

Obama administration seeks to sell off Tennessee Valley Authority

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Earlier this month, the Obama administration unveiled its 2014 budget, proposing vast cutbacks to social programs. In addition to unprecedented cuts in Social Security and Medicare, the budget targets the Tennessee Valley Authority (TVA), the electrification project created as part of the New Deal, for sale to private energy companies.

The TVA, founded on May 18, 1933, was among the largest exercises in state planning undertaken by the US ruling class. The program was originally designed to control flooding, create jobs and bring electricity to the rural poor in Appalachia. By the end of World War II, it was the nation's largest energy supplier.

Today, the TVA provides 9 million people with electricity in parts of seven southeastern states, spanning 80,000 square miles. It owns 29 hydropower, 11 coal and 3 nuclear plants, and employs 13,600 people. With 38,040 megawatts of output, it is currently the third largest power producer in the U.S.

At the time of the TVA's creation, the Tennessee Valley was in a state of environmental crisis. The soil had been eroded and depleted from over-farming, and crop yields had fallen sharply. The TVA project built dams, harnessing the valley's rivers to control flooding and provide electricity, and developed fertilizers, while teaching farmers how to increase crop yields.

The program even provided immunizations for typhoid, smallpox, and pneumonia to its employees as well as residents in the valley and attacked the threat of malaria by reducing mosquito populations, which breed in standing water, via dam installations.

The TVA was highly controversial at the time of its creation. A considerable section of the American ruling class vehemently opposed the program, and President Dwight D. Eisenhower privately denounced it as "creeping socialism." Even so, more far-sighted

sections saw the necessity of a large-scale jobs creation program to restore workers' shattered confidence in capitalism under the conditions of the Great Depression and to stave off the threat of revolution.

The TVA is funded by power sales and bond financing, and it does not use taxpayer funds. It is currently \$25.5 billion in debt and may exceed its debt cap of \$30 billion, which the Obama administration is using as an excuse to junk the program. The potential sale may yield as much as \$35 billion in cash after paying off bondholders.

Travis Miller, an analyst for Morningstar Inc., signaled to Bloomberg News that utility companies would couple the purchase of the TVA with attacks on workers' pensions and benefits. "We expect potential buyers will have big concerns about the huge pension and asset retirement liabilities that TVA faces."

If the TVA is privatized, electricity prices will rise considerably throughout the Southeast, as the utility currently does not seek to generate profits and deliberately holds down rates for the benefit of its consumers.

In addition to proposing the selloff of the TVA, the White House budget includes vast cuts to other environmental programs. The Environmental Protection Agency will see a fall in its budget by \$296 million. This will affect the Clean Water and Drinking Water State Revolving Funds, which will receive \$500 million less in annual funding. The Hazardous Substance Superfund program, which cleans up the most polluted industrial sites in the country, will be cut by \$33 million.

The EPA has also pledged to institute an additional \$54 million in spending reduction by cutting out programs deemed "outdated, underperforming or duplicative." Additionally, the budget slashes

agriculture programs, including cuts to subsidies for small farmers.

In its budget, the White House makes clear that the scrapping of the TVA is only the first in a general selloff of federal assets that “have achieved their original objectives and no longer require federal participation.”

To pursue this goal, the budget proposes an independent commission with the specific task of selling off social programs and infrastructure, which would “create an independent board of experts to identify opportunities to consolidate, reduce, and realign the Federal footprint, as well as expedite the disposal of properties.”

The selloff of government assets such as the TVA parallels events in Greece, where key government infrastructure has been stripped off to pay government bondholders.

The creation of the Tennessee Valley Authority (TVA) was a historical watershed. Referred to as the “great experiment,” the TVA remains one of the largest public works programs ever undertaken by the United States government.

Today, the potential sale of the TVA is of equal significance. A president championed by the media outlets as the “next Roosevelt,” elected on the basis of providing a “new” New Deal, is working to dismantle everything that the working population gained by the New Deal reforms.



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