



The Round-Up: June 5th 2007

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[NAFTA Kicked Up A Notch](#)

The North American Free Trade Agreement is the world's most advanced example of the U.S.-led free trade model. It's not just about economics any more. The expansion of NAFTA into the Security and Prosperity Partnership reveals the road ahead for other nations entering into free trade agreements. It is not a road most nations -- or the U.S. public -- would take if they knew where it led.

The first problem is that very few people know about this next step of "deep integration." In March 2005, Presidents George Bush, Vicente Fox and Prime Minister Paul Martin in Waco, Texas launched the Security and Prosperity Partnership with a splash. Although it had few visible results, the Waco meeting of the "Three Amigos" set into motion an underground process that spawned its own working groups, rules, recommendations, and agreements -- all below the radar of the legislatures and the public in the three nations. These rules and trilateral programs have profound effect on the environment, the daily lives of citizens, and the future of all three countries.

The SPP not only further greases the wheels of corporate cooperation and potentially increases U.S. access to Mexican oil. Its security component represents a new and ominous form of integration, all in the name of counter-terrorism.

[Is the Deadly Crash of Our Civilization Inevitable?](#)

Humankind is doing more things, faster, across a greater space than ever before, producing changes of a size and speed never seen before.

Thomas Homer-Dixon compares our current situation to driving too fast along a country road in a dense fog. Some ignore the fog and keep their foot pressed on the accelerator, but most of us feel like fairly helpless passengers on this wild ride.

[Global warming 'is three times faster than worst predictions'](#)

Global warming is accelerating three times more quickly than feared, a series of startling, authoritative studies has revealed.

They have found that emissions of carbon dioxide have been rising at thrice the rate in the 1990s. The Arctic ice cap is melting three times as fast - and the seas are rising twice as rapidly - as had been predicted.

News of the studies - which are bound to lead to calls for even tougher anti-pollution measures than have yet been contemplated - comes as the leaders of the world's most powerful nations prepare for the most crucial meeting yet on tackling climate change.

The issue will be top of the agenda of the G8 summit which opens in the German Baltic resort of Heiligendamm on Wednesday, placing unprecedented pressure on President George Bush finally to agree to international measures.

[Greenland Ice Melt Speeds Up](#)

The pace of glaciers sliding into the sea along Greenlands southwestern coast is speeding like gangbusters this year, said William Krabill, leader of a NASA team that has just ended a three-week airborne mission probing glacier dynamics with lasers and radar.

In order to avert distortion by dense clouds, the team flew crisscross patterns over the ice at altitudes no higher than 1,500 feet, Krabill said Friday in a telephone interview from his base at NASAs Wallops Island Flight Facility in Virginia.

In similar flights seven years ago, he recalled, data gathered by instruments aboard the plane showed that glaciers were moving into the ocean at a rate of only about 6 feet a year. But seven flights this spring, covering 16,000 miles of Greenlands surface and coastal glaciers, revealed that ice along the southern coast is speeding to the sea at more than 75 feet a year, Krabill said.

[NASA: Danger Point Closer Than Thought From Warming](#)

Even "moderate additional" greenhouse emissions are likely to push Earth past "critical tipping points" with "dangerous consequences for the planet," according to research conducted by NASA and the Columbia University Earth Institute.

With just 10 more years of "business as usual" emissions from the burning of coal, oil and gas, says the NASA/Columbia paper, "it becomes impractical" to avoid "disastrous effects."

The study appears in the journal Atmospheric Chemistry and Physics. Its lead author is James Hansen, director of NASA's Goddard Institute for Space Studies in New York.

[Canada seeks 'special' status on warming](#)

Stephen Harper will argue at next week's G8 summit that any international deal on climate change must recognize Canada's unique challenges in curbing greenhouse gases.

With the leaders attempting to reach an agreement on climate change, the prime minister will ask his colleagues to consider several disadvantages Canada faces in

tackling the problem.

Senior Canadian officials told journalists at a pre-summit briefing that any acceptable deal would need to account for this country's growing economy, population, and oil industry.

"We're special, we're unique in the G8," said one official.

[Canada to pitch its own climate change plan to G8](#)

Canadian Prime Minister Stephen Harper will bring his own climate change plan to G8 talks in Germany next week, avoiding US-Germany disputes over new caps on CO2 emissions, the government said Friday.

"We have our own plan. We don't have the German plan. We don't have the American plan. We have a Canadian plan ... with excellent ingredients to bring down greenhouse gas emissions," said Sandra Buckler, Harper's spokeswoman.

In a media briefing, a senior advisor to the prime minister added: "We have to be clear in our (G8) discussions that there is no one set solution for everybody, that Canada's situation is different.

"We have a growing economy, a growing population and we're a major energy producer."

[Scientists discuss warming's effect on boreal forest](#)

Climate change provides opportunities as well as challenges, according to the University of Alaska Fairbanks vice chancellor for research.

But when it comes to warming's effect on Alaska's boreal forest, Buck Sharpton said, he sees only challenges: fire, insects and diseases.

"If there's a silver lining in this cloud, I would certainly like to hear it," he said.

Sharpton and other scientists gathered Wednesday at UAF for the start of a four-day international conference on boreal forests.

[Truth about Kyoto: huge profits, little carbon saved](#)

While the CDM is run under the umbrella of the UN, the second market is overseen by the European commission. Before launching, it churned through a mass of figures and produced a maximum number of tonnes of carbon dioxide which could be produced by each nation in the scheme; each nation then handed its big corporations and organisations a set number of permits - EU allocations - defining the number of tonnes of carbon dioxide they could produce between January 2005 and December 2007. But they got their sums wrong.

The carbon market's leading analysts, Point Carbon, recently calculated that this scheme handed out 170m too many EUAs. In the early days, nobody realised quite how

badly the commission had miscalculated, and so the price of the EUAs was quite high, at up to €30 a tonne. But individual companies, particularly energy companies, rapidly saw they had millions of tonnes of EUAs that they didn't need, and so they sold their surplus, making huge profits. A 2005 report by IPA Energy Consulting found that the six UK electricity generators stood to earn some £800m in each of the three years of the scheme.

A separate report by Open Europe, in July 2006, found that UK oil companies were also poised to make a lot of free money: £10.2m for Esso; £17.9m for BP; and £20.7m for Shell. And behind this profiteering, the environmental reality was that these major producers of carbon emissions were under no pressure from the scheme to cut emissions.

At the other end of this EU market, smaller organisations like UK hospitals and 18 universities, who had been given far fewer EUAs, were forced to go out and buy them - while the price was still high. So, for example, the University of Manchester spent £92,500 on EUAs. Now that the truth about the glut has been revealed, the university would be doing well if it managed to get £1,000 for the lot of them.

[Edmonton refinery fire](#)

An explosion, flames and a plume of thick, black smoke rose from the horizon on the eastern outskirts of the city yesterday after a blaze at the Esso refinery.

[McKinsey to report on reactor options](#)

The Ontario government, which wants to build at least 1,000 megawatts of new nuclear capacity in the province, has hired management consulting firm McKinsey & Co. to produce "independent" assessment of nuclear reactor technologies on the market.

The company's report, due later this year, won't recommend a specific technology but will be "important input" on any final decision, according to a statement from the Ministry of Energy.

[Baghdad Burns, Calgary Booms](#)

The invasion of Iraq has set off what could be the largest oil boom in history. All the signs are there: multinationals free to gobble up national firms at will, ship unlimited profits home, enjoy leisurely "tax holidays" and pay a laughable 1 percent in royalties to the government.

This isn't the boom in Iraq sparked by the proposed new oil law--that will come later. This boom is already in full swing, and it is happening about as far away from the carnage in Baghdad as you can get, in the wilds of northern Alberta. For four years now, Alberta and Iraq have been connected to each other through a kind of invisible seesaw: As Baghdad burns, destabilizing the entire region and sending oil prices soaring, Calgary booms.

[Oilsands growth energizes activists](#)

A group of frustrated environmentalists has gathered at a camp on the outskirts of Edmonton to learn eco-activist tactics for use against booming oilsands development.

The five-day clinic is scheduled to begin today at a secluded acreage southwest of the city, where 50 to 75 young people are preparing to mobilize against the oilsands by learning non-violent, direct-action tactics from internationally renowned environmentalists.

"I think the reason why we're training people in those types of tactics is we've tried to work through the regulatory process," said Mike Hudema, a former Albertan who now directs the Freedom from Oil program for a California group called Global Exchange.

[China stocks plunge 8% on policy fears](#)

In an apparent attempt by the government to restore confidence, front-page editorials in official financial newspapers on Monday assured investors the market's medium- and long-term outlook remained positive, and that the tax increase was merely aimed at speculators.

But this failed to halt selling, as investors were worried Beijing might take tougher actions to rein in the market.

[Its a Mad, Mad, Mad, Mad World](#)

The lure of easy money begins with the government printing press. First, the central banker buys an asset typically a government debt instrument writes a check on itself and deposits it into the banking system. Since the bank never "redeems" the check, this is equivalent to creating money out of thin air. The banker, happy to receive fresh "reserves," loans out all but a sliver. This new money ends up back with the banks, is counted again as reserves, mostly lent out, and so on and so on. Through this process of fractional reserve banking, credit is expanded at a multiple of the initial central bank deposit. Through such a system, the creation of money and credit (the promise to pay money) looks like an upside-down pyramid essentially a pyramid scheme on top of a counterfeiting operation.

As James Grant has counseled, the inflation process gives a finite pool of capital the illusion of an endless sea of liquidity, in effect "turning all the traffic lights green."

Such a scheme is a concoction of government privilege (or mercantilism), not laissez faire. The so-called "capitalists" are no longer efficient allocators of capital to its most productive uses, but beneficiaries of and cheerleaders for a monetary fraud in which capital is debased, taken for granted, and abused. As long as they remain chummy with their friendly liquidity provider of last resort, they can act recklessly without fear of igniting an economic forest fire or if they do, without fear of having to bear the costs. And as long as the value of their collateral is constantly inflated, they never feel the need to worry about default.

[Banks Sell 'Toxic Waste' CDOs to Calpers, Texas Teachers Fund](#)

Bear Stearns Cos., the fifth-largest U.S. securities firm, is hawking the riskiest portions of collateralized debt obligations to public pension funds.

At a sales presentation of the bank's CDOs to 50 public pension fund managers in a Las Vegas hotel ballroom, Jean Fleischhacker, Bear Stearns senior managing director, tells fund managers they can get a 20 percent annual return from the bottom level of a CDO.

"It has a very high cash yield to it," Fleischhacker says at the March convention. "I think a lot of people are confused about what this product is and how it works."

Worldwide sales of CDOs -- which are packages of securities backed by bonds, mortgages and other loans -- have soared since 2003, reaching \$503 billion last year, a fivefold increase in three years. Bankers call the bottom sections of a CDO, the ones most vulnerable to losses from bad debt, the equity tranches.

They also refer to them as toxic waste because as more borrowers default on loans, these investments would be the first to take losses. The investments could be wiped out.

[Reelin' In the Suckers](#)

Your pension fund managers are buying "high yield" bonds that put you in *first loss position* on a bunch of junk bonds, and they are doing so on the risk-management "advice" of *the people who are making a commission from selling those bonds....*

...I'm still not sure everyone is getting the picture here, so let's try this: the subordinate tranche of a subprime ABS/MBS is a "pig." With or without lipstick. The equity tranche of a CDO made up of subordinate tranches of a subprime ABS/MBS, mixed up with some other junk you do not understand, is a pig of a pig, distilled essence of pig, ur-pig, Total Ultimate X-Treme Mega Pig. Buying a B tranche of a subprime ABS is playing with matches. Buying the equity tranche of a CDO is playing with a blowtorch in the parking lot of the Exxon station while wearing a St. Lucia wreath on your head.

There is, you know, a reason they call these "equity" tranches. "Equity" in this context means "skin in the game." In what we might laughingly refer to as a "normal market," the party who issues the security keeps the "equity" piece, giving it some "skin in the game" and thus some incentive to make sure that underlying pool isn't total stinking piles of sewage. In what we no-longer-laughingly call the market we're in, the investment banks are "selling" their "skin" to your pension fund. Unless that IB has zero interest whatsoever in the rest of the CDO, they just pulled one on you. And the only party who could tell you who owns what--and could "appraise" the thing for you--is the IB, who will make a fee from selling it to you regardless.

[Paper Chase](#)

In 2006 Michelle Tucker, a 35-year-old UPS package processor and mother of two, was hit by a one-two punch. Her husband had surgery on his shoulder and was forced to stop

taking construction jobs around town that helped pay the bills. Worse, the adjustable mortgage with the low teaser rate she took out on her three-bedroom home in Jacksonville, Fla. adjusted, now to 10%, nearly double her old rate. She defaulted. Soon after, the lender filed suit to foreclose.

Then a stroke of luck: A Legal Aid lawyer, April Charney, got the foreclosure withdrawn after discovering that the company that filed to foreclose didn't own the Tuckers' loan. The owner was actually a securitized pool of loans overseen by Deutsche Bank (NYSE:DB - News). And Charney has documents showing the pool bought the loan after the Tuckers defaulted--an illegal purchase for most pools, including this one. That means a court might refuse to recognize it owns the loan. Charney is arguing it should do just that.

"I buy time, then get lenders to cut interest rates and fees," says Charney, who claims she's stopped dozens of foreclosures over ownership issues. Other lawyers are making similar moves in Maryland, New York, Massachusetts, Ohio, Kansas and Washington State--often forcing sloppy lenders to offer generous terms to avoid litigation.

Talk about shooting yourself in the foot. These days just about every mortgage is flipped by a lender to another one or sliced up into pools of securitized packages that are sold on Wall Street. The financial engineering helped oil the housing boom by making credit more available. But stalled housing prices and rising defaults have revealed a mess: In the rush to flip paper, lots of the new lenders or pools don't have the proper paperwork to show they even hold the mortgage.

[Realty Red Flags](#)

"This year, we're going to see prices drop in every market across the country for the first time since the Great Depression," said Steven Smith, a property appraiser and consultant from San Bernardino.

Smith predicted that home values throughout the country will fall 25 percent to 50 percent below what they were at their peak, which was in 2005 or 2006, depending on the region.

['Piggybacking' Roils Credit Industry](#)

Only a low credit score stood between Alipio Estruch and a mortgage to buy a \$449,000 Spanish-style house in Weston, Fla., a few miles west of Fort Lauderdale.

Instead of spending several years repairing his credit rating, which he said was marred by two forgotten cell phone bills and identity theft, the 37-year-old real estate agent paid \$1,800 to an Internet-based company to bump up his score almost overnight.

The result was a happy ending for Estruch, but the growing practice is sending shivers through the mortgage industry. Federal regulators are also reviewing the practice. And after being contacted by The Associated Press for this story, Fair Isaac Corp., the developer of the widely used FICO score, said it will change its credit scoring system beginning later this year in a way it contends will end this little-known but potentially high-impact mortgage loan loophole.

Instantcreditbuilders.com, or ICB, helped Estruch boost his score by arranging for him

to be added as an authorized user on several credit cards of people with stellar credit who were paid to allow this coattailing. Parents also use this practice when they add their children to their credit cards to help them build solid credit.

The pitch to those who are essentially renting their credit history for pay is seductive: You don't need to worry about users of this service receiving duplicate copies of your credit cards, account numbers or any of your personal information. It's essentially free money, they are told.

[Liquidity has increased wealth of Canadians](#)

The problem with liquidity, of course, is that you can have too much of it, causing consumers to make stupid decisions -- such as buying an unnecessary pair of shoes or a company whose share price is way above true value. When everyone makes stupid decisions at once, it's called a bubble.

Evidence that liquidity is starting to get out of hand will often be seen in higher inflation rates. Our core inflation rate has been above the bank's 2% target every month this year.

So the Bank of Canada will start to withdraw liquidity by ratcheting up interest rates, probably as early as its July announcement.

[The Impending Global Liquidity Crisis](#)

If we eliminate the “frothy” exuberance of America’s trade deficit, then the stock market would be sucking air through a tube right now. And, you can bet that as soon as our foreign creditors wise-up and start raising interest rates the Dow Jones will quickly become the Dow Doldrums and the economy will nosedive into a 1929-type Depression.

Does that sound overly pessimistic?

At present, the “don’t worry, be happy” crowd still thinks the good times will roll on forever. They don’t see that the US consumer is running out of gas and won’t be able to sustain his gluttonous spending spree much longer. He’s already stopped siphoning the equity out of his home (\$600 billion last year) and now he’s has started to max-out his credit cards. (Credit card debt increased 9.2% last month alone!)

[The End of National Currency](#)

The right course is not to return to a mythical past of monetary sovereignty, with governments controlling local interest and exchange rates in blissful ignorance of the rest of the world. Governments must let go of the fatal notion that nationhood requires them to make and control the money used in their territory. National currencies and global markets simply do not mix; together they make a deadly brew of currency crises and geopolitical tension and create ready pretexts for damaging protectionism. In order to globalize safely, countries should abandon monetary nationalism and abolish unwanted currencies, the source of much of today's instability.

"Give me control of a nation's money and I care not who makes the laws."

Mayer Amschel Bauer

[Tunnel as tomb for radioactive waste hits wall](#)

Standing here, it's difficult to believe that 400 yards below one's feet lies a 5-mile tunnel carved out of the mountain's limestone a tunnel that may one day hold the nation's spent nuclear fuel and is crucial to President Bush's plan to diversify the country's energy portfolio and address the international clamor to fight global warming.

What happens with this cavelike corridor in the coming 18 months could, in the view of some, determine whether nuclear energy will blossom as an alternative to carbon-based electricity generation, or whether the decades-long effort to build a burial spot for high-level radioactive waste at the Yucca Mountain Project will sputter and perhaps die.

[Will milk become America's new oil?](#)

Dairy market forecasters are warning that consumers can expect a sharp increase in dairy prices this summer. By June, the milk futures market predicts, the price paid to farmers will have increased 50 percent this year -- driven by higher costs of transporting milk to market and increased demand for corn to produce ethanol.

U.S. retail milk prices this year have increased about 3 percent, or roughly a dime a gallon, according to the U.S. Department of Agriculture.

But University of Illinois dairy specialist Michael Hutjens forecasts further increases of up to 40 cents a gallon for milk over the next few months, and up to 60 cents for a pound of cheese.

[Eco-apartheid: Why are greens so white?](#)

The mainstream movement's definition of the environment is far too narrow, says Beenash Jafri, a 27-year-old Master's sociology graduate from York University, whose parents emigrated from Pakistan in the 1970s.

In Canada, the environment has traditionally focussed on nature, the north, and green spaces, Jafri says. There's been little focus on gritty urban issues, such as connections among pollution, poverty, race, housing, public transit, health care and social justice, "which the mainstream groups might not define as part of the environmental movement."

As well, "so much privilege" is tied to the traditional concerns, she says. "Who gets access to nature and green space?"

[Propaganda: The Battle for Canadian Hearts & Minds](#)

Since Canadian Forces shifted their operations to southern Afghanistan in mid 2005, the media's use of the phrase hearts and minds has become a euphemism to describe Canada's counterinsurgency goals in that volatile region. But critical coverage occasionally surfaces. For instance, Toronto Star columnist James Travers observed on February 8, 2007, how "conflict is now about winning hearts and minds. . . . Along with peering through the cultural haze at an elusive enemy, democratic armies must constantly look over their shoulder at domestic public opinion. The unsurprising result is political marketing that tests the limits of truth in advertising. Rather than hurt voter heads with complexity, leaders retreat to emotion and even deception."

[Exposed: the great recycling con trick](#)

Recycling in the UK has enjoyed a boom in recent years, but faced with government demands to increase recycling further, councils are increasingly resorting to "co-mingled" collections, whereby householders mix plastics, paper, glass and cans. It is claimed that their sorting depots are often overwhelmed and the materials are not properly sorted.

Chris White, commercial manager at the Kent-based company Aylesford Newsprint, which recycles paper, said: "I want paper. I'm paying for paper. But we get plastic bags, plastic bottles, some cans and textiles. I can't find an outlet for it and it goes for landfill."

[Biofuel gangs kill for green profits](#)

The global quest for alternative sources of environmentally friendly energy has attracted high-profile support from American politicians, including President George W Bush and Arnold Schwarzenegger, the governor of California. Celebrities such as Daryl Hannah, the actress, and Willie Nelson, the country singer, are leading a campaign to promote green fuels.

Yet the trend has already had disastrous consequences for tens of thousands of peasants in rural Colombia. A surge in demand for biofuels derived from agricultural products has unleashed a chaotic land grab by a new breed of gangster entrepreneurs hoping to cash in on the world's thirst for palm oil and related bioproducts.

Vast areas of Colombia's tropical forest are being cleared for palm tree plantations. Charities working with local peasants claim that paramilitary forces in league with biofuel conglomerates – some of them financed by US government subsidies – are forcing families off their land with death threats and bogus purchase offers.

"The paramilitaries are not subtle when it comes to taking land," said Dominic Nutt, a British specialist with Christian Aid who recently visited Colombia. "They simply visit a community and tell landowners, 'If you don't sell to us, we will negotiate with your widow'."

[Russia Rejects Report of Arctic Nuclear Waste Risk](#)

Bellona, a whistleblower on Soviet and Russian nuclear dumping activities, quoted a Rosatom publication as saying that degradation of cement that encases nuclear waste tanks on the Kola peninsula has already allowed salt water to seep in.

It said the salt water was mixing with radioactive rods in tanks at the Andreeva Bay facility, and could set off a chain reaction whose fall-out could spread across northern Europe in a worst-case scenario.

['A ticking nuclear time bomb'](#)

The situation is so bad Russia's nuclear agency has warned rods at the site could explode in an "uncontrolled chain reaction", according to a Norwegian environmental group, which says it has a leaked copy of a report.

Experts say that could set off an explosion scattering radioactive material across northern Europe, reaching even as far as Britain, in an environmental catastrophe worse than the Chernobyl disaster.

"We are sitting on a powder keg with a fuse that is burning, but we don't know how long that fuse is," said Alexander Nikitin, a former Russian navy officer and Bellona environmental activist who first revealed the existence of the dump at Andreeva Bay, on the Kola peninsula of north-western Russia.

The nightmare scenario, identified by Russia's Federal Nuclear Agency, raises new fears that Moscow is failing to properly manage the potentially deadly nuclear legacy of the Cold War, which has left the country with tonnes of plutonium and uranium and millions of tonnes of nuclear waste to deal with.



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