Fight Escalates Against Bush Energy Corruption

by Marsha Freeman

If you jab at even a most docile, loyal creature long enough, he will bite back. For the past four months, Curtis Hebert, Bush's chairman of the Federal Energy Regulatory Commission (FERC) under Bush, has been under escalating political and personal attack for his agency's refusal to enforce the law, and rein in the energy speculators. On May 25, Hebert bit back at the cartels themselves, publicly attacking top Bush fixer Kenneth Lay of Enron Corp. Hebert revealed that even he, with his pro-market ideology, has been under pressure from the real controllers of Administration policy, such as Enron, who expect payback for their financial support of the Bush family, in the form of unfettered access to unlimited profits. This public spat shows the fissuring under way around the Bush Administration as its energy and other policies become objects of national scandal and anger.

Since last August, the electric utilities and regulatory agencies in the State of California have appealed to the Commission to rein in the largely Texas-based electricity and natural gas cartels that have been pillaging the economy and citizens there. As California suffered through rolling blackouts this Winter and Spring, representatives in Washington conducted a series of hearings on the crisis. A national lobbying mobilization by the LaRouche Presidential campaign in state legislatures and Congressional offices, and through demonstrations outside Enron and other Bush-aligned corporate offices, increased the pressure to act.

As Congressmen and Senators cited the obscene profits being made by the energy pirates, Hebert was grilled on FERC's refusal to cap wholesale electricity prices. Hebert stubbornly refused to curb "market-based" pricing, and corporate profits, by enforcing the Federal Power Act, which requires fair and reasonable prices. He was branded a toady of the oil, gas, and electricity cartels.

Corruption in High Places

On May 25, the *New York Times* printed stunning revelations by Hebert, who pointed the finger Lay for trying to influence the policies of the Commission and fix other appointments of the Administration.

Hebert, whose pro-deregulation, "free markets" views are well known, revealed that Enron Chairman Lay has been pressuring FERC to move even faster and more aggressively on deregulation. Enron, which is the largest electric power marketer in the United States, wants a national deregulation program, and complete access to a compulsory, privatized national transmission grid. Both proposals are included in the Bush National Energy Policy report, not coincidentally.

Hebert recounted that Lay called him soon after he became FERC chairman, and proposed that if Hebert and Enron could "agree on principles," Enron would support him in his new job. Hebert said that he refused the offer and "was offended" by it. The fact that Hebert refused to "play ball" may well be the reason why he is soon to be replaced as FERC chair by President Bush's recent appointee, former Texas regulator Pat Wood III.

Hebert also stepped on Lay's toes, by initiating an examination into financial "techniques" used by Wall Street and Enron, for buying and selling electricity. "One of our problems is that we do not have the expertise to truly unravel the complex arbitrage activities of a company like Enron," Hebert told the *Times*. Enron generates very little of its own power in the United States, but buys cheap and sells dear, breaking contracts and dumping customers when it cannot make a profit.

Appointed by Enron

Lay, according to the *Times,* has also weighed in on other appointments, "interviewing" prospective Commissioners for FERC, whose rulings on pricing for wholesale natural gas and electricity will determine Enron's financial future. The *Wall Street Journal* reported on May 18 that Enron is already cozy with Bush-appointed FERC Commissioner Nora Mead Brownell, who, as a Pennsylvania regulator, helped defeat a plan that would have locked Enron out of the state's deregulated electricity market.

In addition to Lay's personal access to the President and Vice President, and his attempt to influence the personnel and policies of various government agencies, Enron moles have been placed in positions in the administration, where energy and economic policy is made. Lawrence Lindsey, the White House economic adviser, served on Enron's advisory board. The same is true of Robert Zoellick, the U.S. Trade Representative, who will play a role in negotiating energy trade deals with Mexico and other nations, attempting to steal their national patrimony for the greater good of the energy cartels.

Ken Lay and Enron's corrupt influence in the White House did not start with George W. Bush, but with his father. While the average observer may think the United States was the winner of the 1991 Gulf War, in fact it was Enron, which garnered the contracts to "rebuild" the infrastructure President Sir George Bush helped destroy, opening up numerous countries in the Middle East to Enron's investments. When George I lost his reelection bid the following year, Enron picked up former cabinet officials James Baker and Robert Mossbacher, along with their political influence and connections.

Democrats on the Offensive

Now, President Bush, Enron, and its FERC appointees, are on the defensive, as the Democratic Party plans to take

Kenneth Lay, energy super-profiteer of Enron Corp. and moneybags for the Bush political machine, has been determining Bush White House energy appointments. The finger was pointed, under pressure, by FERC Chairman Curtis Hebert.

advantage of its recent elevation to majority party in the Senate, by escalating its effort to deprive energy pirates of their "right" to fleece the public. The general welfare of the population, as California Gov. Gray Davis has stressed, comes before corporate profits, no matter how much political pull the companies have with the White House.

California State Attorney General Bill Lockyear, who is planning to file civil charges against the energy cartels, put it thusly to the *Wall Street Journal:* "I would love to personally escort Lay to an 8×10 cell that he could share with a tattooed dude who says, 'Hi, my name is Spike, honey,' " Lockyear has offered rewards in the hundreds of millions of dollars for information on illegal activity by wholesale suppliers.

With Democrat Jeff Bingaman (N.M.) now heading the Senate Committee on Energy and Natural Resources, Sen. Dianne Feinstein (D-Calif.) and others are increasing the pressure for legislation to force FERC to establish cost-based pricing for energy. Feinstein has already talked with incoming Government Affairs Committee Chairman Sen. Carl Levin (D-Mich.) about hearings on Hebert's charges against Enron in the *New York Times*.

In California, Governor Davis on May 25 announced a "coordinated state legal assault to force Federal regulators to halt price gouging by energy generators." Actions taken that day included three filings by the state's Electricity Oversight Board, the Public Utilities Commission, and the Independent System Operator, requesting a court hearing on FERC's proposed order to limit prices in California's wholesale market. This proposal, described as having "more holes than Swiss cheese," would not affect the out-of-state generators and power marketers at all, but would require a state to join a Regional Transmission Organization and lose control over its own transmission system.

Three additional filings attack FERC's proposed price surcharges, supposedly to pay back debt owed to the same companies that have robbed the state blind. Davis described this proposal, as "unconscionable." The Governor called these actions "a full frontal attack on FERC's generator-friendly policies grounded in the agency's ideological devotion to California's failed theory of electricity deregulation." He added that it is time for FERC to take action "on a crisis that threatens our nation's economy."

On May 25, FERC was also sued by the Democratic leadership of the California Assembly and Senate, and by the city of Oakland. They assert that FERC's refusal to limit what price the electricity wholesalers can charge California, and the rolling blackouts that result when suppliers continually withhold supplies in order to "game the market," which thereby create artificial shortages and drive prices up, are threats to the population's health, safety, and welfare.

When California voted its deregulation plan, back in 1996, Chairman Lay lied to the U.S. House Committee on Commerce, that "our electricity system is a relic of an earlier age. . . . It is time to bring competition to the electric business and, in the process, cut electricity rates by 30 to 40%."

Enron has spent millions of dollars lobbying for deregulation in state houses across the nation. It has inserted its influence into policymaking on energy issues at the highest levels of government on the state and Federal level, strictly for its own gain. It has dictated economic policy to public servants in two Bush Administrations, through its financial influence.

But with national outrage at this corruption and Bush's incompetence on energy in particular, and with LaRouche Democrats having made it an issue of national economic survival, Curtis Hebert's decision to "bite back" may signal the beginning of the end for Ken Lay and Enron in Washington.