfully I would describe as a sure thing in the next five years."

China Economy Rising at Pace to Rival U.S. — New York Times, June 28, 2005, By KEITH BRADSHER

GUANGZHOU, China, June 26 — A line of Chinese-made cars began rolling onto a ship here Friday, bound for

Europe. The cars, made at a gleaming new Honda factory on the outskirts of this sprawling city near Hong Kong, signal the latest move by China to follow Japan and South Korea in building itself into a global competitor in one of the cornerstones of the industrial economy.

China's debut as an auto exporter, small as it may be for now, foretells a broader challenge to a half-century of American economic and political ascendance. The nation's manufacturing companies are building wealth at a remarkable rate, using some of that money to buy assets abroad, and China has been scouring the world to acquire energy resources, with the bid to buy an American oil company only the latest overture.

Indeed, fierce domestic competition and a faster accumulation of financial assets are laying the groundwork for the arc of China's rise to be far greater than Japan's.

"It's going to be like the Arabs in the ‘70s and the Japanese in the ‘80s — we were worried they'd buy everything," said William Belchere, the chief Asia economist for Macquarie Securities in Hong Kong —but unlike those previous challenges, which soon faded, "longer term," he added, China will "be a much bigger force."

China's economy has risen rapidly with foreign expertise and investment. The Guangzhou airport here has a terminal designed by an American company, boarding gates supplied by a Danish company, and an air traffic control tower engineered by a company from Singapore.

The resulting bilateral corporate tango — in contrast to the confrontations reminiscent of the 1980s and early 1990s when Japanese capital poured into the United States — means that China has many American corporate comrades who have a stake in helping generate its growth.

China, economists and Asia experts say, does not face some of the inherent limitations that ultimately stymied Japan and led to economic stagnation there over the last 14 years. With its giant population, China is developing a large and diverse economy, creating an almost Darwinian competition for a domestic market that has extremely low-cost companies ready to export inexpensive goods around the globe.

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Excerpted from a speech by Howard Scott, Director and Chief Engineer of the newly-chartered Technocracy Inc., broadcast worldwide from the Hotel Pierre by invitation of the National Academy of Arts and Sciences at their annual dinner in 1933:

“It has often been said that if we could take the Chinese and somehow raise them bodily to the standard of living that prevails on the American Continent, not only China and the Orient would be benefited thereby, but prosperity would return to the United States and the Occident. Such reasoning is characteristic of the present confusion in social thinking which is still based upon the classical economics of human labor and `value.' When, however, one realizes that prior to 1830 we, on this Continent and everywhere else in the world, consumed not over 2,000 kilogram-calories of extraneous energy per capita per day, and that in 1929 we, on this Continent alone, consumed a maximum of 154,000 kilogram-calories of extraneous energy per capita per day — when we realize this, the problem of China takes on a new and unsuspected aspect. In brief, in order to raise the standard of living of China to the present level of the North American Continent, it would be necessary to expend two-and-one-half times the total energy consumed by the entire globe in 1929 — a little puzzle which we may reasonably doubt even the capacity of the Chinese to solve.” (Howard Scott)

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New study raises questions about sustainability of metal resources January 18, 2006

http://smarteconomy.typepad.com/.shared/image.html?/photos/uncategorized/copper_f_1.jpghttp://smarteconomy.typepad.com/.shared/image.html?/photos/uncategorized/copper_f_1.jpg This image shows copper in ore. The penny was once composed mainly of copper, but since 1982 the United States Mint has made pennies from copper-plated zinc. Credit: USGS

Researchers studying supplies of copper, zinc, and other metals have determined that these finite resources, even if recycled, may not meet the needs of the global population forever. According to the study, if all nations were to use the same services enjoyed in developed nations, even the full extraction of metals from the Earth's crust and extensive recycling programs may not meet future demand.

The researchers suggest the environmental and social consequences of metals depletion become clearer from studies of metal stocks — those in the Earth, in use serving people, and lost in landfills — instead of tracking the flow of metal through the economy in a given time and region.

Yale University researchers Robert Gordon and Thomas Graedel and their colleague Marlen Bertram of the Organisation of European Aluminum Refiners report their findings in the Jan. 17, 2006, Proceedings of the National Academy of Sciences.

> "There is a direct relation between requisite stock, standard of living, and technology in use at a given time," said Gordon. "We therefore offer a different approach to studying use of finite resources, one that is more directly related to environmental concerns than are the discussions found in the economics literature."

Using copper stocks in North America as a starting point, the researchers tracked the evolution of copper mining, use and loss, during the 20th century. Then the researchers applied their findings, and additional data, to an estimate of global demand for copper and other metals if all nations were fully developed and used modern technologies.

According to the study, all of the copper in ore, plus all of the copper currently in use, would be required to bring the world to the level of the developed nations for power transmission, construction, and other services and products that depend on copper.

For the entire globe, the researchers estimate that 26 percent of extractable copper in the Earth's crust is now lost in non-recycled wastes. For zinc, that number is 19 percent. Prices do not reflect those losses because supplies are still large enough to meet demands and new methods have helped mines produce ever more material. So, the study suggests these metals are not at risk of depletion in the immediate future. However, the researchers believe scarce metals, such as platinum, face depletion risks this century because of the lack of suitable substitutes in such devices as catalytic converters and hydrogen fuel cells. The researchers also found that for many metals, the average rate of usage per person continues to rise. As a result, the report says, even the more plentiful metals may face similar depletion risks in the future.

> "This is looking at recycling on a broader scale," said Cynthia Ekstein, the NSF officer who oversees the Yale award. "This is looking at the metal lifecycle from cradle to grave."

The research emerged from a collaboration among researchers funded by National Science Foundation (NSF) Biocomplexity in the Environment — Materials Use: Science, Engineering and Society (BEMUSES) program. The program task integrated multidisciplinary teams with solving problems that transcend single fields of research.

> The recent study demanded collaboration among experts in metallurgy, economics, industrial ecology, and international studies. "You don't get much more interdisciplinary than this," said Gordon. "This would have been impossible with traditional, individual research projects."

Despite the far-reaching effort, specific, accurate global numbers are difficult to determine. The researchers hope that while the study may not establish definite answers, it will lead to new ways of looking at resource questions.
Source: NSF

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Chomsky: 'There Is No War On Terror' AlterNet; January 16, 2006
http://www.zmag.org/content/showarticle.cfm?SectionID=15&ItemID=9533 *(Article edited for content)*

Geov Parrish: Is George Bush in political trouble? And if so, why?

Noam Chomsky: George Bush would be in severe political trouble if there were an opposition political party in the country. Just about everyday, they're shooting themselves in the foot. The striking fact about contemporary American politics is that the Democrats are making almost no gain from this. The only gain that they're getting is that the Republicans are losing support. Now, again, an opposition party would be making hay, but the Democrats are so close in policy to the Republicans that they can't do anything about it.

GP: How could the Democrats distinguish themselves at this point, given that they've already played into that trap?

NC: Take your pick, say, for example, health care — probably the major domestic problem for people. A large

majority of the population is in favor of a national health care system of some kind, and that's been true for a long time; but whenever that comes up — it's occasionally mentioned in the press — it's called politically impossible, or "lacking political support," which is a way of saying that the insurance industry doesn't want it, the pharmaceutical corporations don't want it, and so on. Okay, so a large majority of the population wants it, but who cares about them? Well, Democrats are the same. Clinton came up with some cockamamie scheme which was so complicated you couldn't figure it out, and it collapsed.

Kerry in the last election, the last debate in the election, October 28 I think it was, the debate was supposed to be on domestic issues. And the New York Times had a good report of it the next day. They pointed out, correctly, that Kerry never brought up any possible government involvement in the health system because it "lacks political support." It's their way of saying, and Kerry's way of understanding, that political support means support from the wealthy and the powerful.

Nobody really wants war. What you want is victory. Now, any discussion of withdrawal from Iraq has to at least enter the real world, meaning, at least consider these issues. Just take a look at the commentary in the United States, across the spectrum. How much discussion do you see of these issues? Well, you know, approximately zero, which means that the discussion is just on Mars — and there's a reason for it. We're not allowed to concede that our leaders have rational imperial interests. They're perfectly sensible. They can understand what anybody else can understand. So the first step in talk about withdrawal is: consider the actual situation, not some dream situation, where Bush is pursuing a vision of democracy or something. If we can enter the real world we can begin to talk about it, but we have to talk about it in the real world and know what the White House is thinking... How will the U.S. deal with China as a superpower?

GP: What’s the problem with China?

NC: Well, competing for resources, for example. If you believe in markets, the way we're supposed to, compete for resources through the market. So what's the problem? The problem is that the United States doesn't like the way it's coming out. Well, too bad. Who has ever liked the way it's coming out when you're not winning? China isn't any kind of threat. We can make it a threat. If you increase the military threats against China, then they will respond. And they're already doing it. They'll respond by building up their military forces, their offensive military capacity, and that's a threat. So, yeah, we can force them to become a threat.

Geov Parrish is a Seattle-based columnist and reporter for Seattle Weekly, In These Times and Eat the State! He writes the "Straight Shot" column for WorkingForChange
Noam Chomsky is an acclaimed linguist and political theorist. Among his latest books are Hegemony or Survival from Metropolitan Books and Profit Over People: Neoliberalism and the Global Order published by Seven Stories Press.

Prioritizing prevention in health care — Seattle Post Intelligencer, January 17, 2006

By New York Times columnist Paul Krugman

It’s widely expected that President Bush will talk a lot about health care in his State of the Union address. He probably won’t boast about his prescription drug plan, whose debut has been a Katrina-like saga of confusion and incompetence, but he probably will tout proposals for so-called “consumer driven” health care.

So it’s important to realize that the administration’s idea of heath care reform is to take what’s wrong with our system and make it worse. Consider the harrowing series of articles The New York Times printed about the rising tide of diabetes, which is a horrifying disease. It’s also an Important factor in soaring medical costs ... And the problem of dealing with diabetes is a clear illustration of the real issues in health care ... Diabetes is closely linked to the rise in obesity. We should be getting Americans to lose weight and exercise more. We should also support disease management: people with diabetes have a much better quality of life and place much less burden on society if they can be induced to monitor their blood sugar carefully and control their diet.

But it turns out that the U.S. system of paying for health care doesn't let medical professionals do the right thing. There's hardly any money for prevention, partly because of influence of food-industry lobbyists — and even disease management gets severely shortchanged. As a Times series pointed out, insurance companies "will often refuse to pay $150 for a diabetic to see a podiatrist, who can help prevent foot ailments associated with the disease. Nearly all of them, though, cover amputations, which typically cost more than $30,000."

The administration's principles for reform were laid out in the 2004 Economic Report of the President. The first and most important of these principles is "to encourage contracts" — that is, insurance policies — "that focus on large expenditures that are truly the result of unforeseen circumstances," as opposed to small or predictable costs ... The administration is saying that we need to make sure that insurance companies pay only for things like $30,000 amputations... as opposed to seeing a podiatrist for proactive treatment at $150 per visit.

The 2003 Medicare bill, although mainly concerned with prescription drugs, also allowed people who buy high-deductible heath insurance policies — policies that cover only extreme expenses — to deposit money, tax-free, into health saving accounts that can be used to pay medical bills. Since then the administration has floated proposals to make the tax bigger and wider. (The drug portion of this 'bill' recently denied millions of poor seniors of their necessary prescription drugs, their own states had to step up and pay for prescribed medications because of poor planning by the federal government.)

Commentary: The true cause of this and other Price System failures is never revealed: It's not the economy, Stupid... It's the Stupid Money System. In this case, the 2003 Medicare bill was crafted to profit the entire drug industry. Health saving accounts will greatly profit banks. Those few wealthy enough to participate in this scam have a tax write-off and a health safety net, while the vast majority suffer in their ignorance of the Price System rules.

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Quite Astonishing Numbers:

From AFX — Just out. What these tell us is that despite huge increases in the price of crude, the US levels of production took a severe hit — worst in 50 years. (From: Gerald T. Agnew / Energy Resources List)

19 Jan 2006 15:51 GMT — U.S. crude oil production falls 6.6% in 2005
WASHINGTON (AFX) — The United States imported record amounts of refined petroleum in 2005 to make up for the biggest decline in U.S. oil production since 1949, the American Petroleum Institute said Thursday.

For all of 2005, U.S. crude oil production fell 6.6% to 5.06 million barrels a day, the largest percentage decline in more than 50 years. Imports of crude oil declined marginally to 10 million barrels a day, while imports of refined petroleum soared 13.9% to a record 3.48 million barrels a day.

Imports accounted for about 65% of U.S. petroleum consumption. Imported gasoline imports accounted for 12% of the gas burned in the country last year.

Gasoline deliveries, a key indicator of demand, rose 0.4% in 2005, "a fraction of the rate that it had averaged during the previous three years," said Ronald J. Planting, chief analyst for the API.

"The supply impact of the two unprecedented hurricanes, combined with increased fuel demand over the Labor Day weekend, led to record prices," said Dr. John Felmy, API's chief economist.

U.S. refinery inputs were down 4.9% in December from a year earlier. For the year, refinery output fell 2%. In December, stocks of crude oil fell 1.2%, or 3.8 million barrels, to 320.1 million barrels, 12% above year-ago levels. Stocks of gasoline rose 0.7%, or 1.4 million barrels, in December to 206.8 million barrels, down 5% from a year ago.

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