

California Democrats Meet, in Disneyland

by Harley Schlanger

As California Democrats gathered March 30-April 1 for their 2001 state convention at the Anaheim Convention Center, next to the newly opened Disneyland theme park, their fantasies that the energy crisis created by deregulation would soon be solved came crashing down around them.

On March 19 and 20, when the temperature edged above 80°F for the first time this year, the Independent System Operator declared a Stage 3 alert, triggering rolling electricity blackouts from the Silicon Valley to Beverly Hills. One week later, on March 27, consumers were stunned when the Public Utilities Commission (PUC) imposed a 29 to 46% rate hike on consumers. And on March 31, shortly after Gov. Gray Davis (D) addressed convention delegates, defending his administration's policy of bailing out the utilities, by footing the bill for super-expensive electricity bought at auctions from the extortionists at Enron, Reliant, et al., a Stage 2 alert was declared.

Even the most optimistic supporters of the Governor have acknowledged that blackouts are inevitable for late April, May, and June, as electricity available to the state will be priced at high, speculative levels, and will still be far short of demand.

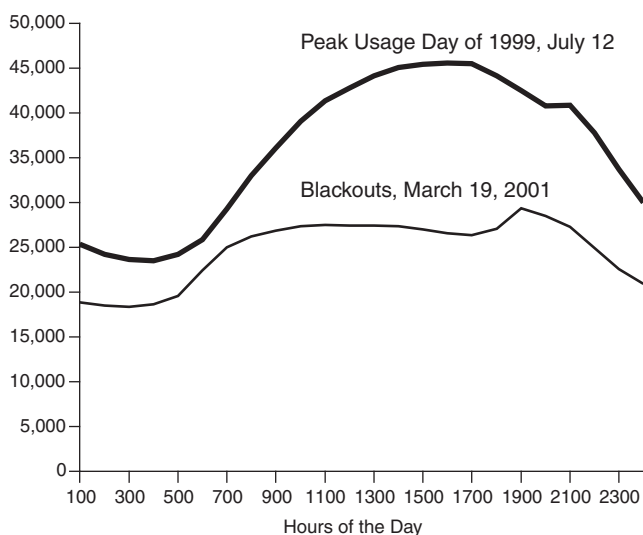
Anxious in Anaheim

With this background, it was not surprising that there was palpable unease among the Democrats who gathered in Anaheim. A note of discord was sounded from the podium at the convention by State Comptroller Kathleen Connell, who is running for Mayor of Los Angeles. Connell criticized Governor Davis's actions—the state's purchase of electricity, signing long-term contracts with natural gas companies to lock in what are historically high prices, and bidding to purchase transmission lines from the two major utilities, Southern California Edison and Pacific Gas & Electric (PG&E), as they are plunging toward bankruptcy—as an “incremental approach . . . [which] is going to rob this state of any financial flexibility and all the budgetary resources that we have put in the bank.”

In other words, the much-touted state budget surplus has been drained, in a net transfer of a huge amount of funds to Enron, et al., which Lyndon LaRouche characterized as a robbery made legal by deregulation. Though official figures for what has been paid out so far, and what has been contracted

Where Did California's Power Go?

Demand for Electricity (Megawatts)



Source: California Independent System Operator.

California's power grid handled more than 45,000 megawatts of demand on a peak day two years ago, without blackouts or brownouts. But on March 19 and 20 of this year, California's grid could not manage to supply a demand which was only 30,000 megawatts: Blackouts ensued. Deregulation, and Texas power barons, seem to have stolen a third of California's power. So much for supply and demand.

in future payments, have not been made public by the Governor, estimates range as high as \$20 billion, with tens of billions more locked in for purchases of electricity over the next five to seven years.

In an additional blow to the Governor's so-called plan, State Treasurer Phil Angelides announced on April 4 that he cannot sell the record \$10 billion bond offering requested by Davis unless the price the state is paying for power is revealed, which Davis has thus far refused to do. This comes on top of an April 3 order, by the PUC, of an investigation into the transfer of billions of dollars from the three utilities (Southern California Edison, PG&E, and San Diego Gas & Electric) to their parent companies. Commissioners expressed concern that the transfer of funds took place immediately prior to the utilities' request for aid from the state because of the spike in costs caused by the deregulated, speculative markets, at which point they asked for—and received—state funds to cover their shortfall.

Despite the upbeat “talking points” of party leaders, delegates were clearly concerned about the immediate future. They are worried not just about blackouts, but about the deeper damage occurring. A modern industrial state cannot function without reliable, abundant energy. The state has lost more than 400,000 skilled jobs in recent years in aerospace,

defense, and auto production, and the “new economy/information technology” sector which was supposed to replace jobs lost in the “old economy” is now crashing. The uncertain energy future will mean more plant closings and fewer new industries opening or relocating in California.

LaRouche Democrats Offer Alternative

While Democrats in caucuses representing labor, seniors, and minorities expressed deep concern about the party’s failure to address these problems, the only grouping offering a real alternative was the LaRouche Democrats, who were highly visible at the convention. Most delegates received a copy of the LaRouche in 2004 campaign’s pamphlet, “LaRouche on the California Energy Crisis,” as well as a special call from LaRouche to re-regulate electricity.

This call identified the fight for re-regulation as one between those identified by LaRouche as the Conservative Revolution fascists, such as former U.S. House Speaker Newt Gingrich (R-Ga.) and Sen. Phil Gramm (R-Tex.), who are imposing deregulation on behalf of Wall Street and the energy pirates, such as the Bush-linked Enron, and those Democrats committed to the fight for the General Welfare. It called on Democrats to show the courage to join with LaRouche to revive the precedent of Franklin D. Roosevelt’s battle for regulation against the bankers and utility pirates of his day.

In private discussions, many delegates expressed their support for this outlook, agreeing that efforts by the Governor and Democratic Party leaders to rescue deregulation has been a catastrophic mistake. LaRouche representatives addressed several caucuses, and the Resolution Committee backed a resolution drafted by LaRouche supporters and passed by the Los Angeles County Democratic Central Committee, which calls for re-regulation.

However, a foolish bureaucratic maneuver removed this resolution from the approved list, and it never made it to the floor of the convention.

LaRouche recently commented that the most serious problem facing Governor Davis in his efforts to solve this crisis, is that he would have little support from the present leadership of the Democratic Party were he decide to adopt the only real solution, re-regulation and Chapter 11 bankruptcy reorganization for the utilities. The convention in Disneyland demonstrated just how true this is.

Profile: The NSC Staff

A Bush-League Crisis Provocation Team

by Scott Thompson

The Bush Administration national security team is increasingly populated by hard-line neo-conservative and Zionist lobby hatchet-men, who will press for disastrous hot-spot provocations, sure to isolate the United States from the rest of the world. As part of *EIR*’s profiles of the Bush Administration, we provide the following brief sketches of the key members of the National Security Council staff, the White House-based team responsible for advising the President on a day-by-day basis on crisis spots and major national security challenges.

‘Vulcan Princess’

Condoleezza Rice: One of President Bush’s first appointees, on Dec. 16, 2000, former Stanford University Provost and Political Science Prof. Condoleezza “Condi” Rice is the Presidential Adviser for National Security. But unlike her immediate predecessor at the National Security Council (NSC), Samuel Berger, she will be kept out of the limelight as a foreign and security policy spokesman for the Bush Administration.

Rice had been “tipped” for this job from the moment Bush began his campaign. Thanks to George Shultz, who had been the Reagan/Bush Administration Secretary of State and was chairman of the Bush 2000 Exploratory Committee, Condi Rice was recommended to be what she described as the “quarterback” for a group dubbed by her as the “Vulcans,” which would handle foreign and security issues for the Bush 2000 campaign. Shultz had known Rice through her position as a Senior Fellow at the Stanford University-based Hoover Institution, where he is now based.

In reality, Rice was little more than a “school marm,” assigned to get Dubya up to speed on international policy issues. Her control over the President’s national security policy is said to have already declined, with the rise in prominence of Richard Clarke.

“Condoleezza” is a misspelling of the Italian *con dolcezza*, “with sweetness,” but there is little that is sweet about her foreign and national security policy. As *EIR* has reported, Rice believes that: 1) Russia should be cut off from any funding whatsoever unless it goes through “shock therapy” austerity reform and becomes less corrupt, despite the

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Paid for by LaRouche in 2004.