



The Round-Up: October 31st 2006

Posted by [Stoneleigh](#) on October 31, 2006 - 12:43pm in [The Oil Drum: Canada](#)
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[Global warming lawsuits predicted](#)

A lawsuit wouldn't necessarily be based on direct impacts of emissions. Shareholders could sue a company for not disclosing the volume of its emissions or its vulnerability to effects of climate change, she said.

"Investors in that company are going to be able to claim, 'You did not do your due diligence; you did not communicate to me as an investor the risk that I was taking in buying your shares.' " Even if lawsuits are rejected, they could still have an impact on the company's reputation and drive down the value of its shares, Ms. Desjardins said.

Eventually, some companies will wind up paying costly settlements, said Martin Whittaker, director of MissionPoint Capital Partners, a private investment company involved in the global carbon market.

Searching for FWMDs ([EWI Independent](#))

By Alan Hall

Once transparent global financial systems have become opaque, changing too fast to be visible. New types of financial contracts are evolving rapidly, such as credit derivative futures, credit default swaps, binary options, and soon perhaps, derivatives of credit derivatives, or even derivatives cubed.

Risk-seeking traders have displaced traditional investment bankers, elbowing between borrowers and markets. They swap complicated "credit risk" bets designed to be difficult to understand, imitate, or regulate.

Financial regulators and bankers admit they don't understand the chain of exposure and who owns what.

The October 2005 Financial Forecast said, "The explosion in credit derivatives is an effort to "manage" the escalating risk. It cannot end happily, however, because no one now trading credit derivatives (except possibly some of the traditional lenders that are selling susceptible credits into the market) envisions the unprecedented default rates to come. When they can't even figure out who owns what, figuring out who owes what will be nearly impossible."

Hedge funds appear to be hedging their own bets -- they are making it much more difficult for investors to withdraw their money from the cyberspace ping-pong game they've invested in.

The October 2006 Financial Forecast stated, "Amaranth's trouble provides a window of what's to come. For one thing, there is the stunning speed of its reversal. In the same week that its meltdown started, the fund's chief operating officer was reporting a net gain of 25% for 2006. Two weeks later, investors "focused on getting what's left of their money out of the troubled hedge fund as soon as possible. But current redemption rules for the fund basically stipulate that it's now up to the firm to decide when to return their money." Amaranth's founder says they can't have it."

Every day, 10,000 hedge funds trade global derivatives worth half the U.S. GDP. Greenspan expressed "shock," at the situation. The IMF is repeating dire warnings about global system risk. Credit derivatives, the source of Enron's "success," were named "financial weapons of mass destruction," by Warren Buffett.

Creative marketing of debt allows absurdities, like rising bond prices of failing companies (such as Ford). Buying and selling shares, bonds and derivatives now generate higher profits than almost any other form of productive endeavor.

Kevin Phillips, in *Wealth and Democracy*, described the classic symptoms of the decline of empire, which include, "new financial techniques, institutions and instruments," "speculative mania," and, "increasing national reliance on finance and services rather than physical commerce and goods production."

The financial WMD's are cleverly "hidden," and in a bizarre sense, imaginary. But they remain potentially destructive.

[Day of the Diesel](#)

On Oct. 15, new federal regulations went into effect mandating that vehicles use "clean" diesel fuel--a new type of diesel with a 97% reduction in sulfur content. And though the old diesel can be used until 2010, the new stuff is now available around the country.

This means cleaner air, cleaner engines and advanced emission-control devices are on the way. It also means automakers are planning to bring more diesels to the U.S., finally addressing the biggest problem we have had with diesels: limited availability.

[History's Hidden Engine](#)

History's Hidden Engine is the result of more than three years of research and creativity by filmmaker David Moore. Moore traveled North America to capture the insights of 17 brilliant minds, then wove them into this film. In just 59 minutes and with the help of pop songs, news footage and cultural images that are familiar to everyone, this documentary shows how social mood drives trends in movies, music, fashion, finance, economics, politics, the media and war.

[Global ecosystems 'face collapse'](#)

Terrestrial species had declined by 31% between 1970-2003, the findings showed. It warned that if demand continued at the current rate, two planets would be needed to meet global demand by 2050.

The biodiversity loss was a result of resources being consumed faster than the planet

could replace them, the authors said. They added that if the world's population shared the UK's lifestyle, three planets would be needed to support their needs.

[Ambrose criticizes Quebec's environmental plan](#)

"I encourage the province of Quebec to finance its own programs and initiatives," she said in response to requests that the Conservatives honour the previous government's commitment to give Quebec \$328 million to help it achieve its Kyoto targets.

[PM agrees to meet with Layton on climate](#)

"We're going to try to encourage a change in direction here by the Harper government and we'll see if they're serious about actually working in the context of a minority Parliament." The proposed Clean Air Act, the first step in its Green Plan, was recently unveiled and proposes to cut greenhouse gas emissions by about half by 2050. The legislation, which amends three existing laws, would also set the stage for years of consultations and negotiations with industries and the provinces on what rules should eventually be imposed.



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