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# Shame on Alaska and Governor Frank Murkowski

# Damning Revelations Surface in Alaska State Pipeline Negotiations

# by Michael C. Ruppert

March 3, 2006 0800 PST (FTW) - ASHLAND - Five paragraphs into a February 23 New York Times story about negotiations between the State of Alaska and three "big energy companies" for a proposed \$20 billion natural gas pipeline, an epochal statement lurks.

"The announcement came with news of a significant change to the oil royalty system that provides most of Alaska's state budget revenue. Under the plan, the system will be one based on net profit rather than volume of production."

In other words, if the gas runs out or depletes seriously then Alaska will make more money as prices rise.

In other words, Alaska has just admitted that its gas reserves are running low and that shortages are imminent. There would be no reason to change the revenue system otherwise.

In other words, the State of Alaska now has a direct financial interest in seeing natural gas prices rise. Every Governor or statewide elected official will be compelled to increase (or maintain) state revenues by promoting an increase in the price of natural gas and encouraging more, rather than less, consumption. All politicians who want re-election want to be able to boast that they left the State's coffers fuller than when they got there.

The implications are staggering.

Alaska is financially choosing to make of itself a semi-socialist state. It will have no choice. As more and more of its residents are impoverished by energy prices, unemployment, or the general collapse looming over the American and world economies, the state will have more funds available to subsidize citizens who will certainly need it. Since the construction of the Alaska pipeline in the 1970s the state has been known for its annual subsidies to citizens from oil and gas revenues.

But how long could this apparent bonanza last? According to Julian Darley of the Post Carbon Institute and Global Public Media who also authored 2004's High Noon for Natural Gas, "The US is currently consuming 22 trillion cubic feet (Tcf) of natural gas per year. The 35 Tcf Alaska claims to have is probably there. On its own, however, it would not supply the US for even two years. If they just started pumping like crazy to drive natural gas prices down in order to keep the global markets going a while it would just continue our addiction to hydrocarbons."

(Cont'd on page 3)

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## **TABLE OF CONTENTS**

Shame on Alaska and Governor Frank Murkowski pa	age 1
What Do I Do With My Money?pa	age 2
Off The Cliffpa	ige 5
Hey US News - You Forgot Something pa	ge 7
To The Wildernesspa	ge 9
L.A.'s "Havana Experiment" Farm Threatened by Indus Government	
Peak Oil and the Japanese Consumerpag	je 15
Dead Man Walkingpag	je 17

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# WHAT DO I DO WITH MY MONEY?

# Mike Ruppert Offers Advice at the Cusp of Collapse

# by Michael C. Ruppert

March 1, 2006 0800 PST (FTW), Ashland - **A** few days ago a subscriber and friend sent me an email asking how he should structure his portfolio. He had just retired from a long career in government service. After looking at what I wrote to him it dawned on me that all *FTW* subscribers might want an answer to that same question.

Quickly: Both former Assistant HUD Secretary Catherine Austin Fitts and I are on the same page here. Catherine is also a past Managing Director of the Wall Street investment bank Dillon Read. A minimum of 25% of your portfolio should be in precious metals (i.e. silver and gold). Any gold bullion coins are good (i.e. those coins that are certified as 99.99% pure gold). Putting 50-65% of your portfolio in precious metals is not at all unreasonable if you are well off.

Bullion coins include Maple Leafs, Krugerands, American Eagles, etc. Gold can also be purchased in one, two, five and ten ounce ingots. Smaller 20 Swiss Franc coins are good because they are both bullion and a currently negotiable currency. Mixing the weights and sizes is good. It's hard to make change for one ounce of gold. My mix includes Maple Leafs, Swiss Francs and silver coins plus what is called "junk" silver or randomly mixed ingots/ coins of 1 ounce. (Who cares what they look like?) Be certain that you have the gold in your possession. Some companies charge exorbitant fees to vault for you and as far as I'm concerned I want my gold where I can put my hands on it. You can buy a great safe for around \$500 and that's a good investment anyway. Stay away from numismatic coins (valued because of date, rarity, etc) because their value is only based on what collectors value. In a collapsing society who cares about how old or how pretty a coin is. The value will be only in how much precious metal there is in a universally accepted measure. Silver in bulk is also very promising. Both silver and gold look to have serious uptrends (with the standard corrections) far into the future. I would not be surprised to see gold touch \$625 this year and \$1,000 within four. Don't get spooked by occasional corrections in the spot price. These are to be expected. Buy gold and silver and hold onto it. Those who have over the last four years have done very well since gold has doubled in price during that time.

FTW called gold's recent rise right on the money (pardon the pun) and many of our readers have profited from that just as have our readers who cashed out their homes at the top of the now-collapsing housing bubble. Buying precious metals is far easier than most people think. There's a link on FTW's homepage to Goldline in Santa Monica, a big, trustworthy company that does business all over the country. I buy from them. But any local coin store can sell you gold. Just Yahoo for one in your Zip code and see what you come up with.

(Cont'd on page 5)

# (Shame on Alaska —con't from page 1)

#### Then what?

There is abundant recent history to indicate that this is what will happen. In 2001 a huge British Columbia natural gas field, Ladyfern, was drilled, pumped and exhausted to feed American consumers in less than two years. Instead of being properly managed, which might have extended the field's life and increased total ultimate recovery, the field was sucked dry as quickly as possible and geologic structures inside the reservoir were damaged to the point where further recovery became nearly impossible. The field collapsed.

There are two positive things Alaska might do. I am not optimistic.

One is that, having recognized the dangers of this revenue change, Alaska will deliberately choose to ration out gas slowly instead of accelerating an energy collapse. (Every time energy prices drop, people consume more.) The answer to that will be revealed in the final contracts when Alaskans see whether or not the energy companies have any restrictions on how much they can extract, how quickly.

The second is whether Alaska's financial managers will view these new terms as a means of softening a bite that must hit everyone, everywhere rather than as a windfall to permit a few more years of consumption-as-usual in Alaska (no worse than the rest of the US) and the resultant environmental damage it will bring.

Alaskans, with a deep affection for their natural wonder understand these issues, probably better than anyone. Whether Alaskan elected officials do or not is another matter. And if they do, I don't know if they would be able to act independently of their only real constituency, the political/economic system that put them there.

#### THE POISON PILL OF NET PROFITS

What is most offensive about Alaska's pricing decision, touted by Republican Governor Frank Murkowski, is the fact that as a result, the global tapeworm economy and the state of Alaska will have validated the now-legendary statement made by Dutch economist Martin Van Mourik who told the 2003 ASPO (Association for the Study of Peak Oil and Gas) conference in Paris, "It may not be profitable to slow decline."

Alaska's future oil and gas revenues (and their source) will have a decided impact on the State's bonds and many other financial derivatives like pension funds, medical plans, etc. Fund managers will have a vested interest in maximizing state revenues to protect liquidity and that will only be accomplished by making natural gas prices rise.

Here will come into play Catherine Austin Fitts' infamous "Pop" or Price/Earnings (P/E) ratio.

Increasing net profits from gas sales will multiply through the P/E ratio in amounts roughly equal to the P/E for each of the securities involved. For example, if a publicly-traded Alaskan

bond fund has a P/E of 15:1 then every dollar of net profits flowing through it will generate approximately \$15 in share value. This is a direct incentive for some in Alaska to become fabulously wealthy as they commit both suicide and murder. It is exactly the scenario facing the planet I described in one of my own favorite essays of the last three years, *GlobalCorp*.

Until you change the way money works you change nothing.

To understand the insidious power of "The Pop" I strongly recommend FTW's newly digitized version of "Wall Street's War for Drug Money", a lecture I gave for USC's School of International Relations in December, 2000. It remains the best basic primer on what's wrong with the current monetary system I know of and it is mandatory viewing for all new FTW writers and staff.

#### ANOTHER DAMNING REVELATION

Buried 16 paragraphs into the *New York Times* story is another damning quote.

[University of Alaska] Professor [Arlon] Tussing estimates that North American gas reserves are now about 9.5 times annual production."

In other words, from Mexico to Canada there's only enough natural gas (assuming these estimates are not inflated like almost every other statement of reserves from official sources) left for 9.5 more years. As *FTW* has written so many times, natural gas behaves differently than oil in that, as a gas, it just gets pumped until there's not enough pressure to push the gas out and then it stops. So rather than a decline after peak, natural gas tends to fall off a cliff.

So how much gas is there really in Alaska? Darley explains why this is so hard to know and why Alaska and all of the US is setting itself up for a rude awakening. "No one's drilling [so-called] appraisal wells anymore. So no one really knows how to estimate actual reserves. It's like everyone's afraid of finding out the bad news."

Appraisal wells are wells intended to define the boundaries of a natural gas field. You drill near what you suspect are the edges of a field until you start hitting dry holes. The problem is that these wells cost money and, according to Darley and experts like energy investment banker Matt Simmons of Houston, no one wants to spend the money any more. That's an interesting position since oil company profits are at record levels.

A good part of those record profits are happening because oil and gas companies have slashed their exploration budgets down to almost nothing. Why? They know there's virtually nothing left to find.

Though the pipeline's actual construction is by no means certain due to a multitude of environmental and political opponents (possibly including the government of Canada) what we have learned here is that the awareness of Peak Oil and Gas has done nothing to change public policy to either mitigate the crisis or to plan for any kind of sustainability in the future.

No one is asking the one really important question: what is the best-possible use of the little natural gas we have left?

The three companies in negotiations to build (or contract out) the new Alaskan pipeline are British Petroleum, ConocoPhillips and ExxonMobil. According to one financial source Governor Murkowski has rejected a proposal that the pipeline be Alaska owned and operated. That is even more reason to be uncomfortable with Alaska's decision making process.

# The New York Times Story ———

# Tricky Years of Maneuver Ahead for Proposed Gas Pipeline

http://www.nytimes.com/2006/02/23/business/worldbusiness/23pipeline.html?pagewanted=all

By IAN AUSTEN

Published: February 23, 2006

OTTAWA, Feb. 22 — A conditional agreement between Alaska and three big energy companies may be, as Gov. Frank H. Murkowski put it, a milestone toward building a natural gas pipeline.

But significant political, environmental and regulatory hurdles must be overcome before a single section of pipe meets a welding torch.

After prolonged negotiations, Governor Murkowski announced late Monday that Alaska had reached an agreement in principle with BP, ConocoPhillips and Exxon Mobil to build a \$20 billion pipeline from the North Slope to the lower 48 states by way of Canada.

As envisioned, the pipeline would move 4.5 billion to 6 billion cubic feet of gas daily and begin operating sometime from 2012 to 2014. Alaska has an estimated 35 trillion cubic feet of gas reserves.

The announcement came with news of a significant change to the oil royalty system that provides most of Alaska's state budget revenue. Under the plan, the system will be shifted to one based on net profit rather than the volume of production.

"These are two historic events," Governor Murkowski said, "ones that will define the state's economy for decades to come."

Almost no one denies that changes to the royalty system, which now provides about 83 percent of the state's revenue, will have a potentially significant effect. But some gas analysts cautioned that the pipeline's future would be shaped by forces well beyond the governor's control.

"This agreement is only one step on the part of one potential applicant to build a project," said Arlon Tussing, a research economist at the University of Alaska, Anchorage, who specializes in gas projects. "The final decision about this is going to be made by the respective regulatory authorities in the United States and Canada, as well as their governments. And there's

going to be tremendous opposition."

The plan will meet its most immediate tests in Alaska's Legislature, where Democrats have criticized the governor's decision to reduce proposed pipeline taxes to 20 percent of profit from an earlier plan of 25 percent. The broader overhaul of the oil tax system is also expected to face criticism.

And there is substantial popular support for another proposal in Alaska that would build a smaller pipeline to Anchorage and the port of Valdez, and then ship the gas south by tanker.

Nonetheless, the political maneuvering at the state level may prove easier to resolve than other issues. The idea of increasing American gas supplies using American sources has obvious political and national security appeal, particularly given that the fuel is increasingly used as a substitute for coal in electricity-generating stations.

André Plourde, an energy economist at the University of Alberta in Edmonton, said that the world's largest known gas reserves were concentrated in countries not known for political stability, notably Iran and Russia.

"Given the Bush administration's focus on what it considers to be energy security," Mr. Plourde said, "Alaska is going to get a favorable hearing."

But if natural gas prices drop from their current levels, as many expect, economic concerns may outweigh the emphasis on security. If the forecasts of Professor Tussing and others bear out, gas piped from Alaska will have a difficult time competing with gas shipped by tanker from low-cost producers overseas.

Professor Tussing estimates that North American gas reserves are now about 9.5 times annual production. Reserves elsewhere, by contrast, are 88 times production.

"That means it is a lot easier to increase production almost anywhere other than North America," he said. "We have pretty much wrung out the continent."

A preview of some regulatory issues facing an Alaska pipeline might be found in more advanced efforts to build a gas pipeline from the Canadian Arctic. That project, with investors that also include Exxon Mobil, has been repeatedly delayed, in part because of issues surrounding land claims by native groups along the route. The Alaskan project will encounter similar issues over permission to dip into the Yukon Territory and parts of Alberta.

Climate change may also complicate environmental reviews. Antoni Lewkowicz, a professor of geography at the University of Ottawa, worked on permafrost issues surrounding an Alaska pipeline plan more than 20 years ago. A pattern of warming weather in the Arctic today, he warned, will make engineering the current proposal difficult and costly.

"One of the things that killed the pipeline back in 1982 was the expense of the permafrost accommodations," Professor Lewkowicz said. "Today, it's going to be very difficult to come up with a design that can deal with current conditions and the climate changes that will occur over the next 30 to 50 years. It's a significant and very costly engineering challenge."

# (What Do I Do With My Money —con't from page 2)

Dealer's are fairly common. My site also has links to dozens of other outlets. Find one that you're comfortable with.

Personally, I avoid gold mining stocks although some investors are doing very well with them. I would consider dabbling in gold stocks if I were really well off and had money to play with. However I would not count gold mining stocks (or any kind of paper gold) as part of the essential 25% of portfolio. There is about five times more paper gold out there than there is actual gold out of the ground. Apples and oranges. I would however buy stock in locally owned corporations that benefit my "neighborhood" or region such as local food co-ops or local microgeneration projects. That's what Catherine Austin Fitts is working on and what we advocate at FTW. That is the future of post-collapse stock investing where things like P/E ratios and a hundred other corruptions of the present system are bypassed. That is a future where quality of life instead of growth will determine value. Other than that, within the limits of what FDIC or FSLIC will insure, both Fitts and I agree that the smartest thing to do now is to pay down debt as far as possible and stay as liquid as possible.

Other good investments are tools and a reasonable stock of survival gear like sleeping bags, portable stoves, generators, solar panels, non-terminator seeds and gardening equipment.

Otherwise, sit on your money and wait to make moves as circumstances require and opportunity dictates.

# **OFF THE CLIFF**

Bombing of the Golden Dome Mosque Breaks the Shell to Understanding How Close We Are to Species Self-Destruction.

**US Covert Operations Suffer Biggest Defeat** in History – The Empire Crumbles

Danish Cartoons, Dubai Ports World, and Samarra Pull Control Rods Out of Reactor Containing Religious Hatred – Critical Mass Approaches

> by Michael C. Ruppert

February 27, 2006 1100 PST (FTW) - ASHLAND: In case no one has noticed, almost no one in the Muslim world is buying that the bomb destruction of one of Islam's holiest mosques was Sunni-Shia violence. The great civil war that the US has wanted to use to carve up Iraqi oilfields has become a Frankenstein. The world has learned from Vietnam, Yugoslavia and a dozen other Balkanizations. We are seeing spiritual judo at work. Sami

Ramadani has it nailed:

"Two years ago I argued in these pages that the US aim of installing a client pro-US regime in Baghdad risked plunging the country into civil war - but not a war of Arabs against Kurds or Sunnis against Shias, rather a war between a US-backed minority (of all sects and nationalities) against the majority of the Iraqi people. That is where Iraq is heading."

You can fool all of the people some of the time, and some of the people all of the time. But...

This is an amazing turning point in the history of US covert operations. What's more, it is one of the most alarming danger signals to emerge since 9/11/01. Yeah, I think the US (and possibly Britain) blew up the Samarra Golden Dome mosque. In my opinion the attempted bombing of Saudi Arabia's Al Abqaiq terminal was also a failed US covert operation. I say failed not because the terminal wasn't destroyed. I say failed because the intended outcome was not achieved. Saudi Arabia is holding it together and there has been no Wahabi uprising to fracture a rapidly uniting Muslim world. In both cases there's no proof like what we offered in Crossing the Rubicon. Doing the investigation for Rubicon took almost three years. That's not the point. That's not the great defeat either.

The point is that the underlying assumptions about human/political behavior that prompted the US to say "If we blow up the Golden Dome then we'll get a favorable result," are now nakedly invalid. This is the worst debacle in covert operations I have witnessed in thirty years. It is the same thing as someone going to a black tie party in a smelly sweat suit with skid marks. Times have changed and, for the covert world, they have changed momentously. At Langley, DoD, the Veep's office or wherever these events are being "managed", TPTB (the powers that be) in the US are saying to themselves "S--t! It doesn't matter whether we did it or not. That we did it was the immediate collective response on the part of both Shia and the Sunni. They didn't buy it for a second."

That response is still intensifying and uniting the Muslim world to a greater extent, faster than anything I have ever seen. Only an attack on Iran would accelerate that process, God forbid. If the US blew this one, this badly, how well would they do with an attack on Iran? One must ask if *anyone* is holding the steering wheel while a dead man lies on the gas pedal.

This was not the defeat of a single US covert operation; it was the defeat of the entire US battle plan before the biggest battles have been fought — the ones that might end everything. The tragedy is that we are getting closer to the point where they will have to be fought anyway and that greatly increases the chances of starting a mêlée that will consist of *nothing but* unintended consequences.

How strange now that we see Samarra as part of a pattern that is happening simultaneously with Danish cartoons and the fury over Dubai Ports World. Whatever frail ties of goodwill and shared spiritual truth that existed between three great faiths are being ripped apart as though someone was wielding a machete. Christianity, Judaism and Islam have been, in one way or another, hijacked and they are all heading on a direct collision course; with Christianity and Judaism on one side and Islam on the other. Something is pulling the control rods out of the reactor and getting ready to chuck them. What might that something be?

It's two things: the way money works and Peak Oil. The Two Horsemen which – on the subconscious (money) and conscious (Peak Oil) levels of thought – have absolutely taken over human decision making in what is starting to look something like the onset of global panic. Did someone just yell Peak Oil in a crowded movie theater?

This is a well orchestrated (perhaps subconsciously and systemically-orchestrated) campaign being directed at uneducated or brainwashed masses with one intent, and one intent only: to bring about a global conflagration that will run eastward from Nigeria, all the way to the Philippines. In that band is where more than 80% of the world's known conventional oil reserves are located. 60% are centered around the Persian Gulf alone.

Lay out a map of the world's known reserves, especially those which fall in the category of "yet-to-be-developed" superimposed over a map of Islamic nations and you may have a hard time breathing for a second.

Off the cliff, into the darkness we plunge headlong like blindfolded fools, drunk and desperate.

As the great Lauren Bacal once said, "You'd better fasten your seatbelts boys. It's going to be a bumpy ride."

[NOTE: FTW is making good progress settling into our beautiful new offices in Ashland, Oregon. We are already able to do a few things we've never done before. It has been a horrendous amount of work and sacrifice for all involved. I want to express my special thanks to our IT Manager, Ryan Spiegl and our Operations Manager Zac Evans for their intense loyalty, hard work, and just being who they are. Band of Brothers. They came from L.A. with me and they're in the trenches every day making FTW's future a reality. I'll be writing about some of that soon. In fact, I'll be writing about a lot of things soon and so will some really great people.

I want to extend my most sincere thanks to the hundreds of people who helped to get us here. We hit the ground running and we owed you that. – MCR]



# Exit without a strategy

The popular response to Iraq's latest atrocities has been to blame the occupation, not rival sects

Sami Ramadani Friday February 24, 2006 The Guardian

http://www.guardian.co.uk/comment/story/0,,1716598,00.html

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The shattered golden dome of Samarra is yet another milestone in George Bush's "long war" - in which a civil war in Iraq shows every sign of being a devastating feature. But what sort of civil war? I am convinced it is not the type of war that politicians in Washington and London, and much of the western media, have been anticipating.

The past few days' events have strengthened this conviction. It has not been Sunni religious symbols that hundreds of thousands of angry marchers protesting at the bombing of the shrine have targeted, but US flags. The slogan that united them on Wednesday was: "Kalla, kalla Amrica, kalla kalla lill-irhab" - no to America, no to terrorism. The Shia clerics most listened to by young militants swiftly blamed the occupation for the bombing. They included Moqtada al-Sadr; Nasrallah, leader of Hizbullah in Lebanon; Ayatollah Khalisi, leader of the Iraqi National Foundation Congress; and Grand Ayatollah Khamenei, Iran's spiritual leader. Along with Grand Ayatollah Sistani, they also declared it a grave "sin" to attack Sunnis - as did all the Sunni clerics about attacks on Shias. Sadr was reported by the BBC as calling for revenge on Sunnis - in fact, he said "no Sunni would do this" called for revenge on the occupation.

None of the mostly spontaneous protest marches were directed at Sunni mosques. Near the bombed shrine itself, local Sunnis joined the city's minority Shias to denounce the occupation and accuse it of sharing responsibility for the outrage. In Kut, a march led by Sadr's Mahdi army burned US and Israeli flags. In Baghdad's Sadr City, the anti-occupation march was massive.

There was a string of armed attacks on Sunni mosques in the wake of the bombing but none of them was carried out by the protesters. Reports suggest that they were the work of masked gunmen. Since then there has been an escalation of well-organised murders, some sectarian, some targeting mixed groups, such as yesterday's killing of 47 workers near Baquba.

But as live coverage of Wednesday's demonstrations on Iraqi and Arab satellite TV stations clearly showed, the popular mood has been anti-occupation rather than sectarian. Iraq is awash with rumours about the collusion of the occupation forces and their Iraqi clients with sectarian attacks and death squads: the US is widely seen as fostering sectarian division to prevent the emergence of a united national resistance. Evidence of their involvement in Wednesday's anti-Sunni reprisals was picked up in the Times, which reported that after an armed attack on the al-Quds Sunni mosque in Baghdad the gunmen climbed back into six cars and were ushered from the scene by cheering soldiers of the US-controlled Iraqi National Guard.

Two years ago I argued in these pages that the US aim of installing a client pro-US regime in Baghdad risked plunging the country into civil war - but not a war of Arabs against Kurds or Sunnis against Shias, rather a war between a US-backed minority (of all sects and nationalities) against the majority of the Iraqi people. That is where Iraq is heading.

**Crucial political turning points are going unnoticed**, though not by the US ambassador in Baghdad, Zalmay Khalilzad, who organised the pro-US opposition before the invasion and devised the sectarian formulas put into practice thereafter.

In the run-up to the December elections, Sadr's forces won decisive battles in Baghdad and the south against Sciri, the Shia faction more inclined to work with the US. The defeat of the Sciri forces gave Sadr's Mahdi army a powerful voice in the coalition that won the election, and helped nominate Ibrahim Jaafari as prime minister against the US-backed Sciri man, Adil Abdulmahdi. Khalilzad is adamant that Sadr's supporters should not be able to exercise such influence. This is the cause of the political crisis engulfing the Green Zone regime.

For nearly two years, we have been inundated with US and British "exit strategies". So, why do you need a strategy to pack up,

end the occupation and let the Iraqi people decide their own future? The "threat of civil war" of course. But that is to ignore the war unfolding in Iraq thanks to the continued occupation.

None of these exit strategies will work for the simple reason that they are based on an unrealisable ambition: to have the Iraqi cake and eat it. All the Bush and Blair strategies are based on maintaining a pro-US regime in Baghdad. Freed from this hated occupation, proud and independent Iraqis will never elect a collection of US- and British-backed proteges.

Sami Ramadani was a political exile from Saddam's regime and is a senior lecturer at London Metropolitan University. sami.ramadani@londonmet.ac.uk

[This is a tidy little piece on the way EROI - Energy Return On Energy Invested - gets ignored in the mainstream media. That's partly because too much bad news is bad for the DOW, but it's mainly because we all want the good news first. So: the good news is that replacing the world's car fleet with hybrids would make for a much more efficient fleet. The bad news is that the replacement process would consume one hell of a lot of the fuel we'd be saving. - JAH]

# **Hey US News - You Forgot Something**

# by Michael C. Ruppert

February 24, 2006 0800 PST (FTW) - ASHLAND: Is this good news or bad news, that US News has started addressing issues like fuel economy and vehicle weight? In my opinion it's bad news. Why? Because, to paraphrase some spiritual wisdom I heard a long time ago, "Half measures do not avail us 50% benefit." National and global thinking about Peak Oil and energy issues is woefully muddled and unclear. It lacks a fundamental awareness of the Second Law of Thermodynamics which states that energy only converts in only one direction (from useable to unusable) and the concept of Net Energy, or Energy Return on Energy Invested. The unstated assumptions made by Mr. Kingsbury are many and flawed.

Why does he not figure into his presentation the fact that every new vehicle manufactured requires the equivalent of 12-15% of all the energy it will ever consume just to make it in the first place? Rough calculations show that for a new hybrid with an expected 20-year lifespan (averaging 30 mpg) that figure is between 960 - 1200 gallons of gasoline (equivalent) just for the vehicle's manufacture. Ore must be mined and transported. It must be smelted and formed by heat. It must be transported to factories. Plastics (now heavily used in auto body construction), paint and vinyl all are made from oil. Frames must be moved down assembly lines by electricity and assembled. Rubber must be shipped from overseas to make tires. To the raw rubber, oil and other petroleum derivatives are added. There are 7 gallons of oil in every new tire (National Geographic, June 2004). So, to replace the 230 million vehicles on America's roadways today

would consume the equivalent of 230 billion gallons of gasoline.

There is not a 1:1 conversion rate between oil (42 gallons per barrel) and gasoline. But in terms of energy equivalents we're talking about 5.5 billion barrels of oil equivalent to make 230 million new vehicles which are all still fossil fuel dependent anyway. 5.5 billion barrels is roughly what the entire planet consumes every 60 days. For the last three years, not a single new field of 500 million barrels (9% of the required energy input) has been discovered anywhere.

There are around 800 million internal combustion-powered (land) vehicles on the planet. Using the conservative figure (it takes a lot more to manufacture a White Freight Liner or a Lincoln Navigator) of 1,000 gallons of gasoline (23.9 barrels of oil equivalent) to make a new hybrid, produces some scary numbers indeed. To replace all straight internal-combustion vehicles with hybrids would require a minimum equivalent of 800 billion gallons of gasoline equivalent. To put that in terms of barrels of oil that's more than 19 billion barrels. Sure, some of that manufacturing energy comes from coal or natural gas but those are already in increasingly short supply. Given production/demand constraints and the mounting evidence that we have passed Peak, those 19 billion barrels would have to be taken away from other uses. Do I hear any volunteers?

By the way, 19 billion barrels is about 1.9% of all the known oil remaining on the planet, not all of which will ever be pumped. Why? Because when it takes more energy to extract a barrel of oil than one gets from burning it there's no point, is there?

So how much help did US News really give us here?

# **US News and World Report**

**Advice for Oil Addicts** 

By Alex Kingsbury 2/13/06

http://www.usnews.com/usnews/news/articles/060213/13qa.htm

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President Bush called on the country to break its addiction to Middle East oil in his State of the Union address last week. Easier said than done, says former Chevron geophysicist **Peter Tertzakian**, who talked to *U.S. News* about his new book, *A Thousand Barrels a Second: The Coming Oil Break Point* and the *Challenges Facing an Energy Dependent World*, and why kicking the oil habit will be a tough slog. Excerpts follow.

## Is Bush on the right track?

There was recognition that there is a problem, and that is a first step. Having said that, the solutions that [he] presented were oversimplified. The dependency runs deep, and it takes more than just saying, "We're going to grow more corn" to solve the problem. But we are addicted to oil, and it's nice to finally acknowledge that.

What about plans to develop alternative sources of energy?

In the United States, less than 3 percent of electrical power is generated from oil. When we talk about clean coal, windmills, and nuclear power, we address only the electricity issue, not the oil issue. Those alternatives are not large-scale substitutes, and they cannot push oil out of its largest market, which is transportation.

# Oil consumption has always been on the radar. Why are we trying to change things now?

The core issue is the way we live. The most problematic trend for oil consumption to emerge in the past 20 years has been the continued migration to the American suburbs. Twenty years ago, the average American vehicle traveled 10,000 miles per year. Today, it travels 12,000 miles. That's a 20 percent increase, right there. On top of all this, we have larger and heavier vehicles. We came to accept the fact that we would have cheap energy whenever we pulled up to the pump. Finding solutions to these demographic changes and trying to mitigate gasoline consumption is very difficult.

#### How have other countries dealt with similar pressures?

After the last oil price shocks of the 1970s, the Europeans and the Japanese taxed oil very heavily. The Japanese made it government policy not to consume more oil than they currently were. Indeed, they consume the same amount of oil today. It can be done with smart policy. The Europeans and the Japanese built public transportation, while the U.S. built suburbs.

# What about making a full conversion away from a particular type of fuel?

Winston Churchill's decision to move away from coal and fuel the ships with oil, at the turn of the century, was a huge decision. At the time the British had all the coal they needed--energy independence. But they needed the oil-powered ships to compete with the Germans. In order to convert the Navy to oil, however, they had to begin buying it from Iran. In the 1850s and '60s, when whale oil was being used, there was a moment when all the whales had been hunted. Several ships were frozen in the Arctic, which decimated the whaling fleet. At the same time, during the Civil War, the Confederacy blew up some whaling ships docked in Connecticut. Around the same time, "rock oil" was discovered in Pennsylvania.

## Did consumption patterns change after Katrina?

Even though the sale of SUVs declined during the hurricane, figures still show that more than half of all cars purchased every month are heavy vehicles, as defined by the Department of Transportation. We learned that \$3.25 per gallon was not enough to change people's behavior. It will probably have to go up to \$4 per gallon before people start changing their consumption patterns.

# Are hybrids the solution to cutting oil consumption in cars?

Buying lighter vehicles is one of the easiest and most logical short-term solutions to this problem. Hybrid technology is a long-term solution. There were over 200,000 hybrids sold last year, but that's a drop in the barrel. Remember that there are 230 million registered vehicles in the U.S. Each year, 17 million are replaced, so replacing the entire fleet still takes about 15 years. What's more, we are moving in the wrong direction--56 percent of the new cars last year were heavier than what they were replacing,

so the fleet is getting heavier. We have to change behavior. Oil is a wonderful fuel that needs to be respected, not wasted by hauling around excess weight.

#### How does one do that?

What message does it send when celebrities drive the ostentatious, gigantic cars? People look and say, 'Hey, I want to be like that.' If we could get celebrities to say it's cool to drive smaller cars, it would go a long way. One of the strongest forces in consuming societies is the power of social mores. The perfect example of that type of thinking is smoking. Oil is a wonderful fuel that needs to be respected, not wasted by hauling around excess weight.

## Spoken like a true addict. What kind of car do you drive?

I drive a Smart car. They haven't really made it to the United States yet, but they get about 70 miles per gallon. They are very

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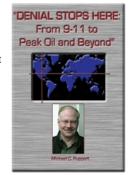
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# To The Wilderness

# NYC Peak Oil Meet-Up Group Ventures Beyond City Life

# by Michael Kane

"Humans are different from other species in that they can think and adapt spontaneously when necessary. So survival becomes a 'process'. Most of us, however, take this process for granted in our daily lives. We become so familiar with our surroundings and habits that the skills we use are second nature to us. We don't even think about what we are doing. But in the wilderness, few are actually prepared to survive, even for just one night. No one believes survival will ever become an issue for them; that always happens to someone else."

## -- Wilderness Survival Skills Overview by Barb Stone

February 16, 2006 1400 PST (FTW): In October of 2005 NYC Peak Oil Meet-Up took a wilderness survival course at Stone Ridge in Clarksville, NY, instructed by Barb Stone. The skills taught included starting a fire without matches, shelter building in the woods, and avoiding hypothermia. Much of what we learned, and then some, is echoed by Dale Allen Pfeiffer in "A Matter of Survival." Many of us had hiking or camping experience, but now we would practice stepping into the wilderness with minimal amenities.

It was a three-hour drive upstate from Manhattan so the group set up a car share system. I left Long Island at 5:30 a.m. and headed into Brooklyn to pick up Jenna and Ernesto. The ride was filled with conversations about how each of us had discovered Peak Oil, our spiritual or philosophical outlook upon what is destined to come, and how difficult it has been to bring up the issue with those whom we love. The resistance we've encountered from loved ones, whether we realize it or not, has forced each of us to search for an extended family of aware individuals.

We made it to Stone Ridge by 10 a.m. and walked into the garage of a home that resembled a traditional red barn. We were the last to arrive. Our group totaled four men and four women, and in front of the room was Barb Stone wearing a T-shirt that said, "Becoming an Outdoors Woman." She specializes in teaching outdoors skills to women and groups.

# **FIRE**

After some basic safety information, fire was first on Stone's agenda.

Heat, oxygen and fuel are the three elements required to start a fire. We were provided with a flint and steel to produce the spark (heat) that would start our fire. Stone briefly went over how a bow and drill can be used to make a fire, but said she doesn't teach "primitive" forms of survival. The flint and steel turned out to be difficult enough for our group of city-slickers and suburbanites.

Stone showed us both man-made and natural materials that

could be used as tinder. Canadian thistle and milkweed are two natural sources, but they burn awfully fast. Cattail, which can be found growing along any wetland, is a natural tinder that does not burn as fast. The key with tinder is to break it up into fine fluff leaving no clumps. The fine paper-like curls on birch trees are loaded with resins that burn easily. Pine needles can be used as well. Man-made tinder includes cotton balls, clothes dryer lint, sawdust and Sterno. Stone continually stressed the importance of preparation: she never goes into the wilderness without brining her own tinder protected in plastic bags.

Once we had accumulated and broken up our tinder, we went into the woods. With the instep of our boots we cleared the ground down to bare dirt, assuring that our fires would remain contained. Then we collected firewood. Stone said it is critical to collect very fine pieces of wood - as thin as paperclips if possible - because the tinder catches the spark, creating a flame, which spreads to the small pieces first. We were not to collect wood thicker than our pinkie fingers. Our task was to light a fire that would last for ten minutes and leave a bed of coals.

We all failed.

The best among us was able to keep his fire going for five minutes without producing a bed of coals. Many of us made the mistake of packing our tinder tightly into one big clump after we had spent ample time breaking it up into fine fluff. This prevented it from igniting well enough to spread. My fire lasted a mere ninety seconds because the wood I collected was too big and I had stacked it too tightly, preventing oxygen from fanning the flames.

"So, do you see the discipline that it takes to find the right wood as opposed to just using whatever you've got?" asked Stone. She allowed us to make our mistakes without intervening, believing it to be the only way we could truly learn. It also provided her the platform to point out what we were doing right and wrong.

"Now imagine you were in a survival situation. Just think of the anxiety you would feel," warned Stone. The experience was quite humbling for us all.

#### **SHELTER**



Photo by Barb Stone

Before going into the woods again, Stone led us in a discussion

about shelter building and materials. The typical shelters one could build were A-Frame, Lean-To or Tarp shelters. Certain overhangs can provide protection from the elements, as can a hollowed out log. As a last resort, one can pile up a mass of leaves and simply burrow into it.<sup>2</sup> That should be enough to survive the night.

In groups of two we worked on a one-person shelter. Each pair was limited to a small section of the woods in which to find supplies and set up. Most of us went with an A-Frame design or some modified version of it. The spine of our shelter - that is, the main support branch - would have to be strong enough to support our own weight if we leaned on it with one arm; the ground in front of our entrance needed to be suitable for a fire; and we had to complete it within one hour.

Rob, my partner, found two small living trees growing close together that enabled us to build a relatively tall shelter. Tall is not ideal, but it was the best base we could find to build upon in our area. We collected wood and used the biggest pieces we found to provide multiple supports as opposed one main spine. We then used smaller branches and twigs to create a tight web across the supports. Finally, we stuffed the open areas with leaves and small twigs like a squirrel building its nest. The fact that the leaves were wet helped keep them bunched tightly together.

All of our shelters were quite well done. It was a relief to have seemingly succeeded after our fire failures. But there were a number of problems that we were unaware of which Stone pointed out during the critique. The biggest problem was that they all failed "the rain test"; a watering bucket was poured over each shelter revealing just how inadequate they were.

"You need at least three feet of leaves to stop the rain," said Stone.

"But you only gave us an hour?" I asked in surprise.

"I wanted you to see what can be achieved in that time," responded Stone.

In the Northeast, it is best to build your shelter with its opening facing north, east, or northeast since our weather blows in from the southwest. If the entrance faces south or west, wind may blow the fire into your shelter. It is also wise to set up your shelter on high ground if possible, to avoid the consequences of flash flooding from quick and heavy rain. If you must set up shelter at the bottom of an incline, you may have to build a blockade to prevent such an occurrence. Leaves are fine for this purpose as long as you use enough of them.

It is also important to avoid setting up shelter under a dead tree that has not yet fallen. Stone called such a tree a "widow maker." A strong wind could bring down branches or limbs that may damage your shelter, or worse.

## **CLOTHING**

The section on hypothermia and clothing was taught in a class-room setting.

A video was shown on how easily hypothermia can set in. On a 50 degree day, if you fall in 30 degree water, hypothermia can set in quickly and kill you. Most people realize that your core needs to

be kept warm - that is the area from your neck to lower abdomen - but they do not realize that it is equally important to keep your kidneys (lower back) tightly covered as well, to keep your core temperature from dropping.

When choosing materials to wear in the wilderness, Stone said the bottom line is no cotton ever, unless it's blended with other materials. "Cotton kills," said Stone. Her disdain for cotton was unabashed. Cotton can hold up to 50% of its weight in water, which is great for towels, but exposes one further to risk of hypothermia when worn in the wilderness.

Wool is excellent but itchy, so it is best when blended with other fabrics. Wool moves sweat away from the body without letting water in. What Stone stressed the most, which was quite ironic for our Peak Oil group, was that synthetic (oil-based) fibers are the best fabrics for the outdoors. These include polyesters of all sorts, nylon and gore-tex.

But the problem with gore-tex is that it only works for cold, dry weather. Those are the conditions where gore-tex will allow sweat to pass from the inside out. If it is humid, gore-tex will hold in sweat until you become wetter than it is outside. And if you are wearing a gore-tex jacket while sitting near a fire burning pine wood it will be ruined. The pores clog and the technology no longer works, not even in cold and dry weather.

All of the best fabrics for survival are made from oil except wool.

After Stone passed around her favorite oil-based fabrics while reciting military information on each one, I thought it was time to inform her why all of us had taken this course in the first place.

At the beginning of the class Stone asked each of us why we came and what we hoped to get out of the experience, but none of us mentioned Peak Oil. Now I described to Stone that most of the group was with NYC Peak Oil Meet-Up, that the world was about to start running out of oil, and that we all envisioned a time coming (soon) where there would be fewer amenities and the skills she was teaching might play a critical role. Stone was shaking her head up and down rigorously in agreement, but she had never heard the term "Peak Oil" before.

"Oh!" she exclaimed in amazement, "When you said you were with 'something-oil' I'm thinking what interest group is this?"

"Just think, no polyester, no nylon; it'll have to be ALL WOOL Barb!" I said half in jest. Wool and wool-blends will likely be the best (and only?) materials to wear for the outdoors, along with leathers and other animal skins, as oil-derived fabrics skyrocket in price.

## **FORAGING**

I asked Stone about foraging for food. The course we were taking was designed as an introduction to individual survival in the wilderness for one night. Stone said there is no time to forage for food when you are busy making a fire and building a shelter to survive till morning.

She has sat in the back of edible plant classes many times. "All of the edible plants taste the same to me," she explained. "They taste like dirt."

The overnight stay in the wilderness - which is the final aspect of the certification taught by Stone - is designed so that you will never go into the woods again without being fully prepared. Stone respects the wilderness by recognizing it can be deadly. That is why she makes sure she is prepared prior to entering it. When a student is getting his or her overnight certification from Stone, she says, if you smell beef or Chinese food in the air, it's coming from her camp.

#### **SOLIDARITY**

The trip was invaluable.

Many of us showed up with a sense of desperation but we left with a sense of empowerment. There were so many golden nuggets of information that we received, but what was most important was the interaction with other aware individuals. For example, Elise told me she was spending all of her disposable income on Peak Oil preparation: self defense classes and a sustainable agricultural conference in Vermont were her most recent expenditures. NYC Peak Oil Meet-Up members are finding similar events every month and those who are taking responsibility for their own lives are recognizing promising opportunities to learn.

Now is a time of preparation and no one is going to do it for you. It is anyone's guess as to how long this blessed time will last.



http://www.outdoorskills.net/instruct.htm

Barb Stone has over twenty years experience hiking and camping in the Adirondack Mountains of New York State and more than eleven years teaching wilderness survival safety skills. In 1989, she successfully completed a 60-hour survival course culminating in a solo overnight in the Adirondacks during Hurricane Hugo. As a result of her experience, she realized a real need existed for others to learn these skills, especially women. After a two-year apprenticeship, Barb became an instructor of wilderness survival skills with a local rod and gun club. She became certified in first aid and adult CPR and licensed as a NYS Guide in Hiking and Camping. She became acquainted with the Becoming an Outdoors Woman (BOW) program in New York in 1995. BOW is a National program designed to introduce women to outdoor activities and build their confidence and self-esteem. The following year she introduced wilderness safety and survival courses to the BOW Program in which she volunteers as an instructor each year. She also serves on the BOW Planning Committee and continues to promote wilderness safety awareness as a former member of the Board of Directors of the NYS Guides Association (NYSOGA).

Preparing for Peak: Urban Food Production

# L.A.'s "Havana Experiment" Farm Threatened by Industry and Government

A Model for Adaptation to Peak Oil

# 350 Poor Families Fed From Farm in So. Central LA

by Jan Lundberg

Special to From the Wilderness



Jan Lundberg likens the So. Central Farm to a new Eden. It sure doesn't feel like an inner city and the food grown and cooked there tasted fabulous.

February 8, 2006 1200 PST (LOS ANGELES) — Amazingly, there is a thriving 14-acre farm in the middle of Los Angeles organized along the lines of a community food garden. Possibly the largest urban farm in the U.S., it's a highly productive operation run by 350 families who work this inner-city land. They would

<sup>&</sup>lt;sup>1</sup> <u>http://www.survivingpeakoil.com/article.php?</u> id=matter\_of\_survival

<sup>&</sup>lt;sup>2</sup> Odysseus does this in Book 5 of Homer's *Odyssey*. –Ed.

otherwise be malnourished, in the sense that they would be - like almost all of their fellow citizens of this fast-food nation - forced to rely on costly corporate foods tainted with petrochemicals and shipped from far away. The daunting problem of healthy eating is more difficult if you are poor or have immigrated into a culture that is not particularly welcoming.

The South Central Community Farm is a thirteen-year-old experiment. While Peak Oil is making its successes into crucial object lessons for urban survival, it wasn't begun with Peak Oil in mind. In fact, the reality of Peak is just now penetrating the consciousness of these urban farmers, whose experiences are of inestimable value for the rest of America. When the inevitable time comes for other inner cities to learn how to produce food organically for local consumption, these experiments and their results will be the basis of our chances.



A bicycle-powered generator from the Post Carbon Institute provides electricity for the PA

The rare example of healthy land-use that is the South Central Community Farm is threatened by the crony capitalism of insensitive, unaccountable government authorities who give precedence to industry and profits rather than to people. The officials involved apparently have little or no awareness of Peak Oil and what it means for food supplies. The City of Los Angeles has allowed a developer, Ralph Horowitz, to buy the land for a song for the purpose of building a warehouse. Horowitz is trying to evict the people and seems intent on destroying the Farm.



With industrial warehouses and factories all around the inner city farm stands out. The owner wants the land to build a warehouse for Wal-Mart.

South Central Los Angeles has been one of the most impoverished and violent inner cities anywhere on the planet in history. If this "experiment" is nurtured, protected and defended, locals will continue to grow their own healthy food, to trade among themselves, to exchange crops, and to enjoy livelihoods that involve their children in safe activities. From huge signs facing the roads around the Farm, it is clear the farmers are disgusted at the mayor of the City of Los Angeles and others for having given lip service to the Farm and yet opened the door for the possible imminent eviction and destruction of this new Eden.



Crops under cultivation

While the farm and its surrounding area are multi-ethnic, the farmers and their leaders are by and large Mexican and Guatemalan. Recent immigrants to South Central L.A. and much of California come from Latin and Central American villages that grow their own corn, beans, squash, avocados, and edible cactus, the same crops that predominate at the South Central Community Farm (while those are the staples, the farm grows over 150 species of plants, including many medicinal herbs). Unlike the average North American, these farmers and gardeners still have a connection to the land. It's mediated by a culturally determined communitarian ethos that makes for a strong political organization, and by a historical sense of perpetual struggle over land use. This is the case on both sides of the border, from the Sunbelt down to Cape Horn.

Most intriguing to those following Peak Oil, as we search out ways to mitigate the coming collapse of the agriculture/distribution infrastructure and financial system, the South Central Community Farm is actual local food production needed for the time when trucks stop rolling into supermarkets. The absence of many food gardens and farms in U.S. cities, and the lack of access to any land at all for poor people who can provide for themselves if given a chance, makes for an object lesson: in this nation of maximum car dependence and the "10,000 mile Caesar salad," most Americans would rather let their State wage unconscionable oil wars than grow their own food.

I learned of the South Central Community Farm only because I was visiting the Los Angeles area to give several lectures on petrocollapse. The Farm was included for an event where speakers like me would discuss food security. The alternative press has given good attention to the Farm, but the low numbers of visiting supporters is of great concern, particularly when a judge ruled on January 30, 2006 that Horowitz can evict and tear out the food plots. Horowitz had a claim to buy the land on the basis of right of first refusal, having once owned the parcel in the 1990s, but

the City could have legally refrained from following through. Egregiously, the City let Horowitz buy it back, this time for \$8 million less than its prior selling price some years ago when values were much less than today's.



Little space is wasted between family plots

# The Big Petro-Picture

As an oil industry market analyst, I take the position that Peak Oil as a geological phenomenon works as a trigger for the sensitive oil market to react strongly (to put it mildly). When supply tightness hits the breaking point --current conditions are close to it – greatly aggravated shortages and hoarding will bring down the global economy. I call this petrocollapse. Obviously, having a local food supply is crucial, although thousands more farms would be needed for Los Angeles. These developments were demonstrated and overcome in Cuba, where thousands of small farms now supply Havana's 2.2 million people with over half their food. Cuba went through its petrocollapse, after Soviet oil suddenly dried up from 1989 onward.

As *FTW* described <u>more than two years ago</u>, by whatever name you call it, Cuba's adaptation to energy shortages was a new form of local capitalism more akin to that advocated by <u>Catherine Austin Fitts</u> than to the current model which transfers wealth, control and equity to faraway places.

For the U.S., which has much less of a community structure for political participation than does Cuba, the huge, corporate systems for providing food and fuel have left almost everyone extremely vulnerable. The dire price will come all too soon, because the global peak of oil extraction is probably upon us today. When just-in-time delivery of modern commerce is suddenly paralyzed, and when people cannot get to their jobs, and when goods and services become unavailable, America is going to be like a coast-to-coast post-hurricane New Orleans. The rest of the

industrialized world will be in similar shape, but not brought quite so low as will be the most wasteful nation on the planet. Even if one can wish for a kinder post-Katrina federal response, it is indisputable that economic growth cannot continue when cheap energy disappears. Alternative energies are not feasible, or, in the instances that they are, they cannot be put in place on a large enough scale. So Los Angeles, the U.S., and the rest of the petroleum-dependent world will be unprepared for petrocollapse. When economic growth stops and rapid contraction begins, say goodbye to the supermarket and say hello to neighborhood food gardens.

In early 2005 the U.S. Department of Energy released a study of Peak Oil and its implications. Directed by Robert Hirsch of SAIC (Science Applications International Corporation, a Fortune 500 company), the study stated that Peak Oil can only be dealt with by long term planning twenty years before the Hubbert Peak. But, stressed the study, if the nation waits for that peak to begin countermeasures, the result will be failure with "severe economic hardship." There will be no technofix to perpetuate the status quo socioeconomic system, a fact which harkens back to The Last Poets' famous poem "The Revolution Will Not Be Televised." Some analysts, including this writer, anticipate a die-off, but few admit to it publicly.

Making the rounds at the highest echelons of power is the concept of "demand destruction." My belief is that the entire system will suddenly, or in several sharp jolts, without warning, fail to provide for modern societies' extreme overpopulation when energy becomes too expensive and terribly scarce. There are 10 calories of hydrocarbon energy input for almost every calorie of food (before cooking) in the current system. Any major disruption to today's already taut petroleum system will immediately cause chain reactions in all sectors, resulting in a crash that will perhaps bring the curtain down on modern civilization.

#### LA'S COMMUNITY FARM AS A MODEL

Although the South Central Community Farm may be lost, the need to provide for food locally and organically will not go away. Whatever lessons have been learned there are invaluable. The basic human impulse to use nature sensibly for food supply in a sustainable fashion is not only our long prehistory, it is our future. After petrocollapse and the loss of many lives there may be a universal attempt to break with the discredited past. A radical change in culture may avoid the fundamental mistakes that led to massive pollution, resource wars and climate change. If we don't get it right, and soon, the entire planet's biosphere will be (and possibly already is) permanently damaged beyond recovery on any human time scale.

The South Central Community Farm is but one oasis in a desert of polluted urban blight and La-La-Land enclaves and suburbs of false wealth. At the Farm it is the excellence of the harvest and the pride in the food, as well as the convivial, festive vending of locally grown produce, that rewards the people — in contrast to the "successful," isolated, and affluent consumers who don't know their own neighbors. The cooperative and peaceful sharing of land without giving one's labor and time to a corporate slave master is a daring experiment in a state that used genocide of the original benign holders and stewards of the land to create what is now called California.

The Cuban experience was that urban food gardens and farms had to be fenced and padlocked to prevent the widespread theft that might have triggered a breakdown of the tenuous reorganization of agriculture. But after a few years of successfully raising productivity with organic methods and restoring the soil — instead of mistreating it — the locking up of the gardens and farms became unnecessary and remains so today.

One need not go to Cuba to understand the significance of the South Central Community Farm, but we should keep Cuba's track record in mind instead of mindlessly going to our supermarkets and corporate chain "restaurants." Cuba also had to promote the bicycle and the transit bus because of the island's petrocollapse. Are we so much better off with our SUVs and our fruit from Chile and New Zealand?

Another worthy model is our own nation's experience with Victory Gardens. Depaying and tearing up lawns supplied much food during World War II, helping to galvanize this country for the war effort. As in the Cuban case, it has been said that the people led the way with their Victory Gardens and the government reluctantly ended up embracing it. The U.S. government did have enough leadership and sense to adopt rationing of gasoline and other products, recycling, scrap collection, and even hemp cultivation, measures which found their places during WWII. But the opposite ethic holds sway today, as the most corrupt and backward administration imaginable for our critical times goes instead in the direction of environmental destruction and overdependence on petroleum. Meanwhile, land continues to be paved over that once grew food or served as wildlife habitat. The idea of growing fuels instead of food, for instance by growing corn for ethanol, is a nonstarter partly because the abundant energy required to produce ethanol makes this "solution to our oil addiction" prohibitive.

Yet in his recent State of The Union Address, Bush continued to advocate what amount to subsidies and handouts to agro-biz corporations like Archer Daniels Midland that actually threaten to reduce food supply in this country.

## **END OF THE STORY, OR A NEW BEGINNING?**

Over a decade ago, when the L.A. Regional Food Bank was able to encourage and support the creation of the nearby South Central Community Farm, no one knew that the project would last more than a few years. But today the Food Bank has become an opponent of the farmers in the legal dispute, and allies of the Farm are still too few and far between. After thirteen years, so many people who depend on the farm must not be displaced. Nor should nature be dealt another body blow in the disgrace known as Los Angelization: toxic sprawl and endless growth. The population of Los Angeles does not seem to realize that all people everywhere are threatened by (1) the disgraceful deal being carried out in the name of private property and by (2) the very system that conjures such relationships between residents and institutions like "The City," a government that supposedly represents the people.

On my exhilarating Sunday at the Farm, upon a stage with a sound system powered by a bike-pedaled generator brought in by L.A. Post Carbon, I discussed food security and petrocollapse. I performed songs of resistance and appreciation for nature. Tezozomoc, an articulate Farm representative and leader who comes from a Farm family, shared the stage and discussed the role of the Farm in the political and ecological systems. I called for nonviolent civil disobedience in order to prevent the loss of the community's farm. However, without massive assistance from students at the nearby University of Southern California, for example, the police will be able to haul off to jail the "trespassers."

I encouraged a USC film crew that interviewed Michael Ruppert and me at the Farm on January 29 to spread the word and immediately get involved in the Farm and try to save it. Now *that* would be a worthwhile educational experience that would also save lives.



The farm's eloquent spokesman Tezozomoc displays serious political savvy and a thorough knowledge of energy-related issues. According to several people interviewed most of the farmers have little or no awareness of Peak Oil.

#### TAKE ACTION:

The address of the farm is 41st and Long Beach Avenue, near the Vernon stop on the Blue Line Metro rail system. Contact the South Central Community Farm and offer any help and encouragement you can, by going to the Farm's <a href="website">website</a> or <a href="mailto:emailto

#### For more background and beautiful Farm photos:

See the City Beat/Valley Beat newspaper's cover story in its Jan. 26-Feb. 1 edition.

The Los Angeles Post Carbon group's leader Eric Einem has a story about the Farm on  $\underline{\text{Indymedia}}$ .

The Earth First! Journal did a story on the farm in its January-February 2006 issue, not online.

Read the <u>Petrocollapse and Food Security</u> (Farm event Jan. 29) webpage of the South Central Community Farm.

See the film "The Power of Community: How Cuba Survived Peak Oil" by Community Solution, Inc. – Order the documentary DVD here.

A story on the farm and on my talk by Jennifer Murphy is at Indymedia: <a href="http://la.indymedia.org/news/2006/02/146380.php">http://la.indymedia.org/news/2006/02/146380.php</a>.

[As you can see in this National Geographic photo republished by FTW <u>a year ago this month</u>, Japan is all aglow at night. During the day it's an industrial powerhouse. And it's famous for its lack of natural resources. Historically, Japan has exerted its martial culture to extract those resources from the Chinese mainland and the Korean peninsula. <u>But after the disarmament of Japan by a victorious United States, that option has been lost, and today rearmament is a Rightist position supported by an increasingly desperate American hegemon</u>. If Japan can't control the South China Sea, if Japan can't make the deals with Saudi Arabia that China is now locking up, if Japan can't power-down into a slower society that resembles Cuba more than North Korea, there will be <u>darkness</u> in the Land of the Rising Sun. –JAH]



Earth at Night
Astronomy Picture of the Day, NASA, Nov. 27th, 2002. http://antwrp.gsfc.nasa.gov/apod/ap001127.html

<u> Dispatches – (Japan)</u>

# Peak Oil and the Japanese Consumer

# by FTW Subscriber Rick D.

February 3, 2006 0400 PST (FTW) – [With subscribers in more than 40 countries, FTW is in a unique position to provide our readers with snapshots of the ways in which unfolding Peak Oil is impacting daily life around the world. Here, with permission, FTW brings you a series of nine short dispatches sent between October and January from one of our subscribers in Japan. They tell an amazing story. Rick has asked that we not identify him by full name.

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October 9 - Subject: Upbeat News from Japan

Boy, talk about upbeat!

This morning's paper carries an article from Kyodo (one of Japan's major news agencies) bearing the good news that there is plenty of oil.

Starting with the highly misleading headline "There Are 280 Years' Worth of Oil," the first paragraph kicks off with a sentence citing a British Petroleum claim that including confirmed reserves and the promise of oil fields yet to be discovered, we can continue production at the

current level for another 40 years.

Also highly misleading is that it pooh-poohs Peak Oil by saying that "oil will not run out for the time being," thereby implying that Peak Oil advocates are claiming that oil will "run out."

A double-sided graph (showing reserves on one side and the possible years of production on the other) indicates that Canada has reserves of close to 200,000,000,000 bbl, and can keep producing for 200 years. Wow! The text mentions oil sand as one of the resources that are lengthening possible production to 280 years. There is not a word about the expense and difficulty of extracting and refining oil sand or oil shale.

Typical of such articles, this doesn't take into account that modern economies are dependent on CHEAP and PLENTIFUL supplies of fossil fuels.

This article seems more like government propaganda than serious analysis.

November 9 -- Subject: News from Japan -- price of kerosene

Great job you are doing, Mike! Hope your move goes well. You will find that country living is much more healthful, especially if you walk and garden, as I do.

A big topic here right now is the price of kerosene because that is what almost everyone uses for space heating in this country. Yesterday a major news item concerned a visit to government offices in Tokyo by representatives of kerosene distributors. They said that something has to be done to hold down the price of kerosene, at least for people in the Northeast (the northern part of Honshu) and Hokkaido. In the news stories I heard, no mention was made of government subsidies, but I would guess that is what they desire.

The media were interviewing members of the general public, who expressed grave concerns about how they are going to stay warm this winter. A good thing to keep in mind is that unlike extravagant Americans, the Japanese do not have central heating. People heat only the rooms they are using, and only when someone is there (portable space heaters are the rule). No space heating is used at night -- we just pile on the blankets and quilts. As such, the amount of fuel used for space heating is far smaller than that used by Americans.

I purchase kerosene at the agricultural coop, where members get a substantial discount, and the price is now 100 yen per liter.

If you're wondering if I have a wood stove, the answer is yes.

December 22 -- Subject: Price of kerosene in Japan

Cold wave in Japan has resulted in still higher prices for kerosene. The price of an 18-liter tank (a common unit of sale to consumers) just went up another 10 yen to reach a nationwide average of 1,263 yen, the highest price ever. Many consumers are now reportedly restructuring their household spending to afford even the comparatively modest Japanese home heating needs.

A news site in Iwate (part of northern Honshu) reports that schools are faced with kerosene heating bills that are 20% higher than last year (Japanese schools heat only their classrooms when in use, not the whole building). To cope, schools are lowering classroom temperature and telling students to dress more warmly.

December 29 -- Subject: Price of kerosene in Japan jumps again

Today's news item: The price of kerosene has again risen. According to the Oil Information Center (<http://oil-info.ieej.or.jp/cgibin/index.cgi>), the national average has jumped 17 yen per 18-liter tank and now stands at 1,280 yen. Oil companies say they plan to keep up with demand (we're having a continuing cold wave) by raising kerosene production and by importing some kerosene. This is the highest price ever since 1980, when the Center began tracking prices.

I asked the agricultural coop guy about rationing, but he said they had heard nothing about that.

Other announced national averages for fuel are:

Regular gasoline 128.9 yen/liter (approximately \$4.28/gallon) Premium gasoline 140 yen/liter (approximately \$4.79/gallon) Diesel fuel 105.7 yen/liter (approximately \$3.60/gallon)

<u>January 12</u> -- It keeps going up. The latest average national price, as of yesterday (it changes very quickly now), is 1,357 yen for an 18-liter tank. It is predicted to reach 1,400 yen soon. This made the price of kerosene front-page news in today's newspaper.

Still no mention of rationing, which I imagine the government wants to avoid at all costs.

<u>January 18</u> – Again this week the retail price of kerosene has gone up, a 32-yen increase over the previous week, reaching a national average of 1,368 yen for an 18-liter tank. The price has risen for six weeks in a row. Oil companies cite the higher price of crude, which has raised their cost of producing kerosene by about 2 yen per liter.

Gasoline and diesel fuel prices are holding steady.

<u>January 25</u> – The price of Kerosene has just gone up again, and according to a radio report I heard today, economists are now predicting – because the long-range weather forecast says February will also be cold, and because of higher crude prices -- that it will climb above 1,400 yen before the winter is over.

<u>January 26</u> – Japanese oil company Idemitsu announced that on Feb. 1 it will jack up the wholesale price of kerosene by 4 yen/liter, and those of gasoline and diesel fuel by 2.4 yen/liter. Reasons cited are the January \$4.2/bbl rise in crude from the Middle East, and that to meet the huge demand for kerosene it has imported 200,000 kiloliters of the fuel from South Korea and Taiwan. According to the report, this is the first time that Idemitsu has raised the wholesale prices of different fuels by different amounts.

Citation: <a href="http://www.yomiuri.co.jp/atmoney/news/20060126ib25.htm">http://www.yomiuri.co.jp/atmoney/news/20060126ib25.htm</a> (in Japanese)

<u>January 30</u> --The Jan. 30 issue of the magazine \_Nikkei Business\_ has a special feature on the coming food crisis. It is titled: Imminent but unnoticed danger of global food shortage: Well-fed Japanese are unprepared for the crisis

I have not yet obtained the magazine, so I don't know if oil is cited as a factor. I'll see if I can check it out.

The magazine is a publication of *Nihon Keizai Shimbun*, the Japanese equivalent of the *Wall Street Journal*, and is not given to publishing sensationalism.

# **DEAD MAN WALKING**

# The US and Israel Cannot Attack Iran

# The American Empire is Finished One Way or the Other

# by Michael C. Ruppert

I am certain that – barring divine intervention – the United States is finished; not only as a superpower, but possibly even as a single, unified nation...

Michael C. Ruppert, Sept. 21, 2005

January 27, 2006 0800 PST (FTW): The reason why so many Americans on the left and right, whether supporters or opponents of Neocon tyranny in Washington, are "sold" on the idea that American or Israeli air strikes against Iran will take place this March (or soon thereafter) is simple. It is more frightening for them to ponder the prospect of an impotent America standing exposed and vulnerable in a world that largely — and for good reason — hates it. Global economic meltdown, chaos and nuclear war are more scary than the evil that Americans have incrementally compromised themselves into endorsing. The uncertainty of a world no longer tethered to a US center — even one that many verbally oppose — represents an intolerable leap into the unknown. That leap, however, is a fait accompli.

The US bluffs onward with its saber-rattling rhetoric but the whole planet is calling that bluff. Foreign investment in Iran is increasing, not decreasing. The planet is *throwing* money into Iran.

Every day I receive three or four stories from diverse sources – marginal internet researchers and mainstream media outlets – stating why an attack on Iran is, a good idea, or likely, or inevitable. In these two companion pieces, *FTW's* Military Affairs Editor, Stan Goff (retired US Army Special Forces and former West Point instructor) and I delineate the reasons why such an attack will not (and probably cannot) happen. That is, of course, with one remotely necessary caveat: that stupidity beyond belief has overtaken the US and Israel. I would rephrase that to also include suicidal tendencies beyond belief. Stan and I both know something about these kinds of operations. I've been studying them for 30 years and Stan has been living them for that long.

Any military attack on Iran of *any* kind will mean the end of the world as we know it. The same thing is true of a US-sponsored assassination attempt on Hugo Chavez or any other "regime change" or intervention anywhere. All such developments would be universally perceived as US-sanctioned in any case. There is much less reason to fear the US than there was three or four years ago. Near-toothless tigers with bad gums and fetid gingivitis breath do not inspire fear and awe. They invite attack. A pressure-cooker of pent-up global rage against the US awaits only a pinprick to make it blow.

As I said in lectures throughout 2005 and in my new DVD <u>Denial Stops Here</u>, the world has drawn a line in the sand around Iran. China, Asia, Europe and even Britain cannot (and will not) do

without Iranian oil and gas. In 2004, China alone signed \$200 billion in long-term oil and gas deals with Iran. Europe and the rest of Asia are in similar investment positions. Japan cannot do without Iranian energy. Malaysia cannot do without Iranian energy. South Korea cannot do without Iranian energy. Germany cannot do without Iranian energy. France cannot do without Iranian energy. India cannot do without Iranian energy. And especially Great Britain cannot do without Iranian energy; especially since four months ago the UK became a net energy importer as its North Sea production continued to plummet with a decline rate approaching 10% per year.

Britain has already ruled out military moves against Iran and it will likely oppose US moves even for sanctions (a necessary precursor) in the UN Security Council.

The world has not forgotten the lies used by the US to justify its invasion of Iraq, nor has it somehow missed the fact that we are getting our Imperial ass kicked there. The world has not missed today's headlines that the US Army is stretched to the <a href="mailto:breaking-point">breaking point</a>. "The Army?" you say. "But these are going to be air strikes!"

Stan Goff has spelled it out eloquently in his article: **any** US or Israeli attack on Iran will give the Iraqi insurgency a combined dose of steroids and meth crystals that will spell utter defeat for the US in Iraq and end the ultra-fragile SCIRI (pro-Iranian Shia)-centered coalition that is now on life support.

Those fueling the "attack Iran" hype argue that "precision" air strikes would likely not involve US ground troops. They forget that as the US has become bogged in the Iraqi quagmire next door, it has made extensive (if tenuous) bargains with Shia militias and the pro-Iranian SCIRI regime that would undoubtedly drop all support for a US-led peace in Iraq in the event of such an attack. As Goff so aptly points out, an attack on Iran, even by Israel alone, would lead directly to a US defeat in Iraq. This would come at a time when US forces are stretched to the breaking point.

Iran has made it <u>abundantly clear</u> that the whole world will suffer oil shortages in the event of a US or Israeli attack. All Iran has to do is to reduce exports and the rest of the world's powers will turn on the US in a minute. The recent lessons of <u>Ukraine</u> and <u>Georgia</u> demonstrate what sudden (and mild by comparison) energy shortages can do in a world where demand has likely already exceeded supply.

Iran is also in a position to close the Straits of Hormuz through which about half of the world's oil passes. It is known (or reported) to have <a href="Excocet, Silkworm and even the deadly Russian Sunburn">Excocet, Silkworm and even the deadly Russian Sunburn</a> missiles that would make the job easy.

Oil is not the only weapon Iran can use to rally the whole world (including Europe) against the US. Iran's is a thriving economy, swollen with petrodollars. That money is being used to purchase European/Japanese/Korean-made autos, consumer goods, and high-cost technology. Iran is filled with technicians, managers and investments from all of the above countries. It was Russia that sold Iran the technology for much of its nuclear research including the Bushehr nuclear reactor. Russia has also sold Iran surface to air missile systems. China has sold Iran all kinds of military hardware

The Iranian military is orders of magnitude stronger and better

equipped to retaliate throughout the region than was Iraq's. With that in mind, I strongly recommend Goff's brilliant *Full Spectrum Disorder* to get a glimpse of just how thoroughly Iraqi insurgents have beaten the US military outside the box. The only people who don't seem to know this are American taxpayers.

Economic sanctions against Iran are even more toothless. Should the US try to weaken Iran through economic sanctions it would immediately threaten the economies of China, Europe, India and East Asia. That is, if the US could get the sanctions through the UN in the first place. If Iran has no money to spend then all those investments and technicians and factory reps have to go home.

On an almost daily basis, stories are hitting the mainstream that Iran is or isn't moving all of its foreign assets to Asia and out of British and European banks. The mixed messages alone are enough to roil the markets and that's exactly the object lesson Iran wants to drive home.

#### **SANCTIONS AND THE UN**

Don't hold your breath, Condi. They aren't going to happen. Any sanctions that might come out as a result of US pressure won't even make Iran blink. The best the US can hope for is maybe travel restrictions on Iranian leaders (yawn). And if that's all the US gets after taking the matter to the UN, the US will appear even weaker.

The permanent members of the UN Security Council include Britain, France, China and Russia. All have one-vote, unilateral veto power. Other current Security Council members include Japan, who will certainly oppose anything that might slow down Iran's purchases of their products. These nations can read the writing on the wall. The US consumption binge is ending on a note of severe indigestion and flatulence. The US economy is crumbling and the signs are clear that <a href="Joe America">Joe America</a> is waking up to the fact that he's already in way over his head.

## IT'S THE BOURSE, OF COURSE

The key to understanding why Iran is under such pressure from the Empire is simple: The oil bourse scheduled to open in Iran this March will trade in Euros instead of dollars. The entire world (including Japan, China, Russia, India, Latin America and Europe) is eager for this bourse to open. For it is there that they will free themselves from the indirect taxation that has been imposed upon them by the US dollar since the Bretton Woods agreement was ratified after World War II.

True, dollar hegemony began when the dollar was decoupled from gold during the Great Depression. It gained strength when, during the Second World War, the US supplied and fed a beleaguered world, accepting payment in gold. Oil, gold and the dollar are in heavy, heavy play right now. It is impossible for all three to rise in value at the same time. On that front it's two-to-one against the dollar.\*

This threat to dollar hegemony was a major reason for the removal of Saddam Hussein. He started trading Iraqi oil for Euros in 1999. Though he wasn't taken seriously at first, by 2000 he was attracting enough international business to scare the bejesus out of Imperial Washington.

Iran is at least twice the economic threat to the dollar that Iraq was.

The only problem is that the Empire has suffered a case of premature ejaculation. It spent all of its resources in Iraq: economic, political, moral, and military. "They're gone and there ain't no more." Like the men on the bridge at Eindhoven which proved too far for Sir Bernard Law Montgomery in 1944's Operation Market Garden, Iran can now stand, looking across the bridge which it controls and give the US the raspberry. Like the rest of the world, Iran understands that the US cannot cross that bridge without risking losing the war. Any futile attempt by the US and Israel to attack Iran would be the single largest "nuclear moment" since August 9, 1945, surpassing the Cuban Missile Crisis of 1962.

The world understands this calculus and is betting – whether they admit it or not – on Iran. The one ace up the Empire's sleeve, PROMIS software and other advanced hacking programs, could be used to sabotage the bourse's operations. But then that would be like the US leaving a calling card saying "We did it." The world knows what the US is capable of in terms of "data mining." About a sixth of my book <u>Crossing the Rubicon</u> was devoted to that technology and its deep connection to the Empire.

As for Israel, an air attack on Iran would almost certainly result in an uncontrollable chain reaction throughout the Muslim world. Beyond all reason the state of Israel would be suddenly surrounded on all sides with never-before-seen levels of animosity. I cannot fail to note the resemblance to events narrated in the Book of Revelation. There can be no doubt about what the Fundamentalist Christian PACs want. Since Israel, not Iran, is the only nuclear power in the region it kind of makes one wonder.

Either way, the spring and summer of 2006 are going to be a turning point in human history that no one will forget. Those who hope the US will attack Iran may be supporting not a turning point in history but rather history's end.

\* Much of the above analysis comes from the best economic teaching paper I have read in ten years. It is a must-read called "The Proposed Iranian Oil Bourse" by Krassimir Petrov, Ph.D. Commissioned by investment banker Douglas Bowey (whom I have met), it was first published (as far as I can tell) in a long, seven page version on January 16th at *Le Metropole Cafe*. *Le Metropole Cafe* is a subscriber-only site that features commentary by some of the best economic minds on the planet. Shorter versions of the article are proliferating over some of my favorite internet sites as free reprints under US Copyright laws. I strongly recommend subscribing at Le Metropole to get the long version. If not, all you have to do is Google the title and you'll see how far and wide this great work has spread.

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