in days. So, even in its own terms, the hysteria about long-term and severe shortages of oil is betrayed by the rapidity with which Gulf production is coming back on line.

But never mind shortages—the United States will be swimming in supplies of oil and gasoline within the next week or two. On Sept. 2, the 26-member International Energy Agency agreed to make available to the U.S. market, the equivalent of 2 million barrels per day of crude oil and refined petroleum products, for an initial period of 30 days—60 million barrels in all. Thirty million barrels of crude oil will be released from the U.S. Strategic Petroleum Reserve, under the guidelines of the IEA, plus an additional 6 million barrels from the U.S. Reserve, by the Department of Energy. One million barrels per day will be mainly gasoline from European reserves. This 2 million barrels per day is more than the deficit caused by hurricane Katrina!

Despite these facts, the *Wall Street Journal* praises price gouging in an editorial Sept. 7, as the way the "market" brings demand into balance with limited supply. In its attempt to make excuses for the unconscionable gouging by the oil multinationals, the *Journal* musters no arguments that cannot be refuted by the above picture of actual and imminently available supplies. It is this gross disparity between "free market" policies and the needs of the nation's citizens that has propelled members of Congress to return to defending the general welfare.

While the world watched in horror as the "on vacation" President did nothing as hundreds of people drowned in New Orleans, industries that were determined to protect their infrastructure, demonstrated that a mobilization to prevent disaster, could succeed.

In her testimony, Rebecca Watson described how 25-30,000 workers were evacuated before the hurricane struck, in order to protect offshore oil personnel, platforms and rigs. This required the service of a fleet of boats and assets including 14 helicopters that are leased by the Interior Department.

Similarly, hours before hurricane Katrina even struck the Gulf, electric utility linemen from as far away as Ohio and Massachusetts had packed their duffle bags and equipment and were ready to deploy to the region as soon as the storm passed. Within 24 hours of the hurricane, more than 5,000 workers from outside the region were restringing power lines, removing downed trees, and replacing damaged poles.

Yet, somehow it took public outrage in response to photographs of people stranded for days on the tops of their submerged houses to mobilize the White House to mount a full population rescue mission.

There is no reason for this natural disaster, which is already a human tragedy, to send the economy into an accelerating tailspin. It is only necessary to bring the real looters—the oil industry privateers—under regulation to ensure that they serve the general welfare.

Mergers and Energy Prices

German Chancellor Schröder's estimate, that \$20-30 of every barrel of oil is pure speculation, and that nation-to-nation cooperation to control it is being "blocked by interests in London and New York" (see article, p. 34) calls for Congressional action. Central to this speculation is the pace of oil-industry mergers. These mergers are based on speculative targets for oil prices, and point the way to those higher futures prices.

From 1998-2000, there was a record-setting pace of energy mergers, with \$200 billion in takeovers in 1999 alone, including several mega-mergers like the Exxon/Mobil deal and BP's takeover of Atlantic Richfield. The oil futures price surged from a low level to well over \$30, then fell back. This merger activity fell off after 2001.

But 2005 has seen both a continuous surging of oil futures prices, and another sudden frenzy of mergers, with \$100 billion worth of takeovers announced just through August, and the major Valero Refining deal—set to reduce U.S. refinery capacity further—announced in early September.

In Chevron's \$17.8 billion acquisition of Unocal, it paid the equivalent of more than \$10 for every barrel in Unocal's unrecovered reserves of oil—far more than Chevron has been spending to find reserves by exploration. In another merger, A.P. Möller-Maersk paid \$15/barrel of reserves in acquiring Kerr-McGee Corp. The average merger price per barrel of reserves is almost \$9 so far in 2005, triple what it was in 2004. During the previous three years, these merger prices had not risen; the futures price of oil had risen by about 30%. This year, the futures price has doubled. Higher prices are being locked in by merger and acquisition activity. For every barrel of oil actually delivered and used, 500 barrels of "paper oil" are traded on the NYMEX or London petroleum exchange.

To cite the LaRouche PAC's Sept. 6 testimony to the Senate and House Energy and Commerce committees, "The runaway energy prices are best understood in terms of the overall end-phase crisis we have entered, of the disintegration of the international finanical system itself. Increasingly over the past three decades, the divergence of volumes of debts, deficits, and financial valuations of all kinds (stocks, derivatives, mortgages, etc.) as against the decline in condition and activity of physical economic input and output (manufacturing, agriculture, infrastructure) has widened to the point of financial blow-out and economic breakdown."