

Unions to hold 'power outrage' conference to fight deregulation

by Marianna Wertz

Four AFL-CIO unions are planning a two-day "Deregulation Summit" in Washington, D.C. on June 18-19, including lobbying Congress, to deliver the message that "deregulation of the utility industry is undermining our jobs, our families, our communities, our whole way of life!" This is the first major attack on deregulation by the unions affected by it, and it is expected to draw a large audience of activists.

The conference is co-sponsored by the Utility Workers (UWUA), the Mine Workers (UMWA), the Service Employees (SEIU), and the Boilermakers unions. Presidents of the UWUA, UMWA, and SEIU will all address the conference, as will AFL-CIO Secretary-Treasurer Richard L. Trumka.

The flyer announcing the conference, titled "Power Outrage," depicts a Wall Street financier pulling out the electric plug, accompanied by a quote from Jeffrey Skilling, president of the George Bush-connected Enron Corp., saying, "You must cut costs ruthlessly by 50% or 60%. Depopulate. Get rid of people. They gum up the works."

The UWUA's magazine, *Light*, provides ample documentation that deregulation of the electric industry is not only dangerous, but *unnecessary*. As **Figures 1 and 2**, drawn from the UWUA literature, show, regulation of the utility industry, begun in 1935 under the Public Utility Holding Company Act, has worked. As *Light* comments, "In addition to being one of the world's lowest-cost producers of electricity, the United States has no peer in the efficiency, productivity, or reliability of electric utilities."

So, why the push for deregulation? As UWUA spokesman Carl Wood told *EIR* in a May 23 interview (see below), the motive is the huge profits possible through a deregulated system. The model, he said, is Great Britain, where double the rate of profit has been sucked out of consumers since deregulation took effect.

The unions are warning that Wall Street's deregulation plan would: force utility mergers, replacing regulated local utilities with giant, uncontrolled national power monopolies; eliminate thousands of good jobs; force local utility plants to shut down, resulting in major losses in tax revenues for communities; force working families, senior citizens, and small businesses to pay for lost tax revenue with higher taxes or public service cuts; cut workers and reduce preventive maintenance, making power outages more frequent and longer-lasting; lead to hard-sell telemarketing and direct-mail promotions offering confusing rate changes and false prom-

ises; and force families in rural areas and low-income neighborhoods to pay higher rates.

In his May 21 letter to all the UWUA locals, Utility Workers President Donald E. Wightman urged maximum attendance at the conference. "The more people attending and visiting Congress, the greater impact we will have. Contrary to some pessimists, we do not believe that deregulation is a 'done deal,' especially at the Federal level. Lend your support and your presence to ensure that it does not become a done deal."

For more information on the conference, or to order the Power Outrage action guide, call 1-888-8NO-DEREG (1-888-866-3734).

Interview: Carl Wood

Carl Wood, spokesman for the Utility Workers Union of America (UWUA), AFL-CIO, gave the following interview to Marianna Wertz on May 23.

EIR: What do you think will happen at the Deregulation Summit and what is going to come out of it?

Wood: It seems that most of the players in this whole deregulation issue are taking it for granted that deregulation is going to happen, and that it's going to happen without any kind of serious challenge. We're not prepared to accept that. We think that deregulation is not a good idea. Maybe that's too general. But we think there are a lot of unanswered questions, at a minimum, and that there have to be assurances and guarantees that no classes of customers, particularly residential and small business customers, are going to be disadvantaged by whatever deregulation is legislated. And, every indication we see is that those are precisely the groups that are going to be hurt.

In addition, we think that it is necessary that the workers in the industry receive some protection against losing their jobs, and having the conditions on the jobs that remain, degraded. Every indication that we have is that wherever deregulation has been implemented in other parts of the world, and in other industries in the United States, it has been tremendously damaging to workers in the industry.

EIR: Your literature bears that out. It also tends to put the blame on Wall Street or profit motives.

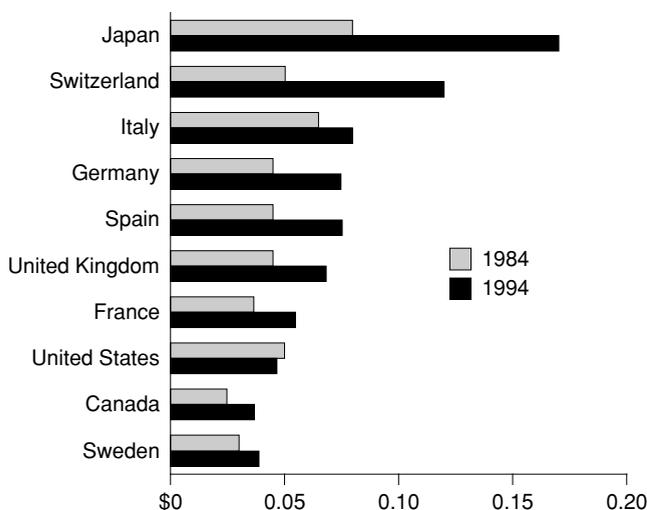
Wood: Right. Clearly, what's driving this is a desire by some big business interests to make a lot of money off deregulation. You only have to look at what happened in Great Britain, where the electrical industry was deregulated and privatized, and the rate of profit of the new companies that were set up was probably twice what is typically authorized in a regulated U.S. utility. I think big business in the United States is looking at that and licking its chops.

EIR: I was struck by the quote you used in your leaflet. "You must cut costs ruthlessly by 50 to 60%, depopulate. . . ."

FIGURE 1

Worldwide industrial electricity prices

(dollars per kilowatt-hour)

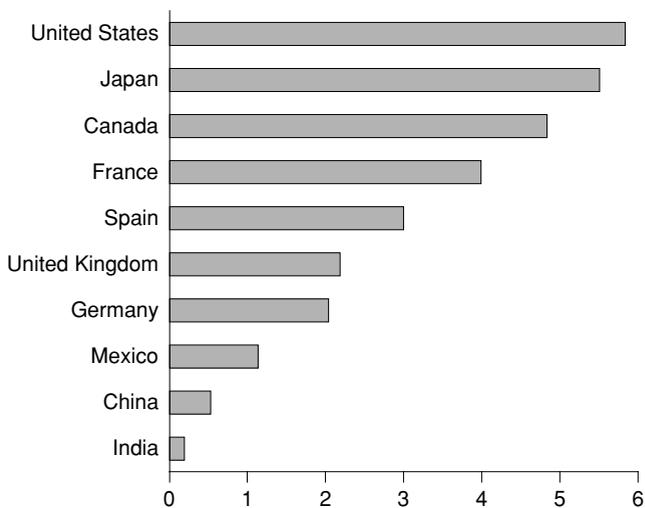


Source: Utility Workers Union of America, AFL-CIO.

FIGURE 2

Electricity produced per employee in selected countries

(gigawatt-hour per employee)



Source: Utility Workers Union of America, AFL-CIO.

Wood: That’s the president of Enron [Jeffrey Skilling].

EIR: Our publication has maintained that part of the reason behind deregulation is not just profits, but actually a Malthusian outlook, which propagandizes that the world has too many people. Getting rid of people can be done many ways, and one of them is to make it too hard for people to afford the basics required to live.

Wood: I don’t want to speculate or read any more into what Skilling said. What’s on the surface of it, basically, is what’s happened with every deregulation, is that large numbers of jobs have been eliminated, and that’s a lot of the logic of it. There’s going to be increased monopolization of the industry. There’s going to be consolidation of operations, elimination of a lot of facilities, and with that, people will lose their jobs.

EIR: In UWUA President Don Wightman’s letter which he sent out to locals in May, he said, “Our water and gas locals may be questioning the relevance of the summit to their issues and needs. We strongly believe that this will become your fight also. There has been significant interest among the big business backers of deregulation, that gas and water will be next.” Can you comment on that?

Wood: There’s hardly any need to comment on the gas part of it, because there has been a whole series of mergers recently, of gas and electric utilities. They’re pretty much becoming a single business. There’s not much of a barrier between them anymore. A lot of the processes of deregulation, outsourcing billing-cycle services, for example, are just identical processes in the electric and gas industries. Already gas

has been partly deregulated anyway. To the extent that the electric industry is deregulated, I can’t see that gas is going to be far behind.

EIR: What about water?

Wood: Water is structured a little differently. It’s much more atomized. Water utilities tend to be much smaller, much more localized. There is more public ownership in the water area than in gas or electric. Certainly, there is a definite trend toward monopolization of the water industry, toward pushing toward privatization, but I haven’t really studied it enough to know how the dynamics of it are going to work. It may be somewhat different from the energy industries.

EIR: I just had the thought that, if people are denied electricity, that’s pretty life-threatening, but to not be able to afford water, that’s the end of life.

Wood: Yes. Already now, you can have your water turned off, for non-payment. Probably a local utility or a municipal utility will be a little more lenient than a large international monopoly might be. But that’s speculative at this point.

EIR: What else you’d like to say about the conference?

Wood: We’re impressed and gratified by the response that we’re getting, from both our membership and from other groups. There’s a lot of people waiting for somebody to take some leadership on this issue. There is a lot of suspicion among the public that this is not a good thing for them, and it doesn’t seem that anyone is willing to just step up and say that.