Agenda for National Energy Emergency Action

I. Houston Cartel Energy Policy Proceeds

Key parts of cartel-serving U.S. energy deregulation policy are going ahead, despite the mis-impression that major new legislation is needed for the so-called "new and national" Bush-Cheney energy program.

Coal speculation: On July 11, futures trading of coal began on the New York Mercantile Exchange for the first time ever, strictly to create new speculation and brokering opportunities for outfits like Houston-based Enron, which has been positioning itself for coal "markets."

In terms of real physical economics, not "markets," the very idea of a national coal trading market is absurd. As a bulky, storable commodity, coal has traditionally been booked on a long-term contract basis. (The wiseacres are joking that FedEx will see its stock soar on the anticipation of new markets for next-day boxed-coal deliveries!)

Until now, coal trading has been almost exclusively international, with Mirant, Enron Corp., and Aquila, Inc. doing over-the-counter exchanges, during which about 1 million tons of coal can change hands in a day. Now, 20% of the 1 billion tons of coal burned in the U.S. per year that is purchased on the spot market, will be an object for speculation. More than 50% of the United States' electricity is produced by burning coal. The stage is set for hyper-inflation and chaos.

Regional Transmission Organizations: In electricity, the Federal Energy Regulatory Commission decreed by fiat in early July, that all utilities must participate in and sell power to regional transmission organizations, or RTOs, set up according to FERC. This facilitates continued deregulation of energy distribution and generation.

In dramatic contrast to the corporate earning drops in both the old and "new" economies, the energy pirates report mega-revenues.

- Duke Energy reported second-quarter earnings up 27%. Revenues increased 43% to $15.58 billion from $10.93 billion a year earlier, wholesale natural gas and power sales in North America have expanded, and transmission of natural gas in the eastern U.S.
- Enron reported a 40% increase in second-quarter earnings, over last year, on revenues of $50 billion.

II. Bush-Cheney-Hyped Energy Plan Croaks

Starting July 16, five Cabinet Secretaries and 25 Congressional Republicans went on the road to preach the administration "energy message." Providence intervened right from the start.

On day one, Vice President Dick Cheney, scheduled as the lead speaker at two Pennsylvania events, got laryngitis. Cheney had to sit by, while his wife read his speech.

On day two, the news came out that Cheney has tried toget the Navy to pay the full energy bill for his household in Washington, D.C.! The Cheney residence bill is estimated this year, to be $186,000 for electricity, and an unknown amount for natural gas. The Vice President is given a 33-room mansion on the property of the Naval Observatory. Customarily, the Navy partially paid the bill and the rest comes from the Vice President's "official budget." But now, the White House sent a letter to Congress asking them to okay handing the whole bill off to the Navy.

Cheney himself, and the raft of other speakers promoting the Bush-Cheney energy plan, make the same basic pitch: "Back us to give you more production. Trust us. We won't hurt the environment. We're also the friends of technology [nuclear, coal, wind, etc.]. We'll give more money to the poor, to pay their bills (to the energy cartel). Your bills have been higher, because there was too little production. Give us [cartels] rights to drill, own transmission lines, and everything else, and we will be good."

In reality, energy inflation over the past 18 months correlates with profiteering, not with low production. In 2000, an estimated $263 billion in inflated energy prices was sucked out of the economy, and into the energy cartel sector. 2001, clearly, is worse.

Another tired Houston Cartel/Bush falsehood is: "Our nation, especially under Clinton, has had no energy policy. On May 17, we presented the first national energy policy for the country." In fact, since the 1970s, the policy of deregulation has been implemented on an ever-widening, and deliberate basis—case by case (natural gas, first), state by state, and internationally. And now, the so-called "new national" energy policy calls for still more of the same deregulation.

Meanwhile, on July 18, the General Accounting Office issued Vice President Cheney a "demand letter" to produce within 20 days, the records of his task force meetings on energy policy. So far Cheney has refused; court action could be ahead. This is the first demand letter to be sent to a President or Vice President. At issue is the involvement of Enron and other energy outfits, in formulating the White House energy policy which Cheney announced on May 17. The GAO investigation was originally requested in April, by Rep. Henry Waxman (D-Calif.) and John Dingell (D-Mich.), ranking minority members of Government Reform Committee and Energy and Commerce Committee, respectively.

On July 17, Waxman called for a Justice Department investigation of the stock holdings of Karl Rove, Senior Adviser to the President in the White House. Rove has admitted that he did not sell some $250,000 of Enron stock, when he came into office.

III. Worsening Havoc from Deregulation

The latest round of monthly and second-quarter economic and corporate reports show the havoc in the economy, from energy hyperinflation and other breakdown factors.

■ Consumer inflation figures for June, though highly fudged, showed a one month jump of 3.8% for electricity, the largest increase on record. This reflects the impact of the new round of rate increases in California, but there are also rate hikes in Iowa and other states.

Overall, official statistics reported consumer energy prices dropping in June by 0.9%, attributed to the effect of falling gasoline and natural gas prices. But since January, consumer energy prices are reported up by 11.8%—even by government calculation.

■ Electricity consumption has been cut by 20% or more by nearly one in three Californians, since last year, in hopes of getting a break on electricity rates for reduced usage. The inducement has been a state-backed 20% refund on home electric bills, for customers qualifying by cutting consumption at least 20%. Cutting usage (voluntary "rationing") is one thing as a contingency plan in an overall move to re-regulation; but as a policy, or outlook, it's a dead end.

■ Layoffs and falling corporate earnings announced by firms heavily dependent on energy costs, e.g., forest products companies are hit hard by high energy costs, as well as low commodity prices, high-dollar valuation, and collapsing trade. Second-quarter earnings for Boise-Cascade dropped 36%. Willamette Industries Inc. reported a 20% drop in earnings.

IV. Congressional Dems' Momentum Sags

"Only national re-regulation will work," was the comment by Nevada State Sen. Joe Neal (D), after rolling blackouts hit his state for the first time in history, on July 2. But in Congress, policy moves in this direction have stalled out as of mid-July.

In the most extreme case, Sen. Joe Lieberman (D-Conn.) has U-turned on any pretense of action on the energy crisis, to the point of holding a hearing on July 18, in his Committee on Governmental Affairs, to propose, as a "strategy aligned with U.S. energy policy," an amendment to the 1992 Federal Power Act, establishing a National Office of Climate Change Response, within the executive office of the President. Lieberman's committee says it wants to stop "anthropogenic interference" into climate.

What does this really mean? As Lieberman said on July 16, at the national conference of the Democratic Leadership Council, he wants to "out-Bush Bush," not oppose him.

In the first week of June, the incoming Democratic Senate leadership (Jeff Bingaman of New Mexico, Carl Levin of Michigan, and even Joe Lieberman himself), were outspoken on the need to stop price-gouging by the pirate energy marketer companies, to restore reliable electricity supplies, and probe linkages between mega-profiteering energy companies and the Bush Administration. The House Democrats announced "Energy Action Week." California Gov. Gray Davis (D) came to Washington to score the administration and demand $9 billion in refunds from the Bush-connected companies that bilked his state.

The threat of all this helped force the administration to stand down and compel FERC, on June 28, to put a few teeth (not enough) into its control over wholesale electric prices in the Western states.

The nationwide constituency organizing by the LaRouche campaign for energy re-regulation is creating the support for going all the way for national-interest emergency measures. Cheney's July 16 motorcade in Pennsylvania was met with signs for "Re-Regulation."

But as of mid-July, the momentum in Congress sagged.

Senate: In the Energy Committee in mid-July, there are three hearings on a mish-mash of proposals, ranging from reducing dependence on foreign oil, to reducing dependence on the "Light Duty Vehicle Sector" of gas-guzzling sport utility vehicles.

House of Representatives: Not surprisingly, the so-called Cheney Energy Plan draft bills, "Energy Security Act" and "Energy Advancement and Conservation Act," are being pushed through committee. One standout is Rep. Henry Waxman, who may still raise his electricity cost-based pricing proposal.