

Gov. Janet Napolitano (D) announced a hiring freeze across the state's executive agencies on Feb. 21 to help meet an estimated budget shortfall of \$1.15 billion this year. The state legislature is considering other belt-tightening measures, as well... The state of Arizona and all its cities and towns are confronting huge revenue shortages this year, mainly because sales-tax revenues are far below projected levels. In fact, Arizona has the dubious distinction along with California, Nevada, and Florida of leading the country in the current economic slide.

"Those four states are where the housing bubble was the biggest, where investors and speculators had a significant presence," says Marshall Vest, an economist at the University of Arizona's Eller College of Management in Tucson. "Those states saw a higher use of sub-prime mortgages. These are the states that have been in recession for several months already."

Consumers in Arizona, Dr. Vest says, lived beyond their means for the past seven years. It was easy for them to tap the equity in their houses and to get very low interest rates on credit cards. So when the housing bubble burst, housing prices declined, along with the equity homeowners enjoyed, and banks began to tighten up on credit. That meant people had much less money to spend.

"In addition to that, we had 6 percent employment growth just two years ago. Today it is essentially zero," Vest says. Arizona's economy peaked in August and has been shrinking ever since, he says. It's been in recession, he adds, since the third quarter of 2007... Arizona is a little different from other states in that property tax isn't the main source of revenue for state and city governments here. They rely more on sales taxes and income taxes. So when both earnings and spending are curtailed, so are the monies that local governments collect.

"The sales-tax side is the other chip to fall," says Chris Hoene, director of policy and research at the National League of Cities in Washington. "For the past decade, there's been a much stronger connection between housing values and consumer spending than was perhaps previously thought." ... That's because, he says, people used the values of their homes for second mortgages to make other large purchases. And those large purchases, usually cars, appliances, and assorted luxury items, led to the collection of more sales tax. When those purchases fell off, so did the sales-tax collections... As a result, government entities here are tightening their collective belts. In Mesa, for example, the third largest city in Arizona and the 38th largest in the country, officials are struggling to cut spending to make up for the projected shortfalls.

The city's operating and maintenance budget is about \$328 million this year, 66 percent is dedicated to public safety. So the city asked the police and fire departments to come up with cuts equaling 5 percent, which means a \$7.2 million reduction in expenses. Its tentative plan calls for a reevaluation of all open positions before they are filled, a curtailment of overtime hours that now total about 4,000 hours per month, and a rethink of capital expenditures. Such cuts are difficult, and the residents of Mesa are understandably concerned, Mr. Odom says... Phoenix and Tucson are adhering to similar processes, while the state legislature and the governor are jointly working on plans to reduce the state's spending.

If there's any reason for cheer, it's that the state has been in this position before, and it not only came out of it, but also came out of it with unprecedented growth to lead the country as the fastest-growing state last year... "There have been seven nationwide recessions since 1960, and each time we've bounced back," Vest says. "The two most recent recessions, in the early 1990s and 2001, were both short and mild. So far there's no reason to believe this is any different than the last two."

Comments by David Mathews: [<http://www.geocities.com/dmathew1>] February 25, 2008 edition of [<http://www.csmonitor.com/2008/0225/p02s01-usec.html>]

"There have been seven nationwide recessions since 1960, and each time we've bounced back," Vest says. "The two most recent recessions, in the early 1990s and 2001, were both short and mild. So far there's no reason to believe this is any different than the last two." ... Yeah ... there's no reason "at all" to believe that things are different this time. How easy is it for people to lie to their own self?

The people of Arizona are going to discover that things are very different this time. The people of America — including the Hummer drivers and the obese obsessive-compulsive shoppers at the mall — are going to

Halpern, assistant research scientist at the University of California, Santa Barbara, who led the research. "Our results show that when these and other individual impacts are summed up the big picture looks much worse than I imagine most people expected. It was certainly a surprise to me."... Human impact is most severe in the North Sea, the South and East China Seas, the Caribbean, the Mediterranean, the Red Sea, the Gulf, the Bering Sea, along the eastern coast of North America, and in much of the western Pacific.

The oceans at the poles are less affected, but melting ice sheets will leave them vulnerable, researchers said... The study found that almost half of the world's coral reefs have been heavily damaged. Other concerns rest with seagrass beds, mangrove forests, seamounts, rocky reefs, and continental shelves. Soft-bottom ecosystems and open ocean fared best, but even these were not pristine in most locations... Previous studies of human impacts have focused on a single activity or on an isolated ecosystem, and rarely on a global scale... Fiorenza Micheli, an associate professor of biology at Stanford University, said the maps should guide ocean management in the future... "By seeing where different activities occur and whether they occur in sensitive ecosystems, we can design management strategies aimed at shifting activities away from the most sensitive areas."

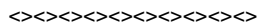
To make the map, scientists compiled global data on the impacts of 17 human activities, including fishing, coastal development, fertilizer runoff, and pollution from shipping traffic... They divided the ocean into one-square-kilometre cells and worked out which human activities might have touched each particular cell. For each cell, the scientists allocated an impact score to look at the degree to which human activities affected 20 types of ecosystems... Around 41% had medium high to very high impact scores. A small fraction, 0.5%, but representing 2.2m square-kilometres (850,000 square miles), was rated very highly affected.

Halpern said the results, which were published in the journal *Science* and presented yesterday to the American Association for the Advancement of Science annual meeting, still gave room for hope. "With targeted efforts to protect the chunks of the ocean that remain relatively pristine, we have a good chance of preserving these areas in good condition."

Andrew Rosenberg, a professor of natural resources at the University of New Hampshire, who was not involved with the study, said: "Clearly we can no longer just focus on fishing or coastal wetland loss or pollution as if they are separate effects... "These human impacts overlap in space and time, and in far too many cases the magnitude is frighteningly high."... He added: "The message for policy makers seems clear to me: conservation action that cuts across the whole set of human impacts is needed now in many places around the globe."... Highlighting examples of action, the researchers said that, for example, fishing zones have been shown to help ecosystems survive better, and navigation routes across seas have been altered to protect sensitive ocean areas.

Although the research will be helpful, making conservation decisions will require more detailed research at the local level, said Micheli... "Our results and approach, augmented with additional local information, can also inform management at a local and regional scale. Looking at the data globally, some information is lost."

Halpern said the map was a wake-up call. "Humans will always use the oceans for recreation, extraction of resources, and for commercial activity such as shipping. This is a good thing. Our goal, and really our necessity, is to do this in a sustainable way so that our oceans remain in a healthy state and continue to provide us with the resources we need and want." Yeah... All we really need is another WAKE-UP CALL???



Oceans... Dead zone threats, *Seattle Post-Intelligencer* Editorial, Feb.19, 2008

Humans have always thought of the oceans in strong terms: vast, mysterious, life-giving. The study showing the development of oxygen-depleted dead zones off Washington, Oregon, and California provides a startling illustration of the breadth of today's threats to the environment... If we are changing the very oceans around us, we have every reason to worry. Scientists think global warming may be the main culprit, with changing wind patterns leading to the development of large areas with almost no oxygen along the Pacific Coast for parts of the world's oceans, is essentially unprecedented here.

purchase health insurance as a means of getting coverage for all people. Clinton has even said she would not rule out garnishing individuals' wages if they failed to comply. Obama would only mandate coverage for children."

They're having nutty debates about who's going to mandate how many people," Moore said. "We're not cars," he quipped, referring to the argument that health insurance mandates are equivalent to state laws requiring drivers to carry automobile insurance. On Obama's healthcare positions, Moore pointed to statements the senator has made that would support a single-payer system if he were "starting from scratch," statements the Clinton campaign has used to criticize Obama. "He needs to go back to his original position," Moore said... Obama spokesman Tommy Vietor defended the senator's healthcare plan, saying it would significantly cut down on consumer costs. He also noted that Obama does not accept contributions from federal lobbyists.

Moore said he was pressuring friends on Capitol Hill and Hollywood who have endorsed Clinton and Obama to push them closer to single-payer healthcare.

But, he said, the makeup of Congress could prove more crucial to the healthcare reform debate than whether Clinton or Obama is president... "It's equally, perhaps even more, important on this issue that people across the country elect members of Congress who support" Conyers's bill, Moore said. "The Democratic president is not going to veto that bill," he said. "At that point, they're going to have to ride the wave."

Moore held the conference call to promote a Capitol Hill rally scheduled for Tuesday to call for greater funding to treat the medical conditions suffered by rescue and cleanup workers who assisted at the World Trade Center site in New York on Sept. 11, 2001, and the weeks following the terrorist attacks. Among the more than 200 workers and families expected to attend are some of the people portrayed in *SiCKO*," whom Moore took to Cuba to receive medical treatments.

Don't Rerun That '70s Show

By PAUL KRUGMAN, Columnist, *NY Times*, February 22, 2008

Will the next president be the second coming of Jimmy Carter? Given Thursday's economic headlines, full of dire warnings about the return of 1970s-style stagflation, you might think so.

Realistically, though, the parallels between the problems facing the U.S. economy now and those of the late-1970s aren't that strong. That's the good news... The bad news is that the economy probably will look similar to, but worse than, the economy that undid the first President Bush; and it's all too easy to see how the next president could suffer a political fate resembling that of both the elder Mr. Bush and Mr. Carter.

Let's talk first about the Carter-era economy.

Jimmy Carter's overall economic record was much better than most people realize. The average economic growth rate under his administration was 3.4 percent per year, slightly higher than the growth rate under Ronald Reagan and far better than growth under either Bush.

Reagan famously asked Americans whether they were better off than they had been four years ago; the answer actually was "yes," most families had higher real income in 1980 than they did in 1976... But the good economic news came in the Carter administration's early years, while its final year was marked by rising unemployment and soaring inflation, largely caused by a surge in oil prices.

And once again we have a weakening economy coupled with rising inflation, again thanks in large part to a surge in oil prices.

That said, I don't believe we're really facing anything comparable to 1970s stagflation. For one thing, we're less dependent on oil: America has more than twice the real G.D.P. it had in 1979, but consumes only slightly more oil. For another, there's no sign of the wage-price spiral that once drove inflation into double digits; in fact, wage growth has been declining even as inflation rises... What's much more likely is that we'll have an economy like that of the early 1990s, only worse.

The first President Bush presided over the 1990-1991 recession, but his real problem came during the alleged recovery, which was hobbled by financial problems at many banks, which had been badly damaged

by the collapse of the late-1980s real estate bubble, and by sluggish consumer spending, held down by high levels of household debt... As a result, the unemployment rate just kept rising, not reaching its peak of 7.8 percent until June 1992.

If all this sounds familiar, it should. Many economists have pointed out the parallels between the current situation and the early 1990s: another real estate bubble, sub-prime playing more or less the same role formerly played by bad loans by savings and loan institutions, financial trouble all around... The difference is that the problems look a lot worse this time: a much bigger bubble, more financial distress, deeper consumer indebtedness, and sky-high oil prices added to the mix. So, if history is any guide, we should be looking at an extended period of economic weakness, probably extending well into 2010, and quite possibly even longer.

Can the next president do anything to avoid that outcome? In terms of straight economics, the answer is a clear "yes." To this day, it's not clear what Mr. Carter could have done differently: stagflation is a problem with no good solutions, but weak spending is a treatable condition. A serious fiscal stimulus plan, one that emphasized public investment and aid to Americans in economic distress rather than across-the-board tax rebates, which many people won't spend could do a lot to ease the country's economic pain.

Politically, however, it's hard to see this happening.

If the next president is a Republican, he will be captive to the doctrine that tax cuts are the answer to all problems, and therefore won't seek an effective response to the economy's troubles... And even if the next president is a Democrat, any serious stimulus plan would face intense, ideologically-motivated opposition in Congress. Will the next president be prepared to fight for an effective plan? Or will we end up with a compromise like the one Congressional Democrats agreed to this year, legislation that assuages conservative objections at the cost of undermining the plan's effectiveness?

Until recently, I thought the biggest political struggle facing the next president was likely to be over health care reform. But right now it looks as if the first thing on the next administration's plate will have to be dealing with a weak economy... And if effective action isn't forthcoming, the next president will suffer the fate of Jimmy Carter, who began his administration with words of uplift: "Let us create together a new national spirit of unity and trust" and ended up delivering America into the hands of the hard right... (*Mr. Obama could get his wish — become President of the United States just in time to discover he's stuck his head in a cement mixer... Hard-right Republicans, unhappy with McCain, have basically written off the next 4 years with someone they don't like at the helm. They're hoping the growing bad news {which will almost certainly include the global peak of crude oil production, if it hasn't happened already!} will hang around the president's neck like a stinking dead albatross, guaranteeing his or her loss in the election of 2012 and a new chance to find their Ronald Reagan of the 21st century.*) Comments Posted to "The EnergyResources List" by Dick Lawrence.

Shell President: America's Energy Security a 'Mess

Shell President John Hofmeister addressed U.S. policy makers on Feb. 21 to proffer suggestions for energy policy changes. Hofmeister urged policy shapers to extend the rights of U.S. companies by allowing them to drill the outer continental shelf of the U.S., which is currently illegal. Hofmeister said that the U.S.'s energy consumption, along with an outdated policy, have led to a failure in energy security." During the course of today, the U.S. will consume 10,000 gallons of oil a second," said Hoffmeister. "That equivalent is 21 million barrels of oil a day ... that's a swimming pool full of oil every second of every minute of every hour throughout the day.

"In addition, we will consume some 60 billion cubic feet of gas. Sixty billion cubic feet of gas, if stacked on top of each other, would be 25 roundtrips to the moon. So when you put that kind of energy consumption in perspective when we deal with energy security in this country, that's a very big deal.

"It's the basis of our lifestyle."

Hofmeister admitted that while Shell has been one of the first big oil companies to invest in alternative energy sources, such supplies "while meaningful over the longer term cannot displace or replace the kind of day-to-day demand for hydrocarbon energy" the U.S. has today... "My goodness, what a mess we're in when it comes to national energy security," he concluded.

Hofmeister said that energy security should enjoy the same importance as homeland and economic security, because each contributes to the other as a part of the "foundation of America's well-being." ... "With energy security, we can have the best of all worlds," he said.

The Shell president defines energy security as a "comprehensive, holistic strategy with a short-term makeup, a medium-term makeup, and a long-term makeup," which is how Shell designs its own business mode.

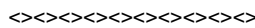
Consequently, Hofmeister said that this country's "short-term hurt" is that it imports more than 60% of the oil it consumes. The \$2 trillion the U.S. spends on oil imports is \$2 trillion that the country will never see again, he said. That money is used to develop and maintain resources for oil exporters in other parts of the world.

Last year, S&P's top-six oil companies were state-run companies, like PDVSA, Petrobras, and Rosneft. Hofmeister said the nationalism of natural resources is the "legitimate" right of sovereign nations, yet this is where American energy security fails. He said that contrary to popular belief, the energy market place is not a free market... "When a cartel of countries can determine production limits which help to guide a price level, and when U.S. companies are prohibited by public law from developing U.S. natural resources, that represents constraint of a free market," said Hofmeister. — and so it is a myth to think that U.S. oil companies can just go and explore and produce where they choose in a free oil market."

Hofmeister pointed out that only 15% of the outer continental shelf of the U.S. is available for E&P purposes, while 85% is off-limits by law... "As long as that is the case, we are contributing to, in a sense, the lack of development of our own national natural resources," he said, "and it is necessary for us then to pull upon a pool of international natural resources, which are controlled by nationally sovereign nations."

Hofmeister said that to secure the U.S.'s energy future, policies must be moved so that the country can manage its natural resources in the interest of the American people... "Calling for a comprehensive, integrated, short-term, medium-term, long-term energy strategy would put in place for America an energy strategy that has not existed over the last 50 years," said Hofmeister. "The last time America had an energy strategy in terms of a coherent, integrated, short-medium-long-term approach, was World War II.

"The strategy was simple: Produce all the energy the nation can produce and ration it to consumers in order to support the war effort... "Since then, we've relied upon free markets, which have consistently lost their degrees of freedom over the last 50 years. It's time now for the nation to approach energy security in a bipartisan nationally led model, such as we do with homeland security and economic security."



Trendevents Comment:

Shell President John Hofmeister discovered the truth... There are no vast profits for Shell by investing in alternative energy sources: (Quote... "My goodness, what a mess we're in when it comes to national energy security.")

Dr. Al Bartlett, in his lecture on "The Exponential Function," calls this "Strength through Exhaustion," to accelerate selling off a vital non-replaceable resources for monetary profit... What a silly way to have "Energy Security," to drill and pump out oil and gas... Best that the 85% off-limits by law be maintained as untouched off shore reserves. It's insane, replacing a valuable non-replaceable resource for useless dollars stored as code in banking computers. (P. C.)