



DrumBeat: July 31, 2008

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Topic: [Miscellaneous](#)

[Reviving the Household Economy, Part One: The World Outside the Market](#)

What is happening here, of course, reflects one of the largest of the blind spots of contemporary economics: the assumption that market transactions mediated by money are the only significant form of economic activity. Our household jam-making activities drop off the economic radar screen the moment we finish paying for the raw materials. Value is being produced – the same jam offered for sale at next week's market would bring substantially more than the cost of the raw materials – but it's being produced outside the market economy, and therefore has no official existence in an economy measured entirely by market metrics.

What makes this particularly relevant in the twilight of the age of cheap oil is that the world's industrial nations, and above all the United States, have spent most of the last century transferring as much as possible of the household economy into the market sphere. In making our own jam, among other things, Sara and I belong to a minority of American households. Glance back a hundred years, by contrast, and nearly every family in the country outside the very rich and the very poor had an active household economy that produced a large fraction of the total goods and services they consumed. Many factors contributed to this dramatic shift, but one of the most significant is the availability of cheap abundant energy.

[Spain to cut speed limit in bid to reduce oil imports](#)

Spain has launched an ambitious plan to reduce energy consumption and save millions of euros on oil imports by cutting the speed limit to 50mph and handing out millions of low-energy use light bulbs.

[Brazil revives nuclear power plant](#)

The administration of President Luiz Ignacio Lula da Silva is turning to nuclear power to meet electricity needs that are growing with the country's booming economy.

"Things have changed a lot, and today it's clearer to everyone that nuclear energy has a role to play in the Brazilian electrical system, just like the other forms of producing electricity, which can't be dismissed," said Leonam Guimaraes, an Electronuclear

spokesman.

[Using Crop Residue for Biofuels Hurts Soil Quality](#) (podcast)

Harvesting stems and leaves for biofuel takes away a source of nutrients for soil microbes that in turn produce the natural fertilizer for the next generation of crops.

[Farmers try to shrug off rising fuel costs](#)

LITCHFIELD -- Farmers who are typically fatalistic about bad news like a wet growing season are trying to shrug off rising fuel costs.

Although the ripple effect of higher petroleum costs has inflated the cost of just about everything from animal feed to utility costs and plastic packaging, farmers here are banking on a strong consumer demand and higher sales volume to offset a shrinking profit margin.

[Travelers get angry over cost of fueling up](#)

Tempers have been rising steadily along with gas prices. While no one seems to be officially keeping statistics on incidents related to gas rage, many folks have clearly reached their boiling point.

[Bush pushes oil drilling, but more US fuel exported](#)

WASHINGTON, July 30 (Reuters) - The White House on Wednesday made a new push for expanded offshore drilling to help lower fuel prices, days after new government data showed American petroleum product exports hit record levels.

[Shell Sails into \\$7.9 Billion Profit in Second Quarter](#)

Royal Dutch Shell's second quarter 2008 earnings, on a current cost of supplies (CCS) basis, were \$7.9 billion compared to \$7.6 billion a year ago. Basic CCS earnings per share increased by 7% versus the same quarter a year ago. The company announced a second quarter 2008 dividend of \$0.40 per share, an increase of 11% over the US dollar dividend for the same period in 2007

[Green Tutoring Saves Millions](#)

COLUMBIA, MD (MARKET WIRE via COMTEX) -- In the face of rising fuel costs and the specter of global warming, many are seeking alternatives to reduce their fuel consumption and carbon emissions. One business doing its part is TutorVista.Com, the world's leading online tutoring company. Students use the service to work with expert tutors from the comfort of their own home -- no driving to learning centers or a tutor's home. And no tutor has to travel to the student's house.

[Pemex cuts target to 2.8M barrels a day](#)

Petroleos Mexicanos, the third-largest oil supplier to the U.S., lowered its crude oil production target for a second time in as many months as its largest field, Cantarell, declined faster than forecast.

Pemex, as the Mexican state-owned oil company is known, expects to produce 2.8 million barrels a day this year, said Vinicio Suro, managing director of planning and evaluation at Pemex's exploration and production unit, on a conference call today with analysts.

Chief executive Jesus Reyes Heróles said on May 29 that Pemex lowered its daily production target for 2008 to 2.9 million barrels from 3.1 million barrels. A four-year decline in output and reserves is putting pressure on Pemex to increase funding to boost exploration.

[An energy plan we can believe in](#)

The United States is in energy crisis. Oil and electricity prices are rapidly escalating, our dependence on imported energy is increasing, and global warming continues unabated, each presenting grave threats to our national interests and security. Solving these interlinking crises requires large strategic investments to spark a clean energy economy and develop cheap and nonpolluting energy for every American.

But let's pause for a moment to imagine what a clean energy economy would actually look like: tens of thousands of new highly skilled designers and manufacturers reassembling America's auto fleet and producing the next generation of wind turbines and solar panels. An army of new engineers and contractors rebuilding America's electrical grid, erecting wind farms and solar plants, and retrofitting our homes to save on energy costs. Lab researchers inventing cutting-edge, low-carbon energy technologies, which entrepreneurial startups and venture capitalists take into the marketplace.

[Oil woes were foreseen](#)

Jimmy Carter warned that our addiction would one day threaten national security.

[Truckers want relief from punishing fuel prices as Senate debates issue](#)

Barbara Windsor, president and CEO of Hahn Transportation Inc., headquartered in New Market, MD, spoke about how high fuel prices are affecting her family-owned trucking company.

“Diesel fuel prices are hurting us and driving up the costs of all of these consumer goods – it costs approximately \$1,400 to fuel up a truck,” she said.

She said her company is spending at least 58 percent more on fuel than they did one year ago.

“If this continues, by the end of the year, we will expend at least \$1 million more on fuel than was budgeted,” she said. “We are a small family business and this is truly critical to our industry.”

[Honda's Future May Be Tied To Natural Gas, Says Dr. Joe Duarte](#)

It's possible that the fall in price of natural gas is making Honda's GX, a natural gas powered vehicle more attractive, given that even after oil's recent break, retail gasoline is still about \$3.80 or a gallon.

To be sure, it's too early to tell. Yet, Honda may have something going here, especially when there is an appliance available that lets you fill your GX up in your garage at home.

[Coal-to-Liquids – West Virginia ready to become a global leader](#)

An \$800 million investment by mining giant CONSOL could position the Mountain State as a global leader in modern coal technology. CONSOL announced this week that it plans to build a coal gasification plant capable of producing 720,000 metric tons of methanol that can be used as feedstock for the chemical industry. Officials also expect the project will be capable of converting methanol to about 100 million gallons per year of 87 octane gasoline.

[She's Ready: Just Add Water](#)

ONE Friday afternoon a few weeks ago, as cable news channels carried bulletins that two government-sponsored mortgage lenders might go bankrupt, Kathy Harrison stood in the kitchen of her two-story, 19th-century farmhouse here, about 20 miles northwest of Northampton, laying out herbs from the garden.

With commentators throwing around phrases like “mortgage meltdown” and “peak oil,” the American economy seemed, at least to some, at the edge of an abyss, but all was calm in the Harrison household. Two loaves of bread, baked fresh that morning, sat on

the counter. Mrs. Harrison's daughters, Karen, 14, and Phoebe, 5, were laughing and playing dress-up, while her husband, Bruce, 62, stood at his wife's side.

[Asia refiners may seek heavy crude as fuel oil firms](#)

SINGAPORE, July 31 (Reuters) - Asian refiners could seek more heavy sour crude if fuel oil cracks strengthen further as distillates weaken, giving a lift to differentials of such grades that have been in the doldrums in recent months, industry sources said on Thursday.

Fuel oil cracks have improved more than 55 percent to a discount of \$12-\$13 a barrel -- the strongest in seven months -- from its record low of almost minus \$30 in early June, due to tightening supply flows into Asia.

[South Asian nations discuss food bank to fight hunger](#)

COLOMBO (Reuters) - South Asian foreign ministers began discussing on Thursday details of an ambitious plan to fight hunger in the region, including building a common food grains reserve.

The ministers are meeting to set the stage for an Aug. 2-3 summit of South Asian leaders where their recommendations on food and energy security and terrorism will be adopted for action.

[Caribbean utility companies urged to collaborate](#)

MONTEGO BAY, Jamaica (JIS): Jamaica's Minister of Energy, Clive Mullings has called on Caribbean electric utility companies to collaborate, in order to combat the challenges posed by the escalating price of fuel and the energy crisis on the global market.

[DNC Platform on Energy Policy and Global Warming](#)

The Democrats have been relying on the development of renewable energy to not only provide new energy required by our growing economy, but also replace the fossil fuels that we are currently using. They have been opposed to offshore drilling, while oil becomes a scarcer commodity in the world. Newly developing countries and oil producers are all using more oil, leaving less for us and driving prices up.

What about the platform for 2008? That will be decided at the convention, but we can get some ideas of what it might contain by looking at the position statements from presidential candidate, Barack Obama.

[Boulder-based team designing homes with 'geo-green' features](#)

The world of green building continues to get more competitive — and while it's still admirable to build housing with top-notch insulation and solar panels, it's no longer cutting-edge.

Closer to the edge might be the upcoming Geos Neighborhood, a 250-home housing project to be built in Arvada. Geos homes will have airtight construction and photovoltaic (PV) panels, but the design also includes geothermal systems, heat recovery ventilators, "checkerboard" building placement to maximize solar exposure, and water conservation features.

[What is going to power our cars?](#)

It wasn't the sound of his car engine that was distracting Ian Clifford. The chief executive of Canadian business Zenn Motors makes electric vehicles that give off no noise. He was worried that the obvious choice to power his next car - the same stuff that goes into laptops and cellphone batteries - was going to be in short supply.

"If you look at the increase in lithium prices over the past seven to 10 years, it's been dramatic," says Clifford. Zenn's short-range urban cars traditionally used nickel metal hydride (NiMH) batteries, but his next vehicle - an 80mph model with a 250-mile range - needed more efficiency. "There are very limited global reserves, and they're in potentially very unstable parts of the world," adds Clifford.

[U.S. drivers should think in gallons per mile: report](#)

"There is a math illusion here," said Richard Larrick, a management professor at Duke University, whose research appears in the journal *Science*.

Larrick said most people think improvements in miles per gallon are all the same, where a 5 gallon per mile improvement would yield the same gas savings in a car that gets 10 miles per gallon or 20 miles per gallon. (One mile equals 1.61 kilometers, and one U.S. gallon equals 3.79 liters.)

"The reality that few people appreciate is that improving fuel efficiency from 10 to 20 miles per gallon is actually a more significant savings than improving from 25 to 50 miles per gallon for the same distance of driving," Larrick said.

[Energy Prices Are Bright Sliver in Grim Economy](#)

The sharp drop in energy prices since the beginning of the month is turning into a rare

bright spot in a bleak economic landscape.

For the moment, at least, fears of a prolonged energy shock seem to have subsided a bit.

[Oil will push U.S. inflation to 6%, CIBC's Rubin forecasts](#)

The last bastion against an all-encompassing surge in U.S. inflation is set to fall, Jeff Rubin, chief economist at CIBC World Markets, said Wednesday.

Wages are primed to jump as surging oil prices prompt the "triumphant return" of 1980s-style cost-of-living allowances (COLA), sending the U.S. inflation rate to 6% by 2009, Mr. Rubin said in another of his provocative forecasts.

[Oil Price at \\$90 Is Enough to Save Global Economy](#)

It may well be enough to dig the financial system out of its mess. Oil at a more sustainable \$80 to \$90 a barrel would suddenly make the economic weather feel a lot sunnier. With inflation under control, central banks could cut interest rates again. Property markets would stabilize, helping banks to begin lending and to reinvigorate the global economy.

[Shell Says Nigerian Production Is Cut By 220,000 Barrels a Day](#)

(Bloomberg) -- Royal Dutch Shell Plc, Europe's largest oil company by market value, said as much as 220,000 barrels a day of crude production in Nigeria is shut in because of militant attacks.

[Gas prices fall, but drivers don't feel relief](#)

NEW YORK (CNNMoney.com) -- Gasoline prices may have fallen over the last 13 days, but the decline has offered little relief to long-distance commuters who still blanch at the pump every time they fill up.

[Exxon Mobil 2Q profit sets US record](#)

HOUSTON — Exxon Mobil reported second-quarter earnings of \$11.68 billion Thursday, the biggest quarterly profit ever by any U.S. corporation, but the results fell well short of Wall Street expectations and shares fell in premarket trading.

[British Gas: Windfall tax should protect consumers](#)

I'm sure I'm not the only one to find the practice of splitting profits within the same company into upstream and downstream to be entirely spurious. The big oil companies play the same game; their upstream activities are hyper profitable while the petrol stations contrive to make a loss.

[Consumer fury at hikes and profits](#)

Consumers were left furious today as British Gas' parent company posted almost £1 billions worth of profit for the first half of this year just one day after announcing huge price rises for their customers.

[Thanksgiving travelers will find fewer flight options](#)

Planned your Thanksgiving trip yet? Be warned: Fewer nonstop flights are scheduled on many routes because airlines are cutting their schedules due to high fuel prices.

[Asiana Air Posts First Loss in Almost 3 Years on Fuel](#)

(Bloomberg) -- Asiana Airlines Inc., South Korea's second-biggest carrier, posted its first loss in almost three years as the price of jet fuel, the airline's single-biggest expense, rose to a record.

[Lufthansa Expands Cost Cuts as Fuel Expenses Rise](#)

(Bloomberg) -- Deutsche Lufthansa AG, Europe's second-biggest airline, is increasing efforts to cut spending this year to help counter rising fuel costs that are threatening earnings at its main passenger business.

[Vancouver needs to plan for a post-oil world -- now](#)

North American cities had better start adapting to a future characterized by climate change and depleting oil. Fewer parking lots. More condominiums. No more big highway upgrades. No further airport expansion. Emergency response and health care systems that can respond to the potential impacts of global warming and energy shocks.

[Oil man Pickens seeks 'army' to back energy plan](#)

TOPEKA, Kansas (Reuters) - Energy tycoon T. Boone Pickens said on Wednesday he is creating an "army" of business leaders and mainstream Americans to lobby for his plan to revamp U.S. energy policy in favour of wind power and natural gas over imported oil.

[Alaska gas pipeline bill nears state Senate vote](#)

JUNEAU, Alaska - The Alaska state Senate is down to the final days of a second special session to decide whether to grant a state license for a natural gas pipeline project designed to unlock 4.5 billion cubic feet of North Slope reserves daily.

[Russia: 2 More Coal Firms Come Under Fire](#)

The government's antitrust probe into rising coal prices widened Wednesday to include Evraz Group and Rospadskaya, just days after Prime Minister Vladimir Putin attacked miner Mechel.

The Federal Anti-Monopoly Service said in a statement Wednesday that it had launched an investigation into whether Evraz and Rospadskaya had abused their "dominant position in the market for coking coal, setting unjustifiably high domestic prices and discriminated against the domestic market."

[Tax hike would force German biodiesel closures](#)

BERLIN (Reuters) - Germany's crisis-hit biodiesel industry faces further closures if the government goes ahead with plans to further raise biofuel taxes, a biofuels industry leader said on Wednesday.

Germany's government plans to increase taxes on biodiesel in January 2009 to 21 euro cents a litre, from 15 cents, in the next stage of its programme to raise taxes on green fuels to the same level as fossil fuels.

[Inuit advocate against uranium mining in Greenland](#)

The president of the International Circumpolar Council in Greenland believes mining companies should not be permitted to remove uranium from Greenland's underground, under any circumstances.

'Why should we spoil our nature and our people's health,' Aqqaluk Lyngø told CBS News.

[Money for crop research just a drop in the bucket](#)

WASHINGTON — A deadly wheat fungus known as stem rust is shriveling crops from Africa to the Middle East, threatening the breadbasket of Pakistan and India, and could eventually reach the United States.

The potential threat to food supplies and the economy is enormous, yet Congress and the White House during the past several years did not react to urgent pleas from U.S. scientists for millions of dollars to develop wheat varieties resistant to stem rust. Instead, the main federal lab working on the disease fought budget cuts.

[Using West's oil shale would pump up greenhouse gases](#)

WASHINGTON — Oil shale in the American West might contain three times the oil of Saudi Arabia, but getting it out of the ground would require much more energy than drilling for conventional oil does, and the result would be more greenhouse-gas emissions.

[Japan adopts action plan against global warming](#)

TOKYO (AFP) - Japan's cabinet on Tuesday adopted a plan to slash carbon emissions up to 80 percent by 2050 by starting carbon trading and stepping up research on carbon-capture technologies.

"Japan must continue showing leadership on the issue of environment," Prime Minister Yasuo Fukuda told the cabinet meeting. "To lead the world, Japan must take the initiative by achieving a low-carbon society."

[WTO failure bodes ill for climate change: delegates](#)

GENEVA (AFP) - The failure of key powers to agree a new pact on global trade does not bode well for international cooperation in other areas such as climate change, top delegates warned Tuesday.

[Three senators call for EPA chief to resign](#)

WASHINGTON (Reuters) - Democratic senators called on Tuesday for the resignation of Stephen Johnson, head of the U.S. Environmental Protection Agency, saying he sided with polluters instead of fighting global warming and other ecological problems.

[Staff urged to dress down, stay cool as U.N. heats up](#)

UNITED NATIONS (Reuters) - The United Nations is encouraging its New York staff to trade wool business suits for cooler attire this summer so the organization can slash air conditioning costs and help the environment.

"There is going to be a relaxing of the dress protocols and people are being encouraged

to wear lighter clothing," said U.S. architect Michael Adlerstein, who is overseeing a \$1.8 billion renovation of the 60-year-old U.N. skyscraper.

[Arctic ice bigger than 2007, but thawing long-term](#)

OSLO (Reuters) - Arctic sea ice is unlikely to shrink below a 2007 record low this year in a reprieve from the worst predictions of climate change even though new evidence confirms a long-term thaw is under way, experts said.



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