What the Candidates Say

Bush: Don't Touch Oil Prices—My War Chest!

by Michele Steinberg

Within hours of President Bill Clinton's Sept. 22 announcement that 30 million barrels of oil would be released from the U.S. Strategic Petroleum Reserve to meet the energy "shortage" in the United States, and to bring prices down—in an attempt save Al Gore's hide in the Presidential election—top Congressional Republicans began accusing Clinton of treason. Within a week, the Congressional GOPers held hearings to discuss legal action to stop the President from "depleting" the strategic oil reserves.

The energy price hyperinflation crisis—with oil threatening to reach $50 per barrel because of speculation—is a perfect opportunity for President Clinton to nail Wall Street, by naming the speculators and the Bush-league oil and natural gas cartels that are an integral part of the worldwide oil price hike. But, bucking Wall Street would also blow back on Gore; so, the President's insane commitment to Gore's election remains the Achilles' heel of U.S. policy.

On Sept. 29, just one week after the "bloody Friday" that hit world stock markets and currency markets, and necessitated the dual emergency White House actions—release of the strategic oil reserve, and coordinated action to bail out the euro—George W. Bush "took the offensive," with an announcement of a "national energy policy," at a speech in Saginaw, Michigan. The speech shows that Bush is just as fanatically dedicated to the free trade "new world order" looting of any and every nation that has energy resources, as Gore is fanatically dedicated to the radical population reduction reflected in his book *Earth in the Balance: Ecology and the Human Spirit*. Both policies amount to genocide, especially against the Third World.

Little Lord Oil Baron

Bush is not a "puppet" of big oil interests: He, and the Bush extended family, including "Sir" George Bush, Knight of Her Majesty Queen Elizabeth, of the British Empire, are at the top levels of the Anglo-American financier establishment. Before looking at Bush's so-called energy policy, a few basic, but little-known connections should be exposed:

• Enron, the number-one career patron of George W. Bush, headquartered in Houston, Texas, is not only "big oil and gas," but it is also at the center of oil price speculation, through the International Petroleum Exchange (IPE), which sets the world oil price through the price of "Brent Crude" in London. Enron Europe Finance and Trading is the entity on the IPE, where, according to *EIR* research, there are 596.6 "paper barrels" of oil currently traded in futures for every single *real* barrel of Brent Crude oil. Enron Corp. had given $550,025 to Bush's political campaigns through political action committees and individual contributions, according to the Center for Public Integrity—and that figure does not include the 2000 Presidential Campaign. At the very least, Enron "made" Bush governor.

Since 1985, when Vice President Bush ran a secret parallel government in the White House, under Executive Order 12333, Enron has grown to become a diversified utilities corporation, dealing in oil and gas, electricity, and, most recently, water futures. It is at the center of electricity deregulation, as well as driving up the price of natural gas. On the board are

LaRouche: Bring Oil Price Inflation Under Control

The following memorandum was issued by Lyndon H. LaRouche, Jr. on Sept. 19.

1. The following statement constitutes a preliminary statement of policy "On the Subject of Emergency Action by Governments to Bring the Present Petroleum-Price Inflation Under Control."

2. Broadly, the current global inflation in petroleum prices threatens to be the detonator of a chaotic breakdown in many, if not all of the economies of the world. The actions proposed here to deal with that emergency situation will not solve the more general problem of the world's financial and monetary systems at large, but will contribute an important, and perhaps decisive step in that direction.

3. The underlying cause of the crisis, of which the petroleum-price crisis is but the presently leading political-economic consequence, is a general hyperinflation in financial asset-prices, which is now being expressed, at increasing rates, as a hyperinflation in commodity prices now following a trend similar to that suffered by Weimar Germany during the interval March-November 1923.

4. For sundry, converging, and relatively obvious reasons, the most brutal effect of that upward spiral of financial hyperinflation is being expressed in devastating rates and magnitudes of rises in the costs of petroleum. The increasingly desperate effort to secure inflows of financial assets into the U.S. dollar sector, has seized upon several

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many Bush family lifelong friends, including CEO Kenneth Lay and President Bush's Secretary of State James Baker III.

In 1993, former President Bush, with sons Neil and Marvin in tow, travelled with Baker, to secure up to $4 billion from Kuwait, in contracts to "rebuild" its electricity grid. Immediately after the trip, Bush's moles in the U.S. intelligence community "uncovered" a plot by Saddam Hussein to assassinate the former President, and suckered Clinton into bombing Baghdad in retaliation. For the Bush family, such British-inspired "splendid little wars" in the Gulf, have been the road to riches. In June 1990, just before the onset of the Iraq crisis, George W. Bush unloaded his holdings in Harken Energy, and made millions before the stock prices in his company plummetted, along with other oil company stock prices, due to the Gulf crisis. He was later investigated for "insider trading."

Today, Enron has placed itself in the center of building a new cartel in the universe of electricity deregulation, with advanced plans for controlling the U.S. energy grid through locking up access to natural gas pipelines and supplies.

• Halliburton: Bush's running mate, Richard Cheney, is a self-professed proponent of "geopolitics," the British Empire's political theory that was the scourge of the 20th Century. In 1999, Cheney was the guest at the London Institute of Petroleum's "Autumn Lunch," an annual event initiated in 1998. At that meeting, Cheney extolled geopolitics, and laid out a detailed analysis of who will be "the survivors" in the oil markets of the future. Cheney made clear that he is not fond of the "national oil companies" of sovereign nation-states, and that oil and gas should be privatized.

Delivering a stark warning to nations that might feel compelled to defend their oil supplies, Cheney, the Secretary of

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combined factors, as the opportunity to increase asset-price accumulations from hyperinflationary trends in the delivery prices of petroleum products.

These factors include: recently increased concentration of ownership of major oil companies through mergers and acquisitions, the increased role of the spot market in petroleum deliveries, the significance of denomination of deliveries in U.S. dollars, and an intensity of speculative activity, especially in the form of financial derivatives, in this area which threatens to bring the per-barrel price of petroleum to between $40 and $50 per barrel, soon, and not much later, much higher.

5. No ordinary means could bring this problem under control during even the short term. Only drastic measures taken in concert between and among sovereign national governments, could bring the petroleum-price crisis itself under control. Any other proposal would be a childish delusion. For the immediate future, either such governmental action will be taken, or the eruption of international chaos within the weeks ahead were the likely result.

6. The appropriate action, which must be led by the U.S. government, must aim at immediate emergency cooperation among the governments of principal petroleum-exporting and principle petroleum-consuming nations.

7. These governments must: a) Declare a general strategic emergency in the matter of stability of flows and prices of essential energy-supplies of national economies; b) Establish contracts, directly between and among governments, of not less than twelve months government scheduled deliveries of petroleum from exporting to consuming nations; c) Define reasonable prices for these contracts; d) On the grounds of a global strategy emergency in petroleum prices and supplies, these governments must set priority on processing of such contracted petroleum flows through relevant refiners to priority categories of consumers in each nation, causing other stocks to be shunted to one side in the degree that these priority deliveries must be processed first.

8. Such action will, obviously, collapse much of the current hyperinflationary trends in petroleum. That will have a significant political effect, in the form of reactions from the speculators currently gorging themselves on the suffering of national economies suffering zooming speculative prices of petroleum. We can not permit the cupidity of a powerful few speculators to destroy enterprises essential to the national interests of nations, and to the relations among those national economies. That opposition to urgently needed measures must be resisted on grounds of overriding national strategic interests.

9. This proposed action will not cure the more general hyperinflationary trend in progress. It will only bring a most critical segment of this speculative inflation under control; but it will set standards of cooperation now urgently needed, for dealing with the general international banking and related crises about to strike the world as a whole during the weeks and months immediately ahead.

10. There are many details of the current speculative marketing of petroleum contracts which require closer scrutiny and related assessment. That investigation should proceed; it is urgent. However, those representatives of governments who understand the politics of oil, must play a leading role in implementing the general measures I have indicated, now, without delay. After a thirty- to ninety-day initial period of operation of the proposed agreements, secondary and tertiary features of the problem will be clearer, and, most important, governments and others will have developed the mechanisms needed for further courses of action.

Defense during "Operation Just Cause," the U.S. invasion of Panama, and "Operation Desert Storm," against Iraq, stated: "Oil is unique in that it is truly so strategic in nature. . . . Energy is truly fundamental to the world's economy. The Gulf War was a reflection of that reality." He then made a veiled threat against the Organization of Petroleum Exporting Nations (OPEC), praising their "recent restraint" in pricing oil, but warning that "the group may ultimately bring about its own undoing if it shoots for too high a level for oil prices."

Cheney outlined Halliburton's view, that the future of energy is in two things—natural gas, in which the company is moving quickly to take a major position, and mergers and acquisitions. He bemoaned the fact that the return on oil exploration and production is among the lowest of any industry in the world, and that this must change by having the "super majors," that is, the top of the heap of the oil cartels, get more into "investment decisions and . . . financial risks." That would be more profitable than the commodities and production end of the business, which turns the oil companies into "lumbering giants."

America: The New Empire

More than any other Bush speech, the one on "energy policy" reveals the full "New World Order" disease that the younger Bush carries.

The entire speech is geared to produce absolute panic about OPEC, and is replete with warnings that "America, more than ever . . . [is] at the mercy of foreign governments and cartels—at the mercy of big foreign oil." "Never before," says Bush, "has our country been more dependent on foreign supplies." And, he claims, the former Gulf allies in Desert Storm are "ignoring" the needs of the United States. Not only that, he says, Clinton's release of the strategic petroleum reserve "leaves our country even more vulnerable to foreign suppliers, including Saddam Hussein." He even claims that "Saddam Hussein's Iraq has become a major supplier of oil to America. . . . One of our worst international enemies is gaining more and more control over America's economic future."

Never does Bush mention the fact that *not one drop* of Iraqi oil can be produced without the complete oversight of the UN Security Council, and that a U.S. Navy Task Force is in place which stops ships on the high seas to inspect their oil cargos.

He also threatens the Persian Gulf states and other members of OPEC. Sounding like a high-level clerk of the British Foreign Office, Bush says, "I would remind our friends in the Persian Gulf that our relationships are not merely commercial, but strategic—they own the oil, and America offers its protection. In the end, it is America that protects the peace, America that safeguards their independence."

After his diatribe against "big foreign oil" (he apparently has no problem with "big American oil"), Bush then lays out his formula for American energy independence: deregulation! "I support the deregulation of electricity—which we have successfully done in Texas," he says. In complete disregard for reality, Bush lies, "Federal deregulation would make electricity more reliable, and promote competition." As *EIR* has documented, deregulation has destroyed the electricity grid of the United States, and Bush's scheme to base a new, deregulated electricity grid on abundant natural gas reserves, is a fraud. The price of natural gas, which is abundant, especially in the United States, is skyrocketting in parallel to oil prices—for no reason except speculation and price-fixing. Consumers in Texas, Oklahoma, Washington state—indeed, throughout the country—are paying anywhere from 18% to 30% more for natural gas supplies controlled by the likes of Bush's Enron backers.

An 'Energy NAFTA'

The final plank of Bush's energy plan is an "Energy NAFTA"—the North American Free Trade Agreement, the last nail in the coffin of national sovereignty. Again invoking the OPEC bogey-man, Bush says he will "build strong relationships" in our own hemisphere, and "invite the governments of Canada and Mexico to join in developing a North American Energy Policy"—a policy rooted in the "principles of free trade and the free flow of energy across our borders." Such an "energy NAFTA" is a naked threat against Mexico—which is not a member of OPEC, and which already *is* the major foreign supplier of oil to the United States. Since the advent of the Trilateral Commission in the early 1970s, Mexican oil reserves, and its national oil company, PEMEX, have been the targets of every possible scheme of thievery. What the International Monetary Fund failed to accomplish with a proposal for an oil grab in return for debt relief, Bush is proposing to accomplish in the name of "free trade."

The media have focussed on Bush's proposal to tap resources in the Arctic National Wildlife Refuge—which was cynically calculated to get a reaction from "environmentalist" Gore—and keep the issues far away from the futures market and the rampant piracy that is behind the energy price hyperinflation.

Never does Bush mention the futures market, and the speculative price bubble. Only once does he mention the deficiency in U.S. refining capacity—another victim of de-industrialization, and the policy of looting Third World countries of their energy resources. But, Bush offers no plan to address the refining shortage. Nor does Bush, just like Gore, ever mention nuclear power, the real hope of the 21st Century.

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