



## DrumBeat: January 30, 2009

Posted by [Leanan](#) on January 30, 2009 - 8:53am

Topic: [Miscellaneous](#)

### [Mexico's Peso Stuns UBS With Biggest Drop Since 1995](#)

(Bloomberg) -- The steepest decline in Mexico's peso in 13 years blindsided everyone from UBS AG economists to Gustavo Huitron, the local marketing manager for Mercedes-Benz.

After weakening 20 percent last year, the currency fell to a record low of 14.4484 per dollar today. RBS Greenwich Capital Markets in Greenwich, Connecticut, now predicts another 4.5 percent drop by June 30. The peso's worst performance since 1995's so-called Tequila Crisis is being driven by the U.S. recession and falling oil prices, which are cutting Mexican exports and government revenues.

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### [Shell gets tough on costs as oil prices bite](#)

LONDON (Reuters) - Royal Dutch Shell Plc has intensified its cost-cutting efforts in response to the collapse in oil prices and also plans to step up efforts to improve what it said was a "mixed" safety record.

Shell's head of Exploration and Production Malcolm Brinded told employees in an email seen by Reuters that staff had to make "tough choices".

"We simply need much higher sustainable savings this year and I ask for real actions from all of you .... Shed contractor staff, challenge requirements, eliminate consultancy work, reduce travel massively, cut overheads everywhere," he said.

The E&P boss pleaded for fewer meetings and "75 percent fewer slides".

### [Number of active oil rigs drops by 43](#)

HOUSTON — The number of rigs actively exploring for oil and natural gas in the United States dropped by 43 this week to 1,472.

Of the rigs running nationwide, 1,150 were exploring for natural gas and 309 for oil, Houston-based Baker Hughes Inc. reported Friday. A total of 13 were listed as miscellaneous.

A year ago, the rig count stood at 1,763.

### [Petrobras CEO Revises Plans to Hire 14,000 by 2010](#)

(Bloomberg) -- Petroleo Brasileiro SA, Brazil's state-controlled oil company, will revise its plan to hire more than 14,000 workers by 2010 as plunging oil prices call for cost cuts, Chief Executive Officer Jose Sergio Gabrielli said.

### [Valero Will Shut Two Refineries If Union Strikes](#)

(Bloomberg) -- Valero Energy Corp., the largest U.S. refiner, said it will shut its Memphis and Delaware City, Delaware, refineries if union members strike.

The company will operate its Port Arthur, Texas, refinery with a contingency workforce, the company said today in a posting on its Web site.

### [Nigerian Militants Call Off Cease-Fire in Oil-Rich Niger Delta](#)

(Bloomberg) -- Nigeria's main militant group in the Niger River delta said it was calling off a four-month cease-fire and would start attacking Africa's biggest oil industry beginning tomorrow.

The Movement for the Emancipation of the Niger Delta, MEND, said in a statement today that it was ending the cease-fire because Nigerian military forces attacked the base of an allied militant group.

### [Byron King: Why Oil is Too Cheap](#)

Houston's most famous investment banker Matt Simmons is one of the great advocates of this aboveground focus, particularly on the issues of industrial capacity. To be fair, Matt discusses the Hubbert-like geological constraints. But Matt devotes much of his argument -- correctly -- to nongeological issues in the oil patch. For example, Matt discusses how there is not enough oil field equipment, from rigs to high-strength subsea valves. Or there are too few trained personnel, or not enough well-drilling, or there's just plain systemic corrosion ("rust") that will limit future oil output.

And Simmons is entirely right about his points. It's always an informative use of time -- and a true pleasure -- to watch Matt give a talk. Over the long term and at the rate things are going, Matt is exactly on target. There will not be enough oil to meet eventual world demand, because of underinvestment in drilling, inadequate personnel, insufficient industrial capacity and other inefficiencies in the overall industrial process.

### [Norway plans carbon capture project](#)

Norway plans to build a 5.2 billion-kroner (\$812 million) research center for developing technology to capture carbon dioxide from burned fossil fuels as a way of combating global warming, the oil minister announced Friday.

"This is a milestone in developing technology for CO2 capture," said Minister of Petroleum and Energy Terje Riis-Johansen. "It is a difficult project, but it is crucial that we succeed because handling CO2 is a critical tool in fighting global warming."

### [Cotton farmers using sustainable practices](#)

Energy will be another crucial challenge for cotton farmers with estimates that peak oil production will occur in either 2016 or 2037, depending on which source you believe. "Either way, it's not that far off," Barnes said. "Cheap energy is not in our future and we need to look at the effect of energy use."

He said irrigated cotton is only slightly more energy expensive than dryland production but is "substantially more yield and quality stable."

Nitrogen, however, "doubles the energy footprint for cotton." But, he said, researchers are getting a better handle on the energy contained in the cottonseed itself. "The seed contains two times the energy needed to grow a crop."

Barnes said cotton's energy footprint compares very favorably with its most important competitor, man-made fibers, which are made "from a product that will disappear in 100 years."

### [GM's \\$35 billion albatross](#)

GM needs to prove to the government that it will be able to cut unsecured debt by two-thirds. Some think creditors have no choice but to accept a swap for stock.

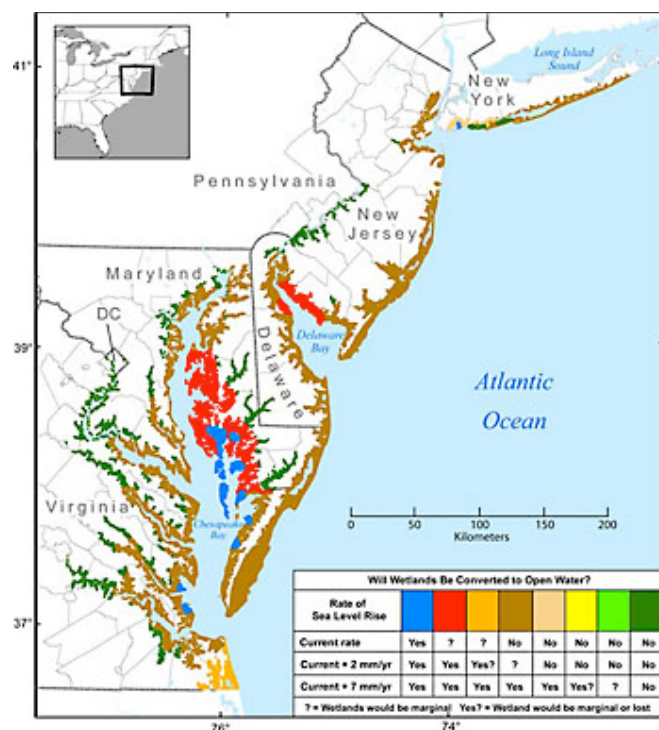
### [Caterpillar laying off 2,110 more workers](#)

CHICAGO - Caterpillar Inc said Friday it is laying off an additional 2,110 workers, bringing the week's total to about 22,000, as the company scrambles to cope with a downturn in demand for its construction and mining equipment.

The latest cuts affect plants that build products for the mining and energy industries, customers that had helped sustain Caterpillar as other key markets, like residential construction, swooned.

The recent dramatic pullback in commodity and oil prices has forced those customers to rethink their plans for investment in new equipment.

### [Sea levels rising at nearly double previous estimates due to global warming](#)



Scientists predict that global sea levels could rise nearly 40 inches by the end of the century, according to a recent report from the U.S. Environmental Protection Agency.

The new estimates nearly double the worst-case scenario presented in 2007 by the Intergovernmental Panel on Climate Change, which projected a global sea level rise of 7 to 23 inches by the end of the century.

Parts of New York City would be at risk of submersion even with roughly 16 inches of local sea-level rise, according to research from Columbia University.

Because the additional water would weaken or destroy wetlands and flood protection, major storms could submerge Coney Island, much of southern Brooklyn and Queens, portions of Long Island City, Astoria, Flushing Meadows-Corona Park, Lower Manhattan, and eastern Staten Island, one study showed.

### [UK energy saving policy 'failing'](#)

The UK government is failing to support its own measures designed to deliver energy savings, an expert has warned.

Philip Sellwood, chief executive of the Energy Saving Trust (EST), said local authorities needed more funds in order to ensure savings were being made.

While ministers were quick to promote new policies such as "zero carbon homes", existing building regulations were not being upheld, he added.

### [Tata Motors Has Loss on Lower Sales, Foreign Exchange](#)

(Bloomberg) -- Tata Motors Ltd., the Indian truck maker that owns Jaguar and Land Rover, posted its first quarterly loss in seven years as tighter credit and slower economic growth hurt vehicle sales and it had a foreign exchange loss.

### [Airlines in financial crisis, aviation group says](#)

Airlines around the globe are in their most widespread financial crisis since World War II, the world's largest aviation trade group said Thursday.

The International Air Transport Association (IATA), which represents 230 airlines worldwide, reported that December's international air passenger traffic fell 4.6% year-over-year, and only about 74% of plane seats were sold. International air cargo volume fell an unprecedented 22.6% year-over-year, a sign of plummeting consumer spending.

### [Pa. Natural Gas Operations to Face New Rules](#)

A Pennsylvania industry task force, comprised of state Department of Environmental Protection and representatives of the natural gas industry, met this month for the first time to develop new rules for controlling wastewater pollution from drilling operations and methods to treat wastewater. They also discussed ways to streamline the permitting process.

### [Indian Court Lifts Ban on Reliance's Gas Field Sales](#)

(Bloomberg) -- The Bombay High Court temporarily lifted a ban on the sale of natural gas from Reliance Industries Ltd.'s largest field off India's east coast, paving the way for supplies to fuel-starved fertilizer and power companies.

"The court has lifted the ban as an interim measure till it pronounces the final judgment," Additional Solicitor General Mohan Parasaran, who represents the Indian government in the dispute between Reliance Industries and Reliance Natural Resources Ltd., said by telephone from Mumbai.

### [John Michael Greer: The ecology of social change](#)

Survey any of the major historic outbreaks of mass scapegoating and violence and you'll find it in a context where socially acceptable belief systems failed to keep up with a changing world. Behind the European witch hunts, for example, lay the collapse of late medieval worldviews that hardened into dogma as they were cracking apart at the seams, just as the fatal mismatch between German fantasies of global dominion and Germany's actual status as a little country without oil reserves or defensible borders in an age of sprawling petroleum-fueled empires played a major role in setting the stage for its catastrophic 20th-century history.

What makes the situation in contemporary America interesting, from this

perspective, is the way that its mainstream culture and its self-described alternative countercultures have fallen into versions of the same double-bind. Many posts here, and of course quite a bit of excellent analysis by other authors, have outlined the way that the narratives of the cultural mainstream in contemporary America built a worldview of perpetual progress and limitless abundance on the temporary foundation of cheap fossil fuels, and have been made hopelessly irrelevant by the end of the petroleum age. Less often discussed and, I believe, less often noticed is the way that most current proposals meant to replace the current order of society with a better one also rest on beliefs about the world that hold up very poorly in the face of experience.

### [OPEC's El-Badri Says \\$70-90 Is 'Reasonable' Oil Price](#)

(Bloomberg) -- Abdalla el-Badri, OPEC secretary-general, said \$70 to \$90 a barrel is a "reasonable" oil price to support investment in new production.

"It's a reasonable price where we can invest and that's the most important thing for the world," el-Badri said in a television interview at the World Economic Forum in Davos today. "We control 75 to 80 percent of the world reserves, we need to develop that reserve so we can have more supply to the world."

### [StatoilHydro says Venezuela payments not delayed](#)

OSLO (Reuters) - Norwegian oil and gas producer StatoilHydro, a partner in a big Venezuela heavy oil project, said it has not seen any delays in financial dealings with companies in the South American country.

This week Venezuela seized a rig owned by ENSCO International after the U.S. company halted operations because of unpaid bills, stoking concern over the future of Venezuela's state-controlled oil sector.

### [Don't Expect Oil Prices to Break \\$50 Until Q2 - FirstEnergy Capital](#)

The "stability for now, upside later" argument for crude oil prices appears to be holding true for both WTI and Brent pricing, which has done little to set any directional bias so far in 2009. But one thing FirstEnergy Capital analyst Martin King says he can be sure of, is that his call for the price bottom in mid-December remains correct.

"This is a market, though still dealing with some oversupply issues at Cushing, Oklahoma, that has begun to realize that corrective forces are at work," he said in a research note, adding that OPEC production cuts is a powerful force that is finally getting some attention. "If anything, these cuts look to be more serious than many market pundits originally thought."

### [Obama's Mexican challenge](#)

Mexico is Latin America's second-biggest economy and the third-biggest



oil supplier to the United States. It could also prove an unexpected challenge for President Obama, says David Stevenson.

### [Mexican president seeks foreign oil investment](#)

MEXICO CITY: Mexican President Felipe Calderon sought to sell the heads of the world's biggest energy companies on his nation's oil industry on Thursday, touting new openings for foreign firms, his office said.

Oil executives he met with on the sidelines of the World Economic Forum in Davos, Switzerland, said the current slump in crude prices could lead them to rethink production and exploration plans, a statement from Calderon's office said.

### [10 Predictions for 2009 by PimJohn van Gestel](#)

Just a quick note on oil. The media are continuing their plug on demand destruction based on the current economic crisis. The bigger picture they are not focusing on is supply destruction. Oil is not something that replenishes itself and we are seeing the top oil producing wells now in depletion. Another issue I see is that with the price of oil being driven down so heavily, producers have put new projects on hold. So with the top producers now in decline and no new projects commencing, I believe we are going to get into an energy crisis within the next couple of years.

### [Yemen's Main Oil Pipeline Blown Up, Flow Not Affected](#)

Unknown attackers blew up Yemen's main oil pipeline that carries crude oil from the north-central province of Marib to a Red Sea export terminal Thursday, but export operations were not disrupted, security sources said.

The sources, who asked not to be named, said a technical team was assessing the damage to the pipeline that carries around 80,000 barrels of crude oil per day.

### [DOE report paints bleak picture of our electric future](#)

There's a long tradition of using Fridays to release reports you'd rather not see attract attention, and the Department of Energy has used the last Friday of the Bush Administration to release a big one. Its Electricity Advisory Committee, composed primarily of power industry executives, has released a series of reports on the future of the US electric grid. These include focused looks at the potential for power storage and the smart grid, but it's the overall evaluation that's badly off the administration's message: the government needs to make a significant intervention in the power market, it's completely failed to do so for the past eight years (and longer), and conservation needs to be part of anything we do.

### [Reactivating Nuclear Reactors for the Fight against Climate Change](#)

Even environmentalists are reevaluating nuclear power as a possible solution to global warming, but can it really help?

### [UK: City gets a storm warning](#)

David Strahan, an expert in how the decrease of available oil in the world affects councils, also spoke yesterday.

He said: "Councils must focus on private and public transport.

"Biofuels are inadequate – a better idea would be to charge fleet vehicles via wind turbines – or look at electric vehicles."

### [When Giants Fall: An Economic Roadmap for the End of the American Era](#)

The altered dynamic of key resource markets has set the stage for a debilitating and increasingly divisive struggle for advantage. Financial Times commentator Martin Wolf has made reference to a "zero-sum world," where a shortage of productivity-enhancing energy might turn back the clock to a time when gains could be achieved only at others' expense. The prospect of a further disorderly unwinding of numerous global imbalances—apart from the extraordinary eruptions already seen—also signals serious trouble ahead. So does a reversal of the productivity gains of recent years, brought on by heightened geopolitical unrest, rapidly diminishing economies of scale, and adverse demographic trends.

### [It's cheaper to drill - but no rush for rigs](#)

The record rally in commodities from oil to metals had doubled the cost of building a refinery in Saudi Arabia, tripled the budget for a super-clean fuel plant in Qatar and drove up the price of pumping oil and gas.

Soaring costs made companies think twice about investments despite oil's run to nearly \$150 a barrel in July.

Now, partly compensating multinationals and producer countries hurt by the collapse in prices to \$40, cost inflation has eased on the projects they need to safeguard future output.

"Cheaper material costs will at least partly offset the drop in oil prices, supporting project economics despite the downturn," said Antoine Halff of Newedge brokerage.

### [Putin's Grasp of Energy Drives Russian Agenda](#)

MOSCOW — The titans of Russia's energy industry gathered around an enormous map showing the route of a proposed new pipeline in Siberia. It would cost billions and had been years in the planning. After listening to their presentation, President Vladimir V. Putin frowned, got up from his chair, whipped out a felt pen and redrew the map right in front of the embarrassed executives, who quickly agreed that he was right.

The performance, which was carried on state television in 2006, was obviously stage managed, but there was nothing artificial about its point.



It was a typical performance for a leader who has shown an uncanny mastery of the economics, politics and even technical details of the energy business that goes well beyond a politician taking an interest in an important national industry.

### [Energy chiefs debate the cost of energy](#)

DAVOS, Switzerland (Reuters) - Energy leaders at the World Economic Forum debated the true cost of fuel on Thursday as they grappled with the implications of world recession and how to navigate out of it.

Record-high oil prices close to \$150 a barrel in July last year added to the pain of economic slowdown, and now much cheaper prices of near \$40 a barrel could help the global economy to rally.

But for consumers, producers and the planet, oil at that level could be too cheap as it slows investment in new supplies of fossil fuel as well as in alternative energy.

### [UK energy workers walk out in foreign jobs row](#)

NORTH KILLINGHOLME, England (Reuters) - British energy workers staged unofficial walkouts on Friday when anger over the use of foreign workers at an oil refinery spread to about a dozen sites across the country.

### [Nigerian oil workers threaten to stop oil export over suspected corruption](#)

LAGOS (Xinhua) -- Nigerian oil workers in the Department of Petroleum Resources (DPR) on Thursday vowed to shut down Nigeria's 21 crude oil export terminals by Feb. 11, 2009 over management's suspected corruption activities.

### [ConocoPhillips Hopes Russia Can Provide Future Haven](#)

Much of Russia's oil is locked away in distant, hard-to-reach places. Without strong oil prices, it would be difficult to justify investing in expensive projects.

However, depending on the deal ConocoPhillips managed to strike with the Russian government, it might be able to correct for another of its deficiencies — its habit over the past few years of making acquisitions in lieu of developing resources of its own. The implication that it could be looking for its own development opportunities is supported by the company simultaneously launching a \$6 billion bond offer and Mulva saying that he's no longer interested in new acquisition opportunities.

### [Exxon posts annual profit record](#)

NEW YORK (CNNMoney.com) -- Exxon Mobil reported the largest annual profit in U.S. history Friday, making \$45.22 billion on the back of

record oil prices.

But Exxon's quarterly profit fell over 33%, as crude prices dropped precipitously in the last quarter as recession spread through the globe.

### [Venezuela Faces Oil Pinch](#)

With the price of its crude oil close to \$30 a barrel, Venezuela is confronting a new reality after years of largess. While the country has massive reserves of extra heavy oil in the Orinoco belt, it must find a way of surviving falling oil production and prices, as well as ensure investment in future oil output.

### [George Soros: The game changer](#)

To prevent the US economy from sliding into a depression, Mr Obama must implement a radical and comprehensive set of policies. Alongside the well-advanced fiscal stimulus package, these should include a system-wide and compulsory recapitalisation of the banking system and a thorough overhaul of the mortgage system – reducing the cost of mortgages and foreclosures.

Energy policy could also play an important role in counteracting both depression and deflation. The American consumer can no longer act as the motor of the global economy. Alternative energy and developments that produce energy savings could serve as a new motor, but only if the price of conventional fuels is kept high enough to justify investing in those activities. That would involve putting a floor under the price of fossil fuels by imposing a price on carbon emissions and import duties on oil to keep the domestic price above, say, \$70 per barrel.

### [Benjamin Netanyahu, Peak Oil, And a World On The Brink](#)

Yes, an attack on Iranian nuclear sites by Israel could prompt a massive disruption in the oil markets, causing crude oil prices to soar during a vulnerable time in the American economy. Indeed, the issue is even multiplied by the fact that the world may be facing a peak oil situation, where oil production has no more room to grow. This could be the final trigger that sends the world economy into a panic, as it may test Saudi Arabia, in particular to make up for production disruptions that would likely occur from Iran.

### [Tanzania: Crisis? That was only a taste of things to come if we don't act](#)

There are many shortcomings with the operations of the oil sector in the country.

Some of these start right back with the liberalisation and the conditionalities from financial institutions, scholars from the University of Dar es Salaam say.

But they contend that government can still get the situation under control: Four outspoken University of Dar es Salaam dons have described

the oil crisis that paralysed the country earlier this month as a wake-up call for the government to re-examine the oil industry.

### [Japan tax tribunal dismisses Nippon Oil tax appeal](#)

TOKYO (Reuters) - Japan's Nippon Oil Corp said on Friday the National Tax Tribunal rejected its request to nullify extra taxes imposed on the refiner in 2006 on gains from energy derivatives trading. Nippon Oil contested the Tokyo regional tax office's decision that the refiner pay an extra 12.5 billion yen (\$139.5 million) in tax on swaps trading to hedge against moves in crude oil prices. Nippon Oil said in a statement on Friday it would examine the tribunal's decision and decide on the next course of action.

### [Tokyo Gas eyes new LNG terminal](#)

Tokyo Gas, Japan's biggest natural gas utility, is looking to build a new liquefied natural gas receiving terminal in Hitachi, northeast of Tokyo by 2017-18 to meet projected growth from the industrial sector.

### [The world needs abundant, cheap, clean energy](#) (review of *Energise!*, by James Woudhuysen and Joe Kaplinsky)

Fears about climate change are well-placed, but the answer is not to moralise about personal energy consumption, but to invest boldly in new forms of power supply.

### [Frugal family tips to save money on energy bills](#)

When looking for ways to cut home energy costs, it helps to disregard some things your mother told you. You do not, for example, need to wash your clothes in hot water to get them clean, says Steve Luxton, a home energy auditor for CMC Energy in Fort Washington, Pa.

And turning off the lights when you leave a room doesn't hurt, Luxton says, but the overall reduction in your energy costs will be minimal. If you really want to slash your energy bills, he says, get rid of that avocado-green fridge in the basement. While old refrigerators provide a good way to store your beer and Costco purchases, they're huge energy wasters, he says.

### [When Technology Fails: How to Survive the Long Emergency](#)

*When Technology Fails* is -- at its root -- a comprehensive handbook of survival skills. Those skills range from building an emergency shelter and purifying water to foraging for food and dealing with medical situations at home. Obviously the future is uncertain, but can you give us a list of your Top 10 most crucial survival skills?

### [Seed bank for the world threatened by financial crisis](#)

ARDINGLY, England (Reuters) - A seed bank that is trying to collect every type of plant in the world is now under threat from the global financial crisis, its director says.

The Millennium Seed Bank Project aims to house all the 300,000 different plant species known to exist to ensure future biodiversity and protect a vital source of food and medicines, director Paul Smith said.

The project is on track to collect 10 percent of the total by 2010 but the financial crisis is drying up funding, casting serious doubts on future collections, he said.

#### [Buzz grows for modernizing energy grid](#)

Alternative energy is taking it on the chin this recession, with solar and wind developers canceling projects and laying off workers. But a far more obscure slice of the energy sector is hotter than ever: the electricity grid.

#### [Rising electricity prices 'to benefit renewable sector'](#)

The Sustainable Energy Association says a significant increase in electricity prices will boost the renewable energy sector.

The Western Australia Office of Energy has recommended a 78 per cent increase to the charges for household electricity over the next two years, to bring prices into line with supply costs.

#### [Indian wind power giant Suzlon swings to Q3 loss](#)

NEW DELHI (AFP) – Suzlon Energy posted a third-quarter loss as it was hit by foreign exchange losses and payments to replace faulty equipment but forecast a recovery in 2010.

The company, the world's fifth largest turbine maker which dominates the Indian wind generation market, reported a consolidated net loss for the three months to December of 589.7 million rupees (12 million dollars).

#### [Air Force drops plan to make fuel from coal in Montana](#)

WASHINGTON — The Air Force on Thursday dropped plans to build a coal-to-liquid plant to produce fuel for its aircraft, a plan that would've reduced dependence on oil but increased the emissions of the heat-trapping gases that cause global warming.

#### [Sulfur in Heating Oil to Be Reduced](#)

The suppliers will reduce sulfur in heating oil to 0.0015 percent from 0.2 percent. Brandon Wright of the Petroleum Marketers Association of America said that consumers should see a small increase in the price of

oil as a result of the change, but that it would be offset by savings from more efficient furnace and boiler operation in their homes.

### [Snow study shows California faces historic drought](#)

SAN FRANCISCO (Reuters) - A new survey of California winter snows on Thursday showed the most populous state is facing one of the worst droughts in its history, Governor Arnold Schwarzenegger said.

The state, which produces about half the United States' vegetables and fruit, is in its third year of drought and its main system supplying water to cities and farms may only be able to fulfill 15 percent of requests, scientists said.

The snowpack on California's mountains is carrying only 61 percent of the water of normal years, according to the survey by the state Department of Water Resources. Last year the snowpack held 111 percent of the normal amount of water, but spring was the driest ever recorded.

### [Pole-to-pole flight finds CO2 piling up over Arctic](#)

NEW YORK (Reuters) - Scientists who flew a modified corporate jet from pole to pole to study how greenhouse gases move found carbon dioxide piling up over the Arctic, but also higher than expected levels of oxygen over the Antarctic.

### [Gore hails Obama's climate goals despite crisis](#)

DAVOS, Switzerland – Nobel Peace Prize winner Al Gore urged President Barack Obama and other world leaders to seal a quick deal to fight global warming despite the pervasive financial crisis.

Gore called Obama "the greenest person in the room" for making environmental funding a big chunk of the \$819 billion economic stimulus bill passed by U.S. lawmakers this week.

### [Professor Gore's Climate Change Lecture Warmly Received by Senate](#)

For a few minutes, it was like a scene from An Inconvenient Truth: Al Gore, the former vice president, lecturing about global climate change, skipping authoritatively from one data point to the next, wielding statistics, graphs, and charts about shrinking ice caps and greenhouse-gas emissions.

His audience, this time around, was the Senate Foreign Relations Committee, in its first hearing since President Barack Obama's inauguration. Its choice of Gore as star witness was layered with political symbolism, highlighting the priority that congressional Democrats, bolstered by their enlarged majority and new White House support, are giving to climate change issues.

## [New Jungles Prompt a Debate on Rain Forests](#)

CHILIBRE, Panama — The land where Marta Ortega de Wing raised hundreds of pigs until 10 years ago is being overtaken by galloping jungle — palms, lizards and ants.

Instead of farming, she now shops at the supermarket and her grown children and grandchildren live in places like Panama City and New York.

Here, and in other tropical countries around the world, small holdings like Ms. Ortega de Wing's — and much larger swaths of farmland — are reverting back to nature, as people abandon their land and move to the cities in search of better livings.

These new "secondary" forests are emerging in Latin America, Asia and other tropical regions at such a fast pace that the trend has set off a serious debate about whether saving primeval rain forest — an iconic environmental cause — may be less urgent than once thought. By one estimate, for every acre of rain forest cut down each year, more than 50 acres of new forest are growing in the tropics on land that was once farmed, logged or ravaged by natural disaster.

## [Rising Acidity Threatens Oceans](#)

The oceans have long buffered the effects of climate change by absorbing a substantial portion of the greenhouse gas carbon dioxide. But this benefit has a catch: as the gas dissolves, it makes seawater more acidic. Now an international panel of marine scientists says this acidity is accelerating so fast it threatens the survival of coral reefs, shellfish and the marine food web generally.

## [Glaciers around the world found shrinking for 18th year](#)

BERLIN - Glaciers from the Andes to Alaska and across the Alps shrank as much as 10 feet, the 18th year of retreat and twice as fast as a decade ago, as global warming threatens an important supply of the world's water.

Alpine glaciers lost on average 0.7 meters of thickness in 2007, data published yesterday by the University of Zurich's World Glacier Monitoring Service showed. The melting extends an 11-meter retreat since 1980.

## [220 comments on DrumBeat: January 30, 2009](#)

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🗨️ [Darwinian](#) on January 30, 2009 - 9:09am 🗨️ 🗨️ 🗨️

### **Are you kidding me?**

Sometime the simplistic thinking and blind optimism of some people just blows me away.

They have found out what causes the brown cloud that hangs over South Asia and the Indian Ocean for about half the year. [Makings of a deadly brown cloud](#) Two thirds of the particle matter that make up the cloud are from burning organic



matter, wood and dung, for heating and cooking.

The soot raises cancer risk, and can be traced to the deaths of many people in China and India from cardiovascular and respiratory diseases...

But not too worry, the fix is in.






...they recommend fighting poverty and spreading green technology to limit emissions of soot from small scale biomass burning.  
...there is hope the problem will clear up quickly once the causes are addressed.

Got that? First make sure all power is generated by green technology, whatever that is, then simply cure poverty so everyone can heat and cook with that new green energy and no more brown cloud.

Damn, why didn't I think of that?

Ron Patterson

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ceii2000 on January 30, 2009 - 9:31am     

I believe that most of TPTB honestly think anything they say is true and/or will become true.

A tech I worked with had this reply to a sales manager that asked us how things were going: "Just working our a\$\$ off trying to keep the promises you made." Kinda sums up my working career, somebody with a tie makes a promise, I spend however long it takes trying to make sure it happens.

I will never understand why the ones that say things get paid more than the ones that are expected to do those things. Maybe some of that will come to an end with the current financial mess.






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Paleocon on January 30, 2009 - 9:48am     

I've been the Engineering guy covering Sales' promises for decades now. I asked a Sales VP once, "Why do you make these promises, when you know it can't happen?" He said, "An unhappy customer is better than a satisfied prospect."

I used to hold out for transparency and truthfulness when I was younger, but once I learned the above I discovered how to play the game better. A touch of cynicism and a bit of apathy helps a lot, too.

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WNC Observer on January 30, 2009 - 11:32am     

ceii2000 & paleocon:






Your problem is that you have been working for US corporations. US corporations are mostly run by idiot jerks, with future idiot jerks-in-training beneath them. Yet other idiot jerks are to be found in the corridors of power in Washington.

You wonder why the US is rapidly going bankrupt and becoming a has-been laughing stock? Well, that is a very big reason right there. We have been raising up the worst possible people to positions of power in a systematic way throughout

the country, and it is finally starting to really take its toll.

Sorry, that might offend a few people, but sometimes the truth does that.

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ceiii2000 on January 30, 2009 - 12:59pm     






You know, I accept USA bashing pretty well, I even understand where most of it comes from. But I've travelled a lot, not as much as some here but I've seen things. In my travels, to extremely poor countries and rich ones I have gotten one thing pretty well ingrained in my pea brain. People are people.

I don't think this is a culture thing, I am pretty sure it is systemic to human 'civilization'. I'd bet if you sat around listening to the Roman Legion gripe about the things they cared about on a daily basis you would hear things like, "What idiot decided we could build a road up that mountain?", "We can't afford x% (or XII%) more taxes!" "Followed closely by "How come those idiots didn't pay me this week?", and "You did notice Hannibal has ELEPHANTS! didn't you?" etc.

People in high level positions, and low level even, have a tendency to hire/promote people that they agree with and that agree with them. Why wouldn't you? It would make no sense to hire somebody that completely disagrees with you so you can argue with him all the time and get nothing done.

So critical thinkers and troubleshooters end up in mid to low level positions where they don't make 'decisions' and yet they can get the work done promised by Kings, Presidents, Caesars, Tsars, CEO's, etc. Sorry I am smart enough to admit, I don't even want those positions. My daughter said it the other day, the only people we should elect president are those that don't want it. She's 15 and I'm quite proud of her.

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forbin on January 30, 2009 - 3:46pm     

My daughter said it the other day, the only people we should elect president are those that don't want it. She's 15 and I'm quite proud of her.






sounds like hitchhikers guide to the galaxy , the last person you'd what to have in power is the person who reall wants its

best policies are made by a disinterested party !

cheers

forbin






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enemy of state on January 31, 2009 - 12:28am     

I asked a Sales VP once, "Why do you make these promises, when you know it can't happen?"

I used to work for a computer corp, in a marketing/engineering capacity. We had an operating systems group whose only answer to any request was no! We always had to force the issue by making promises to customers (who we woulda lost if we didn't). It worked out Ok, though often we had to show them how it could be done.

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jteehan on January 30, 2009 - 9:46am     

Reminds me of the Nancy Reagan Homeless Foundation motto, "Just buy a house!"

Seems like all those hungry people around the world would be better off if they stopped skipping breakfast.

I could go on, but you nailed it without me.






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☐ [InJapan](#) on January 30, 2009 - 6:31pm     

If anyone is looking for some background on brown clouds, and aerosols in general, and their relationship to climate changes, here is a lecture at MIT from last year that may be of interest:

<http://mitworld.mit.edu/video/589>

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☐ [FMagyar](#) on January 30, 2009 - 7:35pm     

Darwinian,I do actually agree with you,I really do however they could try a couple of these for starters.

<http://www.solarcooking.org/plans/>

Then again, I know, there is of course the problem of the sunlight not making it through the brown haze and the ever present cultural resistance to these ideas...

The effective application of solar systems, like other technologies, can be problematic in developing countries. Cultural and climatic conditions. Unique to a given region, along with the materials, tools, and manpower available in that area, must be considered before introducing solar technologies. Too many efforts to introduce worthwhile energy programs and technologies have failed over the years, because local factors have been overlooked.




[http://www.cd3wd.com/cd3wd\\_40/VITA/SOLREGY/EN/SOLREGY.HTM](http://www.cd3wd.com/cd3wd_40/VITA/SOLREGY/EN/SOLREGY.HTM)

I know,I know, why even bother. Let the poor stupid ignorant bastards choke to death in the smoke of their last burning trees. It might help to cut down on the population a bit, eh?

Why does everything have to be so complicated ;-)

Best hopes for an ultra simplified future. Though not even the primordial soup was that.

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☐ [Paleocon](#) on January 30, 2009 - 9:10am   

Exxon has massively profitable year:

- <http://finance.yahoo.com/news/Exxon-Mobil-sets-record-with-apf-14206062....>

HOUSTON (AP) -- Exxon Mobil Corp. on Friday reported a profit of \$45.2 billion for 2008, breaking its own record for a U.S. company, even as its fourth-quarter earnings fell 33 percent from a year ago.

Profits did drop 33% in Q4, so with current prices they will apparently remain profitable but definitely less-so.

GDP is down 3.8% in Q4:






- <http://finance.yahoo.com/news/Q4-GDP-down-38-percent-rb-14206284.html>

WASHINGTON (Reuters) - The economy shrank at its fastest pace in nearly 27 years in the fourth quarter, government data showed, sinking deeper into recession as consumers and business cut spending.

The Commerce Department on Friday said gross domestic product, which measures total goods and services output within U.S. borders, plummeted at a 3.8 percent annual rate, the lowest pace since the first quarter of 1982, when output contracted 6.4 percent. GDP fell 0.5 percent in the third quarter. These were the first consecutive declines in GDP since the fourth quarter of 1990 and the first three months of 1991.

Still, some analysts were predicting a drop of more than 5%, so it's "better than expected". Or the numbers are fudged up this quarter and will be adjusted down next quarter.






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▫ [Leanan](#) on January 30, 2009 - 9:14am     

The GDP number is "good news." Some were fearing it would be as bad as 8%.

Meanwhile, [Denninger](#) has changed his mind about a short-term rally. He thinks unless Obama, Bernanke, etc., mend their ways, we are headed straight for Dow 2,000.

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▫ [Paleocon](#) on January 30, 2009 - 9:24am     






I never did quite get what was supposed to drive the rally, unless Obamamania was somehow more powerful than the credit crunch. The proposed bail-out seems to do little of value, and still the banks remain in a quagmire of obfuscations and decaying loans.

I don't put much faith in technical analysis, though, especially when just a week ago there were nice pictures with S&P 900 or 1100, and now it's S&P 200.

Longer term, the gold-bug view that the DOW and gold will reach parity seems likely, but who knows how fast, and at what levels? DOW 2000, gold 2000 would be one such possibility.

Denninger's analysis makes good points, as usual. The "bad bank" notion seems to be gaining support, though I can't see why we would do that without collapsing the existing banks first. Just transferring their bad debt while leaving their shareholders and execs whole seems completely wrong to me. Why does Congress have no backbone? What can we do about it?






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▫ [BMW](#) on January 30, 2009 - 9:39am     

What can you do about it?

Well, you can't do anything really. Get over it.






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▢ [Paleocon](#) on January 30, 2009 - 10:14am     

I think I'll deal with it, but I don't think I'll get over it. I think I can hold this grudge a long time.

Gold is up. Stocks are down. Still, I think we have some time before the wheels fall off -- Britain seems to have it worse in every way, yet they're still afloat.

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▢ [dropstone](#) on January 30, 2009 - 10:22am     

Dear Paleocon,  
A sign of the times:

<http://www.dailymail.co.uk/news/article-1132128/Pictured-The-machete-wie...>






Rgds  
Dropstone

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▢ [weatherman](#) on January 30, 2009 - 6:21pm     






Surrey always was a wild and lawless place.

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▢ [Paleocon](#) on January 30, 2009 - 6:28pm     

Hmmm...add hoods and a machete and a friendly neighborhood watch suddenly seems much more menacing, doesn't it?

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▢ [BMW](#) on January 30, 2009 - 10:30am     

Look, I am upset probably as much as you are if not more. I did realize though, that being angry doesn't do good to me or to my family.

Anger would be good only if I was planning to riot and I am not. We could have prevented a great deal of trouble by being smarter in past and we haven't been. That's why I am not willing to riot with angry masses that don't understand anything and helped to create this mess in the first place.

Obama is going to become a MESSiah. You are right, we probably do have some time, but I wonder if it isn't just months.






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▢ [WNC Observer](#) on January 30, 2009 - 11:44am     

I'm not going to riot. But if any of the big banks or financial firms that are largely to blame for this mess think that they are EVER going to get any of my business, ever again, they can think twice.

Why anyone continues to do business with them is beyond me.






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▢ [BMW](#) on January 30, 2009 - 12:56pm     

Because it is do or die in the business world. That's why I have never been a businessman and never will. It just doesn't fit my personality.

If you want to do a big project, you need to get capital somewhere.






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eric blair on January 30, 2009 - 1:30pm     

*I'm not going to riot.*

Not even a little small one or a quiet one?






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ET on January 30, 2009 - 9:18pm     

I'm not going to riot.

From 'Mad Max' to merely 'Disgruntled Max'?






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Jon Kutz on January 30, 2009 - 12:42pm     

"Obama is going to become a MESSiah. "

You mean he is going to "O bomb a" the economy just like all the rest of the bone headed politicians?

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Leanan on January 30, 2009 - 10:40am     

The market is going to take care of it, one way or another. Denninger thinks that's why nothing really has been done so far.






Yesterday Steve Liesman from CNBC "reported" that the Administration had a "bad bank" plan that was momentarily going to be rolled out. Tonight we learn that just as with the original "Super-SIV" from 2007 (which was essentially the same thing), the un-resolvable problem is that the banks will not sell for the mark-to-market price (or anything near it). The unspoken reason is if they were to take the market price they'd be rendered instantaneously bankrupt. (This, by the way, is an admission that they are intentionally mis-marking these "assets" on their book now, or they'd have already been seized!) The government will not buy at "par" or anything near it because to do so will cause the taxpayer to suffer a trillion dollar loss; Goldman (and Schumer) both said this is a potential \$4 trillion problem. Ergo, its a Mexican Standoff and there is no solution. This means that nationalization is still on the table.

I'm sure they'd love to stick the taxpayers with the estimated \$4 trillion bill, but they can't.

Never mind Schumer talking about a \$4 trillion tab for the "bad bank." We don't have \$4 trillion and we can't raise it. That's simply off the table due to inability and thinly-veiled threats to attempt such a foolish action risk causing the very market crash that everyone says they don't want.

If it wasn't impossible, I think they'd have done it by now.

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BOP on January 30, 2009 - 12:21pm     



(This, by the way, is an admission that they are intentionally mis-marking these "assets" on their book now, or they'd have already been seized!)

The banks do not need to "mis-mark" the bad assets. They can carry them on their books at the market price and the assets remain at that nominal price until there is an actual trade that sets a new valuation for them.






For example I own stocks that are underwater but I do not realize a loss until I sell. Then I have a new market valuation. If I do not sell then I can avoid a new valuation and proceed on the optimistic basis that the stocks will recover.

The problem the banks face is that no body wants to trade these instruments due to the fact that the potential liabilities are huge. As Shunyata posted the other day the valuation on CDOs can drop to less than zero. On my stock investments my liability is limited to the amount I have invested. With CDOs there exists a "negative" liability which, due to the associated leverage, is huge. One figure that has come up is that the total liabilities associated with derivatives equals ten time world GDP.

So the banks are tip toeing around an insane level of liabilities produced by conditions that everybody assumed would never happen - the proverbial black swan event.






As has been said, it gets worse before it gets worse: there is a real possibility of a spike in interest rates due to the number of nations seeking to borrow. Such a spike in rates would have negative impact on all debt service costs (both for individuals and for countries) and likely result in escalating defaults which would in turn further weaken the position of the banks.

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▢ [Paleocon](#) on January 30, 2009 - 12:23pm     

The difference being that if you go ask for a loan and list your stocks as collateral, you'd be expected to value them at current market price, versus what you paid for them. Ditto for your house and cars. We should expect no less for the banks.

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▢ [ToucanSanctuary](#) on January 30, 2009 - 1:15pm     





As Denniger points out, the stock market is a clearinghouse that allows pricing information to flow to all players and potential players in an indiscriminate manner. This allows for easy valuation of stocks to the "market price."

There is no such mechanism for derivatives. The issuer of a derivative is free to quote one price to you and another to someone else. There's no way for you to know if you're getting screwed or not. This also makes it impossible to "mark to market" because you don't know what the market is. When Lehman went under, many derivatives were sold at auction and this established a publically disclosed "market" for certain specific classes of derivatives. This had ripples across the economy as firms had to re-value any like derivatives in their possession to these market prices. Now all the efforts are being put into plans that make it easier for firms to hide the true market value of these instruments. Most recently the FASB (Financial Accounting Standards Board) has proposed an accounting rule change that makes it easier for firms to lie about the value of their assets. Normally rule changes proposed by FASB are given a 90-120 response period for the accounting community to respond to the proposal and point out any possible pitfalls etc. With this rule change, the FASB only has a 7 day response period.

It's a railroad job for sure.

TS

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☐ [ToucanSanctuary](#) on January 30, 2009 - 3:01pm     

Yesterday's TAE dealt with this topic also.

[January 29, 2009: Con Firm Nation](#)

...These are the OCC's numbers for the big 3 US banks:

Notional Amount Of Derivative Contracts, Top 25 Holding Companies In Derivatives

September 30, 2008, In \$ Millions

JPMorgan \$91,339,207

Bank Of America \$39,979,154

Citigroup \$38,186,196

The total assets of these three banks are \$3.9 trillion, which is a somewhat questionable number, since we don't know what the assets - which they largely valued themselves- are. But it's still, as Martin Weiss pointed out, 43 times the amount the banks have thus far received in government assistance. However, even more significant is that JPMorgan's derivatives amount to 400 times its alleged assets. Talk about leverage. Which bookie allows you to bet 400 times what's in your wallet?...






...Obama's stimulus plan is not for banks. The next bank bail-out will follow soon. My guess is that it will add up to \$2 trillion in public, and \$4-5 trillion in reality. When looking at the numbers above, though, as well as the reservations by the real number crunchers, it becomes ever clearer that the risks are huge that any subsequent bank bail-out will go the same way as the multi-trillion dollar ones that have preceded it. Tim Geithner, in his hearing, has made it very clear that he has no intention of coming clean. And while there are lingering questions about the potential losses from derivative positions, we know it'll be between 0% and 100%. Even if, just for the 3 biggest US banks, it would be 1%, that would be a \$1.78 trillion loss. However, the more volatile the market becomes, and the more money is lost by these institutions across the board of their activities, the higher the derivative risks and losses will also be. There is in that situation no reason to discount the possibility that 10% or 20% will be lost. At 20%, we'd be looking at 3 times annual US GDP. And then we would have a big smelly whopper of a problem. If and when Geithner and the bankers want to prove that this is not so, they should know what to do. My money is on the notion that they won't, because they know what I know. And that to me gives a whole new "shine" to the term "confirmation hearing".

The mark-to-market valuation will happen sometime down the line. That much is clear. The politicians and bankers want that point to be so far away that it will allow them to do a miraculous Lazarus act on their gambling debts. But Tim Geithner is not Jesus Christ, and neither is Jamie Dimon or Hank Paulson or Ken Lewis. Nor is Barack Obama for that matter. Still, they all feel they're entitled to perform this disastrous passion play at the cost of your trillions, the ones you never knew you had.

And now you really don't. That is what's being confirmed...

TS

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☐ [rainsong](#) on January 30, 2009 - 10:19pm     






The United States GDP is about: \$14.58 trillion (2008 est.) -- CIA.

Tax receipts other than Social Security and Medicare were over 1.6 trillion dollars (2007 est. Wikipedia).

The defense budget was estimated to be over 480 billion dollars for 2008.

If these banks have trillions in derivatives losses, it might be better to close them down than bail them out. They are not of very high value to us. Derivatives are paper contracts not backed by reserves other than the capital of those who wrote them. In this case those who wrote them were holding the capital of others in trust, and may have violated that trust by not holding reserves like insurance companies are required to do.






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☐ [enemy of state](#) on January 31, 2009 - 12:44am     

The defense budget was estimated to be over 480 billion dollars for 2008.






That is grossly deceptive (which is by design). Chalmer's Johnson put the real total at almost twice that. We gotta add in all the other pieces, such as intelligence, veterans affairs (medical care for past service members), retirement for past service members, homeland security, extra appropriations for the two hot wars we are currently involved in. It makes it pretty hard for the concerned citizen to figure out how much we are really spending.

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☐ [WNC Observer](#) on January 30, 2009 - 1:48pm     

Entities used to be able to carry things at historic cost on their ballance sheet until they sold, but the accounting rules now require that they be revalued to current market value ("mark to market"). Figuring out what the "market" might actually be for some of these things may be rather complicated; it doesn't take a genius to see that historic cost ain't it, though. However, the truth probably is that the banks really don't want to be forced to really do this honestly, because they know that to do this honestly, right now, would mean that they would instantly have to go into bankruptcy. Denniger is pretty much right on target as far as that goes.

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☐ [enemy of state](#) on January 31, 2009 - 12:35am     

The "bad bank" notion seems to be gaining support, though I can't see why we would do that without collapsing the existing banks first.

The bad bank idea could work out for the taxpayers *if we do a decent job of pricing the assets*. By that I mean, the current market price is too low because of excess fear, and the model thats used pays more than current market, but a lot less than par (original value). Of course nationalization is really the better

technical solution. But the USA public -and especially the political chattering class, si so ideology besoten that we couldn't do it right. So a gimmick, like the bad bank will be tried instead.

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🗨️ [BMW](#) on January 30, 2009 - 9:28am 🗨️ 🗨️ 🗨️ 🗨️ 🗨️

When I read stuff like this, I wish I had a bag of NPK around and got intimate with it.

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🗨️ [godraz](#) on January 30, 2009 - 2:12pm 🗨️ 🗨️ 🗨️ 🗨️ 🗨️

You have a readily available "bag of NPK" already -- in your intestinal tract.

As for getting intimate with it: Have you hugged your butt today?

;-)

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🗨️ [jteehan](#) on January 30, 2009 - 10:42am 🗨️ 🗨️ 🗨️ 🗨️ 🗨️

First of all, nothing goes in a straight line. Anyone would sold back in September predicting the end of the world knows that they would have more money if they had just slept in that day.

Second, why 2000? A simple calculation shows you can get DOW 2133 with just food & energy stocks even if everything else goes to zero.

XOM 77.34 536.4101014  
CHV 71.33 494.7263064  
KO 43.29 300.2481677  
KRAFT 28.94 200.7203043  
MCD 28.52 197.8072937  
J&J 58.18 403.5213305

2133.433504

I seriously doubt WalMart and the drug companies are going anywhere anytime soon, either.

BTW, since I'm seriously net short. I would benefit greatly from this prediction, but fortunately, the reason I have money in the first place is because I don't pay attention to alarmist like Denniger.

Leanan, are you a closet doomer? No judgements, I'm just curious.

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🗨️ [Leanan](#) on January 30, 2009 - 10:45am 🗨️ 🗨️ 🗨️ 🗨️ 🗨️

Not sure what you mean by "closet doomer."

I am not optimistic about the economy. I'm cashing out my IRA this week.

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🗨️ [eric blair](#) on January 30, 2009 - 11:16am 🗨️ 🗨️ 🗨️ 🗨️ 🗨️

Interesting that. My SO remembers me saying 'You sould strongly consider getting out out of stocks for your 401K. When the paperwork showed a 35+% loss - I'm shown the paperwork.

The question then became 'Errr, you tyold me there were no options other than stocks - why not the bond funds'

Answer "In my mind, bonds are stocks"

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☐ [Dryki](#) on January 30, 2009 - 12:56pm     

I'm cashing out my IRA this week.

What took you so long, Leanan? How long have you been mulling it over? Or were you just waiting for calendar roll over as part of plan? I find the cashing of IRAs to be a fascinating insight into congruence and the way we think/feel about our future. That might or might not be your case - it was mine. And if I'm going over personal boundaries, just whack me with a 4x4.

cfm in Gray, ME

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☐ [Leanan](#) on January 30, 2009 - 1:10pm     

Part of it was inertia. Part of it was the thought that there might be a "Santa Claus rally" and/or a honeymoon for Obama.

I've been mulling it over, off and on, for over a year. It's a relatively small amount of money, and I thought about keeping it in stocks as a hedge - just in case we don't get the deflationary flavor of apocalypse.

But it's gotten to the point that I just don't trust the markets any more. Or the government. I'd always known that the playing field wasn't level, and that mutual funds and IRAs were just part of the Ponzi scheme, more for the benefit of the wealthy on top of the pyramid than for the little people on the bottom. But the extremity and brazenness of the graft tells me it's time for the little guy to get out.

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☐ [Edgy](#) on January 30, 2009 - 3:42pm     

I'm in the same boat, Leanan. I had all the intentions of cashing out this week, but did not. I plan to next week and hope and pray the market doesn't dive before then. Interestingly, I had quite an extended conversation with my broker about this over two weeks ago. I am positive I'm her smallest client, yet I gave her an earfull. I do have several positions that are making the total portfolio positive (if you can believe that): Cross Timbers Royalty +17%, Market Vector Gold Mine +9% and, drum roll, Evergreen International Precious Metals - a whopping +126%! The biggest loser: Mega Uranium LTD -81%.

Don't know if a Roth IRA would have been better for me, but I didn't and there you have it.






And while those positive ones are very tempting, I'm of the mind to get out of everything. Lots of margaritas this weekend.

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☐ [creg](#) on January 30, 2009 - 11:45pm     

i've been emptying my ira some each year since finding about PO & take another chunk- for preps- probably this year, & leave the last for 2010. it is also a kind of hedge like Leanan's thinking.

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☐ [Dryki](#) on January 31, 2009 - 1:57am     

And while those positive ones are very tempting, I'm of the mind to get out of everything. Lots of margaritas this weekend.

Leanan called it "inertia". You, Edgy, are of a mind to get out of everything. But you haven't yet. There is something very Shakespearean in screwing ourselves to the point of acting on what we \*know\* to be the right thing but do not entirely \*feel\* or \*want\* to feel in our amygdala brains. But once done, I felt a little bit of congruence flow back into my being.






A foot of snow this last storm. Shovelled, not plowed thank you. I cancelled the snow plow contract this year. What makes less sense than using fossil energy to push aside snow so I can drive to the gym (or to The Bear for a brew or two or more)?

I realized in looking at my garden plan, that NOT plowing the driveway - a 75' radius circular drive plus turnouts and stuff - means I can change all the plantings and edgings around the driveway. The point being that until one takes a step - whether cashing in IRA (and buying solar PV panels) or not plowing the drive, one can't see the next step - in my case adding close to another 1000 sq ft of \*permaculture\* plantings. Can't get there from here, the Maine expression goes. Gotta go through Pownal first.

Bridges? Some are meant to be burned, not rebuilt, modernized or widened. Take away a traffic lane, make it a bike lane and capacity problems are fixed.

cfm in Gray, ME

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☐ [Paleocon](#) on January 30, 2009 - 11:03am     

I suspect Walmart will crash the same time the dollar does. No cheap Chinese stuff = pain for Walmart.






McD's will drop as employment does. It's a luxury -- just a cheap one.

All the oil companies will spike up with prices going up then go down with ELM.

It'll take some time, but I think all of those will happen.

Selling in 2007 was a good move. Selling now is better than 2010, IMHO. Another 50% down would leave few if any safe havens for your investment dollars.

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☐ [Leanan](#) on January 30, 2009 - 11:22am     






Wal-Mart was hurt by the spike in gas prices. Their stores are out in the boonies where land is cheap, and their distribution model is based on cheap energy. If gas prices increase without the economy recovering, Wal-Mart could be hurt.

I also think Wal-Mart could fall even without higher gas prices or a collapsing dollar. Wal-Mart, like McDonald's, is doing okay because people are trading down. But eventually, we may reach the point where people simply have to do without. Most of the things people buy at Wal-Mart are things they don't need. (Even Wal-Mart didn't do as well during the holiday shopping season as expected. They just won the "least ugly" contest against other suffering retailers.)

As for drugs...a lot of those are luxuries, too. Viagra is \$15 a pill. People are already switching from brand name drugs to generics, and to overseas pharmacies where drugs are cheaper. I think many people will be forced to give up even medications that are not luxuries. Lose your job, lose your health insurance.



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▢ [Paleocon](#) on January 30, 2009 - 11:33am     






I think there is also a significant fraction of society that is "stocking up" and "planning ahead" for harder times. Once I get up to a year's supply of dry goods and canned supplies, my Sam's bill will go down a good bit. IF this is true for many, we're still early into retailer drops.

For Christmas, there were lots of big TVs and game systems that were sold to families with new Netflix subscriptions but no more movie budget. When a job goes away, that TV and those games will have to last indefinitely.

Ditto for cars -- I have invested a lot in my personal fleet to buy better gas mileage. I don't pretend this will keep me driving forever, but I think I'll manage the next 500K miles without many maintenance concerns, and if my employment holds even \$10 or \$20 gas won't break me.....but the key point is I'm not going to be buying any more cars for a long time, either.

I think we're just now getting to the second inning. Obama's at bat, but deflation can throw a pretty good curveball.

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


▢ [BMW](#) on January 30, 2009 - 11:50am     

Yeah, that's good analysis. That's why the fall is so much quicker than the rise. Western world could dissolve in less than a year.

So good luck with those 500k miles. I don't think anybody is going to actually make them (with the possible exception of professional drivers).

Back in December my mechanic told me that my vehicle could last 200k miles. I thought - wtf, I won't be needing that anyways ;)






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▢ [BMW](#) on January 30, 2009 - 11:42am     

OTOH, maybe pharmaceuticals are going to lower their prices if they wish to keep selling drugs. I suspect they have got quite a bit room left.

Of course, recession might reduce the size of research labs. so yeah, peak drugs too lol






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▢ [Leanan](#) on January 30, 2009 - 11:48am     

But if they lower their prices, they lower their profits. Which won't help their stock prices much.

I'm not saying drug companies will vanish, just that they might not be good investments. (Though Cramer disagrees.)

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▢ [Paleocon](#) on January 30, 2009 - 11:56am     

I think they will do better than most companies, as boomers strive to convert money to longevity, but as the dollar weakens many people won't be able to afford the care levels of today. If they do well enough to set new highs, it will likely be denominated in dollars that aren't worth much, so there is plenty of room for fudging semantically as well.

The fact that Cramer disagrees makes it more likely, IMHO. We are likely getting

close to peak medicine, and peak care as well.

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BMW on January 30, 2009 - 11:56am     






I commented on:

I think many people will be forced to give up even medications that are not luxuries.

Regarding stock prices, I agree. Forget Cramer, he is as much nut as Kramer. For God's sake, he was cheering for BSC few days before the collapse back in March.

Cramer is a good indicator, why western world is basically finished. We should need to use brain, not just yell randomly.






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Leanan on January 30, 2009 - 12:26pm     

I don't think lowering prices will be enough. If people don't have jobs and don't have insurance, even lower prices will be unaffordable.






Nationalizing healthcare...now that would make a difference.

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Paleocon on January 30, 2009 - 12:30pm     






Wouldn't nationalizing healthcare just crash the Gov't that much faster? A socialist medical system might be more efficient than insurance companies (which really have zero, or less, interest in containing costs), but it's nowhere close to as cost-efficient as a cash customer-provider relationship.

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Leanan on January 30, 2009 - 12:48pm     

I don't think it's sustainable, long-term. But neither is capitalism.

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aangel on January 30, 2009 - 1:49pm     

Hi, Paleocon.






but it's nowhere close to as cost-efficient as a cash customer-provider relationship.

This is sounding suspiciously like a conversation with a Libertarian friend I had recently ;-).

The customer-provider relationship *may* be more efficient in some cases, but typically they do not include systems that spread the risk across a large number of people. Thus seeing a specialist may be more cost efficient when assessing the individual procedure but you still have to come up with the \$20, \$30 or \$50k personally.

Is there a system in the world that exclusively employs the customer-provider relationship that is turning in good results based on national health statistics? (honest question)

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▢ [Paleocon](#) on January 30, 2009 - 2:10pm     

If health insurance worked like auto insurance there may be risk-spreading with some actuarial basis in costs. With health insurance covering everything, especially the much-lauded "check ups", it's mostly a cost-plus service where the insurance company always makes money and the agreements get ever more complex for the individual and the provider who carry the complexity costs.






You don't need insurance for most expected things -- you need a savings plan. For the 2-sigma and further out events you need real insurance, but with a deductible (again, you can save for that). For auto insurance, you can pick 20 companies at will, and pick from a list of coverage options depending on your personal situation and risk tolerance. Why not for health-care?

In many health policies there are personal and family limits that actually cap benefits just when you need them most -- as the insurance company has to be sure to limit the downside cases. This is also true for auto insurance, but you can readily get a million-dollar umbrella at affordable cost that ONLY kicks in for the really big situations once regular insurance is expended.

Medicaid, as a single-payer system coupled with welfare is an amazing thing. No copays, no limits to speak of, and little oversight. Yet there are lots of rules on which doctors can be seen and how much procedures can cost.

The real solution for health-care costs, though, is to be able to say "enough is enough" for the elderly and otherwise chronically infirm. We as a society have no good way to say how much a life is worth, or how hard to work to save one. If insurance pay-outs were capped at the same limits as state Worker's Comp loss valuations there would be a lot fewer heroic life extensions. It's hard to talk about but we'll end up there anyway, at the limits of what society can afford, only with layers of bureaucracy and graft making it worse. As with so many situations in our society, we all want to pretend we're rich, and it's just not scalable and sustainable.






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▢ [Leanan](#) on January 30, 2009 - 2:18pm     

I think there will be health care rationing eventually. And it won't just be for the elderly. Premature babies cost about a million dollars a month. (I hope that mom of premature octuplets has good insurance.) Yes, they have their whole lives ahead of them...but OTOH, society hasn't yet invested much in them, either. It's more economical to just have another baby.

Transplants are another really expensive treatment. And then you have to take drugs for the rest of your life. There have been cases in China where people got transplants at the expense of the government or a charity, but then could not afford the anti-rejection drugs.

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▢ [nelsone](#) on January 30, 2009 - 4:38pm     

Transplants in China "at the expense of the government:"

#### **The ugly business of Chinese organ harvests**

China executes between 2,000 and 10 000 prisoners each year - the highest number in the world. According to Amnesty International, 90% of transplant operations in China come from executed prisoners.

<http://www.france24.com/en/20080807-ugly-business-chinese-organ-harvests...>






### Appellant Exposes Forced Labor Camp Secrets

Two independent Canadian investigators, David Matas and David Kilgour, interviewed organ recipients in 30 countries and published a report on January 31, 2007. In the report, they pointed out the CCP's Liberation Army is involved in organ removal from prisoners. A large number of these organs were sold to foreigners. Most of the 'prisoners' were in fact Falun Gong practitioners in China.

<http://en.epochtimes.com/n2/content/view/10840/>

Two birds, one stone: zero-sum population games. It pays to be rich, or a Party member.

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☐ [aangel](#) on January 30, 2009 - 2:42pm     






You don't need insurance for most expected things

Perhaps, but I'd have to see what is "expected" to you. Where are you drawing the line? One person's "unnecessary" expense is another's "good national health policy."

Also, it sounds like you'd agree that during a relatively long life of say 70 years there is going to be at least one instance in which a major medical emergency occurs (your 2-sigma event).

So we're back to needing a way to spread out medical costs, as you point out, and I'm not seeing yet how the direct customer-provider relationship can make any difference in these critical (and expensive) circumstances — except for the wealthy. Perhaps you're not asserting that and you are restricting that relationship to just the inexpensive procedures, yes?

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☐ [Paleocon](#) on January 30, 2009 - 3:13pm     

Yes, I think most people would need insurance, but it should cover actuarial events and be individually purchased and controlled. Much like when a hail-storm damages your car or a tornado tears down your house -- you have coverage for that, but not for new car tires and tune-up, and not for a new roof after 20 years. Those latter things most people *save for*.






Even in these critical cases a person can to an extent negotiate and control their own care more flexibly than an insurance company does today. Choices of procedures, medicines, and docs are often a side-affect of the managed-care solution today.

Also, for a significant health event the health insurance company could assign a claims worker, as would the car and home insurance companies above. Having ONE person to deal with who understood your situation and your bills would be a big help. Today you generally get that only if you ask to have one assigned, and have a big enough claim history to warrant personal attention by the insurance company. Mostly today you deal with an endless stream of functionaries who know little, can tell you less, and refuse to put anything in writing.

I don't if in my view there can be a "good national health policy", but there may

be one that is less-bad at least. State and local would be my starting point, before relegating it all to the national gov't.

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☐ [aangel](#) on January 30, 2009 - 7:00pm     

I think one person dealing with each policy holder would be good...some shops push much more decision-making power to the front line people.

But private insurance still doesn't strike me as a good way to achieve my goals for health care:

- everyone is covered
- no one gets refused for pre-existing conditions
- no one gets refused coverage by someone whose job is to find errors in the application so that the insurance company doesn't have to pay
- lower administration costs for the country
- much lower chance of declaring bankruptcy due to a medical emergency

In my research on the topic, the system as it stands here is a mess. Although I now live in California, I'm a Canadian citizen and I had none of those concerns while I lived there. And three years ago when my father was in a car accident while I was visiting, he was given top-notch care, I spoke only to the doctor (not an insurance person, not even once) and I didn't have to wonder if my parents would be financially wiped out if things began to spiral down.

The system here is good if you have a lot of money. If you are middle-class or lower, or lose your job, or want to take a risk and start a company but can't because you're not sure you'll get coverage if you leave your current plan or run the risk of the copays bankrupting you, in **those respects** the system here is just awful.






I am not saying that I haven't gotten good service here. It's generally been excellent. However, I can afford a reasonably good plan, I'm healthy, I'm relatively young and I haven't had a major medical incident. I tremble at that thought, actually.

The health system here often has me wonder if it would be much better for my wife and I to move to a country with a national health care system at some point (Canada or some other place).

Also, don't forget that as people become poorer, their insurance, which is general attached to their employment, will disappear at the same time their employment does.






I think we should do what the British did after WWII and make health care a national priority. It's just not a priority here now.

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☐ [pi](#) on January 30, 2009 - 7:27pm     

I moved from the US to a country with national health care (Japan) and it has been a big relief though I've never needed any treatment. My sister back in US is very envious and considering emigrating somewhere else (we have close family in 2 European countries so it would be possible to get help with visas etc.)

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☐ [ccpo](#) on January 30, 2009 - 8:43pm     

Yup. Had a baby. Tried to induce for a couple days. No go. Had a C-section. In th hospital a total of 8 days. Cost? Something like \$1,500.






Babies check-ups or visits for colds, etc? \$2.60.

Premiums? About \$45/mo. if you have a job as employers match. Adding spouses, etc? No extra cost. And this is regardless of job, excepting part time.

Americans are dead stupid on this issue: "My freedom! I'm not a socialist! I'm not a commie!! (But I am an utter and complete fool and idiot.)"

Cheers

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☐ [ToucanSanctuary](#) on January 30, 2009 - 10:04pm     

Americans are dead stupid on this issue: "My freedom! I'm not a socialist! I'm not a commie!! (But I am an utter and complete fool and idiot.)"

Thanks for your candor, ccpo. I was one of these people until a few years ago. I've done a 180° on many topics and National Health Care is one of them. There are many others I've changed my stance on as well. It seems the more I learn about the true nature of our country, the more I'm angered, frustrated, confused, disillusioned, et al.

TS






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☐ [enemy of state](#) on January 31, 2009 - 1:00am     

Americans are dead stupid on this issue: "My freedom! I'm not a socialist! I'm not a commie!! (But I am an utter and complete fool and idiot.)"






Agreed 200%. Lots of wrongway incentives. Even having insurance in this country is scary, you don't know if they will deny payment for needed procedures. And the system leads to lots of inefficiencies, like having to make multiple visits for something that could be covered in one, but the medical center can collect more co=pays, and insurance payments by stretching it out.

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☐ [Dryki](#) on January 31, 2009 - 2:01am     

Social contract. We're living in a zombie paradigm and need to forge a new social contract.

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☐ [BOP](#) on January 30, 2009 - 1:54pm     

it's nowhere close to as cost-efficient as a cash customer-provider relationship.






You need to test this assumption. I do not have figures handy but have seen data that indicate the the US has the highest per person health care costs of any OECD country.

Part of this will be due to the fact that it is fee for service. Order up more and more tests and the Doctor bumps up her revenue and the patient feels like something is happening.



Part of it will be due to the fact that the US introduces advanced (and pricey) medical equipment (cat scans) before anyone else.

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☐ [Paleocon](#) on January 30, 2009 - 2:20pm     






Only a small fraction of people have a cash customer-provider relationship. Most have a customer-insurance-provider relationship.

It is almost impossible to determine the actual cost to you for an insurance-covered procedure. The doc has his set fee, but there is a different one negotiated with the insurance company, who may or may not "allow" all of it before applying their coverage less any copay less any deductible. It's even harder when the doc or hospital has an outside lab do some of the work.

Much hospital care is overseen by residents, who are often quick to call in every test known to man. I'm sure they learn from it, but it's an expensive (publicly paid) piece of their education.

Home healthcare supplies are a racket, too, if insurance-covered. We've had supplies where the 20% copay of a charged cost was greater than I could buy the same things outright on the internet for, shipping included.

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☐ [thomas deplume](#) on January 30, 2009 - 5:40pm     

In much of Africa all health care is your suggested cash customer-provider relationships. What that means is if you don't have the cash then you die from an easily treated disorder. Very few people can pay so life expectancy is short. The United States had a similar system before WWII. Life expectancy has increased since health insurance became common and infant mortality has dropped substantially. But in nations with universal health care those measures have improved even more.

I once met a man from Netherlands who was an engineer and whose sister was a physician. Her salary was much higher than his but after tax income wasn't much different. When asked why someone would go into a profession where the taxman took such a large bite he answered that she did it to help people get well not to get rich. Americans harbor this illusion that a good education is a license to get rich. This leads professionals like doctors to charge what the market will bear and to force newcomers through a hazing process called internships to limit the number of competitors.

What I see in those like you is an attitude that certain groups of people do not deserve to live.

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☐ [Paleocon](#) on January 30, 2009 - 6:04pm     

Completely inaccurate inference. What's "deserving" have to do with it? I object to the "I pay, my company negotiates, the insurance company decides, and the provider takes what he can get."

My company gets a tax break for MY insurance. Why? It's MY money he's spending on healthcare anyway.

The doctor negotiates for my care regimen with an insurance company, not me. Why?

The doctor also negotiates for his pay with my insurance company, not me. Why?






The insurance company lives on the spread between what I pay (through my employer) and what actual costs they incur. It is these "overhead" roles that I

cannot support.

I don't get to negotiate the plan, negotiate the terms, or know the precise costs, yet I pay for it all Why? The sole value of insurance should be to spread risk. What we have now maximizes overhead through mandatory services.






If you want to get into "deserve to live" I think we could have a lively discussion on the value of human life, but that's only necessary once you have an inclusive plan where somebody other than the individual determines their right to services.

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☐ [sgage](#) on January 30, 2009 - 6:13pm     






The answer to all of your "why" questions is simple - this country is run by corporate interests. They write the laws, the rules, and the regulations. It really is that simple.

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☐ [Paleocon](#) on January 30, 2009 - 6:23pm     

Exactly, and replacing that with gov't interests would be no better. Probably worse.






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☐ [sgage](#) on January 30, 2009 - 6:29pm     

Damned if you do, damned if you don't.

Guess we just have to learn how to think for ourselves (ouch!).

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☐ [ccpo](#) on January 30, 2009 - 8:47pm     

To paraphrase an old, anonymous writing supposedly found in a church somewhere, "I dream of a day when I will hear somebody say, 'I'm going to stop talking out my arse.'"

FACT (and the only fact you need to know): US is the ONLY industrialized nation without universal health care, yet has the most expensive, and no longer best, health care in the world while failing to serve tens of millions while driving many more - even some with health care - into bankruptcy.






Jeers

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☐ [ToucanSanctuary](#) on January 30, 2009 - 10:05pm     

+1






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☐ [Jon Kutz](#) on January 30, 2009 - 12:50pm     

"Another 50% down would leave few if any safe havens for your investment dollars."

INVEST in Super Insulating your house!

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☐ [speek](#) on January 30, 2009 - 11:57am     

I'm not sure this way of looking at it makes much sense. First, going from 8,000 to 2,000 represents a 75% decrease. So, one should look at the possibility of the






DOW stocks losing that much value.

Banks have had no trouble losing that kind of value.

If unemployment and credit crisis get really bad, there's no reason consumer-driven companies won't lose that kind of value.

And then there's the fact that the PE ratios on these things indicate a belief that, going forward, the companies will be worth more in the future than they are now. If, however, that belief reverses itself and negative growth is seen as the norm, then there's no telling where PE ratios could end up. If they're at 15 right now, a 75% drop in price moves them to roughly 4, which might seem about right if the companies revenues start an inexorable decline.

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DownSouth on January 30, 2009 - 12:24pm     

peek,






From what I've read during past severe recessions average PE has dropped to around 6.

If the current PE is 15 with an 8000 DOW, a drop in PE to the historical norm of 6 would result in a 3200 DOW.

If E were to fall 40% from where it is now that would give you a 2000 DOW.

What amazes me is that the DOW should still be at 8000. With the innumerable problems pulling the real economy down (as well as the seemingly unsolvable problems still facing the financial sector), I don't see *how* corporate earnings can possibly avoid taking a hit. However, if we look at the 1930s--predicated on a debt bubble that pales in comparison to the current one--it took years for the stock market to finally bottom out, at about 10% of the pre-depression level.

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Darwinian on January 30, 2009 - 1:27pm     






From what I've read during past severe recessions average PE has dropped to around 6.

Naw, that's way too low. [S&P PE ratio 1942 - 2002](#) As you can see from the chart, the PE dropped to around 7 in 1980. Hasn't approached that point since. It last hit 6 in 1949. However PE is a tricky thing. If the a \$100 stock dropped to \$50 while their earnings dropped from \$5 to \$1.25, then their PE ratio would go from 20 to 40.

The PE of a company can very easy go up in a recession, and it often does exactly that. If it does that just means that their earnings are dropping faster than the price of their stock. If their PE is low that usually means they are making pretty good money as compared to the price of their stock.

Ron Patterson

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Carolus Obscurus on January 30, 2009 - 1:49pm     

Hi DownSouth,

Just out of curiosity. Are you the same DownSouth who's been Mish- and Schiff-bashing at Naked Capitalism?

:-)

CO

[Log in](#) or [register](#) to leave a comment☐ [DownSouth](#) on January 30, 2009 - 4:20pm     

Yes, it's poetic justice to see these two leading advocates of the libertarian canon go after each other. We'll probably see many more of these Goyaesque reenactments of Saturn devouring his own as the little piece of ground upon which the libertarians stand grows smaller and smaller.

What we have is one libertarian dogmatist broadsiding another because he failed to profit sufficiently from America's demise. These two have thus managed to create from the throes of a nation in pain a territory for infantile self-expression and intellectual anarchy. They write as if people's lives exist only in light of their belated regard.

Here the basic unit of human experience that assures us of some possibility of emphatic and symbolic identification with others is blasted in the interest of the twin evils of (1) winning at any cost and (2) specious ideological conciets. Consistent with the entire neoclassical project, prefabricated human beings are sketched on sheets of paper and superimposed upon the community; then when someone thrusts his head through the page and yells, "Watch out there, Jack, there're people living under here," they are shocked and indignant.

I stumbled upon the perfect metaphor for these two dualing libertarians today:

Far away to the south, in Venezuela, another slave-holding class of plantation owners had reacted to its own moment of crisis twenty years earlier in a very different way. Cacao haciendas were more easily managed than tobacco plantations. Leaving them to be run by overseers, the owners of the large plantations lived not on their estates, like the Virginia gentry, but in handsome town houses in Caracas, with large household establishments and an army of slaves...






In the 1730s and early 1740s, however, cacao prices collapsed, in part at least because of the new controls and regulations instituted after the creation in 1728 of the first of Spain's new monopoly companies, the Royal Company of Guipuzcoa. The company was run by Basque merchants who used their monopoly to acquire a stranglehold over the Venezuelan economy, forcing down the price of cacao, while forcing up the price of the European imports carried in their ships.

J.H. Elliot--*Empires of the Atlantic World*

So, in this Manichean conflict between the plantation owners and the Basque merchants, who should I choose?

And in the knock-down-drag-out between Mish or Schiff, who should I choose?






But wait! Did I hear some faint voice at the back of the room inquire: "And what about the slaves?"

[Log in](#) or [register](#) to leave a comment☐ [BrianT](#) on January 30, 2009 - 5:13pm     

I have no idea why you would single out Mish or Schiff for attack. In the money management business in the USA circa 2009, it is relatively uncommon for the money manager to deal in good faith with the client whose capital he has been

entrusted. There is a widespread attitude that the clients are sheep to be sheared. The whole industry is infected with cockroaches, Wall Street in the extreme, but also pension managers and mutual fund companies. Those two guys you targeted have not been caught advising clients one way and putting their own interests the opposite way (which is pretty remarkable in that field). I agree that Schiff has exaggerated his prowess, but Mish has been pretty straight all the way as far as I can tell.

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☐ [Carolus Obscurus](#) on January 30, 2009 - 5:32pm     

DownSouth,






You express your views with admirable fluency but I think you may be overstating your case (I myself am a post-libertarian who has been mugged by the exponential function). Libertarians are a pretty good antidote to statism and -- whatever their shortcomings -- were good at predicting the onset of this end-game crisis. They got their timing right enough -- peak debt beat peak oil to the brink of the abyss. And Mish at least has made uncannily accurate predictions -- in the short term at any rate.

Of course their perpetual worship before the altar of economic growth is risible but at least they recognise a global crisis when they see it coming -- more than one can say of other pundits. And, yes, they want to save their skins and that of their clients even it means short-selling their native country. But I'm interested in their insights, not their morals. Remember that you can still earn a lot from people whose morals you abhor.

Anyhow, your comments are always a pleasure to readl.

CO

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☐ [DownSouth](#) on January 30, 2009 - 11:05pm     

[Radical individualism] was promulgated and advanced by an intellectual and political movement referred to as Whigs (in those days "liberals"), in opposition to an authoritarian monarchy and a tightly woven society that imposed its moral code via the established religion (Guttridge, 1942)...

Historically, the main challenge to the Whig's worldview, that underlies the neoclassical paradigm, has been not the recent liberal notion of a significant and positive role of the state, but the social-conservative, Tory, view that considers community and authority as social foundations. Here the nation, the fatherland, the church, or society take priority over the individual.

--Amitai Etzioni, *The Moral Dimension*

In this tri-polar universe I find myself attracted to all three poles. But like a moth attracted to fire, if one gets too close to any one pole, he's bound to get burned.

Over the past 30 years we as a nation have moved too close to the neoclassical pole. And, as you acknowledge, this is made even more unworkable because of the impending resource limitations. But the libertarians only want to draw us nearer. I believe they would immolate us all before they would compromise their world view.

The liberals and their "significant and positive role of the state" only works if you have a functioning democracy. I'm not sure that, as we speak, we have that. As

Kevin Phillips observes in *Wealth and Democracy*, perhaps democracy can be renewed. But it won't be easy.

That leaves the Tories. I believe we could move closer to this pole. The notions of nation, society and community have all suffered greatly in our frenzy for radical individualism. But I don't relish turning the clock back to the world described here:

The language spoken in official circles in Spain was now that of the unitary nation-state with an absolutist monarch at its head--a monarch who received his power directly from God without any mediation by the community...

...the subjects of the great monarch who occupies the throne of Spain should know once and for all that they were born to keep silent and obey, and not to discuss or express opinions on high matters of government.

--Marquis of Croix, 1767






--J.H. Elliott, *Empires of the Atlantic World*

Nor do I believe our modern-day Tories, people like Sarah Palin or James Dobson, have anything to offer either.

At this moment, however, the libertarians are without a doubt the pole that poses the greatest threat to the nation. That is why I took my shots at Mish and Shiff, since they are two of the leading lights of the doctrine.

And the fact they were right about predicting the financial meltdown doesn't make their remedies right. As Yves has pointed out on Naked Capitalism, there are plenty of non-libertarians, like Mandelbrot and Roubini, to name only a couple, who got it right also.

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▫ [pragma](#) on January 30, 2009 - 11:41pm     

DownSouth:






Thank you for taking the time to expand on your points. I know it takes time.

Regardless of any dissenting views, or who is right, it raises the signal-to-noise ratio here, which is always welcome.

Cheers,

Bob

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▫ [Dryki](#) on January 30, 2009 - 5:43pm     

Speaking of quests, DownSouth, did you note in today's topline the Archdruid brings up how poorly Enlightenment values serve us now? What sort of underlying philosophies do you see as options for a world of decline? That might be too far afield even for Drumbeat, taking it back to a new social contract, but that's what's on my mind. New England town meeting, Congregationalism, Communitarianism - too many isms someone complained yesterday. What interests me is what the new social contract might be. I fear we will simply revert








to social forms that previously existed at lower EROEI levels. It's not obvious to me that humans can have a world of milk and honey in a tighter energy regime - esp where the natural environment has been so despoiled and all the low entropy resources already extracted.

"And what about the slaves?" Is it OK for someone to sell themselves into slavery? That's a question posed in one energy regime about an economic organizing principle of another energy regime. Kunstler's "World Made By Hand" poses but doesn't answer that question.

cfm not today in Gray, ME

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☐ [DownSouth](#) on January 30, 2009 - 9:09pm     

Funny you should mention the Archdruid, because John Michael Greer is probably my favorite blogger of all time.

From JMG today:

These curious habits of thought unfold from a single assumption: that human choices and only human choices place limits on the perfection of human society. Back of this assumption lies the prestige of the Enlightenment cult of reason, with its conviction that building a better social mousetrap will cause the world to beat a path to your Utopian door.

In our discussion the other day, I mentioned that the roots of classical liberalism can be traced to the 17th-century Puritans, and that as it evolved through the centuries it lost something. Niebuhr writes of this also:

The Christian idea of the significance of each individual in God's sight becomes, in bourgeois (classical liberal) civilization, the concept of a discrete individual who makes himself the final end of his own existence. The Christian idea of providence is rejected for the heady notion that man is the master of his fate and the captain of his soul.

--Reinhold Niebuhr, *The Irony of American History*

Both Niebuhr and Greer acknowledge human limits. Man, either collectively or individually, is *not* captain of his own ship. Providence trumps. Niebuhr, as a Christian theologian, talks about divine providence. Greer has also hinted at providence, but taking a different form: the inevitable, unavoidable cycles that manifest themselves in the rise and fall of civilizations.






Both Niebuhr and Greer are eminently aware of how the limits of our earth play into both their versions of providence:

When the frontier ceased to provide for the expansion of opportunities, our superior technology created ever new frontiers for the ambitious and adventurous. In one sense the opulence of American life has served to perpetuate Jeffersonian (classical liberal) illusions about human nature. For we have thus far sought to solve all our problems by the expansion of our economy. This expansion cannot go on forever and ultimately we must face some vexatious issues of social justice...

--Reinhold Niebuhr, *The Irony of American History*






Niebuhr and Greer are onto something. The Enlightenment idea of man as captain of his own fate may not have to be totally discarded, but it will have to be toned down a couple of notches, and the idea of providence will have to be given greater prominence.

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☐ [sgage](#) on January 30, 2009 - 9:38pm     

As Aldous Huxley said, "I am not the captain of my fate, I am merely the noisiest passenger".

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☐ [Dryki](#) on January 31, 2009 - 2:25am     

For we have thus far sought to solve all our problems by the expansion of our economy. This expansion cannot go on forever and ultimately we must face some vexatious issues of social justice.






Here we are again, back at growth and "rising tide" in order to finess issues of social justice. To steal one from Obama, let's move on. What is the paradigm for an economy of decline, I wonder. I hate to ask that question because studying the links between "growth" and "liberalism" has taken me several years. Still, it seems clear that decline must lead to a reshaping of the social contract. [Actually, I think that is where we are now - but it's not explicit and I like explicit. Therefore, let's deal with those social justice issues now, thank you.]

I was thinking today about Rawls. To get to his point of "first contract" the wealthy and the powerful must be stripped. Even people like me, with my 2 acre mini-farm and no debt need to be stripped. [And then I fear for my orchards and soil and birds.] Hurts the head. Life, liberty and the pursuit of happiness - sounds good, but in the US those are just words to NO EFFECT. They have been superceded by the Constitution and due-process. Have the French done better with liberty, equality and fraternity? Certainly the latter is much more appropriate for a communitarian mindset.

DownSouth, have you read Bryan's "Vermont Papers"? I don't know if the New England and colonial American concept of congregationalism makes much sense beyond New England.






cfm in Gray, ME

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☐ [WNC Observer](#) on January 30, 2009 - 11:37am     






The bad news is that the boat is sinking. The good news is that it is not sinking quite as fast as we feared. Goody!

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☐ [WNC Observer](#) on January 30, 2009 - 11:38am     

I think that Denninger is spot on, but I wish that he wouldn't bring any technical analysis into it. IMHO, technical analysis ranks up there with reading tea leaves and studying chicken entrails.

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☐ [DownSouth](#) on January 30, 2009 - 12:57pm     






+1

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 - [DownSouth](#) on January 30, 2009 - 1:05pm

Denninger seems to be saying the same thing Ernesto Zedillo said yesterday:

“People are not stupid,” Mr. Zedillo said. “They see the huge deficit, the huge spending, and wonder what comes next.”

[http://www.nytimes.com/2009/01/30/business/worldbusiness/30davos.html?\\_r...](http://www.nytimes.com/2009/01/30/business/worldbusiness/30davos.html?_r...)

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 - [BOP](#) on January 30, 2009 - 2:04pm






Higher interest rates

Higher debt service costs

Increased level of defaults (individual, firm, country)

Further layoffs

Further contraction






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 - [pi](#) on January 30, 2009 - 2:10pm

A much-anthologized short story by D.H. Lawrence called "The Rocking-Horse Winner" (1926) comes to mind:

..."the voices in the house simply trilled and screamed in a sort of ecstasy 'there must be more money! Oh-h-h; there must be more money, Oh now-w! There must be more money! More than ever! More than ever!'"

This story has people trying to keep up their lifestyle while accumulating overwhelming debt, it has gambling, with more and more money at stake in an exponential fashion, and it ends sadly. I believe there's also a fancy car.....

Sound familiar?

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 - [Leanan](#) on January 30, 2009 - 9:37am

[Consumers cut credit payments, struggle to pay bills](#)

Consumers are dramatically scaling back how much of their credit card balances they pay each month.

[Sales of liquor slow in 2008](#)







NEW YORK (Reuters) -- U.S. sales growth of distilled spirits slowed last year, a trade group said Friday, proving liquor is not immune to a recession.

[NYC: 23,000 city jobs in danger of being cut](#)

NEW YORK (REUTERS) -- New York City dwellers will have to cope with billions of dollars more in spending cuts and thousands of city workers could lose their jobs, under a plan the mayor is due to unveil Friday, according to a source familiar with the proposal.

More than 23,000 city workers might lose their jobs through layoffs or attrition unless Mayor Michael Bloomberg convinces the state and U.S. governments and the city's approximately 300,000 workers to let him curb benefits, from Medicaid to pensions, said the source, who requested anonymity.

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 [jogرافy](#) on January 30, 2009 - 10:17am     

This is a letter I sent to our local small town paper last week. I am not sure it will even be published as they seem to have gone to a good news only policy. I no longer make any detailed suggstions about how to act beyond "be prepared to cooperate with others". I now think the correct metaphore for the early stages of what we will see is "how to walk in an earthquake".

*The orgy of consumerism and selfishness that has been intensifying since world war two is rapidly coming to an end. Over the past forty years we have built an unsustainable economy in which the majority of people have been involved simply in the production of adult toys and entertainment. All of this was made possible by our access to very cheap physical resources and cheap debt. Both of these conditions are disappearing as we have wasted our temporary supply of low cost resources. The increasing real costs for energy and other raw materials have put the brakes on our growth economy. The debt party required this growth to continue and so it is also ending, leaving us to try and gather up enough empties to pay for one last night cap. Our banking crisis is rooted in this stalling of growth but the whole debt economy was such a pyramid scheme that it had to collapse on its own in any event. Unfortunately the attempts to solve the financial crisis now underway will not work for very long if at all and will simply enslave our children and grand children to un-repayable government debt. As bad as it might appear now this crisis has only begun. Several trillion dollars world-wide have already been put into the hands of bankers never to be seen again. The banks are not passing this on in new loans because they, hedge funds, and other operators of this pyramid scheme have many trillions more in bad debt in their vaults and are hoarding all the cash they can. These entities are trying to raise cash quickly in any way they can to try and hold off having this debt destroy them. The "tax free" bank accounts that are now being sold in Canada are part of this with the government using our own tax money to encourage us to lend the banks more of our cash. Like everything else in this panic activity at government levels these are being sold as benefiting us just as the billions being given to the banks and other corporations is supposed to benefit all of us little people. The crisis began when the banks lost trust in each other and refused to lend to each other. Since they all knew how bad their own asset situation was and believed the others were as bad or worse, they didn't want to take the risk. Now we are being manipulated to lend our money to these same banks through taxes and savings. At the same time we are made to feel guilty for not borrowing even more money and continuing our consuming ways "for the good of the economy". Apparently we ordinary folks are not allowed to operate on the same level of prudence and fear that the banks and industry are now operating on. Are the Canadian banks smarter and stronger than most of the other banks in the world? This remains to be seen. If they are strong, wonderful, if not no amount of tax payer bailout will stop them from collapsing. It will just delay it a bit. The Icelandic banking system has been destroyed, the Irish banks are about to be effectively nationalised and by the time anyone reads*






*this the British banking system may have already collapsed and been taken over by the government there. The USA banks are on the same path and, despite the hopes for Obama, will eventually suffer the same fate. We should not be handing out billions to maintain corporations, banks or otherwise, who will eventually fail anyway and will deserve to fail. If we are to create huge deficits we should be using the money to help ordinary people transform our lives into whatever new economy we will have to create. Building roads for cars that will never run or airports for passengers who will never arrive is not the way to go. Our world is about to grow very much larger and we will all need to survive in a more local economy. Whatever programmes are created should focus upon mitigating the suffering we will endure while creating this new arrangement. On the local level we should be planning for downsizing and contraction, not the mindless growth that our local politicians presently support. As citizens we must be ready to fight tax increases that will simply be aimed at prolonging our present unsustainable situation. However as citizens we must also be prepared to accept reduced services and to take more personal responsibility for our lives. The future will be full of pain, hardship and hard work. It is likely that many of us will lose all that we now have and all of our hopes and dreams. We will soon be forced to begin building a hopefully sustainable replacement for what is now failing. Our children and grand children will have to develop new hopes and dreams fitting a much more limited world.*

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▫ [speedy](#) on January 30, 2009 - 10:19am     






Sorry, but I am only going to read that if you put some line breaks in it.

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▫ [Jussi](#) on January 30, 2009 - 10:24am     

If it was all in one paragraph, you can't blame them for not publishing or even reading it.

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▫ [indyphil](#) on January 30, 2009 - 10:49am     

Sorry, but I think that's too long.






I also think it ends a little abruptly and rambles too much on the banking in the middle. No newspaper will publish a ramble. I know I sound harsh - perhaps I should offer something constructive?

Instead of "adult toys and entertainment" you should probably either just say "toys and entertainment" or recreation and entertainment.

Maybe I am a pervert, but when you say "adult toys and entertainment" all that comes to mind is sex related.






Once you plant the wrong image its more difficult to focus on the seriousness of the subject matter.

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▫ [jografy](#) on January 30, 2009 - 11:50am     

Both meanings of adult toys probably apply. Thank you for your constructive suggestions. I am taking the format considerations to heart but I sure hope the future is formatted properly to catch peoples attention.

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▫ [doug fir](#) on January 30, 2009 - 2:06pm     






23,000 for the city, but for the rest of the city:

"The city is also now projected to lose nearly 300,000 jobs through 2010. Some 46,000 will come from the financial sector."

[http://www.nydailynews.com/ny\\_local/2009/01/30/2009-01-30\\_mayor\\_bloomber...](http://www.nydailynews.com/ny_local/2009/01/30/2009-01-30_mayor_bloomber...)






Sounds like an urban nightmare is coming.

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pi on January 30, 2009 - 2:14pm     

Sounds like Kunstler was right.






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WNC Observer on January 30, 2009 - 3:49pm     

If all of those 46,000 financial sector job losses were going to be former high flyers no longer earning megabonuses on dodgy trades, I'd call that a pleasant dream rather than a nightmare.






Unfortunately, I somehow suspect that this is mostly going to be the clerical workers in the back room - like usual.

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bluestem on January 30, 2009 - 10:06am     

Maybe the banks need to take some business lessons from Exxon. No need for TARP then we would all be saved and live happily ever after. John

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ToucanSanctuary on January 30, 2009 - 10:06am     

Or the numbers are fudged up this quarter and will be adjusted down next quarter.

Speaking of fudging numbers....Check out Chris Martenson's Crash Course, specifically the chapter on [Fuzzy Numbers](#).

TS

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wkwillis on January 30, 2009 - 10:34am     

Inflation indexes have interesting political consequences.

1. Social Security benefits are inflation indexed. If inflation is underestimated, then benefits are too low.
2. Social Security tax ceilings are inflation indexed. If inflation is underestimated, then less taxes are collected from the upper ten percent of incomes. The rate is the same whatever your income, but the tax is not collected above a set income level.
3. Income tax brackets are inflation indexed. if inflation is underestimated then more taxes are collected on people in the upper ten percent of incomes. That is, the tax rate is higher than it should be.






The last two kind of cancel each other out. It just shifts money from the Social Security trust fund into the general budget but has no other effect.

Obama can just tell the inflation index people to go back to the old way of measuring inflation and shift money around in the budget indirectly, if he wants



to put more money into the Social Security trust fund the way it was intended to be. No Congressional input is required. Congress can also do it by a simple vote. Obama is unlikely to veto any bill like that because it is revenue neutral.

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☐ [duffolonious](#) on January 30, 2009 - 11:11am     






<http://www.marketwatch.com/news/story/Q4-GDP-falls-38-inventories/story...>

"a decline that would have been worse except that the government counts an unwanted buildup of goods on store shelves as growth." - that apparently counted for 1.32% (1.3%+3.8% = 5.1%).

And once again the numbers are fudged to make things look better. So the forecasts were about right.

It seems we keep adding wacky things to GDP - like paying yourself the amount you could rent your house for (even if you aren't) goes to the GDP calculation. It makes me wonder if we've had any real growth since 1998.




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☐ [Leanan](#) on January 30, 2009 - 12:01pm     

[Homelessness surges as funding falters](#)

Shelters and related services for the homeless are facing funding shortfalls as the downturn takes its toll on state budgets and corporate donations. And while individual donors in many cases are keeping up gifts — or even digging a little deeper for charities that help with urgent needs like food and shelter — the service providers say they are faced with a rapidly growing demand from people losing jobs and homes in the economic crisis.

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☐ [joemichaels](#) on January 30, 2009 - 9:41am   

*When Technology Fails*

Q: Remember Y2K? Is it possible that you're advocating preparedness for scenarios that will never happen?

*Matthew Stein:*...oil depletion, climate change, overpopulation and global ecological degradation are trends that have been foreseen by scientists for many years. These are real problems with difficult solutions.

Emergency preparedness is kind of like car insurance -- you hope you never need it, but when a real emergency does arise, you thank God that you had the foresight to spend a few dollars and a few hours of your time on basic preparedness supplies and planning.

Ran across an old friend of mine from school years back and he was whacked out with this *survivalist philosophy*. His house was a security fortress and he had loaded guns all over the house. He got angry however up when I suggested that: "maybe he should move to a better neighborhood."

Matthew Stein on the other hand makes a saner appeal to people that have lived their lives for the most part in the mainstream. (myself included) I believe in

Insurance. I now own a gun (for the first time in my life) and I learned how to use it and I intend to invest time in developing my *Survival Skills*. I would like to be useful to people that I know and care about if *Technology Fails*.

Joe

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☐ [Darwinian](#) on January 30, 2009 - 10:43am     






Q: Remember Y2K? Is it possible that you're advocating preparedness for scenarios that will never happen?

Y2K did not happen because **we did prepare for it!** I know because I worked for Computer Science Corp. at NASA at the time. I was on a team that helped make all NASA's computers Y2K compatible. On every NASA computer, PC, small, midrange and mainframe, we installed a program that found every two digit date code and changed it to a four digit date code. All banks, other financial institutions as well as industry did the same for their computers.

Had this not been done, Y2K would have been the disaster that was predicted.

Ron Patterson

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☐ [jteehan](#) on January 30, 2009 - 10:50am     

Thank you Ron. You're right again. I know we disagree a lot, but for some reason, where on the same page today.

Just goes to show most of us probably have more in common than differences. And when we disagree, it's okay too.

Have a nice weekend.

jt






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☐ [RalphW](#) on January 30, 2009 - 11:02am     

I don't think Y2K would ever have been a global disaster as some predicted. It would have caused many financial institutions many headaches, and a lot of banks would have lost a lot money, and disrupted the global economy for a while. It might have killed a few people when a few safety critical systems partially failed. We would have got over it, probably better than we are coping now.

It got fixed because it was relatively easy to fix, it had a clear deadline, and people with a lot of money that a lot of their own money rested on it being fixed.

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☐ [enemy of state](#) on January 31, 2009 - 1:21am     

I don't think Y2K would ever have been a global disaster as some predicted.

I tend to agree with this. I think the industry involved in preventing Y2K, got a bit acierred away with the marketting. Not that we would have been better off without making a significant effort ahead of time. But, it wouldn't have been totally

catastrophic. And we (the economy) probably overpaid for too much protection.

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pragma on January 31, 2009 - 3:18am     

And we (the economy) probably overpaid for too much protection.

"Aye, there's the rub."

We will never know will we?

The industry involved in preventing Y2K did not get carried away, it was their MO to get **us** carried away, and they were very successful.

The difference now is that blue sky efforts may, and likely will, cost us a lot of energy or time that we may not have.

IMVHO, this is perhaps the biggest threat to PO or ACC mitigation. We have left it too long, in a logistical sense but it is now in the range where entrepreneurs, charlatans and snake oil salesmen can dive in. Disaster capitalists will bide their time for a few years yet, waiting for boondoggles to fail. Panic, properly exploited, is power. As mainstream media gets hold of the issue, it will get worse, not better.

We have (I hope) left behind the "hydrogen economy" and we will soon eschew biofuels, except where the *functional* value of liquid fuels trumps EROEI. In order for us to make any progress, it is essential that there is diligence, weighting various technologies and applying them appropriately.

This is where TOD can possibly make a difference; an open discussion of the relative merits. That said, information dissemination is the real problem. I am not advocating activism here, although it may have value elsewhere.

I think the best way forward (within TOD) is to do our best to maintain balance, integrity and rational discussion. This can not be done by the webmasters, moderators and volunteers alone. It is the responsibility of the commenting community as well, although you may not have signed up for it. A source for valid information can not be overestimated.






Yes, there will always be poster with a dog in the hunt but rational discussion and references can quell that.

I may have my crusty moments but I really want the discussion not to just continue, but to move forward.

I don't mean to hang this on your post for any specific reason, but the segue seemed appropriate.

Cheers






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speedy on January 30, 2009 - 11:06am     

I also know we prepared for it as well, I worked on software products that would search through programs to locate potential problems. Not only would it find problems, but it would also automatically correct them.

When I think of all the effort that went into solving the Y2K problem it really annoys me when people dismiss it as something that never was.

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☐ [BOP](#) on January 30, 2009 - 12:55pm     






There were Y2K failures and some of them had significant impact.

But who wants to advertise the fact that you saw the problem coming four years ahead of time, that you had multiple warnings of the potential negatives, and that you had lots of resources available to help mitigate the issue and you still blew it.

It is amazing the amount of stuff that gets swept under the rug and never, ever, reported.






It also throws the fiscal crisis in perspective as there are lots of folks who wish there were some way they could just bury the entire derivatives/CDO/CDS issue. Need a much bigger rug. Thain tried :-)

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☐ [WNC Observer](#) on January 30, 2009 - 12:00pm     

We knew that lots of people like yourself were working hard on it. What many of us didn't know for certain is whether or not you would get everything done in time. We knew you would try, but there were just about nothing in the way of status reports, at least not for the general public. Thus, many of us felt that we had to make at least some modest preps, just in case the work didn't get completely done in time.

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☐ [CITIZEN ANARCHIST](#) on January 30, 2009 - 11:50am     






Disaster/Emergency Preparedness is just that...Plan for it.

The posts from yesterday, spell it out pretty clearly. Some just do not have a clue. The FED/FEMA is NOT going to come to your rescue. It's NOT about "Doomer Porn, Hunker down, stock up" it's about a rational view of current events. It's about doing what is right, to protect yourself, and your family/friends.

Maybe we will get lucky with the Big O and true change will come to this country...

Maybe pigs will fly sooner.

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☐ [Gail the Actuary](#) on January 30, 2009 - 10:30pm     

In Leanan's link [When Technology Fails: How to Survive the Long Emergency](#), the article talks about

Learn the "Plant Edibility Test": Most people will not happen to have a guide to wild edible plants on hand when they are thrust into a survival situation. If you know how to perform the "Plant Edibility Test" (see page 81), you will always have a safe way to test local plants for potential edibility.

Does anyone have any idea what that is?






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☐ [rainsong](#) on January 30, 2009 - 10:49pm     

There was one who taught that if you see an animal or bird eating it, it is edible. I do not believe this is the best method as occasionally sheep ate toxic plants and the shepherd had to watch to make sure the sheep did not get into toxic plant

areas. One might need a handbook for identification of edible plants written by an expert. Mushrooms are very dangerous if you eat the wrong one, same thing with berries (oleander for one). Nightshade put the lights out permanently. Things like cattail roots and wild raspberries were edible. Dandelion leaves were a bitter salad, yet edible.

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▫ [pragma](#) on January 30, 2009 - 11:55pm     

I saw a sequence of procedures on a documentary. It goes something like this:

**but** please do not take my word for it. My memory is not that good.

-Take a leaf or berry of the plant and crush it.

-Rub the subject on exposed, thicker skin.

-Look for signs of rash, irritation or physical sensation (stinging, itching)






-Rub it on the inside of your elbow, wrist or under your arm. Wherever the skin is the most sensitive or thinner (within certain limits) ;-).

etc, etc, graduating to lips, then taste, with waiting periods in between.

It's a good question. I'll do some Googling and report back if I find something credible.

Cheers

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▫ [DIYer](#) on January 31, 2009 - 12:20am     

Yeah, maybe. Sort of. But the really poisonous mushrooms will not irritate your skin or taste bad, they'll just kill you a day or two later.

And some birds can eat the nightshade berries with impunity.

But the little wild pequin peppers, despite their ultrahot taste, are edible! (well you wouldn't want to make a meal of them, just use them for flavor) Interestingly, they are in the same large plant family as the nightshade.

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▫ [pragma](#) on January 31, 2009 - 12:28am     






As I said, please don't take my word for it, there is a lot more to it than I outlined with my limited memory and typing skills.

Mushrooms are in a whole different league, where significant training is required.

BTW, did you know that tomatoes were once considered poisonous because they are also a member of the nightshade family?




Cheers.

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▫ [enemy of state](#) on January 31, 2009 - 1:25am     

And there are some animals, who will attack and eat rattlesnakes. It really helps that they are immune to the toxin. But emulating their choices might not work out as your species may not have been selected to avoid that particular danger.

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▫ [joemichaels](#) on January 30, 2009 - 10:08am   

Family: Octuplets' mother has 6 other children

<http://www.msnbc.msn.com/id/28927339/>

How about an environmental impact study?

*"Who'll make the money (energy) when she pays the rent? Did she think that money (energy) was heaven-sent?" Lennon/McCartney*






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▢ [indyphil](#) on January 30, 2009 - 10:36am     

That kind of made me sick when I read that.

I had assumed she went through fertility treatment because she was without children. Why on earth would you go to the trouble of fertility treatment if you already have 6 kids? And who paid for said treatment? You'd think they wouldn't even offer that treatment to someone with 6 kids but I guess if you bring enough cash to the table doctors will do whatever you want.

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▢ [souperman2](#) on January 30, 2009 - 12:27pm     






I didn't know that Monsanto was marketing to this industry.

"US octuplet mum already had six - refused embryo reduction (Roundup)"

[http://www.monstersandcritics.com/news/health/news/article\\_1456749.php/U...](http://www.monstersandcritics.com/news/health/news/article_1456749.php/U...)

(sorry leanan I won't do it again I promise)






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▢ [enemy of state](#) on January 31, 2009 - 1:30am     

"US octuplet mum already had six - refused embryo reduction (Roundup)"

This is big business, lots of money made. Multiple embryos are used because it greatly increases the odds of getting a pregnancy. IMO it should be mandatory to obtain permission for reduction (if needed) before the procedure is done. The potential cost to society (and suffering for the kids), of the very high rate of severe birth defects should be unconscionable. All multiples, have greatly increased risks of bad outcomes.

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▢ [ToucanSanctuary](#) on January 30, 2009 - 10:45am     

I just read the full text of the article. It's entirely disgusting and such a complete act of irresponsibility by all involved, including the family and doctors.

First of all, given the world's overpopulation problem, NOBODY should be allowed to have 6 kids to begin with....Much less have fertility treatment so she can have more! The doctor's should never have allowed this "treatment" either. Of course, they are just like any other business and see only money in their decisions....More rug-rats for this mommy means more future money from the already battered health insurance system.



Mom had the opportunity to abort some of the embryos but declined because she didn't want to "kill" any of them.

Here's the quote from one of the Doctors...

Dr. James Grifo, professor of obstetrics and gynecology at the NYU School of Medicine, added: "I don't think it's our job to tell them how many babies they're allowed to have. I am not a policeman for reproduction in the United States. My role is to educate patients."






That's code for, "If I get my money, I don't care."

Albert Bates is probably rolling his eyes at this one too.

Someone should step in and tie off her tubes...for everyone's sake.

TS

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☐ [Paleocon](#) on January 30, 2009 - 11:11am     






Of all the problems the US faces, digging into involuntary sterilization is one I would hope to avoid.

I'm the first to say that having kids should take significant effort from both parties for a prolonged period -- an investment before conception -- but that's not how we're built. Still, how can you fault a well-off woman for having 14 that she can pay for versus 5 welfare mothers have three each that they can't? Or 14 deadbeat fathers with kids they don't support?

Mandatory birth control is easy to say but hard to do. It takes a totalitarian society, and the gov't that has the power to do that will use it far more nefariously as well.






Edit: restrictions on assisted reproduction would make sense for the good of the kids, IMHO.

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☐ [SolarDude](#) on January 30, 2009 - 1:00pm     






She isn't well off. She lives with her mother.

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☐ [Consumer](#) on January 30, 2009 - 1:58pm     






If I were her mother, I would have slapped her upside the head when she asked me to babysit the six kids while she went for her fertility treatments.

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☐ [Leanan](#) on January 30, 2009 - 2:04pm     

But fertility treatments aren't cheap. And most health insurance doesn't cover them, especially if you already have kids. Somebody's got money. Maybe the boyfriend/husband who wanted "one of his own"?






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☐ [Consumer](#) on January 30, 2009 - 2:51pm     

Would health insurance cover the aftermath of those treatments, however? Who paid for the 46 doctors and nurses who delivered those babies, and who is paying

for keeping them all alive until they can do OK on their own?






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☐ [enemy of state](#) on January 31, 2009 - 1:34am     

and who is paying for keeping them all alive until they can do OK on their own?

And who pays if one or several of them need lifetime care which can easily run in to the millions apiece?

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☐ [pragma](#) on January 30, 2009 - 2:22pm     






The more I learn about this more I suspect some sort of mental disease/family dysfunction.

This goes way beyond wanting a large family.

OTOH, perhaps this is the start of some biological trigger to reproduce in times of stress.






I'm tempted to be furious, but all I feel is pity.

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☐ [Leanan](#) on January 30, 2009 - 2:25pm     






I seriously doubt she just wanted a large family. IME, people who go through fertility treatments when they already have kids do so because they have a new partner who doesn't have kids and wants a biological child.

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☐ [paulah](#) on January 30, 2009 - 3:50pm     

She is single; lives with mom and dad in a three bedroom house with her other six children; neighbors report she just "loves" children!






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☐ [Leanan](#) on January 30, 2009 - 4:05pm     

There is something seriously strange about this story. Artificial insemination is insanely expensive. Something like \$10,000 per try. And a lot of clinics/health insurance plans won't do it if the parents already have children.

No one seems to know where she got the artificial insemination. She showed up at Kaiser already 3 months pregnant.

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☐ [lilith](#) on January 30, 2009 - 3:55pm     

The more I learn about this more I suspect some sort of mental disease/family dysfunction.






This goes way beyond wanting a large family.

OTOH, perhaps this is the start of some biological trigger to reproduce in times of stress.

I'm wondering whether they're part of that Christian Quiverfull movement.

lilith






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▫ [Leanan](#) on January 30, 2009 - 4:02pm     

I don't think so. CBS is reporting that the family is Iraqi.

Some articles reported that the woman's father was going back to Iraq, as if he was a soldier being sent there by the military. But he's actually a native of Iraq, going home.

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▫ [pragma](#) on January 30, 2009 - 4:46pm     

That opens up another serious can of worms, but what the heck.

Many religions promote large families and actively discourage (condemn) contraception. IMO this is a thinly disguised cover to maximize the size of the congregation and, of course, revenues.

That said, this is not a rant about religion *per se* but the implications are worrying.

- When general acceptance of the need for population reduction is low, (or "Sounds good, just let me have my kids first") then what hope do we have for turning around those that are indoctrinated, and moreover the indoctrinators?

- If and when population reduction takes hold, will this not encourage certain groups to continue or accelerate their reproduction in some sort of assertion that they are "exceptional"? Will we see reproductive wars as we circle the bowl?






Not mentioning any specifics, I find it infuriating that religious leaders wax eloquently about how we are the stewards of the earth and it is our duty to protect and nurture mother nature, and then in the next breath tell the faithful to be fruitful and multiply.

The arrogance! The hubris! Oh, the total hypocrisy!

AAARRRRGGGHHHH!

Ok, maybe a little rant.....

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▫ [Carolus Obscurus](#) on January 30, 2009 - 5:48pm     

Pragma,

I think you might enjoy this Onion skit on the population problem:

### **We Must Preserve The Earth's Dwindling Resources For My Five Children**

As we move into the 21st century, it is our responsibility to think of the future of the earth—not for ourselves, but for those who will inherit what my husband and I leave behind when we're gone. If we do not join together and do what's best for this, our only planet, there may not be an environment left in which my five children, and their 25 children's 125 children, can grow up and raise large upper-middle-class families of their own.

Nothing less than the preservation of my descendents' lifestyle itself is at stake.

Imagine a world devoid of pristine wilderness for my progeny to explore on the weekends in the sport-utility-vehicles of the future, leaving my youngest son, Dylan, with nowhere to blow off steam on off-road adventures. Imagine a world in which my beautiful middle son, Connor, is denied his twice-daily half-hour hot showers because of water shortages. Picture what it would be like for my oldest boy Asher, preparing to start his first semester at Stanford, to have to go without basic amenities such as cable television, satellite radio, central air, or massage chairs, all because of the shortsighted squandering by his parents' generation of our non-renewable energy sources today.






Though it seems like a far-off nightmare, this terrible vision is all too possible. Would you want to live in a world where my five children had to endure such horrible deprivations? I know I wouldn't.

If we don't take action now, my daughters Kimmy and Jenna may not be able to blow-dry their hair for 45 minutes to an hour each morning, nor may my future sons-in-law cut their grass atop enormous, diesel-powered riding mowers. In fact, they may not even have lawns—at least not the lush, verdant kind that requires constant watering and pesticide treatment. It's conceivable that one day my five children's spacious yards may be entirely composed of synthetic Astroturf, or—God forbid—those tacky wood chips my sister in Arizona uses.

More here:

[http://www.theonion.com/content/opinion/we\\_must\\_preserve\\_the\\_earths](http://www.theonion.com/content/opinion/we_must_preserve_the_earths)

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▢ [pragma](#) on January 30, 2009 - 9:13pm     






LOL!

Thanks for that C O. I needed it.

God bless The Onion. (Irony intended)

Cheers

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▢ [MicroHydro](#) on January 30, 2009 - 6:12pm     

"digging into involuntary sterilization is one I would hope to avoid"






You and everyone else. Avoidance is what landed us where we are, staring down decades of gigadeaths from 2020 onwards.

Worldwide mandatory sterilization should have started 40 years ago, along with using the then abundant cheap oil to build a post carbon infrastructure. We could have had a stable population of 3 billion and a stable climate. Woulda, coulda, shoulda. But people wanted to be nice, avoid the hard choices. So bring on the four horsemen, bring on the dieoff and ecocollapse.

In a rational world, in 1969, a multimother like this should have been made to chose which 2 of her brood of 14 she wished to keep. The other 12 children to be euthanized and mother to be sterilized. But it is 2009 now and the population is far into overshoot. We should be on a worldwide one child policy now with severe penalties for violators.






And yes, intelligent rich guys like Matt Simmons should have been population controlled too. Nobody's genes are so precious that they need to have more than two children. Enough already.

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☐ [sgage](#) on January 30, 2009 - 6:15pm     

It's too bad that humans are not smarter than yeast, to coin a phrase :-)






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☐ [Black Dog](#) on January 30, 2009 - 8:50pm     

Did you find that coin [On The Beach?](#)






E. Swanson

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☐ [Dryki](#) on January 31, 2009 - 2:58am     






Ahhhhh, yes. Now we get into Theology. Helen Caldicott is already there. It's one of her "favorite" movies.

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☐ [Paleocon](#) on January 30, 2009 - 6:21pm     






Universal population control via forced sterilization is simply not the darwinian approach. Those who would be sterilized would be those who cannot help it. More likely, though, most people will simply be eliminated by the Four Horsemen after birth.

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☐ [BrianT](#) on January 30, 2009 - 6:28pm     






Actually, if anyone was actually managing this planet draconian measures such as mandatory sterilization wouldn't be at all necessary-the global population is so poor at the median that literally a few bucks is all it would take for females to line up to be sterilized. Since no one is actually managing things, starving women will continue to bear offspring and overpopulation will lead to mass starvation.

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☐ [Paleocon](#) on January 30, 2009 - 6:31pm     






Now that's downright sexist. You need to pay men to be sterilized too. :)

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☐ [BrianT](#) on January 30, 2009 - 6:44pm     

Waste of time- some guys have sired hundreds, maybe thousands of kids.






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☐ [Nanonano](#) on January 30, 2009 - 9:02pm     

I don't want involuntary sterilization, either. How about all public assistance applicants submit to permanent sterilization? If you do, you get your small stipend. If you don't, you or your friends or your relatives will have to pitch in if you want to procreate.






Oops, there go my Presidential chances!

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☐ [sarbo](#) on January 30, 2009 - 9:25pm     

You already won the election, your name was Ronald Reagan. How about we sterilize the management of any corp. asking for a government bailout?

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☐ [Dryki](#) on January 31, 2009 - 2:56am     





such a complete act of irresponsibility by all involved, including the family and doctors.

Education should include the ability to criticize across all fields. The researcher who helps to create a cow needs the criticism of the milk drinkers and the farmers. The milk drinkers and the farmers should be able to shut him down. That these doctors did NOT consider the ethics - but thought themselves separate from the ethics - is in and of itself adequate grounds for revoking their right to practice independently. But WHO will judge?

Pitchforks, tumbrils, tar and feather? Is that better than a DOJ stuffed with Obambis nee Alberto-bobble-heads?

cfm in Gray, ME






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☐ [RalphW](#) on January 30, 2009 - 10:53am     

This one gets me mad. Not so much at the mother, but at a medical system that would implant 8 embryos in a patently fertile (and reportedly still young) woman who already has six children. In the UK this would get a doctor struck off, a clinic shut down, a possible prosecution for criminally negligent behavior. In the UK this procedure is only available for women with a proven record of fertility problems, and the legal limit is two embryos to be implanted at one time. More than this risks multiple births with a very high risk of losing the babies or their being permanently damaged by being seriously premature.

Not to mention the world population overshoot...






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☐ [pi](#) on January 30, 2009 - 7:36pm     

Feeding a family with 14 children is just a mind-numbing cost.....I can't even imagine! Maybe it's possible for a subsistence farmer in South America to provide very meager nutrition for such a large crowd, but supermarket food with all the costs associated with packaging, energy, processing, transportation....

I wonder if she thought it all out? Or maybe she owns a large farm and is very wealthy?

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☐ [MoonWatcher](#) on January 30, 2009 - 9:09pm     

I wouldn't be at all surprised if she isn't treated the same as some other women/parents who have had high-multiple births in the good ole' USA: Their church congregation (or some local church or groups of church folk even if she didn't previously belong to a congregation) will donate all their tithing monies and then some and donate their labor and spare clothes/toys/etc. and shower the family with everything they need. I saw this (TV, magazine articles) before with such a family: They were given a huge new house, a 12 or 15-passenger van, furniture, toys, freezers and meat to fill them, clothing, blankets, and on and on. People fell over themselves to help babysit to give the 'deserving' parents a break. This was not just to be nice and neighborly but an absurd expression of



fundamentalist fervor to honor the 'great blessing by God' upon the family and humanity. Plays well on the TV news shows and in the pop culture magazines as a great 'human interest' (oxymoron) story. Don't get me wrong: Children and families are wonderful, and in fact, necessary to continue our species...but a disturbing subset of humanity has no concept of moderation, self-control, greater good, or science and reason. The Pope would be overjoyed and hold high mass in the Vatican if only the family was Catholic. Same with the Grand Poohba of the Mormon Church if they were from that flock. Makes me ill.

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☐ [jografy](#) on January 30, 2009 - 10:26am   

### **Alaskans brace for Redoubt Volcano eruption**

The summit is about 50km from the oil loading facility and the mountain overlooks the tanker route. Just another worry. Of course this is only an above ground factor .. smiles.

[http://news.yahoo.com/s/ap/20090130/ap\\_on\\_re\\_us/alaska\\_volcano](http://news.yahoo.com/s/ap/20090130/ap_on_re_us/alaska_volcano)

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☐ [nelsone](#) on January 30, 2009 - 1:00pm     

While we're checking for Black Swans, let's add the following:

### **Residents startled as quake rattles Seattle area**

SEATTLE (AP) — A 4.5 magnitude earthquake rattled the Seattle and Puget Sound area early Friday, waking up a lot of people. There were no immediate reports of damage.

The quake at 5:25 a.m. was centered 14 miles northwest of Seattle near Kingston, in Kitsap County. It was felt as far away as Victoria, British Columbia, 70 miles to the north.

This is the problem with predicting the slope of decline - What were once random local disasters will become game-changing catastrophes when we're too broke to fix 'em.

But don't worry - Our federal government has a PLAN: (via GovTrack)

### **111th CONGRESS**

1st Session

H. R. 645

To direct the Secretary of Homeland Security to establish national emergency centers on military installations.

IN THE HOUSE OF REPRESENTATIVES

January 22, 2009

Mr. HASTINGS of Florida introduced the following bill; which was referred to the Committee on Transportation and Infrastructure, and in addition to the Committee on Armed Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To direct the Secretary of Homeland Security to establish national emergency centers on military installations.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the 'National Emergency Centers Establishment

Act'.

## SEC. 2. ESTABLISHMENT OF NATIONAL EMERGENCY CENTERS.

(a) In General- In accordance with the requirements of this Act, the Secretary of Homeland Security **shall establish not fewer than 6 national emergency centers on military installations.**

(b) Purpose of National Emergency Centers- The purpose of a national emergency center shall be to use existing infrastructure—

(1) to provide temporary housing, medical, and humanitarian assistance to individuals and families dislocated due to an emergency or major disaster;






(2) to provide centralized locations for the purposes of training and ensuring the coordination of Federal, State, and local first responders;

(3) to provide centralized locations to improve the coordination of preparedness, response, and recovery efforts of government, private, and not-for-profit entities and faith-based organizations; and

(4) to meet other appropriate needs, as determined by the Secretary of Homeland Security.

(....)






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☐ [jografy](#) on January 30, 2009 - 2:08pm     

This is the problem with predicting the slope of decline - What were once random local disasters will become game-changing catastrophes when we're too broke to fix 'em.

I think you have identified the nub of the problem. As each unforeseen event occurs it is piled upon residual unfinished repairs from the previous ones with fewer available resources each time until they are just not worth fixing.






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☐ [WNC Observer](#) on January 30, 2009 - 3:57pm     

It is the stuff that is left unfixed that is a really interesting and important thing to watch. We've already seen that with Katrina. Is there anyone who doubts at this point that NO is NEVER going to be brought back entirely to what it was prior? It will be interesting to see future reports from airdale, I'll bet he will observe some damage in his area that just never gets repaired.

Things will pile up, and when combined with background wear and tear, it will get to the point that entire areas become uninhabitable and need to be abandoned.

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☐ [wolverine](#) on January 30, 2009 - 6:46pm     






You know what the most interesting unrepaired bit of damage is?

Here's a hint:

[http://en.wikipedia.org/wiki/Freedom\\_Tower](http://en.wikipedia.org/wiki/Freedom_Tower)

Just sayin'

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☐ [Consumer](#) on January 30, 2009 - 7:16pm     

From December 2003 to July 2006, I took the PATH train to the WTC site, and it pissed me off every day that nothing was being done down there. I think it's pretty

telling, when we can't put a couple of buildings back up in 2,3,4,5...years.

The whole process was so absurd, that I pretty much lost faith in local, state, or national governments to get anything done. Hmmm, maybe that was my start on the road to doomerism...






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☐ [Paleocon](#) on January 30, 2009 - 10:26pm     

Of the seven buildings, how many have been rebuilt so far?

Tell me again how long it took to build the Empire State Building, versus how long the Tower has been in construction this time?

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☐ [CITIZEN ANARCHIST](#) on January 30, 2009 - 2:16pm     

.....2) to provide centralized locations for the purposes of training and ensuring the coordination of Federal, State, and local first responders;




(3) to provide centralized locations to improve the coordination of preparedness, response, and recovery efforts of government, private, and not-for-profit entities and faith-based organizations; and

(4) to meet other appropriate needs, as determined by the Secretary of Homeland Security.....

Folks, hold on to your hats, it's going to be a rough ride to the bottom. Six regions of the country, to be carved up into regional FED Government control.....Blackwater?...."but without the local bureaucracy, how will the emperor maintain control?" "The regional governors now have direct control over their territories. Fear will keep the local systems (read that "citizens") in line."

Have a plan kids....that's all I'm saying here.

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☐ [Mamba](#) on January 30, 2009 - 10:46am   

### **Idiot Alert: Jim Puplava of [FinancialSense.com](#)**

Often quoted by people at this and other Peak Oil sites, our friend Jim Puplava, whose weekly podcasts have a large and faithful following, has now *jumped the shark*. His inane sidekick, John Loeffler, an unapologetic Republican, has convinced him that we now face not Global Warming but a **New Ice Age**. Jim likes that idea because it means colder winters and more demand for oil, and hence his oil investments will finally start to pay off. In [his words](#):

What is shaping up is the perfect energy trifecta: rising demand, declining supply, and cooling global temperatures.

He quotes the maverick ideas of "Western Washington University professor [Don J Easterbrook](#)" (an old Geology prof, and a bit of a nutter, as the link on his name shows) as if this is settled science and not a minority opinion (a *tiny* minority opinion at that).






So, so long, Jim Puplava, you're giving Peak Oil a bad name.

Someone should explain to the rightwingers that when air gets hotter, it carries more moisture, hence the flooding we have seen around the world. But is also means heavier winter snow storms. Duh! It's simply too counterintuitive for their tiny brains.

Jim's muse, John Loeffler (not balding or anything).








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☐ [MickJordan](#) on January 30, 2009 - 11:05am     






I find most of what Jim says on his show plausible, he is fundamentals-based, i.e, he looks for real evidence, and his forecasts have been pretty accurate. However, I have been dismayed over this recent attitude on climate change which I can't fathom. It does seem to be being pushed by Loeffler primarily.

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☐ [souperman2](#) on January 30, 2009 - 12:13pm     

If I stop believing in gravity will I be able to float?

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☐ [eric blair](#) on January 30, 2009 - 1:24pm     

*I have been dismayed over this recent attitude on climate change which I can't fathom.*

When one loses trust - truth is a casualty.






Look at what they are involved in - the money system and the stock market - a den of vipers. So wonder they have an issue about GW.

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☐ [nelsone](#) on January 30, 2009 - 2:04pm     

More like a van of diapers - used ones.  
Believe GWB <-> disbelieve GW

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☐ [Mamba](#) on January 30, 2009 - 3:46pm     

MickJordan said:

[Jim's] forecasts have been pretty accurate.

Oh no they haven't!

- He said first hyperinflation, then deflation. But then we went straight to deflation. He weaseled out of that by calling it "disinflation".
- He said gold was going to the Moon, and was blindsided by gold's retreat into the \$700s.
- He said we'd never see sub \$70 oil again, and looks like a complete dill with oil going all the way back to ~\$30 recently.

Could hardly have been more wrong...






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☐ [kdolliso](#) on January 30, 2009 - 1:59pm     

Hmm, *My* tiny, idiot pea brain tells me that to have more flooding you have to have more *rainfall*, and rainfall is a *cooling* event.

Maybe this climate stuff is just pretty complicated (at least, to us tiny, idjit-brained ones.

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☐ [WaterWeasel](#) on January 30, 2009 - 2:55pm     






rainfall is a cooling event

Tell that to the folks in Washington that just had a huge rain-on-snow flood.

BTW, when water condenses it releases latent heat of condensation, so actually, rainfall is a warming event. The cooling you refer to is just the opposite: water evaporating and absorbing the latent heat of evaporation.

The global warming/flooding connection is related to warmer air holding more water vapour = more potential for flooding (and bigger snowstorms too).

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☐ [kdolliso](#) on January 30, 2009 - 3:35pm     

WW, I'm not a scientist (heck, I don't even play one on the internet,) but it occurs to me that the "precipitation" takes place at a higher elevation where the latent heat is released, to a large extent, into the stratosphere, and thus, outer space.

Bottom line, *Most* rain is a cooling event (as far as the lower troposphere is concerned.)

It does seem to follow historic examples that, "Globally," *warmer* = wetter, and *colder* = dryer.

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☐ [nelsone](#) on January 30, 2009 - 4:52pm     

I know I'm just being tricked here by trollbait, but PLEASE. JUST. STOP.






Weather happens in the troposphere, 'k?

The heat of vaporization of water is 40+kJ/mol, it's absolutely huge.

Rainfall is the method by which heat is spread around the globe - Hurricanes, for example, are how heat gets from low latitudes to high latitudes, by carrying their rain north.

And finally: WEATHER is not CLIMATE.






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☐ [sgage](#) on January 30, 2009 - 5:08pm     

kdolliso,






you have no idea what you're talking about, as you seem to cheerfully admit. Why don't you leave it alone?

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☐ [aangel](#) on January 30, 2009 - 7:07pm     

Yes, please. I for one would appreciate it.






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☐ [enemy of state](#) on January 31, 2009 - 1:47am     

Rainfall -or precipitation in general is neither a warming or cooling event. It is simply a transformation of energy from one form to another. When moisture condenses into clouds and falls out as precipitation locally latent heat is released. But exactly as much energy was converted into latent energy when the water evaporated in the first place. The net result is the transfer of heat from one place to another, and usually from the ground to higher up in the atmosphere.






In general, the ground gains heat from the sun, and it is transferred to the top of the atmosphere by a combination of infrared radiation and convection (of wet or dry air). The former process (radiation) is reduced in efficiency by greenhouse gases. How much of the excess is taken up by more convection, versus raising the temperature of the system is where things get interesting.

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☐ [paal myrtvedt](#) on January 31, 2009 - 1:45am     

kdolliso, I thought you were 'The Ethanol-man', but you are a 'Weather-man' too ... yawn

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☐ [Shunyata](#) on January 30, 2009 - 3:01pm     

What is the quote that frequently appears in the TOD header - something to the effect that what we don't know isn't the problem, it's what we think we know for sure.

I know that global warming has its passionate adherents on this forum - people who regard any scrutiny as stupidity, crookery, or worse. That level of rabidness is unhelpful.

CO2 and other gasses have a well understood effect. What is not well understood is the impact. Much of the AGW "evidence" is compelling, and much of it is significantly less than evidential.

I challenge anyone who feels certain to consider the following: many things with an impact on climate have occurred in the last million years. How many of those things do we know about today?

At a minimum I think we need to understand why vastly different historical CO2 levels have been associated with vastly different temperatures. Similarly, why does large-scale warming seem to occur so much more quickly than cooling. Clearly there is more than simple thermal mass at work here.

This criticism is not an invitation to ignore human impacts, it is an invitation to consider what other actors may be participating in our drama. Maybe none but I wouldn't bet on it.

Trying to understand the POTENTIAL impact of peaking fossil fuel and global cooling is a vital task. We plan for all kinds of things we don't really expect. You don't expect your house to burn down, yet you buy insurance. Why? Because the unexpected consequence is severe.

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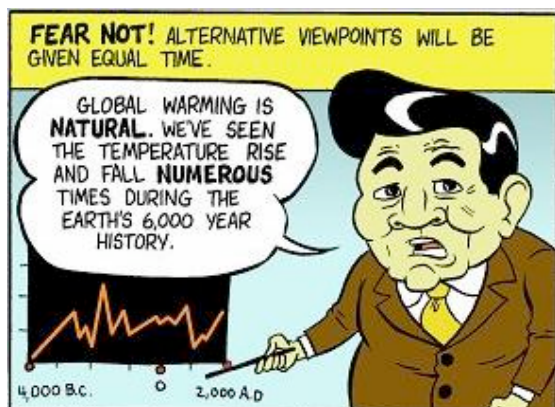


☐ [Mamba](#) on January 30, 2009 - 3:54pm     






I vote for an instant ban on anyone who comes to TOD and suggests that AGW is not real, or that we may be heading for a New Ice Age, or that there is a balance in the science between pro and anti AGW views. That's like saying creationism is a valid counterweight to evolution. Anyone who thinks like this is a Trojan Horse for the Right, a doctrinaire nitwit who will lower the tone of the site, or at the very least, a muddle-headed simpleton who listens to [Rush Limbore](#).

The issue is sooooo critical to the survival of our species, and the science so screamingly clear in the main aspects, that thinking people should no longer tolerate the headshakers and sceptics. Is TOD not proud to be a place where the brighter people go for sensible discussion? When the dingbats and microcephalics get underfoot here, it undermines TOD!

Ban 'em, I say! Or at the very least force them to read the [article in the New Scientist](#) about the myths associated with denialism.








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☐ [BOP](#) on January 30, 2009 - 3:58pm     

+5






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☐ [Paleocon](#) on January 30, 2009 - 3:59pm     

I vote for an instant ban

I'm glad this is a benevolent dictatorship instead of a hate-filled democracy!

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


☐ [Carolus Obscurus](#) on January 30, 2009 - 6:14pm     

Mamba, don't ban. Ignore. Dynamic silence is the kindest and most efficient way to kill a troll.

If they appear to be writing in good faith, however, just send them the addresses of leading GW sites, such as:

<http://www.realclimate.org/>

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☐ [ccpo](#) on January 30, 2009 - 9:03pm     

don't ban. Ignore.

Unfortunately, it doesn't work. These are people driven by money, ideology or stupidity. How does silence help? It doesn't.

Besides, the staff here have rules about posting. When posters repeatedly post nonsense with no links, no data, no facts to back it up, those posts are supposed to not be tolerated.

One wonders, then...

False equivalency. All opinions are equal, but not equally valid.

- Science? Undeniably thousands to 1 for ACC.






- What supposedly anti-ACC science there is? All has been rebuffed by follow-up science. There is not ONE study I know of that has not been shown to be flawed, if not fraud. Not one!

- Opinions? Recent survey says 97% of active climate scientists agree ACC is anthropogenic. (Link posted previously.)

These people are claiming fact without any support. Enough of this. I vote for the admins to enforce their own rules on this issue. (Noting this is not a democracy.)






Cheers

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☐ [Turnbull FL.](#) on January 30, 2009 - 9:55pm     






All in all, you guys provided Me with some great links which I am passing on to everyone in my address book.

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☐ [weatherman](#) on January 30, 2009 - 6:28pm     




Is a thinking reader one who knows what microcephalic means?

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☐ [nelson](#) on January 30, 2009 - 5:09pm     

Shunyata, I'd never vote to ban AGW deniers - but you're on thin ice. ;-)

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☐ [doug fir](#) on January 30, 2009 - 11:14am   

RE:

New Jungles Prompt a Debate on Rain Forests

This obliquely supports what I've been saying for quite some time. That food supply problems are getting more dire precisely because of cheap food. As more and more subsistence and small farmers leave production, it puts a double load on grain supplies, for we lose their production and they instantly become additional consumers above the rate of population increase.

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☐ [Matt O](#) on January 30, 2009 - 11:32am   

TOD'ers:

For those of you who are knowledgeable about biofuels, would you please give me your opinion of the claims made by the company Emergence Biofuels. They are

claiming that the EROEI of their process for utilizing sorghum is 8:1, vs 1.25:1 for corn. They cite advantages such as shorter growing cycle, less H<sub>2</sub>O and fertilizer use, and a small distributed fermentation plant. On the face of it this seems unlikely to me, but I thought I would ask those who know more about biofuels out there. The page to look at on their site is






<http://www.energencbiofuels.com/sorghumvscorn.html>

and also:

<http://www.energencbiofuels.com/energenc.pdf>

Thanks for your feedback.

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☐ [joule](#) on January 30, 2009 - 2:10pm     

MattO -

It seems highly unlikely to me too, though I don't claim to be an expert on the subject.

The Energence websites you linked are very long on claims and very short on details, so it is not possible from the material presented therein to make any sort of rigorous analysis.






Having said that, I have two comments:

1) In the production of ethanol from both corn and sorghum, one starts the fermentation with a starch/sugar-rich aqueous solution. After fermentation, both need to be subject to a highly energy-intensive distillation step, made particularly more difficult is one wants to make 100% ethanol free of water. The less concentrated the final fermentation product is, the more energy will be expended in the distillation step in terms of BTUs per gallon of ethanol produced. This is where the sorghum route probably would have some advantages provided that you start with a more concentrated juice and wind up with a more concentrated 'beer' prior to distillation. Still, even if the sorghum juice is two or three times more concentrated, it is hard to see that in itself being responsible for such a great difference in claimed EROEI.

2) As I understand it, the Energence concept is to have small-scale ethanol production units sited right on the farms growing the sorghum. This may sound nice, but it is generally true that (within certain limits) the larger you make the production unit, the more potential you have for energy efficiency. Going small runs counter to this principle.

Unless I were shown some hard numbers from an unbiased side-by-side comparison I would be VERY skeptical of that claimed EROEI of 8. It just sounds too good to be true.






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☐ [kdolliso](#) on January 30, 2009 - 2:10pm     

Matt, sweet sorghum should work well in the South. Especially, Florida, and Louisiana.

One needs to be wary, however, of *individual companies*. Lotsa, er . . . *Fast Money* in S. Florida. :)

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☐ [WNC Observer](#) on January 30, 2009 - 4:09pm     






We discussed this quite a bit in some older threads. Yes, ethanol from sweet sorghum should clock in with a considerably better EROI than corn. Their claim of 8.1 sounds a little high to me; that is about on a par with Brazilian sugar cane,

and temperate sorghum is just not going to be able to produce as much sugar syrup per acre as will tropical sugar cane. The figures I've seen suggest something more in the range of 4-5 EROI. That's still pretty good, and certainly much better than corn ethanol.

It should be possible to grow sweet sorghum just about anywhere that corn is grown. Here in the Southern Appalachians, they were (and still are) traditionally grown side-by-side in small fields. They look so similar to each other that you must have a sharp eye to tell them apart. Because you are not producing grain, you don't need as much fertilizer or water, nor do you have anywhere near the insect pest problems that you do with corn. Most corn farmers should be able to make the transition to sorghum without too much of a problem.






The main drawback to sorghum is that it is a once-per-year batch process (the syrup needs to be processed immediately after harvest), whereas with corn ethanol you can store the feedstock and run the process continuously year-round. That means that for sorghum you must have an investment in a plant that is going to remain idle for most of the year.

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▢ [thomas deplume](#) on January 30, 2009 - 6:15pm     

The advantage of doing at least some of the processing near the farm is that the non fermentable parts of the sorghum can be used for process heat. This is where sugar cane gets its 8:1 figure. The 8 is the energy in the ethanol and the 1 is only the fossil fuel input.




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▢ [Black Dog](#) on January 30, 2009 - 9:05pm     

An advantage to the small farm size units would be that transport energy expenditure would be minimized and any organic remains could be returned to the field to recycle nutrients back into the soil. Another advantage would be the opportunity to use other local energy sources, such as wood, to fire the distillation. With smaller batch units, the fermentation could be done during a short period after harvest. The storage problem would then be limit to where to store the ethanol for the rest of the year. Storing corn requires that it be dried first, else it rots, which is another energy input to the process.

E. Swanson

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▢ [pondlife](#) on January 30, 2009 - 12:45pm   

Another take on the growing backlash of employing foreign contractors in the UK:

<http://news.bbc.co.uk/1/hi/uk/7859968.stm>

While I am not generally in favour of strikes, this is good. There are very few industries left in the UK which have this sort of leverage and these guys know it. It is drawing attention to an issue, and embarrassing a gov [and I am left wing] that has totally allowed UK energy [and UK industry generally] to be sold off to outside interests. I think we can foresee the consequences..

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▢ [souperman2](#) on January 30, 2009 - 1:08pm   

Constraints, what constraints?

The article up top "Snow study shows California faces historic drought" says;

"The state, which produces about half the United States' vegetables and fruit, is in

its third year of drought and its main system supplying water to cities and farms may only be able to fulfill 15 percent of requests, scientists said.'






and

"The state's largest irrigation district, Westlands Water in the major farming counties of Fresno and Kings, told growers on Wednesday to brace for zero water supply this year.

"We thought it was a critical time to tell them, being that it is time for planting tomatoes and a lot of other crops," Westlands Water spokeswoman Sarah Woolf told Reuters on Thursday. "They need to make decisions right now whether they put seeds in the ground."






and they don't even mention the little fact that "water is energy, and energy is water".

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▫ [nelseone](#) on January 30, 2009 - 1:20pm     






Here's to hoping that the Imperial Valley gets cut off first - growing cotton and rice in the desert is insane.

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▫ [stclair](#) on January 30, 2009 - 1:59pm     






True enough. But the Imperial Valley is far enough south that I'm guessing they get most of their water from other sources (presumably the Colorado River). Is there any cross-talk between water available to the Central Valley and water going to the Imperial Valley?

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▫ [nelseone](#) on January 30, 2009 - 2:08pm     




We defeated the Peripheral Canal, so no.  
It's probably all from the Colorado and Owens Valley.

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▫ [cosmoflanker](#) on January 30, 2009 - 2:49pm     

ALL Imperial Valley water comes from the Colorado River via the [All American Canal](#).

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▫ [nelseone](#) on January 30, 2009 - 2:12pm   

The MSM finally catches up:

#### **Winter storm causes massive Kentucky outage**

Andrew Melnykovich, spokesman for Kentucky's Public Service Commission, said it's "an indescribable mess everywhere."

....

"Hurricane Ike didn't have this kind of impact," he said.

....






A key concern is getting generators to water treatment facilities because of the large number of people without water.

<http://www.cnn.com/2009/US/weather/01/30/winter.weather/?iref=hpmostpop>

Remember, you heard it here on TOD first, from our very own Airdale.

Sure hope he's staying warm and dry right now.

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☐ [CITIZEN ANARCHIST](#) on January 30, 2009 - 2:34pm     

Last word I heard thru my sources, over 1 million homes and business without the juice.






Let's see now, maybe over 4 million people? What Terrorist has attacked us now? ??....Where is the SHRUB when you need him? George? Oh Georgie poo? Where are you?

How about a \$Trillion for Kentucky? Sure would buy alot of resiliency in a half a\$\$ed Grid.

EDIT... <http://www.fema.gov/news/newsrelease.fema?id=47365>

Follow up if you are in the groove.

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☐ [CITIZEN ANARCHIST](#) on January 30, 2009 - 3:20pm     

I don't mean to beat a dead horse here, but this is what you folks are getting in Kentucky...so far

Quoted from the FEMA site.

Region IV:

"The President signed an Emergency Declaration for the Commonwealth of Kentucky that can provide state and local officials with financial assistance for emergency protective measures

Regional Response Coordination Center was activated and is working with Emergency Support Functions 1, 3, 6, 7, 8 and 11. These include working with federal partners in the areas of transportation, public works, mass care, logistics, public health and agriculture, and natural resources.

An Interim Operating Facility Mobile Command Post, a FEMA Emergency Response Team, and the federal coordinating officer assigned to the disaster, are en route to the Kentucky State Emergency Operations Center (EOC).






National Logistics Staging Area team members are traveling to Fort Campbell, Ky. to coordinate incoming federal supplies.

Federal supplies en route include; 50 generators, 12 truckloads of water and six truckloads of meals.

Pay attention to that last line.....how many, out of 800 thousand can share 50 generators? Lotsa long extension cords???? How long will 6 truckloads of meals last? And I won't even mention the water issue. It is bad news in Kentucky.

Did I ever mention the Individual Citizen comes LAST?

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☐ [r4ndom](#) on January 30, 2009 - 4:14pm     

Re: 50 generators

Yes, very long extension cords.

WTF are you thinking?! This is Kentucky, the state has resources too (at least I would hope so).







50 generators provides backup power to communal facilities, allowing people to stay safe and warm efficiently at local schools or other emergency shelters. That's supporting several thousand individuals who are in areas where even the central facilities have lost power. A few semi-loads of water and food will also help



bolster local resources.

Not a trillion dollar bailout, but be realistic: how many bankers live in rural or small town Kentucky?

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 [calgarydude](#) on January 30, 2009 - 4:39pm     

## The Ice Storm of 1998

January 5-10, 1998

Location:

Ontario, Quebec and New Brunswick, Canada

Size of the Ice Storm of 1998:

The water equivalent of freezing rain, ice pellets and a little snow was double previous major ice storms.

The area covered was massive, extending from Kitchener, Ontario through Quebec to New Brunswick and Nova Scotia, and also covering parts of New York and New England.

Most freezing rain lasts for a few hours. In the ice storm of 1998, there were more than 80 hours of freezing rain, nearly double the annual average.

Casualties and Damage from the Ice Storm of 1998:

**28 people died**, many from hypothermia,

945 people were injured.

Over **4 million people** in Ontario, Quebec and New Brunswick lost power.

About **600,000 people** had to leave their homes.

130 power transmission towers were destroyed and more than 30,000 utility poles fell.

Millions of trees fell, and more continued to break and fall for the rest of the winter.

Estimated cost of the ice storm was \$5,410,184,000.

By June 1998, about 600,000 insurance claims totalling more than \$1 billion were filed.

Summary of Ice Storm of 1998:

Freezing rain started on Monday, January 5, 1998 as Canadians were starting back to work after the Christmas holidays.

The storm coated everything in glassy ice, making all forms of transportation treacherous.

As the storm continued, layers of ice built up, weighing down power lines and poles, and causing massive power outages.

At the height of the ice storm, 57 communities in Ontario and 200 in Quebec declared a disaster. More than 3 million people were without

power in Quebec and 1.5 million in Eastern Ontario. About **100,000 people went into shelters.**

By Thursday, January 8, the military was brought in to help clear debris, provide medical assistance, evacuate residents, and canvass door-to-door to make sure people were safe. They also worked to restore power.

Power was restored in most urban areas in a matter of days, but many rural communities suffered for much longer. **Three weeks after the beginning of the storm, there were still 700,000 people without power.**

My prayers for anyone in the affected areas of Kentucky and elsewhere.

I was in western Quebec during this storm in 1998.

When a major ice storm hits, modern civilization simply stops.

No electricity means:






- no lighting
- no heat
- no refrigeration
- limited city water
- no elevators
- no diesel or gas
- no traffic lights or street lights
- no alarms, computers, TV, cash registers, etc

The town that I was living in lost power for 7 days - the hardest hit areas were without power for over 2 months.

People were amazingly calm and helpful to one another. One memory that sticks in my mind is that when power returned to one side of our street *\*every\** house with power had extension cords going to their neighbours - just enough power to run a furnace -or- some lights -or- a hotplate to cook a meal. After 7 days, even 15 amps of power was like manna from heaven.

The sheer destructive power of an ice storm is breathtaking. But living through it increased my faith in human nature.

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🗨 [mikeB](#) on January 30, 2009 - 5:36pm     

I remember it like yesterday.

We were without power for 9 days. But life went on as usual.

Per your list:

- \* no lighting -- kerosene lamps. early to bed.
- \* no heat -- woodstoves.
- \* no refrigeration -- the pantry, with door closed.
- \* limited city water -- well water + hand pump.
- \* no elevators -- ???
- \* no diesel or gas -- stayed home.
- \* no traffic lights or street lights -- paradise.
- \* no alarms, computers, TV, cash registers, etc--double paradise.






We had a dinner for friends midway through the storm: baked beans out of the kitchen range, biscuits, and pie.

Some friends took hot baths.

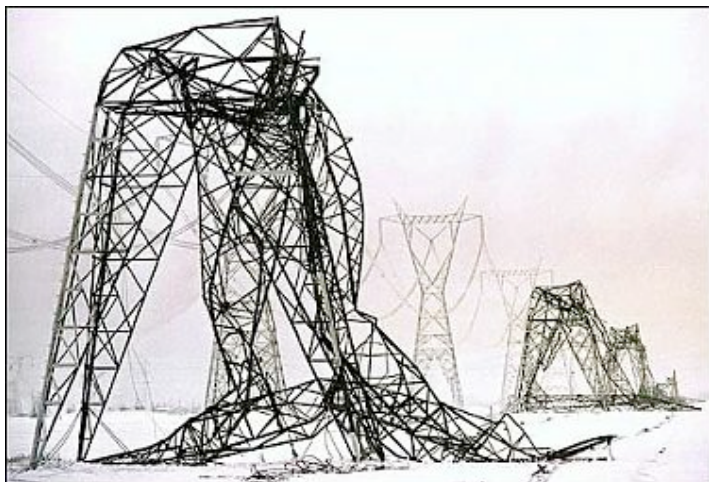
The ice storm of 1998 was "post-peak oil lite" for us.

The trees still have not recovered.




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▢ [Leanan](#) on January 30, 2009 - 5:43pm     

I remember that. It was unreal.



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▢ [Leanan](#) on January 30, 2009 - 3:43pm   

It's almost here: America's most sacred Sunday. Yes, I'm talking about Super Bowl Sunday.

GE has [bought an ad slot](#) during the Super Bowl.

GE will air a 30-second ad about efficient and sustainable technologies for delivering electricity. The spot features a scarecrow and a modern adaptation of the "The Wizard of Oz" song "If I Only Had A Brain."

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▢ [nelseone](#) on January 30, 2009 - 4:59pm     

Oh, there's a soundtrack that's just begging for a Youtube deconstruction featuring Immelt and Welch.

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
▢ [wolverine](#) on January 30, 2009 - 6:49pm     

I see things like this and it's clear TPTB are just laughing at us plebes now.

Enjoy this SB or whatever leisure activity you pursue this weekend.

It's likely to be an extremely bumpy ride from here on out!

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▢ [Nawaralsaadi](#) on January 30, 2009 - 4:43pm   

Venezuela oil output

It seems that Venezuela oil output is set to decline quickly due to lack of

investment as a result of the collapse in oil prices, from today's Reuters:

Reeling under the impact of a \$100 per barrel drop in oil prices in the last six months, PDVSA is struggling to pay at least \$8 billion in debts to companies that provide a dizzying array of services ranging from transportation to oil field exploration.

more:

Production at Venezuela's oil fields naturally falls by 25 percent per year, known as the "decline rate," meaning PDVSA must constantly drill new wells just to keep production flat.






full article:

<http://uk.reuters.com/article/oilRpt/idUKN303761120090130?pageNumber=1&...>

It does seem that the combination of lack of credit and the collapse in oil prices will wreck havoc on future oil supplies, as companies and countries slow down investments (wilfully or not) to counter on the ongoing 9% natural depletion, let alone investing in long term new supply.

Regards,  
Nawar

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☐ [westexas](#) on January 30, 2009 - 5:51pm     

Venezuela hasn't come close to maintaining flat production in recent years:

Total Liquids:

[http://tonto.eia.doe.gov/country/img/charts/VE\\_petro\\_large.png](http://tonto.eia.doe.gov/country/img/charts/VE_petro_large.png)




Net Oil Exports:

[http://tonto.eia.doe.gov/country/img/charts/VE\\_net\\_imports\\_large.png](http://tonto.eia.doe.gov/country/img/charts/VE_net_imports_large.png)

The 1997 to 2007 decline in net oil exports from Venezuela exceeds the total amount of net oil exports from Canada in 2007:

[http://tonto.eia.doe.gov/country/img/charts/CA\\_net\\_imports\\_large.png](http://tonto.eia.doe.gov/country/img/charts/CA_net_imports_large.png)

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☐ [Bitteroldcoot](#) on January 30, 2009 - 9:48pm   




The FDIC closed three more banks tonight.

<http://www.fdic.gov/bank/individual/failed/banklist.html>

Ocala National Bank, Ocala, FL  
Suburban Federal Savings Bank, Crofton, MD  
MagnetBank, Salt Lake City, UT

Not that anyone is paying attention anymore.

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☐ [Consumer](#) on January 31, 2009 - 12:19am   

100% off topic, so delete if this is out of line:

Is anybody else have Google problems? In the last hour, whenever I have googled something, I get a bunch of weird commercial links. The link looks right - the part in blue says what it should, but the address below is not right. When I click the link, it takes me to some advertising site.

Example: I googled "wind EROEI" and get links to "bizrate.com", "monstermarketplace.com" and "moxiesearch.com"




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▢ [pragma](#) on January 31, 2009 - 12:31am     

Just tried it, everything looks kosher.

Perhaps time for a virus/trojan scan?

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▢ [totoneila](#) on January 31, 2009 - 12:23am   

Hello TODers,

I have discussed these topics in detail before here on TOD. Please refer to the archives if more info is required/desired:

<http://www.farmfutures.com/ME2/dirmod.asp?sid=F8FoFC025243413D80DEE92F3B...>

-----  
U.S. ammonia prices follow world market higher  
Weekly Fertilizer Review for Jan. 30, 2009  
-----




<http://farmweek.ilfb.org/viewdocument.asp?did=12516&drvid=104&r=1.458377...>

-----  
Fertilizer infrastructure could be tested this spring  
-----

With all the banks closing, I hope interest is building in my speculative proposals for personal I-NPK banks and 'Federal Reserve Banks of I-NPK'. Have you hugged your bag of NPK today?

Bob Shaw in Phx,Az Are Humans Smarter than Yeast?

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▢ [totoneila](#) on January 31, 2009 - 1:31am   

Hello TODers,

<http://www.truthabouttrade.org/content/view/13255/lang.en/>

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Energy Policy 101

..A few months ago, Obama corresponded with Norman Borlaug, a Nobel Peace Prize recipient who is widely known as the father of the Green Revolution. Obama would do well to listen to what Borlaug told the New York Times last spring: "This is a basic problem, to feed 6.6 billion people," said Borlaug. "Without chemical fertilizer, forget it. The game is over."

-----  
Recall that Pres. Clinton wants to close the landfills and start recycling, too. Since Obama has talked with both these guys: it makes one wonder if Obama is now fully informed on how strategic I/O-NPKS is as the world goes postPeak. Time will tell..

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**[220 comments](#) on [DrumBeat: January 30, 2009](#)**

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