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COMMENTARY

Blame Bush in State Fiscal Crisis

Robert Scheer

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The other day a woman asked me to sign a petition calling for the recall of California Gov. Gray Davis. Why, I asked. Because he bankrupted the state, she said. When I begged to differ that it was the Bush administration and its buddies at companies like Enron that had put the state into an economic tailspin, she said she was being paid according to the number of petitions signed and didn't really care. But voters should care because Davis is being used as a fall guy for problems that are beyond his control.

Remember Enron and those other scandals that cost folks their jobs and their 401(k) savings? They were a result of deregulation, the mantra of the Republicans. Deregulation was most disastrous for California's energy market, in which a crisis cost jobs and threw the world's fifth-largest economy into long-term disruption. This was not the normal workings of the market but the result of market manipulation by officials of Enron and other energy companies, some of whom are on their way to trial.

Still out cruising the boulevards is our president's once close friend, Kenneth "Kenny Boy" Lay. A major contributor to Bush family political campaigns and former Enron chief executive, Lay invented the energy trading game. It was made possible by his successful lobbying for the 1992 Energy Policy Act, signed into law by the elder Bush. That law allowed a minor Texas company to mushroom into the world's largest energy titan before it went poof.

Daddy Bush also tended to Enron's rise by appointing Wendy L. Gramm to head the Commodity Futures Trading Commission, which promptly exempted electricity trading from the regulatory oversight covering other commodities. Gramm went on to serve on Enron's board of directors and its so-called auditing committee. Her husband, Phil Gramm, then a GOP senator from Texas, later pushed through legislation further deregulating the industry.

When the younger Bush ran for president, he turned to Lay, who became the single biggest contributor to Bush's campaign. George W. returned the favor big-time by appointing to the Federal Energy Regulatory Commission members who looked the other way when Enron and its fellow swindler companies were fleecing California. These appointees insisted that California's problems were of its own making and would have to be solved without the imposition of the wholesale energy price caps that would have saved taxpayers from a crushing burden.

Vice President Dick Cheney emerged from secret meetings with Enron executives and stated that the administration considered wholesale price caps a "mistake" because "there isn't anything that can be done short-term to produce more kilowatts this summer." Either Cheney was lying or his Enron buddies were lying to him because, at the time, Enron was routing electricity from California to sell at a higher price in Oregon. Federal price controls would have prevented Enron and the other companies from playing one state against another.

It is disingenuous for California Republicans to now blame Davis rather than their man Bush for the state's economic problems. Only last week, the Republican-dominated FERC banned Enron from selling electricity as punishment for having severely distorted Western energy markets. Enron and 60 other companies were ordered to show why they should not be forced to return their illegally gained profits.

FERC at the same time said California must honor \$12 billion in long-term contracts written under duress with the same companies that were gaming the market. The contradiction was acknowledged by commission Chairman Patrick H. Wood III: "I guess people could go, 'Gosh, these are the same parties that show up in those other [market-gaming] cases.' "

Duh! No kidding. They are being rewarded for scamming the state, which contributed to the budget crisis, and schoolchildren will have to pay the price.

Californians provide much more to the federal government in taxes than they get back in services. The feds should bail out the states, which cannot indulge in the red-ink financing that has become a specialty of the Bush administration.

It is absurd to blame current difficulties on any state's governor, Republican or Democrat. It is the Bush administration that has mismanaged a successful economy inherited from Bill Clinton. It is the Bush administration that should bear responsibility for the difficulties being experienced by state governments — and it should at least help California as much as it is helping our newest state, Iraq.

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