

# Letters on the California energy crisis, the US stock market fall

26 March 2001

I just finished reading and enjoying your article "What underlies the energy crisis in California?" I'd like to know the answer to a similar question about natural gas. There has been a lot of media attention on California and their power crisis but there has been very little focus on the natural gas crisis. I live in Tennessee and have TVA power as well as being served by a publicly owned municipal power company so I have some of the cheapest power in the country ... or did until this winter. I am fairly frugal, but my natural gas bill quadrupled. The natural gas price adjustment on my utility bill was 12 times what it was a year ago and 20 times what it was last summer. I know my municipal power company was not at fault. They even took a voluntary 10 percent cut in prices. I know people who received \$800 utility bills when normally their bill was \$200 a month.

I have read and heard the "supply and demand" excuses. But the demand for natural gas was not 12 times what it was last winter, supply was not one-twelfth of what it was last winter, cost were not greater, so why did prices go up so high? I have read that the law allowing natural gas deregulation was signed in 1990 and its deregulation was complete in 1998. The winters of 1998 and 1999 were mild, so this winter, with its colder than normal temperatures, was the first since deregulation when the opportunity for profit was so great.

I'd like to read an article discussing to what extent natural gas prices were affected by deregulation, by price gouging and by price fixing. Perhaps I am blaming an industry that is not at fault.

CA

Memphis, Tennessee

22 March 2001

Subject: California energy crisis

Check and see how much Enron gave to the

Republican Party and to the George W. Bush campaign. I have heard it was quite a lot and now they are making the huge profits.

CP

23 March 2001

As your article points out, the present stock market debacle will be heavily felt by middle-income people, whether or not they participated in the market boom. Why I think this system is especially corrupt though, is not just for the material disequilibrium, but for the brainwashing by the media elite. The consumer media culture indoctrinates us into believing that what we do for work and the success we have there is a measure of our worth as individuals. With family and community ties essentially broken by advanced capitalism, what alternative is there to resist this call, especially for young people just starting their careers?

In Silicon Valley and elsewhere, the "new economy" companies have created a culture where workers are presented the opportunity to be part of the revolutionary progress the products of their labor are giving to society. While many are offered tangible pay and benefits, there is also an expectation created for many workers over future stock profits as well as their contribution to the technical advancement of human society (i.e., something larger than the individual). Unfortunately, many of these workers face well-documented white-collar sweatshop conditions such as long hours, badgering managers, and contract work with no benefits. Now many of these workers are faced with impending layoffs and the knowledge that past sacrifices will not be rewarded by future gains.

The media in California has now taken a posture chastising the "little" people for their "greed" and presents the usual articles intended to brace working people for layoffs (i.e., don't expect your employer to take care of you, take the initiative, it's only a job, etc.).

This is how the profit system treats its most skilled and profitable workers while the billionaire owners of these companies abscond with the stock market profits of the many small, unsophisticated investors who were investing based on market momentum as a result of the media hype. I believe that the motivation behind many of these smaller investors was not plain greed, but rather misplaced hope that they could escape their crummy “old economy” careers, meager retirement prospects and failed dreams and be part of something bigger through stock market investing. Failed dreams/misplaced frustrations like in Nathaniel West's “Day of the Locust”?

It is a cynical media that blames the little people for being greedy for not seeing this debacle coming when wealthy investors who have benefited from inside information and a broad financial perspective typically only available to rich people cashed out early and absconded with their wealth.

Sickened in California

Thanks for your very insightful article on the stock market and US economy. The US economy has been a house of cards for some time now with the only question being when it would collapse. While it is impossible to know if what we are now witnessing is the definitive collapse of that bubble—after all, the political leadership will do everything possible to sustain the bubble and keep the economy from collapsing—there is no doubt that ultimately it will collapse. As you point out, capitalism will not be so ascendant as it now appears.

Two points which you did not stress in your editorial are the tremendous trade imbalances that exist in the world and the fact that establishment economists are now again mentioning absence of demand as being a fundamental economic problem. The US has been running tremendous trade deficits, which are unsustainable. However, those trade deficits have been a crucial policy tool for the US leadership to support key regimes in other parts of the world. It has used that tool to help other countries by using the US as a huge market for their companies, thereby solving their demand problems. If the ability of the US to run these trade deficits collapses, which it will when the speculative bubble definitively collapses, many other capitalist countries which depend on access to the US market (Korea, Canada, Japan, Taiwan, Brazil, Mexico

to mention of few) will find themselves in a desperate situation. This will lead to the problem of inadequate demand, which Marx showed to be a fundamental problem of capitalism reasserting itself.

Thanks again for the well researched and thought-out editorial. It should be read by people far and wide.

Dan

New York, New York

Regarding your editorial on the retraction of the US stock markets and the consequent losses that are only beginning to be felt in the real economy.

For me, the most significant political effect of the recession will be the realization on the part of those workers who identify themselves as “middle class” that the present political system leaves them powerless to address their economic concerns. They will be shocked and confused. But their allegiance to the current system will be shaken and their political energies will be released from slumber.

Whether those political energies will be captured by reaction or by a desire for progressive social reform is an open question.

BM

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Beaverton, Oregon

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[22 March 2001]

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[20 March 2001]



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