



From The Wilderness

A Nonpartisan Non-sectarian MAP for the Here That Is, Into the Tomorrow of Our Own Making

Vol. VIII No. 10

Jan 31, 2006

© Copyright 2006

THE END of the GRID

✚ New, Deadly Links between 9/11 and Peak Oil

✚ Enron was Child's Play

✚ Gobbled Utility Companies Will Spur Rapid Decline in Generation, Transmission Capacity

by

Michael C. Ruppert

[Huck Finn's Electricity Hut is regulated by the State. So Huck can only charge his customers a moderate fee for service. But one day, Godzilla comes to town, already in possession of a hundred similar operations. He offers a pile of money for Huck Finn's Electricity Hut, and now Godzillacorp has a hundred and one subsidiaries all over the USA. Clearly, Godzillacorp is an interstate entity, so it is not subject to the regulations that kept Huck's prices so low in the past. The laws that once prevented Godzilla from buying up large numbers of small independent utilities were largely repealed during the legislative bonanza that brought you Enron. The coup de grace was the repeal of the Depression-era Public Utility Holding Company Act last fall. And while the giant lizard is buying up all the small utility companies, the natural gas needed to generate electricity is running out. Scarcity will impose cuts in energy use, and whoever controls the generation and delivery system will be choosing where to cut. If the weather is harsh (perhaps because of a radically destabilized climate), access to energy is a matter of life and death. And if Godzilla is in charge, will Huck and his dirt-poor client base be around much longer? Deregulation + arbitrage = hypothermia.

And whom do we find at the heart of all this? May Shattuck, III, the same key Wall Street player, who, in another incarnation, was directly tied to some of the largest United Air Lines put options placed right before September 11th. --JAH]

In order to argue that the massive and well-documented insider trading that occurred in at least seven countries immediately before the attacks of Sept. 11 did not serve as a warning to intelligence agencies, it is necessary to argue that no one was aware of the trades as they were occurring, and that intelligence and law enforcement agencies of most industrialized nations do not monitor stock trades in real time to warn of impending attacks. Both assertions are false. Both assertions would also ignore the fact that the current executive vice president of the New York Stock Exchange (NYSE) for enforcement is David Doherty, a retired CIA general counsel. Also ignored is the fact that the trading in United Airlines stock -- one of the most glaring clues -- was placed through the firm Deutschebank/Alex Brown, which was headed until 1998 by the man who is now the executive director of the CIA, A.B. "Buzzy" Krongard.

One wonders if it was a coincidence then, that Mayo Shattuck III, the head of the Alex Brown unit of Deutschebank -- which had its offices in the WTC -- suddenly resigned from a \$30 million, three-year contract on Sept. 12, as reported by the New York Times and other papers.

Briefing Paper - The Case for Bush Administration Advance Knowledge of 9/11 Attacks, Michael C. Ruppert, FTW April 22, 2002

(cont'd on page 4)

From the Wilderness

Michael C. Ruppert
Publisher/Editor

Editor/Publisher.....Michael C. Ruppert
Senior Writer.....Jamey Hecht, Ph.D.
Contributing Editor.....Peter Dale Scott, Ph.D.
Military /Veteran's Affairs Editor.....Stan Goff

From The Wilderness is published eleven times annually.
Subscriptions are \$65 (US) for 11 issues.

From The Wilderness

P.O Box 6061 – 350, Sherman Oaks, CA 91413

www.fromthewilderness.com

editorial: editor@copvcia.com

subscriptions and customer service:

service@copvcia.com

(818) 788-8791 * (818) 981-2847 fax

TABLE OF CONTENTS

THE END of the GRID.....	page 1
Wood Scavenging in the Suburbs.....	page 2
Ukraine, Russia, Natural Gas: Ideology or Hypothermia?	page 9
Winter Fuel Shortages.....	page 9
The Empress Has No Clothes - Amy Goodman's Reality Blackout.....	page 12
FTW Wins Sabotage Case – Finally.....	page 14
Under Strains of Peak Oil and Gas, Ideology Stretches to the Limit.....	page 14
Exterminism and the World in the Wake of Katrina - Part 3.....	page 15

REPRINT POLICY

© Copyright 2006 Michael C. Ruppert and From The Wilderness
Publications, www.fromthewilderness.com. All rights reserved.

Any story, originally published in From The Wilderness more than thirty days old
may be reprinted in its entirety, non-commercially, if, and only if, the author's
name remains attached and the following statement appears.

"Reprinted with permission, Michael C. Ruppert and From The Wilderness Publi-
cations, www.copvcia.com, P.O Box 6061 – 350, Sherman Oaks, CA 91413,
(818) 788-8791. FTW is published monthly; annual subscriptions are \$65 per
year."

THIS WAIVER DOES NOT APPLY TO PUBLICATION OF NEW BOOKS.

For reprint permission for "for profit" publication, please contact FTW. For Terms
and conditions on subscriptions and the From the Wilderness website, please
see our website at: www.fromthewilderness.com or send a self-addressed
stamped envelope with the request to the above address.

Wood Scavenging in the Suburbs

By
Michael Kane

[In his seminal work on The Collapse of Complex Societies, Joseph Tainter argued that social complexity (which includes infrastructure, political economy, physical plant, etc.) yields diminishing returns as a society declines. After a few convulsive revivals have elapsed, the people find themselves running to stand still. When complex means of appropriating energy become prohibitively expensive or impractical, they return to simpler means. Soon the complex methods become prestigious and exotic. We are now just beginning to leave the period in which it's common practice for even the working class to throw a switch and enjoy heating and electricity from a power plant tens of miles away, mitigated by thousands of yards of well-maintained transmission cable, driven by the burning of cheap natural gas piped from Uzbekistan to the coast, liquefied at super-low temperatures, shipped in amazingly expensive LNG tankers, received in even more expensive (and well-guarded) LNG ports, and distributed through a vast domestic pipeline network to be burned as gas at the plant. When the society can't manage all that, people leave the house and start looking for wood. And as Mike Kane has found, they're already out there. –JAH]

January 3, 2006 0800 PST (FTW): **M**y neighbors, who are great friends and good people, are collecting fallen tree branches in the woodland preserve that borders our block to reduce their heating bill. They were unable to secure a good supply of wood this year since they work long hours six days a week. Their house is heated with oil but augmented by a wood-burning stove.



Wood burning insert installed in an already existing fireplace.

With 423 acres, the preserve is one of the largest in the County, and is home to over 100 species of plants and animals. The population of all the bordering towns totals at least 100,000 people. Scavenging for fallen branches is not illegal so long as it goes no further than that. Cutting living tree limbs is not allowed – but imagine what might happen to this preserve when fuel shortages and a shattered economy become our daily reality.

Previously my neighbor was bringing in a wood supply from East-

ern Long Island by van, but he has recently determined that it was not an efficient enough system to continue this year. He is left with all of the necessary gadgets – including a \$2,000 hydraulic wood splitter – but no wood. The easiest solution for an over-worked family that wants to trim their heating bill is to scavenge, since the preserve is so close.

What is remarkable is *why* my neighbors are inclined to scavenge. This past summer their entire family went on a European vacation that cost more than \$20,000. The savings they hope to obtain by burning firewood will allow them to burn more jet fuel. Something is terribly wrong here. This is, in part, why *FTW* has such a pessimistic view of current events as they unfold.



Split wood stacked on rack covered with tarp to keep dry.

The concern is not to ration fuel supplies ethically so the poor won't freeze to death, but rather to maintain as much of one's own personal wealth as possible. There is nothing inherently wrong with looking out for your own interests, but will we ever realize that the coming struggle is communal and not individual, or will we keep wasting resources in search of a distant happiness that will never be found?

If my well-to-do neighbors are scavenging, there must be at least five other families here doing the same, if not more. Securing firewood on Long Island has traditionally been easy and inexpensive – often free. While suburban sprawl has many problems, a lack of trees is not one of them. Branches grow as they please, getting in the way of power lines and rooftops. Curtailing over-growth, along with tree removal, has long provided more wood than is needed for the stoves and fireplaces on Long Island.

In one day, a tree trimmer can accumulate thirty yards of wood. Often he has to pay a garbage dump to dispose of it, which has made a great situation for those who buy firewood. Company's such as [Asplundh](#), who hold contracts to trim trees that interfere with power lines, [season](#) and split as much wood as they can and sell it cheaply since they have converted waste into a profit. After this winter there will likely be an entirely new economic rank for firewood; prices this year were already higher than usual.

Immediately after Hurricane Katrina I purchased a wood-burning insert for the fireplace in my home. Most of the heat produced in a hearth rises up and out of the chimney. Without the vigilant use of a flue, the heat gains of a fireplace can be quickly deplete from the room, even to the point of net heat loss over time. But with my new insert, I was able to convert a net-energy loser into an efficient 75,000 BTU heating unit. Total cost was \$3,000 including installation.

One potential problem is that the unit has a blower to move the heat throughout the house. During rolling blackouts the fan will obviously not work. The unit will still generate a lot of heat, but it won't travel as far throughout the home. For this reason I am looking into installing a minimal number of solar panels on our roof with a battery unit in the basement in case grid electricity becomes unavailable.¹

The fall was spent acquiring, splitting, and stacking firewood. Driving past a house in my neighborhood I saw a stack of freshly cut wood that looked great to season for next year. I borrowed a friend's van and set out to ask the owner of that woodpile if I could take the wood of his hands. By that time it was gone – someone else had beaten me to it.

There was almost a cord of wood left over from last season in my backyard and about half a cord of unsplit wood. We purchased two more for a total of \$280 – the cheapest we could find. For that price the wood was dumped on our driveway; stacking was not included. Our insert can hold 18" logs, but much of the wood we had just purchased was longer. It took 12 hours to stack the wood, starting with logs that were 18" or less, and the rest was piled high in the backyard to be cut to size with a chainsaw. With two men cutting and stacking the rest of the wood (with the hydro-carbon benefit of a chainsaw) another full day of work was invested.

We are already concerned that securing a good wood supply next year at a reasonable price will be difficult. Demand is soaring as more people purchase wood-burning heating systems to supplement their oil or gas budget. The sight of a neighbor (who isn't poor) already wood scavenging before any real fuel crisis has arrived is not a promising indication of what is to come.

¹ I am not interested in producing many kilowatts of electricity from solar panels since this will induce a false sense of energy security: renewable energy sources must be used within a sustainable construct that is the antithesis of suburban sprawl. The home must stay warm, but televisions, lights, computers, and other appliances can be turned off.

"Denial Stops Here: From 9-11 to Peak Oil and Beyond"

***Michael C. Ruppert's first original DVD since
the landmark Truth and Lies of 9-11!***

This DVD captures the essence of Michael C Ruppert's most recent lectures from various parts of the country, including stops in California, Washington, Montana and Oregon.

Two hours of solid information that is necessary to understand what's going on in the world today and what we all need to do for tomorrow.

Original music composed by David Baerwald. Directed by Ken Levine.

Price: \$24.95

Please visit www.fromthewilderness.com for more information

Or, when the new energy bill is signed by George W. Bush, Big Oil (along with Warren Buffett) might just start buying up every major power and water utility in the country. They will be allowed to do that now for the first time since the Great Depression. Then – with the help of PROMIS software – Big Oil just might shut off the power selectively to any Enemies of the State it wishes: especially those who are too loud.

Michael C. Ruppert, www.fromthewilderness.com
Aug. 5, 2005

Houston also admitted that the primary company responsible for all of CIA covert air operations, was a holding company named Pacific Corp. There is an Oregon-based corporation known as Pacificcorp which has a multitude of sub-entities with varying versions of the name including Pacific Power & Light, Pacificcorp and Pacific Harbor Capital. In 1993 a Seattle paper ran a story connecting Pacificcorp to CIA’s Pacific Corp. Under oath, before the Senate in 1976, Houston admitted that Pacific Corp. owned and controlled such CIA notables as Air America, Southern Air Transport and Intermountain Air. In 1976 the CIA was ordered to sell Air America and divest itself of all its holdings.

Michael C. Ruppert, [“Only the Godfather,” FTW](#)
Dec. 1998

January 4, 2006 0800 PST (FTW) – **W**ith the eagerness and drive of a baseball player on steroids, the largest financial power-houses in the nation have been gobbling up publicly owned utilities since George W. Bush signed the new energy bill last fall. It is not just that ownership of these life-essential services is being concentrated in a few rich and unregulated hands — it is the identities of the owners that should make worry about what’s coming. If the writing on this wall got any clearer, you’d need to buy a box of popcorn and sit down for the horror show.

Best get a blanket and some long johns first.

Since the passage of America’s most recent energy bill on August 8th, many public utilities have been acquired by some of the wealthiest people on the planet. With the loss of public regulation that came with the repeal of the Public Utility Company Holding Act as part of that measure, these “cash cows,” to which tens of millions of people make monthly payments, are being converted into liquid giants that can be used to acquire other utility companies, or to trade ever-diminishing energy resources for profit. There is no rationing by government yet, only the rationing of the “free markets.” That’s only until the wheels come off and Peak Oil and Gas trigger uprisings and “civil unrest” (I absolutely detest that term – the word is “riot,” and it is not solved by a quick second or third mortgage). Only then will government step in, and then only to try and prop up the façade of a sustainable paradigm of infinite growth.

Instead of maintaining the grid for as long as possible, these amalgamating giants will now accelerate its demise. What is about to happen is the living embodiment of a statement made by

a Dutch economist at a Paris Peak Oil conference in the spring of 2003: “It may not be profitable to slow decline.”¹

No more will utilities invest ratepayers’ money in extra capacity for the 20-year drought, the 50-year heat wave or the 100-year cold snap. Instead, every ounce of extra capacity will be sold off, under-maintained, or discontinued to maximize cash on hand for the next buyout or LBO. Ratepayer money will be used for the benefit of shareholders, not ratepayers. When it comes time to decide whether to make a handsome profit or keep people warm, there won’t even be a debate. These privately owned giants will be able to arbitrage energy to the highest bidder. They will be able to buy other, smaller entities just as the major oil companies have been doing for decades, adding the smaller companies’ reserves and net profits onto their price/earnings (P/E) ratios.

The grid will not disappear suddenly, as if someone had thrown a switch. It will behave exactly the way energy supplies behave. Just as the world will never fully run out of oil or gas, it will have to make do with less and less. It will be a protracted death, full of agonies, full of fits and starts, and it will happen sporadically, with the weakest regions being the first to suffer. The onset of this terminal illness is becoming apparent this winter.

No more do utilities have as a primary mandate the protection of the poor and weak. No more will they prioritize the equal distribution of access to reasonably priced services. Instead, as Peak Oil and Gas worsen, they must focus their attention on providing energy only to corporations that make and sell things, or to those rich enough to pay prices that increase faster than necessary. Their cash will be used to purchase ever-larger chunks of market share as energy prices exceed the reach of the public. Employees be damned. Families be damned.

What we are watching is the start of a bidding war over diminishing energy resources. But the bidding will only make matters worse. It will accelerate the inevitable collapse, make it harder, and wreak needless harm on millions of people.

The man who has stepped onto center stage in this ominous limelight is none other than Mayo Shattuck, III — the man who, as head of the Alex. Brown unit of Deutschebank, knew and approved of massive insider trading in United Airlines stock just before September 11th, 2001. **He has just shepherded the largest single utility merger in American history in an \$11 billion deal that will create the largest utility company in the nation, with a market capitalization of \$28 billion.** The new company, formed from Constellation Energy Group and Florida Power and Light, will operate in many states – and thus remain exempt from state regulation.



(Mayo Shattuck, III – photo Constellation Energy Group Web Site)

Mayo Shattuck resigned suddenly from Alex. Brown on September 12th, 2001, walking away from a multimillion-dollar contract. Instead, he became CEO of the then-obscure Constellation Energy Group. Shattuck had never worked in the energy field. That was odd, and it remained unexplained until about two weeks ago. As I wrote in *Crossing the Rubicon, The Decline of the American Empire at the End of the Age of Oil*:

Mayo Shattuck III — another clue

Mayo Shattuck III is an extremely powerful and influential mover and shaker in the financial world. As head of the Alex. Brown unit of Deutsche Bank on 9/11, he had previously been involved in deals with Russian ruble trading, Microsoft, the Bronfman dynasty, Enron (where he assisted in deceptively concealing Enron's debts³⁶), and with a massive insider trading scandal involving Adnan Khashoggi's Genesis Intermedia right before 9/11.³⁷ He was midway through a three-year, 30-million dollar contract as the head of the Alex. Brown unit of Deutsche Bank when the attacks came. Shattuck (who knows Buzzy Krongard well) took over Alex. Brown operations after Krongard had officially gone to the CIA in 1998. It was under Shattuck's management that some of the criminal trades on United Air Lines were placed right before 9/11.

Mayo Shattuck resigned suddenly on September 12th, the day after the attacks.³⁸ A close associate of CFR powerhouses like Peter G. Petersen and Steven Bechtel of the Bechtel Corporation, Shattuck is today the President and CEO of Constellation Energy Group, one of the firms that gained access to Vice President Dick Cheney's energy task force, the one from which the Bush administration is unconstitutionally refusing to release the records.

Alex. Brown also played a key role in refinancing the Carlyle Group for its acquisition of United Defense Technologies in 2000.³⁹ This close connection to Bush family business ventures is not a surprise because Alex. Brown's connections to the Bush family stretch back for at least seven decades. The Alex. Brown investment bank helped to finance and organize the firm managed in the first half of the 20th century by George W. Bush's grandfather, Prescott Bush: Brown Brothers, Harriman.²

In December, 2005 Shattuck presided over the buyout (all stock, and hence no taxes for shareholders) of Constellation by Florida Power and Light (FPL) to create the largest utility in the country — one that will have power plants in Florida, Maryland, New York, California, Illinois and Pennsylvania. Shattuck will become the Chairman of the new company, Constellation Energy. FPL's Lewis Hay III will serve as Constellation's CEO. ³ Constellation will have a presence in every state except Nebraska, Idaho, Montana and Vermont.⁴

Where Constellation isn't in power, others (like Warren Buffett, whose own 9/11 connections remain mysterious) will be. As the *New York Times* reported on December 19th:

The transaction extends a heady year for deals in the power industry, following Duke Energy's acquisition of the Cinergy Corporation for \$9 billion; Berkshire Hathaway's [controlled by Buffett] purchase of PacifiCorp for \$5.1 billion; and NRG Energy's acquisition of Texas Genco last month for \$5.8 billion. Energy companies have been using growing amounts of cash and higher share prices to seize on a pivotal moment for assets that just a year or two ago were too risky to touch.

The year ahead may bring even more deals, following the relaxation of laws restricting utility ownership.⁵

TRADING YOUR HEAT FOR THE HIGHEST PROFIT

We saw it clearly with oil and gas in the wake of Katrina and Rita. We are seeing it now as we plunge headlong into the winter of 2005-6, a winter which is barely two weeks old. [US News and World Report](#) has described for us how, under deregulation, natural gas stocks, heating oil, generation capacity, and other forms of essential heat are now traded for the highest profit among energy giants.

... That means hundreds of closed factories and enormous hardship for low-income and working poor families, who can expect scant federal government help. And if bitter cold rides in on Mother Nature's coattails, extraordinary measures will be needed to keep energy flowing, particularly in the Northeast, as natural-gas shortages spill over into oil and electricity supplies. "We pray for warm weather. We have a prayer chain going," says Diane Munns, an Iowa regulator who is president of the National Association of Regulatory Utility Commissioners. "People are talking not just about high prices but actual shortages."

...The simple economic rule of supply and demand is now at work: The market price of natural gas hit \$15 per million British thermal units (Btu) last week, well over double what traders paid last year...

Out of options. Hundreds of factories will be similarly forced to lay off workers or freeze or cut wages because of high natural gas prices this winter, says the National Association of Manufacturers. Many large companies, like chemical giant Dow, have moved major operations overseas near cheaper fuel. But smaller domestic companies don't have that option. "In manufacturing, there's just one way to use less energy, and that's to make less widgets," says Paul Cicio, executive director of the Industrial Energy Consumers of America.

Industrial shutdowns are actually vital to the current energy market because they curb demand. Without them, prices would be even higher for consumers trying to heat homes...

The curtailment of "interruptible" customers will trigger a double squeeze on consumers through-

out the Northeast. First, costs for home heating oil will skyrocket, as scores of power plants and other interruptible gas customers switch fuels and make a grab for all the oil on the market...

...The second threat is a severe electricity shortage in the Northeast--with possible brownouts or blackouts. Deregulated natural-gas-fired power generators, **under no legal obligation to serve customers as the old monopoly electric companies were**, can simply stop generating power. Some plants will be interruptible customers with no backup fuel source. But in other cases, power plants that have firm natural gas contracts will stop generating electricity anyway and sell their fuel at enormous profit. That is precisely what happened during the three-day January 2004 cold snap, when more than 25 percent of New England's generating capacity went off line and the reserve margin was near zero.⁶

This inevitable arbitrage trading of energy at the expense of ratepayers has been noted by some mainstream press outlets in the wake of the Constellation - FPL acquisition.

Constellation... has also made a successful foray into energy trading, surviving a crisis in that field triggered by the collapse of Enron four years ago. Since then, Constellation has emerged as one of the strongest energy traders, competing nimbly with elite investment banks and hedge funds that have built large energy trading operations...⁷

[MSNBC](#) said it a different way:

Shattuck will also head its competitive wholesale and retail business, which will serve thousands of commercial, industrial and utility customers – including 72 FORTUNE 100 companies...

“Ultimately,” Hay said, “this will translate into expanded opportunities to deploy new capital wisely.”...

Constellation receives 75 percent of its profits from energy trading and power sales, which have more volatility...⁸

The *Palm Beach Post* was a little clearer. They even resorted to quoting an organization founded by Ralph Nader.

Its [FPL's] major source of money is its out-of-state power plants, which brought in \$12.5 billion in revenue in 2004 as they cranked out more than 12,300 megawatts of juice each day in three dozen states and delivered it to major businesses such as Ford Motor Co., Staples Inc and Georgia-Pacific Co...

“The primary logic, in my opinion, would be that FPL is big into merchant power, the non-regulated power plants,” said Tim Winter, a St. Louis-based analyst with A.G. Edwards and Sons...

Some still have troubles. Calpine Corp., owner of the second-largest fleet of power plants in Northern California, filed for bankruptcy protection Tuesday. The company suffered under a contract that committed it to supply 1,000 megawatts of power – enough for 750,000 homes – around the clock. The fixed-price contract led to a \$400 million gain for Calpine, but soaring natural gas prices eventually turned it into a money-losing deal...

Public Citizen, the Washington-based nonprofit consumer group founded by Ralph Nader, opposes the merger outright. It argues that the companies are taking advantage of the guaranteed revenues and high credit ratings from their regulated utilities to finance the unregulated power operations.

“This is all about subsidizing the deregulation of its merchant power plants and energy trading,” said Tyson Slocum, director of Public Citizen's energy program. “They trade electricity contracts, and that is inherently risky, and ratepayers shouldn't be asked to guarantee risky behavior.”

Still, the new Constellation is likely to be the model for the American future...⁹

The term “merchant power plants” has come up in several stories. It suggests, though I have not been able to confirm it yet, that power companies will now be operating dedicated generating stations for industrial and corporate users with the best ability to pay. Weaker corporations, not on the “A” list would be allowed to die-off leaving more energy for the rest. That would mean that a Boeing plant might have plenty of power sitting right next to a neighborhood that gets none at all due to selective service interruptions designed to “curb demand.” As if any residential user would voluntarily have their heat and power shut off during a cold winter.

Washington Post columnist [Jerry Knight](#) has sounded the direst warnings from the corporate-owned press thus far. This is ironic because Warren Buffett is a director and major investor in The Washington Post Company.

Last week's \$11 billion deal to create the nation's largest seller of electricity may bode well for investors...

But the merger may not be such a good deal for customers of Baltimore Gas & Electric Co., the local utility company from which Constellation of Baltimore was created. The state-regulated company that provides their power will become an even smaller part of an even bigger conglomerate that makes most of its profit through unregulated energy investments.

Even before the merger goes through, Maryland's top utility regulator has begun raising questions about whether BGE's finances have been structured to benefit its corporate parent at the expense of Maryland natural gas users...

Calling this a “subsidy from BGE ratepayers to

Constellation and its unregulated affiliates," he said the company's financial practices "create costs for the ratepayers, which would not occur if BGE were a stand-alone gas company."

...What is now a diverse industry with lots of players, each serving its local community, is being transformed into a business dominated by regional, national and multinational giants.

Remember hometown banks like Riggs, American Security and First American? And local department stores like Woodward & Lothrop and the soon-to-be-departed Hecht's? Utilities are in the midst of the same kind of consolidation that put Bank of America and Citibank into every state in the union and left Federated Department Stores Inc. as America's only real department store chain.

More than the natural evolution of big business is behind the trend. First, many jurisdictions -- Maryland, Virginia and the District among them -- deregulated the electricity-generating side of the business. Then Congress unleashed the utilities to crossbreed and create a race of giants by repealing laws that had been on the books for decades that limited utility mergers.

Unable to resist the urge to merge, power companies have arranged several major deals this year. Exelon Corp. of Chicago has agreed to join up with Public Services Enterprise Group Inc. of Newark, N.J. Duke Energy Corp. of Charlotte plans to hook up with Cinergy Corp. of Cincinnati. **Warren E. Buffett, a director and major investor in The Washington Post Co., has put together nine utilities under the umbrella of MidAmerican Holdings Corp.** [Emphasis added]

Unleashing utilities to merge arguably rewrote the job description of power company chief executives. Their first assignment is no longer to provide electricity and natural gas as cheaply, reliably and efficiently as possible. Job one is to grow the company as fast as possible -- and the way to do that is by doing deals. Just a few months ago, Constellation made Fortune magazine's list of the nation's 100 fastest-growing major companies...

Constellation executives are so focused on deal-making that only a month before agreeing to merge with FPL, they were trying to buy the biggest coal-burning power plant in England...

The merged company will have 5.5 million electric customers and power plants capable of generating 45,000 megawatts of power. Wachovia Securities analysts calculate that the new company will earn 54 percent of its profit from unregulated energy businesses and 46 percent from regulated utilities...[10](#)

And how will Mayo Shattuck fare personally? According to the *Baltimore Business Journal*:

The deal keeps Shattuck's base salary steady at \$1 million for 2006, with his bonus to be set by Constellation directors. His total base salary and bonus will be \$5 million in 2007 and \$2.5 million in 2008 and 2009. The agreement includes a caveat that his total base salary and bonus in any year will be no less than that of the CEO, Hay.

Shattuck's previous employment agreement with Constellation (NYSE: CEG) provided that if the company changed hands, he could receive a payment of three times his annual base salary plus three times the average of his biggest bonuses in recent years -- potentially as much as \$13 million. Under the new employment agreement filed Monday, when the merger closes, Shattuck will receive restricted stock with a market value equal to the cash severance payout he was originally entitled to.[11](#)

WARREN BUFFETT AND 9/11

On the morning of September 11th, 2001 a group of business executives were gathered at Offutt Air Force Base in Buffett's home state of Nebraska. The occasion was the 9th annual Buffett Classic Golf Tournament.[12](#) At least one of those executives, Anne Tatlock of Fiduciary Trust Company, International, was conveniently away from her desk in the World Trade Center as the attacks began.[13](#) To my knowledge, no one has ever been able to determine that day's guest list. Nor has anyone been able to identify how many WTC executives were already waiting safely at Offutt when George W. Bush flew there instead of going directly back to Washington after the attacks. I spent about twenty futile hours trying to dig out an answer to that question in 2002, but those cracks had long been sealed and nothing was leaking.

The connections between Peak Oil and 9/11 have been clearly established for a long time. Now, they're even stronger.

THE HIDDEN CURSE OF DEREGULATION

Because I quote it so frequently, a remark from energy investment banker Matthew Simmons has become well known in nine countries. As he dissented from the 2001 energy report of Dick Cheney's Task Force, Simmons commented that the reason more generating capacity and refineries weren't being built was because the "return on investment was uncertain." Demand was, and remains, an exponentially growing given. Therefore, poor returns could only be caused by a scarcity of the fuels running through these facilities. If profit were your only motive and you had just brought nine or twenty-nine new power generating stations online over the last four years, and you knew you needed fifteen solid years to pay them off, would you build any more? Would you build more even if you knew that another (perhaps badly needed) generating station would be taking natural gas or coal from an already shrinking supply? Would you build another if you knew it would put one of your older plants (one you hadn't paid for yet) out of commission due to shortages?

I interviewed Matt Simmons in August of 2003 about the big New England blackout — an event I had predicted in a lecture hall in Mexico six weeks earlier. Matt also prophetically told us about what we can expect now.

FTW: What did happen?

Simmons: On a large scale what happened was deregulation. Deregulation destroyed excess ca-

capacity. Under deregulation, excess capacity was labeled as "massive glut" and removed from the system to cut costs and increase profits. Experience has taught us that weather is the chief culprit in events like this. The system needs to be designed for a 100-year cyclical event of peak demand. If you don't prepare for this, you are asking for a massive blackout. New plants generally aren't built unless they are mandated, and free markets don't make investments that give one percent returns. There was also no investment in new transmission lines...

FTW: So we have two basic camps saying that the problems are generating capacity and transmission lines, without addressing feedstock issues. What about the advocates for deregulation who argued that there would be more generating capacity as a result?

Simmons: History answers that one. Following the 1965 blackout when NERC was created there was a mandate that publicly owned and regulated power providers had to build new plants. Every five years, ten per cent was added to the generating base. As deregulation was implemented in the 1990s, it was argued that it would open up vast quantities of energy in neighboring states. In the first five years of the decade, only four per cent capacity was added over the entire period. In the second five years, only two per cent was added.¹⁴

Want to try something both scary and enlightening? Do a web search on Mayo Shattuck and see what major corporations and banks he is affiliated with. One thing that caught my eye was that Shattuck sits on the advisory council for Stanford Business School. Stanford is the home of our Secretary of State Condoleeza Rice, who is formerly both Stanford's Provost and a former member of the board at ChevronTexaco. Rice is the same person who swore that the US government had no idea that airliners would ever be used as weapons.

Nah, there's no connection between Peak Oil and 9/11. Let's all just wait and see what this winter's weather brings us. For the last few years it seems that every year has brought us a 10, 50 or 100-year event. But then there's no such thing as Global Warming either, is there?

ENDNOTES

¹ Michael C. Ruppert, "Paris Peak Oil Conference Reveals Deepening Crisis"; *From the Wilderness*, May 20, 2003; http://www.fromthewilderness.com/free/ww3/053103_aspo.html.

² Michael C. Ruppert, *Crossing the Rubicon: The Decline of the American Empire at the End of the Age of Oil*, New Society (2004), p 251.

³ Simon Romero, Andrew Ross Sorkin; "Power Company Agrees to buy Another for \$11 Billion, *The New York Times*, December 19, 2005.

⁴ Kristi E. Swartz, "FPL deal navigates seas of unregulated power," *The Palm Beach Post*, December 25, 2005.

⁵ -- op cit, Romero

⁶ Marianne Lavelle, "The Big Chill: A winter fuel crisis of high prices and

shortages could darken homes and factories"; *U.S. News and World Report*, December 19, 2005.

⁷ -- op cit, Romero.

⁸ Kirstin Dorsch; "FPL creates energy giant in \$11B deal, MSNBC, Dec 25, 2005.

⁹ -- op cit, Swartz.

¹⁰ Jerry Knight, "Dealmaking Power Companies Change the Utility Landscape," *The Washington Post*, December 26, 2005.

¹¹ Rachel Sams, "Constellation locks in Shattuck for three years," *Baltimore Business Journal*, December 19, 2005.

¹² Joe Dejka, "Inside StratCom on Sept. 11 Offutt Exercise Took Real-life Twist" *The Omaha World Herald*, February 27, 2002.

¹³ Ron Leuty, Franklin unit rebuilds after 9/11 tragedy," *The San Francisco Business Journal*, February 1, 2002.

¹⁴ Michael Ruppert, "Behind the Blackout, *From the Wilderness*, August 21, 2003; http://www.fromthewilderness.com/free/ww3/082103_blackout.html



"Peak Oil - Imposed By Nature" (DVD)

Produced/Directed by Armund Prestegard

Featuring interviews with Colin Campbell, Mathew Simmons, FTW's Mike Ruppert, and Chris Skrebowski, *Peak Oil - Imposed by Nature* is one of the first films on the subject to clearly and succinctly address economic and geological issues.

With a running time of 28:30 this is a broadcast-ready product. The version offered by FTW also includes an additional 18 ½ minutes of interviews with Campbell, Simmons and other key figures.

"Armund Prestegard makes watching information on a scary subject a treat. This is the perfect way to expose someone to Peak Oil for the first time."

- Mike Ruppert

This is the first motion picture quality film about Peak Oil! Succinctly exposes the viewer to the issues of Peak Oil.

*** Yours for \$19.95! (+s&h)**

Go to www.FromTheWilderness.com to order!

*Taxes may apply.

Ukraine, Russia, Natural Gas: Ideology or Hypothermia?

By
Jamey Hecht

January 5, 2006 0800 PST (FTW) - In 2004, both the U.S. and Ukraine had Presidential Elections with artificial results. In the country whose WMD arsenal dwarfs that of the entire outside world, the fraudulent victory stood unchallenged. But in the agricultural backwater of a long-fallen imperial power (I mean Kiev, not Ohio), the suspect result was negated and a new election held. This time the Viktor was Yushenko, a former Prime Minister who seems to embody the desire of non-Russian Slavs to avoid reabsorption into the Soviet relationship with Russian power. He may not be Lech Walesa or Vaclav Havel, but Yushenko is no friend of Mr. Putin.

The current "cold" war over gas is pure realpolitik; there's nothing ideological about it. Putin is punishing Ukraine for its political resistance to Russian power. He's not doing this by imposing a high price and inflicting it on the Ukrainians; he's removing a Soviet-era subsidy and offering the gas at what he calls an international market value. But other former Soviet Republics and satellites are still receiving the cheap Russian energy that Cuba and North Korea – and now Ukraine – have lost.

The Americans, for their part, "support a move toward market pricing for energy, but believe that such a change should be introduced over time rather than suddenly and unilaterally." But that is not what the Russians have chosen to do, and the Ukrainian economy cannot afford the 400% price hike – so Ukraine wants from Russia what Caribbean clients get from Hugo Chavez: the opportunity to barter for energy. They would do it by tapping a percentage of the Russian gas that crosses through Ukrainian pipelines, in exchange for the transit costs. But Chavez is a genuine leftist, whereas the Putin Presidency represents a total break with the Soviet era in every respect except its imperial ambitions. No energy company could be more different from Citgo than is Gazprom, who greeted the barter idea this way:

"The price of 150 cubic meters of gas is not the same as the transit cost for this volume of gas... Ukraine refuses to understand that." Nonsense. Ukraine never asked to tap 100% of the gas; it claimed "the legal right to take 150 cubic meters of gas from every 1,000 as a transit fee." [These articles](#) are good, but they cast the conflict as a struggle for power in which energy is being used as a leveraging device. On FTW's map, the energy is the power.

Winter Fuel Shortages

- + New England Fuel Crisis Exercise
- + Free Market Style Rationing?
- + Cold Weather Event Day

By
Michael Kane

[As global climate change converges with Peak Oil and Gas, weather is becoming more extreme, less predictable, and harder to cope with. The same forces that grant us a pleasantly unseasonable weekend in January may produce an unusually severe blizzard in the same month (or at a point in the spring when blizzards are, well, unseasonable). We just might get through this winter without a natural gas crunch, but it's unlikely that our luck will hold for even two or three winters more.]

Focusing on the Northeast U.S. and a recent table-top exercise designed to test that region's readiness, Michael Kane investigates the prospects for a serious cold weather crisis there. He takes us through the merits and limitations of such contingency planning, in which public authorities struggle to protect public health while private companies make the rules. –JAH]

January 10, 2006 1100 PST (FTW): **W**ill there be serious fuel shortages this winter? It depends on the weather. Months after the hurricanes, some twenty percent of the natural gas production in the Gulf of Mexico remains shut in.¹ While the press keeps silent about the condition of these inactive pipelines, planners in the New England region are preparing for the very real possibility of near-term fuel shortages.²

The Independent System Operator New England Inc. (ISO-NE) conducted a table-top exercise (or "war game")³ on November 29th in which emergency procedures dealing with extreme winter cold and fuel shortages were simulated at the Winter Operations Coordination Workshop.

In mid-November of 2005 FTW began contacting local authorities across New England. We asked for official statements on the possibility of winter fuel shortages. Were there any plans for rationing? Every state and locality contacted in the Northeast said no. What they all do have in place are increased conservation and efficiency efforts and economic assistance for those who can't afford to stay warm this winter. The poor will suffer the most, as there is simply not enough assistance for those in need.

Rolling blackouts are the closest we will get to rationing in North America this winter, because they will not impact the financial markets the way a true rationing plan might. Staying warm through the winter should be viewed as a human right. Natural gas shortages are making that commodity more expensive. In a deregulated market, the gas will be sold to the highest bidder, not guaranteed to the public at large.

During the most critical winter months, surging natural gas prices will force competition between electric utilities and gas-fired home heating. The major planned “market enhancements” that will address this problem won’t be ready in time for this winter.⁴ Rationing is the antithesis of what we are about to see, as pointed out by Mike Ruppert in [“THE END of the GRID.”](#)

New England Fuel Crisis Exercise

Independent System Operator of New England (ISO-NE) has command and control over the regional electric grid. On November 29, 2005, ISO-NE ran an unprecedented table-top exercise simulating a fuel crisis where three factors were considered: weather conditions, power plant availability, and high voltage line availability. Over 100 people were brought together from government, emergency management, the gas industry, communications, and other relevant fields to understand the risk North America is facing this winter. To the consternation of the *Wall Street Journal* and other publications, the exercise was closed to both the press and the public.

Ken McDonnell, Press Secretary at ISO-NE, called the exercise a “huge success” and said there are no plans for another such exercise to be conducted this winter. “ISO-NE is confident in its ability to respond to any situation” that might eventuate this winter, said McDonnell, adding that “the chances of rolling blackouts are slim.” ISO-NE has the legal authority to implement rolling blackouts.

McDonnell’s written summary of the event is both reassuring and ominous, leaving little doubt that the problem is real while demonstrating a will to prepare for it:

Springfield, MA -- Nov. 29, 2005 -- In the first-of-its-kind regional conference, ISO New England stakeholders – including officials from state and federal regulatory agencies, reliability councils, emergency management agencies, the natural-gas sector, and local control centers and neighboring control areas – 100 in all – joined ISO New England operations and planning specialists in a Winter Operations Coordination Workshop. Participants gained a fuller appreciation of the possible cold-weather operating constraints facing New England and its bulk power system this winter and reviewed the triggers used by the ISO to signal the need for emergency actions. Then, based on real-world operating scenarios, the representatives rehearsed the communication and coordination procedures they would need to employ to ensure a safe and reliable supply of electricity under extreme cold-weather conditions this winter. The goal was to provide an open and honest exchange of information at all levels and across all entities of the regional energy sector.

But without more information, the rigor of the exercise and the meaning of its results will remain unknown outside the circle of invited attendees. This reporter requested documentation on what set of assumptions were used in the exercise and how they played out, but as of this writing ISO-NE has not provided it.

Cold Weather Event Day

In January of 2004 the New England region came dangerously close to running short on natural gas. Since then ISO-NE has

added procedures for what it calls a “Cold Weather Event.” A “Cold Weather Watch,” followed by a “Cold Weather Warning,” will likely precede the calling of a Cold Weather Event. ⁵

Independent System Operators across the continent closely follow both short-term and long-term weather forecasts, but New England is in a unique situation. The region is at the end of the natural gas supply line. Hurricane damage in the Gulf of Mexico is a big worry since 25% of New England’s peak-day natural gas comes from Gulf sources.⁶ While some of their power plants have the capacity to switch to oil for electricity production, the vast majority can only operate on natural gas. If we see severe cold this winter, demand will surge and a natural gas shortfall could lead to a nightmare scenario for the region.

A Cold Weather Event is declared before 11 am two days prior to the event day. Modifications have been made to tariff methodology to ensure fuel providers can meet their requirements. ISO-NE has been modifying their protocols and procedures to prepare for what might happen this winter. The table-top exercise mentioned above tested the procedures that have now been implemented. On the day of the exercise (November 29, 2005) ISO-NE promulgated its “Winter 2005/06 Action Plan” which develops four major areas of endeavor:⁷

- Communicating the need to reduce energy consumption around the clock.
- Encouraging the utilization of dual-fuel generating capability.
- Expanding demand-side management programs in New England in order to help maintain needed Operating Reserves.
- Developing Emergency Energy procedures and Market Rules to complement the cold weather procedures set forth in [Appendix H to Market Rule 1](#).

All this is intended to avoid rolling blackouts and/or voltage reductions.

As demand for natural gas starts to outstrip supply, those power plants that have dual-fuel capacity will be called upon to switch from natural gas to oil. Plants can already do this as a response to rising gas prices, but they face considerable red tape; burning that additional oil requires environmental waivers. Long-term ecology will have to be sacrificed to short-term public health – if the gas isn’t available, the oil will burn. Procedures have been put in place to fast-track the waiver approval process this winter.

Industrial customers who have agreed in advance to have their natural gas supply interrupted would be the first curtailments made if necessary. Six governors in the New England area would televise an urgent call for energy conservation across their states.

Worst Case Scenario

Cold weather will be easier to cope with if it doesn’t hit the whole country at once. That way, resources can be shifted to the neediest areas. But a nationwide cold snap would cause a large number of dual-use power plants to suddenly start burning more oil for electricity production. That could cause a shortage of available oil, impacting oil-heated homes.

When natural gas prices exceed \$20 per [MMBTU](#), providers who already have gas in storage will be strongly motivated to sell their gas to the highest bidder. Thanks to deregulation, they will be at liberty to capitalize on crisis by liquidating what should be a public trust.

Rolling blackouts can mitigate scarcity, but the question is whether enough fuel can be spared on the electricity side to save lives on the heating side.

TV and radio news outlets will issue urgent instructions for superintendents, tenants, and homeowners in buildings heated with natural gas to drain their water systems lest their pipes freeze. While such drainage is usually a fairly simple operation, not everybody knows how to do it. Some residents will suffer burst pipes; others will overpay for the services of opportunists; still others will successfully protect their plumbing with their own efforts or with honest help. On the other side of the crisis, the resumption of gas services presents the problem of relighting millions of pilot lights – a potentially dangerous task, since the timing and ventilation have to be right. And if scarcity deepens, gas service may not resume for a long time.

Even a short period of no heat could leave New York City's 123 year-old steam powered heating system in ruins as pipes freeze. Former Director of Central Intelligence James Woolsey was quoted as saying New York could resemble "a frozen New Orleans."⁸

What New York had to Say

Ken Klapp, Press Secretary for the New York Independent System Operator (NYISO), says New York has a much better fuel mix than New England. Over 35% of New York's power plants have dual fuel capacity. NYISO officials attended the ISO-NE conference and exercise, but the organization feels there is minimal concern for their region this winter and rolling blackouts are not likely.

Gary Brown, VP of External Affairs at NYISO, told this reporter that the [New York Gas Group](#), comprised of the gas companies that serve New York, has performed contingency analysis for the possibility of emergency restrictions that may be implemented if a shortage of natural gas affects the New York area.

The New York Gas Group is part of the Northeast Gas Association. In a report published on December 20, 2005, they state that gas supplies "should" be adequate for this season. But the same report indicates that as of December 19, the Gulf Coast still had 2 Bcf/d of production offline. That represents 4% of the average U.S. daily production.⁹ Domestic gas production had been stretched to the limits well before the hurricanes.

The Northeast Power Coordinating Council (NEPCC) published a report on November 18, 2005, where they concluded harsh winter conditions could cause Ontario, New England, Quebec and the Maritime Areas to implement operating procedures designed to mitigate resource shortages. They did not consider New York to be at risk for this winter.¹⁰

But the nightmare scenario that might start in New England would send as yet unknowable shockwaves across North America. It is still unclear what natural gas shortfalls from the Gulf will be at any given point this winter. The position of these Northeast organizations is based in part on assumptions that may or may not play out as they hope.

Finally! Signs of Life

After our investigation began, two mainstream news reports added weight to our concerns. The *Christian Science Monitor*

published, "[If winter is bitter, brace for a natural-gas crunch.](#)" This was the first time a mainstream publication published a *partial* admission of the looming natural gas crisis. The report included a map showing that the Northeast is far more likely to be impacted by a tight supply of natural gas than any other region in the country.

Then *US News and World Report* published "[The Big Chill,](#)" where the proverbial cat was let out of the bag. Finally a news organization aside from *FTW* was warning about an imminent natural gas crunch. Dianne Munns, president of the [National Association of Regulatory Utility Commissioners](#), was quoted as saying, "We pray for warm weather. We have a prayer chain going." Matthew Simmons, President of Simmons and Company International, said as much over 18 months ago [in an interview with FTW.](#)

With or without prayer, a rationing plan is the only way to ensure that everyone stays warm in an energy crisis. But no one seems to have authority to implement such a plan in a deregulated energy market. It's now legal for utilities to start privatizing, which will place every aspect of the energy industry into corporate hands. Rationing is impossible without basic legal regulation. But instead we are seeing the privatization of warmth just as we are seeing the [privatization of potable water](#) – two natural resources that are critical to sustain life.

Recently, members of the Senate Committee on Foreign Relations indicated that American consumers and producers are unlikely to change their ways, unless forced to do so by real hardship: "[There has to be a big crisis,](#)" said Senator Chuck Hagel on November 16, 2005.¹¹

It may be frightening for us all as we consider the necessary sacrifices, but *FTW* is convinced the alternative to conservation is nothing short of disaster. We've said it too many times to count, but it can never be reiterated enough – [POWERDOWN](#) is the only solution.

¹ Minerals Management Service Press Release, December 29, 2005, Media Contact Gary Strasburg <http://www.mms.gov/oc/press/2005/press1229.htm>.

THE OUTLOOK FOR NATURAL GAS IN THE NORTHEAST FOR THE 2005-2006 WINTER HEATING SEASON, Northeast Gas Association, December 20, 2005 Update, http://www.northeastgas.org/pdf/winter_outlook_05.pdf.

² Among the Northeast Region states on which our report focuses, Pennsylvania seems to have the least to worry about. Press Secretary Jennifer Kocher said 45% of Pennsylvania's electricity production comes from coal, 20% from nuclear energy, and 20% from natural gas. The remaining 15% derives from various renewable sources, mainly hydro. Coal makes up a very high percentage of the fuel mix throughout the country, but a very small percentage in the Northeast.

³ In an extensive phone interview with this reporter, ISO-NE Press Secretary Ken McDonnell referred to the November 29th simulation as a "table-top exercise, a war game." McDonnell said he was familiar with our publication (*FTW*).

⁴ ISO New England's Winter 2005/2006 Assessment & Action Plan "Preparing for Cold Weather Reliability," October 6, 2005, http://www.iso-ne.com/pubs/pubcomm/pres_spchs/2005/winter_assessment.ppt.

⁵ ISO New England's FAQ page – *What Defines a Cold Weather Event?* <http://www.iso-ne.com/support/faq/wntnr/index.html#faq3>.

⁶ Ibid, footnote #2

http://www.iso-ne.com/pubs/pubcomm/pres_spchs/2005/winter_assessment.ppt.

7 ISO New England Inc. and New England Power Pool, Docket No. ER06-____-000; Interim Amendments to Market Rule 1 for Winter 2005/2006, October 28, 2005 http://www.iso-ne.com/regulatory/ferc/filings/2005/oct/er06-_____winter_project_filing2_10-28-05.pdf.

8 Marianne Lavelle, "The Big Chill: A winter fuel crisis of high prices and shortages could darken homes and factories," *US News and World Report*, December 19, 2005 <http://www.usnews.com/usnews/biztech/articles/051219/19energy.htm>.

9 Ibid, footnote #1 http://www.northeastgas.org/pdf/winter_outlook_05.pdf.

10 Northeast Power Coordinating Council Reliability Assessment for Winter 2005-2006, November, 2005 https://www.npcc.org/publicFiles/documents/seasonal/currentYear/CO12_NPCC_Reliability_Assessment_2005-06W_FINAL.pdf.

11 Michael Kane, "THERE HAS TO BE A BIG CRISIS," *FTW*, December 5, 2005, http://www.fromthewilderness.com/free/ww3/120505_big_crisis.shtml.

The Empress Has No Clothes

AMY GOODMAN'S REALITY BLACKOUT

by
Carolyn Baker

(Special to *From the Wilderness*)

[This really needed to be said. The value of so-called alternative media is in how well it serves people with regard to critical issues of the day.

As many of FTW's friends and allies over the years know, I have my own Amy Goodman stories; too many to count or recount. I stopped trying to kiss her ring a long time ago. And while that has not hurt FTW, it has left behind a great many of our earliest allies, without whose help and support we wouldn't have come this far. I also have a long trail of scars fought within the heavily infiltrated "progressive left," especially with the most-dishonorable likes of Norman Solomon and David Corn.

The bottom line however is that within the progressive left there are too many great minds and dedicated souls to be surrendered without a fight. I did not solicit this article. It arrived like a gift from the stork one morning on my doorstep. Carolyn Baker is to be commended not only for her courage and alacrity, but more so for demonstrating that the necessary fight will not be abandoned and consumers of alternative media have taste buds just like everyone else. They know the difference between junk food and nutrition. – MCR]

January 13, 2006 1200 PST (FTW): **O**kay, someone on a progressive website finally dared to write an article questioning Amy

Goodman's *Democracy Now* programming. Reza Fiyouzat at *Online Journal* asks in his January 3 article: "What's wrong with Amy Goodman?" (http://onlinejournal.com/artman/publish/article_387.shtml) Gee, all this time I've been afraid to take the risk. Is it not politically incorrect, or even unkind, to question the queen of "progressive" talk radio? Aren't *Air America* or *Democracy Now* the only news alternatives that aren't composed of completely contrived corporate compost? Didn't Rodney King have it right? Shouldn't we all try to get along, especially those who place themselves on the left end of the political spectrum?

Nothing personal here. I like Amy Goodman. She's bright, articulate, and undoubtedly, a decent human being. But Amy has some jaw-dropping blind spots — some uncanny omissions in her so-called "progressive" programming that frequently cause her news reportage to disappear into a black hole of irrelevance because she simply refuses to deal with certain issues.

Blackout Number One: [Amy will not, absolutely will not, deal with 9-11](#). Surrounding herself with "conspiracy-theory" phobics, such as [Noam Chomsky](#) and [Norman Solomon](#), she has occasionally danced around the issue, but never firmly planted her feet in the reality of the pre-meditated mass murder by the United States government that September 11 was. Any journalist as articulate, informed, and on the cutting edge as she purports to be would not be evading the issue five years after the event. What was the point of inviting Sibel Edmonds to *Democracy Now* and asking obligatory questions of a guest who has been silenced by a colossal gag order from the Justice Department? Why invite one of the most astute researchers of 9-11, David Ray Griffin, to her program, and instead of actually interviewing him, pit him against Supreme Conspiracy Phobe, [Chip Berlet](#), whose only rebuttal to Griffin's impeccable evidence was, "It's not good for people to believe in conspiracy theories." Why only pathetically brief, patchy, so-called interviews with Cynthia McKinney who is the only Congressperson who has delved deeply into 9-11 and called for and carried out public hearings?

And then there were the enormous misstatements by *Democracy Now's* producer, Jeremy Scahill as he was interviewed by Amy Goodman on November 10, 2005. During that interview, Scahill repeatedly praised Jerome Hauer, a board member of Bio Port, one manufacturer of a particularly atrocious anthrax vaccine and a close friend of the Bush Administration. Hauer's connections with some of the most despicable corporations on earth are indisputable. On December 15, *From The Wilderness* published an expose of the erroneous *Democracy Now* story—an expose not to be missed which concluded:

[WHO IS JEROME HAUER?](#)

Jerome Hauer is a Bio-Warfare expert who is well known in New York City for having created former mayor Rudolph Giuliani's Office of Emergency Management (OEM) in World Trade Center 7 – the building that inexplicably imploded in a freefall on September 11, 2001, without having been hit by an airplane. Hauer's corporate affiliations include SAIC, Batelle, CSC-DynCorp, Hollis-Eden, and one of the nation's most powerful private investigative and security firms Kroll Inc., among others. Now BioPort has been added to his resume.

On the eve of 9/11, in NYC, Hauer was having drinks with his close friend, the recently retired FBI Agent and "Osama-Chaser," John O'Neil. At that

time O'Neil was the head of security at the World Trade Center complex, a position Hauer had helped him to get. O'Neil died in the World Trade Center on 9/11, and it was Hauer who identified his body.

Scahill's misstatements not only herald the virtues of a notorious "bad guy" and ally of the Administration, but fail, once again, to explore links to 9-11. I hasten to add, however, that Scahill's shabby reporting was also carried by [The Nation Magazine](#), the day before the *Democracy Now* interview in an article "[Germ Boys and Yes Men](#)." The same article was published concurrently by the websites [Alternet](#) and [Common Dreams](#).

It appears that the left has been astonishingly misled by a failure to check facts and connect dots. Is it any wonder it has so profoundly lost its vitality and credibility in the twenty-first century? When so-called progressive journalists fail to do the most fundamental homework, all of the "Don't Think Of An Elephant" linguistic research of the likes of George Lakoff about how to communicate with the rest of the world becomes meaningless.

Blackout Number Two: Day after day, in a world where oil production worldwide has peaked, and where we are now plummeting toward an energy Armageddon, Amy Goodman says almost nothing about the issue. In terms of foreign policy and the Iraq War, her guests incessantly proclaim world domination by the diabolical United States as the sole motivation for the U.S. invasions of Afghanistan and Iraq. Whenever the energy issue is alluded to, it is presented as a feigned crisis construed by blood-sucking oil companies who would do anything to justify spiking gas prices. Unquestionably, oil company profits are at an all-time high, but that does not diminish the reality of Peak Oil. Again, Amy has not done her homework, and it doesn't appear that she's interested in doing it anytime soon.

While she has interviewed Michael Klare, a Peak Oil expert and author of "Blood And Oil," it has little effect when counterbalanced by numerous appearances of progressive guru, Noam Chomsky, who insists that oil is not the primary motivation for the dissection of the globe by the American military. *Democracy Now* is virtually silent on issues of oil and natural gas depletion, and the absence of interviews with the most outspoken experts on Peak Oil — such as Richard Heinberg, author of "The Party's Over" and "Powerdown"; Matt Simmons, one of the world's most distinguished energy experts; British Peak Oil authority, Colin Campbell; or Princeton's famed petroleum geologist, Ken Deffeyes — is nothing less than mind-boggling. Failure to address what may be the most devastating global survival issue in the history of the human race is not only irresponsible but unconscionable.

Blackout Number Three: While *Democracy Now* is currently giving ample air-time to the Abramoff scandal, its grasp of the depth and scope of U.S. government corruption and economic warfare on its own citizens is abysmal. Much is made of the military industrial complex, indisputably a monstrous cavern of theft and taxpayer bilking, but has Amy Goodman ever interviewed experts on the \$59 billion dollars missing from the Department of Housing and Urban Development, or the \$2.3 trillion missing from the Pentagon? Has she ever invited the foremost expert on U.S. government economic warfare on its own citizens, Catherine Austin Fitts, to be interviewed on *Democracy Now*? Or what about former *Washington Times* reporter, Kelly O'Meara, who has reported extensively on the missing money? What about Stephen Roach, Morgan Stanley's chief economist who in 2004 made mainstream financial headlines by stating unequivocally that the U.S. economy is heading for [economic Armageddon](#)?

Instead, *Democracy Now* has conducted numerous interviews with John Perkins, author of *Confessions Of An Economic Hit Man*. In her article specifically addressing Perkins' book, [Catherine Austin Fitts](#) writes:

A "[limited hangout](#)" is a partial confession, a mea culpa, if you will, that leaves the essence of a crime or covert reality hidden. Because it includes some small part of the truth, the limited hangout is irresistibly attractive to dissidents and political critics whose thirst for such truth makes them jump at the dangled scraps. Once the system's watchdogs are busy chewing on the limited hangout, the guilty players can go about their illegal business for a new round of unaccountable, semi-secret mayhem.

If you want to see an excellent limited hang out at work, pick up a copy of the John Perkins' best-selling *Confessions of an Economic Hit Man*. In his limited hangout confession, Perkins describes his career from 1971 to 1981 as a highly paid professional who helped defraud Third World countries by helping syndicates make uneconomic loans as a means to facilitate the eventual takeover of those economies by elite and corporate interests...

Nowhere does Perkins introduce the notion that cartels in a "New World Order" (the phrase coined and promoted by George H. W. Bush) use covert manipulation of the global financial system to centralize and concentrate economic and political power. Assassinations by "jackals" aside, Perkins barely hints that for fifty years the US military-industrial complex has been developing and testing powerful black budget technology, satellite and other invisible weaponry and surveillance technology and insider-trading tools behind the veil of national security secrets. Indeed, it was the need for a means of financing black budget operations and weaponry outside the view and control of Congress and the appropriations process - rather than the mere pursuit of corporate profits - that provided the political air cover for Perkins to do what he did as his covert counterparts marketed drugs in American and Third World communities alike.

It's an old rule of economics. Sources and uses need to be in one integrated financial statement to understand an enterprise. In Perkins' world, we are never quite clear who got what cash and in what amounts when all was said and done. Which means someone gets to keep the money and remain socially acceptable - and we remain clueless as to who was really running things two decades ago.

On a variety of issues, not merely economics, it appears that *Democracy Now* is a revolving door of limited hangouts—a term used by the intelligence community to indicate a plausible distraction intended to divert attention from the more nefarious behavior of the actual culprits. *Democracy Now's* guests mention the federal deficit and the Bush Administration's blatant economic blunders, but almost never does Amy Goodman or her guest dig

deeper, connecting the dots with the current epidemic of disappearing pensions, the disastrous housing bubble which is in the process of bursting, the ramifications of the new bankruptcy law, widespread doubling of monthly credit card payments, and a plethora of issues that signal global economic collapse. From listening to *Democracy Now*, we can only infer that the economy of the United States and the world is "in poor health" but not, as it actually is, barely existing on the most precarious of life-support systems, headed for a train wreck that could make 1929 look like a Jubilee.

I have, in fact, communicated my concerns to *Democracy Now* in general and to Amy Goodman specifically. In response to numerous emails, faxes, and letters, I have received boiler-plate letters thanking me for my interest in the program along with an enclosed envelope and a request for a donation. I don't financially support corporate media, so why should I support a form of media which appears to be offering me more, but isn't?

What are we to conclude from a so-called progressive radio and television news program which so glaringly ignores or fails to accurately report the reality surrounding it? A quick Google of "Operation Mockingbird," the CIA's protracted program of infiltrating mainstream media, reveals that (during and decades after the McCarthy era) the agency established intractable control of news reporting in America — so much so, that former CIA Director, William Colby, before his death boasted that the CIA owned everyone of any significance in the U.S. media (a more in-depth analysis of alternative and mainstream media may be read at <http://www.oilempire.us/media.html>).

Does the CIA "own" Amy Goodman? I don't know, but I *do* know that any so-called progressive journalist of Goodman's stature who will not astutely address September 11, Peak Oil, global economic collapse, and the inextricable connections among all three must be classified not as "progressive," but as terminally *peripheral*.

FTW WINS SABOTAGE CASE – FINALLY

By
Michael C. Ruppert

January 17, 2006 1300 PST (FTW) – It took an almost-unheard-of ten months for the Small Claims case involving deliberate sabotage by a former *FTW* employee to reach its final resolution. But with an appeals ruling issued on December 20th, 2005, (received in the first week in January) it finally did. In his ruling Judge Michael Hoff reaffirmed the original Small Claims ruling in *FTW's* favor from last summer. That ruling found that *FTW* had made its case proving deliberate sabotage. By filing an appeal willfully using an incorrect address for *FTW*, the former employee, Christopher Lee Fusco, had successfully won a default judgment against *FTW* after notice of the trial De Novo failed to reach our offices.

It was a cheap trick and although it didn't ultimately succeed it did thoroughly disrupt our operations and cash flow. More than

\$5,000 was levied without notice from *FTW's* business checking account last October, nearly putting *FTW* out of business. That, coupled with two months of deliberate sabotage by Fusco involving more than one hundred misplaced customer orders, uncashed checks, unfilled orders and shipments of *FTW* inventory to incorrect addresses nearly forced *FTW* to close its doors.

The sabotage, which also involved former employees other than Fusco, was so serious that, in his December 20th testimony, Ryan Spiegl, *FTW's* Information Technology Manager, categorized the damage level as between 8 and 9 on a scale of 10. It also necessitated an [urgent appeal](#) to *FTW's* readership for emergency funds which saved the day. More than \$50,000 much-needed dollars were received which covered most of the costs of straightening out every order and satisfying every customer. It also helped *FTW* to prepare for its now-imminent move to Ashland, Oregon. That move is scheduled to be completed by mid-February. *FTW* has secured wonderful new offices and now plans to move ahead with a long-planned expansion of services and news coverage. While funds are still tight, we are confident we'll get the job done.

I lack the words to express my gratitude for this generosity. All of us at *FTW* have re-committed ourselves to staying in this necessary fight to educate and prepare America and the world about the consequences of Peak Oil over the long haul.

The Small Claims decision, which is not appealable, leaves the door open for a larger civil suit by *FTW* against the former employees wherein the record of the Small Claims case would stack the odds of a larger victory in our favor. *FTW* has until April, 2006 to file that action.

Thank you all, from the bottom of our hearts.

Under Strains of Peak Oil and Gas, Ideology Stretches to the Limit

By
Jamey Hecht

January 20, 2006 0800 PST (FTW) - [Stan Goff](#), Chalmers Johnson, and other writers on U.S. military affairs have explained the economic nature of America's "empire of bases": it's a massive State-Socialist society, built to service the machinery of death for the enforcement of capitalism. Similarly, Ralph Nader's half-century of work shows beyond dispute that despite "free market" ideology, major corporations in the U.S. (and in the international system at large) are partly dependent on massive government subsidies. Privatize the profits, socialize the costs.

While the Left articulates this economic reality by debunking its various spokespersons, they keep pouring in from the Right like myriad clowns from a phone-booth. Thomas Friedman's "flat" world of omni-beneficial globalization is as absurd as the disc-

shaped Earth it conjures in the reader. Richard Perle writes from a moral Disneyland whose prize is “An End to Evil,” brought about through twin means: heroic violence that somehow spares the innocent, and the national beast of America, the chimera with Capitalism’s body and Democracy’s wings. The common theme of rightist discourse these days, from Conservative to Neocon to Realist, remains the sanctity of the Free Market.

As *FTW* has shown in articles by [Tom Wayburn](#), the Rightist paradigm has special implications for Peak Oil and Gas. An “Apollo Project” for coping with energy scarcity can only work if it centers on conservation and eventuates in some kind of rationing and rational planning, which are anathema to the Right. So here’s the dynamic: as climate change destabilizes the weather, increases energy demand, and [plays havoc](#) with the oil and gas infrastructures of the world, depletion speeds up and shortages occur more and more frequently. Ideologically, there are three ways to deal with this: [the Venezuelan way](#), which uses barter and credit to keep people warm; [the Russian way](#), which builds up a giant monopoly company under central State control and leverages its power [to control satellite states and ethnic undesirables](#); and [the American way](#), which deregulates everything so that Godzillacorp can profit from the crisis while repaying government’s gift of *laissez-faire* with concessions to the police state, like selective blackouts and freeze-outs targeted at political opponents and ethnic undesirables.

For “our” Establishment press and book trade, the trick is to use free market ideology to justify America’s Rightist approach and deride those of our geopolitical competitors. The trouble is that free markets and free trade are inadequate to the realities of Peak Fossil Fuels and the gap is widening all the time. A fuel bailout in the wake of Katrina just ended in the last week of December, but now the Winter is hitting. Russia won higher prices for its gas, but now the cold forces her to cut back on exports anyway. And Venezuela? The Celtics fans in Massachusetts get cheaper fuel with a dash of Latino dignity, courtesy of the man we’re supposed to consider “authoritarian.” Contradictions galore!

Exterminism and the World in the Wake of Katrina

By
Stan Goff

PART THREE OF FOUR

The Crony-Warfare State

The latest in a series of scandals being tamped down with the able assistance of the mainstream media is the indictment of the Texan Bush-crony, Congressman Tom DeLay, on charges of conspiracy and money laundering. While this relates to the whole question of legitimacy, it is not (yet) a

political crisis.

The interesting thing about DeLay – at least for me – is his background. DeLay is known for his scorched earth political tactics; he is even admired for his ruthlessness. Before he went into politics, he was a Houston exterminator. The *Texas Treador* refers to him as “the Bugman of Sugarland.”

What can we infer about a government that heads up its own most representative federal body with a man who made his living spraying poison on bugs? Reichsfuhrer Heimlich Himmler was a failed chicken farmer. This stratum has long been the birthplace of sociopathic reaction.

Let’s compare warfare to pest extermination. Both are instrumental in the extreme – accomplishing what they set out to do with little to no regard for tangential consequences. They both objectify life for the purpose of taking it. They both expose their foot soldiers (DeLay was never that) to the hazards of operation. And they are both ecological travesties.

When I stated that the US is no longer a productive economy, it was of course hyperbole. Things are still manufactured here. Commodity-production is seen by classical economists as a question of balance. Does the nation export more than it imports, or vice versa. By all classical economist accounts, if a nation imports much more than it exports, its currency is endangered. By many mainstream political accounts, so is that nation’s security, especially when massive debts are incurred to support that nation’s continued expenditures as its currency zooms across the planet chasing cheaply-made commodities.

Xenophobe Pat Buchanan, a former Nixon aide and anti-Semitic homophobe who has professed admiration for Franco, has been warning that China’s growing pool of US debt has given the world’s most populous nation a grip on the trachea of the US economy.

But that’s not true, and the Chinese – no chumps – know this better than anyone. China, like Japan and other US debt-holders, know that selling the dollar short would crash their own central bank reserves, which are flush with T-bills. It’s a game of finance-capital chicken. The dollar-economy is worldwide. We all bluff together or we fall off the bluff together.

That’s the secret of the US’s “dematerialized economy,” which I, along with many others, have written about in more detail elsewhere. The economy is not dematerialized at all. You are likely reading this on a material computer, nibbling on material food, dressed in material clothes, and inside a material house. There has been an international division of economic labor realized, in which the US consumer is required to buy Wal-Mart’s shit, which is made in China or some other Dickensian paradise, in order to complete the virtuous cycle of global capital.

The transnational ruling class is largely American. It is “transnational” because it operates overseas, not because it is diverse. With the military power of the United States to

ensure its overseas assets, and dollar hegemony to ensure the repatriation of currency, they have moved productive platforms offshore to widen profit margins, driven by their own cannibalistic competition. US exports are relatively low, but US capitalists have five times more assets overseas than they do in the US itself.

But there has to be some production in the domestic economy, even when dollar-hegemony makes the stuff we build too expensive for other nations' people to buy – and ourselves, too.

There has to be some kind of market for the stuff produced more expensively in the US, so the US state creates surrogate markets (in the face of its own grand pronouncements about the invisible hand of supply-and-demand). The US massively subsidizes its agricultural exports – to the outrage of the rest of the world that the US consistently punishes for the same thing. And the US has created a huge and cancerously growing consumer surrogate for other “goods,” and that is the Department of Defense.

Much of this materiel is pure shit, by the way, making many high-dollar weapons systems a cosmic money-sink. Lockheed-Martin's F-22, for example, is the most expensive airplane in the world (\$300 million a copy). It's legions of detractors – which include many former fighter pilots – call it “Tiffany's on wings.” Not only does it constitute a waste of many rare minerals and a history of corrupt contracts and cost overruns, the US has had to bribe other nations with more money to get them to buy the thing. It has never performed correctly, and will likely never see combat unless someone blows one up on the airfield – doing its pilot a tremendous favor.

Now there's a support the troops concept!

Lockheed-Martin pulls in an average of \$228 per American household every year.

Agri-subsidies and weapons contracts go hand in hand. We can starve 'em or we can shoot 'em. Peripheral nations are increasingly incapable of food self-sufficiency because they entire economies are directed to getting dollars (through export) to pay usurious perpetual debts denominated in those dollars. Then they have to float further loans to buy subsidized food produced in the US.

Very tricky.

New Orleans is the major US export terminal for both agricultural products (60%) *and* military technology (The largest buyer is Israel, but the US peddles military technology around the world – even knowing we will eventually see it used against us.). When the port closed in the wake of Katrina, these industries both made panicked calls to Washington – which threw gas on the fire of no-bid reconstruction contracts for the Bush administrations buddies.

This port is so critical that the Export Administration Act prohibits any boycott activity against it – to include prohibit-

ing interaction with countries that are involved in boycott-like activity against Israel. WECO Agencies, a Louisiana firm, was fined last year by the US government for a 1993 trade with Lebanon when that country still boycotted Israel.

Of course, the biggest purchaser of US-manufactured military hardware is the US state itself. It is a massive shell game of no-bid, cost-plus contracts, the pillaging of the public sector to increase “defense” spending, and the aforementioned international debt profligacy. In the unhidden costs of war spending, the US government spends the equivalent of \$6,000 a year for every man, woman, and child in the country.

Hmmm. Maybe the war-tax resisters are onto something.

In 1997, I was at a meeting at Chapel Hill about organizing the Labor Party. Left luminaries with roots in the labor movement were there, and there was a sense that this, at last, was the idea that would break through the post-1990 metropolitan malaise that smoldered off the collapse of the Soviet Union and the embrace of Dickensian capitalism by China. It was octogenarian pacifist and physicist Joe Straley who elected to be the skunk at this party, if you'll indulge my zoological allusions, by asking, “Does anyone notice the elephant in this living room?”

He was talking, of course, about the fact that the Labor Party program mentioned not one word about either war or the bloated US war industry. The reason, of course, reluctantly admitted by Adolph Reed who was there as a Labor Party rep, is that there is scarcely a productive industry of any scale left in the United States that is not vitally linked to what is satirically referred to as defense spending. Even if the company is not Northrop Grumman or Lockheed-Martin, who make the majority of their money on high-dollar weapons contracts, there are innumerable companies who rely on the contract for ripstop nylon, Angora goats (used as patient models in medical training), eggs (to prepare a million breakfasts each day), dehydrated strawberries – and the list goes on almost endlessly – for the margin of profit upon which they depend to remain viable as capitalist enterprises.

The US economy, quite literally, would collapse if the Department of Defense closed down. This is a very tough pill to swallow for pacifists, leftists, deep-libertarians, and others who might like to see precisely that. It is not a happy circumstance that our very social stability is now predicated upon military power (which is being called into serious question in Southwest Asia right now) but also on the Romanesque venality of “defense” contractors and the parade of generals who enter their ranks upon completion of uniformed service.

This form of “military Keynesianism” as it is inaccurately called has been going on to one degree or another since the end of WWII, but it has been expanded dramatically as a compensatory measure ever since the crisis of the late 60s and early 70s.

Extraterrestrial anthropologists who are dispassionate about

outcomes may be watching us right now, wondering what happens when the key maritime export facility for US agricultural products is closed down by a hurricane, the vast majority of the population is turning against an oil war that has already been lost, a million new displaced persons are poised as long term unemployed in a frangible shell-game economy, racial-national contradictions have been suddenly exposed by a disastrous and racist occupation of an American city (posing as a relief effort), more fictional value will be inevitably pumped into the world economy in the form of more un-payable loans to the US through its treasury bills, and the Visa-card storm clouds gather over middle America – now hefting the greatest personal debt burden in the history of the species.

Escape to the Sunbelt

The principles – however contradictory – of liberal democracy that are associated with productive capitalist economy were rendered obsolete by the crisis of the early 70s, when that crisis was resolved the only way available, by lifting the controls off of the financial pole placed there in the wake of the Great Depression.

Peter Gowan, writing for *Critical Asian Studies* in September 2005 (“Triumphing Toward International Disaster”) noted that “it is far from obvious that a state devoted officially to the social power and values of the business class and openly and directly controlled by the leaders of that class is actually the optimal form of capitalist state. It can, instead, become a state devoted to the immediate gratification of the desires of business people to the exclusion of all the other considerations that a capitalist state should concern itself with. There are plenty of symptoms of this kind of problem at the present time. The emergence of leaderships capable of resisting immediate gratification of the business class in the name of longer-term goals that require reorganizations unpalatable to powerful business coalitions is very difficult in the United States.”

While Gowan cites the defeat of William Jennings Bryant by William McKinley for president in 1896 as the nodal point for the first triumph of American “business ideology,” the post-WWII reassertion of this ideology as a real political force comes with the election of Ronald Reagan – the first post-WWII president to bury the nation in debts to aggrandize giant weapons contractors.

The military budget has acted as a crucial counter-cyclical fiscal policy tool in macroeconomic management — a functional alternative to a large welfare state repertoire of instruments.

Military spending has also acted as an important lever of industrial policy by offering a protected state market for large industrial sectors, ranging from aircraft manufacturers like Boeing to the big car companies and many other, largely civilian sectors, as well as armaments contractors.

Military spending has also acted as a very important center of state research and development (R&D) spending, which, though formally devoted to military R&D (plus “dual use” R&D during the Clinton period), in reality provides a central mechanism for generating new high-tech sectors in the national civilian economy.

Military spending has also been an important way of binding the American South into the American state through the large role of southerners in the military, the large numbers of U.S. bases in the South and Sun-Belt states, and the significant military-industrial activity in the South/Sun-Belt (in addition to California).

The defeat in Vietnam did lead to a serious split in the governing elites of the American state in the 1970s, but the militarization of the United States was not, in the end, reversed. On the contrary, it was eventually reinforced by the Reagan administration in the early 1980s. (Gowan)

It is interesting that Gowan talks about the Sunbelt in this regard, because this is the region that includes East Texas, Louisiana, and Mississippi where we just saw the face of malevolent racialized neglect in the wake of two storms.

It is also where two other significant things happened that conditioned this shameless exercise of exterminism within the boundaries of the United States. It is where Richard Nixon – who oversaw the (exterminist) last stages of the US occupation Vietnam – led the Republican Party to capture the mantle of “party of white supremacy” from Southern Democrats, a process that was capped off this year when Tom DeLay and the Texas Republican Party redistricted Texas to ensure Republican Congressional majorities there into perpetuity.

The militarization and political re-ascendancy of the Sunbelt are but two symptoms of a deeper historical process.

Privilege and Colonization

One can't help but ponder not just the obvious about the Gulf Coast's National Guards that were off in Iraq during Katrina, whose members had to sit by helplessly wondering about their own families, neighbors, friends, but about how much relief could be provided, and how effective an evacuation might have been mounted if the total assets of the US military had been available and put to use.

Cuba evacuated 1.4 million people in advance of Hurricane Dennis, a Cat 4 that hit them in July, and suffered 16 fatalities (the greatest number for any storm since 1963). That's because Cuba not only invests in disaster preparation and strong civil defense, but because there is a social commitment to medical infrastructure, high literacy levels, and government support of community organizers, to mention a few

of the reasons.

We did the free-market evacuation, an unenforceable order for people to leave under their own power – by private automobile – after it was too late. Cuba is resource poor. The United States is resource rich. Figure it out.

An Oxfam report on Cuba's response system notes the following as "intangibles" that make the difference:

- *social cohesion and solidarity (self-help and citizen-based social protection at the neighborhood level)*
- *trust between authorities and civil society*
- *political commitment to risk reduction*
- *good coordination, information-sharing, and cooperation among institutions involved in risk reduction*
- *attention to the most vulnerable population*
- *attention to lifeline structures (concrete procedures to save lives, evacuation plans, and so on)*
- *investment in human development*
- *an effective risk communication system and institutionalized historical memory of disasters, laws, regulations, and directives to support all of the above*
- *investments in economic development that explicitly take potential consequences for risk reduction or increase into account*
- *investment in social capital*
- *investment in institutional capital (e.g. capable, accountable, and transparent government institutions for mitigating disasters)*

The reaction of the US government to Katrina was an ugly snapshot of exterminism. You're on your own... if you're poor (and especially Black), too fucking bad.

There was also no more stark a picture of the African American national question, to my mind, than seeing Black families in New Orleans roaming through the poisonous floodwaters in search of survival. African America is only one disaster away from third-world status, and we can see clearly how Black people are the vast, vast majority of those who were left behind, without transportation, by the free-market evacuation. The White Nation managed by and large to get out. The Black Nation was left to fend for itself.

The poor whites among these refugees have been effectively excluded from the White Nation by their class, but the fact that they are "white" does not change the essential reality of race as a national question – discernable only through the twin lenses of privilege and colonization.

Looking at the whole question in light of Katrina's aftermath, it becomes much more difficult to shazzam away the national reality we witnessed on the devastated Gulf Coast. Historically, empirically, dialectically, subjectively... doesn't make a bit of difference which method you use, the scenes from places like New Orleans, 80% under a toxic soup that the EPA has said couldn't be cleaned up with the equivalent of the US Gross National Product, are scenes from the African Diaspora and scenes from a colonized nation.

Jordan Flaherty, reporting from the zone on September 2nd, wrote:

In the refugee camp I just left, on the I-10 freeway near Causeway, thousands of people (at least 90% black and poor) stood and squatted in mud and trash behind metal barricades, under an unforgiving sun, with heavily armed soldiers standing guard over them. When a bus would come through, it would stop at a random spot, state police would open a gap in one of the barricades, and people would rush for the bus, with no information given about where the bus was going. Once inside (we were told) evacuees would be told where the bus was taking them - Baton Rouge, Houston, Arkansas, Dallas, or other locations. I was told that if you boarded a bus bound for Arkansas (for example), even people with family and a place to stay in Baton Rouge would not be allowed to get out of the bus as it passed through Baton Rouge. You had no choice but to go to the shelter in Arkansas. If you had people willing to come to New Orleans to pick you up, they could not come within 17 miles of the camp.

"I traveled throughout the camp and spoke to Red Cross workers, Salvation Army workers, National Guard, and state police, and although they were friendly, no one could give me any details on when buses would arrive, how many, where they would go to, or any other information. I spoke to the several teams of journalists nearby, and asked if any of them had been able to get any information from any federal or state officials on any of these questions, and all of them, from Australian to local Fox affiliates complained of an unorganized, non-communicative, mess. One cameraman told me 'as someone who's been here in this camp for two days, the only information I can give you is this: get out by night-fall. You don't want to be here at night.'

I cannot imagine this "plan" for a destitute mass this size if they were mostly white folks.

Or such a response. On the news, white families foraging through flooded convenience stores for food and water were said to be “recovering” food. Black families doing exactly the same thing were called “looters.” The organs of commodified information were clamoring for control of this de-racinated mass of black bodies — get law and order back, even though the city is gone, was a more urgent cry than finding those who were still trapped in their sweltering attics, slowly dying of dehydration and vascular collapse... children the most vulnerable.

Bush spoke on September 2nd in response to the mounting wrath at how the Federal government has responded, and all he could think of to say was, “We are going to restore order in the city of New Orleans.” He knows his White nationalist base well, and that was all he had left. New Orleans Mayor Ray Nagin, at his wits end with diplomatic restraint had to be bleeped on the radio when he said, “They don’t have any fucking idea what’s going on!”

Louisiana’s Democrat Senator Mary Landrieu, a fully-owned political subsidiary of the oil industry, was being interviewed by Anderson Cooper of CNN on September 1st. Cooper, normally the insufferable news model offspring of the Vanderbilts, had been immersed in the post-Katrina reality of New Orleans for four days prior to the interview, and the reality had pierced the shell of privilege around his own heart. Landrieu offered some insipid remark about “Anderson, tonight, I don’t know if you’ve heard — maybe you all have announced it — but Congress is going to an unprecedented session to pass a \$10 billion supplemental bill tonight to keep FEMA and the Red Cross up and operating.”

“Excuse me, Senator,” interrupted Cooper, “I’m sorry for interrupting. I haven’t heard that, because, for the last four days, I’ve been seeing dead bodies in the streets here in Mississippi. And to listen to politicians thanking each other and complimenting each other, you know, I got to tell you, there are a lot of people here who are very upset, and very angry, and very frustrated.

“And when they hear politicians slap — you know, thanking one another, it just, you know, it kind of cuts them the wrong way right now, because literally there was a body on the streets of this town yesterday being eaten by rats because this woman had been laying in the street for 48 hours. And there’s not enough facilities to take her up.”

Even from the mouths of the press.... such was the hellishness of these scene to the innocent sheltered eyes of White America. Rats eating corpses.

The emergence of the American Empire has taken a terrible toll on many people, many nations. I’ll be the last to argue for competitive oppressions. Each was unique in its particulars, and each the same in its purpose — the capitalist must continue to make money, continue to expand, and the capitalist state must continue to ensure his access to materials and — most critically — human beings to work and valorize his capital.

When people are excess to that process, when they become surplus people, they are sent away and left to die — exterminism.

In New Orleans, where there was 40% illiteracy in the Black Nation, and a terrible job shortage, petty crime and drug use were survival industries that also serve to feed the Dantean slave-mill of Angola State Penitentiary. Now, with Katrina and poverty displacing them, we can pretty well expect the speculators and developers to come in and make good on Bush’s weird promise today that this would lead to a “more beautiful Gulf Coast.” First slaves, then sharecroppers, then meatpackers, then service workers and convicts... now Indians — thrown off the land.

The Black Nation is a colony of the White Nation, as is the Brown Nation now re-forging itself out of multiple Latin American Diasporans in the Sunbelt.

Past as Present

What is unique about African America is that this nation traces back a history of captive immigration. There were no potbellied Minutemen volunteering to guard the border and prevent them coming in. The market had resolved the question of how to make a proletarian an instant and complete 24/7 commodity. Import-slavery.

We can say whatever we want to claim this is merely the past, but the descendants of these Africans did not draw a single property line on an expropriated continent. The “white” bourgeoisie — and White became the national-racial identity, since it no more a scientific category than bodily “humors” — drew the lines, passed out the land they had expropriated by force of arms, and proceeded by fits and starts to construct the intergenerational wealth that today can be counted — not anecdotally, but statistically. “White” net worth in the United States is 14 times that of Black net worth, and when a Katrina happens, this translates into the capacity to escape, to re-establish some measure of autonomy, and to reconstruct one’s life. It reflects the ability of families apart from the disaster to intervene and assist with that recovery.

During Reconstruction, when the Black nation was being forged out of the charred remains of Atlanta and the blood-soaked battlefields, New Orleans became a unique place in that nation. African Americans managed to gain a toehold in the city, even in the face of renewed white racial terrorism with the 1877 collapse of Reconstruction. And before the Civil Rights movement achieved many of its national goals, as early as the 1950s, the Black community of New Orleans had established a complex institutional infrastructure that gave this community political influence.

Reconstruction is important in this discussion because it not only forged a Black nation inside the territorial boundaries of the US, it was a period when the “white” working class — and not just the ruling class, as some schematic lefties would have it — continued to forge the White national identity as well.

The American Civil War would resolve, once and for all, what class would determine the direction of US development. An old order – the planter class that oversaw the political separation from Britain – now faced a challenge from its own offspring. New geography, new demographics, and new technology – and the emerging industrial bourgeoisie of the North – had been born of the plantation, nursed at the breast of the Cotton Economy, and was now grown strong and demanding the keys to the state.

Revolutions happen only when conditions bring together economic, political, and military crisis. Lacking that complete combination, the most that happens is a restructuring of the existing order, an adaptation, a re-structuring of the same power. The cataclysm of the American Revolution set in motion the unfettered evolution of Northern machine manufacture – an economic amplifier for cotton production in the slave economy. But the two predominant and contradictory forms of production could not share a political system. Slavery and the tributary economy of sharecropping existed in direct contradiction to the “free labor” dynamism of the industrial capitalist North. A Second American Revolution, the Civil War, followed quickly on the heels of the first.

Contained within this titanic power struggle that would unleash the bloodiest war the world had ever seen, were millions of sullen slaves, heads bowed before the gun and the lash, but waiting and watching.

Haiti’s successful slave-led revolution in 1804 had simultaneously quickened the American slave’s will to insurrection and the slave-owner’s terror of slave revolt, and the repression of slaves in the South became even more ferocious.

The Haitian Revolution smashed the foundations of the white supremacist ideology. Reconstruction would give the lie to white supremacy as well.

With the military defeat of the Confederacy, in a matter of a mere two years, Black civic and political organizations proliferated with blinding speed across the South, especially the Black Belt – so called because of the dark, rich soil from which slave labor had extracted profits for the planters. Under the nominal protection of Northern occupying troops, many Black themselves, the newly liberated slaves – aware of the need for their own institutions to achieve self-determination – created self-help organizations, schools, became active members of the Republican Party, published newspapers, organized banks, established “burial societies, debating clubs, Masonic lodges, fire companies, drama societies, trade associations, temperance clubs, and equal rights leagues.” (Eric Foner, *Reconstruction*, pp. 95)

Blacks also established churches. White churches that allowed them at all, still clinging to the markers of white privilege, segregated white and Black in the church. So the Black church became the focal point of Black collectivity. Social, economic, and political leadership in Black communities sprang from the independent Black church. The Black church linked “blacks across lines of occupation, income, and prewar status... offered the better off the opportunity for wholesome and respectable association, provided the poor

with a modicum of economic insurance, and opened positions of community leadership to men of modest backgrounds.” (ibid.)

Through the coming decades of shifting social conflict, high spots and low, to the present day, the independent Black church has persevered as the locus of community life – for good and ill – where a distinct community identity was forged in resistance to the pressures of persistent white supremacy.

It would also be the most reliable Black institution within the white-capitalist society. Blacks would never control the means of social production, so Black churches became the vehicle for social mobility, and therefore the occasional battleground for power within the Black community. The church became a point of resistance to white supremacy, and at other times, opportunist leadership within the church would collaborate with the White Nation. The Black church quickly developed into a patriarchal establishment where internal battles between liberation and accommodation trends, which corresponded to the interests of developing classes among Blacks, would be fought out.

Such is the nature of colonialism. Read Fanon.

More than any other factor, the intractable nature of white supremacy as a practice would maintain the solidarity of these institutions through all their internal tensions. And it was this gradual recognition by Blacks in the United States that they would never be allowed an equal partnership – even with so-called white allies – that led to the emergence of Black nationalism. This idea was a direct reflection of the lived experience of Blacks, now cohering into a homogeneous community that was only still partly African and not fully integrated as American, but African American. With the decisive defeat of Reconstruction, and the literal consignment of African-Americans to colonial status within the South with codified segregation, Black national consciousness put down deep roots that persist to this day.

The period of Reconstruction, officially from 1865 to 1877, with political consequences that weren’t decisively reversed until 1898, was turbulent, contradictory, and complex.

Black nationalist consciousness was only dim when Reconstruction began. The early development of Black civil society was a heady and hopeful time, when Blacks were demonstrating a rapidly sophisticated grasp of issues and organization, and asserting these often in the face of furious and violent reaction – reaction that was egged on by the bitter remnants of the planter class, who would never miss another opportunity to inflame and alarm whites of every class about the perils of “Negro power,” but also — as Ted Allen and David Roediger and others have pointed out — with the active and sometimes leading participation of the “white” working class.

Blacks fought for social and political power, and developed a society within a society. The desire of Blacks to determine their own future was constrained economically and politically within a larger, white-dominated system, that was itself

undergoing a radical reconstruction – one based on the needs of a new Northern-dominated industrial bourgeoisie, based on fortunes grown fat with... war profiteering.

Lincoln dimly recognized the dangers these profiteers posed even before the Civil War was over. In 1864, he wrote to Colonel William F. Elkins and said, "I see in the near future a crisis approaching that unnerves me and causes me to tremble for the safety of my country. ... corporations have been enthroned and an era of corruption in high places will follow, and the money power of the country will endeavor to prolong its reign by working upon the prejudices of the people until all wealth is aggregated in a few hands and the Republic is destroyed."

While Black civil society hitched its hopes to Federal Republican repression of the post-war planter class, the Republican Party itself — an eclectic mix of unionists, abolitionists, proto-libertarians, utopian socialists, "free-labor" advocates, and now Blacks — came under the powerful financial influence of big business. Much like the Democratic Party of today, the Republican Party was ratcheted to the right, subordinated to big business, and led to court Black voters at election time, then betray Black interests when they were brokering power.

This is the dynamic of an internal colony yet largely unconscious of its distinctly colonial status.

The ideology of white supremacy was deployed by Democrats as the twin of an anti-federal government ideology in the South, a coupling of ideas that persists to this day. The paternalism of much of the white Republican support for Blacks – reinforced by the unofficial and official systems of white privilege – soon suffered a kind of "compassion fatigue."

When Blacks didn't "pull themselves up by their bootstraps" (ignoring of course not just economic disadvantage, but escalating violence, including the organization of a Southern planter militia named the Ku Klux Klan), white Republicans began to recite from the chapbooks of biological racial superiority. Even the movement of white feminists, formerly the allies of abolition, opportunistically attacked the Black franchise, and resorted to crude racist appeals.

In the mid-1870s, on the heels of a period of wild economic speculation, the United States was gripped by a harsh depression. Economic hardship sharpened class differences between "free labor" and industrial capital, and between small farmers and the predatory lenders of the day. In response, the Grant government, which was now filled with appointments from the new dominant class, pushed for Westward expansion to relieve the tensions that had begun to break out in strikes and riots. By 1876, there would again be talk of Civil War.

Even Westward expansion was class war from above.

On June 27, 1876, President Grant received disturbing news. On June 17th, the Lakota Sioux leader Crazy Horse had defeated an incursion by General George Crook in

South Dakota. Crazy Horse had then linked his forces with Lakota chief, Sitting Bull, and on June 25th they trapped General George Armstrong Custer's 7th Cavalry in the valley of the Little Big Horn and annihilated them.

Federal forces could no longer be spared for the increasingly ineffective occupation of the South with an indigenous rebellion in the West delivering tactical defeats to the US Cavalry.

In 1877, Reconstruction was officially ended. The white capitalist establishment – once providing allies for Black liberation – now left Southern Blacks to the tender mercies of a bitter planter class and the New South bourgeoisie, in order to more effectively pursue genocidal expansion in the West.

In some places along the Black Belt, the gains of Blacks had been consolidated, and Blacks held political office even after 1877. With the deepening severity of an economic crisis, however, and the behind the scenes promotion of racist ideology by both planters and New South bosses, white labor largely embraced white supremacy to secure some elements of white privilege by excluding Black labor.

Black Republicans then found themselves in a marriage of convenience not with white free labor, but with white small farmers – the basis of the anti-monopoly Populist movement – and a powerful fusion politics emerged, especially in the Carolinas, but also in places like New Orleans, uniting white Populists and Black Republicans.

The southern Democratic Party then became the political home for an alliance of planter and New South industrialist – both now threatened by this black-white coalition – and the Democratic Party then declared itself the "party of white supremacy."

The decisive defeat of Reconstruction coincided the defeat of Louisiana fusion candidate for Governor, John N. Pharr, by Democrat white supremacist Murphy James Foster in 1896. Jim Crow arrived in New Orleans with that election, and had been thoroughly codified into law within a decade.

One aspect of racism seldom discussed at any length is the potent psychological poison of the Calvinist male terror of women's sexuality, and the irrational displacement of that sexual anxiety onto a bestialized Black male. Progressives often don't understand the significance of it, but racial demagogues have always understood its power.

The campaign of the Democrats against Black-Populist political power was based on lurid images – oft repeated – of Black men ravishing white women. This image became the cornerstone of the ideological assault on "fusion", then on Black political rights altogether. Ultimately, the violent defeat of Fusion and the last vestiges of Black political power in 1898 was launched as a campaign to protect "white womanhood," and Reconstruction was done away with once and for all.

Populism was co-opted with the carrot-and-stick combination of racial privilege and punishment for “racial collaboration.” The Black community, after showing the world its vitality and dynamism in the post-Civil War interregnum, became an occupied people within the United States.

Those who claim there is no direct line from slavery to the present are not only wrong, they are trying to jump over Jim Crow. Slavery ended in 1863. It took Jim Crow another 100 years to reach its legal end, and it has been re-imposed through economic warfare since then.

It wasn't long after the end of Reconstruction that Black nationalism became explicit, and with it pan-Africanism. Garvey and DuBois leapt onto the scene, one emphasizing the national character of Black America and the other talking about unity across the African Diaspora — pan-Africanism. These currents became the theoretical expressions of the lived experience of national oppression and collective solidarity for African America.

Torn from their African history, yet struggling to make their way after manumission in North America, Black people in the United States at the turn of the 20th Century were neither wholly African nor incorporated with *full citizenship* into the American social and political body. Yet there was a distinct and cohesive community that had emerged in the interstice of Reconstruction along the former plantation stronghold of the Black Belt, and that community — oppressed, exploited, and reviled as it was — maintained its distinctive coherence as a both a colonized people and a self-supporting community. It was Fanon's settler-native construction turned on its head.

It took Garvey to call it a nation, but it took DuBois to point out that a national minority could not pursue a struggle for self-determination against a national majority except in an international context. across the African Diaspora, and linked to the anti-colonial struggles around the rest of the world.

Oppression built the Black Nation in the South, and privilege built the White Nation throughout the United States.

Privilege blinded the “white” working class to their latent solidarity with Black workers, and not only the trade union movement, but many white-led revolutionary formations that were midwifed out of the Great Depression either actively excluded Black participation or relegated the Black Freedom Movement to a secondary status.

Privilege is vehemently denied by most white people, but the reason privilege is repeatedly acknowledged in the overwhelming rejection of the modern Republican Party by Black folk — regardless of class — is that this privilege is “felt on their skin.”

The sharp variance between Black and White net worth, the stark differences in mean income, and the population demographics of the American prison system, are all visible manifestations not of mere prejudice, but of structural colo-

rialism. Just as there is unequal exchange between the core and the periphery in the world system, that unequal exchange exists inside the US and is one source of material privilege for the White Nation.

The privileged victories of the “white” working class over and against the Black, Brown, and even Asian workers were Pyrrhic at any rate. The existence of the South as the preserve of white reaction created the refuge to which Northern industry retreated from powerful, Northern-based, white-male led unions, and now the United States has the lowest unionization levels of any core nation. What's left of the labor movement are a collection of feuding white men — splitting the AFL-CIO this year — who share a history of selling out their own membership in a bureaucratic orgy of collaboration with the bosses, and fusion with an ever-more-inept and marginalized Democratic Party.

The shift of political dominance to the American South and Sunbelt was based directly on privilege and colonization.

This is the history that culminated in Anderson Cooper observing rats feeding on the floating corpse of a woman on September 1, 2005. This is the essence of colonization... and the basis of a struggle for national liberation. Under the Republican Party after Nixon's Southern Strategy, the war profiteers were effectively re-merged with the ideology of white supremacy, and they have achieved their zenith under this administration.

Alf Hornborg describes imperial privilege as the entitlement to “appropriate space and time,” and he describes the imperial-core/exploitable-periphery relation as one where the core imports wealth and orderliness, while it exports disorder, poverty, and waste. The white citizens of New Orleans — and who can blame them — jumped in their vehicles, gassed up, and headed north away from Katrina's ruthless power. They appropriated space and time, using the universal equivalent of money. Those without the money and the cars, they are left behind, trapped in space and time to face the social disorder and to wade through the carcinogens, mutagens, and embryotoxins.

The material basis for all society is a finite planet subjected to the needs now of almost 7 billion people. The political viability of the current regime is based on preserving the privileges and illusions of the American White Nation — its political base. So the exported disorder in the peripheries inexorably encroaches on the core nation's space as the pace of extraction and exploitation is augmented. The cities fill to bursting with ever more sullen masses. War itself is transformed from discrete if deadly episodes between nations to the war of a transnational ruling class headquartered in a hyper-state against throngs of billions — economic war, cultural war, and offensive war.

When that fails, they will go after the White workers who will have been the former “middle class.” If they come for me in the morning, they will come back for you in the afternoon.