

July 2, 2007
Progressive Ponderings
"Deregulation" - Part 1

"Law and Order" and "tough on crime" are frequently used as election slogans by politicians. "Deregulation" is used by the same politicians for the same purpose. The first slogans refer to citizen behavior - make more laws to "crack-down" on individuals. The latter slogan refers to business and corporate behavior and advocates less law on businesses. "Deregulation" really means to "de-law" business practices. Politicians who advocate these opposing positions are really stating what we already know: they favor business and corporations over citizens.

"Deregulation" occurs in three ways: 1) Congress passes laws that allow/ encourage business and corporate behaviors that had previously been illegal; 2) The president appoints people to the various regulatory agencies who oppose laws that limit business practices; 3) The president appoints pro-business people to the court system so that many functioning laws are declared illegal. Currently America is affected by all three deregulatory methods.

Deregulation leads to monopolistic, or at least oligarchic, practices where buy-outs and mergers are given approval but which effectively limits consumer options for goods and services. In the past two decades this has occurred in communications (TV, radio, newspapers, telecom), health insurance and HMOs, pharmaceuticals, air travel, banking, insurance, agriculture markets/ processing, energy (oil, gas, natural gas, coal, electrical power), among others.

One of the more disastrous results of deregulation happened in the Savings and Loan industry in the 1980s. Deregulation allowed takeovers that loaded many S & Ls with huge debt. When interest rates turned unfavorable, the takeover artists walked away with millions (billions) in profits while the public (taxpayer) picked up the government-guaranteed debt - \$500 billion stated at the time but estimated as high as 1.4 trillion. The Bush family was involved through son/brother Neil. Deregulation in the case of S & Ls favored the privatization of profits while debt was off-loaded to the public. This is the goal of many deregulators.

A second, more recent, result of deregulation happened in the energy industry - ENRON. Deregulation allowed Enron energy traders, not producers, to create contrived shortages, especially in California, to drive the price so high it threatened many with bankruptcy. This time the price to the public besides artificially high-priced energy included the disruption of service (brown-outs and back-outs). Related to this is VP Cheney's secret "energy" committee. We still don't know all the players (corporate energy insiders) or the schemes decided upon. We do know the results: The highest energy prices in American history along with the highest energy corporation profits in history. Deregulation allowed fewer and fewer companies to control the energy market and allowed the vertical integration - control of oil from the ground to the gas tank. Such integration effectively eliminates competition.

As the world heats up, Congressional/corporate sycophants - who deny science and refuse to acknowledge the world's environmental concerns - fight regulation with all the forces money can buy. Bush adamantly refuses any regulation that would transfer to corporations the costs for the pollution they produce. Again, profits are privatized while costs - health, global warming, environmental degradation, and economic insecurity - become the public's problem. Deregulation in the Department of the Interior and the Environmental Protection Agency have gutted consumer and public protections to the point of

non-existence in some areas.

The acceptance of "deregulation" as a good thing is actually promoting the ideology that "the market can solve all problems". Government (public programs) is bad, private enterprise is good. The low public opinion of business practices is at least partially due to deregulation.

Part II to follow.

jmayer