



Drumbeat: December 31, 2009

Posted by [Leanan](#) on December 31, 2009 - 9:22am

Topic: [Miscellaneous](#)

[John Michael Greer: Immodest Proposals](#)

While at the public library here in Cumberland the other day, I found a book titled *The End of Prosperity*. This – I was about to describe it as meretricious, but that would be unfair to honest prostitutes – this pointless waste of inoffensive trees, then, claims that if the US government raised taxes to a level that might just actually pay for the services it provides, the result would be, well, the end of prosperity. Somehow the authors managed to ignore the fact that in the 1950s, when American prosperity was by many measures at its all-time peak, people in the upper tax brackets paid well over 2/3 of their income to Uncle Sam, and that the country has by most measures become less prosperous, not more, as those tax rates have been lowered.

There's a reason for that, and it ties back into the distinction I made in several earlier posts about the differences among the primary, secondary, and tertiary economies. The primary economy, which is nature, and the secondary economy, which is the production of goods and services by human labor, are subject to negative feedback loops that tend to hold them in balance. The tertiary economy, which is the exchange of money and other forms of abstract wealth, is subject to positive feedback loops that drive it out of balance in ways that unbalance the other two economies as well.

exploit the Marcellus Shale formation, which state officials say may contain enough natural gas to satisfy U.S. demand for more than a decade.

[Oil rises to \\$80 for first time since November](#)

NEW YORK – Oil prices ended 2009 with a bang, surging by about \$10 a barrel in the final two weeks as the country cut into its hefty crude supply.

On Thursday benchmark crude for February delivery added 8 cents to settle at \$79.36 a barrel on the New York Mercantile Exchange. Crude barrels, which touched \$80 earlier in the day, are 71 percent more expensive than they were at the beginning of the year.

[Russian oil to flow to Belarus despite failed deal](#)

MOSCOW (Reuters) - Russia has no plans to cut oil supplies to Belarus from Jan. 1 despite failing to agree terms of 2010 deliveries, a Russian government source said on Thursday, adding that talks would resume in early January.

The comment will be seen as a relief in Germany and Poland, which experienced cuts in Russian crude oil supplies in January 2007 along a major pipeline running via Belarus because of a similar dispute between Moscow and Minsk.

[PDVSA and Eni finalise plans](#)

State-owned PDVSA and Italy-based Eni are finalising plans for a joint venture that would start producing heavy crude oil in Venezuela's Orinoco region in 2014.

[Regulators: ND wind power grew quickly in 2009](#)

BISMARCK, N.D. – North Dakota regulators say the state's wind power resources almost doubled in 2009.

Four major projects began operating. They're capable of generating about 547 megawatts.

[John Michael Greer: Immodest Proposals](#)

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[A look back at the best business books of 2009](#)

"\$20 Per Gallon: How the Inevitable Rising Cost of Gas Will Change Our Lives for the Better" by Christopher Steiner, Grand Central Publishing. 288 pages.

"Why Your World Is About to Get a Whole Lot Smaller: Oil and the End of Globalization" by Jeff Rubin. Random House. 304 pages. 7/13/09

I devoured these two fascinating books over the last Independence Day weekend, a propitious occasion to learn that one of our most cherished American freedoms may soon evaporate. Each depicts the ways our lives will change as the price of oil, gasoline and petrochemicals continues to rise, and both posit a future that resembles, in many ways, our pastoral past. Much of what these guys write reads like science fiction, though like the best SF, there are recognizably plausible elements therein to enable the suspension of disbelief.

[Increased US military involvement in Yemen could boomerang](#)

Yemeni officials say more than 30 operatives of al Qaeda's Yemeni offshoot, al Qaeda in the Arabian Peninsula (AQAP), were killed and 29 others captured in raids in recent weeks that foiled attacks on the British embassy in the capital Sana'a and Yemeni oil facilities. Human rights activists and al Qaeda charge that scores of innocent civilians died in the attacks.

US support for the raids reflects concerns on both sides of the Atlantic that multiple conflicts in Yemen - including the fight against al Qaeda, a five-year war against tribal rebels in the north that has dragged neighboring Saudi Arabia into the hostilities, a secession movement in the south, rampant inflation and unemployment, dwindling oil revenues and an acute water shortage - could turn Yemen into the strategic region's next failed state alongside Somalia.

[China grants new licenses for fuel wholesale, storage](#)

BEIJING (Reuters) - China has granted new domestic fuel wholesale licences to six companies, the Ministry of Commerce said on Thursday, as part of an ongoing plan to open up its vast fuel distribution market.

[India: Power sector in the dark in 2009](#)

Electricity, a basic minimum service that any citizen or industry should get for its development, witnessed severe fluctuations in progress in 2009 in terms of capacity addition.

Although the country hopes to achieve 78,000 MW in new generation capacity in the five years ending 2012, the way things are moving now make this target look like a tall order.

[Taxi fares fleecing commuters as CNG stations halt supply](#)

ISLAMABAD (APP): Taxi drivers were fleecing commuters under the pretext of suspension of Compressed Natural Gas (CNG) supply for two days to the filling stations in the twin cities. Passengers were compelled to pay exorbitant fare due to shortage of public transport plying on various routes in and out of the cities.

[The Philippines turns to green energy](#)

WITH record crude prices fading into the background, 2009 marked the year when green energy moved beyond being a promising technology for a cleaner environment in the Philippines. After decades of neglect because of high production costs and limited markets, the development of biomass, geothermal, solar, hydro, ocean and wind power—or what the Department of Energy called the Big Show—received serious attention.

What gave a boost to the once empty green promise was the passage of the Renewable Energy Act of 2008.

The law was passed amid record crude prices, which sent local electricity and pump prices shooting for the stars.

[Indonesia's 2009 Oil Production Misses Target - BP Migas](#)

The Indonesian Upstream Oil and Gas Regulatory Agency (BP Migas) said that oil production in 2009 reached only 949,000 barrels per day, or 99 percent of the 960,000-b/d goal set in the 2009 Revised State Budget.

[Korea Buys Oil Fields in Kazakhstan](#)

Korea National Oil Corp. (KNOC) has secured two oil fields in Kazakhstan by buying a stake in a Kazakh enterprise.

[China's pipeline starts pumping central Asian gas into Xinjiang](#)

BEIJING (Xinhua) -- The western section of China's No.2 West-East gas pipeline starts supplying gas on Thursday.

The pipeline now can transmit natural gas from central Asia to Xinjiang Uygur Autonomous Region.

[Demand for gas in Russia declined by about 10 pct in 2009 - Gazprom](#)

MOSCOW (Itar-Tass) -- The shrinkage in demand for gas in Russia over 2009 is about ten percent, Gazprom's spokesman Sergei Kupriyanov said on the Ekho Moskvyy (Echo of Moscow) radio station on Thursday.

The fall in demand for gas in Europe proved a little bigger.

[North Dakota is poised for natural gas growth](#)

North Dakota is home to trillions of cubic feet of natural gas, Helms said, and is a common byproduct of raw crude oil production. The AP story points to the recent \$30 billion deal by the world's largest oil company, Exxon Mobile Corp, to purchase XTO Energy Inc. The move makes Exxon the country's top natural gas producer, as it expects to grow natural gas sales to electric utilities.

Helms said there currently is surplus capacity on two natural gas lines in the state and there is expansion of capacity on a third line. The companies involved in natural gas distribution and processing in the state all have large capital budgets planned to expand the gathering and processing facilities, Helms added.

[Deep Sea Anchors for Offshore Installations](#)

In the 90s, when petroleum production began moving towards deeper waters, Lieng was a geotechnologist with SINTEF. He envisaged a better solution than the box-like suction anchors of the time that were placed on the seabed. These are open at the bottom and function by pumping out the water inside, thus creating a vacuum that pulls the anchor into the substrate so that it holds solid. However, the need to carefully orient such anchors, and their sensitivity to high seas and waves, makes for problems when they are being deployed, in many cases involving delays that can cost millions a day.

Jon Tore Lieng thought that the simplest concept would be to drop a sufficiently heavy anchor straight down into the sea. If it was heavy enough, and moving fast enough, such an anchor would force its way into the seabed and create an extra powerful hold.

[Stimulus, Schmimulus -- We Need Jobs to Build a Sustainable Economy](#)

In reality, the U. S. economy will falter for many years unless a government-led reform

recognizes new economic and environmental realities and confronts the challenges before us. We can return to full employment by creating jobs that lay the foundation for shared prosperity, or we can wait for the captains of capitalism to rescue us under the same trickle-down paradigm that has failed so spectacularly. Facing peak oil and global competition for scarce natural resources, we must repair and reform the physical and intellectual undergirding of our economy to build a broad base of prosperity.

[Andrew McKillop: COP15 in Copenhagen ... a failure for globalization!](#)

Fending off the near-term impacts of Peak Oil by slowing energy demand growth, while profiting from the coming global bulge in cheap gas supplies, was yet another, of course never admitted, but appealing strand to forcing the pace on global energy transition. Deep in the Herd Memory of today's oil importing OECD country leaders, lies the spectre of the 1970s Oil Shocks, well hidden by the public message that energy transition will "prevent climate catastrophe." Both the "non-hydro renewables" like solar and wind power, and cheap natural gas supplies offer new ways to obtain energy security and continue increasing energy consumption.

[The Law of Averages in Data Centers](#)

The study suggests that midsized data centers are most likely to face an energy crisis in the near future as compared to either small or large data centers. What is left behind are middle tiered data centers that are between 5k-50K in size.

This basically spins from the fact that either there is lack of sufficient power for these data centers or even if such power is available it is too costly to power up the racks. The study suggests that the best possible alternative in such a case is not to have their own power supply arrangement but the same old mantra – outsourcing or third part data centers.

[Montana's "Clean-Coal" Governor's Climate Change Blunder](#)

Schweitzer has made quite a name for himself in pro-coal energy circles, traveling around the country promoting "clean-coal" technology in speeches and presentations. The Montana governor has even appeared on several national television shows, even landing a prime-time spot at the Democratic National Convention in 2008 to promote his coal-intensive energy vision.

Many environmentalists are concerned that what President Bush was for oil, Governor Schweitzer could be for coal if his trajectory in the Democratic Party continues.

[The 2000s: Selling the Apocalypse, Now](#)

For much of the last century, American social history could be broken down into decades. The Eisenhower-values '50s segued into the '60s youth revolt, the '70s malaise, the '80s exuberance, and ultimately the '90s granola-fueled quest to fix the world. Such generalizations usually take a few years to crystallize, but one thing is already clear about the 2000s: This was the decade when the apocalypse went on sale.

[How much do we rely on California for our food?](#)

Hawai'i's food prices have soared over the past few years. Fresh loaves of unsliced bread that used to cost a dollar at KTA's bakery are now \$2.79. The cost of everything, from almonds to strawberries, have risen, often drastically. And they're likely to go higher in the coming months, thanks to factors including a major drought in California's central valley, reduced rainfall in Waimea's "vegetable belt" and increased fuel and shipping prices.

How high? There's no way to predict, because the state's agency that monitors produce prices and imports has been shut down.

The state Department of Agriculture's Market Analysis and News Branch was abolished earlier this month as a cost-cutting measure.

[Oil rises to \\$80 for first time since November](#)

NEW YORK – Oil prices on Thursday hit \$80 a barrel for the first time in seven weeks as the dollar sank on the final day of the year.

Benchmark crude for February delivery added 61 cents at \$79.89 a barrel on the New York Mercantile Exchange. Oil jumped as high as \$80 a barrel earlier in the day. It hasn't traded for that much since Nov. 11.

[Shell Buys Forties Crude Stored on Tanker; Seeks More Loads](#)

(Bloomberg) -- Royal Dutch Shell Plc bought a shipment of Forties crude oil from Vitol Group which has been stored on a supertanker off the U.K. since November.

Europe's biggest oil company said it bought 600,000 barrels of Forties loading from the tanker Flandre at Scapa Flow in the North Sea between Jan. 16 and Jan. 18 at a discount of 10 cents to Dated Brent.

[Acute power crisis in Nepal](#)

Residents in most parts of Kathmandu Valley woke up to a cold and powerless

Wednesday morning as Nepal Electricity Authority began its 51-hour weekly power outage across the country.

Power cuts which nearly doubled from the existing 28-hour per week as a result of low water level in rivers is severely affecting the Himalayan nation for the second consecutive winter.

[China protests US duties on oil pipe imports](#)

China expressed Thursday strong dissatisfaction and resolute opposition to the United States decision to slap punitive penalties on Chinese oil well pipe imports, saying the goods are no threat to American companies.

[A Pro-Bicycle City Faces Trouble Promoting Electric Cars](#)

The Dutch have tried stiff fees, a maze of prohibited lanes and other ways of outright discrimination to limit the number of cars in this antique city of arched bridges and canals. It was originally built to cater to boats.

The city's charm campaign was then shifted to bicyclists, but now officials are trying to switch gears and mount an aggressive effort to encourage people to buy new electric cars. That jibes with this country's fight against global warming, but it is also warming the tempers among cyclists. They worry that their traditional right-of-way over cars will be sideswiped by more cars and more parking ramps.

The city council is giving free power to new electric car owners for the next two years and has agreed to pay half of the extra cost of purchasing plug-in vehicles, as compared to cheaper gasoline-powered models. The city might even carve out a reserved parking space with fuel access and front-door approach for new owners. That's a jackpot in this space-squeezed city.

['Big Slide' play reading includes author James Howard Kunstler](#)

ROCHESTER - Nationally-known author James Howard Kunstler, a graduate of Brockport State College, returns next week to attend a staged reading of his play "Big Slide."

The production, scheduled for 7:30 p.m. Jan. 9 at MuCCC, 142 Atlantic Ave., is a three-act apocalyptic vision of early 21st century America.

[North Dakota to sue Minnesota for even thinking about a carbon tax](#)

Not only can't we pass a carbon tax in America, we can't even think about one.

North Dakota Attorney General Wayne Stenehjem said Tuesday he expects to sue Minnesota for just that, and North Dakota's legislature has set aside \$2 million to fund the lawsuit. Now there's a good cause.

[China's navy mulls push into Arabian Sea](#)

BEIRUT, Lebanon (UPI) -- A Chinese admiral's proposal to build a naval base in the Gulf of Aden, ostensibly to support Beijing's anti-piracy flotilla off Somalia, has alarm bells ringing in the region.

China's growing naval encroachment in the Arabian Sea and Indian Ocean to protect its Middle Eastern oil supplies threatens eventual conflict with India, its longtime rival and Asia's other economic titan that is also flexing its muscles in its regional quest for oil.

[Oil rises in Asia after US crude stockpiles fall](#)

BANGKOK – Oil prices headed toward \$80 a barrel Thursday in Asia, the final day of trading for 2009, after U.S. crude stockpiles fell for the fourth week in a row.

Benchmark crude for February delivery was up 44 cents at \$79.72 a barrel at late afternoon Bangkok time in electronic trading on the New York Mercantile Exchange. The contract added 41 cents to settle at \$79.28 on Wednesday.

[Commodities Heading for Best Year Since 1970 on Chinese Demand](#)

(Bloomberg) -- Commodities headed for their best year since at least 1970, led by a doubling in copper, sugar and lead prices, as Chinese demand compensated for the steepest slump in the global economy since World War II.

The S&P GSCI index of 24 raw materials rose 52 percent, its best annual gain according to data on Bloomberg going back to 1971, as of 11:26 a.m. in London. That outpaced the 28 percent gain in the MSCI World Index of stocks in 23 developed nations and 3.5 percent decline in Treasuries, according to Bank of America Merrill Lynch indexes.

[Oil At \\$80 Raises Issue Of Oil At \\$100 In 2010](#)

It is simple to dismiss the current rise in oil to just shy of \$80 as a reaction to the value of the US dollar or a possible cold winter in the northern half of America. A more macroeconomic view might point to the theory that the world reached its "peak oil"

production this year and that demand will out strip supply from now until the end of time.

[Gazprom - Ukraine contract to avert New Year gas war](#)

MOSCOW (Reuters) - Russia and Ukraine will avoid a repeat of a New Year gas war by virtue of a 10-year contract on supplies signed by the ex-Soviet neighbours this year, Russian gas export monopoly Gazprom said on Thursday.

Gazprom's chief spokesman, Sergei Kupriyanov, said during a live radio broadcast that the firm had dropped litigation in a Stockholm court against Ukrainian state energy firm Naftogaz and that Kiev was unlikely to face fines on gas consumption in 2010.

[IMF Lets Ukraine Use Reserves to Cover Gas Payments](#)

(Bloomberg) -- Ukraine won approval from the International Monetary Fund to tap into reserves and cover gas payments, though the Fund will continue to freeze loan disbursement until parliament can commit to budget cuts.

"The IMF Executive Board agreed to the government's request to modify the performance criterion on Net International Reserves (NIR), as specified in the current Stand-By Arrangement, to lower the end-December NIR floor by about \$2 billion," the IMF said in a statement late yesterday. This will enable Ukraine "to use existing resources to make external payments. It does not involve any new disbursement by the IMF."

[Gazprom says does not fear competition in China](#)

MOSCOW (Reuters) - Gazprom is confident it will be able to supply China with large volumes of natural gas despite a recent deal between Beijing and Turkmenistan, the Russian gas export monopoly's chief spokesman said on Thursday.

"Luckily, the Chinese market is so big and so full of prospects that we are a long way from seeing real competition there," Sergei Kupriyanov said during a live radio broadcast on Ekho Moskvyy radio station.

[OPEC Oil Output Rose in December, Bloomberg Survey Shows](#)

(Bloomberg) -- The Organization of Petroleum Exporting Countries increased crude-oil production in December to the highest level in a year as members took advantage of rising prices, a Bloomberg News survey showed.

Output averaged 28.965 million barrels a day this month, up 65,000 barrels from November, according to the survey of oil companies, producers and analysts. The 11 countries with quotas, all except Iraq, pumped 26.615 million barrels a day, 1.77 million above their target. All members exceeded their production goals.

[Plentiful Petroleum](#)

Even if skeptics will quibble about the number I have chosen the point is still obvious: how can we be running out of something we always seem to have more of, even including the 100 million barrels or so that we consume each and every day. The balance of justice will tip in my favor, Hubbert is wrong and I am right at least in the short run. Clearly there is not an infinite reserve of petroleum because everything is finite in the very long run.

The gas giant planets of Jupiter, Saturn, Uranus and Neptune are largely composed of hydrogen and methane which indicates that crude petroleum feedstock is abundant in our solar system. Thus there is some reason to think that some of this lies in the interior of our planet which slowly but surely percolates through the rock to the upper layers of the crust.

[Road to Perdition](#)

In the next twenty years retiree benefit payouts will skyrocket as Baby Boomers retire en masse. The confluence of these entitlement payouts with soaring interest on the National Debt and peak oil will floor the U.S. economy. The only way to honor these commitments would be through huge tax increases.

[Decade of low points broken up by occasional highlight](#)

“Certainly by the end of the decade, we will know whether we have in fact used up half the oil or whether we haven’t. If we have, which is quite likely, then the pressure will increase to come up with better alternatives,” he said. Thus, the 2010s will be the real start of what Hiemstra calls “the great energy transition,” which he predicts will take 30 to 40 years.

[The Best News from 2009](#)

Peak oil consumption -- for the U.S. -- also seems at hand. Reform of the transportation sector accelerated in 2009. The amount of driving Americans do peaked in 2004, leveled off for three years, and began to drop in 2007, well before the economic crisis.

[Iraq Says Oil-Round Winners Agree to Contract Changes](#)

(Bloomberg) -- Iraq said companies that were awarded fields in its second oil-licensing round agreed to contract changes that prevent them from avoiding certain duties and taxes.

The modifications were proposed by the contracts and licensing division of the Council of Ministers and presented to the winning companies yesterday, the Oil Ministry said in an e- mailed statement. The revised contracts will be sent to the council next week for approval.

[Judge rules for plaintiffs in suit against utility](#)

WORCESTER, Mass.—The plaintiffs in a lawsuit against Unitil have won a legal victory from a judge who ruled against the electric utility's motion to move the case out of central Massachusetts.

Residents and businesses in the Fitchburg area sued the utility for compensation for losses incurred in the aftermath of an ice storm in December 2008.

Unitil claimed in its motion that because of the widespread effects of the ice storm and media coverage it would be unable to get a fair trial in Worcester County.

[Bill banning use of offshore platforms for fish farms could affect Gulf aquaculture](#)

Proposed federal legislation could make the Gulf of Mexico a less likely site for the nation's first commercial offshore fish farms.

Under the National Sustainable Offshore Aquaculture Act of 2009, proposed by Rep. Lois Capps, D-Calif., it would be illegal to use oil or natural gas platforms for fish farming operations.

[Snowball of change can lead to green avalanche](#)

Nature doesn't negotiate. Do you think immigration is a big issue? Sea levels are rising faster than ever expected and hundreds of millions of refugees, many from Bangladesh, will soon be looking for somewhere to go. A growing chorus of countries is calling for the nations most responsible for creating the problem (the U.S. is at the top of that list) to make room for those people. Failure to act decisively to curb climate change is tantamount to sending out enough green cards to double our population.

[Eye on Earth: 2009 Year in Review](#)

Worldwatch looks back at this year in environmental news, picking the most notable stories posted to Eye on Earth over the past 12 months.

[China Won't Set Solar Power Prices Soon, Securities News Says](#)

(Bloomberg) -- China may not set the on-grid prices for domestic solar power anytime soon because of high production costs, Shanghai Securities News said, citing a government official.

The government won't be able to subsidize solar power projects as their costs are too high, the newspaper said, citing Shi Lishan, deputy director of renewable energy at the National Energy Administration.

[Lithuania 'Prepared' to Shut Nuclear Plant Today, Premier Says](#)

(Bloomberg) -- Lithuania is "properly prepared" for the closure of the country's only nuclear plant today, Prime Minister Andrius Kubilius said.

"As much as we could, we're approaching the shutdown properly prepared," Kubilius said in a radio interview with Ziniu Radijas today. "Electricity prices will rise after the closure, but the increase will be significantly smaller than previously projected."

[BANGLADESH: Ever so vulnerable to storms, floods and sea level rises](#)

DHAKA (IRIN) - Low-lying Bangladesh with its 230 rivers and dense population of over 150 million has long been prone to flooding, soil erosion and saltwater intrusion, but climate change could aggravate the situation, experts and government officials warn.

In a report entitled A Global Report: Reducing Disaster Risk: A Challenge for Development, the UN Development Programme (UNDP) has identified Bangladesh as the country most vulnerable to tropical cyclones and sixth most vulnerable to floods.

[George Bush key to green future](#)

The grand irony of Copenhagen is that the best hope for a genuine agreement on climate change between the developed and the developing world now lies in George W. Bush's Major Economies Forum, not in the UN process.

[Mass. joins program to cut tailpipe emissions](#)

Massachusetts is among 11 eastern states that agreed yesterday to develop a plan by 2011 for a regional program to reduce greenhouse gas emissions from vehicle fuels.

Governor Deval Patrick was among the governors who signed the agreement, committing to evaluate alternative fuel options and study the costs of such a program, which will promote using cleaner fuels.

[Climate change increasing malaria risk, research reveals](#)

Rising temperatures on the slopes of Mount Kenya have put an extra 4 million people at risk of malaria, research funded by the UK government warned today.

[Global Warming: Where Governments Have Failed, Branson Wants to Step In](#)

Perhaps it's a case of big business aiming to bail out government, for a change.

The response by government to the threat of global warming has been underwhelming so far, a fact that remains little changed despite the political agreement negotiated at the U.N. summit in Copenhagen in December. But at least one business leader, the British billionaire and founder of the Virgin Group Richard Branson, says he has heard the alarm from scientists and environmentalists about climate change, and believes that the world must not waste time shifting away from oil and other fossil fuels.



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