



February 2009 TREND EVENTS

Is Economic Recovery Possible on a Planet Headed for Environmental Collapse?

<http://www.alternet.org/story/127625/>

By Tom Engelhardt, - Tomdispatch.com -
February 19, 2009

It turns out that you don't want to be a former city dweller in rural parts of southernmost Australia, a stalk of wheat in China or Iraq, a soybean in Argentina, an almond or grape in northern California, a cow in Texas, or almost anything in parts of east Africa right now. Let me explain... As anyone who has turned on the prime-time TV news these last weeks knows, southeastern Australia has been burning up. It's already dry climate has been growing ever hotter. "The great drying," Australian environmental scientist Tim Flannery calls it. At its epicenter, Melbourne recorded its hottest day ever this month at a sweltering 115.5 degrees, while temperatures soared even higher in the surrounding countryside. After more than a decade of drought, followed by the lowest rainfall on record, the eucalyptus forests are now burning. To be exact, they are now pouring vast quantities of stored carbon dioxide, the greenhouse gas considered largely responsible for global warming, into the atmosphere... In fact, everything's been burning there. Huge sheets of flame, possibly aided and abetted by arsonists, tore through whole towns. More than 180 people are dead and thousands homeless. Flannery, who has written eloquently about global warming, drove through the fire belt, and reported: "It was as if a great cremation had taken place... I was born in Victoria, and over five decades I've watched as the state has changed. The long, wet and cold winters that seemed insufferable to me as a boy vanished decades ago, and for the past 12 years a new, drier climate has established itself... I had not appreciated the difference a degree or two of extra heat and a dry soil can make to the ferocity of a fire. This fire was different from anything seen before."

Australia, by the way, is a wheat-growing bread-basket for the world and its wheat crops have been hurt in recent years by continued drought.

Meanwhile, central China is experiencing the worst drought in half a century. Temperatures have been unseasonably high and rainfall, in some areas, 80% below normal; more than half the country's provinces have been affected by drought, leaving millions of Chinese and their livestock without adequate access to water. In the region which raises 95% of the country's winter wheat, crop production has already been impaired and is in further danger without imminent rain. All of this represents a potential financial catastrophe for Chinese farmers at a moment when about 20 million migrant workers are estimated to have lost their jobs in the global economic meltdown. Many of those workers, who left the countryside for China's booming cities (and remitted parts of their paychecks to rural areas), may now be headed home jobless to potential disaster. A *Wall Street Journal* report concludes, "Some scientists warn China could face more frequent droughts as a result of global warming and changes in farming patterns."

Globe-jumping to the Middle East, Iraq, which makes the news these days mainly for spectacular suicide bombings or the politics of American withdrawal, turns out to be another country in severe drought. Americans may think of Iraq as largely desert, but (as we were all taught in high school) the lands between the Tigris and Euphrates Rivers, the "fertile crescent," are considered the homeland of agriculture, not to speak of human civilization... Well, not so fertile these days, it seems. The worst drought in at least a decade and possibly a farming lifetime is expected to reduce wheat production by at least half; while the country's vast marshlands, once believed to be the location of the Garden of Eden, have been turned into endless expanses of baked mud. That region, purposely drained by dictator Saddam Hussein to tame rebellious "Marsh Arabs," is now experiencing the draining power of nature.

Nor is Iraq's drought a localized event. Serious drought conditions extend across the Middle East, threatening to exacerbate local conflicts from

Cyprus and Lebanon to Gaza, the West Bank, and Israel where this January was reported to have been the hottest and driest in 60 years. "With less than 2 months of winter left," Daniel Pedersen has written at the environmental website *Green Prophet*, "the region has received only 6%-50% of the annual average rainfall, with the desert areas getting 30% or less."

Leaping continents, in Latin America, Argentina is experiencing "the most intense, prolonged and expensive drought in the past 50 years," according to Hugo Luis Biolcati, the president of the Argentine Rural Society. One of the world's largest grain exporters, it has already lost five billion dollars to the drought. Its soybeans -- the country is the third largest producer of them -- are wilting in the fields; its corn -- Argentina is the world's second largest producer -- and wheat crops are in trouble; and its famed grass-fed herds of cattle are dying -- 1.5 million head of them since October with no end in sight.

Dust Bowl Economics

In our own backyard, much of the state of Texas -- 97.4% to be exact -- is now gripped by drought, and parts of it by the worst drought in almost a century. According to the *New York Times*, "Winter wheat crops have failed. Ponds have dried up. Ranchers are spending heavily on hay and feed pellets to get their cattle through the winter. Some wonder if they will have to slaughter their herds come summer. Farmers say the soil is too dry for seeds to germinate and are considering not planting." Since 2004, in fact, the state has yoyo-ed between the extremities of flood and drought... Meanwhile, scientists predict that, as global warming strengthens, the American southwest, parts of which have struggled with varying levels of drought conditions for years, could fall into "a possibly permanent state of drought." We're talking potential future "dust bowl" here. A December 2008 U.S. Geological Survey report warns: "In the Southwest, for example, the models project a permanent drying by the mid-21st century that reaches the level of aridity seen in historical droughts, and a quarter of the projections may reach this level of aridity much earlier."... And talking about drought gripping breadbasket regions, don't forget northern California which "produces 50 percent of the nation's fruits, nuts and vegetables, and a majority of [U.S.] salad, strawberries and premium wine grapes." Its agriculturally vital Central Valley, in

particular, is in the third year of an already monumental drought in which the state has been forced to cut water deliveries to farms by up to 85%.

Observers are predicting that it may prove to be the worst drought in the history of a region "already reeling from housing foreclosures, the credit crisis, and a plunge in construction and manufacturing jobs." January, normally California's wettest month, has been wretchedly dry and the snowpack in the northern Sierra Mountains, crucial to the state's water supplies and its agricultural health, is at less than half normal levels... Northern California, in fact, offers a glimpse of the havoc that the extreme weather conditions scientists associate with climate change could cause, especially when combined with other crises. In a *Los Angeles Times* interview, new Secretary of Energy Steven Chu offered an eye-popping warning (of a sort top government officials simply don't give) about what a global-warming future might hold in store for California, his home state. Interviewer Jim Tankersley summed up Chu's thoughts this way: "California's farms and vineyards could vanish by the end of the century, and its major cities could be in jeopardy, if Americans do not act to slow the advance of global warming... In a worst case... up to 90% of the Sierra snowpack could disappear, all but eliminating a natural storage system for water vital to agriculture. 'I don't think the American public has gripped in its gut what could happen,' [Chu] said. 'We're looking at a scenario where there's no more agriculture in California.' And, he added, 'I don't actually see how they can keep their cities going' either."

As for East Africa and the Horn of Africa, under the pressure of rising temperatures, drought has become a tenacious long-term visitor. For East Africa, the drought years of 2005-2006 were particularly horrific and now Kenya, with the region's biggest economy, a country recently wracked by political disorder and ethnic violence, is experiencing crop failures. An estimated 10 million Kenyans may face hunger, even starvation, this year in the wake of a poor harvest, lack of rainfall, and rising food prices; if you include the drought-plagued Horn of Africa, 20 million people may be endangered, according to the International Federation of Red Cross and Red Crescent Societies.

Recently, climatologist David Battisti and Rosamond Naylor, director of Stanford University's Program on Food Security and the Environment, published a study in *Science* magazine on the effect of extreme heat on crops. They concluded, based on recent climate models and a study of past extreme heat waves, that there was "a 90% chance that, by the end of the century, the coolest temperatures in the tropics during the crop growing season would exceed the hottest temperatures recorded between 1900 and 2006." According to the British *Guardian*, under such circumstances Battisti and Naylor believe, "[half] of the world's population could face severe food shortages by the end of the century as rising temperatures take their toll on farmers' crops... Harvests of staple food crops such as rice and maize could fall by between 20% and 40% as a result of higher temperatures during the growing season in the tropics and subtropics."

Not surprisingly, it's hard to imagine -- perhaps I mean swallow -- such an extreme world, and so most of us, the mainstream media included, don't bother to. That means certain potentially burning questions go not just unanswered but unasked.

The Grapes of Wrath (Updated)

Mind you, what you've read thus far represents an amateur's eye view of drought on our planet at this moment. It's hardly comprehensive. To give but one example, Afghanistan has only recently begun to emerge from an eight-year drought involving severe food shortages -- and, as journalist Christian Parenti writes, it would need another "five years worth of regular snowfall just to replenish its aquifers." Parenti adds: "As snow packs in the Himalayan and Hindu Kush ranges continue to recede, the rivers flowing from them will diminish and the economic situation in all of Central Asia will deteriorate badly."

Nor is this piece meant to be authoritative, exactly because I know so relatively little. Think of it as a reflection of my own frustration with work not done elsewhere -- and, by the way, thank heavens for Google University. Yes, Googling leaves you on your own, can be time-consuming, and tends to lead to cul-de-sacs ("Nuggets end 17-year drought in Orlando"), but what would we do without it? Thanks to good ol' G.U., anyone can, for instance, check out the National Oceanic and Atmospheric Administration's Drought Information Center or its

U.S. Drought Monitor, or the National Weather Service's Climate Prediction Center and begin a self-education.

Now let me explain why I even bothered to write this piece. It's true that, if you're reading the mainstream press, each of the droughts mentioned above has gotten at least some attention, several of them a fair amount of attention (as well as some fine reporting), and the Australian firestorms have been headlines globally for weeks. The problem is that (the professional literature, the science magazines, and a few environmental websites and blogs aside) no one in the mainstream media seems to have thought to connect these dots or blots of aridity in any way. And yet it seems a no-brainer that mainstream reporters should be doing just that... After all, cumulatively these drought hotspots, places now experiencing record or near-record aridity, could be thought of as representing so many burning questions for our planet. And yet you can search far and wide without stumbling across a mainstream American overview of drought in our world at this moment. This seems, politely put, puzzling, especially at a time when University College London's Global Drought Monitor claims that 104 million people are now living under "exceptional drought conditions."

Scientists generally agree that, as climate change accelerates throughout this century (and no matter what happens from here on in, nothing will evidently stop some form of acceleration), extreme weather of every sort, including drought, will become ever more the planetary norm. In fact, experts are suggesting that, as the *Washington Post* reported recently, "The pace of global warming is likely to be much faster than recent predictions, because industrial greenhouse gas emissions have increased more quickly than expected and higher temperatures are triggering self-reinforcing feedback mechanisms in global ecosystems."

Now, no one can claim beyond all doubt that global warming is the cause of any specific drought, or certainly the only cause anyway. As with the Texas drought, a La Niña weather pattern in the Pacific is often mentioned as a key causal factor right now. But the crucial point is what the present can tell us about the impact of a global pattern of extreme weather, especially extreme drought, on what will surely be a more extreme planet in the relatively near future.

If global temperatures are on the rise and more heat means lower crop yields, then you're talking about more Kenyas, and not just in Africa either. You're probably also talking about desperation, upheaval, resource conflicts, and mass out-migrations of populations, even -- if scientists are right -- from the American Southwest. (And in case you don't think such a thing can happen here, remember Steinbeck's *The Grapes of Wrath* or think of any of Dorothea Lange's iconic photos of the "Okies" fleeing the American dustbowl of the 1930s.)

Burning Questions

Right now, the global economic meltdown has massively depressed fuel prices (key to farming, processing, and transporting most crops to market) and commodity prices have generally fallen as well, including food prices. Whatever the future economic weather, however, that is not likely to last.

So here's a burning question on my mind: We're now experiencing the extreme effects of *economic* bad "weather" in the wake of the near collapse of the global financial system. Nonetheless, from the White House to the media, speculation about "the road to recovery" is already underway. The stimulus package, for instance, had been dubbed the "recovery bill," aka the American Recovery and Reinvestment Act, and the question of when we'll hit bottom and when -- 2010, 2011, 2012 -- a real recovery will begin is certainly in the air.

Recently, in a speech in Singapore, Dominique Strauss-Kahn, head of the International Monetary Fund, suggested that the "world's advanced economies" -- the U.S., Western Europe, and Japan -- were "already in depression," and the "worst cannot be ruled out." This got little attention here, but President Obama's comment at his first press conference that delay on his stimulus package could lead to a "lost decade," as in Japan in the 1990s (or, though it went unmentioned, the U.S. in the 1930s), made the headlines.

If, indeed, this is "the big one," and does result in a "lost decade" or more, here's what I wonder: Could the sort of "recovery" that everyone assumes lies just over a recessive or depressive horizon not be there? What if our

lost decade lasts long enough to meet an environmental crisis involving extreme weather -- drought and flood, hurricanes, typhoons, and firestorms of unprecedented magnitude -- possibly in some of the breadbasket regions of the planet? What will happen if the rising fuel prices likely to come with the beginning of any economic "recovery" were to meet the soaring food prices of environmental disaster? What kind of human tsunami might that result in?

Once we start connecting some of today's drought dots, wouldn't it make sense to try to connect a few of the prospective dots as well? After all, if you begin to imagine what the worst might look like, you can also begin to think about what might be done to mitigate it. Isn't that more sensible than looking the other way?

If the kinds of hits regional agriculture is now taking from record-setting drought became the future norm, wouldn't we then be bereft of our most reassuring formulations in bad times? For example, the president spoke at that press conference of our present moment as "the worst economic crisis *since* the Great Depression." On an extreme planet, no such comforting "since the" would be available, nor would there be any historical road map for what was coming at us, not if we had already run out of history. Maybe the world we knew but scarce months ago is already, in some sense, long gone. What if, after a lost decade, we were to find ourselves living on another planet?

Feel free, of course, to ignore my burning questions. After all, I'm only an amateur with the flimsiest of credentials from Google U. Still, I do keep wondering when the media pros will finally pitch in, and what they'll tell us is on that distant horizon, the one with the red glow.

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Retreating glaciers erase records of Climate History: Lonnie Thompson – Ohio State U. 2/14/09
Interview: by Sr. Ed. Janet Raloff - **Science News**

When did you first learn high-elevation glaciers were dying? When we started our monitoring program in 1978, people typically described the movement of ice as slow – you know, Glacial. But in the early '90s during repeated visits to Peru's

Quelccaya glacier, the largest tropical ice cap on Earth, we realized it was in rapid retreat. Although 168 meters thick at the top, it's now retreating up the mountainside by about 18 inches a day, which means you can almost sit there and watch it lose ground... Mount Kilimanjaro in Tanzania has lost 84 % of its ice since 1912. As of our 2007 measurements, it was down to 2 Square Kilometers. And even that measurement is deceptive because it's not only losing area but depth. In some places, it may only be a half-meter thick. **How unusual is the warming that these glaciers are experiencing?** Whether you're looking at glaciers in the Andes of South America or in the Himalayas, you see a similar trend. The whole atmosphere is warming in the tropics. But the greatest warming is taking place at the highest elevations—on the order of 0.3 degrees C per decade. **From a science perspective, what's so special about these glaciers?** Ice masses on the tops of mountains – Sticking out in the free atmosphere – have been collecting climate data and storing them, in many cases for very long periods. One ice core from Mount Kilimanjaro contains climate data going back 11,700 years, far longer than any documented history... Data from tropical glaciers offer information about how vegetation has changed in the Past; the history of El Niños – their intensity, Magnitude & periodicity; how Monsoons have varied through time; even dust data reflecting the duration of major droughts. **How robust are those climate data?** Glaciers record the deposition of snow in annual layers. They're like tree rings. One can calibrate the age of glaciers by identifying layers of ice that record a common event for which the date is known, like fallout from thermonuclear bomb testing. For a long time the signature of bomb tests was evident in all ice cores. But in 2006 we were taken aback by analysis of ice cores that we drilled on the Tibetan Plateau... There was no isotope signature recording bomb tests in the early 1950's and '60s... The loss of the bomb signature signaled an important change: the loss of mass not only at the margins of a glacier, but also in depth – from the surface down... so relatively recent climate history is disappearing.

Mindfields – NewScientist - Feb. 14, 2009
A Slogan to stave off Catastrophe! By A.C. Grayling – Birkbeck, University of London

Why has climate change not prompted more alarm? One reason is that we do not wish to believe it. Believing it means serious and inconvenient changes to our lifestyles. Another reason is that there are plenty of vested interests who have every reason to discourage us from believing it, and who are themselves motivated not to believe it either: commerce, industry and governments aiming for re-election and reluctant to impose inconveniences on voters.

Also, we are all waiting for a miracle to happen, in the form of the men and women in the white coats coming up with a quick and easy, inexpensive technological fix. Or perhaps we hope to wake up one day and find it was all just a bad dream... Advertisers and politicians know that the trick to influencing attitudes and actions is to find a way of communicating information quickly and, above all simply. Commercial marketing relies on the logo and the advertising jingle. Political parties rely on the sloganised message, and for their opponents a jibe or accusation that resonates with the public... Science needs to find ways of speaking to the world with the same impact, especially when the message it is trying to convey is so momentous and urgent. On climate change it needs a resonate image, accurate but simple.

John Sterman, specialist in risk perception at M.I.T suggests: "The Bathtub effect", which likens the World to a bath into which water is pouring from open taps twice as fast as it can drain away. The water is carbon dioxide from burning fossil fuels and forests. The drain is plants and oceans. The drain is getting clogged - the plants and oceans are becoming CO₂ saturated. The bathroom is headed for a flood... In fact things are worse. The carbon emissions policies being bandied about by governments of polluting countries appear to assume that if you turn down the taps, the water can be made to enter at a more manageable rate and all will be well. Alas, that misses a couple of significant points. The taps are stiff and take a long time to turn. And the weight of water already in the bath has closed up the drain to the point where it is on the verge of being blocked. Already there might be no way of preventing a flood... Even the most pessimistic climate scientists think we should try to reduce carbon emissions nonetheless. It might only moderate the coming catastrophe rather than avoid it, ***but doing nothing can only guarantee that it will get worse.***

Total says oil output near peak

http://www.ft.com/cms/s/d25b8d2c-fb97-11dd-bcad-000077b07658,dwp_uuid=2592a208-a4fb-11dd-b4f5-000077b07658,print=yes.html

By Carola Hoyos in London - February 15, 2009

The world will never be able to produce more than 89m barrels a day of oil, the head of Europe's third largest energy group has warned, citing high costs in areas such as Canada and political restrictions in countries like Iran and Iraq... Christophe de Margerie, chief executive of Total, the French oil and gas company, said he had revised his forecast for 2015 oil production downward by at least 4m barrels a day because of the current economic crisis and the collapse in oil prices... He noted that national oil companies, which control the vast majority of the world's oil, and independent producers, which play a key role in finding new sources, were "substantially limited in their ability to fund investments in the current [financial] environment".

Oil prices have fallen from a record \$147 a barrel in July to about \$35 a barrel on Monday, with the world consuming 84m barrels of oil a day. This year oil consumption is expected to fall from 2008 levels... Mr de Margerie warned that the glut of oil caused by the dramatic reduction in demand would be short-lived and that, in spite of the economic crisis, in the long-term demand would remain constrained by supply. Three years ago, the International Energy Agency expected consumption and production to hit 130m b/d by 2025. It has since dropped its forecast to a little more than 100m b/d by 2030.

Delays and cancellations in projects to extract oil from Alberta's tar sands and Venezuela's Orinoco belt is both expensive and environmentally difficult operations in which Total is active will cut 1.5m b/d of supply that would have come on stream had oil prices remained strong. The rest of the revisions from Total's mid-2008 estimates came from the more pessimistic view of the political situation in Iran and Iraq, which hold the world's second and third largest oil reserves... Meanwhile, Mr de Margerie now expects a faster decline in production at older fields, such as those in the North Sea. At lower price levels, companies will find it harder to justify the greater cost of keeping such fields pumping.

Total's chief executive has long been an outspoken advocate of maintaining investment, rather than repeating the mistakes of previous cycles by cutting costs so much that the industry is unable to meet global demand when economies recover. But he is also in the midst of trying to renegotiate contracts in Canada and is considering further investments in Venezuela.

Valero keeps low gasoline output on weak margins

NEW YORK, Jan 27 (Reuters) - Top U.S. refiner Valero Energy Corp (VLO.N) said on Tuesday it was maintaining low gasoline production levels in its refining system because of poor demand and profit margins, especially for motor fuel. "Looking at market conditions for the coming year, the sluggish economy is clearly a headwind against demand growth for refined products," Bill Klesse, Valero's chairman and chief executive, said in the company's earnings release... "At Valero, we are managing our run rates according to market demand," Klesse said... "Across our system, the average utilization rate at our fluid catalytic cracking units is currently in the range of 70 percent to 75 percent of capacity," he added.

In mid-December, Valero said it was deepening its gasoline output cuts to 70 percent to 75 percent of capacity that month, from a range in the mid-80s earlier, saying it would keep to the lower production levels until gasoline margins recover.

<http://uk.reuters.com/article/rbssEnergyNews/idUKN2744115020090127?s>

Costly compromises of oil from sand -

The International Herald Tribune

By Ian Austen - January 7, 2009

<http://www.iht.com/articles/2009/01/07/business/07oilsands.php>

OTTAWA: A major source of oil for the United States must now confront another problem: its carbon footprint.

Canada, in large part because of the production capacity of its oil sands, is the largest oil supplier to the United States. But environmental groups in both countries are pushing for a slowdown or even a halt

to further oil sands development, which is concentrated in northern Alberta... Not all oil is alike when it comes to environmental impact, and many environmentalists single out production from the oil sands as the epitome of "dirty oil." In a recent study, RAND Corp. estimated that oil from the oil sands generates about 10 to 30 percent more greenhouse gases than conventional crude... That may place oil sands exports in a precarious position when Barack Obama becomes president this month and moves forward with a climate change program.

Operators of oil sands projects and Canadian governments are eager to point to its potential to reduce U.S. dependence on oil from politically unstable regions. Canadian oil sands produce about 1.2 million barrels a day, or about 9 percent of the total consumption in the United States... Production was headed toward 3.5 million barrels a day by 2015 before the economic slowdown; with the vast reserves available, Canadian oil sands have the potential to produce the equivalent of 1.7 trillion barrels of oil... The oil sands companies, however, have been scaling back as falling oil prices and the general market turmoil create a significant economic challenge for the projects. The entire process adds up to the world's most capital-intensive method for extracting oil. A tiny example: each of the tires on the cartoonishly oversize dump trucks used in oil sands mining costs about \$60,000... While no one is about to park their giant dump trucks, several companies in recent weeks have announced delays in future oil sands investments. In November, a consortium led by Petro-Canada said it would temporarily stop 23.8 billion Canadian dollars, or \$19.5 billion, worth of expansions to its oil sands operations in Alberta... "We're not in megaproject mode anymore," Steve Laut, the president and chief executive of Canadian Natural Resources, said to analysts after cutting his company's capital spending plans in half.

And as Washington prepares to deal with climate change, environmentalists, who generally prefer to use the deposits' traditional name of tar sands, are already pressing for restrictions on the projects... ***"It's one of the most destructive projects on earth," said Susan Casey-Lefkowitz, a senior attorney with the Natural Resources Defense Council in Washington.*** "It would be strongly resisted in the United States to exempt the tar sands from any climate agreement."... Transforming the tar, more properly known as bitumen, which is mixed with sand, into petroleum

is energy intensive and creates significant carbon emissions. Steam created by burning natural gas separates the semisolid bitumen. Then, more natural gas is needed to turn the bitumen into synthetic crude, which can be processed by refineries... Its outsize economic importance has prompted the Canadian government, led by Prime Minister Stephen Harper, a Conservative from Alberta, to champion the industry... After the U.S. election in November, Harper said he would seek to devise a continental climate change pact with the Obama administration. Harper suggested that any such agreement would include an apparent escape hatch for the oil sands because, he argued, of the energy security benefits they offer the United States.

Recent environmental assessments, including the RAND study, also do not further the cause of the oil sands industry. While climate change is the current focus, it is not the only environmental issue surrounding the projects... Spent water used in oil sands projects is placed in lake-size tailings ponds, one of which killed about 500 migrating birds in April. Seepage from the ponds is polluting rivers in northern Canada, some scientists argue. In December, Environmental Defense, an environmental lobby group based in Toronto, estimated that about four billion liters of contaminated water leaks from the ponds each year. Strip mining of the oil sands, the most common method of extraction, has destroyed large swaths of boreal forest, an important habitat for migratory birds and other wildlife. In December, a study published by the Natural Resources Defense Council and two other groups found that 6 million to 166 million birds could be lost over the next 30 to 50 years because of that disruption.

With oil prices around \$48 a barrel, profitability is fast eroding at oil sands projects and may already be vanishing at some operations. Producers have widely differing cost structures and varying definitions of profitability. But Andrew Leach, a professor of environmental economics at the University of Alberta in Edmonton, estimates that long-established plants can operate with prices as low as \$30 a barrel. But he said newer operations need \$60 to \$70 a barrel for acceptable returns and no one will precede with proposed projects until prices return to the \$80 to \$90 range.

Business... Downturn accelerates as it circles the globe - Jan. 24, 2009
Economies worse off than analysts predicted just weeks ago

By Anthony Faiola - The Washington Post
The world economy is deteriorating more quickly than leading economists predicted only weeks ago, with Britain yesterday becoming the latest nation to surprise analysts with the depth of its economic pain.... Britain posted its worst quarterly contraction since 1980 on the heels of sharper than expected slowdowns reported from Germany to China to South Korea. The grim data, analysts said, underscores how the burst of the biggest credit bubble in history is seeping into the real economies around the world, silencing construction cranes, bankrupting businesses and throwing millions of people out of work... "In just the past few days, we've had a big downward revision, we're seeing that an even bigger deceleration is on the way than we thought," said Simon Johnson, former chief economist at the International Monetary Fund and a senior fellow at the Peterson Institute for International Economics.

Analysts are particularly concerned about the slowdown in China and the recession in Europe. There is mounting concern about the stability of the euro and the British pound, which dropped to a 24-year low against the dollar yesterday. Analysts are fretting about the possibility of a debt default in a euro-zone country that could send fresh shock waves through global financial markets... The problems in Europe now appear to be as bad if not worse than those in the United States. In the last quarter of 2008, the British economy shrank at an annualized rate of 6 percent. That is worse than economists expected, but also showed the British recession may be even harsher than the one in the United States, where analysts predict data expected next week will show the U.S. economy to have contracted between 5 and 5.5 percent in the last quarter of 2008.

The meltdown is altering high streets in Britain, where retail icon Woolworths shuttered the last of its 807 branches this month after 99 years in business. Marks & Spencer, sometimes described as the bellwether of Britain's retail sector, said this month that it would close 27 stores and cut more than 1,000 jobs. The average price of a house has plummeted to mid-2004 levels, according to Halifax, Britain's biggest mortgage lender. Car

sales are at a 12-year low. The number of people out of work has climbed to nearly 2 million, a level not seen since 1997 when the Labor Party came to power.

'Will we recover in 2010?'

In fact, the only sector to show growth in Britain was agriculture, which accounts for about 1 percent of the overall economy... "The question now is not how bad will 2009 be, but will we recover in 2010 and if we recover, will it only be anemic?" said Andrew Scott, professor of economics at the London Business School, adding that the housing bubble is bigger, consumer debt is higher and the speed of the slowdown faster than in previous recessions.

Partial data released in recent days by Germany, Europe's single biggest economy, indicates its economy saw a major contraction in the last months of 2008, posting a 6 percent annualized drop, according to Howard Archer, chief Britain and European economist for IHS Global Insight in London... That could get worse as problems mount in the European financial system. In recent days, major banks in Europe — including the Royal Bank of Scotland — reported surprisingly massive losses. European authorities are seen by some critics as falling behind the Americans in dealing with distress in their financial sectors.

Also troubling are signs that China, once a rare light in the global economy, may not prove to be the pillar of strength in Asia that many analysts had hoped. Beijing announced this week that its economy grew by 6.8 percent in the fourth quarter of 2008 — slower than the 7 percent analysts expected — bringing total growth for 2008 to a seven-year low. Chinese data, however, are somewhat opaque, and analysts warned the slowdown there may be sharper than Beijing is willing to admit... That is diminishing hopes for China as Asia's economic white knight, with its growth potentially propping up economies in the region. And as China grows at a far slower rate, it is importing fewer goods from neighbors, giving export-dependent nations in the region no way to pick up the slack from plummeting demand in the United States and Europe.

Particularly hard hit is South Korea, which saw trade with China soar in recent years. But as China slows, and the United States, Europe and Japan sink into deep recessions, unsold goods are piling

up at South Korea docks. This week, the government said the economy in the fourth quarter staged its sharpest drop since the Asian economic crisis swept across the country in 1998.

* *Special correspondent Karla Adam in London contributed to this report.**

<http://www.nytimes.com/2009/02/21/business/worldbusiness/21yuan.html> <><><><><><>

Long spurned in the international market, China has invested \$41 billion in oil projects around the world in just this week alone./

With Cash to Spend, China Starts Investing Globally - February 21, 2009

By DAVID BARBOZA

SHANGHAI -- With the world suffering through a credit crunch, China has suddenly gone shopping... Beijing said on Friday that one of its big state-owned banks, the China Development Bank, agreed to lend Brazil's oil giant Petrobras \$10 billion in exchange for sending China a long term supply of oil... That investment came after similar deals were signed this week with Russia and Venezuela, bringing China's total oil investments this month to \$41 billion... China's biggest aluminum producer also agreed earlier this month to invest \$19.5 billion in Australia's Rio Tinto, one of the world's biggest mining companies. And last Monday, the China Minmetals Corporation bid... \$1.7 billion to acquire Australia's OZ Minerals, a huge zinc mining company.

Call it the new China play. Flush with cash and eager to take advantage of weak commodity prices, China is once again on the hunt for global energy and resources to power its growing economy. But this time, China is being welcomed to invest overseas... With Chinese President Hu Jintao traveling this week on his "Friendship and Cooperation Tour" in Africa, where China has huge interests in resources and mining, vice president Xi Jinping was visiting South America, meeting with the leaders of Brazil and Venezuela and signing cooperation agreements on oil and minerals... Venezuela received a \$6 billion loan from China and agreed to increase its oil exports to China, bringing China's total investment in the country to \$12 billion. In Brazil, China signed a \$10 billion "loan-for-oil" deal that guarantees the country up to 160,000 barrels a day at market prices... And in Beijing this week, Prime Minister Wen Jiabao met his Russian counterpart after China agreed to loan Russia's struggling oil giant, Rosneft and Russia's oil pipeline company, Transneft, \$25 billion in

exchange for 15 million tons of crude oil a year for 20 years.

"This is heavy energy diplomacy," says Philip Andrews-Speed, director of the energy policy center at the University of Dundee in Scotland... "If you need money you go to where the money is, and today, China's the place."... The investments are China's biggest moves since 2005, when a Chinese state-owned oil company made an unsuccessful bid for Unocal, the American oil company, amid worries about whether fast-growing China was seeking to tie up global resources... But the world has changed since then. Commodity prices have fallen sharply in recent months, after a long bull market that was partly fueled by China's voracious demand for energy and resources. And China has built up nearly \$2 trillion in foreign currency reserves, giving the country easy access to capital... "What's changed for China is that their key competitive strength has increased -- and that's capital," says Andrew Driscoll, a resources analyst at C.L.S.A., the investment bank. "A lot of companies are begging for capital."

China wants reliable supplies of crude oil, to fuel its growing transport sector; it needs iron ore for steel production, and copper and aluminum to build homes and consumer goods... Analysts say there are still worries about whether China will compete with other nations, like the United States and India, for oil and other natural resources... But some analysts say China's investments are welcome because they will help finance much needed development, increasing the global supply of oil and natural resources at a time when many of the world's biggest banks are reluctant to lend... "It's a good thing because a lot of projects have been postponed," said Professor Andrews-Speed at the University of Dundee. "Oil companies may now have the money to produce oil. There's going to be more oil produced."... Analysts say China could continue to make deals this year, for a variety of small oil and gas companies, mineral producers and mining firms... This week, for instance, shares of the Australian miner Fortescue Metals Group rose after reports the company was in talks with China over a big investment to help the company expand... In many cases, China has struck deals in countries that have access to large supplies of oil and minerals but where American and European countries are not well positioned, like parts of Africa and the Middle East... In one of the deals struck this week, China made an alliance with the government of Hugo Chávez, the president of

Venezuela, who has denounced American leadership... While the oil deals announced this week vary in terms, analysts say the ensure China a steady supply of oil for decades to come, sometimes at favorable prices... In Brazil, the \$10 billion loan is to be used to finance a deep water oil reserve that the government hopes will help turn the country into a major oil producer.

**World*Watch Magazine - Vol. 21 - #6
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Updates: Going...Gone: Data from the Zoological Society of London reveal that between a quarter and a third of the world's species has been lost since 1970. Since the mid-1990's, populations of land based species have fallen by 25 %, marine species by 28 %, and freshwater species by 29%, **representing one of the "great extinction episodes" in Earth's History.**

Lifeless Coasts: Research indicates that the number of "Dead Zones" in coastal waters—areas so deprived of oxygen that most marine species cannot survive—has reached risen by roughly a third this decade alone, to 405 worldwide. Scientists attribute the zones to increased runoff of nitrogen and phosphorous from chemical fertilizers.

SCIENCE NEWS – Vol.174 - #13 – Dec. 2008
Many drug trials never published
Results are often biased, incomplete or unavailable:

Conclusions about drug safety and effectiveness in reports submitted to the FDA are sometimes changed in the medical literature to favor the drug, a new analysis finds. And nearly a quarter of submitted drug trials were never published at all, researchers report in the Nov.25 *PLS Medicine*... Information published in journals is accessible to health care professionals and also drives marketing of new drugs. The new study suggests that this information is often incomplete and biased, says health policy expert Lisa Bero of the University of California, San Francisco, who led the study... "These new findings confirm our previous suspicions (of suppression and inaccurate reporting of new drug information.) is happening on a much broader systemic level. It shows that information is unavailable to those who really need it the most – the clinicians and the researchers," says An-Wen

Chan, of the Mayo Clinic in Rochester, Minn. ... John Scoggins of the Fred Hutchinson Cancer Research Center in Seattle. "The novelty of this article isn't that it reveals publication bias – it's just been hard to find the data to prove it, Scoggins says, "The evidence is just now trickling in of just how bad it is."

W.C. Fields said: 'You can fool some of the people some of the time - and that's enough to make a decent living.' ...

Howard Scott: All Price Systems have two groups - "Chiselers and Suckers" If you're Unsure... Consult Your Bank Account!

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Technocracy Inc. has been invited to participate in an open discussion about the future of our civilization. On March 15, 2009, in Westlake Park in downtown Seattle, the organizers of the organization called the "Zeitgeist Movement" issued an invitation for our participation in the one day event. In part the movement is about "awareness of our evolutionary progress... It recognizes that the human species is on a natural path for unification derived from a communal acknowledgement of scientific and empirical understanding of how nature works and how we as humans fit into, and are a part of, this universal unfolding we call life." Technocracy fits neatly into this domain and with a better understanding or acknowledgement, the awareness would include that Technocracy would build the frame work for the lofty goals of the Zeitgeist's movement to be fulfilled.

For those of you close enough to attend, we highly recommend this event and can safely say "you won't be disappointed." Contact CHQ for details and the schedule of events.