



LOWDOWN

Edited by Jim Hightower and Phillip Frazer ♦ Vol.10 No.9 ♦ September 2008

"Conservation may be a sign of personal virtue, but it is not a sufficient basis for a sound, comprehensive energy policy."

—DICK CHENEY, April 2001

Big Oil already leases huge tracts of federal land; giving it more won't help

Why the McCain drill-more-oil campaign is pure flim flam

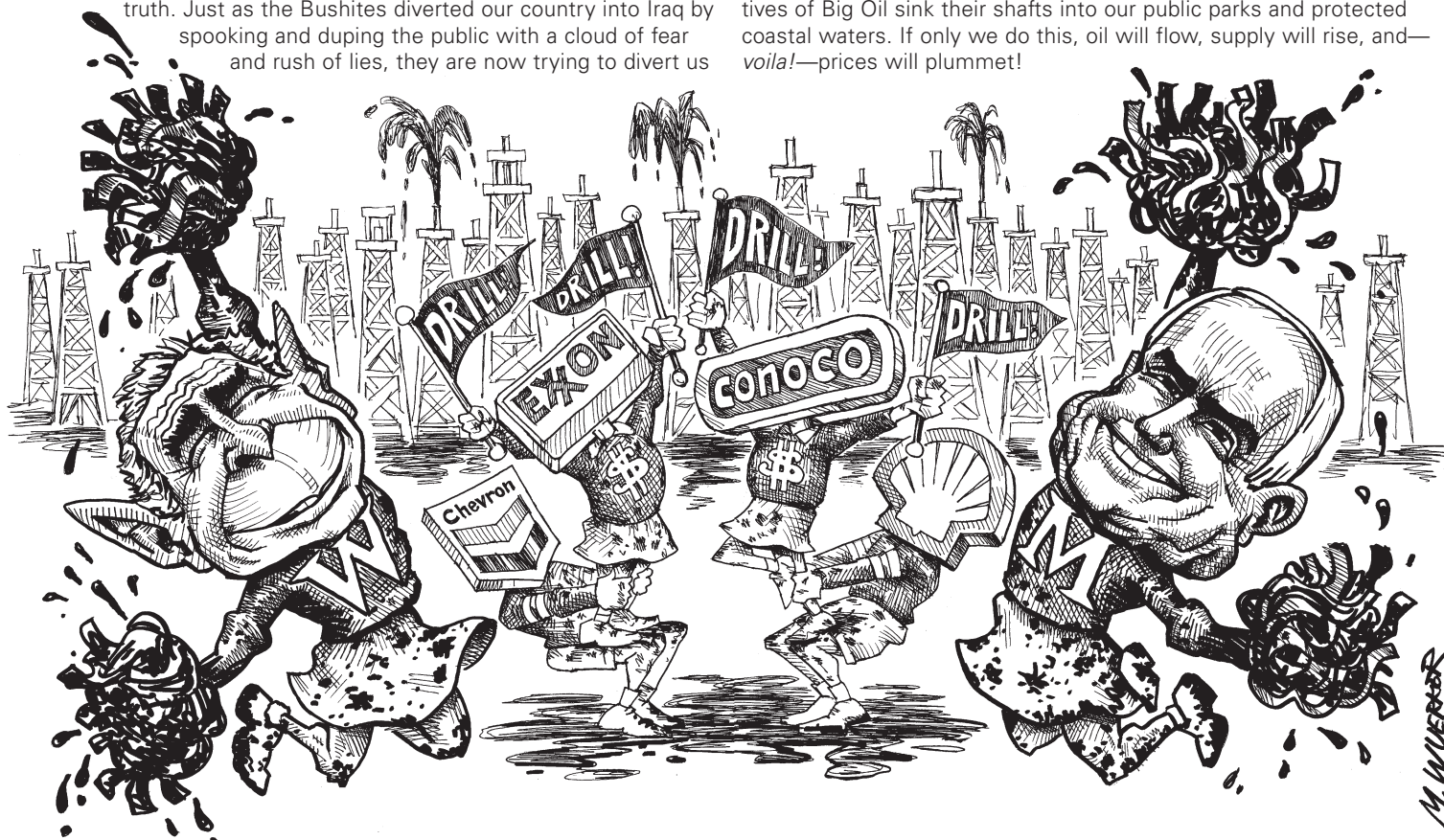
HERE THEY COME—AMERICA'S DRILL TEAM! Out front are the two high-strutting leaders, John McCain and George W, thrusting their drum-major batons and chanting "Drill! Drill! Drill!" Right behind them are the famous Marching Lobbyists of Big Oil, and—look!—prancing alongside are House minority leader John Boehner and the Merry Pranksters of the Republican caucus, doing a precision routine of call and response:

"Alaska's wildlife refuge!" shouts Boehner. "Drill it!" barks the caucus. "America's seacoasts!" hollers Boehner. "Drill 'em!" booms the caucus. "The White House lawn!" shrieks Boehner. "That, too!" cries the caucus. And the lobbyists break out in a synchronized grin.

The ones getting drilled by all this are the American people and truth. Just as the Bushites diverted our country into Iraq by spooking and duping the public with a cloud of fear and rush of lies, they are now trying to divert us

from a strong, forward-looking energy policy into one that's stupid and backward-looking.

Using the same tactics of bamboozlement and outright prevarication, the team wants financially strapped Americans to believe that the answer to \$4 gasoline is simple—just let those enterprising executives of Big Oil sink their shafts into our public parks and protected coastal waters. If only we do this, oil will flow, supply will rise, and—voilà!—prices will plummet!



M. WUERKER

MIGHTY MONSANTO GIVES UP

Every now and then, citizen activism defeats the forces of avarice and arrogance. Here's a story of how children, organic farmers, and cows have just triumphed over mighty Monsanto and its political handmaidens.

For years, this biotech behemoth has thrown its weight around in Washington, in court-houses, in the media, trying to force Americans to swallow Posilac (known as rBGH or rBST). You wouldn't know the name of this artificial growth hormone, because Monsanto spent millions trying to hide it from consumers.

But Posilac is not a product that people wanted. It's a bioengineered sex hormone that's injected into cows to force their bodies to produce more milk. It's not healthy for cows, and it provides no health benefits (and possibly causes serious harm) for humans. Mothers never warmed up to the idea of pouring a daily dose of sex-hormone milk for their children.

Monsanto got the feds to rule that Posilac milk did not have to be labeled as such, but some farmers, dairy processors, and retailers labeled their products as rBGH free. So, Monsanto tried to get the feds and state officials to outlaw the hormone-free labels.

But people fought back, and even such giants as Wal-Mart responded to consumer rejection of Posilac by selling undoctored milk in its stores. Now, Monsanto has thrown in the towel, quitting its Posilac business.

This is a major victory for ordinary folks who refused to be bullied or hornswoggled by the flexing of corporate muscle. For more information, call the Center for Food Safety at 202-547-9359.

The problem, snarls the team, is that there are enemies from within who secretly want to harm America. Who are these demons? Why, it's those environmental weenies who care more about fish and caribou than people, and those Democratic meanies who have tied the hands of Exxon Mobil et al., refusing to unleash these beneficent giants to work their wonders.

These guys give stupidity a bad name, but their frantic demand for drilling in America's natural treasures has become the GOP's official energy policy (and the core of its 2008 election strategy). "The need for congressional action is urgent," wailed Bush in July, setting up the attack. Boehner staged a rump session of the House during the August recess, declaring that he and his Republican colleagues would stay on the floor every day until speaker Nancy Pelosi brought the Democrats back from vacation to pass offshore-drilling legislation. "Every day," he emphasized (though it turns out that Boehner himself would not personally be there, having departed for an extended golfing vacation in Ohio).

Then came McCain, who used to scorn those who thought America could drill its way out of its oily energy mess. But now he, too, is spewing super-premium stupidity. "We're not going to pay \$4 a gallon for gas, because we're going to drill offshore, and we're going to drill now," he bellowed at an August biker rally in South Dakota. Then he added, "We're going to drill here." This puzzled the bikers and other onlookers since South Dakota has no oil—but apparently no place is to be safe from rigs.

Checking the dipsticks

I'd like to think that such nonsense would sink of its own weight. But, as we've learned from being rushed into Iraq and into the Orwellian madness of the Patriot Act, when stupidity is expressed with enough force and frequency, it

has a way of becoming national policy. And, once again, we're seeing too many Democrats in Congress buckling at the knees from the intensity of the GOP's cockamamie push. Even Pelosi, a once-adamant opponent of the scheme, has wobbled, now saying she would not absolutely exclude some drilling if it was the price of getting "some great things, in terms of renewable energy sources."

Sen. Barack Obama, too, is prematurely unfurling the flag of compromise. "If we come up with a genuine bipartisan compromise, where I have to accept some things that I don't like to get energy independence, that's something I will have to consider," he said in August. Obama stresses that he is not ready to sign off on any such compromise, but he shouldn't even be suggesting that he might. Pelosi has to try to manage a disparate bunch of Democrats in the House, so perhaps she is playing an inside game. But Obama is running for president and doesn't need to surrender any point of principle. Instead, he should show firm leadership, rallying us outsiders against corporate-giveaway stupidity while building solid grassroots support for his \$15-billion-a-year proposal to build the green economy around clean-energy jobs.

However, since the Drill Team's stupidity is being taken seriously, at least as a political ploy, let's probe it:

First, like the infamous Weapons of Mass Destruction, the claim that there are Deposits of Mass Salvation under America's public lands and waters is bogus. We have only 2.2% of the globe's known reserves, yet we consume 25% of the world's oil, sucking up 7.5 billion barrels a year. If we extracted all of the oil out of the Arctic National Wildlife Refuge (ANWR) in Alaska, that would be 10.4 billion barrels—just a year-and-a-half supply. Likewise, place a wall of drilling platforms offshore of every beach on our seacoasts, suck

up all the oil that exists there—and we'd have enough for only another two years.

That's it. As reported this year by Bush's own Energy Information Administration (EIA), this amount of crude—even if it began flowing tomorrow—would have an "insignificant" effect on pump prices.

Second, anyone expecting the Bush-McCain team to deliver for them should not sit idling at the pump, because it'll be a long wait. EIA calculates that even if additional offshore drilling were to be authorized by Congress before the election, it could not begin for at least five years (in part because all drilling ships are booked solid for that long), and it would take 20 years after leasing began for production to flow into the market. Likewise, ANWR oil would not begin flowing until 2018.

Third, (and this is a nasty glitch the Drill Team hopes the public does not discover), once the oil giants started pumping oil from America's publicly owned land and water, this liquid gold is not likely to stay in the U.S. market to help hard-hit consumers here. Exxon et al. are global behemoths that sell on the open market to the highest bidder. They are not public-spirited institutions. They are bottom-line profiteers, with no loyalty whatsoever to the good ol' US of A. As a *Lowdowner* put it to me in an email, "Just ask the oil companies if they plan to offer a Yankee discount on [America's] oil because it's the patriotic thing to do." No, they don't. The big new oil buyers on the world block are China and India, and the Exxons would very likely sell a good part of our oil to them.

Fourth, there's nothing to keep China's oil company from winning the offshore oil leases that Bush-McCain are so eager to put up for bid. A 1997 agreement between the U.S. and China allows Chinese companies to bid on mineral leases on the U.S. continental shelf, so China could be sinking wells off the coasts of Miami or San Francisco, shipping the crude back to its refineries, then offering to sell gasoline back to us—at a price. Yes, Congress could mandate that all oil from U.S. leases be reserved for domestic use. But guess who has opposed such an intrusion into the marketplace? John McCain!

Fifth, if oil giants are just itching to produce more oil and save consumers, let them drill on the 68 million acres of federal property they

DoSomething!

Here are two groups directly involved in the development of a green economy, that's based on creating millions of good jobs through a massive public/private commitment to conservation, renewable fuels, and mass transportation:

■ **Apollo Alliance:** apolloalliance.org, 415-371-1700

■ **Blue-Green Alliance:** bluegreenalliance.org

For information and action tips on America's oil addiction, as well as information on alternatives, here are other good sources:

■ **Public Citizens Energy Program:** citizen.org/cmep

■ **Campaign for America's Future:** ourfuture.org/energy

■ **Oil Watchdog:** oilwatchdog.org

■ **Environment America:** environmentamerica.org/new-energy-future, 202-683-1250

■ **Center for American Progress:** americanprogress.org/issues/energy, 202-682-1611

already hold and are just sitting on. They have leases on almost two thirds of all federal land that is believed to have recoverable oil. As for oil offshore, 80% of what's recoverable is also leased to the oil behemoths, but they are drilling in only a fourth of those fields. Developing what they have would be a much quicker way to increase domestic supply than clamoring for more leases—but, no. In July, House Democrats pushed a "use it or lose it" bill to spur oil companies to develop these leases. Bush promised to veto the legislation, and, led by John "The Drill Sergeant" Boehner, all but 26 Republicans helped to kill it.

Sixth, the dirtiest little secret in this dirty game is that Big Oil doesn't really want more crude coming to market. Oh, it does want the ANWR and offshore leases, because it wants to lock up and stockpile every last acre of public oil property before Bush-Cheney exit, stage right. But the Big Five (Exxon Mobil, ChevronTexaco, Conoco Phillips, BP, and Shell) are siphoning enormous profits from our pockets by keeping supplies tight.

Exxon Mobil's real profit margin, for example, was 32% last year. Well, yes, say the honchos, but we invest so much in exploration and refining. Not really. While the oil giant spent \$4.3 billion on those items in the past year, it spent \$40 billion buying back its own stock—a form of corporate masturbation. The Big Five control 55% of the U.S. gasoline market, and the top 10 control 81% of the market. It's in their self-interest to use their monopolistic grip to squeeze the supply line, which means squeezing you and me. When Exxon Mobil says it is eagerly searching for more deposits, it is talking about bank deposits, not oil.

McCain opens the spigots

"I am very angry, frankly, at the oil companies, not only because of the obscene profits they've made, but at their failure to invest in alternate energy to help us eliminate our dependence on foreign oil."

—SEN. JOHN MCCAIN JUNE 13, 2008

WHERE DID THAT GUY GO? He was the Republican senator who built his maverick image in part by taking on the oil barons, opposing them on such big issues as opening our public waters to drilling rigs. But, astonishingly, the senator who was so angry at oil executives is now hugging them like old buddies and parroting their line. "My friends, we have to drill offshore. We have to do it," he declares today. Why do we "have to" do it? Because, he says, "the oil executives" told him it would be a good thing.

To know what caused this stunning flip-flop, follow the money. On June 16—only three days after his "angry" speech—McCain gave another talk in which he abruptly reversed his long-held opposition to offshore drilling. Then, that very same day, he boarded his "Straight Talk Express" airplane and flew off to Texas for—guess what?—a series of fundraisers with oil executives. On June 17, for example, he snuggled with energy honchos at a closed-door luncheon at the San Antonio Country Club—and walked out with a love offering of \$1.3 million for his presidential campaign.

A McCain spokesman said huffily that it is "completely absurd" for anyone to suggest that the candidate's switch in position had anything to do with oil money. "McCain takes positions because he thinks it's the right thing to do for America," the spokesman insisted. Uh...which position would that be, sir? The angry anti-oil view expressed on June 13, or the exact opposite delivered three days later?

If McCain is confused on the political equation of "position = money," Big Oil definitely is not. Prior to his miraculous conversion on June 16, the industry had never warmed up to him, ranking a distant 12th on his career list of top contributors. With his speech and Texas schmoozefest, however, McCain opened the spigots. As one advisor to oil companies put it, "I think the industry was very appreciative."

The real gouge

When drug addicts go to a rehab clinic, desperately crying that addiction is ruining their lives, the proper response by the good doctor is not to say, "There, there, don't worry; I'll find you some more dope." Yet, this is the prescription offered by the Drill Team to America's oil addiction. It's an embarrassing failure of leadership, a cruel consumer

deception, and the frittering away of a historic opportunity to rally Americans to a new future of energy, environmental, and economic sustainability.

Sure, sure, even the radical oilists have to give lip service to conservation and renewable energy sources these days, but that's as far as they'll go. Four times this summer, for example, the Senate oil bloc (with McCain's support) voted to

THE MESSAGE OF DOHA

Most Americans never heard of the Doha Round—and no, it's not some sort of sweet donut.

Doha was another round of global-trade negotiations among corporate and governmental elites, intended to hang more NAFTA and WTO around our necks. But something unexpected happened at these closed door talks, named for the city in Qatar where the negotiations were held. The talks failed.

The collapse was not due, as most of the media reported, to a squabble over farm subsidies and agricultural markets. The reason was bigger (and simpler): such emerging economic powers as China, India, and Brazil are no longer cowed by America's high-strutting corporate might, no longer willing to succumb to rules rigged to benefit Wall Street and Wal-Mart.

This remarkable balking at the old corporate order is coming not from anger, but from strength—a situation the architects of the Western-friendly trading regimen never anticipated. Latin America, for example, is no longer a patsy—many of its economies are burgeoning and its leaders forward-looking. Then there's China, a rising giant in every economic segment, no longer relegated to the assembly of low-cost export products.

Leaders of these nations reject lectures from U.S. bankers and government officials, especially since unregulated mortgage speculation and Washington's massive bailouts of bankers exposed the corporate model of unfettered greed for what it is.

To regain our moral authority abroad, we must reclaim economic and social fairness here at home.

GET THE LOWDOWN!

YES! I want to receive a full year of *The Hightower Lowdown*—12 issues in all—for an unbelievably ridiculous, low, low price.

- Send me one year of *The Hightower Lowdown* for just \$15. (Seniors & students—\$12.)
- Send me two years of the *Lowdown* for \$27. (Seniors & students—\$22.)

To give a gift of the *Lowdown*, enter the recipient's name and address below and include your name and address on a separate sheet.

NAME _____
 ADDRESS _____
 CITY _____ STATE _____
 ZIP _____

Mail this coupon with your payment to:

The Hightower Lowdown, P.O. Box 20596, New York, NY 10011

09/08

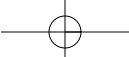
The Hightower LOWDOWN

EDITORS: Jim Hightower, Phillip Frazer
 RESEARCH: Laura Ehrlich CIRCULATION: John Ernst
 COPY WIZ: Gwenda Blair ARTISTE: Matt Wuerker
 LAYOUT: Sahu Barron INTERWEB EMISSARY: Deanna Zandt
 PUBLISHER: Phillip Frazer

The Hightower Lowdown (ISSN 1524-4881) is published monthly by Public Intelligence Inc., 375 South End Ave #14P New York NY 10280. ©2008 in the United States. Periodicals postage paid at New York, NY. Subscriptions: 1 year, \$15; 2 years, \$27. Add \$8/year for Mexico or Canada; add \$12/year for overseas airmail. Back issues \$2 postpaid. Allow 4-6 weeks for receipt of first issue and for all subscription transactions. POSTMASTER: Send address changes to: *The Hightower Lowdown*, P.O. Box 20596, New York, NY 10011.

Moving? Missed an issue? Call our subscription folks toll-free at (866) 271-4900 or write lowdown@pipeline.com. Send us fan mail or hate mail at: P.O. Box 20596, New York, NY 10011 or editors@hightowerlowdown.org.

Printed with 100% union labor on 100% recycled paper.



CONGRESS GIVES MORE POWER TO PREZ

Don't you wish now that your parents had named you Fannie or Freddie? Sure, these are old-fashioned names, but maybe you could have parlayed your moniker into a piece of the massive bailout that Washington has arranged for the two mortgage financiers, Fannie Mae and Freddie Mac.

Both the Bush White House and the Democratic leaders of Congress have insisted that this bailout of private investors is essential, because our country's financial structure is tied into the shaky mortgages that Fannie and Freddie hold. Whether you buy that or not, one thing Congress definitely should not have bought is the Bushites' power grab built into the bailout.

To rescue investors who bet on the two big mortgage managers, Congress has agreed to put two of its designated constitutional powers into the hands of the treasury secretary.

First, the new law empowers the secretary to dole out unlimited billions of our federal dollars directly to Fannie and Freddie. Never mind that the Constitution explicitly says that only Congress can appropriate public monies. Second, the secretary is given authority to use the credit of the United States to raise money to loan to these two mortgage giants—yet, the Constitution says that only Congress can borrow on our national credit.

Economist Marty Mayer also points out that the Exchange Stabilization Fund, which FDR set up in 1934, could have handled any financial support that Fannie and Freddie needed, without subverting congressional authority.

This is yet another caveat by Congress to the White House.

Name that VEEP!

IN OUR JULY ISSUE we asked *Lowdowners* to come up with names for an Obama administration. Here's what you told us:

- **Vice-President:** Bill Richardson, comfortably ahead of John Edwards (pre-confession) and Hillary
- **Interesting:** Joe Biden got just one vote
- **Attorney General:** John Edwards (pre-confession) again, with five times the votes of runner-up Hillary
- **Interesting:** Henry Waxman and Ronnie Earle (District Attorney for Travis County, Texas) tied for third
- **Secretary of State:** Bill Richardson, well ahead of Joe Biden
- **Interesting:** Bill Clinton third; Naomi Klein, Ann Wright (retired colonel who opposed Iraq attack), and Noam Chomsky all got a vote
- **Secretary of Defense:** Colin Powell, just ahead of Wesley Clark
- **Interesting suggestion:** Cindy Sheehan
- **National Security Advisor:** Richard Clark, well ahead of Wesley Clark
- **Interesting suggestion:** Scott Ritter
- **CIA chief:** Valerie Plame just beat out Richard Clark
- **Secretary of Labor:** John Edwards (pre-confession), one vote ahead of Robert Reich
- **Surgeon General:** Howard Dean
- **Secretary of Interior:** Al Gore
- **Secretary of Agriculture:** Runaway win for Jim Hightower!
- **UN Ambassador:** Bill Clinton
- **FCC:** Bill Moyers, followed by Lawrence Lessig and Jon Stewart
- **FDA:** Ralph Nader
- **Secretary of Health:** Hillary Clinton, easily
- **Secretary of the Treasury:** Paul Krugman (*New York Times* columnist), beating fellow economist Joseph Stiglitz
- **Supreme Court:** Hillary Clinton again, ahead of Mario Cuomo and 24 other nominees

Next issue: *Who you see in a McCain administration.*



but America's leadership gouge is the most damaging (and damning). It's made worse by the knowledge that those in charge today are making the same mistake that corporate, political, and media elites made, when we were hit with oil shortages and price spikes 30 years ago. Rather than looking beyond old energy, they kept us shackled to it (you might remember that one of Ronald Reagan's first acts in office was to strip off the solar panels that Jimmy Carter had installed on the White House).

So, here we are again

This time, however, let's not go along with the cynicism and recalcitrance of unimaginative, oil-soaked leaders. The first thing we can do is spread the word about the absurd fraud of the Drill Team.

More importantly, however, you and I can get behind national, state, and local policies that embrace and invest in our country's exciting energy possibilities. Solar and wind power, conservation, green building, cellulosic bio-fuels, electric and hydrogen vehicles, and other advances are not misty dreams—they're practical technologies available to us in the here and now. Moreover, many local governments, unions, entrepreneurs, inventors, internet rebels, community activists, farmers, environmental groups, and others are already implementing this future, giving us grassroots models that can be lifted to national scale.

Check the "Do Something" box for sources of information and action—then get connected and get moving. The Big Oil dinosaurs might be mired in the tar pits, but we don't have to stay there with them.

deny some \$18 billion in tax credits for renewable energy entrepreneurs, including new credits to advance the development of plug-in hybrid cars, which could make a timely difference in fuel prices (see *Lowdown*, May 2005). Also, this June, while demanding that our public lands be thrown open to oil corporations, the irony-challenged Bushites closed these same lands to fledgling businesses that have

applied to erect solar projects on them—projects with the potential to power 20 million homes.

So many other real possibilities are being squelched, as in the Bushites' attempts to kill Amtrak (at a time ridership is soaring and people are demanding a world-class rail system) and Washington's bipartisan failure to require that car-makers build fuel-efficient vehicles. The gas-pump gouge is one thing,

You can comment on stories in the Lowdown at www.hightowerlowdown.org

PERIODICALS CLASS Postage Paid at New York, NY

The Hightower Lowdown P.O. Box 20596 New York, NY 10011

Moving? Missed an issue?

Please call or write us at:
The Hightower Lowdown
P.O. Box 20596
New York, NY 10011
lowdown@pipeline.com
Subscribers' toll-free number: (866) 271-4900

10:9 September 2008

WHY THE BUSH-MCCAIN DRILL-MORE-OIL CAMPAIGN IS ALL FLIM FLAM

- 2 Mighty Monsanto gives up
- 3 The message of Doha
- 4 Congress gives more power to Prez

