



The Round-Up: March 30th 2007

Posted by [Stoneleigh](#) on March 30, 2007 - 3:07pm in [The Oil Drum: Canada](#)

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[Green election talk heats up](#)

The Conservative government has drawn an election battle line after opposition parties massively overhauled its Clean Air Act.

A special Commons committee that finished studying the act yesterday included a provision to punish industrial polluters with heavy fines, and Tory MP Mark Warawa said that could lead to "billions of dollars of new taxes."

The House of Commons adjourns today for a two-week Easter break, and when it returns a vote on the bill amended by the committee dominated by opposition party MPs could spark an election. There is speculation that an election could be called in mid-April for either May 28 or June 4.

[Opposition virtually rewrites clean air act](#)

The opposition parties have united to drastically revamp the Conservative government's clean air legislation, making it virtually unrecognizable from its original form.

The new version forged by the opposition majority on the House of Commons environment committee includes a commitment to international carbon trading as called for by the Kyoto Protocol. Prime Minister Stephen Harper is vehemently opposed to that provision of the climate treaty.

When the Commons committee on Bill C-30 finishes, probably by the end of the week, the government's centrepiece environmental legislation will barely resemble what emerged from Conservative policy shops a few months ago.

Whether the Conservative government accepts those changes when the legislation returns to the Commons or uses them to trigger an election call has become the subject of fevered speculation in Ottawa.

[Alberta admits green plan not enough](#)

Alberta Environment Minister Rob Renner says the province's rising greenhouse gases - fuelled largely by the oilsands' rapid expansion -- are expected to increase another 30 per cent within 10 years despite the province's new effort to regulate emissions.

He attributes the jump to Alberta's unprecedented economic growth.

Eyeing energy projects already on the table and those coming down the pipe, Renner said Thursday the provincial government's new climate-change measures won't in the near future decrease the amount of greenhouse gases produced in Alberta, the country's largest emitter.

[How deep a shade of green?](#)

He polled 3,698 Canadians - about four times the normal national sample - over the Internet. He questioned them about everything from the kind of light bulbs they used to their understanding of greenhouse gases. He wanted to know what they'd already done to cut their energy consumption and what they planned to do. He asked who they blamed for climate change and what government initiatives they would support.

Three findings surprised him:

- The green movement is no longer youth-dominated. It crosses generational lines. Canadians over 50 are particularly seized of the issue. "This is the first time I've seen a social revolution not led by the young," Reid said.
- The wealthiest, most educated Canadians are the least willing to change their behaviour. They understand the science of global warming, but they are loath to give up their SUVs, curtail their global travel or take public transit. "The assumption that knowledge equals change - you can throw that out the door," he said.
- Canada's environmental hotbed is not British Columbia. It is Quebec.

As Reid expected, Albertans are the least worried about global warming, and taxes are the least acceptable remedy.

[Au revoir separatism, bonjour "autonomy"](#)

AT FIRST sight, Quebec's provincial election altered nothing. Jean Charest, the plodding federalist who leads the Quebec Liberal Party, will remain in office as provincial premier. Yet almost everything else has changed. The separatist Parti Québécois (PQ) has suffered a possibly terminal drubbing. With that, the federalist-separatist divide that has defined the French-speaking province's politics and infected the politics of the rest of English-speaking Canada for more than a generation may become a thing of the past.

In its place there is a new party, Action Démocratique du Québec (ADQ), and a new demand for "autonomy"-whatever that might mean. And in the short term, at least, the rise of the ADQ may also redraw Canada's political map in favour of Stephen Harper, the federal Conservative prime minister.

[Bioenergy eyes P.E.I.](#)

As the price of fossil fuels continues to rise, Bruce McCallum says bioenergy is becoming a more attractive option as an energy source throughout the Maritimes.

Mr. McCallum is chairman of the Canadian Bioenergy Association, a national non-profit organization promoting the production of biomass for fuel, heat and power. A bioenergy consultant, he was also chairman of a meeting held in the P.E.I. capital Thursday to explore bioenergy options for heat and power.

[Hydro boss touts project, slams Ottawa](#)

During a pointed speech in St. John's Thursday, Newfoundland and Labrador Hydro chairman Dean MacDonald shot back at critics who argue that a subsea transmission route for the Lower Churchill project is not practical or viable.

He also stepped into the ongoing federal-provincial dispute over changes to the equalization program, saying he was "ready for this war."

[The dirty little secret of importing power](#)

As its name suggests, B.C. Hydro counts on water to keep the lights on, tapping a network of dams and reservoirs to churn out electricity around the clock. That network has provided British Columbians with some of the cheapest electricity on the continent.

It also helps British Columbians feel a little smug when it comes to climate change. Hydro projects, once up and running, don't generate greenhouse gases, giving B.C. a huge advantage over hydro-poor jurisdictions when it comes to reducing emissions.

But not all of the province's electricity comes from mighty rivers and not all of it is clean.

Since 2001, B.C. has been a net importer of electricity, bringing more power into the province than it ships to customers such as California. Much of the imported electricity comes from emissions-heavy coal-fired plants in Alberta. B.C.'s new energy plan calls for the province to be self-sufficient by 2016.

[Oil and Gas industry battles worker death toll](#)

Forty-one people have died and more than 1,400 have been injured in B.C.'s oil and gas exploration industry over the past six years.

That has prompted the industry to increase safety training. Enform, an industry association responsible for training and certification, is adding health and safety initiatives to its mandate, WorkSafeBC will announce in Fort St. John today.

While the injury rate in the exploration industry is about half the average of all other workplace injuries in the province, the duration of injuries and their cost is about double.

['Green' vehicle technology to get financing from Ontario](#)

The Ontario government plans to pump hundreds of millions of dollars into the auto industry to help it become a leader in producing more environmentally friendly cars and maintain the province's pre-eminence in the crucial sector.

The government plans to create a fund similar in size to the Ontario Automotive Investment Strategy, a \$500-million program set up in 2004 that led to investments totalling \$7-billion in the auto sector, a government source said.

The plan is to build on that success by making sure the next generation of cars -- those that are lighter and produce fewer emissions but are not necessarily smaller -- are researched and produced in Ontario. The new fund will be part of Premier Dalton McGuinty's goal to position his government as a leader on the environment by attempting to link the province's economic fortunes to the formidable challenges of climate change.

"Addressing climate change is not just about beating everybody up," the source said. "Somebody is going to make a lot of money solving it, so why not us?"

[Produce green SUVs: McGuinty](#)

Ontario needs to start building big, green cars if it wants to remain a leader in the auto industry because people aren't ready to abandon SUVs, Premier Dalton McGuinty said yesterday.

Look around any shopping mall parking lot, McGuinty said, and it's clear people aren't buying small, fuel-efficient cars. However, automakers have to respond to growing environmental concern and the new federal levy on gas guzzlers -- many of which are produced in Ontario, he said.

"Our challenge is to do what is entirely possible -- come up with a clean, large car."

Environmentalists say that's an excuse to ignore the damage of large, Ontario-produced cars and forgo strict emission standards. But McGuinty said the province has to be realistic and the notion of a clean, big car is "not an oxymoron."

Ontario can't afford to impose its own tough emission standards because it would drive business out of the province, the premier said.

[Shell launches roadshow to sell Sarnia oil refinery expansion](#)

Weeks after Ontario was engulfed in a gasoline shortage of epic proportions, Shell Canada (TSX:SHC) is asking the public whether it would support construction of a new Sarnia-area oil refinery.

The company is to hold an open house Wednesday afternoon at a hotel in Wallaceburg, Ont., north of Chatham, to outline plans for a multibillion dollar refinery that would

process heavy crude oil from Alberta.

The facility would be built alongside Shell's existing refinery in St. Clair Township, said Leigh Anne Richardson, a spokesperson for Shell Canada.

[Oil at \\$90 a barrel?](#)

A sudden spike in oil prices Tuesday has traders wondering whether oil prices are about to start surging again.

In just seven minutes late Tuesday, oil futures jumped more than \$5, or 8%, to \$68.91 - - the highest level since September -- as an unfounded rumor of an attack on U.S. Navy warships by Iran circulated on the trading floors.

Oil later fell back but has continued to climb above \$64, closing yesterday at its highest closing price for 2007. Oil prices were up \$1.82 cents to \$65.91 this afternoon, and the sharp reaction has observers wondering how high oil will go this time.

"This Iranian situation will probably speed up the process" of oil price increases, said Phil Flynn, an oil trader at Alaron Trading. "One rumor late (Tuesday) had this market rally \$5 in five minutes -- that gives a taste of what could happen in the next few months.

[Ethanol demand boosts corn planting](#)

Inspired by the fuel ethanol boom, U.S. farmers intend to plant the largest amount of land to corn in 63 years -- 90.454 million acres -- the government said on Friday, potentially enough to produce a record 12.5 billion-bushel crop.

The high acreage figure could calm fears that renewable fuels will steal grain needed for food and feed.

Growers surveyed told the Agriculture Department they will cut back on soybeans in the Midwest and on cotton and rice in the South to sow more corn.

[Canada's economy stalls in January](#)

The Canadian economy slowed more than expected in January as manufacturing, retail sales and parts of the tourism sector shrank.

The gross domestic product rose 0.1 per cent in the first month of the year, a marked slowdown from December's 0.4-per-cent pace, Statistics Canada said Friday. On the flip side, growth was spurred by the energy sector, along with construction activity.

The report is unlikely to derail the Bank of Canada's plan to keep interest rates on hold for the time being. While inflation has ticked higher, growth is still on track for a 3-per-cent gain in the first quarter of the year, a strategist said.

Even though growth is still being weighed down by the combined impact of the stronger

Canadian dollar and the weakness in the U.S. economy, the Bank of Canada is unlikely to flinch, said Marc Lvesque, chief economics strategist at TD Securities in a note.

[U.S. housing woes could have "huge consequences" for Canada](#)

The troubles in the U.S. housing sector triggered by a plunge in the market for so-called subprime loans could delay recovery and have "huge consequences" for Canada's economy, says Bank of Canada governor David Dodge.

"Everybody else in the world looks at housing and says that doesn't have much consequence for demand for us. But of course for Canada it's exactly the opposite - it has huge consequences," the central bank governor said Thursday after a speech to the Americas Society and the Council of Americas.

A slew of U.S. banks and firms that lend to subprime borrowers - consumers with higher credit risks - have run into trouble as rising interest rates and falling home prices increased the number of loan delinquencies and foreclosures.

There are worries that it might spill over into the general housing market and lead to a further weakening of the U.S. homebuilding sector, a buyer of billions of dollars worth of Canadian lumber and other materials.

In response to questions, Dodge said "the recovery of demand for new housing in the United States and construction of new housing . . . is going to take a bit longer than we might have thought last fall."

[The Death of Real Estate](#)

Real estate in America is officially dead. But only for a generation or so.

In other words, it is time to sell all of your real estate, save for possibly your home. If you don't, you will likely regret it. You will gradually watch all of your equity disappear into thin air. And then, unless you have little debt against it, you will likely lose your property to foreclosure. It's as simple as that.

The far better strategy is to sell now, even if you are disappointed with the selling price, take your equity (less any capital gains taxes you must pay) and put it into safe, interest-bearing cash-equivalents for a while. Do not put it into the stock market. Do not fiddle with bonds. Don't buy gold (for now, anyway). Stay away from the other metals. Just sit there. Don't be cute. Stop annoying your brother. And try not to be smug. Exercise that virtue known to Job as patience.

Eventually you will be able to buy all the real estate you want, probably including the stuff I'm happy to sell for you now, for literally nickels on the dollar.

[Stop the Subprime Bailout](#)

During the housing boom of the last five years, people with bad credit histories, many of

whom lied about their income and nature of employment, got mortgage loans they weren't qualified for to buy houses they couldn't afford. Now that house prices have stopped rising, and the house can't be refinanced or sold at a profit, Congress wants the taxpayer to subsidize the mortgages so these folks can remain in their unaffordable houses.

The proposal to bail out subprime borrowers may seem humane, but it's wrong. The argument is that that borrowers who signed up for subprime loans had no idea what they were doing. They didn't understand the loan documents, or didn't read them. True, some were victims of predatory lenders. But it's not true for many more who gambled on risky loans in hopes of flipping property for big profits, or who knowingly lied about their income just to get a bigger house. Don't reward these irresponsible people with property, paid for by you and me!

Will the special aid package be indefinite? Can I go tomorrow and get a loan for a house I can't afford, and then in two years when the rates reset, will I also be eligible for free mortgage payments? Should speculators get preference above citizens who have been saving rather than borrowing? What message does that send about responsibility? The proposed bailout is a moral hazard. It encourages the very behavior that got us into this mess, because the punishment for foolish borrowing is applied to you and not to the people who made the bad decision to borrow.

[CDOs May Face `Severe' Ratings Cuts on Subprime, Moody's Says](#)

Some collateralized debt obligations may face "severe" ratings cuts because they hold subprime mortgage bonds, according to Moody's Investors Service.

Subprime mortgage securities made up about 45 percent of the holdings of structured-finance CDOs, or those owning asset-backed debt, issued last year, Moody's said today. About \$179 billion of structured-finance CDOs were created in 2006, according to data compiled by JPMorgan Chase & Co.

The impact of downgrades on the underlying collateral would be "generally mild to moderate" for those CDOs with up to average exposure "but could be severe for the most heavily exposed transactions," New York-based Moody's said in a report written by John Park, a vice president and senior credit officer.

[Looking for ways out of the subprime mortgage crisis](#)

Senate Banking Committee Chairman Christopher Dodd called the predatory lending practices "unconscionable and deceptive" at a hearing last week to investigate the subprime mortgage crisis.

Dodd, a Democratic presidential hopeful from Connecticut, outlined what he called a "chronology of neglect" by federal regulators.

He said Federal Reserve analysts first noticed eroding lending standards from late 2003 through early 2004. At the same time, Dodd said, the Federal Reserve Board was encouraging lenders to come up with more adjustable rate plans.

Meanwhile, a series of hikes by the Federal Reserve raised interest rates from 1 percent

to 5.25 percent, pushing many adjustable rate mortgages beyond the means of borrowers, Dodd said.

"In my view, these actions set the conditions for the 'perfect storm' that is sweeping over millions of American homeowners today," he said.

[Will companies go way of subprime borrowers?](#)

Unfortunately, Joe America's not alone in experimenting with the dangerous combination of cheap money and supersized amounts. Corporate America may be next. Much like the consumer-credit cycle, low-interest loans and easy-to-come-by debt fueled economic expansion and a mergers and acquisitions boom in the U.S. market during the last few years. Companies have increasingly been leveraging their balance sheets, putting them at risk of default in the next 12 to 18 months, according to the analysts at Standard & Poor's.

A corporate credit crunch isn't directly linked to the mortgage market, but in the credit cycle the markets tend to move in unison or with one lagging the other. A mortgage-market meltdown would also make it tougher on Main Street and rash of defaults could cause a chain reaction: making it tougher for private equity shops to borrow and buy, slowing mergers and IPOs and shutting down much of Wall Street.

[Economist Says Current Slowdown Is Just The Beginning](#)

An historical comparison to the U.S. economy in the late 1990s shows that the country's troubles may just be beginning, says Daniel C. North, chief economist at accounts receivable management service provider Euler Hermes ACI.

"The stock market and housing market bubbles, and their demises, show unsettling parallels," said North on March 27. "The stock market bubble, which the Fed burst in 2000, caused significant disruption and sent the economy into contraction for three years. The housing market bubble, which the Fed burst just a few months ago, shows all of the same characteristics, including strong evidence already that an economic contraction is upon us. If history is any guide, it is likely to get worse."

[Social Cycles, Depression and Revolution](#)

Last week I gave you the good news, that after we make our way through the current political and economic mess that we find ourselves in, we will emerge into a new golden age. This week, the bad news: Before we get there, we will likely have to first undergo at least a depression, and certainly a revolution before we arrive. The brighter world will not come of its own accord; it will wait patiently until we collectively decide to create it. Until then, Batra predicts that "real wages and family income will continue to fall, while poverty will rise. The rich will keep getting richer and the poor getting poorer; similarly, the middle class will continue to shrink." For many, the motivation for real, fundamental change will only come from the depths of depression.

[Arab leaders urge Israel, world to take peace offer](#)

The summit comes against a tense regional backdrop with fears high among Arab leaders that a U.S.-led attack on Shi'ite Muslim Iran, which has refused to comply with U.N. demands to halt atomic work, could further destabilize their region.

The summit communique warned of the danger of a nuclear arms race in the region, though it also stressed the right of every country to possess nuclear energy for peaceful uses.

Iran says its atomic program is peaceful but Gulf Arab countries on its doorstep, most of them Sunni-led, share Western concerns that the Islamic Republic wants nuclear bombs.

Those suspicions add to long-running concerns among Gulf Arabs about non-Arab Iran's growing influence in the region's main hotspots -- Iraq, Lebanon and the Palestinian territories.

Gulf Arab states said last year they would begin developing their own joint nuclear energy program for electricity and water desalination, raising fears of a regional nuclear race.

[USS Nimitz Scheduled To Depart For Persian Gulf](#)

The USS Nimitz and its support ships will depart San Diego on Monday for the Persian Gulf to join another local aircraft carrier strike group already in the region, military officials said.

The nuclear-powered aircraft carrier will join the San Diego-based John C. Stennis Strike Group and relieve the USS Dwight D. Eisenhower, according to Naval Air Forces Public Affairs.

Military officials said in a statement that the two-carrier presence in the Persian Gulf area is intended to demonstrate the country's "resolve to build regional security and bring long-term stability to the region."

[The Pentagon's Power to Jail Americans Indefinitely](#)

The presiding judge in the José Padilla case has held that the Sixth Amendment's guarantee of a speedy trial does not protect American citizens from being indefinitely incarcerated by the Pentagon.

Padilla had filed a motion to dismiss the case on the ground that the federal government had denied him his right to a speedy trial. Padilla has been in custody since May 2002 and his trial, which is scheduled to begin in April, is not being held until some five years later.

From May 2002 until January 2006, Padilla was held in U.S. military custody as an "enemy combatant" in the "war on terror." In January 2006, the Pentagon chose to transfer custody of Padilla to the U.S. Justice Department, which had indicted Padilla on terrorism charges in U.S. District Court. (Ever since 9/11, U.S. officials have had the

option of treating people suspected of terrorism either as “enemy combatants” or as federal-court defendants.)

Last Friday, the presiding judge in the case, Marcia Cooke, denied Padilla’s motion to dismiss. The judge held that when a person, including an American citizen, is held in custody by the Pentagon as an “enemy combatant,” the time doesn’t start running with respect to his right to a speedy trial. It begins running, she held, only when he becomes part of the federal criminal-justice system.

[California pension fund sues Amaranth](#)

A \$7bn Californian pension fund said it had sued Amaranth, the hedge fund that collapsed in September under about \$6bn of losses, for securities fraud, claiming the fund indulged in "excessive and unbridled speculation".

The suit, by the San Diego County Employees Retirement Association, is the first attempt by an investor in the fund to recover cash through legal channels. Amaranth is making periodic distributions to investors as it winds itself up.

SDCERA said late on Thursday that Amaranth's investments had been made in a manner "directly contrary to statements ... that Amaranth would be diversified and risk controlled."

[To coldly go](#)

The reason for doing so is that each of those layers contains bubbles of air trapped when the snow that formed them fell. The WAIS Divide core should thus provide the most accurate record to date of atmospheric carbon dioxide, a greenhouse gas that lies at the heart of climate change. Hitherto, the best records have come mostly from Greenland, but according to Richard Alley, a climatologist at Pennsylvania State University who works on the WAIS Divide project, cores from Greenland contain too much dust to provide a truly accurate record. The dust includes chemicals that can react with the trapped gases, changing their composition. Antarctic ice, which is less dusty, does not suffer from this problem.

The high-quality dating of the WAIS Divide core will thus allow climatologists to work out whether past increases in carbon dioxide led to rises in temperature or merely followed them—a crucial distinction. It will also be possible to correlate this core with the Greenland cores. That will give better insight into how changes in the Arctic and Antarctic climates are related. At the moment no one knows whether the north leads the south, the south the north, or both change simultaneously.

[Alarmed experts call for improving monitoring of thinning West Antarctic ice sheet](#)

Alarmed polar ice experts from Europe and the United States have expressed alarm over the fate of the world's largest fresh water reservoir, the West Antarctic ice sheet, and called for better monitoring of the same to prevent a water deluge hitting coastal populations.

Participating in a three-day meeting at Austin's Jackson School of Geosciences on the University of Texas campus, the experts warned of rapid changes occurring in the Amundsen Sea Embayment, a Texas-size region of the Antarctic Ice Sheet facing the southern Pacific Ocean.

[One in 10 at risk from rising seas, storms: study](#)

One in 10 people in the world, mostly in Asia, live in coastal areas at risk from rising seas and more powerful storms that may be caused by global warming, an international study showed on Wednesday.

The researchers urged governments to make billion-dollar policy shifts to encourage more settlements inland rather than in coastal regions from China to Florida that may suffer ever more storm surges and erosion.

A zone less than 10 meters (33 ft) above sea level "contains some 2 percent of the world's land and 10 percent of its population," according to the study to be published in the April edition of the journal Environment and Urbanization.

"Settlements in coastal lowlands are especially vulnerable to risks resulting from climate change, yet these lowlands are densely settled and growing rapidly," the researchers in the United States and Britain said in the article.

[Honey bees hit by weather, disease](#)

More, according to testimony at a congressional hearing in the U.S. this week, a "mysterious disorder" is killing honeybees in parts of the U.S. and Canada, with the potential for crop losses that could raise fruit and vegetable prices in the next two years.

"Colony Collapse Disorder" has been reported in 24 U.S. states, with bee losses of up to 90 per cent in some hives, according to a Pennsylvania State University study. The U.S. Agriculture Department says \$14.6 billion of pollinated crops, including oranges, apples and almonds, may be threatened.

With fewer bees, "you'll see lower pollination, lower yields, lower crop production," said Paul Wenger, a vice president of the California Farm Bureau Federation, after testifying Thursday before a House Agriculture subcommittee in Washington.



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