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tive: Get the ports open through the Christmas season and stave off bankruptcy a few weeks or months longer.

Answer Is LaRouche Recovery Measures

Contrary to magical views of the economy, a court order will not put things right overnight. Various experts, the PMA, and the union all estimate that it will take six to eight weeks to reduce the backlog of freight, so continuing effects on the economic collapse can be expected. The Union Pacific and Burlington Northern Santa Fe Railroads have already announced plans to limit the number of containers entering railyards, to prevent overcrowding as ports open.

Then, there is the unresolved hostility between the shippers and the historically militant ILWU, which has declared the issue of continued unionization "do or die." This hostility rose to new levels in the final hours before Taft-Hartley was invoked: The union agreed to a Department of Labor proposal to reopen the ports for 30 days, only to learn that management had turned the offer down. Spokesmen for the PMA questioned whether the union would continue to engage in a de facto slowdown, even as it issued orders to reopen the ports.

The union says the extra volume of freight will create safety problems, and that its members will not be forced into a speed-up to deal with the lockout-created backlog, even if threatened with court sanctions. Richard Mead, president of ILWU Local 10, said, "If safety is against the law, I will go jail." Mead ridiculed Bush as "the new walking boss on the waterfront."

But militant trade union declarations will not solve the current crisis, either. For the union, the shippers, and above all, the Bush Administration, the only solution lies in a larger issue: acknowledging the leadership of Democratic Party Presidential pre-candidate Lyndon LaRouche. LaRouche campaign supporters have been delivering exactly this message to ILWU members at rallies, picket lines, supermarkets, and post offices in major cities up and down the West Coast.

One three-person LaRouche campaign team made a big impact at a Southern California ILWU hall where 1,500 workers were arriving for an emergency meeting. Improvising a rally with a makeshift megaphone, a LaRouche representative told the workers, in both English and Spanish, "LaRouche is right, the financial system is finished, your pension is gone, and soon your hospital, car, house, will be gone, and Bush wants to start a war! If you want to survive, join LaRouche. He warned you about globalization, deregulation, and the Clash of Civilizations crowd, but you went with Gore, even though we told you a vote for Gore was a vote for Bush."

This message stunned some workers into silence; several could be overheard murmuring, "She's right." The more thoughtful stopped to hear about the passage by the Italian Parliament of a resolution based on LaRouche's New Bretton Woods proposal; the growing support for LaRouche in Ibero-America; and to read his campaign's pamphlet, "LaRouche's 'November Program' to Rebuild the Economy."

Unreality Shrouds Russian-American Energy Meeting

by Brian Lantz and Rachel Douglas

An air of unreality hung over the first-ever "U.S.-Russia Commercial Energy Summit," held Oct. 1-2 in Houston, Texas, because it grappled with neither the impending global showdown prompted by a U.S. war policy, nor the world economic crisis. A great deal of agitation about Russia's potential to replace the Middle East as chief crude oil supplier for the United States preceded and surrounded the event, most of it issuing from the same circles that promote war on Iraq. The actual proceedings fell short of that build-up. The chaos that would be unleashed by a U.S. adventure in Iraq, was not even a topic of open discussion.

Planned last May at the St. Petersburg meeting of Presidents Vladimir Putin and George W. Bush, the "commercial summit" was heavily attended by government officials. U.S. Secretary of Commerce Donald Evans and Secretary of Energy Spencer Abraham played host to the nearly 300 attendees at the two-day conference, which was held at Warwick Hotel and the James A. Baker III Institute (Rice University). Russian Minister of Economic Development and Trade German Gref and Minister of Energy Igor Yusufov led a delegation of executives from every major Russian oil company and some other sectors.

Pipeline Dreams

The desire on the part of leading Western financial interests to direct investment in post-Soviet Russia into the oil and raw materials-extraction sectors, is nothing new. But this year it has become a campaign with new geopolitical overtones, under the banner of "diversification" of U.S. fuel sources away from Middle East. Such "ill-conceived plans . . . to attempt to by-pass present world strategic dependency on Middle East oil," Lyndon LaRouche warned in May, "could only bring an added factor of chaos to an already explosive world monetary-financial and economic situation," and should be abandoned, as being "recklessly incompetent economic and geopolitical impulses."

Sen. Conrad Burns (R-Mont.), a member of the Senate Energy and Commerce Committees, had presented his impulses in lurid colors in a Sept. 12 speech at the National Press Club in Washington, which he titled "Post-9/11 American Energy Security: New Market Psychology in the Age of Ter-

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rorist Oil." Brandishing his new vocabulary—"We must turn-off the spigot of terrorist oil"—Burns demanded that "America must begin weaning itself off of rogue oil from Iraq and Saudi Arabia and bring Russian oil onto the world market." An enthusiastic participant in the Houston meeting, Burns introduced a Senate resolution on Oct. 1, calling for increased U.S.-Russian cooperation on "energy development"—meaning Russian oil for the United States.

Secretary Abraham announced on the eve of the Houston conference that the U.S. strategic oil reserve will soon take delivery of 280,000 barrels of Russian crude. He took Minister Yusufov on an unprecedented tour of the Bryand Mound strategic reserve site.

At the same time, the U.S. officials came on strong with demands for Russia to "press forward with banking and financial reforms," as Secretary of State Colin Powell put it to the U.S.-Russia Business Council meeting, held Oct. 3 in Washington on the heels of the Houston event. Evans, Senator Burns, and others emphasized the need to pass legislation on Production-Sharing Agreements (PSA), which guarantee foreign investors' repatriation of profits, and other privileges, and which have been the subject of intense opposition in the Russian State Duma (lower house of Parliament) on national security and patriotic grounds. Gref, a free-trade advocate, promised the Houston summit "a maximum withdrawal of the state from regulation," although this Autumn's political agenda in Moscow includes intense debates precisely on the question of the ownership and control of natural resources.

Even if such principled political fights were to evaporate, the levels of investment required to contemplate Russia's becoming a major oil supplier for the United States are enormous. The first-ever Russian oil deliveries to the United States took place this year, their total of 18.4 million barrels representing less than two days' U.S. oil imports. (Saudi Arabia and Iraq, combined, supply approximately 25% of these imports.) Russian oil production, which plunged by half in the turmoil of the early 1990s, is only now reapproaching its 1989 level. This has been accomplished largely by restarting idled capacities from the Soviet period, and bringing online some new technologies for the exploitation of mature wells. In May 2002, the Russian Ministry of Natural Resources warned that at an output rate of 400 million tons per year (8 million bpd)—and Russia is producing at not far below that rate now—currently prospected oil reserves would be exhausted by the year 2040. Yusufov said that the Russian oil industry needs "$1 billion per year, or $50 billion by 2010" (sic) in order to go forward. The enthusiasm of Secretary Evans for such investments was so great, that the Moscow business daily *Kommersant* reported he had talked in terms of $18 billion per year.

And then there is the question of infrastructure. A Russian output level of 9 million bpd, as projected by the Russian company Lukoil for 2010, would exceed the carrying capacity of Russia's oil pipeline network.

Notes of Caution

Corporate participants from both countries were markedly more circumspect than the ideology-driven government officials. No one among the energy company representatives who spoke at the conference was seriously talking about Russia replacing the Middle East as an oil supplier any time soon. Lukoil presented its projections of Russian output increasing to 9 million bpd by the year 2010, a 30% jump, as compensation for the decline of Gulf of Mexico and North Sea production. Otherwise, both sides were looking down the road, talking in terms of prospects over the next decade or two. Senior U.S. energy executives, in discussions, were dismissive of the geopolitical idea of an energy "quick fix" from Russia, adding that their companies could not make plans in Russia based on the immediate fallout of a potential Iraq war, but had to look ahead a decade or more.

Exxon-Mobil and other giants think they can offer the capital, and aid in gaining access to the capital, required to develop Russian reserves and transport systems. They said that doing so will depend on Russia making its opportunities competitive. Although the major projects on- and offshore from Sakhalin Island are going ahead with U.S. participation, and there are other agreements, caution was the watchword.

Mikhail Khodorkovsky, president and CEO of Yukos and a big promoter of Russia as a world energy power, stated bluntly that if U.S. financial markets were only going to offer high-priced capital, "Who needs it?" Said Khodorkovsky, "Let us meet again in a year and then see what has been done." One participant observed that the "not in any rush" posture was unanimous in the American and Russian delegations, as if well-rehearsed. There were, of course, plenty of discussions held behind closed doors.

When *EIR* asked one of the very few "strategic" questions during this summit, there was nervous silence. This occurred at a panel composed of Russian-based oil company executives and the U.S. and Russian ambassadors, not one of whom wanted to risk answering the question, namely how they thought a 25-40% devaluation of the dollar would affect their business deals.

The officially cautious tone of the meeting was reflected in the Oct. 3 *Wall Street Journal* article about it, headlined "U.S. Companies Are Wary of Russia As Oil Alternative." Back in Moscow, the coverage in *Kommersant* focussed on a conference event not attended by *EIR*'s correspondent: the rodeo-theme "cultural program," organized by Secretary of Commerce Evans. *Kommersant* reported that Economics Minister Gref, oil magnate Khodorkovsky, and others took part in what was described as a Texan folk game, comprising a competition in throwing pieces of bovine dung the greatest possible distance. According to *Kommersant,* the worst result in this breathtaking contest was demonstrated by Khodorkovsky, known in New York, London, and Moscow for his lackey-like behavior toward higher-ranking oligarchs.