



## DrumBeat: October 26, 2008

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Topic: [Miscellaneous](#)

### [David Strahan: You're wrong, PM. We need higher oil prices](#)

Once again Gordon Brown has got energy policy all wrong. Even before Opec announced an output cut of 1.5 million barrels per day, the Prime Minister had denounced the move as "absolutely scandalous", fearing it would force the oil price higher just as the world slides into recession.

He needn't have worried, since the cost of crude continued to fall on Friday to just under \$63. But what Mr Brown fails to grasp is that the recent collapse is as damaging in its way as the previous spike, and that had Opec managed to boost the oil price it would have done us all a favour.

A falling oil price has real short-term benefits. Petrol has dropped below £1 per litre for the first time in almost a year; domestic heat and power bills should eventually follow; food prices and inflation should also ease, giving the monetary authorities greater freedom to cut interest rates.

But these benefits may prove fleeting because the collapsing oil price is bad for supply in the medium term. The cost of building new oil production capacity has soared in recent years, and many planned projects that were viable just a couple of months ago are uneconomic today. Christophe de Margerie, chief executive of Total, recently warned that if the oil price settles at \$60, "a lot of new projects would be delayed".

### [Peak greed](#)

In Dante's Inferno the bankers share the same level of hell as homosexuals—for the sin of usury. Go figure. For decades, right wing Christians have tried to explain to America how homosexuals would rip off the covenant of marriage, defile it in some way that I may never understand. Bankers meanwhile were left to the government to look after.

A fine job they did. Oh but we didn't count on the dishonesty of bankers, said Alan Greenspan. Apparently in all his years of watching money come and go, Mr. Greenspan was never acquainted with the sin of greed.

### [Pakistan: Flour crisis, power outages lead to road blockade](#)

MARDAN: Residents of Baghdada and adjacent areas blocked the main Mardan-Malakand Road for more than three hours in protest against the electricity loadshedding and flour shortage.

### [India - Coal pilferage, recoveries on rise: Govt](#)

New Delhi: Coal pilferage, cited as one of the major reasons for the supply shortage to consumers, is increasing in the country with authorities retrieving about 28,000 tonnes of the raw material in the last fiscal, according to an official statement.

### [Wood-heat trend raises concerns of air quality](#)

Winter is coming and the smell of wood smoke is in the air, and likely to grow stronger. As homeowners turn to wood heat to try to save money, some observers are watching carefully to see whether the trend will affect air quality.

State officials encourage consumers who opt for wood to buy new model wood stoves with cleaner burning technology to reduce the potential for wood-smoke pollution.

### [After oil: The future of energy - Is there a 'silver bullet' that will take the place of petroleum as America's primary fuel source?](#)

Last October, the city of Houston and the UH College of Technology sponsored the third annual meeting of the Association for the Study of Peak Oil-USA. There, Matt Simmons, T. Boone Pickens and other oil experts discussed the concept of peak oil: how close the world is to producing as much oil as it can. Some, like Pickens, think the peak has already passed. Statistically, the current peak occurred in May 2005 and world oil production has declined (slightly) since then. Others disagree since recent price increases have spurred more exploration and development.

What is more, Al Gore galvanized popular opinion with his award-winning book, presentation and movie, *An Inconvenient Truth*. Many claim that he exaggerated the threat. While there is natural variation in the Earth's climate, almost all scientists explain the dramatic rise in greenhouse gases and in the Earth's temperature as the result of the combustion of fossil fuels.

There will be many twists and turns from here, but it is worthwhile to explore what the energy system might look like in the long run. Will it be the end of civilization as we know it? Will it be a permanent return to conditions similar to those that occurred after Hurricane Ike? Probably not, but it will be different, and we should start preparing for those differences today.

## [Reality Report: Michael Klare and the geopolitics of resource consumption](#) (audio)

*Rising Powers, Shrinking Planet* is the latest book from Michael Klare, Director of the Peace and World Security Studies Program of the Five College Consortium in Amherst Massachusetts. Professor Klare has written widely on U.S. defense policy, the arms trade, and world security affairs. He has authored several books, and is the defense correspondent of *The Nation* and a Contributing Editor of *Current History*.

In this show, we discuss the geopolitics of resource competition. Nations are engaging in a dangerous zero sum game as they jostle over finite supplies of fossil fuels, including the positioning of opposing advanced weapons systems in unstable parts of the world. Will global warfare be the result, or is the current economic breakdown an opportunity to realize that the only workable “rescue package” is one that recognizes resource limits and the need for allocation of scarce goods and services towards productive ends, such as sustainable agriculture and renewable energy systems?

## [Iran exports, oil earnings hit by world crisis](#)

Iran is being hurt by the financial crisis because of falling oil prices and a world downturn that will damage non-oil exports, an official said on Sunday, even though Iran's economy was relatively isolated.

Iranian officials are voicing more concern about the impact of the international financial turmoil after initially brushing off the impact on Iran, which has an economy that has become increasingly isolated because of US and UN sanctions.

## [Russian government must cut budget spending - ex-premier Gaidar](#)

MOSCOW (RIA Novosti) - The Russian government must cut budget spending and control foreign borrowings of state companies amid global financial woes and falling oil prices, former prime minister Yegor Gaidar said on Sunday.

## [Kuwaiti traders protest as Gulf shares plunge](#)

KUWAIT CITY - Kuwaiti traders staged another walkout Sunday and staged a protest outside the stock market as shares in the oil-rich Gulf region plunged in panic over a global recession.

The traders, who deserted the stock market on the week's final day Thursday, left the trading chamber after the index dived more than 300 points a few minutes after the opening.

About 30 of the traders marched to the nearby council of ministers building where the

Cabinet was reported to be in an emergency session to discuss a bill to guarantee bank deposits.

### [Kuwait to guarantee bank deposits](#)

Kuwait's government will move urgently to guarantee deposits in local banks, the central bank said Sunday as the oil-rich emirate's second largest lender was hit by the global financial crisis.

### [Saudi gives \\$2.7 billion Credit to Needy as Turmoil Spreads](#)

DUBAI (Reuters) - Saudi Arabia plans to extend 10 billion riyals (\$2.7 billion) in credit to low-income citizens as Gulf Arab oil-producers step up efforts to contain the fallout from the global financial crisis.

Saudi King Abdullah ordered that the additional funds be deposited in the Saudi Credit Bank, which was established to extend interest-free loans to Saudi citizens with limited resources to help them overcome financial difficulties.

### [Will sun set again on area oil industry?](#)

The feverish rise followed by dropping prices might bring to mind the boom and bust of the 1970s and '80s that crippled local economies. Industry insiders and economic experts, however, say East Texas should be safe from the kind of financial crisis of two decades ago.

"What happened in the '80s was due to a lot of unique factors that came together at once," said Ray Perryman, president of The Perryman Group, a Waco-based economic and financial analysis firm. "Those factors are not happening right now."

### [Reversing ban on Great Lakes drilling unlikely](#)

Republicans were unified on tapping more domestic sources of oil and natural gas, leaving millions of television viewers with the message that times have changed and no place is off-limits.

So what does that mean for the Great Lakes, which the U.S. Geological Survey says still have an estimated 312 million barrels of oil, 5.2 trillion cubic feet of natural gas, and 122 million barrels of natural-gas liquids stored beneath them?

Apparently nothing, except more campaign rhetoric to sift through.

### [Russian Minister Says Plans Drawn For China Oil Pipeline: Report](#)

MOSCOW (AFP)--Plans have been drawn up for a pipeline linking Siberian oil fields to China, a Russian minister was quoted as saying Sunday, in a sign of tightening ties between Russia and its energy-hungry neighbor.

### [Malta said to have 'world class' oil reserves potential on border with Libya and Tunisia](#)

Their names have more to do with drinks – Chianti and Limoncello – than with oil, but two areas in offshore areas held by Malta bordering on the Libyan and Tunisian areas were authoritatively said to hold “world class oil reserves potential”.

### [Why Cheap Oil is Great for the Majors](#)

The current price of oil is very bad news for many of the OPEC countries, whose governments, or ruling factions, often manage to exist through maintaining social programs funded by oil receipts. Russia less so, but it's hugely dependent on oil revenues and the health of the oil industry. These countries have followed the rest of the western world and spent while the going was good, but now it's a different story. Consider that to balance the books, Russia needs oil above \$70, Iran and Venezuela need \$80 and a similar figure for all the rest.

So what are the likely actions of oil producing countries, state influenced companies and the impact to the majors?

### [Pa. considers adding natural gas to the tax rolls](#)

HARRISBURG, Pa. (AP) - The land agents, geologists and drilling crews seeking natural gas in the Marcellus Shale are raising something other than the resource: Talk of a natural gas tax.

### [Gas prices fall to \\$2.70](#)

Gasoline prices fell again, tumbling to the lowest price in a year, according to a daily survey of credit card swipes released Sunday.

### [Chevron faces suit over Nigerian violence](#)

Larry Bowoto's left arm is still scarred and numb where a soldier's bullet struck it in 1998 while he was aboard a Chevron oil platform in Nigeria. During the course of the

incident, Bowoto was shot several more times, another man was wounded and yet another was killed.

On Monday, in only the second trial of its kind, a federal jury will convene in San Francisco to decide whether Bowoto and his companions were violent hostage takers or innocent victims - and whether a U.S. corporation, whose foreign subsidiary summoned the security forces, is responsible for the bloodshed.

"I'm not a violent person," Bowoto, 44, said through an interpreter during a recent Bay Area visit. "We were peaceful protesters" who "never expected Chevron to be so brutal."

### [Smaller footprint](#)

ROCK SPRINGS -- Geology and technology -- including employing less intrusive horizontal drilling -- will make any future gas play on Little Mountain unique and unlike the intense development of the nearby Jonah and Pinedale Anticline fields, according to company officials involved in developing the area around the mountain.

### [Finance crunch delaying wind projects](#)

Offshore wind power projects in northern Europe, key to reducing carbon dioxide emissions, face delays because of a shortage of bank finance.

"Things are being delayed," Maartje van den Berg, a clean-technology analyst at Rabobank International, said in an interview Oct. 22. "We are involved in several projects that were close to financial close and they've just stopped. The banks are sitting and waiting for things to improve."

### [General Motors, Driven to the Brink](#)

IN late May, senior executives at General Motors confronted a decision that few thought they would ever face: whether to continue developing the next generation of one of the most successful products in G.M.'s 100-year history — the full-size sport utility vehicle — or to punt the program entirely.

...The executives killed the CXX project without a single dissenting vote. And with that, the era of the big S.U.V. was as good as dead, done in by soaring gasoline prices and consumers fleeing to smaller, more fuel-efficient cars.

### [Douglas leading state down wrong track](#)

You think the financial crisis unfolded quickly? That's nothing compared to how fast things could happen with oil. That's the message Matthew Simmons, chair of the oil investment banking firm Simmons & Company International, delivered last month at a conference on peak oil.

Vermont is unprepared for change of that rapidity. One thing that Republicans and Democrats in the Legislature agree on is that Montpelier has frittered away at least a decade to prepare for the end of electric contracts with Entergy's nuclear power plant and Hydro-Quebec. Gov. James Douglas has also blocked preparations for an unwinding of the oil sector comparable in magnitude to the unwinding of the financial sector.

### [Bartlett doesn't flinch from his principles, but Dougherty claims to be narrowing his lead](#)

In 16 years in Washington, Roscoe G. Bartlett has pursued an eclectic series of issues: the threat of electromagnetic pulse, the potential for pluripotent stem cell research, the challenge of peak oil.

None of which comes up much on the campaign trail.

"Of course, the economy has pushed everything else off the table," the Western Maryland Republican said. "We've gotten as many calls on the bailout as we've gotten in 16 years on all issues combined."

### [Financial crisis takes toll on Australia carbon scheme](#)

CANBERRA (Reuters) - Australia's Prime Minister Kevin Rudd won office promising to be a climate change warrior but his chief weapon -- a carbon trade scheme to slash emissions -- is falling victim to shifting politics and world financial tumult.



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