



Drumbeat: August 15, 2009

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Topic: [Miscellaneous](#)

[Consumer inflation tumbles to zero](#)

WASHINGTON — Consumer prices have fallen more in the past year than in any 12-month period in nearly six decades — a huge break for shoppers but also a reminder that prices are being restrained by weak spending that's likely to slow an economic recovery.

The recession and lower energy costs kept a lid on prices last month, causing consumer inflation to fall to zero. Most economists think prices are now in a sweet spot: ultra-low inflation without a serious risk of deflation, a destabilizing spiral of falling prices and wages.

[Are we ready to recover?](#)

Rubin is done with mincing words. “It became increasingly apparent long before I left that CIBC World Markets was not really the appropriate platform for the kind of research I was doing. It wasn’t something they wanted to be identified with in any shape or form, and that’s fine, because I really don’t want to be identified with CIBC in any shape or form. So it was a mutual divorce.”

Hey, that’s pretty harsh. It’s not like Rubin’s tough prophecies aren’t good news for his former specialty area, Canada’s oil patch. “We don’t talk now,” he says.

Wow. Rubin gets the big kiss-off even though he sees nothin’ but hefty oil prices ahead. But you can see why he’s unpopular when he explains that the costs of getting that oil out of the ground will just keep blowing up the global economy.

[Much-reviled speculators a crucial part of market system](#)

Speculators have been blamed for bringing volatility to the crude oil market in their quest for the quick dollar. But their supporters say they are a crucial part of the market system, and provide much in the way of insight to other investors.

[FBI arrests energy firm's ex-leader in fraud case](#)

The FBI has arrested a former chairman of the parent company of a Texas firm under investigation about petroleum products stolen from Mexican oil monopoly Petroleos Mexicanos, or Pemex, that were smuggled and resold in the U.S.

Kamal Abdallah, 44, appeared briefly in federal court in San Antonio on Friday on stock-fraud charges out of New York alleging he was involved in a penny-stock scam, and is scheduled for a bail hearing Wednesday.

[Russia, Venezuela moot oil joint venture](#)

Russia and Venezuela envisioned on Saturday a joint venture to develop Venezuelan oil deposits, following bilateral talks that also touched on military contracts, Russian news agencies reported.

[Japan should reduce energy consumption to make it less vulnerable to global crises](#)

It may seem odd to take the opportunity on the anniversary of the end of World War II to insist that Japan should reduce energy consumption. However, it is indispensable for peace and safety in Japan.

It is impossible to completely eradicate the threats posed by climate change, uncertainties in the demand and supply of energy and potential food crises. However, Japan can at least make itself less vulnerable to these threats by transforming itself into a society that relies less on energy. By doing so, Japan can also extend assistance to developing countries faced with such global problems.

[Nigeria's Power Output Suffers Following Pipeline Attack](#)

Nigeria's energy company says electricity output fell dramatically Friday following an attack on a natural gas plant operated by Royal Dutch Shell in the restive Niger Delta.

Nigerian officials say unknown attackers blew up the Utorugu pipeline which supplies gas to the state-owned Nigerian Gas Company to feed power stations in Africa's most populous nation. The facility is jointly owned by Shell Nigeria and the Nigerian Gas Company.

[Commentary on global exchange voluteer in the Upper East region, Bolgatanga on preparing for a peak oil stage](#)

The economy of most countries in the 20th century was built on oil. For some, oil

brought unprecedented wealth and power. For others it brought repression and new forms of economic colonialism. Few oil producing countries have used their wealth wisely. But in many countries oil has been a curse. But in the 21st century, we can see that our continued dependency on oil threatens the future of all of us, both rich and poor. As supplies fall further behind demand, the world faces economic crisis and western countries are scrambling to secure their access to the last reserves.

[Make practical green fixes before going solar](#)

Nothing screams "I'm saving the planet" like a gleaming set of rooftop solar panels. In our increasingly enviro-conscious world, there may be no greater status symbol for a homeowner wanting to project those cool enviro-friendly vibes. It's like driving a brand-new Prius.

For San Francisco architect Mark English, though, comparing driving a Prius to expensive "green" home improvements like solar panels is apt - especially if your 10-year-old Corolla still runs.

[Transit center open for business](#)

The Durango Regional Transit Center opened to great fanfare Friday, as the \$5.1 million facility took its place as the heart of the local transportation system.

Durango Transit buses and trolleys, vans and bicyclists are expected to make heavy use of the facility at 250 W. Eighth Street.

[Stop bike lane ticket blitz](#)

STATEN ISLAND, N.Y. -- Borough President James P. Molinaro yesterday called for the elimination of the bicycle lane on Capodanno Boulevard after the Advance reported that police were aggressively ticketing motorists who encroached on the lane to make turns at Seaview Avenue.

"These bike lanes interfere with traffic flow," said Molinaro, noting that drivers are permitted to make a right-on-red at Capodanno and Seaview. "The point of right-on-red is to move traffic, but a bike lane in the right lane prevents that. This is not common sense."

[Japan, U.S. eye clean energy development project](#)

TOKYO — Japan and the United States aim to agree in November on a joint project to develop clean energy sources such as solar power and biofuels as part of their efforts to

forge a new partnership in combating global warming, sources close to Japan-U.S. relations said Friday. The two countries are expected to push ahead with the envisaged joint project even if a change of government occurs in Japan after the Aug 30 House of Representatives election, according to the sources.

[How tiny striped molluscs are muscling in on America's water supply](#)

At the Hoover Dam there are sometimes 55,000 mussels per square foot in the intake towers, hampering the facility's electricity-generating equipment.

Things are likely to get worse. "Over time, I would think eventually they'll be almost around the [entire] country," predicts Amy Benson, a fishery biologist with the US Geological Survey in Florida.

[Kenya to Spend 24 Billion Shillings to Counter Drought Threats](#)

(Bloomberg) -- Kenya announced a plan to tackle a drought which has hit food crop-growing regions, reduced hydro- electricity production and led to widespread water shortages.

The government will spend 24 billion shillings (\$314 million) on "drought-crisis interventions" using contingency funds from the 2009-10 budget, borrowing and from "small" cuts to the budgets of various ministries.

"The nation is in a serious water, food and energy crisis," Prime Minister Raila Odinga said in Parliament in Nairobi today, according to an e-mailed copy of his speech. "Thirst combined with hunger is taking a heavy toll on the lives and health of our people."

[Heart of Dryness: How the Last Bushmen Can Help Us Endure the Coming Age of Permanent Drought](#)

In his wide-ranging and entertaining new book, James G. Workman follows the spread of dryness across continents and through time to outline a grim common destiny of climate change and permanent water scarcity.

"We don't govern water," he writes. "Water governs us," and the lack of it will tear us apart if we fail to learn from survivors of millennia in dry lands: people like the Bushmen of the Kalahari Desert Game Reserve in Botswana, a small nation sandwiched between South Africa, Namibia and Zimbabwe.

[Hot Ice](#)

In Marcel Theroux's postcollapse novel, "Far North," global warming has reduced civilization to largely preindustrial levels of technology and made sparsely populated areas like the Siberian tundra safer than lawless cities. There's a satisfying sadness and finality to Theroux's vision, but the story's true power comes from the hard-won victories of its remarkable narrator, Makepeace. "A person is always better than a book," Makepeace claims, and the novel's enduring achievement is to give us a protagonist who lives up to that claim.

["Veg Climate Alliance" Asserts: Major Shift To Plant-Based Diets Essential To Avert Water Catastrophe](#)

The world is rapidly approaching an unprecedented catastrophe from global warming, widening water shortages, severe droughts and other environmental threats. It is essential that there be a major societal shift to plant-based diets because animal-based agriculture, involving over 60 billion farmed animals worldwide contributes significantly to global climate change, water scarcities and water pollution. A 2006 UN report indicated that animal-based agriculture emits more greenhouse gases in CO2 equivalents than all the cars, planes and other means of transportation combined. Hence, a shift to plant-based diet is essential to help move our imperiled planet to a sustainable path.

[It's Too Late to Stop Global Warming](#)

The last time world leaders talked about halting global warming, in Kyoto in 1997, they lacked a consensus. The U.S. Senate had spurned the talks by a vote of 95-0, eliminating any chance that the United States, then the world's biggest emitter of carbon dioxide, would take a leadership role. And China, soon to become the biggest emitter, was exempt from having to make painful cuts. As we move toward new talks in December in Copenhagen, the key players seem to be engaged for the first time. In the United States, the Waxman-Markey bill, which aims to aggressively cap and reduce greenhouse-gas emissions, has passed the House and is awaiting action in the Senate. The big worry now is that the planet may not adhere to the diplomatic timetable.

[Carbon disaster](#)

Don't worry about the risks of earthquakes or suffocation or water contamination. Carbon capture is good, really.

[U.S. Military Holds War Games on Nigeria, Somalia](#)

Among scenarios examined during the game were the possibility of direct American military intervention involving some 20,000 U.S. troops in order to "secure the oil," and the question of how to handle possible splits between factions within the Nigerian government. The game ended without military intervention because one of the rival

factions executed a successful coup and formed a new government that sought stability.

...Thus, when General Ward appeared before the House Armed Services Committee on March 13, 2008, he cited America's growing dependence on African oil as a priority issue for Africom and went on to proclaim that combating terrorism would be "Africom's number one theater-wide goal." He barely mentioned development, humanitarian aid, peacekeeping or conflict resolution.

And in a presentation by Vice Admiral Moeller at an Africom conference held at Fort McNair on February 18, 2008 and subsequently posted on the web by the Pentagon, he declared that protecting "the free flow of natural resources from Africa to the global market" was one of Africom's "guiding principles" and specifically cited "oil disruption," "terrorism," and the "growing influence" of China as major "challenges" to U.S. interests in Africa.

[Oil, Gasoline Tumble After U.S. Consumer Confidence Declines](#)

(Bloomberg) -- Crude oil fell to a two-week low and gasoline tumbled after a report showed that confidence among U.S. consumers unexpectedly declined in August, bolstering skepticism that fuel demand will rebound this year.

Oil dropped 4.3 percent after the Reuters/University of Michigan preliminary index of consumer sentiment decreased to 63.2 from 66 in July. Oil also slumped as the dollar gained against the euro, reducing the appeal of commodities to investors looking for an inflation hedge.

"Consumers are worried about the economy, and that's raising concerns about demand," said Phil Flynn, vice president of research at PFGBest, a Chicago-based brokerage. "Just a few days ago people were worried about inflation. That's no longer the case."

[The Saudi Arabia Next Door](#)

When we think about the concept of 'Peak Oil' today, we need to keep in mind what we're talking about. The curves show oil output peaking in so many parts of the world. This phenomenon is quite real, as long as you understand that it's the light, sweet, easy-flowing oil that is getting harder and harder to find, certainly in significant quantity.

But there are a lot of other hydrocarbon molecules out there. Most of those molecules are not light, sweet crude oil. Indeed, most of the hydrocarbon molecules that the world will use in the future will be 'heavy,' with lots of carbon atoms and not so many hydrogen atoms.

[Squeezing oil from sand](#)

A long-term decline in the demand for oil could undermine the huge investments in Canadian tar sands, which have been heavily opposed by environmentalists, according to a report published last month.

[George Soros Cut Petrobras Stake in Second Quarter](#)

(Bloomberg) -- Billionaire George Soros cut his stake in his biggest holding, Petroleo Brasileiro SA, in the second quarter while buying more shares of other energy producers.

[Buffett sells energy, buys drugmaker stocks](#)

NEW YORK (CNMoney.com) -- Investor guru Warren Buffett bought up millions of shares of health care and drugmaker stocks in recent months while shedding energy shares, according to a Friday filing with the Securities and Exchange Commission.

[Lester R. Brown: A Civilizational Tipping Point](#)

In recent years there has been a growing concern over thresholds or tipping points in nature. For example, scientists worry about when the shrinking population of an endangered species will fall to a point from which it cannot recover. Marine biologists are concerned about the point where overfishing will trigger the collapse of a fishery.

We know there were social tipping points in earlier civilizations, points at which they were overwhelmed by the forces threatening them. For instance, at some point the irrigation-related salt buildup in their soil overwhelmed the capacity of the Sumerians to deal with it. With the Mayans, there came a time when the effects of cutting too many trees and the associated loss of topsoil were simply more than they could manage.

[Beyond prices at peak oil: \\$20 per gallon](#)

SUV plants shut down, the airline industry collapses, public transportation is revitalized and farms go local as gas prices skyrocket, predicts Forbes writer Christopher Steiner in a new book.

[The end of globalization](#)

According to Jeff Rubin, in his new book called Why Your World Is About To Get A Whole Lot Smaller, we are going to see the rebirth of communities of the past in the not-too-distant future.

The reason, says Mr. Rubin, is because of peak oil. Peak oil, for those who are unfamiliar

with this term, refers to the fact that world oil reserves are running short, and may even peter out in our lifetime. This, of course, will lead to even higher prices for oil, and therefore higher prices for everything else, as so much of our culture is based on oil. Because of that, companies such as Wal-Mart will no longer find it cost-effective to import their goods from places such as China, which are so far away. As a result, those moth-balled factories and warehouses around us will be dusted off and put back into production, and the jobs that go along with them will be once more available. Of course, the goods we now buy so inexpensively will not be so cheap anymore, but don't we all have too much stuff anyway?

[Manage your expectations, not the future](#)

I believe that many people today have expectations that life is going to carry on pretty much as it has in the last few decades. This is a broad statement as the lives of billions of people have been utterly different, yet the overall global picture has been of increasingly liberal politics and societies, economic growth and increased real wealth for the middle and upper classes. The poor too have had increased access to goods and services, although their lives may be more crowded and polluted than those living in suburbia.

My fear is that when people's expectations are not met, they are disappointed, and the level of disappointment is proportional to the difference between their expectations and the real outcome. We see this in service delivery complaints that have recently made news in South Africa, where the promises of the politicians have not been matched in the real world. I think a big challenge facing our society is that as energy supplies dwindle, our imagined future of abundance is not going to be realised.

[Zenn Says Lithium Off the Table, Still Bets on EESor](#)

If Canadian electric vehicle maker Zenn Motor Co. once saw lithium-ion batteries as a possible alternative to devices from its controversial investment in ultracapacitor developer EESor, the more standard technology is now officially out of the running for its future cars. According to Zenn's third-quarter results release, out today, the company's engineering group "re-evaluated a number of lithium-based power-packs for inclusion in its solutions" between April and the end of June. But those efforts, in the context of what Zenn calls "the progressed state of development" of EESor's technology, have brought the company to the following conclusion: Lithium does not offer "an economically viable power source for its offerings."

[Seattle is front line in grocery bag fee fight](#)

SEATTLE (AP) — Leaders of this famously green city last year passed the nation's first grocery bag fee, and other cities around the nation quickly followed.

But the plastics industry has been fighting back, bringing lawsuits, aggressively lobbying

lawmakers and bankrolling a referendum in Seattle to overturn the 20-cent charge. The measure goes before voters Tuesday, and polls show marginal support after the industry spent \$1.4 million, outspending supporters about 15-to-1.

[Gloomy Negotiators End Bonn Climate Talks](#)

The latest round of preparatory talks for the U.N. climate conference concluded today with negotiators lamenting that the languid pace of talks could mean there won't be a deal on emissions in Copenhagen this December.

[Beijing sets date for emissions cut](#)

China's carbon emissions will start falling by 2050, its top climate change policymaker said, the first time the world's largest emitter has given such a time-frame.

[NOAA: Warmest Global Ocean Surface Temperatures on Record for July](#)

The planet's ocean surface temperature was the warmest on record for July, breaking the previous high mark established in 1998 according to an analysis by NOAA's National Climatic Data Center in Asheville, N.C. The combined average global land and ocean surface temperature for July 2009 ranked fifth-warmest since world-wide records began in 1880.

[Oil lobby to fund campaign against Obama's climate change strategy](#)

The US oil and gas lobby are planning to stage public events to give the appearance of a groundswell of public opinion against legislation that is key to Barack Obama's climate change strategy, according to campaigners.

A key lobbying group will bankroll and organise 20 "energy citizen" rallies in 20 states. In an email obtained by Greenpeace, Jack Gerard, the president of the American Petroleum Institute (API), outlined what he called a "sensitive" plan to stage events during the August congressional recess to put a "human face" on opposition to climate and energy reform.



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