

Obama's Energy Ally: T. Boone 'Predator'

by Paul Gallagher

"T. Boone Pickens is right" about energy policy, said Sen. Barack Obama on Aug. 17, after meeting with the Texas hedge fund operator in Las Vegas to "coordinate their energy plans."

Why "right"? Evidently, simply because Pickens is "very rich," causing Obama to call him "a legendary entrepreneur," and to downplay Pickens' funding of the slanderous Swift Boat at-

tacks on Sen. John Kerry in 2004. Pickens self-description in a CNN Money interview Aug. 20: "I'm very right-leaning."

T. Boone Pickens' qualifications as the Democratic Party leadership's 2008 energy oracle seem limited to one. Like the party's British-agent moneybags, megaspeculator George Soros, Pickens is extremely wealthy—worth \$3 billion according to *Fortune's* list; \$4 billion by his own account. Pickens was the world's second-highest-compensated hedge fund manager in 2005, taking home \$1.4 billion from his BP Capital Management, just behind Renaissance funds' manager James Simon's \$1.5 billion (Soros was third). On grounds of Pickens' qualifications to be "right" on energy policy, and Soros's and his Democracy Alliance of billionaires' overreaching influence, Senator Obama looks like the superwealthy man's candidate. He might as well join with Donald Trump—"legendary builder"—to "coordinate" his housing policy.

Pickens has nominally endorsed Sen. John McCain for President, but has made it clear over the past month, that he will contribute nothing directly or indirectly to McCain's campaign.

Pickens also nominally "is for" nuclear power—he claims he is "for everything American"—but he never



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T. Boone Pickens

mentions nuclear in pushing his “Pickens Plan” for alternative energy. If given the same tax rate, siting, and insurance guarantees that Pickens is demanding for his West Texas windfarm schemes, nuclear could meet the power needs of economic revival in the Southwest over the next decade—whereas using “wind” and “power” in the same breath is a joke. But baseline nuclear power expansion, developing fourth-generation fission and fusion reactors—these are just not activities in which a financier and speculator can make a big killing, so the “Pickens Plan” has no place for it.

The Crusader of ‘Shareholder Value’

“Legendary oilman” T. Boone Pickens never employed more than 300 people in his Mesa Oil companies, from which he was forced out as CEO in 1996, by Texas financier Richard Rainwater and associates, whom Pickens had called upon to raise capital and save Mesa after big losses in natural gas. They “found out there wasn’t a bank in the country that would touch the deal if Boone was CEO,” they told *Newsweek*. Within two years, Rainwater himself was prosecuted for defrauding Medicare and Medicaid of a billion dollars in his Columbia/HCA hospital conglomerate. Mesa’s only big non-oil/gas venture, in cattle raising and cattle feeding in the 1970s, lost money and was sold out in the early 1980s.

Rather, Pickens has spent the last 25 years in corporate raiding, oil and gas futures speculation, and the past 12 years, as a hedge fund manager. During the 1980s, he was a regular attendee at “junk-bond king” Michael Milken’s annual Predators’ Balls in Los Angeles, before Milken went to Federal prison for defrauding investors. “Corporate restructuring” was a takeover concept T. Boone Pickens introduced to these raiders and to the U.S. economy as it was “globalized.” It was a term from bankruptcy proceedings; otherwise, healthy corporations had never thought of selling off departments, stripping out assets, cancelling investments, and laying off workforces as things required simply to make bigger payouts to shareholders. Pickens crusaded for “restructuring” as real, courageous corporate leadership; and he and his fellow predators—like Frank Lorenzo, Ivan Boesky, Carl Icahn, Henry Kravis, and Milken—put it into practice at many firms as American industry was offshored and downsized.

Pickens’ method did not center on actual takeovers, turnarounds, and sell-offs of firms; rather, he was the preeminent raider and stock value looter in the oil, gas, and mining sectors. Very few of his takeover attempts at

larger companies succeeded, but they repeatedly forced the target companies to be taken over by other large firms; to make huge payouts to Mesa Oil stockholders and other market operators who had joined Pickens’ “play”; and to cut jobs, and downsize. By forcing Gulf Oil into a merger with SoCal in 1984, Pickens copped a \$760 million payout from Gulf to Mesa’s shareholders alone. Two years earlier, forcing Cities Service Oil into a merger with Gulf had handed \$300 million to Mesa’s shareholders. Pickens’ mentor and fellow Bush crowd insider J. Bruce Liedtke had used the same method, and the Texas courts, to force the biggest such payout ever, an \$11 billion award from Texaco, which finally paid \$3 billion to Liedtke and was ruined.

Pickens made such raiding and looting of corporations into a political crusade: “Shareholder value rules.” All the takeover and stripping operations of the past three decades were sanctified in Pickens’ gospel of shareholders first, shareholders’ profits above all other considerations—for which he ginned up the United Shareholders Association USA, with 60,000 members at its peak. Using this political pressure operation, Pickens campaigned to force Japanese corporations open to the same looting operations, in a 1991-93 battle to take over Honda’s main parts supplier, Koito Manufacturing Co., or force it to pay hundreds of millions.

Fortune crowed in December 1996: Boone’s “once-revolutionary ideas [are] so completely taken for granted that they have become linchpins of the economy. Is there anybody anymore (except maybe in the labor movement) who doesn’t accept the supremacy of the shareholder?”

From 1990 on, Pickens made fortunes speculating in the British-created oil and gas futures and derivatives markets; it is in this activity, because of his frequently accurate predictions of coming large oil price movements, that the financial press converted him from notorious corporate looter to “legendary oilman.”

In short, T. Boone “Predator,” in his long career, has represented *the worst* of the past 35 years’ policies of globalized finance and business, from the standpoint of any honest Democrat, labor, or constituency leader. Can an anti-nuclear scheme to cover the Plains with wind turbines bring Harry Reid and the Democratic Congress into “coordination” with the worst of the corporate raiders and speculators? Barack Obama is already on board.

Pickens himself makes clear he doesn’t intend to allow any and wind turbines near his huge ranch. “They’re ugly,” understates the legendary entrepreneur.