

The Beltway crowd and the Einsteins of high finance who never saw this economic collapse coming are now telling us with their usual breezy arrogance that the Great Recession is probably over. Their focus, of course, is on data, abstractions like the gross domestic product, not the continued suffering of living, breathing human beings struggling with the nightmare of joblessness.

Even Obama, in an interview with The Times, gave short shrift to the idea of an additional economic stimulus package, telling John Harwood a few weeks ago that the economy had likely turned a corner. "As you know," the president said, "jobs tend to be a lagging indicator; they come last."

The view of most American families is somewhat less blasé. Faced with the relentless monthly costs of housing, transportation, food, clothing, education and so forth, they have precious little time to wait for this lagging indicator to come creeping across the finish line.

Americans need jobs now, and if the economy on its own is incapable of putting people back to work — which appears to be the case — then the government needs to step in with aggressive job-creation efforts.

Nearly one in four American families has suffered a job loss over the past year, according to a survey released by the Economic Policy Institute. Nearly 1 in 10 Americans is officially unemployed, and the real-world jobless rate is worse.

We're running on a treadmill that is carrying us backward. Something approaching 10 million new jobs would have to be created just to get back to where we were when the recession began in December 2007. There is nothing currently in the works to jump-start job creation on that scale.

A massive long-term campaign to rebuild the nation's infrastructure — which would put large numbers of people to work establishing the essential industrial platform for a truly 21st-century American economy — has not seriously been considered. Large-scale public-works programs that would reach deep into the inner cities and out to hard-pressed suburban and rural areas have been dismissed as the residue of an ancient, unsophisticated era.

We seem to be waiting for some mythical rebound to come rolling in, magically equipped with robust jobs creation, a long-term bull market and paradise regained for consumers.

It ain't happening.

While the data mavens were talking about green shoots in September, employers in the real world were letting another 263,000 of their workers go, bringing the jobless rate to 9.8 percent, the highest in more than a quarter of a century. It would have been higher still but 571,000 people dropped out of the labor market. They're jobless but not counted as unemployed. The number of people officially unemployed — 15.1 million — is, as The Wall Street Journal noted, greater than the population of 46 of the 50 states.

The Obama administration seems hamstrung by the unemployment crisis. No big ideas have emerged. No dramatically creative initiatives. While devoting enormous amounts of energy to health care, and trying now to decide what to do about Afghanistan, the president has not even conveyed the sense of urgency that the crisis in employment warrants.

If that does not change, these staggering levels of joblessness have the potential to cripple not just the well-being of millions of American families, but any real prospects for sustained economic recovery and the political prospects of the president as well. An unemployed electorate is an unhappy electorate.

The survey for the Economic Policy Institute was conducted in September by Hart Research Associates. Respondents said that they had more faith in Obama's ability to handle the economy than congressional Republicans. The tally was 43 percent to 32 percent. But when asked who had been helped most by government stimulus efforts, substantial majorities said "large banks" and "Wall Street investment companies."

When asked how "average working people" or "you and your family" had benefited, very small percentages, in a range of 10 percent to 13 percent, said they had fared well.

The word now, in the wake of last week's demoralizing jobless numbers, is that the administration is looking more closely at its job-creation options... Whether anything dramatic emerges remains to be seen.

The master in this area, of course, was Franklin Roosevelt. His first Inaugural Address was famous for the phrase: "The only thing we have to fear ..." But he also said in that speech: "Our greatest primary task is to put people to work." And he said the country should treat that task "as we would treat the emergency of a war."

Now that's the sense of urgency we need... *Bob Herbert is a regular columnist for The New York Times.*

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"Net Energy Limits and the fate of Industrial Society"

November 25, 2009 EnergyResources Moderator Tom Robertson's Comment -- Folks: Richard Heinberg's book: *'Net Energy' Limits & the Fate of Industrial Society*, has a comprehensive assessment on eighteen major energy sources, and the shortcomings of them. The conclusion is that there is simply: There is no replacement for fossil fuel. They also point out the futility of technology to resolve our plight. After working for 20 some odd years as an engineer in several high tech fields as well as designing alternative energy systems, I staunchly agree with their conclusions.

http://www.postcarbon.org/new-site-files/Reports/Searching_for_a_Miracle_web10nov09.pdf

Tell others about it, listen to their comments, and send same back to the authors and to us folks at the EnergyResources Group... Tom Robertson

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New School of Thought Brings Energy to 'the Dismal Science' - New York Times

By NATHANIAL GRONEWOLD of [Greenwire](#) - Published October 23, 2009

SYRACUSE, N.Y. -- The financial crisis and subsequent global recession have led to much soul-searching among economists, the vast majority never saw it coming... But were their assumptions and models wrong only because of minor errors or because today's dominant economic thinking violates the laws of physics... A small but growing group of academics believe the latter is true, and they are out to prove it... These thinkers say that the neoclassical mantra of constant economic growth is ignoring the world's diminishing supply of energy at humanity's peril, failing to take account of the principle of net energy return on investment. They hope that a set of theories they call "biophysical economics" will improve upon neoclassical theory, or even replace it altogether... But even this nascent field finds itself divided, as evidenced by the vigorous and candid back-and-forth debate last week over where to go next. One camp says its models prove the world is headed toward a dramatic economic collapse as energy scarcity takes hold, while another camp believes there is still time to turn the ship around. Still, all biophysical economists see only very bleak prospects for the future of modern civilization, putting a whole new spin on the phrase "the dismal science."

Last week, about 50 scholars in economics, ecology, engineering and other fields met at the State University of New York's College of Environmental Science and Forestry for their second annual conference on biophysical economics. The new field shares features with ecological economics, a much more established discipline with conferences boasting hundreds of attendees, but the relatively smaller number of practitioners of biophysical economics believe theirs is a much more fundamental and truer form of economic reasoning.

"Real economics is the study of how people transform nature to meet their needs," said Charles Hall, professor of systems ecology at SUNY-ESF and organizer of both gatherings in Syracuse. "Neoclassical economics is inconsistent with the laws of thermodynamics."... Like Hall, many biophysical economic thinkers are trained in ecology and evolutionary biology, fields that do well at breaking down the natural world into a few fundamental laws and rules, just like physicists do. Though not all proponents of the new energy-centric academic study have been formally trained in economics, scholars coming in from other fields, especially ecology, say their skills allow them to see the global economy in a way that mainstream economists ignore.

Central to their argument is an understanding that the survival of all living creatures is limited by the concept of energy return on investment (EROI): that any living thing or living societies can survive only so long as they are capable of getting more net energy from any activity than they expend during the performance of that activity.

For instance, if a squirrel burns energy eating nuts, those nuts had better give the squirrel more energy back than it expended, or the squirrel will inevitably die. It is a rule that lies at the core of studying animal and plant behavior, and human society should be looked at no differently, as even technologically complex societies are still governed by EROI. ***"The basic issue is very fundamental: Why should economics be a social science, because it's about stuff?" Hall said.***

'Peak oil' embraced

The modern biophysical economics movement may be relatively young, but the ideas at its roots are not.

In 1926, Frederick Soddy, a chemist who was awarded the Nobel Prize just a few weeks before, published "Wealth, Virtual Wealth and Debt," one of the first books to argue that energy should lie at the heart of economics and not supply-demand curves... ***Soddy also criticized traditional monetary policy theories for seemingly ignoring the fact that "real wealth" is derived from using energy to transform physical objects, and that these physical objects are inescapably subject to the laws of entropy, or inevitable decline and disintegration. (In the late 1930's a News-Reel [shown in Theaters], has Soddy commenting very favorably towards Technocracy's analysis & synthesis)- (Paul Cordsmeyer)***

The United States is held as the prime example. Though the United States is still the world's third-largest producer of oil, its oil production stopped growing more than a decade ago and has flatlined or steadily fallen ever since. Other once-robust oil-producing countries have experienced similar production curves... But the more important indicator, biophysical economists say, is the fact that the U.S. oil industry's energy return on investment has been steadily sliding since the beginning of the century... Through analyzing historical production data, experts say the petroleum sector's EROI in this country was about 100-to-1 in 1930, meaning one had to burn approximately 1 barrel of oil's worth of energy to get 100 barrels out of the ground. By the 1990s, it is thought, that number slid to less than 36-to-1, and further down to 19-to-1 by 2006.

"If you go from using a 20-to-1 energy return fuel down to a 3-to-1 fuel, economic collapse is guaranteed," as nothing is left for other economic activity, said Nate Hagens, editor of the popular peak oil blog "The Oil Drum."

"The main problem with neoclassical economics is that it treats energy as the same as any other commodity input into the production function," Hagens said. "They parse it into dollar terms and treat it the same as they would mittens or earmuffs or eggs ... but without energy, you can't have any of that other stuff."

Nor is conservation or energy efficiency the answer. In his presentation, Henshaw noted that the International Energy Agency's own data show that energy use is doubling every 37 years or so, while energy productivity takes about 56 years to double... In fact, the small world of biophysical economists seems to agree that energy and resource conservation is pointless in the economic system as it is now construed, contrary to what one might expect. Such efforts are noteworthy as it buys the world a bit more time, but the destination is inevitably the same -- a gallon of gasoline not burned by an American will be burned by someone else anyway.

Other peaks?

Though not as closely studied, biophysical economists theorize that the peak oil phenomenon holds true for all non-renewable resources, especially energy commodities. Proponents of the field say they are moving closer to understanding "peak gas" and "peak coal." Consumption of many of the world's most valuable minerals could likewise see those resources nearing exhaustion, as well, they say... And no amount of technology can fix the problem... Hagens points out that oil extraction has evolved by leaps and bounds since the early 1900s, and yet companies must expend much more energy to get less and less oil than they did back then.

"It isn't that there's no technology," Hall said. ***"The question is, technology is in a race with depletion, and that's a whole different concept. And we think that we can show empirically that depletion is winning, because the energy return on investment keeps dropping for gas and oil."...*** The most pessimistic of the biophysical economics camp sees the oil-fueled world economy grinding to a halt soon, possibly within 10 years. They are all working to get the message out, but not all of them believe their peers in other professions will listen...

"Of course I'm trying to send a message," said Joseph Tainter, chairman of Utah State University's Department of Environment and Society. "I just don't expect there's anyone out there to receive it."

World Oil Production Forecast - Update November 2009 <http://www.theoil Drum.com/node/5979>

Topic: Supply/Production - November 23, 2009

Colin Campbell, IAE, Non-Opec, oil production forecast, Opec, original, peak oil, total liquids [list all tags]

World oil production peaked in July 2008 at 74.74 million barrels/day (mbd) and now has fallen to about 72 mbd. It is expected that oil production will decline at about 2.2 mbd per year... The IEA 2009 forecast has dropped significantly lower than the 2008 forecast. The IEA 2009 forecast also shows a slight decline from 2009 to 2012 implying that the IEA possibly agrees that world oil peaked in July 2008... The US Energy Information Administration (EIA) and the International Energy Agency (IEA) should make official statements about declining world oil production now to urgently increase the focus on oil conservation and alternative renewable energy sources...

~~~~~*EnergyResources Moderator - Tom Robertson's Comment*~~~~~

Of course, the numbers above refer to the gross production of energy... There is no mention of the amount of energy invested in the production of that energy... My bet is that the crude oil Energy Returned on Energy Invested or EROEI, has been declining since at least the mid-1990s... But we really don't know, because there is no really credible analysis of those factors... And then there is the finance issue, where money is being created at enormous rates--with little concern for the energy that should be available to do the work that money represents... Some might call it inflation--but who knows... In fact, who really wants to know?

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World Oil Production: World crude oil, condensate and oil sands production peaked in 2005 at an annual average of 73.72 million barrels per day (mbd) according to recent EIA production data. 2008 production was slightly less than 2005 creating a peak plateau from 2005 to 2008... Production is expected to decline further as non OPEC annual oil production peaked in 2004 and is forecast to decline at a faster rate in 2010 and beyond due mainly to big declines from Russia, Norway, the UK and Mexico. Saudi Arabia's crude oil production peaked in 2005.

By 2011, OPEC will not have the ability to offset cumulative non OPEC declines and world oil production is forecast to stay below its 2005 peak... My forecast to 2012 is based on an aggregation of individual forecasts from over 80 countries including over 300 major oil projects... My estimate of 1.95 trillion barrels (TB) of total Ultimate Recoverable Reserves (URR) of oil is used to generate the forecast beyond 2012. If Colin Campbell's estimate of 2.20 TB is used, which is 250 billion barrels (Gb) greater than my estimate due mainly to more optimistic assumptions about OPEC reserves, the peak production date remains at 2005. This shows that an additional 250 Gb of recoverable oil reserves does not change the peak oil date and instead increased production rates occur later... Additional reserves and the related production from prospective areas such as the arctic, Iraq, and Brazil's Santos basin are highly unlikely to produce another peak but should decrease the production decline rate after 2012.

The IEA's forecast from 2015 to 2030 is not based on projects but based on the assumption that there are enough remaining oil resources coupled with enough investment to cause oil production to suddenly increase after 2015 to meet the IEA's oil demand forecast. The IEA projects that much of the sudden production increase after 2015 comes from OPEC countries most of which are referred to as closed countries by the IEA. The IEA WEM page 40 states the following in reference to OPEC closed countries: "Long-term exploration and production investments of closed countries are projected based on expert judgment, supported by the analysis of the consistency of official targets with the potential from past discoveries, estimated yet-to-be-discovered reserves and enhanced oil recovery projects." The IEA also continues to accept, without any questions, the oil resource estimates by the US Geological Survey oil assessment in 2000 (USGS 2000) as shown in Fig 10 on page 26 of the IEA WEM.

OPEC is consistent with the IEA in its use of forecasting methodology for long term projection to 2030. OPEC also forecasts oil demand first and also relies on USGS 2000 resource estimates to project an oil supply increase which meets demand. The paragraph below is from page 24 of the OPEC World Oil Outlook 2007 and is OPEC's attempt to assure the world that there are sufficient resources to meet future demand.

A central tenet of the OPEC long-term supply perspective assessment is that resources are sufficient to meet future demand. The resource base, as defined by estimates from the US Geological Survey (USGS) of ultimately recoverable reserves (URR), does not constitute a constraint to supplying the rising levels of oil demanded in the reference case. Indeed, the methodologies developed and applied to derive the regional crude supply figures revolve around the assessment of remaining resources (resources minus cumulative production), so supply projections are, by definition, plausible from the resource perspective. Moreover, it is worth noting that these URR estimates have practically doubled since the early 1980s, from just 1,700 billion barrels to over 3,300 billion barrels, and it is probable

System Change - Not Climate Change - December 13, 2009 by [It's Getting Hot in Here](#) by A.A. French

After being in Copenhagen for five days now, there are some thoughts running through my head that I'd like to express and share with y'all. This is going to be short, and probably not all that eloquent, but it will help me get some points across that I think are really important at this critical moment in the fight for our climate. I do want to say that while this post is critical of the way things are happening at COP15, I still deeply respect the youth of all delegations who are inside this conference, trying to scrap out a decent deal for the world. I thank them for all their efforts, but am coming from a different perspective here.

I came to Copenhagen hesitant and nervous... not wanting to place too much hope into the talks that had effectively been castrated by the UNFCCC leadership and Yvo de Boer. But I still wanted to be here all the same; after all, it's supposedly the climate party of the century! So I hooked up with some French activists and an amazing organization called Climate Justice Action and planned on doing all that I could during the two weeks of the conference. I wanted to rally, protest, take part in negotiations, have my voice heard and above all- help bring a fair, ambitious and binding treaty out of Copenhagen. But upon arriving in Denmark, I entered a catatonic state of dumb-foundedness... having finally come to the realization, like so many others (James Hansen, Breakthrough Institute etc), that these talks were doomed to fail and there was nothing anyone could do about it. As quickly as it had come, my dream of that fair, ambitious and binding treaty that we've all been working towards disappeared in a smoggy cloud of yen, dollars, Euros and political and moral weakness.

Since 2006, I've been a part of the youth climate movement and I always believed that it was possible to achieve the sort of change we needed through the United States Congress, the United Nations Conference of Parties or other governmental bodies. To put it short and use that worn out term, I believed in "the system". I believed that governments did have the power to stop climate change and did in fact want to stop climate change. I thought COP 15 would be a conference of folks dedicated to doing whatever was necessary to solve the climate crisis, regardless of money, corporate influence or politics.

I was wrong.

The first five days of the conference have been full of back door dealings by Annex 1 countries, oppression of "developing" countries like Tuvalu by official delegations and a lack of desire for a legitimate deal in Copenhagen by members of the US delegation. So, even with tens of thousands of people working on a global climate treaty for the past fifteen years, we have yet to reach any sort of legitimate, legally binding treaty that addresses climate change and climate justice while refusing to give into corporate and big business pressure. You would think that when you put the world's top negotiators, scientists, governmental representatives and UN hot shots together for 15 years, they'd at least be able to figure something out right?

What's the *#&\$#@! ^ Problem?

The answer is simple. Capitalism is the problem. Our global economic system is the problem. This "profit above all" attitude that we've been working with since the dawn of Adam Smith and modern economic system will no longer work if we want to continue living on this Earth with our fellow brothers and sisters. The evidence towards this is numerous and incontrovertible. Take this astounding fact for example. There have been two occurrences in the past twenty years when carbon emissions have not skyrocketed upwards, and have even dropped a little bit. The first was in the aftermath of the collapse of the Soviet Union, when the former Soviet eastern bloc country's economies essentially all collapsed. That bloc lost 40% of their production capacity, and thus, their carbon emissions went down 40%, a significant amount. The second time when global carbon emissions have not continued on their hasty flight up was this past year, during the "global financial crisis", when emissions slightly leveled off due to the slow death of many parts of our modern economic system. Let this example be a wake up call, let it motivate you, make you angry and make you want to act!

With little more than a week to go in this conference, I don't know what sort of hack deal will be put on the table. I don't know if it will help protect small island states or fragile economies threatened the most by climate change. I am pretty sure it will be extremely lenient on big polluters like the US, India and China. My only hope is that the coming actions and demonstrations organized by the Climate Collective and Climate Justice Action will show the determination and passion of real people dedicated to real system change to confront the awful truth of climate change and tell the fat cat delegates from rich, polluting countries what this world really needs:

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http://www.huffingtonpost.com/david-paul/with-the-wall-street-shor_b_390589.html

With Wall Street Shorting the Dollar, It is Time for Congress to Pursue Fundamental Change

By David Paul - December 14, 2009

Just imagine how angry the American public would be if they knew the whole story.

For months, we have listened to the whining from Wall Street. U.S. banks are having a record year, and they want to be paid a lot of money. Billions and billions of dollars... Public indignation is deep. After all, over the past year, we have watched as hundreds of billions of dollars of public money has been poured into bank balance sheets. We have--we are assured--taken steps that were necessary to bring our financial system back from the brink. We may not have liked it, but we had no choice... But now that we have stemmed the tide, now that the Great Panic of 2008 has abated, we have been forced to watch these same institutions moan about how bad they have it. Citigroup--the one that received \$45 billion in taxpayer funds, plus a couple hundred billion extra in public underwriting of bad assets--wants to wipe the slate clean by paying the money back and calling it even. So they can pay themselves billions of dollars in bonuses.

Wells Fargo, the arriviste among the financial elite, is complaining about the competitive disadvantages that they face as a consequence of federal compensation constraints. Constraints that prevent them from paying themselves billions of dollars in bonuses.

Goldman Sachs--caught in a lie by a federal Inspector General who refuted Goldman's sanctimonious claim that even if the world had collapsed, they would have been fine--is trying to fend off accusations of unwarranted hubris and greed--which reached a pinnacle when they announced plans to pay themselves \$21 billion in bonuses--by announcing that their senior partners will take their share of the billions in stock.

But what if the public understood the whole story? How is it that the banks are now having one of their most profitable years ever? Given that there is not much lending going on, and that the newly increased credit card fees have only just begun to flow into bank coffers, where is all that money coming from?

It is coming from proprietary trading. "Prop trading" is the kind of betting with the bank balance sheet that was made illegal for commercial banks back during the Great Depression, when the FDIC and deposit insurance was created. The price of having the federal government guarantee bank deposits was separating the lending and depository functions of commercial banking from trading and risk activities of investment banking. Thus, in 1935, the commercial bank J.P. Morgan & Company was separated from the investment firm Morgan Stanley.

But this separation was undone in 1999 to facilitate the creation of the megabanks that we have today. However, the Financial Services Modernization Act of 1999 ended the separation of activities, FDIC deposit insurance remained in place. And this year, the elite of the financial world--JP, Citi, Wells, BofA, Goldman and Morgan Stanley--have finally emerged for what they are: Gigantic hedge funds backed up by the full faith and credit of the United States of America. Wall Street bankers making big bets with our money, content in the knowledge that if they win their bets, they will pocket the cash. And if they lose, we will all pick up the mess.

But it really does get better. So exactly how did they make all that money this year?

Well, the trade of the moment has been the U.S. dollar carry trade. A foreign currency carry trade is simple in concept. Borrow money where interest rates are low, and invest where interest rates are high. Or simply stated: Short the U.S. dollar. Buy the currency of a country where interest rates are higher. The beauty part is that by continually assuring the world that U.S. interest rates will remain near zero for the foreseeable future, the Federal Reserve has assured traders that they can keep the trade in place for some time.

So the Wall Street elite, just months removed from their near-death experience, are now making a fortune shorting the U.S. dollar. One year ago, faced with the greatest financial panic in generations, the American people swallowed hard and bailed out the banks. Today, the banks have moved on, and are tearing down the currency of the nation that saved them.

But it is nothing personal. It is strictly business.

And the carry trade will work out fine. Until it doesn't. Then the trade will unwind quickly, and those who do not get out

based portion does, the minimum amount water used to produce an average diet would be about 400 cubic meters per person per year. At this level meeting the food requirements of the 2.6 billion people expected to be added to the planet by 2025 would take additional 1,040 billion cubic of water-equal to more than 12 times the average flow of the Nile River, or 56 times the average flow of the Colorado River.

The U.S.A. fares no better. The high plains aquifer system, which underlies nearly 20% of all U.S. irrigated land, has been badly depleted, Over 66% of this depletion has occurred in the Texas High Plains, where irrigated land has dropped about 28%. Current depletion is estimated at 12 billion cubic meters a year... California ground-water overdraft averages 1.6 billion cubic meters a year, amounting to 15% of the States annual net groundwater use, 66% of this depletion occurs in the Central Valley the country's and most parts of the world's, fruit and vegetable market. South West U.S. over pumping in Arizona alone totals more than 1.2 billion cubic meters a year. East of Phoenix water table has dropped more than 120 meters. Projections for Albuquerque N.M. show that if groundwater withdrawals continue at current rates water tables will drop an average 20 meters per year.

Wars will be fought over water resources, where rivers are shared by 2 or more nation's conflict is inevitable. Examples: Ganges, Nile, Jordan, Tigris-Euphrates, Amu Dar'ya Syr Dar'ya, Nile River. 86% of this River originates in Ethiopia, this country expects to expand its irrigated land, and expand its hydro electric power. Egypt gets hardly any rainfall.

Globally water is in great excess, but because of operational limits, and pollution, it can in fact support at most one more doubling of demand which will occur in the next 20 to 30 years. Even if it were possible to prevent all pollution, trap every drop of flood water, move either the people to the water, or the water to the people, even if it were possible, or desirable to capture the planets full 40,000 cubic kilometers of annual run off for human use, there would be enough water for only 3 to 4 doublings a mere 100 years away, IF current growth rates continue.. You figure it out.

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