

A Chronicle of the Age of Consequences

Chapter 15

A Summer of Consequences

A steady cascade of consequential headlines flowed across the nation this summer, each one highlighting a different aspect of our current predicament. Rather than comment on each development generally, I offer them here in cascade instead.

June

6/1 – General Motors Goes Bankrupt

General Motors, which once controlled more than 50% of the domestic auto market, filed for bankruptcy protection on Monday – an action once considered unthinkable. It was the third largest bankruptcy filing in U.S. history (the collapse of Lehman Brothers last fall was #2). It happened after years of market share decline, capped by a dramatic plunge in nationwide auto sales this year, which fell to a 26-year low. In a vain attempt to stave off bankruptcy, the federal government pumped \$19 billion into GM directly, and will likely pump another \$30 billion into the automaker before all is done. Altogether, the tab to taxpayers for the entire U.S. auto industry could reach \$100 billion. After emerging from bankruptcy the government will own a 60% stake in GM, with the union and creditors owning the rest. GM will shed its Pontiac, Saturn, Hummer and Saab brands and eliminate 2000 of its 6000 dealerships. The result could be 100,000 job losses if those dealerships are forced to close. GM stock will be reissued at a fraction of its original value, essentially wiping out investments. As a consequence of bankruptcy, GM will be removed from the Dow Jones industrial average, where it has been listed since 1925. It will be replaced by Cisco Systems, a technology company.

6/11 – Swine Flu Goes Pandemic

The United Nation's World Health Organization officially declared the swine flu a global pandemic – the first such designation in 41 years. The alert came after a sharp rise in cases in Australia, Japan, Britain, Chile and elsewhere. The outbreak originally made headlines in April when Mexican officials reported a large number of hospitalizations among healthy adults. The virus spread quickly and is now widespread in the U.S. where it has infected more than one million people. It is a new strain, called H1N1, and its origins are unclear, though health officials challenge the popular story that it rose in factory pig farms in Mexico. More likely, it arose in China and traveled to Mexico in an infected human. Principal transmission of the virus is through the air, though touching spreads it as well. Most people lack immunity, which is why a massive inoculation program will be conducted this fall in the U.S. and other countries, when cold weather returns. H1N1 is not necessarily more deadly than a regular seasonal flu, which kills between 250,000 to 500,000 people a year globally. Of concern, however, is its novelty and the easy way it spreads from human to human, particularly among young people.

A Chronicle of the Age of Consequences

6/17 – Obama Attempts Financial Reform

President Obama announced a major legislative effort aimed at reforming federal oversight of financial markets, a consequence of last fall's near-collapse on Wall Street. "We need to be sure that the government has the tools it needs to manage crises, if and when they arise," he said, "so that we are not left with untenable choices between bailouts and financial collapse." The proposed package gives sweeping new powers to the Federal Reserve, calls for the merger of the government's two largest banking regulators into a single national entity, and creates a new consumer financial protection agency. This new agency will have the power to judge whether or not products are safe for consumers (such as subprime loans) and will assume responsibility for nearly all consumer protection rules, including truth-in-lending laws. It would also have the power to examine financial institutions. The banking industry has already announced it will vigorously fight this provision.

Critics questioned whether more and better regulation will be sufficient to reign in Wall Street excess. Does the government have the skill to keep up with greed-at-the-speed of business, they asked? Although Obama touts this package as the most sweeping since the 1930s, it has been pointed out that in the 1930s reform included actual and permanent penalties for Wall Street, including the creation of the Securities and Exchange Commission. In contrast, this time the intention apparently is to punish the regulators, not banks. Critics noted that nothing fundamental about the way the financial game is played is changed by this proposed reform, other than adding to the size and complexity of the federal government. For their part, financial institutions were lectured by Obama to behave better next time.

6/20 – Record One Billion Are Hungry

The United Nations announced yesterday that the global population of hungry people reached one billion, a grim milestone, it said, that poses a threat to peace and security around the planet (hunger is defined as eating less than 1800 calories a day, the minimum necessary for good health). "A hungry world is a dangerous world," said Josette Sheeran of the World Food Program, a UN food agency based in Rome. "Without food, people have only three options: they riot, they emigrate, or they die." According to the UN, one in six people suffers from hunger due to war, drought, high food prices, political instability, and poverty – a crisis compounded by the global financial meltdown which has reduced the ability of rich nations to provide relief for poor ones. And the hunger rate, up 11% from only one year ago, continues to rise, said officials. The largest numbers of hungry people are in Asia, the Pacific, and sub-Saharan Africa. "The dire figures make it highly unlikely that a goal set by the wealthiest nations to cut hunger in the world in half by 2015 will be met," reported the Associated Press, "though officials vow to press world leaders at the Group of Eight summit gathering in Italy next month."

6/26 – House Passes Climate Bill

"Congress has taken its first step toward an energy revolution, with the prospect of profound change for every household, business, industry and farm in the decades ahead," wrote Josef Hebert for the *Associated Press* two days after the U.S. House of Representatives passed the

A Chronicle of the Age of Consequences

Waxman-Markey climate bill. If enacted by the Senate and signed by the president, the bill would, for the first time ever, require limits on pollution blamed for global warming, mainly carbon dioxide. The bill would touch our lives in countless ways – how we heat our homes, where we drive, what we eat, and who we work for and hire. Congressional critics – and the bill passed the House by a slim 219-212 margin – say it’s the wrong approach to climate change. Energy and food will become more expensive, they say. Others object to the bill’s cap-and-trade provision, which creates a carbon-credit trading system in which a polluter can ‘offset’ their violation of the carbon limit by buying credits from someone under the cap. Opponents called it just another tax on the economy. Supporters say the bill will provide incentives for renewable energy sources, increase energy efficiency, and create new jobs. Praising the bill, President Barack Obama said “It will open the door to a clean energy economy and a better future for America.”

Critics outside of Congress, particularly environmentalists – many of whom energetically supported Obama in his run for the presidency because of his proactive stand on global warming – were disappointed by what they see as a watered-down bill. Its overriding of the EPA’s role in regulating carbon emissions, for example, was particularly startling, said activists. The giveaways to the coal industry are unacceptable too. While most big environmental groups support the bill, many individual activists do not, and some have promised to protest. In defense of their involvement, a representative from one of the Big Green Groups said “We cannot hope for stronger environmental champions in Congress,” referring to Democrats. “If not now, when?” Still, the compromises that were made to win House approval have left the president’s ‘green’ base in disarray. Many blame Obama for not being more engaged. “He needs to live up to the promises he made to us when we poured our heart and soul into electing him,” said one activist.

July

7/6 – “Despair Flows as Fields Go Dry and Unemployment Rises” – *LA Times*

Mendota, California – Drought and conflict over irrigation rights threaten to turn large swaths of the semi-arid San Joaquin Valley into a dust bowl, reports Alana Semuels for the *LA Times*. Farmers have idled half a million acres of once-productive ground and are laying off legions of farmhands. “Standing in a parched field in 104-degree heat, farmer Joe Del Bosque pointed to cracked earth where tomatoes should be growing,” writes Semuels. “He didn’t bother this year because he can’t get enough water to irrigate them. He’s cultivating only about half of the cantaloupe and asparagus that he did in 2007. He has slashed his workforce and his bills are mounting.” Drought, climate change, regulations protecting an endangered fish, and subordinate water rights have all combined this year to gut the area’s ration of government-delivered water by 90%. And when there’s no water, there’s no work. “Desperation is rippling through agricultural communities such as Mendota, 35 miles west of Fresno, where an estimated 39% of the labor force is jobless,” writes Semuels. Governor Arnold Schwarzenegger recently asked President Obama to declare Fresno County a disaster area in order to increase federal relief aid. But that’s not what area farmers want. “We don’t want welfare, we want water,” said one at a town hall meeting. And with climate change intensifying, competition for water statewide will

A Chronicle of the Age of Consequences

become even fiercer. “I hope there’s more work this year,” said one farm worker in Spanish. “If there’s not, I don’t know what I will do.”

7/8 – The Pope Condemns Economic Sins

Pope Benedict XVI issued a new encyclical today that calls for a radical rethinking of the global economy, reported the *New York Times*. Benedict criticized the current economic system as one “where the pernicious effects of sin are evident” and urged financial agents to “rediscover the genuinely ethical foundation of their activity.” In the encyclical – more than two years in the making and the third since Benedict became Pope in 2005 – the pontiff reacts to the ongoing global financial crisis by calling for “greater responsibility” on the part of businesses. “Once profit becomes the exclusive goal,” he writes, “if it is produced by improper means and without the common good as its ultimate end, it risks destroying wealth and creating poverty.” Filled with terms such as “globalization,” “market economy,” “outsourcing,” “labor unions,” and “alternate energy,” the encyclical was reportedly difficult to translate into Latin, said *The Times*. Benedict, possibly the most environmentally conscious pope in history, writes “One of the greatest challenges facing the economy is to achieve the most efficient use – not abuse – of natural resources, based on a realization that the notion of ‘efficiency’ is not value-free.” Benedict called for reform of the United Nations so that less powerful nations could have a greater voice. He also said rich nations have a moral obligation to help less fortunate ones.

7/9 – Only 96 Months Left to Save the Planet

In a ‘grandstand’ speech yesterday, Britain’s Prince Charles said that by his calculation we have only 96 months (eight years) to save the planet from tragedy. He also blasted capitalism and consumerism for having brought the world to the edge of ruin. “We in the industrialized world have increased our consumption of the Earth’s resources in the last thirty years to such an extent that, as a result, our collective demands on Nature’s capacity for renewal are being exceeded annually by some 25 percent,” he said during the annual Richard Dimbleby lecture. Speaking to an audience of industrialists and environmentalists, Prince Charles announced that we can no longer afford consumerism and that the “Age of Convenience” was over. All economic capital is based on Nature’s capital, he noted, and when we rob ecosystems of their natural resilience we inevitably destroy economic resilience as well. “Facing the future, therefore, requires a shift from a reductive, mechanistic approach to one that is more balanced and integrated with Nature’s complexity,” he said. Charles’ speech was described as his first attempt to present a coherent philosophy in which he placed the threat to the environment in the context of a failing economic system. “Just as our banking sector is struggling with its debts,” he said, “so Nature’s life-support systems are failing to cope with the debts we have built up there too.” According to the Prince, the next generation will face a “living hell” unless governments urgently tackle climate change and stop plundering the Earth’s resources.

7/10 – “The G-8 Is Dead” – an online opinion

The so-called Group of Eight – The United States, Canada, Germany, France, Britain, Italy and Russia – summited in L’Aquila, Italy, this week to discuss a wide range of issues, including the

A Chronicle of the Age of Consequences

global financial crisis, water, and climate change. Little progress was reported, however. The chief product of the meeting, in fact, appeared to be inaction. The G-8 leaders failed, for example, to provide any details or set any meaningful targets for a reduction in greenhouse gas emissions, disappointing many. “The chasm between rich and poor on how to address climate change burst into the open at the G-8 summit Thursday,” reported the *Associated Press*, “showing how difficult it will be to persuade the world to make lifestyle and economic sacrifices needed to save the planet from global warming.”

Others were harsher in their assessment. “Democracy no longer counts for much,” wrote Dirk Kurbjuweit in the Internet forum *Spiegel Online*. “Neither does freedom. And human rights have lost their claim to universal validity...The G-8 has now been reduced to a mere talking shop for certain heads of state.” The Group’s inaction on climate change was particularly vexing. In an editorial that blasted both the G-8 and the Waxman-Markey climate bill in Congress, Dr. James Hansen, Director of NASA’s Goddard Institute for Space Studies, wrote “If we burn even half of Earth’s remaining fossil fuels we will destroy the planet as humanity knows it.” The concentration of CO₂ in the atmosphere stands at 387 parts-per-million. Burning current reserves of fossil fuels will drive the total well over 400 ppm, igniting, as Hansen describes it, “a devil’s cauldron of melted icecaps, bubbling permafrost, and combustible forests from which there will be no turning back.” The answer, he insists, is to cut off the largest source of these emissions – coal – and allow CO₂ to drop back down to 350ppm through agricultural and forestry practices that increase carbon storage in trees and soil.” But, he noted, the G-8 didn’t go there.

7/11 – Peak Oil Day

One year ago, the price of a barrel of oil hit \$147.27 – a record – in daily trading. That same month, world crude oil production topped out at about 75 million barrels a day. Today, both are down – oil is trading at roughly \$60 a barrel and production has dropped by a million barrels or so. To peak oil theorist and author Richard Heinberg, all of this signals the long-debated day when global oil production tips over and begins its inevitable decline. “Maybe it’s a stretch to say that the production peak occurred at one identifiable moment,” writes Heinberg in an article published online by the *Post Carbon Institute*, “but attributing it to the day oil prices reached their high-water mark may be a useful way of fixing the event in our minds. So I suggest that we remember July 11 as Peak Oil Day.” He proposes an annual commemoration so that we may focus our thoughts on transitions and next steps. “It is too late to prepare for Peak Oil,” he writes, “a year too late, in fact. Now the name of the game is adaptation.” We are in an entirely new economic environment, he says, in which old assumptions about the inevitability of perpetual growth, and the usefulness of leveraging investments based on expectation of future growth, are being reevaluated. By way of commemoration, he suggests spending more time in nature, engaging in a 24-hour oil fast, organizing a bicycle parade, or participating in a solar-cooker bake-off.

In related news, the *Toronto Star* reports that the Ontario government has put its nuclear power plans on hold because the only credible bid it received for two new nuclear power plants was \$26 billion – which works out to over \$10,000 per kilowatt. That’s more than three times higher than what the Province expected to pay. During hearings last year, the government indicated anything

A Chronicle of the Age of Consequences

above \$3,600 per kilowatt would be uneconomical compared to natural gas. Furthermore, the current bid would wipe out the Province's budget for nuclear power for the next twenty years, the *Star* said. Government officials are pondering next steps in light of this unexpected development.

7/17 – The End of an Era

Walter Cronkite, veteran journalist, evening news anchor, and America's favorite 'uncle,' died Friday at the age of 92. The 'go to' guy for many critical news events, it is not an exaggeration to say he was one of the most respected, trusted, and beloved people in the nation. For many, his death marks the end of an important era – because his qualities have not been easily replaced. Here are some of the voices that spoke out on the news of his passing... President Bill Clinton: "to me, he represents the best of the First Amendment. The best of the freedom of the press." Drummer Mickey Hart of the Grateful Dead: "He was a freedom fighter and he was an honest, truthful guy that used his power while he was here on earth well. He was for the good." Katie Couric, anchor and managing editor of the CBS Evening News: "There is something that is so quintessentially American about Walter Cronkite... his honesty and candor in difficult times." Glenn Greenwald, blogging for Salon.com: "Within Cronkite's most important moments one finds the essence of journalism that today's modern media stars not only fail to exhibit, but explicitly disclaim as their responsibility." President Obama: "He was someone we could trust to guide us through the most important issues of the day; a voice of certainty in an uncertain world. He was family. He invited us to believe in him, and he never let us down." Actor Robin Williams: "A man of integrity at a time when we needed it. At a time when we still need it. A legacy of someone who believes in the First Amendment as being one of the prime directives of democracy, but also of civilization." Journalist Ted Koppel: "You will never again have a day when one man or one woman says, 'Alright, listen up America. I'm gonna tell you what happened. And at the end I'm gonna say, and that's the way it was. And you're gonna believe me.'"

In Cronkite's own words: "*We have been too often disappointed by the optimism of the American leaders both in Vietnam and Washington, to have faith any longer in the silver linings they find in the darkest clouds. It is increasingly clear to this reporter that the only rational way out then would be to negotiate, not as victors, but as an honorable people who lived up to their pledge to defend democracy and did the best they could. This is Walter Cronkite. Good night.*"

7/20 – One Small Step For Man

On Monday, we celebrated the 40th anniversary of a famous first step – the day Neil Armstrong of Apollo11 put a foot on the moon. The media was awash in stories about the day's meaning. "What put man on the moon 40 years ago was an audacious and public effort that the world hasn't seen before or since," wrote Seth Borenstein for the *Associated Press*. "Forty years later, the moon landing is talked about as a generic human achievement, not an American one. But Apollo at the time was more about U.S. commitment and ingenuity." It was an exemplary moment of America's can-do spirit and know-how, concurred historian Douglas Brinkley. However, after the moon landing America got soft, Brinkley continued. "We began looking for

A Chronicle of the Age of Consequences

the quick payoff of a lottery ticket instead of the sweat-equity of doing something hard and lost our edge,” he said. Novelist Tom Wolfe, writing in the *New York Times*, agreed. “Why, putting a man on the Moon was just the beginning, the prelude, the prologue!,” he wrote. “The Moon was nothing but a little satellite of Earth. The great adventure was going to be the exploration of the planets...Mars first, then Venus, then Pluto...And after that...the galaxies beyond.” But then the adrenaline rush began to wear off, said Wolfe. We won the space race with the Russians – and it cost a fortune. NASA’s budget began to sink like a stone. And no philosopher stepped up to replace Wernher von Braun, the former German rocket scientist who came over to our side in 1945. Braun insisted that the purpose of the space program was not to beat the Russians, but to “build a bridge to the stars.” NASA tried to capture the public’s imagination with the space shuttle, but its appeal vanished with the Challenger disaster in 1986. Wolfe thinks we need to try again, recovering “NASA’s true destiny, which is, of course, to build that bridge to the stars.”

August

8/10 – *Newsweek* Declares the Recession Over

In what was surely news to millions of Americans recently unemployed by the worst economic downturn since the Great Depression, *Newsweek* magazine and other media centers this week declared the Recession officially over. Citing a rise in corporate profits, the strong rebound of the Stock Market, and – in a painful irony to the average American worker – a *slowing* in the rate of job *loss* last month (as opposed to an actual gain in employment), the mainstream media insisted that the worst was “behind us.” The road to recovery now lay before us – albeit a jobless recovery so far. For some, such as critic Jim Kunstler, all this raises a meaty question: *recovery to what?* “Back to a ‘consumer’ credit card shopping orgy? Another house-buying fiesta?” scoffs Kunstler in his weekly blog. “I don’t think so. Households are drowning in debt...There is absolutely no way we are going back to that particular economy. The only bubble left is the government debt bubble, now leading up to such extravagant excess that it can only end up wrecking the government, and perhaps American society with it.”

8/14 – Town Hall Anger

Grassroots anger erupted this month in ‘town hall’ meetings with lawmakers across the nation, upsetting the White House’s reform agenda. “The 20th century community organizer who used 21st century tools for his people-powered White House campaign now finds himself besieged by citizens airing their grievances at 19th-century style town hall meetings,” reported the *Associated Press*. The principal target for this anger has been President Obama’s attempt at health care reform. Tactics employed by opponents included: shouting down reform supporters, jeers and taunts directed at Democratic lawmakers, and the display of photos of Obama depicted as Hitler or the Joker from a *Batman* movie. “Obama appears to be facing a populist backlash from Americans who want no part of the wholesale change he promised as a candidate,” continued the *AP* story. Ironically, the town hall format, as old as the nation itself, is designed to facilitate reasoned discussion of important issues and settle disputes, noted the reporter. Today, few if any such events take place in actual town halls, and few issues get resolved. Instead, citizens are

A Chronicle of the Age of Consequences

using the forums to voice their wholesale opposition to Democrats generally and the president specifically.

8/25 – Record Red Ink

“In a chilling forecast, the White House is predicting a 10-year federal deficit of \$9 trillion – more than the sum of all previous deficits since America’s founding,” wrote *Associated Press* reporter Jim Kuhnhenn. “And it says by the next decade’s end the national debt will equal three-quarters of the entire U.S. economy.” Senate Minority leader Mitch McConnell reacted by saying “If anyone had any doubts that this burden on future generations is unsustainable, they’re gone – spending, borrowing and debt are out of control.” Congressional Budget Office director Douglas Elmendorf said “We face perils in acting and perils in not acting...Something will have to give.” Still, amid the gloomy numbers, President Obama signaled his satisfaction with improvements in the economy by announcing on Tuesday that he would nominate Republican Ben Bernanke to a second term as chairman of the Federal Reserve. The announcement, welcomed on Wall Street, said Kuhnhenn, “diverted attention from the budget news and helped neutralize any disturbance in the financial markets from the high deficit projections.”

8/26 – End of Another Era

U.S. Senator and one-time presidential aspirant Edward Kennedy died at age 77 from a malignant brain tumor, marking the end of an era in American politics. He entered the Senate when his brother John was elected president and then won the seat outright in 1962. His career stretched from the civil right movement to the election of the nation’s first black president. He was an unabashed liberal – and one of the most effective lawmakers in the Senate’s history, not afraid to reach across the political aisle in order to get legislation passed. He worked to overhaul health care, bolster civil rights, reform education, raise the minimum wage, and change immigration policy. He wrote more 2500 bills and cast more than 15,000 votes. He opposed the wars in Vietnam and Iraq. Human rights and the poor were special interests of his. “More than any senator of his generation, or perhaps any generation, Teddy has made life better for people in this country and around the world,” said his niece Caroline Kennedy at the 2008 Democratic National Convention in Denver. “He’s been a senator for all who believe in a dream that’s never died.”

By the end of the summer, I had a question: what ever happened to America’s vaunted can-do spirit, symbolized by GM, Ted Kennedy, Walter Cronkite, and the Apollo moon-shot? We know we have big problems, but we seem incapable of confronting them meaningfully. What happened? We used to be a ‘git-er-done’ nation, famous for our no-nonsense pragmatism and entrepreneurial spirit. Today, in contrast, we seem hopelessly gridlocked, more content to point fingers than find solutions.

We can’t simply blame our leaders, however. Meaningful changes to our economy, our political culture, and our social institutions (such as health care), no matter how necessary, spook citizens too, especially if they involve sacrifice. We don’t want to pay higher taxes to maintain benefits or increase security. We don’t want the government to reduce social services to balance budgets.

A Chronicle of the Age of Consequences

And we're not willing to make alterations to our lifestyles to avoid environmental trouble in the future. It's no wonder everyone feels frustrated and angry.

It's all part, I'm afraid, of what author and social critic James Kunstler calls our "reality-challenged" society. In the real world, actions (and inaction) have consequences. We know that, of course, because we see it every day in our personal lives. We used to experience it as a nation too. But today, we live in a kind of Fantasyland. Thanks to the miracle of fossil fuels, our buy-it-now-pay-for-it-later economy, our unquestioning faith in technology, and our belief that we can have a 'sustainable' future without creating a sustainable present, we act like consequences don't exist. Or don't matter. Or can be deferred indefinitely. But as Kunstler repeatedly warns, the trouble with this attitude is simple: sooner or later, reality will bite. Hard.

This summer, it sharpened its teeth.