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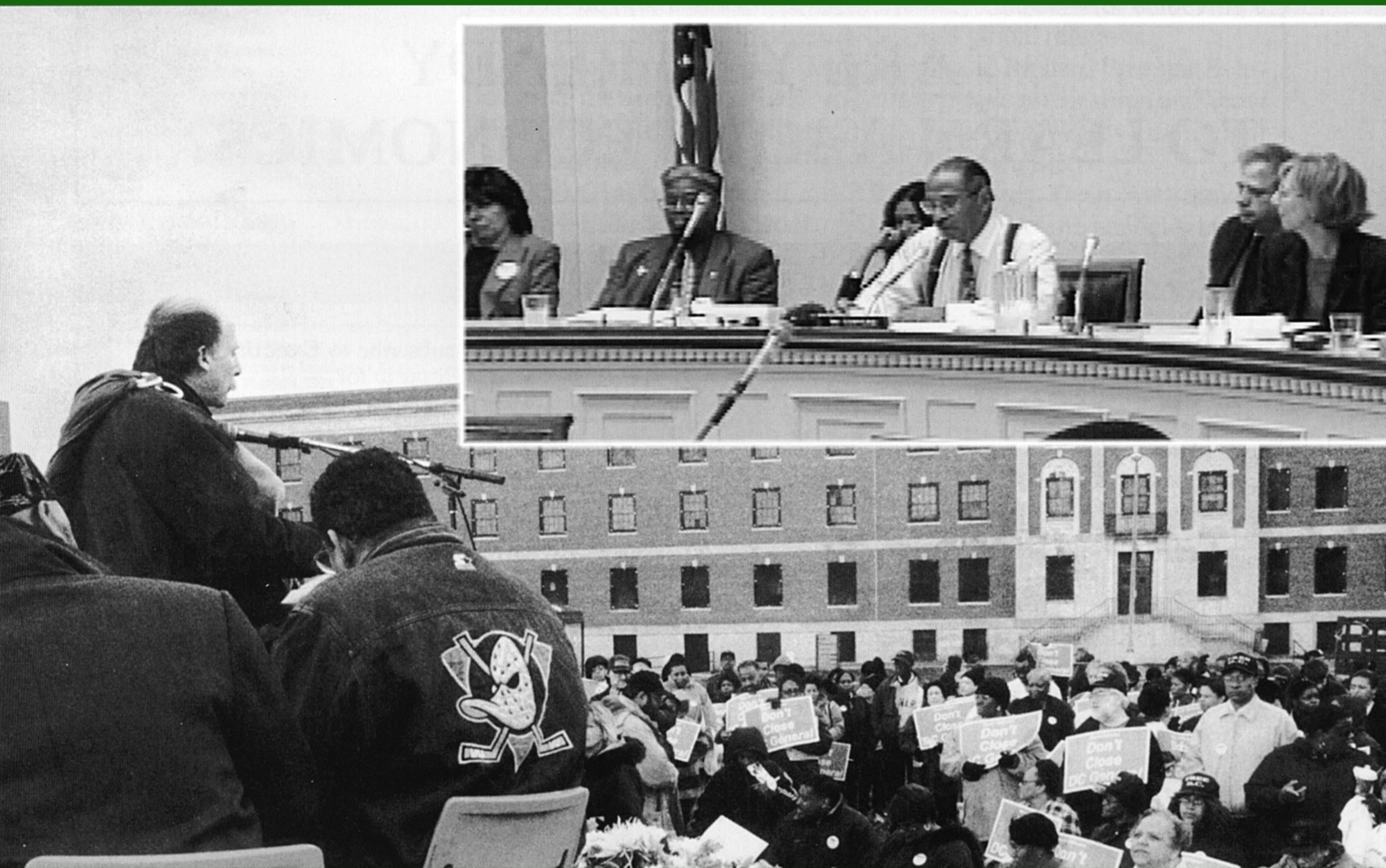
Executive Intelligence Review

April 6, 2001 Vol. 28 No. 14

\$10.00

LaRouche Assesses Bush's First 60 Days
'This Little Piggy Went to Market' . . .
Zimbabwe Fights the Ghosts of Colonialism

Public Health Protests Grow In Capital: Will Congress Act?





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*EIR (ISSN 0273-6314) is published weekly (50 issues)
except for the second week of July and the last week of
December, by EIR News Service Inc., 317 Pennsylvania
Ave., S.E., 3rd Floor, Washington, DC 20003. (202)
544-7010. For subscriptions: (703) 777-9451, or toll-
free, 888-EIR-3258.*

*World Wide Web site: <http://www.larouchepub.com>
e-mail: eirns@larouchepub.com*

*European Headquarters: Executive Intelligence Review
Nachrichtenagentur GmbH, Postfach 2308,
D-65013 Wiesbaden, Bahnstrasse 9-A, D-65205,
Wiesbaden, Federal Republic of Germany
Tel: 49-611-73650. Homepage: <http://www.eirma.com>
E-mail: eirma@eirma.com Executive Directors: Anno
Hellenbroich, Michael Liebig*

*In Denmark: EIR, Post Box 2613, 2100 Copenhagen ØE,
Tel. 35-43 60 40*

*In Mexico: EIR, Serapio Rendón No. 70 Int. 28, Col. San
Rafael, Del. Cuauhtémoc, México, DF 06470. Tels: 55-66-
0963, 55-46-2597, 55-46-0931, 55-46-0933 y 55-46-2400.*

*Japan subscription sales: O.T.O. Research Corporation,
Takeuchi Bldg., 1-34-12 Takatanobaba, Shinjuku-Ku, Tokyo
160. Tel: (03) 3208-7821.*

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prohibited. Periodicals postage paid at Washington D.C.,
and at an additional mailing offices.*

*Domestic subscriptions: 3 months—\$125, 6 months—\$225,
1 year—\$396, Single issue—\$10*

Postmaster: Send all address changes to *EIR*, P.O. Box
17390, Washington, D.C. 20041-0390.

From the Associate Editor

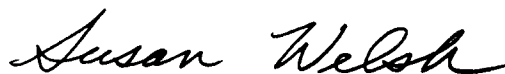
We have an unusual issue for you this week, shaped almost exclusively around four feature packages on the theme of the international fight for the General Welfare—against the free-traders, financier oligarchs, and Malthusians who are driving the industrialized world every day closer to the kind of catastrophe that has already ravaged much of the so-called Third World.

First, is our *Feature* report on the mobilization to prevent the shutdown of D.C. General Hospital. Since last week's *EIR* came out, this battle has achieved a breakthrough, with the convening of a briefing on Capitol Hill by Rep. John Conyers (D-Mich.), to hear testimony from medical providers, D.C. citizens, and political leaders from around the country, on why the only public hospital in the nation's capital must not be closed. Lyndon H. LaRouche, Jr., speaking to the Presidents Day conference of the Schiller Institute and International Caucus of Labor Committees on Feb. 17, had called upon his supporters and collaborators to build this campaign, not as some single-issue "good cause," but as a strategic flank, which will give "muscle" to the movement for the General Welfare, turning it into a force that the Bush Administration will have to reckon with. This is the *best chance*—perhaps the only chance—for achieving a turn toward sanity in domestic policy and global relations.

Second, in *Economics*, Dennis Small and Richard Freeman demonstrate the accuracy of LaRouche's economic forecasting, and show how the failure of policymakers to heed his wise words has brought us to the brink of a collapse into Dark Age conditions.

Next, in *International*, Uwe Friesecke and Dean Andromidas give a first-hand report from Zimbabwe, on how the genocidal policies of the British-centered financier oligarchy are destroying that nation. Patriots there are attempting to fight back, but are being thwarted by the self-proclaimed "democracy" mafia in the U.S. government, as well as from London.

Finally, we have the full text of LaRouche's webcast address to a March 21 *EIR* seminar on "The Bush Administration: The First Sixty Days." In his opening remarks, and the extensive discussion that followed, LaRouche provided a clear policy orientation for those who are ready and willing to join the fight to restore economic, political, and cultural sanity and justice to a suffering world.



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New "Robber Barons," New Dark Age.

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‘This Little Piggy Went to Market’ . . .

by Dennis Small

The following speech was delivered at the Schiller Institute-International Caucus of Labor Committees Presidents’ Day Conference, on Feb. 18, 2001.

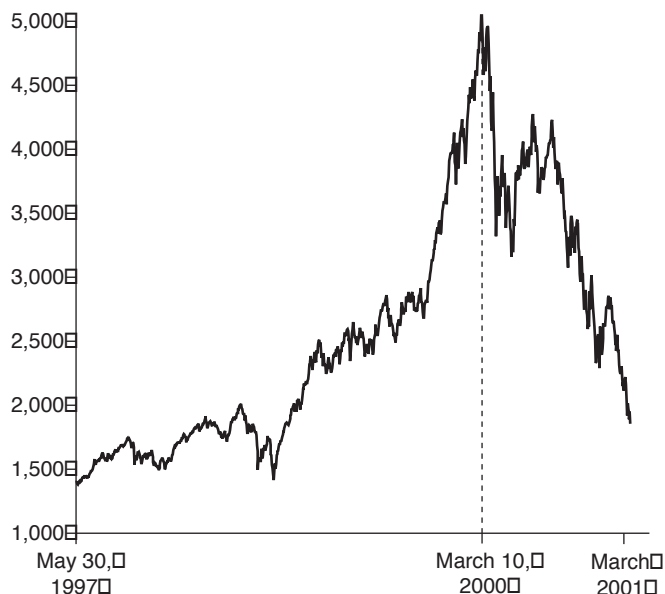
I know it’s impolite to say, “I told you so,” but we really *did* tell you so. I mean, if people had been listening to Lyndon LaRouche, they would have known that what you see in **Figure 1** was coming. And now it’s actually happening. From May of this past year, the Nasdaq stock index has plummeted by approximately 50%, and this is just the beginning: It’s going down.

Those of you who have attended past conferences of ours know that we warned you of an imminent debt blowout, globally. We pointed to the examples of what was going on in Asia in 1997, and we said that this would in fact be occurring in other parts of the world. Now, that kind of a debt blowout is in fact happening in the United States.

We warned you that the kind of energy crisis which we documented for countries such as Russia, over the course of the 1990s, would be coming home to the United States. It has now come home to the United States. We documented for you the manufacturing layoffs and massive unemployment breaking out in countries such as Mexico, as a result of the International Monetary Fund policies being implemented there, and we warned you that these kinds of things would be happening in this country as well. Now this, too, has come to the United States.

We have entered a new stage of the global financial crisis, which Lyndon LaRouche has been warning you about for quite some time. The new stage is *not* simply the fact that the crisis is now hitting the United States with a vengeance, but rather, that the process which has been under way globally, is now so far gone that it is beginning to manifest itself inside

FIGURE 1 □
Nasdaq Composite Index, 1997-2000



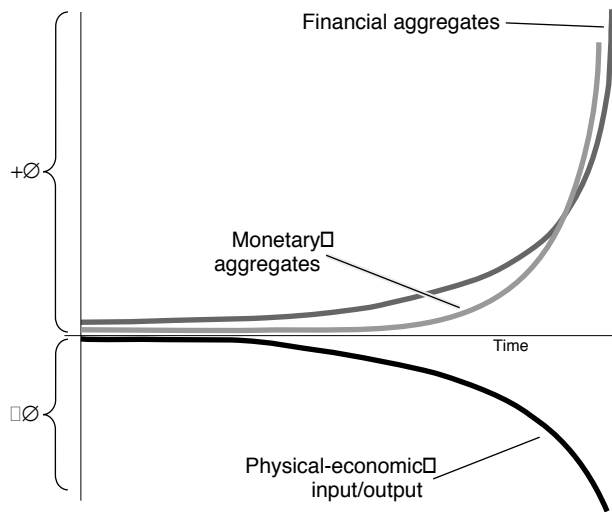
Source: Nasdaq.

the United States as well. Up till now, to a certain degree, the bubble in the United States has been kept afloat by a process of looting all parts of the world. That looting process is, of course, continuing; however, that looting process is now beginning to implode inside the United States as well.

And so, the United States, which has become the “im-

FIGURE 2□

The Collapse Reaches a Critical Point of Instability



porter of last resort” for countries around the world—absorbing, through the financial bubble, huge imports from country after country around the world—that role which the United States has played, is now ending. And this is one of the ways in which you’re going to have a domino effect, in which the meltdown and disintegration of the international financial system is going to spread like wildfire throughout the globe.

We began to enter this new stage beginning in September 1998, with the bailout of the Long Term Capital Management hedge fund, and the Brazilian bailout of early 1999, in which a hyperinflationary process was unleashed by the policies which were adopted in the United States, with the policy guidance for this coming from London, as usual. We entered into a hyperinflationary zone because the process of rolling over debt which was coming due, required the issuance of monetary and financial aggregates *greater* than the amount that was coming due over that period, such that the process of the bailout itself, produced a bigger problem than it was “solving.” This stage is represented in LaRouche’s “Typical Collapse Function,” where the two upper curves cross over each other (Figure 2).

This hyperinflationary process, this new stage of the global financial crisis, is beginning to express itself, for example, in the oil, energy, and electricity crises, which you’ve heard about in the case of California and elsewhere.

Is the Universe Susceptible to Forecasting?

The reason I began by saying that “we told you so,” is that a fundamental issue is posed by the question of LaRouche’s forecasts. As the crisis sinks in, and people now see around them that what LaRouche had been telling them *would* occur,

has in fact occurred, you begin to get an interesting kind of reaction—I’m sure that many of you who are out there organizing, are familiar with this. You will get people who agree with what LaRouche has to say toward the *past*—but not toward the *future*. Now, this reveals a very interesting kind of problem, because they’re perhaps willing to recognize that LaRouche was right about something he forecast which has now in fact happened, but they absolutely don’t want to believe that what he is *now* saying will shortly occur, is in fact what is in store for them.

And you get all sorts of expressions of this, such as: “Well, that was true, because of this; but the other point won’t be true, because of that.” Or they’ll say, “Oh, *They* will solve this.” *They*. They with a capital T—that’s all you know; you don’t know who it is, but *They* will somehow solve this.

So, what I want to pose to you from the outset, is that the real issue in the difficulty that people have in conceptualizing LaRouche’s forecasts and his forecasting method, is a very profound problem, and not one of simple solution. That the real issue here is that people have a disagreement, or at least a problem, as to the actual nature of the physical economy and of the humanized universe within which that physical economy develops, or fails to develop, and as to whether or not the nature of that humanized universe is susceptible to forecasting.

In other words, is it in fact possible that different trajectories of outcome in the universe, can be based on different courses of action, different human action? The reason this poses a very basic question, is that the concept that most people have of the physical universe, and of the human economy developing within it, is of a universe of one of two sorts.

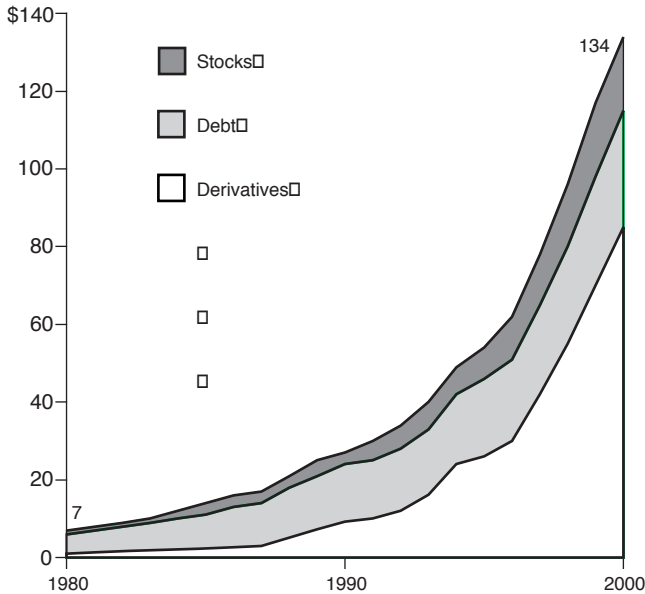
In the first case, they assume fixed laws, which are linearizable in some fashion or other, both toward the past and toward the future—but which are linearizable. Therefore, within that kind of essentially materialist framework, of material bodies moving around in space, there is in fact no room for free will. That is to say, there is no real option of different choices of trajectory of human activity that can change the outcome in the physical universe. And that’s ultimately what’s behind one of the views that leads to the problems that people have with the issue of LaRouche’s forecasting. This leads to a certain kind of fatalism, which you’re certainly familiar with, where people say, “Well, it’s gonna be what it’s gonna be, and there’s no way you can actually change this, and that’s where it’s gonna head, and that’s the way it’s gonna be.” And so on and so forth. There’s a problem in the comprehension of the nature of the physical universe and of man within it, which is the underlying problem on this issue of LaRouche’s forecasting.

The flip side of the same coin, are the people who view the universe as fundamentally arbitrary. That is to say, that there is no causality whatsoever, that there is no causal relationship between activities within that universe, or if such causality does exist, it’s not knowable to man. And for that

FIGURE 3

U.S. Financial Aggregates

(Trillions \$)



Sources: Federal Reserve Board of Governors, "Flow of Funds Accounts"; OMB, "Budget of the U.S., Fiscal Year 2001, Historical Tables"; Bank for International Settlements; *EIR*.

reason, the art of forecasting, or the science of forecasting, is something that cannot actually be applied, looking toward the future, in this universe in which we reside.

I'm posing the issue this way, because I think that the solution to this problem, is actually the key to understanding both the *cause* of the crisis which we're facing today, and also, it is the only possible basis for *founded optimism* that there can indeed be a solution, that there is an answer to this crisis.

In other words, what I want to get at, is two points. First, man is not a "piggy"; and second, the economy is not a "market." So, there's absolutely no reason for this "little piggy to go to market."

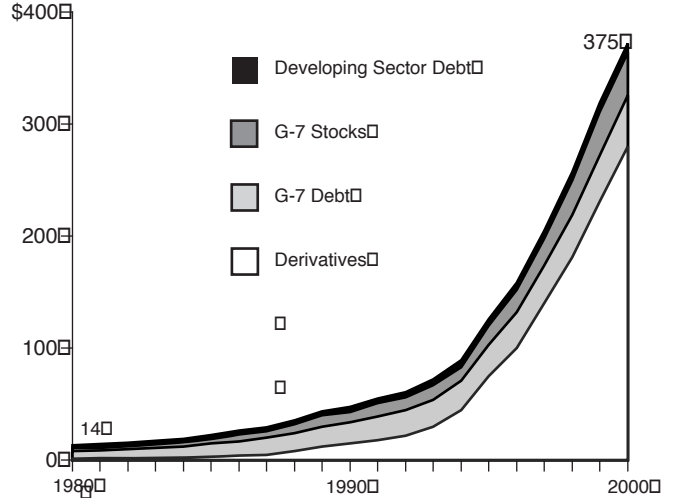
The Speculative Bubble Is Out of Control

Let's start by taking a look at the bubble. **Figure 3** shows just the U.S. side of the bubble, and corresponds to the upper of the three curves, financial aggregates, in LaRouche's Typical Collapse Function. It reflects the best estimate that *EIR* has been able to come up with, on the U.S. side of the situation, covering the period from 1980 to 2000. You can see a growth in U.S. financial aggregates from approximately \$7 trillion back in 1980, to approximately \$134 trillion today. Now, the lion's share of this is financial derivatives, which now total approximately \$85 trillion out of the \$134 trillion total, or

FIGURE 4

World Financial Aggregates

(Trillions \$)



Sources: Federal Reserve Board of Governors, "Flow of Funds Accounts"; OMB, "Budget of the U.S., Fiscal Year 2001, Historical Tables"; Bank for International Settlements; World Bank; *EIR*.

two-thirds of the total. The other two major components are total debt of all kinds — corporate debt, personal debt, government debt, and so on — and the capitalization value of the U.S. stock markets, which have grown prodigiously, as you know, over this recent period.

The interesting thing is that the period from 1996 to 2000 shows a phenomenal rate of growth of derivatives, in particular. What you're getting is approximately a 30% per year growth rate of all financial aggregates. Now, if your speculative bubble, your cancer, is growing at the rate of 30% per year, you can imagine what's going to happen with the economy.

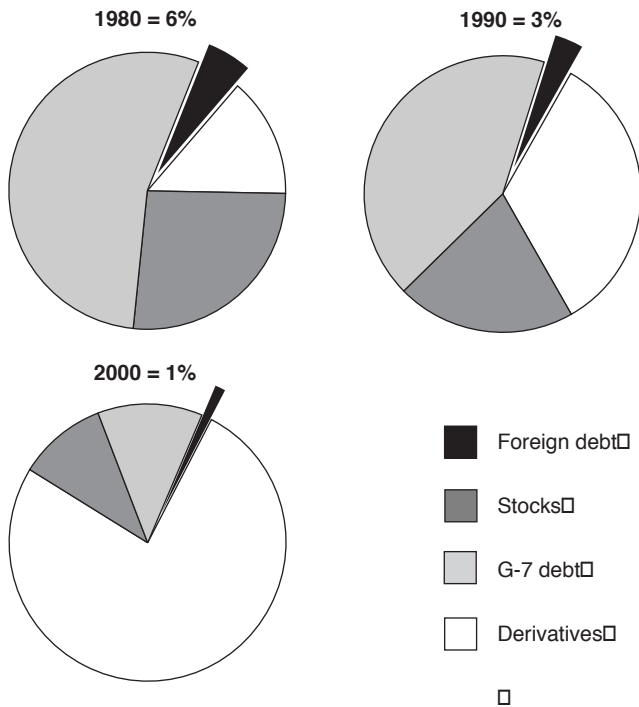
Figure 4 takes a look at the upper curve of the Typical Collapse Function, but for the whole world. A few months back, LaRouche estimated that the total volume of financial aggregates internationally is approximately \$400 trillion. Our best estimate, taking a look at what is visible on the horizon, adds up to about \$375 trillion. There are undoubtedly additional financial instruments that are *not* readily visible on the horizon, so the ballpark of \$400 trillion is a pretty good estimate.

Again, of the total of \$375 trillion, \$280 trillion are derivatives. And just look at the way the curve has grown, at about 30% per year in the recent period. In this case, we have included the debt of the Group of Seven nations, the so-called "advanced sector" countries; the stock markets of those countries; and also the total debt, foreign and domestic, of the developing sector, or the Third World countries. Five billion

FIGURE 5

Foreign Debt and the Global Bubble

(Percent of Total)



Sources: Federal Reserve Board of Governors, "Flow of Funds Accounts"; OMB, "Budget of the U.S., Fiscal Year 2001, Historical Tables"; Bank for International Settlements; World Bank; *EIR*.

out of 6 billion people on the planet Earth are found in those countries.

You cannot actually see this component on the figure as drawn, because it's dwarfed by the size of the rest of the financial bubble. In fact, the total amount of the *real* foreign debt (which is greater than the *official* debt, as we will discuss below) of the Third World countries is approximately \$4.5 trillion—"only" \$4.5 trillion. **Figure 5** shows that this debt is actually a dwindling percentage of total global financial aggregates, which also tells you something about the political process that has gone on between the 1980s and the year 2000.

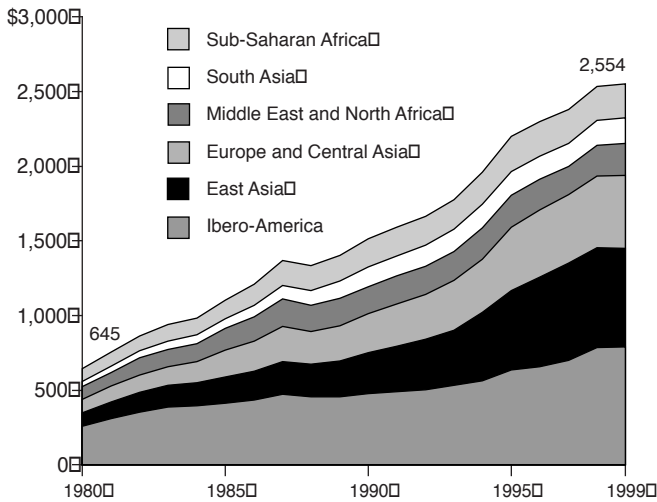
In 1980, the real foreign debt of the developing sector was approximately 6% of the total bubble. So, there was a reason why the center of the financial-political battle in 1980-83 revolved around the issue of the foreign debt of the Third World countries. LaRouche's *Operation Juárez* proposal of 1982 went to the heart of the most explosive part of the global financial system at the time, because although the foreign debt was "merely" 6%, in point of fact it was the only part of the bubble that was in imminent blowout.

Compare that to today, the year 2000: Foreign debt is less than 1% of total financial aggregates, or \$4.5 trillion out of

FIGURE 6

World Official Foreign Debt

(Billions \$)



Source: World Bank.

about \$400 trillion total. And today, *everything* is blowing out. This isn't a question only of the debt of Mexico, or Argentina, or Russia, and so on, blowing out. No! The stock market is blowing out; the derivatives are blowing out; the banks are blowing out; the national debt of the United States is blowing out. Everything is blowing out! The whole kit and caboodle. And there is no solution to this problem, unless the totality is addressed: Nothing less is going to work.

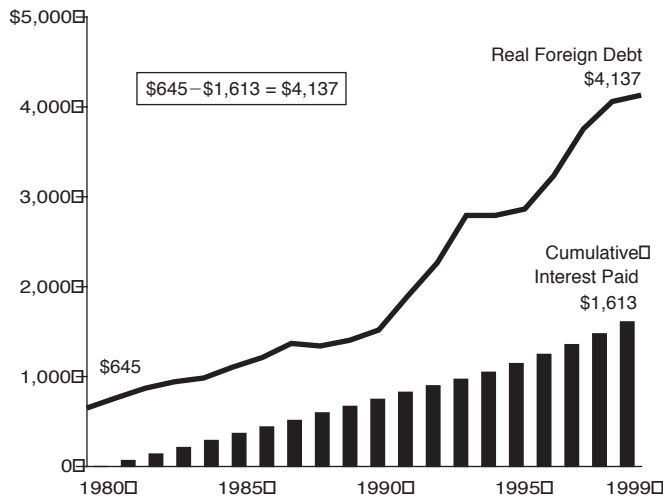
This is something that is important to keep in mind as we analyze and evaluate proposals such as those coming from the Vatican around Jubilee 2000, and other proposals. These proposals are very important; this issue of the Third World debt is very important—it's nations that are at stake, after all. This debt is the way the total global cancer is placed on the backs of five-sixths of the world's population, so it's not a small matter. The whole bubble is transferred in on them, through that mechanism. However, it is not the whole story, and you cannot solve this problem only by measures such as debt moratorium, or otherwise addressing only the debt of these countries. Steps taken in that direction are useful, because it poses the issue. But it is not the solution. There is no solution outside of LaRouche's total New Bretton Woods reorganization. And anyone who simply takes a look at the magnitude of the bubble has got to realize that that in fact is the case.

Figure 6 shows what has happened with the *official* foreign debt of the Third World nations: You can see that it has grown over the last 19 years, up to about \$2.5 trillion today. You will note a levelling-off which occurs over the last year

FIGURE 7

World: Bankers' Arithmetic

(Billions \$)



Sources: World Bank; EIR.

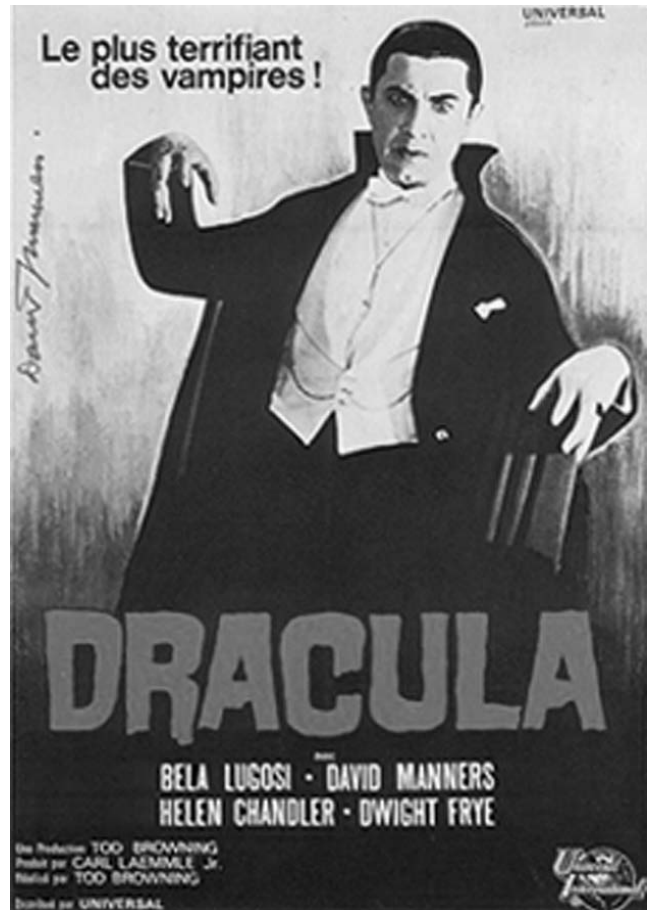
or two, but this is misleading, because over this period, what has been happening is that the official foreign debt categories have been, shall we say, supplemented by other forms of de facto foreign obligations (for example, dollar-denominated domestic debt) which brought the total *real* foreign debt of the Third World nations, the developing-sector nations, up to approximately \$4.1 trillion in 1999 (see **Figure 7**). Today, it is closer to \$4.5 trillion.

This debt started out as about \$645 billion back in 1980, and over this 19-year period, these countries have paid more than \$1.6 trillion in interest payments alone, on \$645 billion in original debt. In other words, the original debt was paid about two and one-half times over. And yet the total debt now is about seven times larger than it was initially. So, we have here a typical case or “bankers’ arithmetic”: \$645 minus \$1,613 leaves with you with \$4,137 in debt. Typical bankers’ arithmetic.

And that’s the world picture, in that regard.

Supply and Demand? Get Serious

One of the things that has happened, along with this process of Third World indebtedness, is a political drive to convince the victims of this indebtedness, that the way to solve their problems, is to privatize and deregulate. “It’s going to work,” they assure Third World countries. “There’s no problem. It’s important to do this. Globalization is with us to stay. You’ve got to open up your economies, and allow all that capital to come flooding in and help you out.” And, of course, they opened up their economies and all the capital went flood-



John Q. Market

ing out. And the Third World privatized—hear this, Californians—between 1987 and the year 2000, about \$400 billion in national assets—oil companies, electricity companies, mines, and so forth—which they sold for a song on the market. They got dollars for it, but the money didn’t stay in their economies for more than a split second; it went out immediately in the payment of the foreign debt.

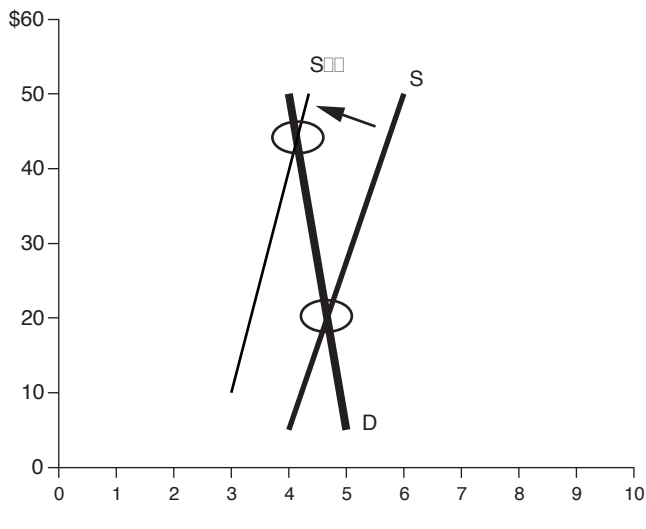
This privatization process, this deregulation process, is exactly the same kind of argument that is being made in the United States today. Now they are telling Americans: “You can’t go against the current on this. I mean, these are the rules of the market. This is how things are done. You can’t get the market upset. Why, Mr. John Q. Market will be disturbed with you.”

You know, you used to hear about John Q. Public. Now it’s John Q. Market. You sort of wonder, who is John Q. Market, anyway? So I did an Internet search, and found his picture (see photo).

So, the financial bubble, all \$400 trillion of it, is the actual cause of the hyperinflationary explosion which is under way, globally and inside the United States as well. But the United States, and states within the United States, are being told that

FIGURE 8 □

Supply and Demand



what has to be done, in order to deal with the hyperinflation, is to privatize and deregulate.

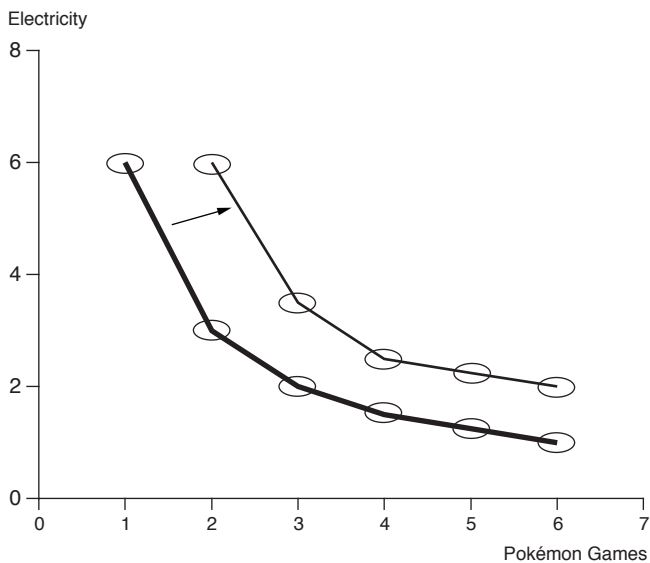
This, of course, is what has happened in California. I'd like to make one or two basic points on this. First of all, *the reason that electricity rates have risen in California has absolutely nothing to do with supply and demand.* Rather, rates have risen because there is a gigantic speculative bubble, a cancerous debt bubble, which is riding on every single kilowatt-hour of electricity produced and sold in the state of California. *That is why the prices are so high*—because on every single unit of physical production which is moving in the real economy, what is riding on that is a gigantic cancer of speculative debt.

To the degree to which you don't challenge the existence and the dominance of that speculative debt, that cancer, if you allow it to exist, there is absolutely nothing you can do by way of supply, or demand, or anything else, to deal with the problem. You can double the number of kilowatt-hours of electricity produced in California, and it won't affect the price, not by one dollar. It won't make any difference, because the price has nothing to do with the amount of kilowatt-hours being produced. Unless you stop the speculative cancer, unless you re-regulate, unless you say, "We will not allow the cancer to dominate the markets of our physical economy, and we're going to close the door to the cancer," unless you do that, there's absolutely nothing else that is going to make any difference whatsoever. There is nothing that's going to work, unless you re-regulate. Because re-regulation is the name that's given to slamming the door closed on the cancer and saying, "Sorry. Not here."

Of course, what people in California and elsewhere are

FIGURE 9 □

Indifference Curves □



being told is, "No, you can't re-regulate. The problem is supply and demand. The reason that prices have gone up, is because of the market, and supply and demand. You probably don't understand this, because you haven't read Paul Samuelson's textbook on economics. Because if you had, you would know that what's really going on is that supply is limited and demand is increasing. And therefore, as every reader of Samuelson's textbook knows, and as you can see in **Figure 8**, prices are determined where your supply and demand curves intersect. That's market-determined supply-and-demand price.

"Now, when supply is restricted, the supply curve shifts slightly to the left, and as you can see, the new supply curve (S') intersects the demand curve at a higher price, doesn't it? If people had only read their Samuelson, they would know that this, obviously, is what's going on in California, and that's that."

Well, I've read my Samuelson, I have to confess. And the argument *still* doesn't make any sense. You've got to ask yourself, for starters, where does this demand curve come from? How do you know the amounts that people will demand?

"Aha!" Samuelson enlightens us. "Everybody knows that demand curves are derived from individual *indifference curves*."

You didn't know that, did you? Well, figuring that you were probably grossly uneducated on this subject, I have drawn two indifference curves for you (**Figure 9**). And to remedy your undereducation, I will quote for you what Paul Samuelson has to say about indifference curves, on page 443

of his basic text, *Economics*.

“The curved contour of Figure 9” (in his case, 22-5), “linking up the four points”—I drew six—“is an ‘indifference curve.’ Every point thereon represents a different combination of the two goods.” (In our case, on the y-axis, electricity, much in demand; and on the x-axis, Pokémon games, also much in demand.) “And the indifference curve,” Samuelson continues, “is so drawn that, if our consumer were given his choice between any two points on it, he would not know which one to choose. All would be equally desirable to him, and he would be indifferent as to which batch he received.”

Get it? In other words, in the middle of the curve, you’re willing to trade off approximately one Pokémon game for one unit of electricity. And, since there is a diminishing marginal utility of Pokémon games, you are willing to give up less and less electricity, the more and more Pokémon games you have.

A causal relationship, perhaps a negative one, between Pokémon games and electricity, and even the whole physical economy? Not in Samuelson’s linear world.

Now, lest you think that Samuelson and other equally insightful economists have a merely static view of the world—No. They have a view of “dynamic equilibrium.” What that is, is that you take two static moments, and you connect them with an arrow. That’s dynamics! And then the way you generate a global demand function, is that every one of us, each one of you, has an indifference curve of your very own. You know what you like; nobody else knows what you like. But you like it. I know what I like, very much, and I choose, in proper combinations, what I like. I like some electricity, but I like Pokémon games too. When you get into more sophisticated classes in economics, you need a third dimension to include the batteries for the Pokémon games—that’s for when the electricity goes out.

You may think I’m making this up, but that really is what they say. Anyone who has studied economics in any university anywhere in the world, knows that I couldn’t possibly be making this up. This is what they teach. Very well; then, let’s subject the theory to three small empirical tests.

First, let’s look at the world oil market. Because we were told, were we not, that the price of oil plummeted a couple of years ago, because the market was flooded with all sorts of oil supply. Now, if you look at what happened between 1996 and 1998 (**Figure 10**), the price of oil plummeted by 52%. And yet, the supply of oil over that same period rose a mere 6%. Now, I ask you: Do you really think that a 6% increase in the supply of oil produced a 52% drop in its price?

The economists have a comeback on this point too, which is that there is supposedly an extremely “inelastic” demand curve—which means that a small supply rise causes a huge price drop.

Well, in that case, let’s look at what happened the next year, between 1998 and 1999, and then in the year 2000. The price of oil, as you may recall, zoomed back up by about 120%—and, according to the theory of supply and demand,

FIGURE 10

World Oil Price vs. Supply

(Indexed to 1995=100)



Sources: California Power Exchange, U.S. Dept. of Energy, *EIR*.

this would be a result of a significant drop (or at least of *some* contraction, if demand is inelastic) of supply that would drive the price up. Now, the only problem for their theory is that supply *rose* in this period, by some 2%. An embarrassing problem.

Let’s look at the U.S. natural gas market (**Figure 11**). Between 1999 and the year 2000, the price of natural gas rose by more than 50%. Was this because supply contracted dramatically? Hardly; it was dead flat. If you go back to 1996 and 1997, supply did drop—by a monumental 0.15%!

And finally, let’s look at California electricity (**Figure 12**). From May 2000 through the end of the year, a seven-month period, the price per kilowatt-hour of electricity in California rose by about 700%. The supply, as you can see, was flat.

So much for Samuelson. And so much for the nonsense you hear about the virtues of deregulation and privatization.

Global Poverty Kills

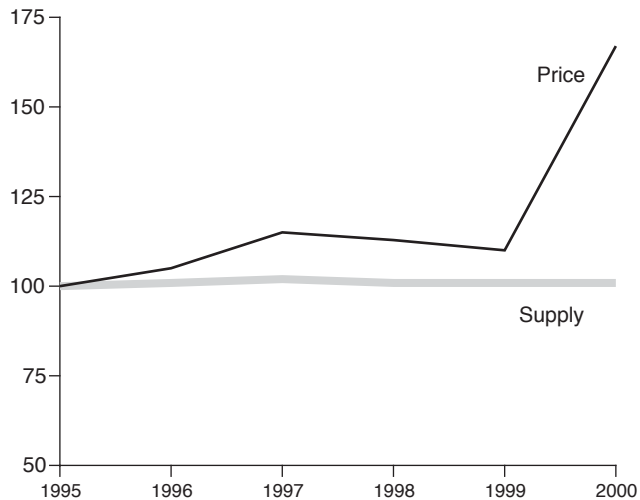
Now, let’s turn our attention to the physical-economic curve in LaRouche’s Typical Collapse Function. We’ve looked at the financial aggregates, globally; now let’s look at one or two elements of the underlying physical-economic parameters.

In **Figure 13**, we’re using 1990 as an index of 100, and we will look at what has happened between 1990 and the year 2000, in two areas. First, is grain production in the developing sector, that is to say, all of the Third World countries plus the members of the Commonwealth of Independent States (CIS),

FIGURE 11□

U.S. Natural Gas Price vs. Supply□

(Indexed to 1995=100)

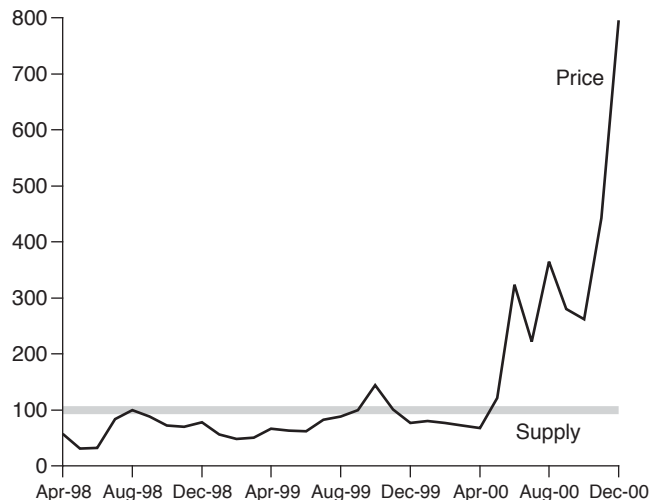


Sources: U.S. Dept. of Energy, *EIR*.

FIGURE 12□

California Electricity Price vs. Supply□

(Indexed to August 1998 =100)

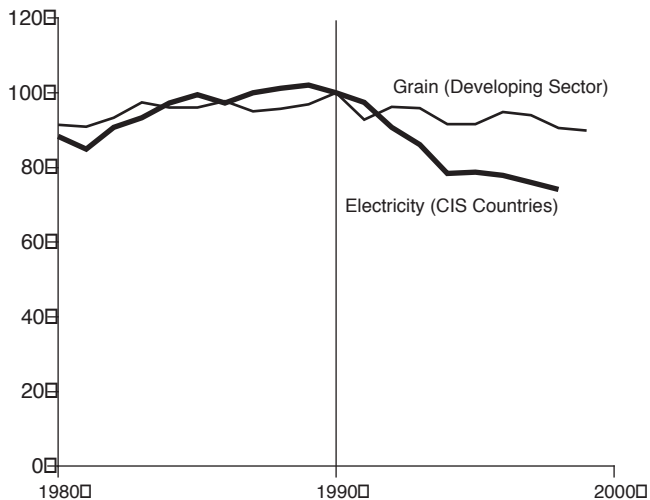


Sources: California Power Exchange, U.S. Dept. of Energy, *EIR*.

FIGURE 13□

Grain and Electricity Production, Per Capita□

(Index: 1990 = 100)



Sources: FAO; International Energy Agency; *EIR*.

the former Soviet bloc countries. Again, that is 5 billion out of 6 billion people on the planet. You can see that there was a 10% collapse in grain output per capita, measured in physical terms, while the speculative bubble grew, as we indicated earlier, with a derivatives growth rate of about 30% per year.

Second, is electricity consumption in the CIS countries. There you have a collapse of 26% in the same period.

Now, it is correct to *not* take global averages on such parameters, because the global averages actually disguise the truth of what is going on. Because, as you can see in **Figure 14**, what is going on globally is a kind of skewing of income, which is very similar to the process which *EIR* has documented for the United States. On a world scale, the upper 15% of income-brackets of the world's population is today getting approximately 80% of the total income generated globally (measured in GNP terms), up from 70% twenty years ago. And the lower 85% of the world's population, which is the 5 billion people in the developing sector, is getting a decreasing share, dropping from 30% to 20% over 20 years.

One should not read too much into this parameter. This is GNP, and it is done on national averages, so it doesn't tell you the whole story, and it's not in physical-economic terms. But it does give you a window through which to look into what the actual process is.

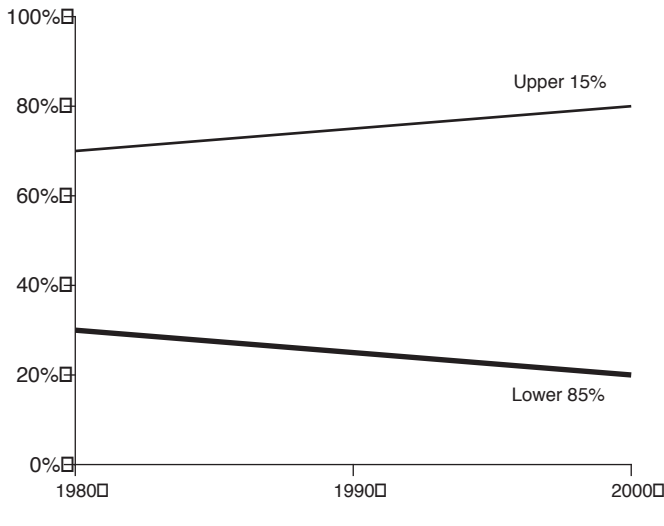
Figure 15 takes us a step closer to the real issue, showing world poverty in the middle of the 1990s, as measured in monetary income terms. We are looking at the middle of the 1990s only because more current figures are not available. But one can say, from the outset, that it's far, far worse today than what you see here.

Each bar represents 100% of the population in these five major areas of the world. The lower part of the bar is the percentage of the total population which makes, or lives on—that's "lives" in quotes—\$1 a day, or less. That is considered

FIGURE 14

The Global Income Spread Widens

(Percent of Total GNP)



Source: World Bank.

to be a condition of “extreme poverty.” In the case of Sub-Saharan Africa, that’s approximately 40% of the population. The middle part of the bar is the additional percentage that lives on \$2 a day or less. That is considered to be a condition of “poverty.” In Sub-Saharan Africa, 75% of the population “survives” on \$2 a day or less. In South Asia, the percentages are 43% and 70%; in East Asia, 26% and 70%; and in Ibero-America, 25% and 50%, respectively.

So you can see, in the majority of the Third World, you’re talking about approximately 3 billion people out of 6 billion people on the planet, getting \$2 a day or less. Now, this correlates with a number of poverty parameters, including average life expectancy. In the case of Sub-Saharan Africa, life expectancy in the mid-1990s was 52 years. The last bar is the so-called “advanced sector” nations, where the income is higher and life expectancy is greater.

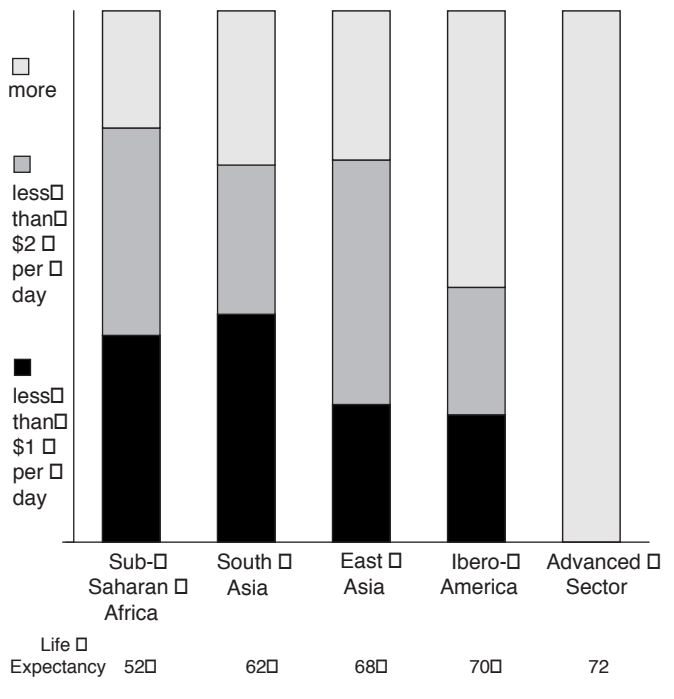
What this all reflects is the inability of the global economy to maintain a growing and prospering population, as measured by the central concept in LaRouche’s economics: potential relative population-density. That is, the potential relative population-density of these societies, all of our societies, is less than the current actual population. Therefore, population is collapsing. We are in a demographic implosion, where the total population cannot be maintained.

This shows up in a variety of different ways. First, people simply die, and total population falls. Second, life expectancy declines. Third, the quality of the population, as reflected in skill levels and things of that sort, also diminishes. All of this is going on today.

FIGURE 15

World Poverty in the Mid-1990s

(Percent of Population)



Source: World Bank.

There is an additional feature to the demographic question, which is closely related to the U.S. role as “importer of last resort.” As you know, Mexico sends 90% of its exports to the United States. But Mexico, like many countries, also exports its *population* (Figure 16). There are 8 million Mexicans living in the United States, out of a total population of about 100 million—i.e., about 8% have been “exported.” In terms of its labor force, 12% has emigrated to the United States in search of jobs, because of Mexico’s collapse. So, the United States is the importer of last resort, not only for products, but also for populations. What happens when that importer of last resort collapses in that regard as well?

Invention Is the Mother of Necessity

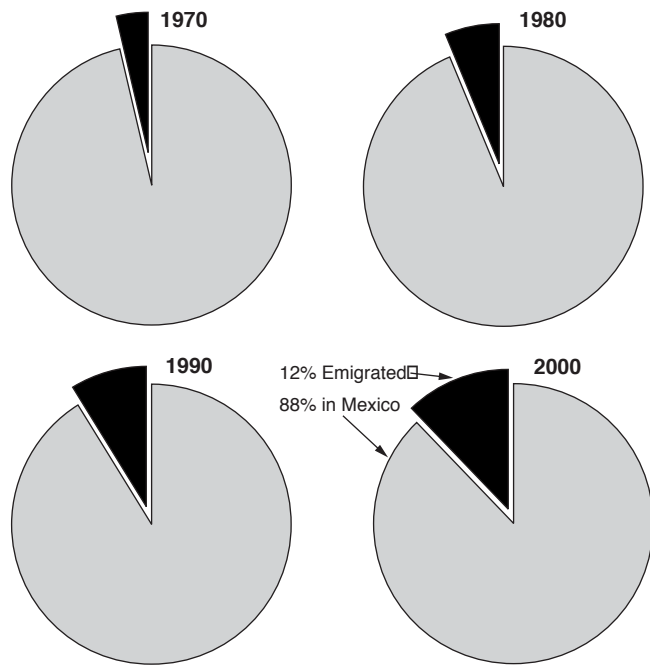
What is the deeper issue posed by this systemic, global crisis? In a recent article by Lyndon LaRouche, entitled “Look At What Happened in Brazil” (*EIR*, Feb. 9, 2001), he said:

For this purpose, we may assort societies into two general types. The two types are assorted empirically, by examining the evolution of the demographic characteristics of entire societies, in their approximately “closed-system” relationship to the region of the noosphere which that population inhabits and exploits. Societies

FIGURE 16□

Mexico: Emigration and Labor Force□

(Percent of Total Population)



Sources: INEGI, Mexico; U.S. Census Bureau; EIR.

in which the localized noosphere is developing anti-entropically, typify one of the two types; societies which may prosper at home, by looting populations and regions abroad, constitute an opposing type.

So, there are two types of societies: those that develop anti-entropically, and those which *may* seem to prosper at home, by looting abroad.

Now, I think pretty much everyone in this room will have little difficulty recognizing, and agreeing, that we are today in the second type of situation described by LaRouche, in this type of process of collapse. But you often run into the problem, as to whether the first type of society identified by LaRouche, that is to say, “societies in which the localized noosphere is developing anti-entropically,” is in fact possible on a permanent, ongoing, perpetual basis.

In other words: Can man have such a relationship to the physical universe around him, to the humanized nature within which he develops, where that relationship may be bounded at any given point, but infinite in terms of its potential self-development? Is the physical universe such that it complies with infinite human creativity? *That* is the issue.

Some people say outright, “No, of course not. That’s ridiculous. You can’t keep developing forever. Man can’t do this.

Who do you think you are? Man is not God, after all.” For example, Prince Philip tells us, with great conviction, that man is a virus. You can read in Luther that man is a worm. Some people will tell you that man is a barking dog. And some people in economics classes argue that man is a piggy. And so they say, “No, it’s absolutely not possible.”

A seemingly contrary view is sometimes expressed thus: “Yes, you can have continuous progress. Because as you develop, as you grow, and you begin to exhaust your existing resources, you run into a problem. And you then have a crisis, like today, and the circumstances become so critical that, somehow or other, man comes up with a creative solution. After all, Necessity is the Mother of Invention, isn’t it?

Right?

Wrong! Necessity is *not* the Mother of Invention. Rather, I submit to you, *Invention is the Mother of Necessity*.

That is a crucial distinction; and to develop that idea, I want to take recourse to Plato and his *Timaeus* dialogue. I believe that this is the only possible standpoint from which one can understand both what got us into this mess, and also what is the basis for founded optimism for getting out of it. Invention is the Mother of Necessity; that is the way the universe is actually organized.

Plato’s *Timaeus* dialogue takes place the day after the discussion in the *Republic*, where Socrates has laid out what the proper form of organization of a republic actually is. The issue taken up in the *Timaeus* is the origin of the universe; it’s the story of Creation, it’s Genesis. Others have written about genesis too, and Plato wrote about it here.

The starting point of the discussion of the *Timaeus*, epistemologically, is where Plato leaves off in the *Theatetus*: What is the nature of knowledge, and how do you know what you know? So, the *Timaeus* begins with a brutal assault on the idea of sense perception: Plato, through Timaeus, argues that sense perception is false, and that the only basis for understanding actual causality in the universe, is Reason.

What is the difference between that which eternally exists and has no birth, and that which is always coming into being, and never exists? The first, being eternally invariant, is comprehended by mentation, with the aid of Reason; the second, which is ephemeral and never really exists, is imagined by opinion, with the aid of unreasoning sense perception.

With that as a starting point, Timaeus says, now, let’s take a look at what, in fact, is the cause, what is the origin, what is the real story of Creation. In other words:

We also say that what comes into being must necessarily come into being by some cause. To discover the Creator and Father of this universe is quite a task.

At about this point, Socrates interjects—Socrates does

not speak very much in this dialogue, this is heavily a monologue, but Socrates says encouragingly:

Excellent, Timaeus. And we must by all means agree to do as you bid us; we have heard your prelude with admiration, now do go on with the theme of the music.

The reference to music is not gratuitous, because Timaeus then proceeds to discuss the Creator of the universe as the *Composer* of the universe. At this point you can almost hear Timaeus take a deep breath before plunging ahead.

Let me tell you then for what particular cause the Composer composed this Creation and this universe. He was good, and the good never has any envy for anything; being thus beyond envy, he willed all things to be created as like himself as possible. Whoever accepts this foremost and most pervasive principle of the Creation and the universe, when it is offered by thoughtful men, is accepting it wisely.

This is a pretty stunning assertion: that the foremost and most pervasive principle of the creation of the universe, is that God created it good. God was good, and he wanted it to be good: That's the starting point, that's causality.

Having said that, Timaeus then goes on to explain further:

After consideration, God found that among those things which are visible by nature, no whole creature which is lacking in intelligence could ever be better than a whole creature which has Mind, and that Mind cannot come to be in something that has no Soul. For this consideration, he framed the universe by composing Mind inside Soul, and Soul inside Body, so that he might produce a work most beautiful and most perfect by nature.

In this way, according to the language of simile, we ought to say that this world was created by the Providence of God as a living organism truly possessing Soul and Mind.

Consider this from the standpoint of LaRouche's insistence that the cognitive process is the organizing principle from which life flows, and that life in turn is the organizing principle from which non-living matter flows—and not vice versa. The above is what Plato had to say about precisely that topic: Plato has posed here that the universe is composed of the non-living, the living, and Mind, and that Mind is the higher ordering principle of the three.

This idea of the role that Mind plays in the living universe is also elaborated by Nicolaus of Cusa in the 15th Century, for example in his dialogue *The Layman: About Mind*, where he says: "Mind is a living substance. . . . Its function in this

body is to give it life and, because of this, it is called Soul. Mind is a substantial form of power."

As for Plato's insistence that God has produced "a work most beautiful and perfect by nature," we are reminded powerfully of Leibniz's concept of "the best of all possible worlds," that God created the world in the most beautiful and perfect way possible.

Plato then summarizes the argument he has made up to this point:

The body of the universe was created visible, but she, the Soul who partakes of reason and harmony, was invisible, created the most perfect of ever-conceivable and existing creatures, by the most perfect Creator.

But then an interesting inflection occurs in the dialogue, because Plato has Timaeus introduce the following idea. The Creator, the Composer, was very happy with what he had done so far, Timaeus tells us. In fact, he was overjoyed, and he loved it very much. (You may hear in this echoes of other discussions of genesis.)

When the Father who conceived it, imagined it moving, and alive, and a delight for the everlasting gods, he loved it and, overjoyed, he conceived a plan of how to render it still more like its exemplar. And since the exemplar is an eternal being, he set out to complete this universe as closely to that as possible.

Now, there's a problem here. Because God can't make Mind or man eternal in the same way God is eternal, because then man would be God. But God wants to make him more perfect still. Why? Because he really loved what he had done, and he was overjoyed by it. So what did he do? What would you do?

God created Time, as the moving image of eternity. Listen to it in Plato's words, which are most impressive:

Given that the nature of the exemplar is eternal, and given that it was impossible to perfectly bestow this eternal quality on a thing which is generated, he invented some moving image of eternity. So at the very same moment in which he set the heaven in order, he also made an eternal moving image of the one and un-moving eternity, an image which moves according to a metric. And this metric we have called Time.

So, Man sees his own actually eternal nature reflected in the movement of Time. Not in the ticking of a clock, but rather, in the way in which Time has been created by the Composer of the universe as a metric to make eternity simultaneous with Man's temporal existence. That's why God did it this way, according to Plato. I find the explanation quite

plausible. I certainly don't have a better idea than that one; certainly, not a more beautiful or striking one.

Later in the *Timaeus*, Timaeus, the astronomer, tells us that God set the planets and the orbs in motion as the means for measuring this presence of eternity as measured through Time. That's why the planets orbit the way they do, for that reason.

Plato then returns to the discussion of the relationship between this most perfect of creations, and the actual physical ephemerals which are present to Man's senses, the things which seem to be moved by material necessity.

Absolutely nothing which the act of becoming bestows to the changing realm of the senses belongs to eternity, since these are the forms of Time which imitate eternity, and revolve according to a metric.

Mind and Soul, however, are not ephemerals, and are thus the highest forms of the created universe:

For it must be said that, of all beings, Soul is the only one that has the right to possess Mind, because Soul is invisible, while earth, air, fire, and water are visible. For it is necessary that the lover of Reason and knowledge, seek the first causes of rational nature.

Plato's search for the first causes of rational nature brings him to the following conclusion of decisive importance for our knowledge and our understanding of the physical universe:

Because the birth of this world came forth as the mixed result of the coming together of Reason and Necessity, Reason rules over Necessity by persuading her to drive the greatest part of the ephemerals toward what is best; and our universe was initially put together when Necessity was defeated by rational persuasion in this fashion, and by these principles.

Reason rules over Necessity, Plato has told us, and drives it to the best results. Translation, if I may be allowed: *Invention is the Mother of Necessity*. It is not that problems which arise from necessity somehow create, from within its bowels, some creative breakthrough or invention. It doesn't work that way, no matter what you were told. It works the way Plato has said.

And since Invention is the Mother of Necessity, and not the other way around, Plato concludes — if I may paraphrase Leibniz from centuries later — that Man is the crown of Creation. In Plato's words:

God gave each one of us a divine genius, that which, as they say, inhabits the highest part of our body, in order

to uplift us from the earth toward our heavenly kinsmen, since we are an offshoot, not earthly, but heavenly.

We are not a virus; we are not a worm; we're not a piggy. We are an offshoot heavenly. And this is not a "market" out there; it's an *economy*. And for that reason, there is no reason whatsoever for this little piggy to keep going to market. It's time for a change.

The Case of California

Energy Deregulation Has Been a Disaster

by Richard Freeman

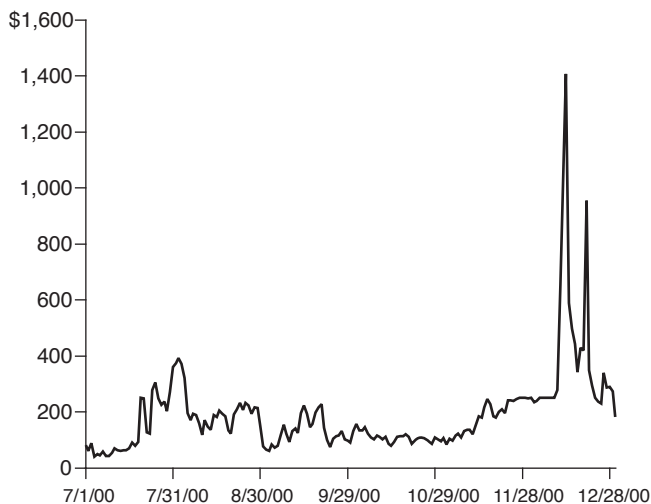
The following is excerpted from a speech to the conference of the Schiller Institute and International Caucus of Labor Committees, in Reston, Virginia, on Feb. 18. The full speech, titled "No Imports, No Lights," analyzed three forces that have created the ongoing destruction of the U.S. economy: the collapse of the physical economy, as exemplified by layoffs and declining production; energy price hyperinflation, typified by the case of California; and the collapse of the U.S. economy's global function as "importer of last resort." Our excerpts here focus on the second of these three tendencies. For information on the other two, see the following articles by Richard Freeman in EIR: "The Bursting of the U.S. Import Bubble," Jan. 19, 2001; "Collapse of U.S. Imports Threatens World's Leading Economies," Feb. 16; and "U.S. Economic Breakdown Enters New Phase," March 9, 2001.

... Presently, a ravenous, thieving policy of looting large revenue streams from the energy process in California, is choking California's economy and its citizens to death. This is being done under the name of deregulation and price competition. . . . The well-cultivated story is that that deregulation has something to do with lowering prices — if not now, then at some time in the future. If you believe that it is intended to lower prices, then you probably believe the letter in the mail from Ed McMahon that says you have won a million dollars.

Let us state the truth clearly: Deregulation is a policy that intentionally removes the protective safeguards that existed under electricity regulation, so that now a bunch of thieves, like Enron, or AES, or Reliant, or Duke Power, can charge whatever manipulated high price they wish for electricity on the spot market, and if you don't pay it, they will withhold

FIGURE 1□

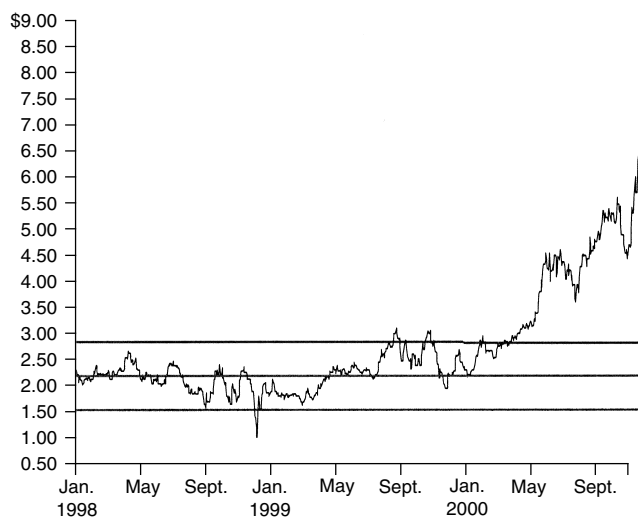
Deregulation Sends California Electricity Prices Soaring (Day Ahead Average Unconstrained Market Price)□
(\$ per Megawatt-hour)



Source: California Power Exchange.

FIGURE 2

Henry Hub Daily Spot Prices for Natural Gas Compared to Typical Range for 1998-99
Dollars per Million BTU



Source: Gas Daily.

the electricity until they get the price they are demanding. This is what they did to the state of California, this is what they are doing to the nation. That is deregulation. They are gouging loot, and you don't get that through low prices.

Let us see, what these electricity merchant thieves, who claimed to be interested in low prices, actually charged. **Figure 1** shows the Day Ahead Average Unconstrained Market Price on the California Power Exchange. This is the average price that a utility in California would have to pay for electricity if it bought the electricity the day before it is supposed to deliver it. This graphic starts in July 2000. What is not shown, and what you need to know, is that in 1999, the long-term contract price for electricity, not sold through the Power Exchange was approximately \$30 per megawatt-hour (a megawatt is a million watts). The real action came on Dec. 13, 2000, when the Unconstrained Market Price on the Power Exchange hit \$1,407 per megawatt-hour, which is 4,500% inflation over the normal and stable price of \$30 per megawatt-hour. Even when the price came down after Dec. 13, it still hovered at a price approximately 1,000% above the \$30 per megawatt-hour price.

The energy bandits transfer this wealth, which they are gouging out of the economy, into the speculative bubble.

Electricity is not the only energy source, in which speculation is creating inflation. **Figure 2** shows the price charged for natural gas at the Henry Hub, which is the major spot market for purchase and sale of natural gas. You see that between January 1998 and March 2000, the price of natural

gas traded in the range of \$1.50 per million BTUs (British thermal units), and \$2.50 per million BTUs, with the average price about \$2 per million BTUs. But by October 2000, the outlaws had manipulated the price up to \$9 per million BTUs, which is the last point on the graph that you can see, and then in November-December, it rose above \$10 per million BTUs. That's a fivefold increase in the price of natural gas in only seven months. Recently, the price has come down a little, but it is still far above where it was and what it actually costs to explore and produce. It should be mentioned that natural gas's price used to be regulated at the well-head, but was deregulated by Jimmy Carter.

Figure 3 is the price per barrel of West Texas Intermediate Crude Oil. What is most revealing, is that the oil price was driven down during 1997 and 1998, triggering a shakeout of some of the weaker players, which allowed the better-financed players to move in and buy them out. In late 1998, this culminated with British Petroleum's takeover of Amoco Company, Exxon's merger with Mobil, and Total's merger with Petrofina. Then, in part to recoup the debt from the takeovers, the price of oil was sent tripling to above \$30 per barrel. There were other reasons for the price increase, including the worldwide hyperinflation.

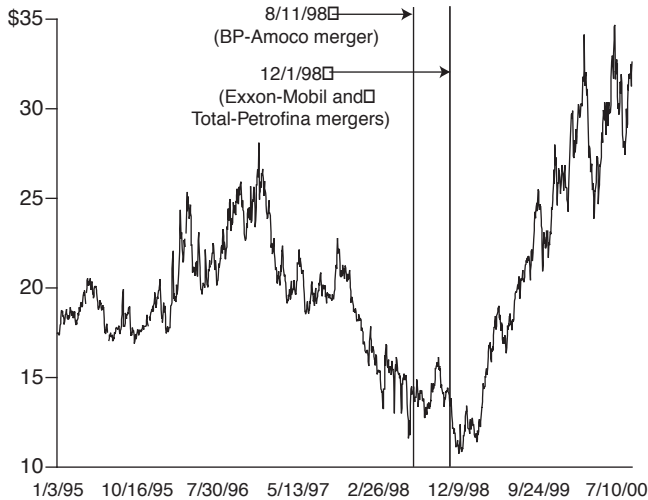
Now, we will look at how this price inflation on the wholesale level translated to inflation on the retail level, either the home resident, or the businessman, or the farmer. **Figure 4** shows what it cost a California resident to heat his home this Winter with natural gas. It was constructed by taking the official cost to heat a home with natural gas in California, for

FIGURE 3

Oil Price Skyrocketed in Wake of Big Mergers

Oil price, West Texas crude
(\$ per Barrel)

millions-line under figure head-Helvetica Reg 7/12



Source: Wall Street Journal.

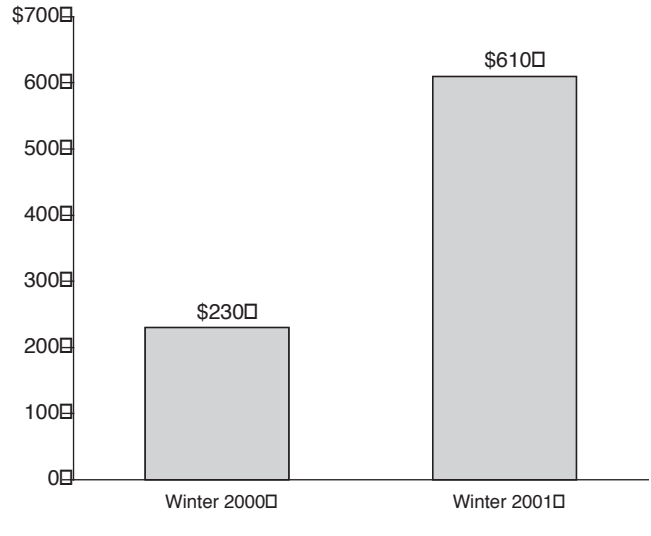
the month of January of this year, and multiplying it by the five months that the Department of Energy considers to be in Winter. For heating cost purposes, the Energy Department considers Winter to run from Oct. 1 through March 1. While I don't believe for a moment the official figure that a California resident will spend only \$610 for five months of Winter of this year heating his home with natural gas—some Californians report spending \$300 for such gas heating for only one month—what is most interesting, is that energy officials claim that the heating cost went from \$230 in Winter 2000 to \$610 in Winter 2001. This is an admission of an increase of 2.65 times.

Many citizens know of multiple price increases, in electricity, in natural gas, in propane, in oil. State Sen. Tom Jack-son (D) of Alabama reported that the Bush-allied energy thieves quadrupled gas bills for some citizens in his state, from approximately \$100 per month to \$400 per month. This is causing destruction across the country, from Vermont and Massachusetts to Florida to Washington State.

At the same time, deregulation has set the hair-trigger for collapse of the world financial system through default of California's two largest utilities, Pacific Gas & Electric and Southern California Edison. These companies were charged sky-high prices for the electricity they bought from the Bush-allied energy pirates. For reasons of the way the deregulation law was formulated, they could not pass these higher costs for purchased electricity on to the customer (not that we would want them to pass on such high prices!). They have accumulated approximately \$12 billion in debts to purchase the

FIGURE 4

Average California Home Heating Cost Using Natural Gas



higher-priced electricity, on top of somewhere between \$5 and \$8 billion of debt that already existed. They cannot pay the debt and obligations. They can blow the financial system sky high. They owe substantial sums of money to Bank of America, Wells Fargo, and J.P. Morgan Chase banks, as well as to at least two dozen other banks, including Crédit Agricole in France, Deutsche Bank in Germany, and insurance companies, pension funds, the Treasuries of counties in California, etc.

Subsidizing the Pirates

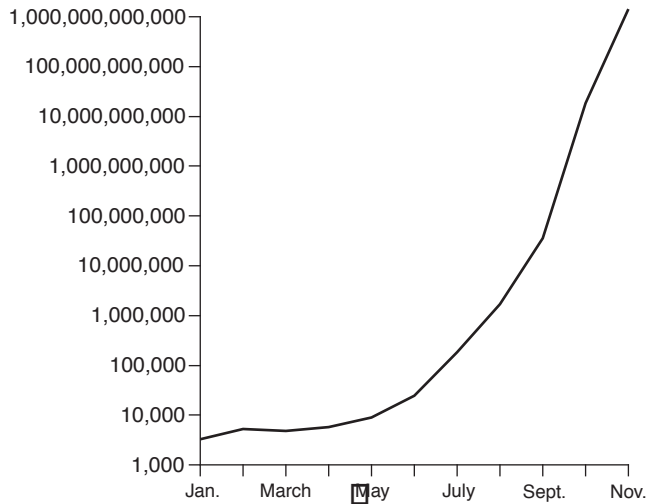
Now, here comes a critical test for the fight for re-regulation. If you are not willing to fight for it, you will propose stupid and insane measures. So, the State of California has already taken \$400 million from the Los Angeles Water District's Treasury, and used it to buy electricity and sell it, at lower prices, to PG&E and Southern California utilities. What this means, is that the Los Angeles Water District is subsidizing the energy pirates AES, Reliant, and Duke Power, because it is paying the higher costs of energy. Now, the entire state government of California Gov. Gray Davis, even though he knows and has denounced deregulation in quite pointed terms, is nonetheless proposing a short-cut: that the state issue \$10 billion in bonds, with which it will buy electricity from the energy bandits, at the prices charged by the bandits, and sell it at lower prices to PG&E and Southern California Edison so that they can distribute it at a lower price to their customers. This is the same subsidy plan as the Los Angeles Water District, and is money down the sink-hole.

The danger is that the hyperinflation in energy prices will

FIGURE 5□

Weimar Hyperinflation in 1923: Wholesale Prices (1913 = 1)□

(logarithmic scale)



not only push up the global hyperinflation, but the two processes become intertwined, sending prices higher and higher to feed the speculative bubble. The hyperinflation was kicked off in a big way in August 1998, when the Russian government declared a moratorium on short-term Treasury debt and categories of corporate debt. This shook the world financial system. On Sept. 23, 1998, the Long Term Capital Management (LTCM) hedge fund failed, with \$1.25 trillion of bad derivatives debts outstanding, which could have melted down the world financial system. Alan Greenspan of the Federal Reserve did two things. He strong-armed 16 banking houses to make a \$3.6 billion capital infusion into LTCM, and then, between September and November of 1998, he cut the Federal funds rate three times, and turned on the printing presses full-force. A wall of money was sent into the economy, and each time over the next few years that the financial bubble seemed to be failing, including when the stock market melted down last year, Greenspan threw money at it.

The fundamental problem is this. When the rate of increase of monetary aggregates—basically, the money supply—becomes greater than the rate of increase of financial aggregates, representing the financial bubble, which the money pumping is supposed to hold up, a boundary condition is crossed, and a Riemannian shock wave front is generated, of hyperinflation. This is what happened in the Weimar Republic in Germany, between March and November 1923 (**Figure 5**), and this sent prices out of control, and destroyed the economy.

Now, this is the danger of what could happen. If price

increases of three, four, or ten times are pushed through, then what happens to the economy? The fact that deregulation was pushed through in California is not accidental. It is not only America's most populous state, with 35 million people, but it is entirely energy-intensive in its agriculture and manufacturing. California is a test-tube case for deindustrialization, and this will have effects across the country.

Consider California's agriculture. A lot of it is irrigated, such as in the Imperial Valley, which used to be a desert. By water infrastructure and irrigation, it was turned into the largest vegetable-growing region in the country. But water infrastructure and irrigation take a lot of energy. California is the nation's largest agricultural producer. In 1989-91, it produced the following percentage of the nation's output of the following crops: almonds, 100%; prunes, 100%; pistachios, 100%; olives, 100%; walnuts, 99%; nectarines, 97%; grapes, 91%; broccoli, 90%; processed tomatoes, 90%; plums, 85%; avocados, 83%; lemons, 81%; strawberries, 78%; safflower, 77%; lettuce, 75%; celery, 73%; peaches, 66%; carrots, 58%; asparagus, 43%; alfalfa seed, 38%; oranges, 34%, and so forth. It is also a large producer of milk, rice, and cotton.

California is also the nation's largest manufacturing state. One out of ten of America's 18.4 million manufacturing workers is employed in California. In October 2000, California had a manufacturing workforce of 1.93 million workers, which is nearly twice the number of manufacturing workers of the state with the next largest manufacturing workforce, Ohio.

The Spread of the Effects

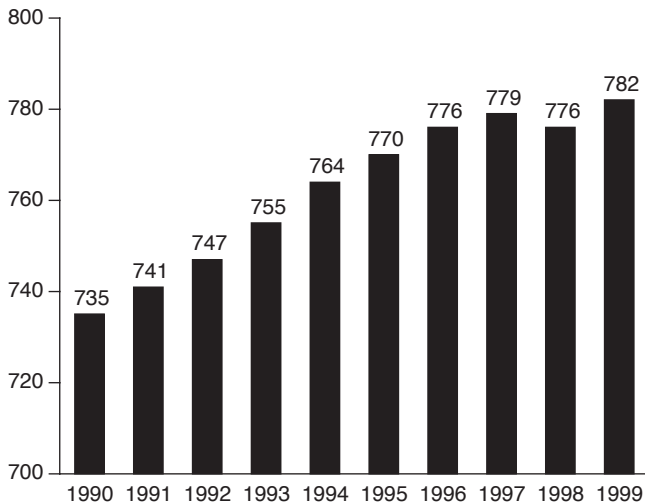
As the effects of the process spread, a few points follow. First, the energy price increases were imposed on an energy grid that was underdeveloped and/or broken down. **Figure 6** shows installed U.S. electric generating capacity. It shows that in 1990, the United States had 735 gigawatts of installed generating—a gigawatt is a billion watts. It rose slowly to 771 gigawatts of installed capacity in 1999, the latest year for which data exist. However, this did not keep up with bare population growth, as is shown in **Figure 7**. In 1990, the U.S. had installed generating capacity of 2,956 watts per citizen; in 1999, the U.S. had installed generating capacity of 2,862 watts per capita. Thus, this is a fall of 3%. We estimate that between 1990 and 1999, installed generating capacity in California fell 7-8%.

Under the constitutional concept of the General Welfare, energy is not just one among several commodities to be traded, by a bunch of gamblers. It is a critical element of infrastructure; in specific, it is an organized flow that helps transform the economy to higher and higher forms of power and efficiency.

Thus, whether energy generation is publicly or privately owned is not the issue, or whether someone makes a profit from power production—provided it's reasonable—is not the

FIGURE 6

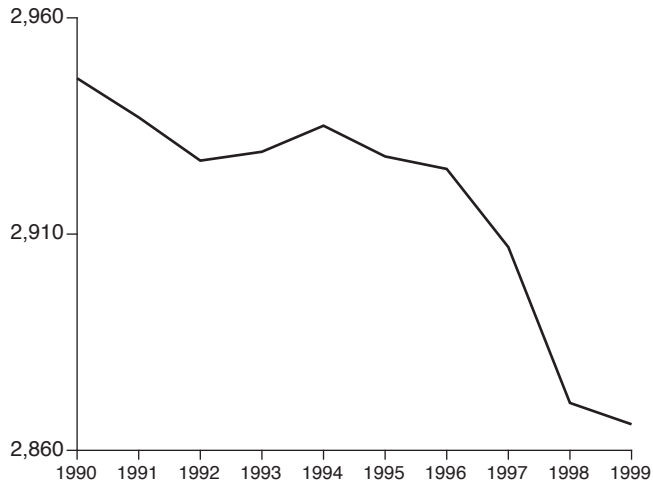
Installed U.S. Electric Generating Capacity, in Gigawatts



Source: Energy Information Administration, U.S. Department of Energy.

FIGURE 7

Installed U.S. Electrical Generating Capacity, in Watts Per Capita



Source: Energy Information Administration, U.S. Department of Energy; U.S. Department of Commerce.

issue. Whether under public ownership or under private ownership for profit, it must be used for the General Welfare, to advance the economy, and thus be under regulation to ensure that that happens. Given the vital role of energy, there must be no compromising with the need for regulation. Thus, Mr. LaRouche’s call for re-regulation has particular urgency: We must re-regulate the utility industry in California and across the country. This also requires the application of Chapter 11 bankruptcy procedures, where appropriate, to utilities that have been burdened with debts from the California deregulation debacle. Any utility that had debts illicitly imposed on it, must be freed from the debts, through Chapter 11 bankruptcy reorganization, so that it can return to its principal job of getting electricity to the economy.

This is a cutting-edge task, which we must keep our focus on. This is not to take away from the crucial responsibility to build up the production of power plants and other energy infrastructure. For the past 30 years, Mr. LaRouche has written development programs for power development, for infrastructure development, for the United States and the world. However, first, to create the conditions to realize all that must be done, we must break the stranglehold of the energy thieves like Enron and Reliant, and the policy of deregulation, which is the principal cause for the energy crisis.

End of the Importer of Last Resort

[Freeman’s speech concluded with the “importer of last resort” relationship, by which America sucks in huge quantities of physical goods from the world’s nations, extending

from clothing and stoves, to the machine tools that it needs for bare survival; and many nations, including Mexico, Japan, and China, are extremely dependent on the U.S. market for their exports.]

The game is over. The ending of the “importer of last resort” will simultaneously bring on a U.S. and world production crash, and a world financial breakdown. Think of the interconnection of the ending of the “importer of last resort,” to the energy hyperinflation. Think of losing imports, and the resulting spiralling downward of the U.S. economy. Then, insanely, in the middle of that, jack up energy prices 400, 500, 5000 times. This is a total recipe for destruction. When Lyndon LaRouche said that we are in . . . the biggest financial and economic breakdown in 300 years, there is not a single scintilla of exaggeration. That’s reality. There are no short-cuts, like the one that Gray Davis tried in California. This is the time for LaRouche’s scientific method.

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 Paid for by LaRouche in 2004.

California's Crisis Threatens the Nation

by Marsha Freeman

In mid-March it became increasingly clear that the sixth-largest economy in the world, that of the state of California, is headed for a literal new Dark Age. Rolling blackouts hit the state on March 19 and 20, *although electricity demand was lower by one-third, than it was on the peak days of the last two Summers, and will be this Summer*. The state's power capacity is already crippled by deregulation, and March was only a small prelude to what the hot weather will bring.

Regardless of what you read every day, this crisis was not caused by a shortage of capacity, or power-hungry consumers, or environmental regulations, but by the "greatest train robbery" in American history. Deregulation allowed a handful of wholesale electricity suppliers, most from out of the state, and most from George W. Bush's Texas, to take actions, including keeping generating capacity off-line, in order to create the appearance of a shortage. This cover story was used to charge whatever ransom for power they could get away with, while they try to convince the gullible that demand has outstripped supply. This profiteering has created a "power market" which threatens the entire nation with ruin. Here is the wave of disaster already breaking over close to 20% of America's national production, including its aerospace, aircraft, and high-tech centers:

- California's total costs for electric power, which were \$6-7 billion a year until last year, soared to \$27 billion in 2000; they could reach \$70 billion during 2001.
- The state's \$10 billion bond issue, planned to stabilize electric purchases for ten years, may run out *this September*, and isn't even fully committed yet.
- The California state budget, which had the nation's largest surplus reserve fund, is blowing out; 65% of that accumulated surplus has vaporized in the last three months.
- The state's power-grid operator charges that Texas "robber baron" companies looted California of \$6.2 billion in hyperinflationary overcharges, just from last May to this February.
- Smaller, in-state power-generating companies are disappearing. Not having been paid for months by the state's big utilities for power, these companies are taking their power off the market or going bankrupt outright.
- Hundreds of large and small companies, from Silicon Valley to the smelter belts of the aluminum and copper industries, are shutting plants or going bankrupt, and were hit in late March with another 40% rate increase.

Inflation Is Spreading

Any citizen, legislator, or Federal lawmaker who thinks that this is "California's problem," should think again.

On March 26, economist Steve Cochrane reminded the readers of the *San Francisco Chronicle* that "everything we produce or consume requires power." Cochrane predicted that the price tag for goods produced in California, and consumed all over the country, will rise 2-4%. This is very conservative. According to the Bureau of Labor Statistics, the consumer price index for the Bay Area of Northern California has already risen 6.5% from February 2000 to February 2001, 3% higher than the national figure.

Considering how much of the food you eat and the high-technology products you depend upon for your daily standard of living comes from California, consumers and industries around the nation will now feel the effects of this run-away speculation in energy.

The tentacles of California's financial disaster have already reached your state. Pension funds, municipalities, and school districts across the nation that hold California utility debt are seeing their investments become worthless. Payments in the tens of millions of dollars have already been missed by the utilities to the State Teachers Retirement System of Ohio, the Tennessee Consolidated Retirement Fund, and dozens of others.

And if the richest state in the union is heading for dissolution, thanks to its deregulation policies, how far behind can others be?

Plenty of Supply, But Not For Sale

If the demand for electricity in California was less than 30,000 Megawatt on March 19, when the state had to institute rolling blackouts to protect the grid, why weren't there blackouts last August, when demand was nearly 45,000 MW, or 50% higher?

While the Winter season is when scheduled maintenance for power plants generally takes place, state agencies say that *this* Winter, there was suddenly a 50% increase in the number of power plants off line, making more than 11,000 MW of capacity unavailable. When State Public Utilities Commission officials tried to investigate whether the plants were taken down to create an artificial shortage and drive up the price ("gaming" the market), they were physically stopped at some of the plant gates.

For nearly a year, state officials have appealed to the Federal Energy Regulatory Commission (FERC), currently headed by free-market ideologue and Trent Lott protégé Curtis Hebert, to investigate and punish instances of market gaming. Under intense political pressure, FERC's Hebert released a report on March 15 naming Williams Energy Marketing & Trading, based in Tulsa, and AES Southland of Virginia, as having taken power plants out of service in April and May of last year, for the sole purpose of driving up the price.

Another factor leading to the rolling blackouts stemmed

from the financial distress of Southern California Edison and Pacific Gas & Electric, which have been failing to pay small producers for electricity since November. About 3,000 MW—10% of total demand—were off-line during the two days of blackouts, as non-utility producers, which sell relatively small amounts of power to the utilities, shut down their plants for lack of funds. “Creditors committees” of these smaller producers, facing bankruptcy themselves, have been formed to try to force the two utilities into bankruptcy.

Supply at a Price You Can’t Afford

On March 22, California’s Independent System Operator (ISO), charged with operating the state’s electric grid system, filed documents with FERC in Washington, alleging and documenting that between May 2000 and February 2001, 26 electricity suppliers charged in excess of \$6.2 billion over the competitive market price for power. The filing states, that “the current level of unjust and unreasonable wholesale electric prices cannot be sustained without threatening even further the economy of California and, indeed, of the nation.”

The ISO studies show that “market power,” or the ability to drive up prices beyond what they would be in a competitive environment, accounted for about 30% of the cost the now nearly bankrupt utilities were paying for electricity (Figure 1). This 30% monopoly markup was evident not just during emergencies, when a case could be made that supplies were tight, but during *all* times.

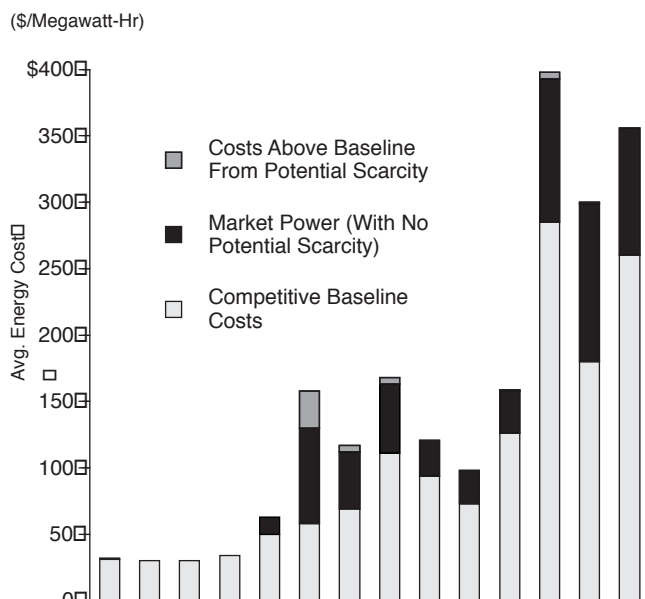
The ISO also addressed the problem of “megawatt laundering,” or the practice of scheduling power produced in California for sale to out-of-state customers one day ahead of time, and then re-importing it for sale in the real-time or spot market at a substantial mark-up.

On March 15, Dr. Frank Wolak of the ISO’s Market Surveillance Committee informed the Governing Board that based on an extrapolation of prices for the first two months of this year, California’s electricity costs could total \$70 billion for 2001, compared to less than \$6 billion in 1998, and \$7.43 billion in 1999. It has been projected that the \$10-12 billion bond sale that the state is planning for June, may not be a ten-year stabilization plan, but may run out in September.

On March 21, the State Controller reported that the California surplus had fallen from \$8.5 billion to \$3.2 billion since January, when the state started purchasing electricity for the financially strapped utilities. Cuts have already been made in education, transportation, and other infrastructure programs because deregulation has allowed energy speculators to profiteer.

Officials in California are playing out an end-game scenario that could push the state, as well as the utilities, into bankruptcy. There is no solution through “conservation,” or raising prices to “send a market signal” to consumers that they have to cut back to prevent blackouts. On March 27, the Public Utilities Commission announced an electricity rate increase that will raise the power generation rates for about half the

FIGURE 1 □
Impact of Market Power on Wholesale Energy Prices □



Source: Independent System Operator, March 22, 2001 Filing.

California’s Independent System Operator finds \$6.6 billion in overcharges by suppliers from May 2000, to February 2001. The vast majority of this robbery—the black bars—involved no scarcity, no statewide power alert. FERC covers up this looting, by counting only overcharges during alerts—the tiny dark gray parts of the bars.

state’s residential consumers by over 40%. In addition to “proving” to Wall Street that the state is serious about paying for the power it has been spending the state’s budget to buy, this increase is supposed to motivate people to “conserve,” or voluntarily enforce cut-backs on their energy use.

During the Summer of 1997, more than 300 people died during a heatwave in the city of Chicago. Many of those who perished not only had fans in their homes, but also air conditioners. Many were elderly or otherwise on fixed incomes, and did not turn on their air conditioners, because they feared not being able to pay their electric bills. What kind of “market signal” is that?

California, New England, New York, and an increasing number of regions of the country are facing prices for electricity this summer that will put their economy, and life and limb, at risk. The hyperinflation, that is the result of a speculative frenzy by financial interests out to steal as much as they can from the \$250 billion per year people pay for their electricity, is spreading through energy-intensive industries, such as mining and aluminum, and farming and manufacturing. Like the plague, no one is immune, and few will be spared.

No 'Plunge Protectors' On Bush Economic Team

by Art Ticknor

With the Japanese banking system near the breaking point, with global stock markets collapsing, and with currency crises breaking out from Turkey to Argentina, events are racing far ahead of the ability of the Bush Administration "economics team" to respond. A review of the backgrounds, writings, and accomplishments of the key economic advisers reveals a group with conflicting viewpoints. If the Clinton-era troika of Robert Rubin, Lawrence Summers, and Federal Reserve Board Chairman Alan Greenspan was dubbed "the plunge protection team" and the "committee to save the world," one can imagine the Bush team being bestowed with such labels as "the plunge accelerators" and "the gang that couldn't plunge straight." We provide here brief profiles of the key players on the Bush "economics team."

The Treasury Secretary

Paul O'Neill was sworn in as Secretary of the Treasury on Jan. 30. In his confirmation hearing on Jan. 17, he reassured us all that as globalization spreads, "the magic of the economic system will help to raise everybody's standard of living." Wages for workers in other countries depend, he said, on "political experience and the financial system." Mexico's low standard of living isn't caused by free trade and globalization, in O'Neill's view, but by its lack of a stock market! He declared, "We should not fear absolute free trade," and endorsed a tax cut.

O'Neill has long had good relations with Vice President Dick Cheney and Greenspan—he worked with both during President Gerald Ford's Administration. He worked in the Office of Management and Budget (1967-77), rising to Deputy Director when Cheney was Ford's Chief of Staff. Greenspan was a member of the Alcoa Board of Directors that selected O'Neill as chairman (and CEO) in 1987.

O'Neill has been chairman of the RAND Corp. Board of Trustees since 1997 (and a Trustee since 1988), playing a key role in the Russian-American Business Leaders Forum at its Center for Russia and Eurasia, together with Donald Rumsfeld, Robert Zoellick, and Kenneth Dam. He is a Trustee of the American Enterprise Institute (AEI), and on the Board of Directors of the Institute for International Economics, which contributed to the formulation of the North American Free Trade Agreement (NAFTA) and the proposed Free Trade Area of the Americas (FTAA).

Even though O'Neill was a captain of industry (he was also president of International Paper), he is part of the crew

that now loots the productive economy.

The President's Man

Lawrence Lindsey is Assistant for Economic Affairs, and will also head a new White House office that the Administration says will be similar to the National Economic Council, set up in 1993 by President Clinton. He was the chief economic strategist of Dubya's Presidential campaign, helping to craft the tax cut proposal and Social Security reform (i.e., privatization) program.

In 1981, Lindsey joined the Reagan Administration's Council of Economic Advisers, chaired by Martin Feldstein, where he pushed the Wall Street tax-cutting bubble-building policy known as "Reaganomics."

Lindsey's specialty is the use of tax policy to stimulate "growth," through the application of incentives to investors. Since the biggest investors are the rich, growth, in Lindsey's view, comes from helping the rich get richer. The essence of Lindsey's philosophy is, "The only permanent motivating force in this world is self-interest," as stated in a speech to a Community Development Lending Conference in Dallas, Texas in October 1996.

The 'Moral Hazard'

Peter Fisher, nominated to be Undersecretary of the Treasury for Domestic Finance, is known as the "troubleshooter" of the financial markets, the fixer who controls what's left of the Clinton-era "plunge protection team," out to save the speculative bubble. He was the Executive Vice President of Markets for the Federal Reserve Bank of New York (FRBNY), and Manager of the System Open Market Account for the Federal Open Market Committee, in charge of implementing the central bank's policy of pumping a "wall of money" into the financial system.

The collapse of the Long Term Capital Management (LTCM) hedge fund in September 1998, triggered hysterical behavior on the part of Greenspan, FRBNY President William McDonough, and Fisher, who muscled 14 banks to pony up a \$3.6 billion cash infusion into LTCM, in an attempt to prevent the entire world's derivatives market and banking system from melting down. As Fisher put it, they feared "this layer cake becoming unglued" and putting the world's financial markets at risk.

Fisher was again the point man to pump massive amounts of money into the system near the end of 1999, using the pretext of needing expanded reserves to deal with Y2K-induced anxiety among investors and consumers. At a press conference held at the New York Fed, he assured the market that liquidity will not dry up.

The Rest of the Team

Gary Eson, a venture capitalist and free trader, was named to the new position of Deputy Assistant to the President for International Economic Affairs and Deputy National Security Adviser. He will serve as a deputy to both Bush's

chief economic adviser Larry Lindsey and National Security Adviser Condoleezza Rice.

Edson will be responsible for coordinating and integrating international economic policy with national security and foreign policy, that is, coordinating responses to the financial crisis. He will also be the U.S. coordinator for the annual summits of the Group of Eight countries.

At the 1992 conference of the Organization of Women in International Trade, when he was the chief of staff to U.S. Trade Representative Carla Hills, Edson intoned: "It is too easy for protectionism to rear its head; we need to collectively fight temptation and work toward open markets." He also proclaimed, on the Fox-TV "Morning News" program in Washington on Aug. 12, 1992, that NAFTA "will create good, high-paying jobs for Americans." Edson oversaw the final drafting of NAFTA, and participated in the negotiations on the General Agreement on Tariffs and Trade (GATT).

Kenneth Dam, whom Dubya intends to nominate as Deputy Secretary of the Treasury, was brought to Washington by Secretary of State George Shultz in the Nixon Administration, where he worked as a budget analyst with Paul O'Neill, and was Executive Director of the Council on Economic Policy in 1973. He served as Deputy Secretary of State under Shultz from 1982 to 1985. Shultz and Dam co-authored a book, *Economic Policy Beyond the Headlines*, which attacked International Monetary Fund (IMF) "bailouts," as saving reckless investors and lenders.

"A major, IMF-generated problem—perhaps an international monstrosity—may well be the result" of the more than \$100 billion in loan packages that were marshalled in Asia, they wrote. "Against the background of the Mexican rescue, and now the much larger East Asian bailout, emerging market borrowers and especially developed country lenders are being convinced by experience and observation that they will be bailed out in case of big trouble. They can say to themselves, 'Heads I win, tails you lose.'"

Dam participated in the Russian-American Business Leaders Forum of the RAND Center for Russia and Eurasia in 1997-98, on "the impact of privatization on Russia's social and political stability" and "managing the social dislocations of global competition."

As part of a New York Council on Foreign Relations task force which, in 1999, issued a report, "Safeguarding Prosperity in a Global Financial System: The Future International Architecture," Dam favored reducing the IMF's activities and limiting the size of its loans.

Sean O'Keefe is deputy director of the Office of Management and Budget. Cheney called him one of his "closest advisers," when announcing his appointment as Acting Secretary of the Navy in July 1992, having served as Comptroller and Chief Financial Officer of the Defense Department since 1989. He is Director of National Security Studies, a partnership of Maxwell School of Citizenship and Public Affairs at Syracuse University (where he was the Louis A. Bantle Professor of Business and Government Policy) and Johns

Hopkins University's School of Advanced International Studies, which provides executive training programs for senior military and civilian Pentagon managers. In September 1992, he wrote, "America's influence depends on its ability to sustain military operations around the globe," in . . . *From the Sea*, a Navy and Marine Corps White Paper.

O'Keefe is a member of the Naval Post-Graduate School's civil-military relations seminar team for emerging democracies—training coordinators to help overthrow governments—in Central Europe, Southeast Asia, and Ibero-America. In 1994, he conducted a seminar program for the Strategic Studies Group at Oxford, and participated in a Center for Security Policy roundtable discussion (with Paul Wolfowitz) on foreign policy. He also served on the national security panel to devise the 1988 GOP platform.

Robert Glenn Hubbard, Lindsey's friend, has been nominated as chairman of the Council of Economic Advisers. As Deputy Assistant Secretary at the U.S. Treasury Department (1991-93), Hubbard claimed that the richest 1% of taxpayers made only 11% of the income gains during the 1980s. He advocates a large tax cut for the rich, claiming that this will spur entrepreneurial activity, saying, "The rich get rich by taking risks, and you don't want tax policy that discourages risk taking." He also calls for privatization of Social Security. Hubbard is a professor of finance and economics at Columbia University, and a visiting scholar at AEI. He also serves on the Panel of Economic Advisers at the Federal Reserve Bank of New York.

Mark Weinberger, proponent of the "Chilean model" of austerity policy, is Secretary of the Treasury for Tax Policy. He is on the Advisory Board of the Cato Institute's Project on Social Security Privatization (José Piñera, the looter of Chile's state pension fund, is co-chairman). Weinberger claimed in 1996 that higher standards of living (as reflected in higher wages) are, in part, causes of Social Security's "fiscal imbalance," in "Social Security: Facing the Facts." He omits the truth that monetarist policies are responsible for the decay of the productive physical economy, of which the Social Security problems are but a reflection.

Weinberger attacked the principle of government's constitutional responsibility to promote the General Welfare: "The Federal government should plan also to strengthen the other two legs of the stool that supports people during their retirement years—private savings and employer-provided retirement plans—so as to ease the pressure on the Federally financed leg."

He was senior adviser and counsel to the National Commission on Retirement Policy, launched by the Center for Strategic and International Studies (CSIS) in 1997, with a call for America to "save more and spend less"; and was appointed to the Social Security Advisory Board by President Clinton, strongly recommended by Sen. Trent Lott (R-Miss.), in October 2000. He also served as chief of staff to the Entitlement and Tax Reform Commission in 1994, and as adviser to the Kemp Commission in 1995.

Hospital Protests Are Growing: Will The Congress Act?

by Dennis Speed

With virtually all of Washington, D.C.'s 700,000 residents now following the growing battle over whether the city's public general hospital will remain open and be expanded, or shut down on Congressional orders, Rep. John Conyers (D) of Michigan hosted an extraordinary Congressional briefing March 22: "National Public Hospital Safety Net in Crisis; D.C. General In Focus." Over 300 of Washington's residents, bolstered by delegations from Maryland, Virginia, Pennsylvania, New Jersey, New York and Massachusetts, and state legislators Harold James (D-Pa.) and Erik Fleming (D.-Miss.) heard the testimony that you will find exclusively reported in this issue.

Controversy surrounded the event. The *Washington Times* reported it to its readers as "Unsanctioned Briefing on D.C. General." A D.C. community newspaper called *Common Denominator* reported that "Conyers, . . . the dean of the Congressional Black Caucus and a leading advocate of universal public health care, has weighed in with support for maintaining D.C. General Hospital as a public entity. . . . Overreported objections by Mayor Anthony Williams and D.C. Delegate Eleanor Holmes Norton, the Detroit Democrat hosted a public briefing March 22 at the Rayburn House Office Building."

The controversy was not only due to the central role played by Lyndon H. LaRouche, Jr., and by Dr. Abdul Alim Muhammad of the Nation of Islam, in calling attention to the Nazi economic policy outlook behind shutting the only public hospital in the nation's capital. The "heat" around this mobilization also reflects brutal pressure being put on Washington officials, by Conservative Revolutionaries in Congress and and by Washington banking and real estate interests, to "close the damn hospital down," and make the city an example of fascist economic austerity (see article, p. 46).

Increasingly, it has become clear that winning the D.C. General fight depends upon exposing the "armies of the night" that are organized around the leadership of Katharine Graham's *Washington Post*, threaded throughout the "community action organizational network" of D.C., which have operated for decades on behalf



The fight to “Save D.C. General Hospital” finally reaches Congress. Rep. John Conyers (D.-Mich) and State Rep. Harold James (D.-Penn.) at the dias during the March 22 Congressional briefing, which heard 17 witnesses and experts on the national and international issue at stake in the threat to close the capital’s only public hospital.

of real estate interests dedicated to a plan of “Negro Removal.”

Doctors in Germany, Australia, and other nations, briefed on the fight to save public health in the United States, have seen the U.S. fight as identical with their own. Demonstrations against hospital shutdowns have spread from Berlin to all of eastern Germany, also with prominent participation of LaRouche’s co-thinkers. In the United States, caucuses of state legislators from four states have either urgently demanded their Congressional representatives act to save D.C. General Hospital, or were present themselves to testify at the forum convened by Conyers. The reason the protests are spreading, is the presence of the LaRouche forces’ leadership, in a situation rendered revolutionary by rapidly failing economies and public health systems. Since 1973, over 30 new diseases have emerged worldwide, many of the which have no known cure.

It is incumbent upon the United States to lead a global war against disease, starting with Congress resurrecting the 1946 Hill-Burton national standards for hospital care. That legislation provided for massive expansion of hospital infrastructure in this nation, and made it, decades ago, a model for public health systems, and for life expectancy, throughout the world. Instead, Rep. Ernest Istook of Oklahoma in July 2000, threatened to throw Mayor Williams in jail if he, or the City Council, or even the D.C. Financial Control Board, kept the hospital open, and people alive.

The world increasingly watches the drama unfolding around D.C. General. In 1999, Al Gore played a central role

in stopping the production of generic drugs to fight AIDS in South Africa. Now, the Bush Administration, through the World Trade Organization, seeks to stop highly successful programs for AIDS treatment in Brazil, and by extrapolation, India and South Africa. Mayor Williams himself, in a letter issued March 28 to the District’s citizens trying to *justify* the hospital’s shutdown, admits that in Washington “the life expectancy of its African-American men is ten years lower than the rest of America’s, and the city has the country’s highest rates of infant mortality, diabetes, and HIV infection.” Why, then close D.C.’s only public hospital, an institution that has been serving its residents since 1804?

Such policies are reminiscent only of those of Nazi medicine, the precursor to the concentration camp system. That, too, was justified as “cost effective.” Lyndon LaRouche warns, “Whatever else the early future might bring for Georgia’s Newt Gingrich, he, and his infamous ‘Contract With America’ will continue to typify the variety of fascist ideology which currently dominates the radical, populist wing of the U.S. Republican Party. This is not only a national issue of U.S. internal affairs; it is a strategic threat, both to the United States itself, and of global importance for humanity as a whole.” In a world with no public hospitals, and raging, incurable epidemics, will nations burn their dead in mass graves, rather than treat them?

Winning the fight for D.C. General could establish an American commitment to reject genocide, and to fight in favor of the general welfare of humanity as a whole. The Founders would have expected nothing less.

Conyers Underlines Hospital Fight With Bill to Expand Health Insurance

by Debra Hanania-Freeman

On March 21, Congressman John Conyers (D-Mich.), Ranking Member of the House Judiciary Committee and dean of the Congressional Black Caucus, introduced HR 1142, the Working American Families Access to Health Care Act. The legislation, also named the Medi-Access bill, is co-sponsored by Rep. David Bonior (D-Mich.), Rep. Donna Christian-Christensen (D-V.I.), and Rep. Stephanie Tubbs Jones (D-Ohio).

Referring to the growing health-care crisis in America, Mr. Conyers stated, “This legislation will expand Medicaid insurance to all uninsured Americans, including legal immigrants, as an entitlement for the truly needy, or through a ‘buy in’ of the successful Medicaid program. The Federal government would cover 100% of any new eligible populations or services. This is a landmark health-care bill that is simple to implement, given we already have an efficient and effective state-administered Medicaid program.”

The next day, Conyers, a long-time advocate of universal public health care, hosted a forum on Capitol Hill, despite reported objections from Rep. Eleanor Holmes Norton (D-D.C.) and District Mayor Anthony Williams. The briefing was entitled, “National Public Hospital Safety-Net in Crisis: D.C. General Hospital in Focus.” Conyers said that the pending closure of the city’s lone public hospital points to a larger national problem—eliminating health-care options for the nation’s working poor—that had to be addressed.

“The forum on Capitol Hill,” Conyers explained, “was meant to educate and discuss solutions on how to provide national health insurance for all Americans, and begin the process of mending and ending the fragmented state of the American health-care system, that is not working for millions of Americans. We heard testimony from health-care experts across the country, including state representatives and health-care providers from other states, who have also experienced serious funding problems and closings of public hospitals that have had a serious negative impact on the delivery of health care to the poor and uninsured. We as a nation must come together to ensure that all Americans have access to a strengthened public safety net hospital system, and also have quality and affordable health care; regardless of one’s em-

ployment status, income, or race. But that is not the case in America.”

Conyers continued, “Public safety net hospitals have been closing or on the verge of closing all across America. Many hospitals in the inner cities must resort to creative solutions and financial restructuring to avoid closings. Public safety net hospitals have uncompensated costs due to offering health-care services to the uninsured. It is time for the Congress to take a more serious look at this problem, and implement effective solutions to address it, so that our health-care safety net can continue to effectively provide vital health-care services for the millions of uninsured and the working poor. I intend to continue to work through the Congressional Black Caucus Braintrust to ensure that access to health care for all Americans is adequately addressed in the 107th Congress.”

‘Single-Payer’ Health Insurance Bill

In each of the last three Congresses, Conyers has introduced the single-payer universal coverage bill, and says he will do so again during this session. During the 106th Congressional session, he sponsored legislation that would allow patients and their health-care providers—not a health maintenance organization (HMO) administrator—to make the best medical decisions regarding patient care, by allowing health-care professionals to bargain collectively, through a limited exemption under the antitrust laws.

This historic bill would have allowed physicians to jointly negotiate the terms of their contracts with health insurance plans. H.R. 1304 was passed in the House by a huge margin, but failed in the Senate. Conyers says he will reintroduce the legislation in the 107th Congress.

H.R. 1142, Conyers’ latest and most comprehensive attempt to date, to address the nation’s growing public health emergency, seeks to amend Title XIX of the Social Security Act, to permit uninsured individuals with family income up to 300% of the poverty level to obtain full coverage under the Medicaid Program. This is to assure coverage of prescription drugs, alcohol and drug abuse treatment services, mental health services, long-term care services, and other services,



A growing three-month mobilization, with increasing international awareness and support, led to the March 22 hearings. Organizations of doctors in Houston have also demanded Congressional action on hospital closings and understaffing; medical demonstrations broke out in Berlin, Germany in March, over the closing of Moabit Hospital there.

and for other purposes. Individuals with family income up to 400% of the poverty level would similarly be made eligible, albeit with a small premium payment required (see *Documentation*).

If the legislation passes, it will bring an estimated 36.8 million Americans into the health-care system. And, because so many health-care facilities have been placed in critical, and more and more frequently existential, financial difficulties due to the 1997 Balanced Budget Act, there is a provision in H.R. 1142 which mandates that any insurer must reimburse providers (e.g., physicians, hospitals) at the Medicaid fee-for-service range.

More Hospitals, Payments Needed

Even so, for the much-needed landmark legislation to operate efficiently, Congress would be forced to also address several crucial points.

First, since most hospitals lose money on Medicare-Medicaid patients, maintaining the public hospital safety net absolutely requires the long overdue repeal of the Nazi-inspired 1997 Balanced Budget Act.

Second, there is a dramatic contraction of the nation's health-care infrastructure, still accelerating, since the demise of the Hill-Burton Act standards for hospital-bed availability. Since the late 1980s—i.e., during the period in which Hill-Burton was repealed—more than 650 hospitals have closed, and 15,000 beds been lost, nationwide. (A forthcoming *EIR* will present the full picture.) Congress would be forced to finally reverse the insanity of the last three decades by passing legislation reinstating a Hill-Burton approach.

The Conyers initiative is just one aspect of a growing awareness among Democrats: that Lyndon LaRouche was absolutely correct when, during the course of his Y2000 campaign for the Democratic Presidential nomination, he defined the crucial question as one of a willingness and determination to adopt policies—modelled on the FDR tradition of the Democratic Party—to both protect and promote the general welfare of *all* Americans, particularly in the midst of the worst economic and financial breakdown crisis in modern history.

LaRouche, who has already said that he will seek the Democratic Presidential nomination again in 2004, calls the Conyers legislation a step in the right direction, and it is expected that many LaRouche Democrats will participate in an April 5 rally to support it, on the steps of the U.S. Capitol.

Documentation

Working Families Health Insurance Act

Here are excerpts from the Summary of the "Working American Families Health Insurance Act of 2001," sponsored by Reps. John Conyers (D-Mich.), Donna Christian-Christensen (D-V.I.), and David Bonior (D-Mich.). Emphasis is in the original.

Introduction: The Health Care Crisis for the Working Uninsured

The Medi-Access plan would provide health insurance to all uninsured Americans by expanding, amending, and strengthening Medicaid. The bill is a major step towards the elimination of racial and ethnic disparities in our current health care delivery system. The Medi-Access program would be a privately run, state-administered, and Federally

funded health insurance program coverage. *Eight out of ten* of the uninsured are either workers or dependents of workers. According to the Kaiser Commission on Medicaid, 33.8 million uninsured are living at 300% of the poverty level (\$43,890 for a family of three); and approximately 36.8 million Americans who are uninsured have incomes below 400% of the poverty level, (\$58,320 for a family of three).

A recent survey revealed that 39% of the uninsured skipped recommended medical tests or treatment in the last year, and 30% did not fill a prescription because of the costs. Scores of uninsured Americans, many who are legal immigrants, needlessly suffer from treatable and preventable illnesses because they do not have access to quality and affordable health care. Clearly, there is a serious need for a health insurance program that will provide affordable, comprehensive, and high-quality health insurance coverage for working families and individuals that have low to moderate incomes.

Problems with Employer-Based Health Coverage:

The uninsured work predominantly in low-wage jobs that don't offer health benefits, and don't pay enough so they can afford to buy private health insurance through their employer or on their own. According to the Employee Benefit Research Institute, in 1997, 57% of workers in firms with fewer than 100 employees were offered coverage, compared with 85% of workers in firms with 100 or more employees. In 1997, of the 44 million Americans who did not have health insurance coverage, 36 million (or 82%) were in a family with a worker, and 50% of uninsured workers are employed by small firms. EBRI states that many workers in America "are clearly not offered health benefits, or do not participate in the plan when it is offered." EBRI stated that some of the reasons employees did not purchase employer-sponsored health insurance programs were due to the employees' perception that the plans were too costly, or were not comprehensive enough in their coverage. According to EBRI, nearly 70% of employers surveyed not offering health benefits report that a major, or minor reason for not doing so was because their business *could not afford* to offer health insurance.

Health Care Consequences from Being Uninsured:

- 83,000 Americans die every year because they have no insurance.
- Being uninsured is the *seventh* leading cause of death in America. Our failure to provide health insurance for every citizen kills more people than kidney disease, liver disease, and AIDS combined.
- In any given year, *one-third* of the uninsured go without needed medical care.
- 8 million uninsured Americans fail to take medication their doctors prescribe, because they can not afford to fill the prescription.
- 32,000 Americans with heart disease go without life-

saving and life-enhancing bypass surgery or angioplasty, because they are uninsured.

- In a recent report issued by Families USA, entitled "Go Directly To Work, Do Not Collect Health Insurance: Low-Income Parents Lose Medicaid," nearly 1 million low-income parents have lost their Medicaid coverage since the advent of welfare reform.

- In 32 states, parents who work 40 hours a week at the minimum wage—only \$206.00 a week—are ineligible for Medicaid coverage.

- Unpaid medical bills account for 200,000 bankruptcies annually.

- Over 9 million families spend more than one-fifth of their total income on medical costs.

Presumptive Eligibility: The program would also mandate "*presumptive eligibility*" for children, pregnant mothers, and all individuals. This would allow health care providers to provide reimbursable services to *children, parents, and individuals* on a temporary basis, until final eligibility is determined, made by the appropriate Medicaid state agency.

Health Insurance for Families Moving from Welfare to Work: The [Act] ensures that families leaving welfare to work can keep their Medicaid, provided they are at 300-400% of the poverty level. Individuals who are employed may choose between their employee health care plan or the Medi-Access program; individuals and families, however, could not be on both plans.

Extending Medicaid to Legal Immigrants: The [Act] would amend and expand Medicaid to include all legal immigrants, (children, families, single men, and women) who are 300-400% of poverty. Legal immigrants are currently barred from receiving Medicaid and S-CHIP for five years. Legal immigrants under the "Working American Families Health Insurance Act" would be entitled to the same provisions and benefits as naturalized citizens who receive Medicaid and S-CHIP.

Benefits Package of The Working American Families Health Insurance Act:

- The [Act] would provide coverage for all "medically necessary services" as is currently required by Medicaid law.
- The Act would mandate full coverage for all prescription drugs as prescribed by a treating physician, early periodic screening, routine physical examinations, dental, vision, hearing, mental health, drug and alcohol treatment services, psychiatric services, assistive technology devices and services, and long-term care. The Act would also cover two chiropractic visits per month.
- The Act would mandate coverage for eyeglasses, hearing aids, durable medical equipment, medically necessary rehabilitative services and assistive technologies for the disabled for developmentally delayed children.

Convening of the Briefing: March 22, 2001, 12:00 noon

Good afternoon, everyone. Great to have all of you here; I had no idea that we needed a larger hearing room. . . .

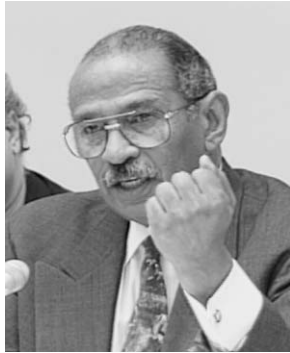
I'm glad everyone is here today, I'm happy to welcome you here to the Rayburn Building. As you know, I've been working on health care for many years, and as a matter of fact, about three Congresses ago I introduced the single-payer universal coverage bill, and I have ever since, because it's my belief that ultimately the only way we're going to get out of the health-care problems which continue to aggregate, is to have a universal system of coverage that covers everybody, regardless of their ability to pay.

It's the only way you can deal with prevention, it's the only decent thing an industrial nation can do to deal with health-care problems, which should not have to turn on how much money you or your family earns, or what kind of health insurance policy you're carrying, or the moods or whims of whatever particular administration might be prevailing in Washington or somewhere else. And so it's in that spirit that I continue to inquire into one very important area about this subject matter: and that is, what do you do with public hospitals that operate for people who don't have the means, otherwise, to get the kind of health care that they deserve?

And so it's in that spirit that I welcome all of you here today for us to examine this issue, not only from a local perspective, but from a national perspective as well. And so, I have a number of other comments that I will be able to interperse into this subject matter, but this was a request that I am honoring, that wanted to tell me about the circumstances here in the District of Columbia.

Now we do understand that the Congress itself per se is not able to intervene under the prerogatives of home rule into D.C.'s business. As a home rule supporter and proponent, one who supported—and still does—statehood, and certainly voting rights representation for those that you send to the halls of Congress, I am very sensitive to that, and I do not want to imply any “overpromises” about us coming together to share this very important information.

I also want to welcome all of my friends that have come



from a longer distance, who are with us here today. Among others we have Harold James, of the National Black Caucus of State Legislators, who is a member of the Pennsylvania House of Representatives. We're very delighted to have you here, sir. (applause).

So, we're trying to examine this phenomenon of the problems of public hospitals in the United States, and it's in that spirit that we're happy to have all of you make statements, as truncated as possible so that there can be as much discussion as we can get to. We have a number of people who are submitting written statements, which we will be very happy to receive into the record: including Dr. Will Horsley of the Boston Regional Medical Center; Dr. Henry B. Foster, the former Surgeon General-designate and former Special Health Counsellor to President Clinton; that of Dr. Jocelyn Elders, the former Surgeon General of the United States; also from Michigan State Rep. LaMar Lemmons; from former State Rep. from Michigan Ed Vaughn; and, from the Cardiology Center of Northwest New Jersey, Dr. Paul Goldfinger. And so we're collecting all of these, checking all the ideas, and trying to—as constructively and as seriously as we can—evaluate all of the circumstances that are involved in this very important part of health-care delivery.

So with that, I am going to invite the vice president of the National Association of Public Hospitals, Lynne Fagnani, to start this conversation that we're having today. Welcome.

Lynne Fagnani

'The Health-Care Safety Net Is a Fragile Thing'

Thank you, Congressman.

My name is Lynne Fagnani, I'm a vice president for the National Association of Public Hospitals and Health Systems. I've submitted a written statement, that describes NAPH's position on what's happening in the District right now, and puts it into context, in terms of what's happening around the country, but I'd like to speak to you today as a private citizen if I might, because I heard some news earlier this week that I found very upsetting, and I don't think it's been profiled very much in the story of what's going on right now.

The demise of D.C. General doesn't just affect the poor and uninsured in this city who may not, unfortunately, have



the political clout to change what's going on: it affects every single resident of this city.

Earlier this week, Washington Hospital Center announced that it might be forced to close its Trauma Center if D.C. General shuts down. I'm sitting here today because of Washington Hospital Center's Trauma Center. Two and one-half years ago I was run over by a car in the Pentagon City Price Club parking lot, and was helicoptered to Washington Hospital Center, where they saved my life. I had a broken back, a broken hip, most of my ribs were broken, my lungs were collapsed, and I'm lucky to be here, and I owe it to Washington Hospital Center's trauma team.

I'm sure you would hear similar testimonials from people treated in the emergency room at D.C. General, G.W., and any other emergency room around this city. The health-care safety net is a fragile and delicate thing. No specialized service like trauma care can exist in isolation from the rest of the system. When one trauma center closes, it has a serious and damaging domino effect on other trauma centers in the system. I don't understand why the elected officials and citizens of this city have not been more vocal about what's happening at D.C. General. Any of us sitting in this room or anywhere in this town, could be the victims of a car accident, chest pains, or an act of violence. Where will we go, if the trauma center—or the trauma system—in this city crumbles? And why aren't these questions being asked and addressed by the elected officials in this city? Thank you.

Written Statement: My name is Lynne Fagnani, vice president of the National Association of Public Hospitals and Health Systems. NAPH represents over 100 of the nation's largest urban safety net hospitals and health systems, and advocates on their behalf on the Federal level, to assure organizational and financial strength and to safeguard their ability to provide health care to all, regardless of ability to pay.

NAPH is here today to describe the situation of safety net hospitals such as D.C. General, and their critical role in delivering health care to low-income populations, the uninsured, and the community at large. NAPH member hospitals and health systems, along with community health centers, public health departments, and other community providers, form the core health-care safety net in this country—defined by the Institute of Medicine as providers who maintain an “open door” policy, treating all regardless of ability to pay; and who provide a substantial share of their patient care to uninsured, Medicaid, and other vulnerable populations. Let me share a few key facts about NAPH members that help define their safety net role:

Bearing the Greater Burden

- NAPH member hospitals provide 82% of their services to low-income Medicaid (34%), Medicare (21%), and uninsured patients (27%). This payer mix means that not only are they important health-care resources for low-income commu-

nities—these hospitals are uniquely reliant on support from Federal, state, and local governments to provide care. Policy in any of these levels of government has a profound impact on these hospitals.

- They provide high levels of inpatient and outpatient care in their communities. In 1998, NAPH members provided an average of 15,639 admissions per hospital, almost 150% higher than the average for all hospitals in the country. They also provided 28 million outpatient visits in 1998, which is an average of over 300,000 visits per hospital, over three times the level provided by all hospitals in the country. Less than 20% of these visits were provided in the emergency room, with significant amounts of primary and specialty care provided in on- and off-site community settings.

- Safety net hospitals are important providers of specialty services in their communities, including emergency and trauma care, burn care, pediatric and neonatal intensive care, psychiatric care, and HIV/AIDS care. In 1998, NAPH members represented only 17% of hospital beds in communities where they are located, but provided 42% of all Level I trauma care, 59% of all burn care, 29% of all pediatric intensive care, and 24% of all HIV/AIDS services in their communities. These services are vital to the entire community.

- Safety net hospitals train our nation's physicians, nurses, and other health-care professionals. In 1998, NAPH members trained 16% of all residents in the country, and 9% of all other allied health professionals.

D.C. General: Good Samaritan

What is happening to safety net hospitals? The prestigious Institute of Medicine released a report last year that described the health-care safety net as “intact, but endangered.” Safety net hospitals are facing a number of trends that jeopardize their viability:

- The number of uninsured patients seeking care from them has been increasing. The percent of uncompensated care provided by all hospitals has been 6% of costs for the last two decades. For NAPH members, the amount of uncompensated care as a percent of total cost increased 21% between 1993 and 1998. Twenty-nine percent of costs were uncompensated among these hospitals in 1998. *D.C. General has the dubious distinction of being one of the top ten highest providers of uncompensated care among safety net hospitals in the country.*

- Care is shifting from inpatient settings to outpatient settings. NAPH members experienced an 11% decline in inpatient care between 1993 and 1998, and an increase of 17% in outpatient care during this period. This trend is ominous for safety net hospitals because much more outpatient care is uncompensated than inpatient care. Forty-two percent of outpatient visits were to uninsured patients, as compared to 26% of inpatient discharges in 1998.

- Safety net hospitals are experiencing the effects of competition in the health-care marketplace from other providers.

All hospitals have been facing declining margins from commercially insured patients. As Medicaid reimbursement improved during the 1990s, particularly compared to other payers, hospitals that previously avoided treating Medicaid patients began competing with traditional providers of care for these individuals. NAPH members lost 24% of their share of Medicaid inpatients during the 1990s. Frequently these hospitals have been left with higher-cost, and more-difficult-to-treat Medicaid patients. In addition, as they have lost Medicaid patients, they have lost reimbursement from the Medicaid Disproportionate Share Hospital (DSH) program, which finances care to the uninsured and underinsured.

- Reductions in governmental support from Medicare and Medicaid have had a significant impact on safety net hospitals. In particular, the Balanced Budget Act of 1998 reduced Medicaid and Medicare Disproportionate Share Hospital (DSH) payments dramatically. In the BBA-relief bill signed into law last fall, the Medicaid DSH cuts were postponed for two years; however, they will go into effect in 2003. Medicaid DSH finances 34% of unreimbursed care at NAPH hospitals, with state and local subsidies financing 39% of unreimbursed care.

Overall, many safety net hospitals around the country are facing serious challenges to their existence. D.C. General is facing the same challenges; however, its situation is exacerbated in a number of ways. As mentioned earlier, D.C. General is one of the highest providers of care to the uninsured and underinsured among NAPH members across the country. Unlike other safety net hospitals around the country, however, D.C. General's reimbursement from Medicaid and local government falls far short of this level of need. Local subsidy and Medicaid DSH cover half the level of uncompensated costs borne by D.C. General, as compared to what these sources of financing cover for NAPH member hospitals around the country. D.C. General provides one-third of all uncompensated care in the District, but receives only 14% of the District's Medicaid DSH funds (a funding allocation that is determined by the District's Medicaid program). *It is unlikely that any other provider of care in this city would be able to meet these financial burdens with the level of resources that the District has provided D.C. General.*

Many safety net hospitals are rising to the challenges they face by reorienting their delivery systems, reorganizing their relationships with local and state governments, and revitalizing their physical plants. Good models exist for the citizens of the District. Unfortunately, they require adequate financing, elimination of political interference, reorganization to limit the constraints and hindrances of "public" governance, and adequate capital.

We need to find ways to strengthen the health-care safety net in Washington so that its citizens are well served and no one is turned away. NAPH stands ready to help in any way we can as the city, its leaders, and its citizens work together to find the right solution [emphasis added—ed.].

Dr. Debra Hanania-Freeman

National Public Hospital Safety-Net Crisis

Dr. Hanania-Freeman is a Doctor of Public Health who resides in Baltimore, and is national spokeswoman for the 2004 Presidential campaign of Lyndon H. LaRouche, Jr.



I'd like to begin by thanking Congressman Conyers for facilitating today's deliberations on this most urgent matter. In addition to representing the good people of the State of Michigan, Congressman Conyers also serves as the unofficial dean of the Congressional Black Caucus, which has, so many times over the last years, served as the conscience of the United States Congress. And, so, his concern on this question should surprise none.

Yesterday, I had the privilege of moderating a seminar here in Washington, that was addressed by Lyndon LaRouche, who is not only the world's leading economist, but who is also seen around the world as the leading representative of the American intellectual tradition which resolved the crisis America faced in 1933.

I mention this, because Mr. LaRouche developed an irrefutable argument that the first 60 days of the Bush Administration—both by the Administration's actions and inactions—have pushed the world over the brink of the worst financial and economic crisis in modern history, and created a situation that he described as far more dangerous than the one that Franklin Roosevelt faced at his first inauguration, 68 years ago this month. And, in that context, he identified that the United States is at a crossroads: either our nation will go the way of Germany 1933 under the Nazis; or, it will re-adopt the commitment to the General Welfare clause of the U.S. Constitution, as FDR did in launching the new deal. The fight to save D.C. General Hospital, and indeed the fight for quality health care for all Americans, must be viewed in this context.

Since 1973, the operating policy of the United States has been an explicit commitment to the controlled disintegration of our economy, of de-industrialization, and of depopulation. As a willful, deliberate consequence of those policies, we face a full-scale health emergency both globally, and inside the United States.

Since 1973, over 30 new diseases have emerged world-wide, due in large part to the abandonment of the commitment

of the 1960s to the eradication of poverty, hunger, and disease throughout the world. Instead, as a consequence of the globalization policies of the first Bush Administration, we have “globalized” deadly diseases. The spread of AIDS, and the re-emergence of new, drug-resistant strains of old diseases, like tuberculosis, that we once had under control, endanger all of humanity. And, at the same time, the outbreak of BSE and of hoof-and-mouth disease, has placed the world’s food supply in serious jeopardy.

Third World Health Profiles

Here in the United States, many of our urban centers have epidemiological profiles that are comparable to those of any Third World country. In the City of Baltimore, Almost 70% of children born, are born to unwed mothers under the age of 18. We have an infant mortality rate that is comparable to that of a Third World nation. Since most of these young women have absolutely no access to pre-natal care, we suffer a very high incidence of low birth-weight babies; babies born burdened not only by poverty, but by all the long-term risks that are associated. As best we can tell—and since there is still no comprehensive testing and reporting policy, it is hard to tell precisely—the rate of AIDS infection, as well as the incidence of drug-resistant tuberculosis, is on the rise. During the course of the last year, outbreaks of measles, encephalitis, and meningitis have forced the closing of schools or colleges. And, although Baltimore’s epidemiological profile does resemble that of a Third World country,

it is not all that dissimilar from the epidemiological profile of other American cities.

How do we provide health care for Baltimore’s poor? Well, first let me say that Baltimore has the highest number of physicians per capita population of any city in the United States. However, we do not have a single public hospital. Three years ago, Prudential was awarded a contract to manage 80,000 Medicaid lives in Baltimore’s inner city. It didn’t come cheap. The contract was for \$157 million. Over the course of the first year, the utilization rate was an unbelievable 18%! Why? When the contract with Prudential was signed, it was well known that the caregivers associated with the Prudential plan were all located outside the city. After they were awarded the contract, they made no attempt to sign up any inner-city physicians. So, 80,000 poor Baltimoreans, people largely without access to personal vehicles, and obviously without disposable income for cab fare (which would have been the only available means of travel to the suburban locations of physicians’ offices, since we don’t have much of a public transportation grid), were assigned to physicians located in the suburbs. And, Prudential essentially pocketed about \$120 million, having rendered almost no service.

It is impossible to draw any conclusion other than the fact that we are witnessing the implementation of a policy that is consciously and deliberately designed to eliminate poor people, to proliferate disease, to increase infant mortality, and to lower life expectancy among citizens who have been deemed “redundant.” And, if those responsible argue that they



The emergency trauma center at University of Maryland Hospital in Baltimore. The city has no public hospital.

didn't know this would be the consequence of their policies, my response is that — like those who were brought before the Nuremberg Tribunal at the end of the Second World War — they should have known. It is time to draw the line.

Access to quality health care is not a privilege, but a right guaranteed to every American under the General Welfare clause of the U.S. Constitution. And, as such, every American has the right to expect access to a full-service, fully funded public hospital. Keeping D.C. General Hospital open, restoring it to full capacity service, and indeed expanding and enhancing the services it offers to the largely poor population that it serves, by no means solves all our problems. But, it is an excellent place to start.

State Rep. Harold James

'Public Officials Must Be Held Accountable'

Representative Harold James was recently re-elected to his seventh term in the Pennsylvania House of Representatives. He is the former chairman of the Pennsylvania Legislative Black Caucus, and former President of the National Black Police Association.



Mr. Chairman, as an elected official in the Commonwealth of Pennsylvania, and as Region II chair of the National Black Caucus of State Legislators covering Pennsylvania and New York, and as a special assistant to the President of NBCSL, with regional and national responsibilities, I believe it is essential to the health, safety and welfare of my constituents, that D.C. General Hospital be restored to a fully funded, full-service public hospital.

I believe that the collapse of public health care has proceeded so far in this nation, including in my region of Pennsylvania, that a victory in the battle to save D.C. General is necessary as a national victory, to turn around that national collapse before more lives are lost, and before more innocent people suffer unnecessarily.

In southeastern Pennsylvania, the region which includes my legislative district in south Philadelphia, about 3,000 beds have been cut in the last five years by the 80 hospitals located there. Last year, these hospitals provided \$400 million in un-



An emphysema patient thrown off state medical assistance by Pennsylvania Gov. Tom Ridge's 1998 cuts. The cuts were denounced as "criminal" by State Rep. Harold James; the Schiller Institute documented 55 lives lost or crippled as a result.

compensated care, and most of them ended the year in the red. Close to 50% of the state's uncompensated care is concentrated in the Philadelphia area. The University of Pennsylvania Health System, which is the second-largest non-profit in the region, lost an average of \$100 million a year from 1996 to 2000. In response, the System slashed its workforce by 20%, which represents a cut of 2,800 employees.

We also had a traumatic experience with a massive bankruptcy of what was the largest non-profit health chain in Pennsylvania. The Allegheny health system controlled 14 hospitals, including 10 in the Philadelphia area, when it filed for Chapter 11 bankruptcy protection in 1998. This bankruptcy led to 1,700 layoffs of medical personnel in Philadelphia, and the closing of Mt. Sinai Hospital, which is located in my legislative district. Last year, the three top leaders of Allegheny were indicted by the state Attorney General, charged with looting over \$52 million from charitable endowments.

Mr. Chairman, these are the consequences of allowing the principle of greed to supersede the principle of the General Welfare established in the U.S. Constitution. These are the consequences of political actions by the Congress and state officials, that trample on the General Welfare, by cutting medical care for the poor, elderly and disabled.

Pennsylvania Cuts Cost Lives

I believe that public officials must be held accountable for these consequences. In 1996, when Pennsylvania Gov. Tom

Ridge rammed a bill through the legislature, cutting off tens of thousands of poor and disabled people from state medical assistance. I, and many of my colleagues, denounced it as a criminal act, on the floor of the State House. The Schiller Institute assisted me in compiling case studies of 55 deaths, injuries, and threats to life that resulted from Ridge's budget cuts. I would be happy to make these case studies available. I understand that in any given year, approximately 70,000 people visit D.C. General, and that over 100,000 Washington residents have no medical insurance.


Where will these people go? Even the *Washington Post* has been forced to admit that there is no answer to this question.

Last year, 10,000 people were admitted to D.C. General—where will these people go? Last year, 50,000 people visited the Emergency Room at D.C. General—where will these peo-

ple go? Last year, over 100,000 people visited the clinics connected to D.C. General—where will these people go? Fifty-five percent of the care at D.C. General is uncompensated care. This compares to 15% uncompensated care at the other area hospitals. Again, the question to ask: Who will care for the poor and uninsured? Where will these people go?

There is a standard we have to apply for every elected official, as well as to the D.C. Mayor and City Council, the Control Board, and the Federal City Council, among others, who are responsible for the policies being imposed on this city. That standard is adequate, accessible, quality health care for *all* Americans, regardless of their financial ability.

Let us establish this standard in the case of D.C. General Hospital. Let this be the time and place where you take the necessary leadership, and help the American people rise up, and demand accessible, quality health care for all Americans.



Michigan Legislative Black Caucus
PO BOX 30014 • LANSING, MICHIGAN 48909

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Senators

Sen Jackie Vaughn III
Sen Joe Young, Jr.

March 28, 2001

Honorable Joe Knollenberg
2349 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Knollenberg:

We the members of The Michigan Legislative Black Caucus are writing you regarding a matter of urgency, the planned closing of D.C. General. To close the District of Columbia's only public hospital and thus deny medical care to the 135,000 indigent residents who live there is clearly an egregious act with direr medical consequences.


As is generally the case, fiscal management or mismanagement has been cited as the reason for closing this venerable medical facility, which has served the residents of the District of Columbia since 1806.

However, the fact still remains that only D.C. General Hospital offers these medical amenities to Southeast Washington:

- > Level 3 neonatal intensive care capability. (can take care of high-risk pregnancies, and then 2.5 pounds.)
- > D.C. General services 60% of all uninsured (about 100,000).
- > D.C. General has 53,000 emergency room total hospital bed capacity has diminished (

We fervently believe that everyone has inherent in this country. Moreover, the access to the privilege of the rich and well to do. Hence, D kept open and restored to its full operating population of Washington, D.C.

Rep. Joe Knollenberg (D-Mich.), chairman, and another member of the Appropriation Committee's subcommittee on the District of Columbia, received these urgent appeals to save D.C. General Hospital, from the Michigan and Wisconsin legislatures.



WISCONSIN LEGISLATURE
P.O. BOX 8952 • MADISON, WI 53708

March 23, 2001

Honorable Herb H. Kohl
330 Hart Senate Office Bldg.
Washington, D.C. 20510-4903

Dear Senator Kohl:

We are writing to you about a matter urgent importance: The planned closing of D.C. General Hospital.

To close the District of Columbia's only public hospital and, thus, deny medical care to the 135,000 indigent residents who live there is clearly an egregious act - with dire medical consequences.

'In Order To . . . Promote The General Welfare'

My name is Charlene Gordon, I'm a registered nurse, and I have worked for D.C. General Hospital for 18 years and I have loved every year. As a nurse, I am an advocate for the patients. I believe that they must all have access to safe, quality health care, and D.C. General is at the forefront for that. As a member of the District of Columbia Nurses Association, *we agree with and support* the American Medical Association, the National Association of Public Hospitals, the American Public Health Association, the D.C. Medical Society, and the D.C. Hospital Association, that D.C. General is to be a *full-service, fully funded, public hospital for all*. The District of Columbia citizens are on the eclipse of a new dimension of medical care. The question is, for whom is health care going to be granted?



For over 195 years, the District of Columbia General Hospital (DCGH) has been there for the needy, the uninsured, and the underinsured. All the District residents were welcome and never refused care. Now it appears that this is in jeopardy.

The Doctors Community Healthcare Corporation, which was awarded the bid to D.C. General Hospital, proposes to clear away most of the clinics we have on the grounds of D.C. General Hospital and transfer them to Greater Southeast.

With more than 170,400 people visiting the ER and our clinics yearly—and in that number, over 55,000 visit the ER alone, with 15,000 being ambulance-driven, and 40% of that needing to have 24- to 48-hours observation, and 300 of that actively come in as CPR in progress—the Doctors Community Healthcare Corporation is going to leave a 23-hour inpatient unit at D.C. General Hospital and is planning on other hospitals accepting those patients still in need of care after 23 hours. Do we need a reality check?

It is becoming more apparent as time rolls by, that the killing of D.C. General was not decided yesterday. The Doctors Community Healthcare Corporation needed a pawn to do the actual stabbing, gutting, and killing of a hospital, D.C. General. And they have been very active from the '50s to present. The slow eroding of the hospital is witness to that.

D.C. General Hospital is the highest-rated hospital in the District of Columbia. JACHO, the national accrediting

agency for all of the hospitals in the nation, gave D.C. General a rating of 100, then took six points off because of the deteriorating facility. Even with the rating of 94%, D.C. General remains the highest-rated hospital in the District of Columbia. (applause).

Trauma, Bio-Hazard To Close

Don't let the terminology fool you. The Community Access Hospital is a large clinic that is going to be open 24 hours a day. It will have smaller clinics. It will not have inpatient services to our Wards 5, 6, 7, and 8. It will not have a Level 1 Trauma Center, which is for motor vehicle accidents, gunshots, stabbing wounds, primary treatment of burn victims, or any conditions that would need emergency trauma treatment.

Washington Hospital Center, Howard University Hospital, and D.C. General are the only Level 1 Trauma Centers in the District.

The Bio/Chemical Hazardous treatment disaster area will be closed. The remaining treatment areas are strategically located at G.W. Hospital and Walter Reed. To maintain this area, you must have inpatient service, and this is going to be eliminated.

Why do this? Consider the fact that D.C. General is right next to Interstate 295 and next to wards that have the highest homicides and gunshot wounds in the city. Major trauma [care] could no longer be provided. D.C. General's new CEO, Mr. Barch, proposes a secure, trustworthy bid for the hospital, called the PBC2 Urban Healthcare Campus, along with the Doctors Community Healthcare Corporation from Scottsdale, Arizona. His bid was not selected—and you can all refer to Mr. Barch's plan, it's on my second page, I've submitted it all to the members.¹

This plan could all be done while operating within an allocated budget; earning increased revenues; operating efficiently and effectively; providing quality health care to the District's insured and uninsured residents.

So why did Mayor Williams give DCHC, which is Doc-

1. The Barch plan would include a Level 1 Trauma Center, Emergency Room, and Urgent Care Center, as well as a Women's Health-Care Center, a modern birthing facility, and a Senior Wellness Center. A new medical campus, including mental health, long-term acute care, substance abuse services, Federal/D.C. Partnership, Community Health Centers to partner with non-profit Clinics, Unity Health to Focus on 330 Status, Primary Care, Medicaid Manned Care. School nurses in the public schools, including charter schools, will emphasize health education, preventive medicine, immunizations, and screening. Services will include enabling social services, nutrition, care management, mobile health vans, and home visitation; expand Community Health Programs; provide long-term acute care, substance abuse and mental health care. "Centers of Excellence" would be established to assist patients with management of chronic diseases that disproportionately affect African-American and low-income city residents. A new strategic partnership would be formed with Howard University's Cancer Center, Howard University Hospital, and Howard College of Medicine, as well as other organizations, such as the National Institutes of Health. Our physicians will organize into a corporation for the purpose of delivering specialty care.

tors Community Healthcare Corporation, the bid to a public hospital, the District of Columbia General Hospital? Realtors indicate the property D.C. General sits on is valuable.

Be mindful that Washington Navy Yard, which is near the hospital, is bringing 5,000 jobs to the area. Even if Baltimore is selected to host the 2012 Summer Olympics, a full-service hospital will be needed there. Change is good, so why can't we compromise and have both?

Ms. Eleanor Holmes Norton, the District's Delegate to Congress, once championed the cause of civil rights for all; your constituents are looking for you to step up to the plate and say, stop this! (applause)

Conyers: Okay, that was your last riff, my lady. Okay? Last riff.

Gordon: Will you help us, please? Do *not* privatize our public hospital. *Yes*, you can help! Congressman, you can help, too. Please call the Control Board members and tell them to stop this potential loss of lives, and bloodshed and needless deaths of our residents who don't quite fit the bill of the fortunate like you do.

Stop trying to kill D.C. General, but give CPR and breathe back *life* into these walls of caring, love, and devotion. Remember what our Preamble says: *Promote the General Welfare*, not demote. Thank you. (applause)

Dr. Michal Ann Young

'We Serve Both the Haves And the Have-Nots'

Dr. Young is on the Medical and Dental staff of D.C. Health and Hospitals' Public Benefit Corporation. She is director of neonatology—care of newborn and premature babies and their mothers—at D.C. General Hospital



Congressman Conyers, thank you for the opportunity to place these issues before you—but we need you to talk with the [Financial] Control Board that this Congress put into place. It appears that it is leading the fight to dismantle D.C. General Hospital (DCGH) and the public health system, and will then get to slide away in September or October 2001 and leave us with a disaster on our hands.

The Medical and Dental Staff of the PBC is resolute in its stance, which is—that the community we serve needs and deserves a full-service hospital that includes a substance abuse unit, obstetrics, and pediatrics, with a Level 1 Trauma Service joined to a network of comprehensive primary-care community clinics. The mandate for the PBC is to provide care for any resident of the District of Columbia. Many envision those individuals as the indigent, the immigrant, the working poor, the underinsured, and the uninsured. However, the community we serve is larger than that, and consists of both the haves and the have-nots.

On nearly every occasion that the Washington Redskins played in RFK Stadium, we treated a suburban white male for a heart attack. Any concert or community gathering in the Stadium or at the Armory finds the hospital available and providing care—ask the young lawyer struck by lightning while on her cell phone; she would not be alive today. We were there for the child attacked by the pit bull before he was stable enough for further transfer to Children's Hospital. We were there to rescue the unborn child of the pregnant woman who lost consciousness and subsequently her life when she drove into the Anacostia River. My point: The leading cause of death in America, and in our community, is accidental and traumatic injury; and with trauma, minutes count. We must be prepared to manage it. To design a health-care system—particularly in our community where 40% traumatic injury occurs—that does not plan to optimally address trauma, is short-sighted and will cost lives.

DCGH is strategically located to address all the medical needs of this community, as well as the nearly 1.5 million workers, visitors, and residents who transit this jurisdiction nearly every day.

Our strategic location, in addition to the trauma services we provide, is why the Department of Defense determined that we would be one of only two civilian hospitals in this jurisdiction that they outfitted with decontamination units. What that means is, that this equips us to handle attacks on civilian populations with weapons of mass destruction like biological (anthrax, Ebola virus), nuclear, and chemical warfare—similar to the incidents that occurred in the subway in Japan. We need to preserve trauma services in this community. Ironically, we sit in the more populous part of the city, while the remaining trauma centers are located in the Northwest. The cost to bring the Emergency Medical System ambulances up to adequate service levels to service the District, and then do the multiple transfers that will be required if we are not there—15,000-plus runs annually—is estimated to be around \$40 million. That amount, coupled with the proposed cost to lease beds from other hospitals, are funds that could be used to build a new, streamlined, full-service public hospital.

What Will Be Lost

The nation's capital should be the shining example of what public health networks could be—DCGH and our com-

munity clinics can be like other public hospital systems in which their community has *invested*, and they have been transformed with the goal to treat all patients: like Cook County Hospital in Chicago, Orlando General Hospital in Orlando, Florida, and Jackson Memorial, managed by a public trust in Miami. Closer still are Prince Georges Hospital and Inova Fairfax — both public county hospitals whose communities vested them with visions for excellence and greatness; and we can be that, if someone has that picture for us. With new management, newly implemented information systems, and reconfiguration of services, we were poised to fully embrace comprehensive, integrated care, when the Mayor decided to go in yet another direction.

If those in power are determined to make a lesser decision and dismantle DCGH and the public health system, this is what will have to be absorbed:

- *Adult admissions* — 10,000 yearly — 4,000 of which are estimated to be uninsured.

This includes 24 critical care beds in our NICU, CCU, and SICU, which are 110% occupied. Currently all hospitals with critical care beds are running at 90-100% occupied. This means that even if you can transport the patient to another hospital, they will lie in that hospital's emergency room, because no critical care beds are available.

- *Code yellows* — that's life-threatening surgical emergencies — 1,500 of them annually, 200 of which must be in an operating room within 10 minutes; they will not survive the extra 7 to 10 minutes required to transport them past DCGH.

- *Pediatric services* — There are 7,000 pediatric ER visits annually. We are currently Level 2 Trauma for children as well as providing emergency and inpatient services for children. The American Academy of Pediatrics has stated unequivocally that pediatricians, not emergency medicine physicians, should be the provider caring for emergently ill children. There are no plans for pediatric emergency services in what is being proposed for this city. It will result in a diminution of care for children, and we have the most populous area.

Previously, when we were mandated to downsize by 554-plus personnel, we were trying to see if some of our services could be absorbed by other institutions, and we met with Children's CEO, CFO, CMO, and the Director of PICU — and before we could speak, they asked us not to close our pediatric emergency room, because it would result in a delay in care; and children deserved competent services close at hand. And yet our great powers have decided to accept a plan that has no such planning in it. The plans that have been put forth by Greater Southeast and accepted by this administration will result in a substantial diminution in the quality of care for children in this area of the city.

- *Care of incarcerated men, women, and youth* — both outpatients, inpatients, and delivery services.

- *Evaluation and review* — of all forensic patients brought by the various uniformed services, i.e., MPD, Park

Services, FBI, Immigration, etc. We do it without cost, that's our oversight, but who is going to absorb that when our doors are closed?

The 243 active, courtesy, and volunteer members of the medical and dental staff, consisting of physicians, dentists, oral-maxillo-facial surgeons, podiatrists, and allied health practitioners, ask that you support our request to continue to have the privilege to serve this community with a new, streamlined, full-service hospital that is fully integrated with our community centers. We remain ready, willing, and able to serve any District resident. (applause)

Dr. Edith Rasell

'The Whole Health-Care System Is in Crisis'

Conyers: I'm pleased to introduce the doctor from the Economic Policy Institute that has worked with me and the Congressional Black Caucus on formulating national health-care policy, she's with us today, Dr. Edith Rasell. Let us welcome her.

Edith Rasell: I have really appreciated hearing the testimony of the folks here that know firsthand what's going on with D.C. General, but I wanted to say a couple words to put this in context with what's going on in the nation as a whole. And I don't think I need to tell anybody here that the whole health-care system is in a crisis, and what we're seeing here with D.C. General is maybe just one tip of many mountains that are sticking out of this crisis.

We know that there are about 43 million people that are uninsured; about 10 million of those folks are kids, most of these are people that work — in fact, about two-thirds of all the uninsured are workers or family members of workers. We've got another 30-40 million people that have insurance, but it's inadequate insurance, and doesn't cover really important things that they need to have to be healthy, so we've got a major problem here; and not only that, the folks that do have insurance, know that they could lose it at any time if they lost their job, got laid off. We have a recession coming on. We're probably going to see these numbers of uninsured people rise. So we've got a major problem here, of which what we're seeing in D.C. is only a piece.



Health Care Is a Right

But we've also got to remember that the problem is not lack of money. We spend more in this country than any other country. What we're looking at in D.C. right now is not—there's not talk here about saving money, right? I mean, what they plan to do is pay this for-profit corporation about twice what the D.C. General and the clinics at D.C. General are paid to operate as a public hospital; and instead, the services and the money are going to go to a for-profit entity whose first responsibility, which they'd be the first to tell you, is to their shareholders, not to the public, and I think that's another incredibly troublesome aspect to this.

When we have seen privatization in other places, there are, very, very commonly, problems with accountability, with holding these folks up to do what they're supposed to be doing, and there's problems with oversight, and I think we can expect to see those kinds of problems in the future if this move goes ahead.

We live in a wealthy country. We live in a wealthy area—the problem's not money; we know that President Bush has plenty of money—he wants to give it back to us!—we spend more money on health care than any other country, so it's not a matter of too little money, it's a matter of how we want to spend it, and what we think is important.

And I just want to wrap this up by saying, the health-care system—and now I'm speaking for myself—I think reflects the social issues, the larger social issues that we see in the country. The problem with poor people, people of color, people that don't have good jobs, being devalued, and—you know, health care is a right, we can go back to what we heard from the Declaration of Independence; we're all in this together, and we all ought to be getting health care just like anybody else.

I just want to note: Two days ago, Congressman Conyers introduced a bill, the Working American Families Access to Health Care Act (applause), and if this bill were passed, everybody that today is uninsured, would have insurance, and so that's a goal that I think we all can work for. Thanks. (applause)

Dr. Abdul Alim Muhammad

'We Represent Thousands And Thousands More'

Dr. Abdul Alim Muhammad is the founder and director of Washington's Abundant Life Clinic, and Health Minister of the Nation of Islam.

Conyers: Dr. Abdul Alim Muhammad, who came to us and

brought this matter to our attention with such persuasiveness that it led to us coming together this afternoon. We're delighted he's here, and we now turn the podium over. (applause)

Dr. Muhammad: I want to first thank you, Mr. Congressman, for your sensitivity and compassion on this issue, and in fact your entire stand. I could spend the three to five minutes that I have, in showing appreciation for what you have done, because this is an issue that, as you see, resonates quite widely throughout the Washington, D.C. community, and these are people from all walks of life, they come in all colors, all faith groups, you know, some are rich, some are poor, but they are all united in their solidarity with this issue of saving D.C. General Hospital. (applause)

I'm a local physician, not affiliated with D.C. General Hospital professionally, but there are some issues that are so important that they transcend one's personal interests. And I think that's why most of the people who are here this afternoon, are here—and they represent thousands and thousands more, who would be here to show their support for D.C. General Hospital. I guess in one sense, I represent an ad hoc coalition to save D.C. General Hospital, and if you're a member of that ad hoc coalition, would you please raise your hands? (applause)

So the feeling is strong, it runs deep, it's broad. We have a Mr. Michael Barch here, who's the CEO of D.C. General Hospital (applause), and he, like so many others, has shown amazing courage in this issue, because he convened a meeting of those who support the hospital, and as a result of those efforts, we understand that they're trying to fire him, simply because he wants to foster the kind of dialogue that's going on in this room. And so he needs our support in what he's trying to do to keep D.C. General Hospital alive and well. (applause)

Determined To Win This Fight

You know, most of the important points have already been made. And you have already heard the mantra of the coalition to save D.C. General Hospital. Our mantra is, Full Service, Fully Funded, Public Hospital. And it has to be in the budget!

And the reason that the coalition has adopted that as its mantra, is because we know that this is going to be a very long, complicated fight. Anything that involves the District of Columbia, by the very nature of the District, is going to be very, very complicated. This is a local community, but it's also the national capital. It's also an international capital. So it gets very, very complex, very, very involved, and we know there are going to be proposals and counterproposals galore,



but at the end of the day, when the dust settles, we want a full-service, fully funded, public hospital that's in the D.C. budget!

Now, we're like the hometown rooters, and we know it's a national issue, an international issue, but we're like the rooters for our hometown team; and we are looking at the scorecard of people in this country who seem to be the enemies of public health. If we look at the record over the last 15 years, we notice that about 1,500 hospitals around the country have been shut down, and so the other side on this issue is looking at the same scorecard and they saying that "we're winning, 1,500 to 0," because, generally speaking, citizen groups do not win these fights. But we in the District of Columbia, we are determined to win this fight. Because we realize (applause) it's more than just several hundred jobs involved, it's more than just the citizens of the District of Columbia. As has already been said, the District of Columbia should serve as a model for the rest of the country, it should serve as a model for the rest of the world; and if we cannot defend public health in the District of Columbia, then it means public health is in danger everywhere. And so that's how important this fight is, and we really thank you.

Just finally, let me just say that, you know, there's been a change in our culture over the last 15 or 20 years. When I was in medical school—I graduated in 1975—at that time, medicine was still a profession. Now, it has become an industry; it has become a commercial enterprise, and there are people who are trying to run health care in this country who are looking at the bottom line.

We Are Our Brother's Keepers

But the bottom line is not the bottom line, in health care. The bottom line is what we just witnessed here a few minutes ago [when a woman fainted and had to be taken out for assistance—ed.]. We never know when an emergency will occur. But we do know this: that we always have to have the capability to respond, and that when you start to degrade the health-care system, the public health system, then that means that we no longer have the ability to intervene where necessary to save valuable lives. So the bottom line, if you will, with health care is human beings, human life. It is sacred, and we have a solemn obligation under the Constitution—under God, for those of us of faith, under God (applause)—we declare, we absolutely declare, that *we are* our brother's keeper, and that *we are* obligated to be there to take care of one another. We can only prove our service to God by our service to humanity, because God has nothing that He needs from us. I mean, He has everything, but we prove our faith by our service to one another.

And so there are some questions about the process as it has unfolded that need to be answered. Some of those questions have already been raised. If it's not about saving money, then what is it all about? I mean, if you're going to pay a private group twice as much as you're willing to pay the public doctors and the public workers who have been on the frontlines for so long, then what is it really all about?

Is it really an issue of land use? Because we've seen the plans of the National Capital Planning Commission, that they want to take the land that the hospital is on and develop it with condominiums and hotels and marinas and parks and all kinds of things of that nature. Is that what it's really all about? And if it is, we say, "You can put your condos someplace else, but leave D.C. General Hospital alone." (applause)

We had a conversation this morning with Miss Alice Rivlin of the Control Board, and I was shocked to find that her defense of the Control Board's action in regard to D.C. General Hospital, her defense of it is no better than the defense of others who have tried to make sense out of something that just simply doesn't make any sense. When we look at D.C. General Hospital, it has often been remarked that this is the last option of the poor and the downtrodden. And that's part of the truth, but it is also the saving grace of the other hospitals in the city. It's like the linchpin; D.C. General is like the keystone in an arch, and if you remove that keystone, then the whole arch collapses. And so it just simply doesn't make any sense. The professional organizations that are represented here who have spoken on this matter, make it very clear that the Mayor and the Control Board and everybody else who wants to shut down D.C. General Hospital—they are doing it against professional medical advice, and the citizens are saying, you're also doing it against common sense and decency.

And so we thank you, Congressman Conyers, we thank you for your leadership on the issues of health over the years, we thank you for the introduction of the legislation that would give all of us health insurance, but having health insurance won't mean a doggone thing at all, if they shut all the hospitals down. (laughter, applause)

Dr. Walter L. Faggett

'Access To Quality Care Must Take Precedence'

Walter L. Faggett, MD, is Vice-President of the Medico-Chirurgical Society of the District of Columbia.

We, the physician members of Medico-Chirurgical Society of the District of Columbia, are going on record in support of maintaining an integrated community-oriented primary



care system at D.C. General Hospital. Med-Chi feels very strongly that continued services in support of inpatient acute-care, a Level 1 trauma service, psychiatric care/substance abuse, and graduate medical education programs are critical to efforts to improve the health status of D.C. residents.

Residents of the District of Columbia have some of the worst health-care indices in the country. Heart disease, cancer, stroke, alcoholism, infant mortality, and AIDS afflict our residents at alarming rates. An improved health-care delivery capacity at D.C. General Hospital is one of the critical elements we believe must be present to reverse the current trends, especially in Wards 6, 7, and 8.

We in Med-Chi believe that, at a minimum, a new 150-bed inpatient acute-care hospital is needed to provide access of quality care for the patients being served. While we recognize that there may be an abundance of hospital beds in the District of Columbia, the area serviced by D.C. General Hospital suffers from no such surplus. Eliminating the presence of inpatient care beds at D.C. General Hospital will adversely affect the health status of those residents most in need of hospital services. The patients traditionally served by D.C. General Hospital have less access to quality health-care services than most other district residents. Maintaining the presence of D.C. General Hospital is critical to maintaining access to health care for these underserved residents. Access to quality care must take precedence over profit motivation. The transportation needs of this patient population will be greatly increased in absence of the availability of D.C. General Hospital.

The continued presence of Level 1 trauma services at D.C. General is critical to preventing additional loss of life due to trauma, especially for residents in Wards 6, 7, and 8. While we recognize that there may be a surplus of Level 1 trauma units in the city, no such abundance exists in the area serviced by D.C. General Hospital. Eliminating the presence of a Level 1 trauma service in this area of the city will result in delays in residents being treated for their injuries, which will have an adverse impact on patient care outcomes. We agree with the Washington Hospital Center concern that existing trauma units will be overwhelmed with uninsured patients in absence of the D.C. General trauma unit.

The provision of psychiatric services, including substance abuse, at D.C. General Hospital, is another critical element in improving the health-care status of District residents. Once again, we are talking about a population which has had diminished access to medical services, including mental health and substance abuse services. It is critical that such services continue to be provided at D.C. General Hospital during this transition period.

‘We Physicians Are Coming Forward’

One aspect of D.C. General Hospital that has not received the attention it deserves, is its graduate medical education

program. Over the years, D.C. General has served as the training grounds for a significant number of physicians. Many of the members of the Medical Society, which is 116 years old, received their residency training at DCGH. The expertise gained by residents and fellows in DCGH’s teaching program has provided the springboard to valuable and significant contributions by minority physicians to the field of health worldwide. Minority medical graduates face diminished access to residency training. Maintaining graduate medical education programs at D.C. General Hospital is critical to having a well-trained cadre of health-care professionals available to provide health services to the underserved residents treated by D.C. General Hospital.

We, the physician members of the Medico-Chirurgical Society, can be a valuable resource to the District government, and we are concerned that we have not been asked to assist in this critical community health-care issue previously. At this time, we’re here, and we are coming forward and will continue to participate in the resolution of this problem to ensure that our patients have access to quality health care in a seamless integrated health-care system which includes wellness and preventive health capacity in addition to primary care.

Dr. Henry Williams is the President of Med-Chi and may be reached at (202) 347-4170. Dr. Walter Faggett may be reached at (202) 487-0542. We will be available, and again, we appreciate your time Congressman Conyers, and your support of this effort.

Barbara Lett Simmons

‘This Issue Is About Real Estate, Not Health Care’

Barbara Lett Simmons is a well-known leader in Washington, D.C.’s Democratic Party; she was the District’s Democratic Elector, pledged to Al Gore, who cast a blank ballot in the Electoral College, to protest the fraud of the 2000 election.

Simmons: I want you to know this man was my Congressman from age about 18; it was while I was in college. (laughter)

Conyers: Just a moment, strike that from the record—I don’t want that to go any further, and not go out of this room. Good to see you, Mrs. Simmons.

Simmons: All right, thank you very much. But [Congress-

man Conyers's] courageous and sensitive act, of the legislation he introduced, is not new. He is not someone who joined the human race recently. He has been there all the time. And there's no point in me reading to you the facts that you've heard over and over and over again. I want to say, it delights me to associate myself with the remarks of the good doctor who immediately preceded me.

This issue is about real estate, people—make no mistake about it. It is not about health care, it is about *real estate*. It's the same bottom line that was there about our Board of Education reorganization, where the Mayor can dictate what [school] buildings will be closed, and become condos, as well. Now I think we've got to be honest, and you've got to look at the facts of the matter, people. You can engage in denial, you can put your head in the sand if you want, but the reality is that there are two specific categories of people who are carrying on their backs the burdens of all of those industries in this city, which are needed by the people: that's poor people, and old people. And you need to be aware that when you address every issue in this city, is it good for the general public? Is it good for old people? and if you don't walk away with a resounding affirmative, Then you know for whom it *is* good. It's very simple.

Time To Show Some Courage

And we have to—folks—stop always assuming that everyone is about something noble and wholesome and good. What did Dr. Muhammad tell us? He said, medicine is an industry. If you really understand that, you would know the very company that is proposed to take over D.C. General, already has five states who are litigating against it; no place have they a hospital two or three years after their purchase where services are given to the people. In other words, medical services are *not* the interest of that body, and their own record proves it to us. All we have to do is be honest enough to look at it and have courage enough to articulate it, instead of hiding those facts from the general public.

We need to look at to whom they gave money in the campaign. Look at the people on the Hill who received the maximum amount of money—oh, hi there, Dr. Wilson! Because I know he does that kind of research, and I know all of you, and it's a shame, we are preaching to the choir here about these issues, because you folks do know it and I know that the Congressman knows it, or he wouldn't have introduced the legislation.

Folks, it's time for us to show some courage. The courage that says, yes, I know that the paycheck is being held by this man, but what is right is right, and has to be explained, has to be articulated. And that's why we've got to keep our presses working, so that the truth can get out, because you can't expect those who are colluding in this issue to actually share the facts of the matter for the general public. That will not happen, and that is being naive.

May I just say in conclusion, I'm delighted to be here and associate with the worthiness of this cause. The proposal that the several Council members have come up with, merits consideration, merits implementation—and why we have someone with a blind spot that says, "Anything that's good for the people of D.C., I'm against that, I'm the leader, and if they don't like what I do, they know what they can do." Folks, *you* know what we can do, we can draft someone for Mayor in 2002. (applause)

Conyers: Okay, Mrs. Simmons, you're very welcome, you concluded your remarks at exactly the right time, because this is not a political meeting, and your normal shy, demure demeanor has not gone unnoticed this afternoon.

State Rep. Erik R. Fleming

'Closing D.C. General Would Hurt the Nation'

To Chairman Conyers, Members of Congress, Ladies and Gentlemen:

My name is Erik R. Fleming and I am a member of the Mississippi House of Representatives from District 72. I have served in the House since 1999, representing approximately 25,000 people.

One of the issues that are important to my constituents is quality health care. My district is considered the most affluent African-American district in the State of Mississippi. Yet, I know there are a significant number of people in my district that are not covered by health insurance.

In fact, according to the most recent statistics, a 1997 survey by the Urban Institute, there are some 476,000 Mississippians that do not have health insurance. That's around 17% of the state's population.

I believe the District of Columbia has an estimated rate of 27% uninsured, some 150,000 people. Of the number of patients that D.C. General treats, 55% of them are uninsured.

However, instead of having a discussion concerning the expansion of D.C. General and how their medical expertise could help my state handle its health crisis, there is a move afoot to close the doors of this institution, an institution of



health care which has been a beacon of hope on the Anacostia River, since 1804.

I am here to recommend to all who would hear this testimony that closing D.C. General Hospital would exacerbate the problem of health care in this city and in this nation. Use Mississippi as an example.

In 1987, it was recommended that the state's three eleemosynary, or charity hospitals should be closed. That recommendation came from a Louisiana physician hired as a consultant by the state's Performance Evaluation and Expenditure Review, or PEER, Committee.

The PEER Committee report (#184, 2/17/87) suggested that there were 13 alternate ways to treat indigent citizens of Mississippi, including taking the money that was used to fund the hospitals, and putting it into the Medicaid system. The theory was that the \$3 million the Legislature appropriated to the hospitals, could be turned over to Medicaid, which would generate more jobs and give the state a return of \$12 million for health care.

According to the state's Eleemosynary Board that oversaw the hospitals, the amount of care the three hospitals provided with \$3 million, was worth about \$25 to \$30 million a year. Therefore, instead of seeing a windfall of \$9 million, contended the board, it would be a potential loss of \$27 million in available health care.

Despite passionate arguments against the action, the State of Mississippi closed its three charity hospitals by June 30, 1989. One of the other alternatives cited in the PEER report, was that citizens could continue to sue the University of Mississippi Medical Center (UMMC, in Jackson) hospitals under the [1946] Hill-Burton mandates [requiring hospital bed per-capita coverage].

Since that time, the U.S. Congress has *repealed* Hill-Burton. However, even if Hill-Burton were not repealed, those mandates would have expired by August of 2000. The community health centers do a fine job with outpatient care, but do not provide the trauma units or the in-patient care a hospital could.

Even more compelling than that, the number of patients seen by the UMMC has not drastically changed since 1985. In 1985-86, UMMC saw an average of 26,214 patients, while the three charity hospitals saw 10,272 patients. In 1999-2000, UMMC saw an average of 26,196 patients, while the charity hospitals had been shut down for ten years.

Where did those 10,000 extra patients go? No one in the State of Mississippi knows, and that is the tragedy that is waiting to befall the indigent and the uninsured in the District of Columbia, if D.C. General suffers the same fate as our charity hospitals.

If a public hospital in the nation's capital closes for whatever invidious or nefarious reason, what hope is there for America to solve its national health-care crisis?

With that question, I thank the chairman for allowing me this opportunity to testify at this briefing.

Dr. Henry Foster

'We Have An Obligation To Keep This Facility Open'

Dr. Foster was nominated on Feb. 2, 1995 to serve as Surgeon General of the United States. He was the director of the Robert Wood Johnson Foundation for five years. His "I Have a Future" program received one of President Bush's "Thousand Points of Light" awards. Dr. Foster has been a board certified specialist in obstetrics and gynecology for almost 40 years. He currently practices and teaches in Nashville, Tennessee.

I commend the committee, and Congressman Conyers, for holding this briefing today on the "National Public Hospital Safety Net in Crisis: D.C. General Hospital in Focus." The threatened close down, or curtailment of functioning of D.C. General Hospital, would be a national tragedy, and parallels similar health disasters around the country. I support very strongly the effort to keep this hospital open as a full service hospital.

I would say, in fact, that we have an obligation to keep this facility available. When a public service—a crucial service, such as D.C. General Hospital—cannot be obtained through the free market society, then there is an obligation for us to provide that service. That is clear. The implications of closing this hospital will translate into adverse health care outcomes and, obviously, in the long run, this will have negative economic consequences. We have a moral obligation to keep this facility open—unless, and this is an important point—unless there are facilities that can meet these needs otherwise. However, from what I understand, the loss of this hospital as a full-service facility will create a void that will go unfilled. Therefore, as I said, I strongly support this effort in support of this hospital.

Now, we should also consider this issue from the standpoint of the national objectives of U.S. health care policy. A major objective of U.S. health care policy has been to close disparities in health care—this directly relates to the efforts of the Center for Disease Control (CDC) and the Department of Health and Human Services (HHS). This has been the stated national policy. Now closing this hospital will actually go in the opposite direction, of increasing health outcome disparities—and therefore, the opposite of stated national policy. We talk about getting rid of health disparities, but then consider doing something that is completely negative to that policy. Closing this hospital is, in fact, a contradiction to national policy, a mitigation of it, because it will decrease access and utilization of critical services.

There is much more I could say on this question, and its



“Save D.C. General” marchers head toward the Capitol to attend the Congressional briefing, following one of the rallies outside offices of the Financial Control Board and the Mayor.

implication for national health care policy in general. However, I will close my statement here. Again, I think our obligation as public and health officials is clear. D.C. General Hospital should remain as a full-service facility for the citizens of this community. If anything, the hospital should be expanded and improved—as should our national health care system in general. We are talking, after all, about life, and about death.

State Rep. Ed Vaughan

‘We Need To Go Back To Hill-Burton Standards’

Ed Vaughan is a Former Michigan State Representative, whose district was part of Detroit. He was a leader of the campaign effort which won the Michigan Democratic primary for Lyndon LaRouche in March 2000.

I certainly want to congratulate Congressman John Conyers for calling the meeting in Washington on the issue of “The National Public Hospital Safety Net in Crisis: D.C. General Hospital in Focus.”

I think it is terrible that there is contemplation of closing the hospital. It should not be closed. We have to remember that health care should be for the people and not for profit, and

that whatever it takes to run the hospital should be provided, because the people in the district need sufficient health care. This is the nation’s capitol, and the whole world is looking at America. For America to close the only general hospital it has in the District of Columbia, is a terrible affront to mankind.

Therefore, I certainly urge the Congressional delegation from Michigan, and the rest of the Congressmen and women around the country, to stand up and fight the closing of D.C. General Hospital. I commend the efforts of the LaRouche organization and the others in Washington, D.C. in fighting for this issue which affects us all, nationwide.

We have many of the same problems in Michigan. Fortunately in Detroit we have the Detroit Medical Center, and we have a large Veterans Hospital in Detroit, but we still have a crisis in health care here. It is much worse in other areas, but the issue is still here, and of course, some of the hospitals are not doing as well as they should—and I am thinking about some of the hospitals in the Detroit Medical Center, and I am thinking about some of the hospitals which are overcrowded with people who do not have health care, and cannot afford health care.

Health care has gotten out of hand in this country. Ironically, many small countries in the world have better health-care systems than America. I think we need to go back to Hill-Burton Standards to insure that health care is for everyone. A nation this large has no reason to not provide health care for all of its citizens.

So I urge the adoption of Hill-Burton standards, and I urge this nation to give health care to the people. Health care should

be for the people once again, and not for profit. It will benefit us all if D.C. General Hospital stays open, and we finally bring this question to the fore. Will we or will we not operate in the interest of the General Welfare of our citizens—in health, as well as in all issues confronting us today?

State Rep. Lamar Lemmons

Lamar Lemmons, III, is Second District State Representative of Michigan, and member of the Michigan Health Policy Committee.

On the issue of the proposed closing of D.C. General Hospital, and on the occasion of the March 22, 2001 Congressional briefing on “Public Health in Crisis, D.C. General Hospital in Focus,” I am very disappointed and appalled at the prospect of closing another inner-city hospital. Making medical care facilities unavailable is tantamount to withholding health care, which is tantamount to genocide.

District of Columbia Medical Society

‘No One in This City Should Sit Idly By’

Stuart F. Seides, M.D., President of the Medical Society of the District of Columbia (MSDC), issued the following statement regarding D.C. General Hospital.

Additional concerns and supporting data have come to the surface that solidify the Medical Society’s serious concerns regarding the viability of the Control Board’s plan to dismantle inpatient services at D.C. General Hospital.

The negative impact of the Control Board’s plan will be far-reaching. Many of the 52,000 emergency department visits and many of the 15,000 ambulance arrivals that currently go to D.C. General will simply be shifted to the already-overcrowded but closer emergency rooms of the Washington Hospital Center, Providence Hospital, George Washington Hospital, and Howard University Hospital. We question the choice of supporting a system that depends upon a hospital that is far removed from the traditional catchment area of D.C. General, with the clear potential to shift substantial costs to the other, already financially fragile, community hospitals.

The emergency departments of the hospitals closest to D.C. General—emergency rooms that are already bottlenecked—will see the overall number of ambulance visits increase. In fact, for reasons yet to be understood, the number of emergency room visits in the city increased by nearly 17%

in January 2001, as compared to the previous year.

In addition, no hospital can possibly develop, staff, and become an accredited trauma center in three months. The accreditation process itself takes at least a year. We are concerned that there is no interim solution to the trauma center issue. What plan is in place to serve the residents of Wards 6, 7, and 8 while a trauma center is being established to replace the one at D.C. General?

For centuries, physicians have adhered to the oath *primum non nocere*—“first, do no harm.” It is against this standard that we must measure the Control Board’s transformation plan for D.C. General Hospital.

We have the solemn responsibility to treat illness and save lives. We have yet to see a workable transition plan that would adequately do either. After months of study and dozens of meetings, it is clear to MSDC that the plan to eliminate the acute-care beds and/or substantially reduce hospital services at D.C. General will, in fact, cause harm to patients—harm to the patients of Ward 6, 7, and 8, as well as to the broader population of patients that are currently treated at neighboring D.C. hospitals.

We add our voices to those urging the Mayor and the Control Board to suspend the current deadline of April 2, and to establish a realistic timeframe for a careful re-examination of the alternatives for providing the desperately needed health care services that D.C. General now provides.

The Medical Society will continue to join others in calling for a transition plan that guarantees an increase, not a decrease, in health care services available to patients who have historically relied on D.C. General Hospital. No one in this city should sit idly by while health care services are likely denied to some of the city’s most vulnerable populations. We will continue to advocate for our patients. We can do nothing less.

Dr. M. Joycelyn Elders

‘Why Would We Even Consider Closing This Hospital?’

Dr. M. Joycelyn Elders is an American physician and government official whose effective advocacy for preventive medicine, especially for children and young adults, led to her appointment as U.S. Surgeon General during the first Clinton Administration. She served in that post for 15 months. Previously, Dr. Elders had been director of public health in Arkansas, beginning in 1987.

Thank you, Congressman Conyers, and others for holding this briefing on the crisis of the national public hospital safety net, with D.C. General Hospital as a focus.

D.C. General Hospital is a hospital that has served a community, and an underserved population for a very long time. This hospital has served in times when nobody else would. They have many health disparities of concern — such as teenage pregnancy, AIDS, TB, poverty, health illiteracy, and so forth. No one has gone out there to provide this population with the primary health care to reduce mortalities and morbidities. So why close the only source of care, and promise primary care to an underserved, under-educated population in apparent need? Everything posed by the closedown of this hospital contradicts national health goals, and common sense.

For instance, one of the three major health goals for the year 2010 is to have 100% access and 0% disparity in health care. The other two goals are to have every American have the best possible health that they can. And the third is that every American have access to primary preventive health care.

The idea of these health goals began in a 1979 report of the U.S. Surgeon General. This practice of establishing health objectives in coordination with state, local, and national government health professionals continues today.

Higher Mortality, Shorter Lives

I urge you to consider the suggestion of closing D.C. General, and then compare it to the health goals for the year 2010.

“Healthy People 2010,” established in 2000, included a new objective to “Eliminate Racial and Ethnic Disparities in Health.” This initiative came from the simple recognition of the reality of health conditions in the United States. In a 1998 radio address, President Clinton announced that the nation would eliminate — not narrow — the considerable long-standing racial disparities in health status by the year 2010. For instance, in infant mortality: African Americans and Native Americans have the highest death rates in the nation. In adult mortality: In 1997, overall mortality was 55% higher for black Americans than for white Americans; life expectancy was still 7.1 years shorter for black males than for white males in 1997; and again, in 1997, the age-adjusted death rates for the black population exceeded those for the white population by 77% for stroke, 47% for heart disease, 34% for cancer, and 655% for HIV infection.

Part of the discussion of disparities included access to health care facilities. This access includes: *provider access, financial access, transportation access, and cultural access.* I noted this in a recent address to the Congressional Urban Caucus (June 28, 2000): “[Our health care system] is not equitable, and certainly not universal. Consider the statistics — 1) We have more than 44 million people who have no health insurance, including more than 18% of our non-elderly population; 2) 42% of the uninsured population consists of minorities; 3) 80% of the 44 million uninsured people work every day, or live in families in which at least one member works every day; 4) 56% of the uninsured earn less than 200% of the poverty rate, and many more are underserved by our health-care system. Our population is growing older, living



Medical staff and supporters in Berlin, Germany, demonstrate against the forced closing of that city’s best-known public facility, Moabit Hospital. Demonstrations have spread to five German state capitals.

longer . . . and have more chronic disease and disabilities. Our medical technologies have improved . . . however, not all of our citizens are recipients of our progress. Barriers include *provider access, financial access, transportation access, and cultural access.*”

I emphasize the last sentence, because the closing of D.C. General Hospital — a hospital that has long served the inner-city urban population of the district; a hospital that serves the uninsured; a hospital that serves a minority community — is exactly a hospital we would not want to close if we are serious about these national health objectives, and national concerns. Why would we even consider closing this hospital? What would we substitute for the provider access, financial access, transportation access, and cultural access?

U.S. Is 54th in Fairness

The World Health Organization recently released a book comparing the United States to all the industrialized countries. They said we have the best resources, but our system is very

unfair—it is number 54 in “fairness.”

In this report, WHO carried out the first-ever analysis of the world’s health systems, using five performance indicators: 1) Overall level of population health or disability or “Adjusted Life Expectancy” (DALE); 2) Health disparities within a population; 3) Health system’s responsiveness to the needs of the population; 4) Distribution of responsiveness (Rich vs. Poor; Goodness vs. Fairness) and 5) Distribution of financial burden (who pays?). Using these criteria, it was found that the United

States stood at #1 in spending 14% of its gross domestic product; #37 out of 151 countries according to its performance; #72 in its performance on health level (DALE); and #54 in fairness.

Let me repeat: #54 in “fairness.”

Hospitals are being closed all over America—to make what was once a primarily non-profit vocation a profitable enterprise. But is this fair? By cost cutting analyses, the cheapest care is no care. Or, the most expensive pediatric care is for

Rep. Holmes Norton Spills the Beans

This release was issued by EIRNS on March 27.

In an informal meeting held with constituents on March 22, D.C. Congressional Delegate Eleanor Holmes Norton revealed that Oklahoma Republican Rep. Ernest Istook, Jr., of the House Committee on Appropriations, had threatened to jail Mayor Anthony Williams, as well as members of the Washington, D.C. City Council, for keeping open D.C. General Hospital, the District’s only public hospital, through a set of operating loans.

Istook allegedly made the threat in the Summer of 2000, while he was chairman of the D.C. subcommittee of the Appropriations Committee, which has power over the D.C. budget.

Confederate-thinking elements in the Congress, had sought to force the closing of the hospital by allocating only a \$40 million subsidy to it, when it was known that the hospital’s operating expenses well exceeded \$75 million. Further, it was known, that one of the major factors in deficits run at the hospital, was the tardiness in reimbursement of D.C. General *by the U.S. government* for tens of millions of dollars in Medicare and Medicaid payments due for services rendered!

Employing the financial accounting methods of Hitler’s Economics Minister Hjalmar Schacht, Istook follows in the footsteps of Newt Gingrich, cutting the “financial consumption level” of the hospital, in much the same way that the Nazis cut the food consumption levels of the victims of the concentration camps to starvation levels. His stated plan: If elected officials, or even the Congressionally-appointed Control Board, *still* attempt to keep the hospital services open in the District, use *direct police-state methods and indict them*. In this way, the Gingrich theory of “Conservative Revolution” is to be combined with the Himmler-like “resettlement method” of handling the District’s African-American population, known in

D.C. as “Negro Removal.” If the hospital leaves, the people will leave as well, or die.

Triumph of the Will?

In the official record of Congressional deliberations on the hospital, from July 25, 2000, ominously entitled “Political Will and Fiscal Will,” Representative Istook chastises the City Council, the Financial Control Board, and the Public Benefit Corporation, which runs the D.C. hospital system, for using “a facade of ‘loaning’ money to the PBC. . . . The greater threat to public health in the District is not the potential closing of D.C. General Hospital, but in letting it continue to siphon off precious health-care dollars. . . .”

The Committee’s majority report continues: “Just as bad as the financial failure is the failure of *political will* to address this problem. The Committee is disappointed that officials have preferred to procrastinate and spend, *rather than risk the unhappiness of the political constituencies involved in PBC and D.C. General Hospital*.” “Political constituencies” is a Confederate euphemism for the African-American electorate and inhabitants of Washington, D.C.

According to Delegate Holmes Norton, in that same July, Istook met with Mayor Williams and members of the Council, and told them that they had committed felonies by extending the funds to keep the hospital open; that he would seek jail for them, if they did not rectify the situation; and that if the law allowed “some loophole”—that is, if, in fact, the D.C. government *had* the right to make such an arrangement—he would make sure the loophole were closed, and that the elected officials were thrown in jail.

In effect, Representative Istook was speaking for the Gingrichite, outright fascist view, that the defense of the general welfare of the population would be subjected to *police-state* measures of repression.

In her discussion with constituents, Holmes Norton confirmed this outlook by the Stone-Age Republicans. She stated that the intent of Istook was to write the closing of D.C. General into the year 2001 Appropriations bill as a precondition for any release of funds to the District. The following is a paraphrase of Holmes Norton’s account of

a child born too little, too soon — a premature child, a possibly deformed child. Would we propose infanticide . . . to save money? Is this fair? . . .

It is true that the most expensive medical care is emergency room care. For many people, that is all they have, and the only place that they can be seen. However, we must fully solve that problem before we consider depriving people of that solution.

D.C. General is a hospital that serves more than the poor.

It is a major trauma center. And hospitals in other areas of the country — serving wealthy and poor — are overburdened and shut down by the American health and economic crisis. We must solve this problem nationally. I call on Congress to consider what must be done to provide quality health care to all Americans. The immediate step, and the focus of this briefing, is to support D.C. General Hospital as a full-service, expanded hospital. The second and immediate step, is to move quickly to save the American health care system as a whole.

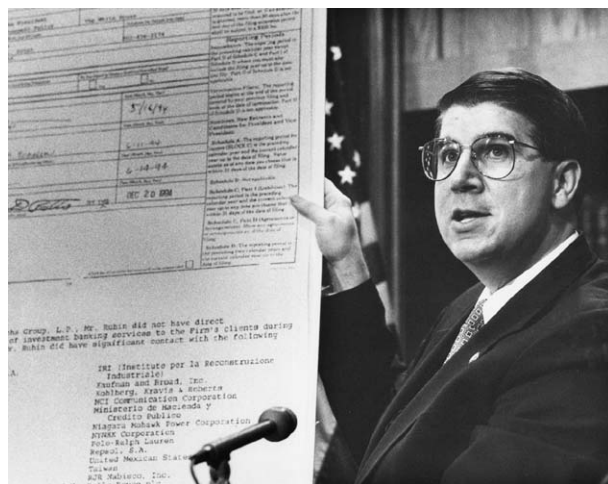
a meeting, which also included Alice Rivlin, head of the D.C. Control Board:

“I came to the meeting for one reason only, and that was to keep him [Istook] from writing into the Appropriations bill that D.C. General Hospital *had to be closed* for the District to see a penny of their budget. That’s what he was going to do and I stopped him. It was the only reason I got involved. Williams wasn’t going to do sh—. That’s the only reason why. Ask anyone here. If it is a D.C. bill, Eleanor doesn’t intervene. It has been my policy for ten years to leave it to the Mayor. It was all my doing. I got him to agree to let them overspend the budget. What I had to do was negotiate more money, so I could keep Tony Williams out of jail. I said, ‘Let them take the money out of the reserve fund.’ I was able to get \$90 million, so that they wouldn’t be in violation anymore, but I told Williams that next time, he was going to have to deal with it, because it was a matter of home rule. I don’t know the issues. There has to be a plan. The Control Board has deferred to the Mayor and the Council, and they have to *come up with a plan on how they are going to close this damn place down*. But it would have been closed, and Tony Williams’ ass would be in jail if it wasn’t for me.”

Threat Against General Welfare

What Delegate Holmes Norton’s statements underscore, is that Mayor Williams and the City Council officials have been acting under threat from the fascist Control Board, and that responsibility for the threatened closure of D.C. General, with its attendant genocidal consequences, lies squarely in the Congress.

In the now-famous town meeting, held at Union Temple Baptist Church by Mayor Williams on Feb. 28, in which the Mayor attempted to sell his plan to shut the hospital, LaRouche representative Lynne Speed, who did not know the above story, confronted the Mayor with the following policy-option. “You, the City Council, and the Control Board, were chastised by Representative Istook of the Appropriations Committee last July for continued financing of D.C. General Hospital. That Committee acted to force on you a policy that would directly result in the deaths of citizens of the District. That is well known. Such



Rep. Ernest Istook (R-Okla.) appears to use the tactic of threatening with jail, officials and opponents who may obstruct his slashing of Washington, D.C.’s budget. He reportedly threatened Mayor Anthony Williams over D.C. General Hospital, and demanded the names of opponents of his school closings.

a policy, willfully adopted, is no different than the policies of the Nazi government from 1933-45. If you are interested in the well-being of the people, as you say you are, then will you lead them to the Congress to demand that this hospital not be shut down, and that the principle of the general welfare be upheld, instead of that of Nazi shareholder values?” Williams replied, “I appreciate the passion of your statement, but we must be careful as to how we use the term ‘Nazi.’ ”

Given the revelation by Delegate Holmes Norton of their intended “done deal” to shut D.C. General, no matter what its predominantly African-American population thinks, it is now clear why he answered that question, in that way. It is also clear that citizens concerned to stop the shutdown of D.C. General Hospital, now about to be privatized into the care of a corporation beset by charges of racketeering nationally, have to direct their opposition to the center of decision-making, the Congressional Committee on Appropriations. This term, the committee is headed by Rep. Bill Young, Republican of Florida; the D.C. Subcommittee is chaired by Rep. Joe Knollenberg, Republican of Michigan.

Zimbabwe's Fight Against The Ghosts of Colonialism

by Uwe Friesecke

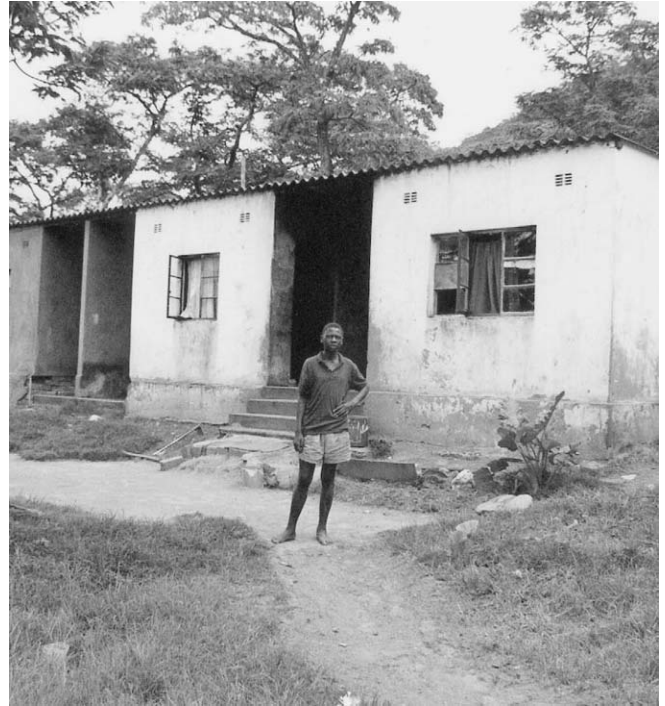
For months now, a drumbeat has been under way to remove the government of Zimbabwe's President Robert Mugabe and his ruling party, ZANU-PF, from power in this former British colony. When the British elite doesn't like policies of some particular government, the British press usually leads a worldwide campaign to portray it as undemocratic and dictatorial. Once such a manipulation of international public opinion takes hold, political moves follow. British pressure resulted in the passage of a resolution in the European Parliament condemning Zimbabwe and calling for sanctions. A bill to the same effect is being introduced into the United States Congress. Efforts are under way to slam sanctions onto Zimbabwe from the British Commonwealth. And in the meantime, several Western governments have stopped their development cooperation and funding for projects with the government in Harare.

The campaign is also personally directed against the President. When, at the beginning of March, President Mugabe was on a visit to Brussels and Paris, he became the target of a well-organized public relations incident. A British homosexual activist tried to make a so-called citizen's arrest of President Mugabe in the Brussels Hilton Hotel, while the President, after a meeting with a Belgian government minister, was walking out to his car. Screaming, the activist tried to jump on the President first, and then in front of his car. Naturally, Mugabe's security took forceful measures, and the activist landed on the ground, which led to an outcry in the British press, which claimed that this showed how violently President Mugabe treats the opposition in Zimbabwe. If such an operation had been tried against the British Prime Minister or the U.S. President, the activist would have been shot by security personal and killed or arrested. But nothing of this sort hap-

pened. The provocateur was allowed to walk away freely. British intelligence services were undoubtedly involved in staging this incident. And one wonders, whether this is the way that the British colonial establishment is getting their belated revenge on Mugabe, for his unexpected election triumph in 1980.

During the last week of February, an *EIR* team had the occasion to visit, Zimbabwe's capital, Harare, and hold discussions with officials from the government, the ZANU-PF, journalists, and parliamentarians. It became clear, that much more fundamental strategic issues are at play in this conflict over Zimbabwe than so-called concerns for democracy on the part of the U.S. or British governments. If President Mugabe were to withdraw his troops from Congo, postpone the farmland reform by another ten years, and praise the International Monetary Fund (IMF) and World Bank as the saviors of Zimbabwe, the attacks on him would stop tomorrow.

Especially those political leaders who fought for independence alongside Mugabe, in the bush and outside the country, or sat in Rhodesian jails during the 1960s and '70s, are convinced of the strategic nature of the conflict with the former colonial power. They emphasize that if the Anglo-American powers were capable of replacing the ZANU-PF government with the opposition Movement for Democratic Change (MDC), in which the British government alone has invested £90 million, the key bastion of anti-colonialism in Southern Africa would fall. This would mean the destruction of their life's work. The sense of having fought hard against the injustices of colonialism, when Zimbabwe was still named Southern Rhodesia, is omnipresent in discussions with that older generation of political leaders in Harare, much more so than in other African countries. During a meeting, the country's



The disparity of rural life in Zimbabwe between the white commercial farmers and their black laborers. The government is trying to institute a more just system, and is being pilloried for it by the British-controlled international media. Left: grain silos at the Nichols farm, one of the largest commercial farms in the country. Right: Living quarters for farm workers, without electricity or running water.

Vice President, Joseph Msika, gave his foreign visitors a vivid description of how today's Freedom Square, in the middle of Harare, which used to be Cecil Square, in colonial times was sealed off to the black population by signs reading, "No Dogs or Natives Allowed." It was as if those signs had only been removed yesterday.

The Structures of Colonialism

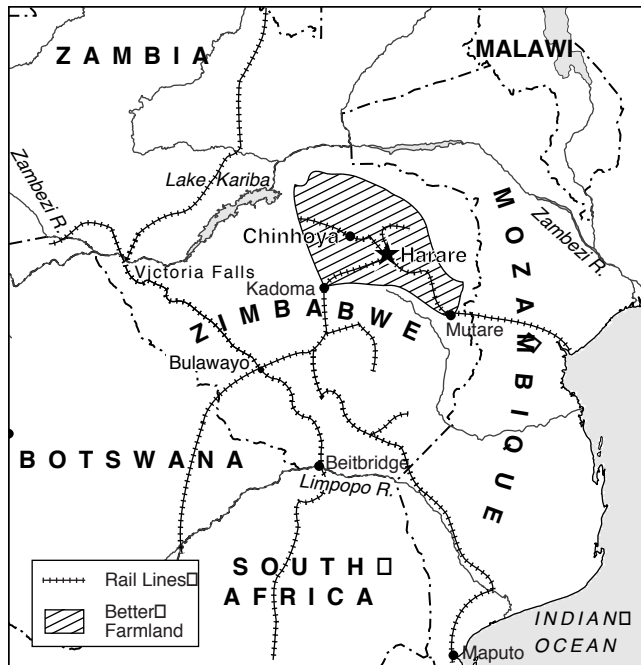
Formal colonialism ended in Zimbabwe 20 years ago, when it received independence from Britain in 1980, after a 15-year armed struggle against the white Rhodesians. It was in Rhodesia that the British colonial system survived the longest in Africa. Following World War II, the British government settled many soldiers in Rhodesia, on land that it simply stole from the black population. British colonialism in all of Southern Africa was pivoted on forcing the black population off the best land. In 1930 in Rhodesia, the British passed the Land Apportionment Act, to exclude all Africans from the best farmland, which meant from half of their own country. The Africans were confined to the poorest land, and were therefore forced into the labor market, to either work as cheap labor for white farmers, or in the mines.

In essence, this is still the structure of colonialism in Zimbabwe. Today, only about 90,000 whites live among the total of 12 million Zimbabwean citizens. Few are visible in the offices or on the streets of Harare. But, as commercial farmers, they still own the majority of the best farmland, and old colo-

nial families and businesses such as Anglo American Corp., Old Mutual Insurance Corp., or Standard Bank and Barclays Bank own almost all real estate in Harare and other cities, and are the dominant players in Zimbabwe's mining industry. The anger among political circles about the continuation of these colonial structures is certainly understandable. "Why have we fought so hard and with so many losses, if we own almost nothing 20 years later?" is a question often addressed to the foreign visitor.

Zimbabwe's farmland is divided by quality into five categories. Commercial white farmers own more than 70% of categories 1 and 2, which is the most fertile land suitable for intensive farming and livestock production. They grow tobacco, maize, wheat, cotton, sugar, fruits, vegetables, flowers, and feed for dairy farming. Large cattle herds graze on fenced-off land. The size of these commercial farms starts at 1,000 hectares and goes up to 6 to 8,000 hectares. Many families own several farms, which in some cases adds up to more than 20 or 30,000 hectares. Few black commercial farmers exist. In contrast, the majority of the black population live in communal farm areas of land categories 3, 4, and 5. There, families farm on 3-4 hectares, and their children herd the cattle on scarce common grazing land. The majority of communal farmers grow just enough for their own survival, while the commercial farmers make the profits.

A tour 120 kilometers northwest from Harare, to the town of Chinhoyi and back, shows the difference. Large fields, with



fertile red soil and fenced-off grazing land and well-fed cattle, are typical of the rich commercial farms along the road. Here, infrastructure, including irrigation, is well developed. A big farmhouse at some distance from the road, behind trees and a hedge, is typical. Near Chinhoyi, for example, 22,000 hectares of land is owned by the Nichols family. They have their own, huge grain elevator. Their children, naturally, receive their education overseas, and how much of their profit avoids taxation by the Zimbabwe state, because they keep the money in Europe or in the United States, is a matter of speculation. While they operate the farm with modern machinery, a good part of their profitability depends on cheap labor. About 3,000 of their laborers earn 2,000 Zimbabwe dollars per month, equivalent to less than US\$35. And the majority of these workers are not even permanently employed. Many have inherited these working conditions from their parents and grandparents, some of whom came from Mozambique decades ago. They are forced to live in miserable houses and have no chance of ever improving their lot.

Cheap labor is also the secret of mining in Zimbabwe. Many of the mines are small sites, either owned by foreigners or by syndicates of white commercial farmers employing only about 100 workers. One such mine is the Alaska Dolomite Mine, near Chinhoyi. A visit to the housing area shows the same poor conditions that prevail among the farm laborers. The workers' committee gathers in the shade of a tree and describes their working and living conditions. Sixty-four permanent workers are employed at the mine, along with more than 100 temporary workers, because the temporary workers can be fired without redress, and are therefore cheaper for the

management to handle. They work 48 hours a week and earn 2,200 Zimbabwe dollars a month, equivalent to US\$36, which is far less than the living costs for a family. People are only able to survive, because they can grow some of their food themselves. For heating and cooking, they receive a paraffin allowance of another 200 Zimbabwe dollars. But they need 20 liters of paraffin a month at a cost of 700 Zimbabwe dollars. They have no health care, and the nearest school is six miles away, without transportation. The houses have no electricity, because the company refuses to install it, even though there is a hotel with electricity across the street. A spokesman for the workers expresses their sadness, if not desperation, because they and their families have lived under these conditions for years, and they cannot see how things could be improved. The visitor from Europe now understands what it means, when the World Bank lists the millions of Africans who have to survive on \$1 or less per day.

On the way back from Chinhoyi, the tour leads through the communal farm area. The difference is striking. The soil is not red, but sandy. Groups of 10-20 cattle are herded along the road on short grass, because the land is overgrazed, whereas in the commercial area, the grass is lush and plentiful. There are no large fields, only small plots. The black population are numerous and live in simple huts, sometimes small brick houses. Before independence, these were the "homelands," to which the black population were confined without any infrastructure improvement. This has changed. In the last 20 years, the government has built a network of rural roads and dams, and an electricity supply grid. Fifty-five regional growth centers were constructed, each with a school, a hospital, farm supply operations, and municipal buildings. These centers developed into towns, and stimulated economic activity in the area. Government programs have raised the standard of living, especially the access to education and health services for the people living in the communal areas. But the outrageous discrepancy, by comparison with the standard of living of the white commercial farmers, remains.

The majority of Zimbabwe's agriculture still operates according to a feudal system, with rich landlords, and laborers who are essentially serfs. The political leadership around President Mugabe has decided to change this, arguing that they have waited long enough—for more than 20 years—without getting the support from the former colonial power, which it had promised to supply in the Lancaster Agreement of 1979. It is quite reasonable to insist that the British government supply the money to compensate the commercial farmers, if some of their land is taken and redistributed to black families. After all, the British colonial authorities took the land in the first place from the black population, without compensating them. ZANU-PF officials, such as the party's Secretary for Information and Publicity, the former Minister Dr. Shamyarira, or the party's Speaker of the House of Parliament, Emmerson Mnangagwa, emphasize that they do not



Heroes Acre, the cemetery which commemorates the 1966 Battle of Chinhoyi, the first battle between the liberation movement and the Rhodesian military. Author Uwe Friesecke is shown with Dr. N.M. Shamuyarira, Secretary for Information and Publicity of the ruling ZANU-PF party.

want to deny white farmers the right to stay in the country and farm. What they do want, is a reform of the feudal system, comparable to the land reform most European countries underwent during the 19th Century. If a farmer has several farms, he should give up some of the land for redistribution. If he does not use all of his land, he should give up that portion for use by resettled black farmers. The majority of the population should simply have more access to the land of the nation, and the playing field should be levelled, so that black farmers can have the same chances to start commercial farming as the whites have had since colonial times.

The old guard of political leaders of ZANU-PF has made it quite clear, that this is the issue they will either live or die over. Some white commercial farmers are realizing this, and are beginning to cooperate with the government in their local area to facilitate the resettlement program for black farmers. One hopes that this will become the majority view of the white commercial farmers in the country, otherwise an escalating confrontation between them and the government is preprogrammed.

Dismantling Colonialism in Southern Africa

Today, the government of Zimbabwe is focussing on the farm land issue. If they succeed there, they will move on to tackle the broader problem of colonial control over real estate, banking, mining, and industry, because the same problem exists there as in agriculture. The old colonial structure remains untouched. Ownership and power lie with the companies and families that are part of the structure of the British Commonwealth and the Anglo-American establishment. Their traditions and self-conception go back to the days of

Cecil Rhodes, more than 100 years ago, when the British stole the area of today's Zimbabwe and Zambia, named it Rhodesia, and used the exploitation of agriculture and minerals to build up their empire. In economic terms, this empire still exists, even though politically the African countries have become independent.

Now, 20 years after Zimbabwe's political independence, Mugabe's government is beginning to dismantle this colonial structure, starting with the land, but aiming at the economy as a whole. This is why the reaction to the Mugabe government from Britain is so hysterical. The British aristocracy, in concert with the Anglo-American establishment, sees their vital strategic interests in all of Southern Africa threatened: After all, how long can governments in South Africa, Namibia, and Botswana postpone changes, if they are successfully implemented in Zimbabwe? Therefore, the British Commonwealth and Anglo-American forces are trying to use an alliance of white farmers and dissatisfied black groups—of which there are many, thanks to the economic hardships brought on by IMF structural adjustment—supported by the so-called liberal opposition of South Africa—to topple Mugabe's government and replace it with a more conciliatory one, like former trade union leader Morgan Tsvangirai's MDC.

The ZANU-PF leadership and President Mugabe challenged the strategic plans of the old and new colonial powers in another decisive way, through their military intervention into Congo. Some 11,000 Zimbabwe troops, in alliance with Angolan and Namibian forces, stopped the advance of Ugandan and Rwandan troops, which had invaded Congo in the Summer of 1998, before they could capture Kinshasa and the

mineral-rich Katanga and Kasai provinces, and threaten the countries of the Southern African Development Community (SADC), to the south of Congo. This was not appreciated at all in London and Washington, because both the British and U.S. governments had given clandestine support to the Ugandan/Rwandan invasion.

Zimbabwe's Potential Leadership Role

What the foreign visitor to Zimbabwe realizes immediately, is the tremendous agricultural and economic potential of the country. Even as first seen during the approach by air, the rich and highly developed agricultural land, with a network of roads and dams, is impressive. But Zimbabwe has much more water than it can use right now. The Zambezi River in the north could deliver water to the dry southwest around Bulawayo, Zimbabwe's second-largest city. The engineers in the Ministry of Water Development in Harare are very confident, that if they could only realize the water projects that they already have designed, Zimbabwe's agricultural production could rise tremendously, to guarantee self-sufficiency and even more exports than today.

The country could also become a powerhouse for industrial production. It already has the largest industrial base in Sub-Saharan Africa, after South Africa, including a steel mill.

Finally, geographically, Zimbabwe is the natural infrastructure link between South Africa in the south and Congo and Eastern Africa in the north. Already Zimbabwean engineers are planning region-wide expansion of road and rail networks. For any real development of Southern and Central Africa, Zimbabwe will be a decisive factor. If it can break the colonial shackles of the past—as the government is trying to do with the land reform—and intensify the type of South-South cooperation that has developed in recent years, with the leadership of Malaysia's Prime Minister Dr. Mahathir bin Mohamad, then the country could become a pivot in Africa for replacing the collapsing world financial system with a new, just world economic order. Zimbabwe's potential thus constitutes a serious threat to the strategic interests of the modern colonialists. The British and Anglo-American elites know this, and they are acting to destroy Zimbabwe, by orchestrating what they call the Zimbabwe crisis.

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IMF, World Bank Put Zimbabwe Under Siege

by Dean Andromidas

Walking about Harare, the capital of Zimbabwe, one can hardly recognize what its colonial past was 21 years ago, before independence, when the city was still named Salisbury, after the Earl of Salisbury, and was the administrative center for the British colony of Southern Rhodesia, the namesake of British African empire builder Cecil Rhodes. But, nestled between the high-rise office buildings that seem to have eclipsed the markings of the colonial era, there stands a stately building fully restored to its turn-of-the-century glory, what appears to be one of the finest examples of British African colonial architecture. Written across its entrance-way, one can read, "Lonrho Building." Here was, no doubt, the first home of the legendary London and Rhodesia Company. The security guards there today have never heard of the colorfully infamous, late chairman, Tiny Rowland, who ushered one of Britain's best known imperial-era companies through the troubled waters of neo-imperialism. They only know the Lonrho Building as the current home of the Zimbabwean headquarters of the International Monetary Fund (IMF) and World Bank. Some things never change.

For more than three years, the IMF has put Zimbabwe under siege. Make no mistake: This punishment is far worse than the United Nations sanctions that had been imposed on Ian Smith's apartheid Republic of Rhodesia in the 1960s and 1970s. The IMF and World Bank are working hand-in-glove with the British Foreign Office and the complex of Anglo-American mining and financial interests, to implement a policy of genocidal war and economic impoverishment in Africa.

Zimbabwe's "crime" was to defend itself from this onslaught. First, in 1998, it deployed its troops to defend the Democratic Republic of the Congo, preventing the Anglo-American marcher-lords, Ugandan President Yoweri Museveni and Rwandan President Paul Kagame, from conquering the D.R.C.—thus throwing a roadblock in front of the multinational mining companies, such as Barrick Gold, whose advisory board includes former U.S. President George H.W. Bush.

Its second crime was to embark on its land redistribution policy, aimed at redressing the historic inequity of the ownership of 11 million hectares of prime agricultural land by the same colonial interests against which Zimbabwe fought a bitter liberation war.

Of course, its third crime was failing to fully implement

the Economic Structural Adjustment Program (ESAP) which it adopted in 1990, under pressure from the IMF.

Today, unprecedented political and economic pressure is being exerted to force Zimbabwe to “toe the line,” in return for being brought back into the IMF fold. At the end of February, Zimbabwe President Robert Mugabe met with IMF Managing Director Horst Köhler and World Bank President James Wolfensohn, during the IMF-World Bank summit with African heads of state in Dar es Salaam, Tanzania. On March 8, an IMF delegation was dispatched to Harare to draft a so-called “shadow” program, requiring Zimbabwe to implement draconian “fiscal discipline” and a 20% devaluation of its currency. If agreed to, not one cent of new money will be released before August, if at all.

According to Harare sources, the high-level talks between South Africa and Zimbabwe on March 18-19, led by South African Finance Minister Trevor Manuel and Zimbabwe Finance Minister Simba Makoni, were aimed at having South Africa underwrite the deal. At a press conference following the talks, Minister Makoni said that the government would be committed to fiscal discipline and to “restoring relations with international multilateral institutions.” This was clearly for the ears of the IMF delegation, which was still lodged at the Lonrho Building in Harare.

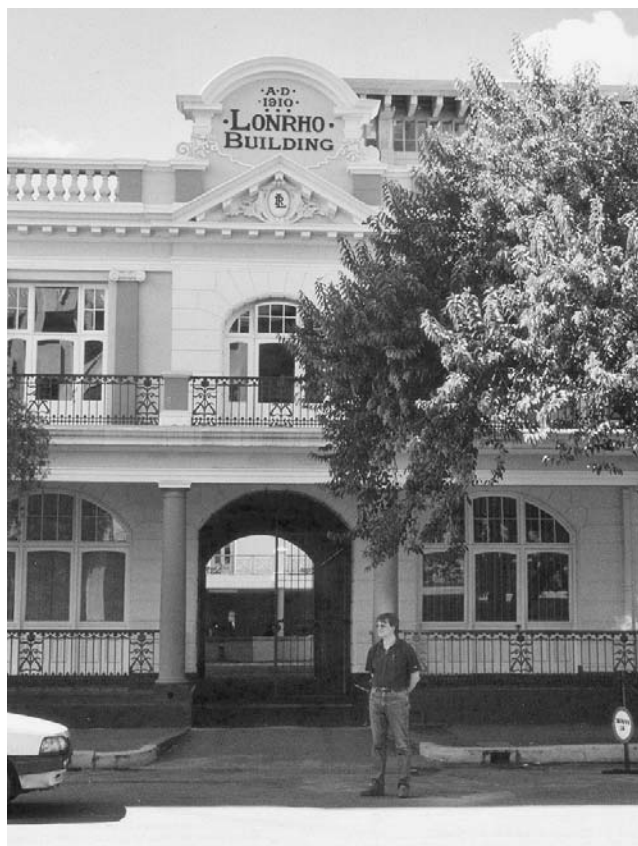
Whether such an agreement is reached or not, this will not be the closing chapter in Zimbabwe’s and the rest of Southern Africa’s conflict with the IMF and the financial oligarchy it serves.

EIR had the opportunity to see the effect of the IMF’s ESAP firsthand, as well as to talk with government ministers, officials, political leaders, and the “man in the street.” We found that the principal issue in Zimbabwe is the catastrophic effect of the ESAP, and Zimbabwe’s bitter experience with the IMF since winning its independence in 1980. *EIR*’s correspondents saw the same problem that afflicts almost all developing countries, where a strong commitment to nation-building is undermined by the adoption, sometimes with misplaced enthusiasm, of IMF policies, including the ESAP and its rhetoric of “globalization,” “trade liberalization,” and “privatization.”

Mugabe Slams the IMF Program

In his address to the special party congress of the ruling ZANU-PF party in December 2000, President Mugabe recognized that it was a mistake to adopt the disastrous policy that has been at the root of the country’s political discord. He told the party delegates:

“The hardships we endure today arise from the programs of adjustment in which we acquiesced at the beginning of this decade, which have had the terrible effect of simply wiping off the phenomenal social gains we had made during the first decade of our independence. Presently, many of our young people are unemployed; support for our communal farmers



The Lonrho Building in Harare, appropriately enough, has today become the Zimbabwean headquarters of the International Monetary Fund and World Bank.

has declined; our health institutions can no longer adequately serve our people; our social safety nets are largely dismantled, and the laws to protect workers against arbitrary retrenchments are, by and large, repealed. Our people suffer and blame the party and government for it. . . .

“For the past decade, we adjusted and liberalized the economy by way of ESAP and its sequel ZIMPREST. The question we could not answer in both programs is: For whom are we adjusting the economy? By hindsight and by sheer deepening misery of our people, we can now answer that question. We adjusted the economy to serve the external interests, which is why our people have nothing to show, ten years into the adjustment.”

Agricultural Policy

At the same party congress, President Mugabe laid out his government’s land redistribution program as being at the center of an economic policy which he hoped would address the failure of the ESAP.

This was explained to *EIR* by a senior ZANU-PF official, who said that the government must now address “fundamental

issues.” The official pointed out that as a developing country, which has no control over commodity prices, especially cash crops and minerals, the first priority of the government is to develop its tremendous agricultural potential, to achieve food self-sufficiency as well as improve its export potential. In this regard, the government has plans to build at least one dam in every rural district per year. There was also concern about moving away from dependency on tobacco, which now accounts for 40% of export earnings.

The official pointed out that this requires gaining control of the land, for the benefit of all Zimbabweans. He emphasized that, while the government is moving to regain control of 5 million hectares of land that is currently held by the commercial farming sector, there is no attempt to deny anyone the right to farm. The government has drafted legislation to limit the size of farms to between 1,000 and 2,500 hectares in the most productive regions of the country. Many commercial farmers own up to seven farms, and in general only 35% of the land they own is under cultivation.

If not addressed, the official pointed out, this is a “potential timebomb.” “We must feed our people,” he said, and this cannot be done when 65% of the nation’s most fertile land lies fallow.

He said that the government is trying to pursue an industrial policy that would contribute to developing Zimbabwe’s full agricultural potential, including building transport infrastructure, and food processing. But, he said, the “globalization concept” has greatly damaged Zimbabwe’s manufacturing sector.

He pointed out that, now, Zimbabwe has been “put under siege,” and the IMF and international donors refuse to support the government’s policy.

‘That Monstrous Creature’

Last year, when the IMF again refused any lending to Zimbabwe, President Mugabe declared, “Let that monstrous creature get out of our way. Why should we continue to plead? Let us look elsewhere for resources. After all, the money is not to be given free of charge. The money is a loan, and if you are going to go down on your knees and confess, as if to the Almighty, for your sins, they will say, ‘Okay, you have done wrong—and can you now do this and that in the future?’ For goodness sake, we are a sovereign country, and we must not humiliate ourselves to that extent.”

But why does President Mugabe find himself compelled again to negotiate with the IMF? The answer is brutally simple. Neither Zimbabwe nor any other country in Africa, nor anywhere else, can exercise its sovereignty, unless that “monstrous creature,” and the Anglo-American financial establishment that controls it, is defeated.

This is especially the case in Zimbabwe and South Africa, whose economies continue to be dominated by the international financier establishment centering around the powerful mining empire of Anglo American Corp. and its sister com-

pany, DeBeers, along with its related banking, insurance, and finance houses. Zimbabwe’s economy and its commercially held land are part and parcel of this economic empire. The dismantling of both the Ian Smith regime in Rhodesia and the South African apartheid regime has proved to be far easier than dismantling the control of this truly “monstrous creature.”

A brief review of the IMF role in Zimbabwe in the last 20 years since independence, is now in order.

The Unfinished Fight for Independence

Zimbabwe was one of the few countries to win its independence after a bitter 14-year guerrilla war. It inherited an economy and an administrative system that had been created to serve a white colonialist population of no more than 200,000 people, leaving the remaining 7 million people politically and economically disenfranchised. The first years of independence saw the ZANU-PF address these issues. The ministries responsible for not only health, education, and welfare, but also agriculture and infrastructure, had to be greatly expanded. Thus, between 1980 and 1990, the number of students enrolled in primary and secondary schools went from 1.2 million to 2.2 million. Secondary students went from 74,000 to more than 700,000, giving Zimbabwe one of the highest literacy rates in Africa. An entire health system was created, with the construction of an impressive number of hospitals and clinics throughout the country, as well as basic infrastructure such as roads, water projects, and electricity and communications. The government created about 55 “growth centers,” which constitute nodal points of infrastructure, bringing together roads, electricity, schools, and health-care facilities, to service the communal farm regions where 55% of the population lives—the 55% who had been ignored under the Rhodesian regime.

Nonetheless, economic independence did not come with political independence. Not only was the best agricultural land controlled by the white settlers and powerful British and South African corporations, as well as a number of British “Earls,” “Dukes,” and “Sirs,” but the rest of the economy was as well. Zimbabwe is the second most industrialized country in Sub-Saharan Africa, after South Africa, but even now, 90% of the economy is controlled by the same Anglo-American interests that ran Rhodesia.

With independence came a new Finance Minister, Bernard Chidzero, who had spent the years of the liberation struggle cloistered at the United Nations. Educated at Harvard and in London, Chidzero was a favorite of the IMF and the British, and reigned as Finance Minister between 1980 and 1995. In 1982, under Chidzero’s tutelage, Zimbabwe found itself reluctantly accepting its first “IMF Stabilization Program,” complete with demands for currency devaluation, massive cuts in the budget, particularly for health, education, and welfare, as well as food subsidies. By 1984, the IMF cut off credit to Zimbabwe because it refused to cut deep enough.

Also in 1982, apartheid South Africa, or more precisely Anglo-American South Africa, moved to cut off land-locked Zimbabwe's access to its ports, and launched irregular war against it, through its support of the Mozambique rebel movement Renamo. The latter attacked the transport corridors between Zimbabwe and Mozambique's two major ports, Beira and Maputo, forcing Zimbabwe to spend millions of precious dollars on maintaining 30,000 troops in Mozambique. This military commitment did not end until the end of the civil war in Mozambique in 1992.

The IMF and the British in particular attacked Zimbabwe's first attempts at land redistribution. As part of the Lancaster House Agreement, which ended the war for independence, both the British and U.S. governments promised to finance land redistribution programs. But the agreement stipulated that for the first ten years of independence, the commercial farms could only be bought and sold on a "willing buyer and willing seller" basis. Nonetheless, the government was able to purchase enough land to resettle 70,000 people. But by 1989, the British government cut its funding commitment. Why? One senior Zimbabwean Agriculture Ministry official, who had been in charge of the program, told *EIR* that the reason had nothing to do with "transparency," as the IMF types would claim.

"The British told us we were doing too good a job," the official said. "You see, we were building the necessary infrastructure to make the redistribution exercise viable. This included paved roads, schools, clinics, as well as the necessary water and electricity systems. The British told us all this was not necessary, and we should take the least costly approach." The money soon dried up.

As with all IMF "stabilization programs," this one failed to bring stability or economic growth. By 1989, Zimbabwe had a foreign debt of more than US\$2.6 billion. The IMF solution was the ESAP, which was tailored for the new policy of "globalization."

The earlier failure of the IMF stabilization program provoked a great debate within the country, which continues to this day, on whether to adopt the new policy. But by October 1990, the new policy was accepted, and once again guided by Finance Minister Chidzero. One compelling reason for adopting the policy was the fact that donor nations, including the United States and the leading West European countries, will not give financial assistance unless an ESAP is adopted.

The cornerstones of the policy were the same as before: trade liberalization, both domestic and foreign; deregulation of prices and wages; lifting of all currency controls; massive cutting of the public budget; privatization of parastatal companies and slashing government employee roles, as well as repealing labor laws that protected minimum wages and job security.

Under the policy of "cost recovery," school fees were charged for primary schools, and students had to pay for text-

books and other expenses such as uniforms. The education budget was cut by 32%. The IMF's economists claimed that Zimbabwe's population was being over educated! By 1999, the number of students in the education system dropped by 20%, despite the extraordinary commitment Zimbabweans have toward educating their children.

Although the government maintained, theoretically, free health care for the poor, medicines disappeared from the shelves of hospitals and clinics. Along with the medicines, the medical staffs all but disappeared as well, and the cost of medicine went up 150%. This occurred while the AIDS epidemic reached catastrophic proportions, with 24% of the population becoming HIV-positive.

Trade liberalization resulted in the collapse of Zimbabwe's industrial base, especially its textile industry (see **Table 1**). In the first six years of the program, industrial production fell by an average of 15-20%. While jobs in the public sector were retrenched by 20,000 and in the private sector by 25,000 in this period, 250,000 to 300,000 youth were leaving school and entering the labor market every year!

The cost of living zoomed upward, while between 1990 and 1997, average real wages fell by 33% despite rising productivity.

One of the hardest-hit areas has been agriculture, but not for the commercial farmers. After independence, the government had made extraordinary efforts to increase production in the communal farming areas, where the vast majority of indigenous Zimbabweans live. This included roads, infrastructure, agriculture extension programs, subsidies for seeds and fertilizer, and the creation of a grain marketing board that would enable communal farmers to sell their surplus. These programs suffered massive cuts across the board, under the IMF regime.

A former Industry and Trade Minister explained to *EIR* the obvious failure of the policy: "Between 1980 and 1990, we had growth rates of 5% annually, but between 1990 and now it has hardly reached 1%. . . . The official exchange rate for the Zimbabwe dollar in 1990 was 8 to the U.S. dollar; now it is 60. In 1990, a loaf of bread cost 4 Zimbabwe dollars, now it costs 25. As for the foreign investment that Chidzero promised, it never materialized!"

Another senior official in the Agriculture Ministry told *EIR*, "When the ESAP was implemented, the IMF brought us to seminars to show us how it would work. They then brought in their 'shadow' ministers, who looked over your shoulder to make sure you were sticking to the program. At the end of the day, you saw your programs being cut, social services being reduced, and the constant reminder: 'If you don't do it our way, we will cut you off.' Then, by 1996, when the whole exercise began to unravel. The IMF cut the credit lines and said, 'You are now being monitored.' "

A concrete example of this was the budget of the District Development Fund, the governmental agency responsible for the building of infrastructure such as feeder roads and small

TABLE 1

Manufacturing Volume of Production in Zimbabwe

(1980 = 100)

Sector	1991	1992	1993	1994	1995	1996	1997
Foodstuffs (including stock-feeds)	147.2	150.1	123.1	129.6	141.9	127.6	135.4
Drink and tobacco	133.8	134.3	126.5	127.0	118.8	130.8	134.2
Textiles (including cotton ginning)	226.2	176.2	192.4	206.2	80.9	80.0	80.0
Clothing and footwear	148.9	124.5	127.7	125.2	100.0	101.7	101.8
Wood and furniture	101.2	105.8	95.3	106.1	114.9	160.3	133.8
Paper, printing, and publishing	143.7	143.0	149.5	168.9	155.5	152.8	153.1
Chemical and petroleum products	159.4	138.1	129.4	148.7	133.6	136.9	155.8
Non-metallic mineral products	170.1	157.7	129.7	1169.8	156.6	181.8	176.7
Metals and metal products	113.5	100.6	82.3	92.1	88.1	88.9	93.6
Transport equipment	142.8	141.0	82.0	132.6	138.6	200.5	203.3
Other	47.9	39.4	95.0	84.6	53.2	54.5	40.5
Total	143.0	129.9	119.3	130.7	113.4	116.9	120.6

Source: Central Statistics Office of Zimbabwe, *Quarterly Digest of Statistics*, 1998.

dams in these communal areas. It was cut from 5 billion Zimbabwean dollars to 1 billion. It is important to note that it is this department which is responsible for building the infrastructure required for the land redistribution program. Cutting of the budget contributed to the sharp decline in the productivity of the communal farmers who account for most of the production of maize, one of Zimbabwe's staple crops.

Destabilization Escalates

On Dec. 9, 1997, Zimbabwe experienced its first food riots, which were soon followed by the Anglo-American effort in 1998 to overthrow President Mugabe. Pressure from the IMF became an integral feature of this operation. While the opposition Movement for Democratic Change channeled the rage in the population against the government, rather than against the IMF, the Fund and the British Foreign Office moved to tighten the economic noose around Zimbabwe's neck.

Once the IMF suspended its support for Zimbabwe's failed ESAP, it automatically made it impossible for Zimbabwe to contract loans from either commercial sources or donor countries. In the last year, under this pressure, almost all donor countries have suspended what aid programs existed. On top of this, the European Union is threatening to impose sanctions, including blocking Zimbabwe's agricultural exports to Western Europe, its principal trading partner.

One example of what this means concretely, is the Mukwasine Dam and Irrigation project. This project is part of a network of dams planned for the southeast of the country, which would turn one of the most arid and least productive regions into a green belt, allowing for hundreds of thousands of hectares to be utilized for the cultivation of sugar and grain. Although the dam is half built, under British pressure, several

European countries only recently suspended the loans they had already begun disbursing for the project. Zimbabwe cannot pay contractors, and this is costing the country millions of dollars a day.

The aid cutoff threatens no fewer than 80 dams and other major water projects under construction or in advanced stages of planning and implementation. Many of these projects are in the Zambezi and Limpopo river basins, and therefore are important for Zimbabwe's neighbors, especially Botswana and Mozambique. Some of these projects would help to prevent the catastrophic flooding that is affecting hundreds of thousands of people in Mozambique.

Another example is the suspension of a program in which the German government had promised road-building equipment needed to repair roads destroyed by the massive flooding that occurred both this year and last year.

Denied sufficient foreign exchange, Zimbabwe has been unable to import sufficient amounts of oil, spare parts, and even medicines. The commercial farm sector, which accounts for 40% of the country's foreign exchange, is working closely with the IMF, threatening not to sell this year's tobacco crop unless the Zimbabwe dollar is devalued. The other major foreign exchange earner is the mining sector, which is dominated by Anglo American and other mining companies controlled by British and South African interests which are now closing down their operations, claiming foreign exchange shortages and low prices. On March 19, Falcon Gold Mining, which is controlled by Anglo-South African interests, closed down production.

The assault constitutes a case of collective punishment, and only the absence of an occupying army would prevent it from being declared a war crime under the Geneva Conventions.

LaRouche's Ideas Flood Mexico Once Again

by Marivilia Carrasco

The March 6-9 visit to Mexico of Lyndon LaRouche associate Richard Freeman caught the attention, in various parts of the country, of both the media and various strategic sectors which have been seriously affected by the intensity of the U.S. economic depression. The fact that Freeman's visit took place during the week of the greatest international financial instability of the year, helped to underline Freeman's message about the systemic and global nature of the crisis.

Freeman addressed 770 people at seven different public forums: three in Guadalajara, Jalisco, two in Mexico City, and two in León, Guanajuato. The impact of the forums was amplified through interviews and coverage in newspapers, radio, and television.

In the forums, Freeman presented a picture of the past

three to six months' "decline of the importer of last resort," as part of the general collapse of the U.S. physical economy during the past three decades. His demonstration of how the U.S. economy, far from "constant expansion over the past decade," has suffered severe contraction in the production of physical goods since the 1970s, and is now showing abrupt new declines, in combination with the ongoing collapse of the most inflated speculative bubble in history, moved many to recognize the urgency that Mexico, which today sends 90% of its exports to the United States, must move to the forefront of the international struggle for a New Bretton Woods.

As part of this process, *EIR's* Dennis Small was invited on Feb. 23 to the Monterrey Technological Institute, where 450 students attended his keynote address on the Monterrey campus. Small scientifically demonstrated how the illusion of "infinite prosperity" of the importer of last resort was crumbling, and how the crisis of the current globalist economic model is systemic in nature. Small's presentation was given extensive coverage by the *Diario de Monterrey-Milenio*, in its Feb. 27 issue.

Ibero-American Solidarity Movement (MSIA) president Marivilia Carrasco was similarly invited on March 5 by the Autonomous University of Colima, to address 500 students in economics, sociology, and law, on the devastating impact on Mexico of the U.S. economic depression, because of the perverse dependence of Mexican exports on the U.S. market. The state television station interviewed Carrasco that same day, and the leading newspaper of the state, *Diario de Colima*, devoted its lead headline on March 12 to coverage of Carrasco's presentation.

This density of activities reflects a new momentum, in which LaRouche's controversial ideas are finding fertile ground among legislative, student, and media layers, labor and business sectors, and political and professional groups. A growing number of Mexicans, both student and adult, are actively participating in public and political events in favor of the alternatives proposed by LaRouche.

Legislation Proposed

The MSIA, which represents LaRouche's proposals for a New Bretton Woods, as the only solution to the world economic crisis undermining the very basis of existence for Mexico, and other nations, is channeling this ferment into a nationwide mobilization. In the federal states of Jalisco, Nuevo León, Guanajuato, Baja California, and Sonora, representatives of the MSIA and other political movements presented themselves at the headquarters of respective state legislatures, to formally introduce a "Bill to Reactivate the National Economy and for Mexico's Parti-



"Estados Unidos, al borde del peor colapso económico"

POR GABRIELA AGUILAR • FOTO: MARÍN SALAS

The daily Milenio Diario reports on Richard Freeman's tour, under the headline, "United States on the Verge of the Worst Economic Collapse."

pation in a World Economic Recovery.” This legislative initiative was introduced to the Permanent Commission of the federal Congress on Aug. 23, 1995, by a national delegation headed by MSIA president Carrasco, and by Manuel Villagómez, president of the National Confederation of Micro and Small Mexican Businesses. The initiative urges the bankruptcy reorganization of national economic institutions, and putting in place a new national bank, a monetary reform, and the development of major infrastructural projects, as well as Mexico’s participation in a world conference to establish a new international monetary and financial agreement.

At the time, individuals from all over Mexico had joined the action by becoming signators to an International Ad Hoc Committee for a New Bretton Woods, to place on the discussion agendas of local legislatures, the urgent measures that needed to be adopted.

Zapatistas and Fox: Two Sides of the Same Coin

The MSIA’s mobilization was reported on March 16 by the newspapers *El Occidental* and *Ocho Columnas* of Jalisco, and *Correo* of Guanajuato. In Baja California, *El Mexicano* published a note on its front page with the headline: “Fox’s Model Is Fascist,” a reference to the neo-liberal, free trade economic plan of Mexican President Vicente Fox. The note also mentioned that the MSIA legislative initiative was introduced simultaneously in numerous state legislatures, in response to a proposal from Fox’s economic cabinet to tax medicines and food with a 15% surcharge, while also raising taxes at the U.S.-Mexican border by 10-15%. The *El Mexicano* article said that “Marcos of the EZLN [Zapatista National Liberation Army] and Fox are two sides of a pincer, by the same oligarchy that wants to force the country to change its general welfare law, which is the third article of the Constitution.”

The prominent Mexico City newspaper *Milenio Diario* published a full-page interview on March 8 with Freeman, with the title: “United States, on the Verge of the Worst Economic Collapse.” That same day, “Cupula Empresarial,” the afternoon news program run by Oscar Mario Beteta for Radio Formula, interviewed Freeman for half an hour, as an “adviser for former Presidential candidate Lyndon H. LaRouche.” The renowned moderator anxiously asked if things could get much worse in the second half of the year, which enabled Freeman to present hard evidence that what is going on with the U.S. economy is the most serious economic depression of the past 200 years.

On March 12, the national newspaper *El Financiero* devoted one-third of a page to an article entitled “Freeman: Power of Financial Markets Threatens,” with the subtitle: “U.S. could be on the verge of bankruptcy.”

In Guadalajara, Mexico’s second most important city, the newspaper *Ocho Columnas* covered the story with the headline, “There Is Deceleration. U.S. Economy at Its Most Criti-

‘U.S. on Verge of Worst Economic Collapse’

Below is the text of the article that appeared in the March 8 Mexico City daily Milenio Diario. It was identified as an “Interview with Richard Freeman, analyst for Executive Intelligence Review,” and headlined, “United States, on the Verge of the Worst Economic Collapse”:

“The United States is on the verge of the worst economic and financial collapse of the past 200 years, as the result of a systemic crisis that began to surface three decades ago, and which is no longer sustainable,” declared Richard Freeman, analyst for *Executive Intelligence Review* and adviser to Democrat Lyndon H. LaRouche (former U.S. Presidential candidate, who forecast the global crisis of 1994). Freeman argues that, although the chairman of the Federal Reserve, Alan Greenspan, insists on stating that the United States is experiencing a “small deceleration,” the reality is that the most powerful economy in the world has begun to fall into a “bottomless spiral.”

The economist and philosopher says that the U.S. crisis will not only be devastating for Mexico, but also for all countries which currently export products to America, including the Asian powers.

The debacle that Freeman forecasts will have serious effects in Mexico, a country which places 90% of its exports with the United States, and where a domino effect will occur, implying the shutdown of *maquiladoras*, and therefore, of their providers and clients, as well as job losses, among the other damages that include the possibility of another global banking and financial crisis which, unlike that which occurred in 1929-32, will not be cyclical, but systemic.

cal Point. Shows Strong Contraction.” The newspaper *Mural* titled its coverage: “Warn of Imbalance in Sales Abroad.”

In León, Guanajuato, where President Fox was the Governor, the newspaper *AM* headlined its story, “Economic Decline in U.S. Spreads to Mexico,” while *El Sol de León* devoted an eight-column headline in its March 10 edition: “U.S. Recession Will Slam Mexico,” with the subtitle: “National production the most harmed. Maquiladora layoffs increase: Freeman.” Also in León, a radio station covering three states interviewed Freeman for half an hour, and rebroadcast the interview three days later, while a local television station reported on Freeman’s visit during its news broadcast.

A Military Rejects Globalization

Papua New Guinea's army has rebelled against World Bank austerity and the erosion of national sovereignty.

A two-week military rebellion in the Pacific nation of Papua New Guinea ended uneasily on March 26, when soldiers handed back weapons they had seized from armories in the nation's capital of Port Moresby, 12 days before. The rebellion was sparked by the March 8 announcement by P.N.G. Prime Minister, and IMF puppet, Sir Mekere Morauta, of a military reform program. It would slash P.N.G.'s Defense Force numbers from 4,150 (already tiny for a nation of 5 million) to just 1,900; disband the engineering battalion; sell landing craft and the force's major barracks; and tender out (privatize) base support, repairs, and maintenance.

The "reforms" had been drawn up last December, by an Eminent Persons Group (EPG) deployed to P.N.G. by the Secretary General of the Commonwealth, former New Zealand Foreign Minister Don McKinnon. The EPG was dominated by two "Colonel Blimps," one from Australia and one from New Zealand, with a representative each from P.N.G. and Barbados thrown in for color. Top P.N.G. military brass were unaware of the slash-and-burn "reform," until they read about it in newspaper leaks on March 7.

Although some top brass were whipped into line behind the plan, their troops had a different idea. On March 15 they seized weapons from the Murray Barracks, and precipitated a stand-off. By March 19, the Morauta government scrapped the EPG reforms, and by March 26 declared an amnesty for all soldiers involved, and agreed to consider a list of demands, including the "expulsion of Australian and New Zealand military advisers."

Announcing a revision of the reforms, Sir Mekere pledged, "The proposed consultations will be completely homegrown. There will be no outside influences whatsoever."

Underlying the dramatic events is a blatant attack on P.N.G. sovereignty, to grab control of its immense raw materials wealth, which was first exposed in an *EIR* report from Aug. 22, 1997, "Queen Elizabeth Runs a Coup: The Case of Papua New Guinea," which was widely circulated in P.N.G. Then, the target of the grab was P.N.G. Prime Minister Sir Julius Chan, who was ousted amid a "corruption" scandal cooked up with the assistance of the Prince Philip-founded Transparency International (a de facto arm of the World Bank). Chan had kicked the World Bank out in late 1996, charging that it had "destroyed many countries." Chan's demise opened P.N.G. up to intensified looting by the Queen's raw materials cartel, led by Rio Tinto, the owner of several huge mines in P.N.G.

Four years later, there is widespread opposition to that raw materials grab, and to the related World Bank dictates, among P.N.G.'s political layers, and especially in its military. In fact, according to the March 19 *Post-Courier*, the rebel soldiers insisted that the issue driving their uprising wasn't that they personally were being made redundant, but "the government being influenced by the World Bank." An unnamed officer said the soldiers felt that the unions had failed to stop the influences of the World Bank. "The only group that can stop them is the Defense Force," he said. "If they reduce the number to 1,900, they can

push any issue they want. The soldiers are concerned about this and they want this government to go at all costs. . . . The Defense Force was set up by the Constitution, not an Act of Parliament. Now, if they want to destroy the Defense Force, they might as well dump the Constitution in some rubbish bin. The government must have some hidden motive in these issues. . . . Why are they starting with the Defense Force?"

Rebel spokesman Capt. Michael Percy Marai, in the March 20 *Post-Courier*, charged that one "hidden motive," was a plot to grab P.N.G.'s raw materials assets: "The people's rights, it seems, have been denied. . . . The right and sovereignty of the independent state of P.N.G. has also been denied. . . . *Let me warn the government that since our country is very rich in natural resources, there are outside forces who want to see how we progress.* They are very interested in our affairs. In every avenue, they will try their best to push in to interfere in our internal problems as much as possible. Let's thank the good Lord that He has placed the resources in our country *so that they could be used for the common good and not for selfish gains*" (emphasis added).

The same day, March 20, Australian Foreign Minister Alexander Downer, in London at the Commonwealth Ministerial Action group meeting which plotted actions against Zimbabwe's nationalist land reforms, threatened P.N.G. that "neither Australia nor the international community will tolerate action" against the IMF-World Bank agenda.

On March 25, P.N.G.'s Trade Union Congress endorsed the rebellion, urging the army to "lead us in the fight against privatization." "The soldiers' struggle here is part of the people's global fight against the global government.

LaRouche Dissects the Bush Regime's First 60 Days

On March 21, Democratic Presidential pre-candidate for 2004 Lyndon H. LaRouche, Jr. addressed a seminar on "The Bush Administration: The First Sixty Days," before an audience in Washington, and by phone to a small group in New York City. It was also broadcast live on the Internet, over EIR's website www.larouchepub.com, where it is available in archive.

Here is LaRouche's opening statement, and a slightly abridged version of the two-hour discussion that followed. The moderator was Debra Hanania Freeman, LaRouche's spokeswoman and EIR U.S. intelligence editor.

Lyndon LaRouche: Thank you, Debra.

We've now experienced the first, disastrous 60 days of a new administration; an administration, whose combined actions and inactions have pushed the world over the brink of the worst financial and economic crisis in modern history, as we shall soon see in the weeks ahead. This is far more dangerous, than the financial and economic crisis that Franklin Roosevelt faced, at his first inauguration 68 years ago this month.

However, the situation is not ended. The final word has not been said.

I know many Americans, better than they themselves do—at least in some important ways, relative to the questions at hand. There are relatively two qualities of Americans as a people, which are specifically relevant to the present situation: First, the United States is one of the three nations, or national cultures in the world, which is capable of taking or assuming responsibility for the condition of the world as a whole. Those three cultures are, of course, the British Empire—which is really an empire, headed by the British monarchy. They are, pretty much, intervening and controlling most of the affairs of this planet, including about 90-odd percent of the financial transactions occurring daily throughout the world. Even though the United States is probably the most powerful single economy, as an economy, the British Empire

is much more powerful as an economic and financial force, than the United States.

Russia, despite its coming upon bad times, has a national culture, which we are seeing with the development of the Presidency of Vladimir Putin, a culture which impels it to step on the world stage, as a world leader and initiator.

No other nation or national culture in the world, at the present time, is capable, emotionally and intellectually, of assuming that kind of role of leadership. Asia has its own peculiarities. Europe, continental Europe, once had a more important role in world history; but, after two world wars and the so-called Cold War, continental Europe is in very reduced circumstances, politically. It still has much influence and interests, but it depends upon its partnership with leading powers of the world to make its policy; it will not initiate a global policy, by itself.

Anatomy of the Bush Administration

The other characteristic of the American situation, is that we are a nation characterized by an internal conflict, which is rather unique to our history. The conflict is typified by that between the American intellectual tradition, as typified by John Quincy Adams or Abraham Lincoln, and Franklin Roosevelt—and to some degree, Clinton. If JFK had lived, we'd have seen more of that.

And, on the other side, you have this tradition of the Confederacy. In the recent 35 years, since Nixon began his Southern Strategy campaign for the Presidency, an alliance of Wall Street finance, and British finance, together with the legacy of the old Confederacy, has taken over the economic and social policies of the United States, more and more. It is that change in our policy, from about 1966 to the present—through Carter, through the other changes that have occurred—that has led us down the road, over about 35 years, to the present global financial and economic disaster.

Now, the question, therefore, since this legacy—the legacy of the Southern Strategy, the legacy of Nixon, the legacy



Lyndon H. LaRouche, Jr. addressing EIR's seminar/webcast on March 21. "The present administration must simply give up its lunatic ideas, and say, 'Okay. You were elected on a lunatic idea. So what? But, now you're President: Don't be a lunatic any more.'"

of Carter, the legacy of Bush as Vice President, the legacy of Bush, the former President Bush, as President, to a large degree, the legacy of Gore and that faction inside the Democratic Party—that has led us down the road to a disaster: We've come to the point that we have a President, who's not exactly known for his intellectual qualities. It's a complicated administration, which is based on some religious fanatics and similar types, who are not quite in the real world. These are American Protestants, for example, who are very close to the thinking of Ariel Sharon in Israel. These are people who tend to be pro-Armageddon, pro-The Rapture. They don't think in real-world terms; they think primarily in other-world terms, and it's not necessarily another world we want to think about.

We have a layer in there, like Armitage, being nominated, and others, who are killers, who are associated with the former President George Bush in the Iran-Contra operations. They like to kill. They come up with programs that kill. And, they're in there, the wildmen, who think pretty much in the same direction as Ariel Sharon. And, they're likely to get us into a Middle East war, at this time, if their influence prevails.

We have another layer in the administration, typified, to some degree by Colin Powell, but more so by Donald Rumsfeld, and O'Neill, and Cheney, who are old boys, who come from the Republican circuits of the past. But, when they came up in their positions, they represented what today is called the "Rust Belt." Today, they don't work for the Rust Belt; they work for a Southern-based financial machine, typified by James Baker III, for example, which is the boss, and which has taken over most of the nation, and has played a key role in turning the Northern states of the United States into the Rust Belt—into the ruin we've become. But, some of these people are intelligent.

But, the situation is not entirely hopeless. Because, as you see in the recent developments, the fall of Alan Greenspan, which was inevitable: He's an impossible man in an impossible situation. And, sooner or later, that had to come to a conclusion. And, it will, sooner or later, I don't know exactly how, but the man is fated—he's got the mark of political doom, written all over his career.

But, there are people who are concerned. And, they're expressing this now. This system is not working. The Bush Administration does not function. It is leading us into a disaster. It is irrational. The California energy crisis keeps coming on. Other crises, energy crises, come on. We have the breakdown of the health-care system. We have the crisis in Washington, D.C., of a virtual "Negro Removal" program, to remove the D.C. General Hospital, which is the only full-service hospital in the area, which will deal with the population's needs in general. And, they're shutting down that hospital, or attempting to do so, at a time when the world is faced with the spread of new epidemics, new outbreaks of epidemic and pandemic diseases of animal life, as well as human life.

We are destroying the capability we used to have, in public health, of dealing with that kind of threat. We are also killing people by economic policies, which are destroying the health-care system, on which we used to rely.

People are not happy with this.

In Europe, especially in continental Europe, they're very unhappy with us in the United States, and for good reason. Some people in Britain are disgusted with what they see in the United States—I'm talking about influential Britons, not obscure people. They don't always have the best policies themselves, but they realize that what we have going in the United States, is a horrible mess, which is a danger to them,

as well as to the rest of the planet.

On the continent of Europe: Continental Europe survived largely because of the key role of Germany, as an economy. Its exports were the margin by which all of continental Europe, or Western continental Europe, managed to keep going. Then came 1989-1990: And you had three people with bad ideas. One was called Margaret Thatcher, the meanest nanny that the British ever invented. You had the President of France, Mitterrand, who was a German-hater; and George Bush. Now, George Bush didn't do as badly as he could have, because he had a Vernon Walters as ambassador over there, at the time, in Bonn, who advised the President not to be stupid about this German reunification question. And, the President, at least on that question, took his advice.

What they did, was, Thatcher demanded and Mitterrand demanded, that the reunification of Germany shall not lead to a powerful German economy emerging in Europe. Now, by shutting down the German economy's potential for growth—which they did, pretty much, by their agreements, in 1989-1990—they created a situation, in which Europe today, continental Europe, is in a ruinous condition. Germany can no longer carry itself, its economy, let alone the rest of Europe, on its back, under the present circumstances.

Now, there's one hope for Germany and for Europe: That hope is, that Putin works—that is, the new Russian President. That new agreements with Russia from Western Europe, will lead to a partnership, which will extend itself to East and South Asia, and Central Asia. And, thus, by building up the technology export capabilities of Western Europe, with Germany as the pivot, and with Russia as a partner in that pivot, it would be possible to enhance the long-term—say, 25-year-term—agreements, between Western Europe, China, Japan (which is really, essentially, a full-set economy, too), Korea, and Southeast Asia. Under those circumstances, there's a 25-year, long-term prospect for genuine economic growth, in a post-financial-crisis world.

So, the Germans know that. Other Europeans know that. They look forward to the possibility. But no German is going to make a policy, today, which bucks the United States. The German answer would be, "We fought the Anglo-Americans in two World Wars, and we lost, and we're not going to fight them again."

So, therefore, Germany has a very strong feeling about its vital national interests. It has a very strong feeling, as other continental Europeans do, about their vital national and continental interests. But, they're not going to take an independent, global initiative, which directly challenges the power of the IMF and the United States, and Great Britain.

Can the U.S. Come to Its Senses?

Therefore, the issue is: Can the United States come to its senses, abandon the present policy, which the incumbent President has adopted so far, and get into partnership with Western Europe, together with Russia, together with Asia, to

build a Eurasian economic mobilization of about a 25-year immediate perspective, long-term technology export; and build the world as a whole—including Africa, which is hopeless unless we do this; Central and South America; Australia and New Zealand. And build the rest of the world around a partnership between the United States, Western Europe, in cooperation with continental Eurasia.

That's our opportunity. That's what many people in Europe, today, would agree to, at least as a general direction of thinking. That's what people in, I think, South and Central America would be very happy about, if the doors were open to that kind of alternative, as opposed to what they're getting from the United States and London today.

So, can we do that? Well, my view is that, with this system coming down, the whole financial and economic system, in its present form, is doomed. There is no way this can be fixed in its present form. We're going to have to write off trillions of dollars of worthless paper; it's already being written off by the market. I think—what was the latest one? That American households and so forth, lost a trillion dollars recently, on the financial bubble on Wall Street. There's not much money from there to go back into Wall Street.

This system is finished.

The collapse of the energy system—this deregulation crisis, is not simply a policy issue. *The United States can not live, with Enron.* It can not live with that kind of deregulation of energy. We can not live with the destruction of our health-care system. We can not live with the destruction of our infrastructure. *We must put it back into order.* And, the present administration must simply give up the lunatic ideas, and say, "Okay. You were elected on a lunatic idea. So what? But, now you're President: Don't be a lunatic any more."

And, pressures from inside the United States, and from Europe, coming together, can put enough pressure on the institutions of the United States, to *bring sense to the United States.*

As I said before, the United States is one of the few nations, and three national cultures on this planet, which can take the leadership initiative, *to push agreement through*—not to dictate U.S. orders to the world, but to push through agreements among a partnership of nations, to get some of the things done, that we have to get done, quickly, right now.

That's our general situation.

The Election That Didn't Take Place

The other aspect of this, of course, is that we had a recent election. I wouldn't call it, really, a Presidential election, because there, really, weren't any candidates. Nobody was actually running. They were running from something, or for something, but they weren't running as candidates, to run the United States, to address or solve its problems, and lead people out of the difficulties that were coming up. Gore was mostly running against himself! Bush didn't quite know who he was, except he was Daddy's boy. They said nothing about

the economic crisis! Nothing! They went through more than a year, of primaries, and the Presidential election fight: They said nothing about the crisis that's destroying this nation and the world economy today! *Nothing!*

They made no proposals. They said, "We're doing fine. We have to have more free trade. More deregulation." We have to have more of the same medicine, that was killing the world economy, that's brought this depression-crisis upon us now.

It wasn't really an election. There was no participation by the voters, in any discussion of policy. No leading candidates were discussing policy. I was discussing it, but I wasn't allowed to get into the show. I was discussing policy. They weren't discussing anything. They were flapping their lips! Saying how pretty they were (and they really weren't pretty, either of 'em).

So, it wasn't an election campaign. The other side of it, was what's happened to our people. Over the past 35 years, there's been a change in the temper of the American population.

During the 1930s, as we came out of the Depression, during the war, during the 1950s, into the 1960s, the typical Americans had a lot of rugged individualists among them. People who might have been poor, or not very wealthy. But they believed that their opinion counted. They believed that they had the right to discuss national policy seriously. They had the right to look over the shoulder of national leaders, and criticize the way policies were being made. They had the right to judge whether somebody was fit to run for Congress, or not.

But, they changed: The American people became, more and more, like a pack of human cattle. The lower 80% of the income-brackets in the United States, which used to dominate the national income of the United States, have now fallen to far less than half of the national income. The conditions of life—you know them! You know how many jobs people work. You know the problem of latch-key children. You know what's happening in the schools. You know what's happening to neighborhoods. You know what's happening to community structures. It's distintegrating.

And, where are the American people? They're like slaves. They think of themselves as like slaves. They vote like slaves. "Oh, we can vote." And, they go up, and knock at the back door of the typical boss—the guy who owns the big, white, slave mansion—and they say, "We don't want our freedom. Just give us some reparations. Give us a couple of shekels, and we'll go away."

And, so, they go out there, and they vote for candidates, and support candidates, in hopes they'll get a couple of shekels. They don't fight for their life; they don't fight for their children's life, their future; they don't fight for their dignity: They fight for a few pitiful concessions.

Esau was a hero: He sold out for a single mess of pottage. The Americans do it all the time, every time they vote.

So, the Americans didn't really vote. You will find that

most citizens really didn't support the candidate they voted for. They were voting against the other guy! Bush had more support than Gore did: Without Clinton, Gore wouldn't have even run! More people were voting for Gore, because they were voting against Bush, rather than voting for Gore! And, now, that the election is over, and Gore is out, that fact is obvious to many people. Gore can do nothing for them. He's not President; he can't pass shekels out the back door any more. There's no reason to vote for him. He's dead news, he's yesterday's newspaper. *He's gone.*

So, there was no election.

The problem we have, therefore, is, how do we get the American people to come back into the political process? Not as slaves, knocking at the back door of the mansion, trying to get a few shekels, trying to get reparations, instead of reason. How do we get the American people, to realize that they, as people, have to act, to save this nation, and to save the world? How do we get them out of the slave-mentality? To think like and to act like citizens again?

Well, first of all, you've got to give them some leadership, which gives them some confidence, which is what I'm trying to do: It's why I campaign. *Someone* has to stand up, as a leading figure, and say the things to the American people, the American people have to be told. They're not being told that. The press doesn't tell them that. Most of the leading candidates don't tell them that. They all "go along to get along": They don't tell the truth. So, therefore, my job is to present concepts, to organize around concepts, and issues, and say the things that have to be said. To try to convince the American people, that if they can understand what I am saying, and can agree with it—or more or less agree with it, even if it takes a little mental energy on their part, to do so—that they are perfectly capable of taking an initiative, as a citizen, to change the politics of the nation.

National Mission To Save D.C. General Hospital

Now, we have an operation going in Washington, D.C. This question of D.C. General. D.C. General, the last full-service hospital available to the population *of the nation's capital!* And, a bunch of people, tied to Katharine Graham, the publisher of the *Washington Post*, and her crowd, who run Washington, D.C. like a private dictatorship, a private plantation—and the *Washington Post* is the voice of the plantation's slave-master! You want to get along in Washington? You go along with Katie Graham! That's the rules.

Now, Katie Graham's crowd came up some years ago, with a number of packages to beautify Washington. Which means, essentially, get the African-Americans out! Or, most of them. Keep a few, for show. How will they do that? Well, you take that riverside, down there, where D.C. General Hospital is located, now, with the jail and RFK Stadium. Now, go down, and look at the maps: Look at the plans that have been made by Katie Graham's friends. Look at the organization

that was created around that, and around the idea of the 2012 Summer Olympics, between here, Washington, and Baltimore. Look at that.

Look at the political action committees, which were formed around these operations, to buy up politicians, including Washington, D.C. politicians, and notable figures; to put money into their election campaigns; to control the politicians. And, the *Washington Post* as the press guardian, a sort of Goebbels press of Washington, D.C., to keep the people in line for Hitler! People went along with it.

What does it mean? *If this goes through*, in Washington, D.C., you're going to have Negro Removal, to that great area of civil rights, called Prince George's County, in neighboring Maryland. Where I understand, a certain amount of killing occurs, occasionally, under rather dubious circumstances.

You're going to have no health care, for the greater part of the population of Washington, D.C. in a period in which epidemic disease is becoming a greater danger. But, you're going to have some sightly speculative bubbles, going up as high-rises, casinos, marinas, and so forth, where there used to be a hospital, and some other facilities.

That's the point. Now, you take the people of Washington, D.C. The *majority of the people* of Washington, D.C., they're supposed to have some power, aren't they, on this thing? They're supposed to control their Mayor, control their Mayor's office, and a few other things. Well, Katie Graham says they don't: They work for her.

But, if the people of Washington, D.C. will stand up as citizens and exert their druthers, this nonsense would stop. We might put some new architecture up there, in that riverside area, but it might be an improved General Hospital! An improved school, or other facilities, which are needed by the population of the nation's capital. For its people, and for visitors, as well. That's the difference.

The problem, is a problem of mentality. If the citizens sit back and say, "There's nothing we can do about it. We have to go along with the politicians, who are controlled by Katie Graham, who Katie Graham and her friends have bought, who Katie Graham and her friends at the *Post* have brainwashed." They're not citizens! They're human cattle! And, human cattle go where they're herded, don't they?

But, if they act as citizens, they say, "Wait a minute. This is our territory. You don't do this to us. *You don't strip us of our health care.*"

So, we, who do this kind of fighting, as we're fighting, also, on the national deregulation crisis, and other projects—our job is to get people to do what they must do: To think and act like citizens, who have the right given to them, in the main, by the Constitution, to act in their own vital interests for the best interests of the nation. And, to demand leadership, or competition among leadership, which makes these issues clear to them, and presents alternatives. That's our problem today; that's our challenge today.

And, that's what I'm trying to do.

The Promise of a Great Partnership

Now, what are our options? We have, as I said, this option, of a partnership between the United States—which we've got to force into reality, Bush or no Bush. Don't think about the Bush Administration; this is not a plantation. He's a President (not exactly an elected one, but he's the President), sworn in. And he doesn't own the country: The country owns the country, under our Constitution. This country, this nation of ours, which has mobilized, as it mobilized for World War II, if it's mobilized, can decide that it's going to get into a partnership, with people we know in Western Europe, with a project for developing Eurasia; with the idea that, if we can take the areas of Eurasia, such as China and India, which are the largest population centers of the world, which desperately need a more adequate inflow of high technology, in order to meet the challenge of their future.

You've got—Most of the people of India are desperately poor, in unimproved conditions; the interior of China has not yet been developed; the Chinese population will grow, inevitably. Without infrastructural development, which goes beyond the scope of the existing outpouring of technology, the internal problems of China can not be adequately met over the coming period. Without the same thing for India, India can not deal with the problem of its unresolved mass of *poverty* among the overwhelming majority of its population.

We have Indonesia—with the blessing of the United States government—it's *disintegrating*. We can't have that! Southeast Asia is threatened: We can't have that!

We have the northern part of Asia, which is in Siberia, including a vast tundra area, and Central Asia, partly a desert area—mostly underdeveloped, thinly populated—it's one of the great growth-area potentials of the world! It needs infrastructure. It needs technology. It has *immense* resources. But, we don't have the ability to develop those resources, without infrastructure.

So, therefore, if you think about the vast continent of Eurasia, the largest part of the human population, the center of the Earth, in terms of human existence; and, if we decide that we're going to enter into long-term cooperation, to develop that, in the same way that we approached the question of rebuilding war-torn Western Europe, between 1946 and 1965, what were the lessons we learned from that? Maybe on a larger scale. That is a *great mission* for the United States, as well as for Eurasia. *If we build up the rate of growth on this planet*, with that kind of cooperation, we can meet the needs of Central and South America. And we can finally give justice to an Africa which, in the so-called "Black Africa" region, is subjected to genocide, chiefly run by British figures, such as Lynda Chalker, and Baroness Caroline Cox from London, and her office, which has plans, detailed plans, of genocide! For all of black Africa! Supported in part, by American interests, which are working with London on these Africa projects.

See the genocide in Africa: People talk about Africa; most Americans—including African-Americans—*don't know*

anything about Africa. The more strongly they express their opinions, the less they know about it. I know something about it. I have friends all over Africa, who are dying all the time now. They face a reality, which is not being faced—among African-Americans. When some African-American says, “You’ve got to be concerned about Africa,” I say, “I’m concerned. Why aren’t you?” They say, “Well, we’re talking about this.” I say, “Well, then, you’re not talking about reality.” You have to talk about British and American genocide, targetting Zambia, Zimbabwe, Burundi; what’s happening with Museveni in Uganda; what’s happening with all these parts of Africa, with civil war, where it’s being carved up into micro-states, run by foreign companies; big companies, like older George Bush’s Barrick Gold—Barrick International. Which are running mercenary armies and killing people *en masse*, tearing Congo apart: That’s genocide.

We can do something about it. If we start to rebuild this world. We can finally bring justice to Africa.

We can solve the problem, similarly—easily—of Australia and New Zealand, in that context; we just have to have the will to do so.

So, our hope is that.

Restoring the U.S. National Mission

Also, some other things we have to do: The present inventory of technology on the shelves of our manufacturing facilities and laboratories—it’s not adequate to meet our needs. People talk about a space defense system—they don’t know what they’re talking about! The only kind of real conflict you can have among powers today, would be through the aid of submarines, planting some pods off the shores of the United States and Russia, and threatening to send up some nuclear devices, which will cause electromagnetic pulse effect, which would shut down most of the United States economy—except for the hardened part—for some time to come. And the same thing would happen to Russia.

That’s the alternative to thermonuclear war. And the alternative is to *go* to thermonuclear war. But that’s the alternative, and that’s where we’re headed. That’s the real issue: All this talk about “rogue states,” and so forth, is bunk! It’s not true. The biggest rogue state I know about, is Sharon’s Israel, that’s the one you’ve got to worry about. They’re the ones that threaten to set off a whole world war, in the Middle East, right now.

We don’t have this fantastic technology, that people talk about. But we have to develop it. Because we do not have the scientific progress we need, presently, to meet the ongoing demands of the world. And, I mentioned this problem with China, this problem with India, the problems with Central Asia. We have ideas of what to do.

There was a great fellow, who died in 1945. He was a great scientist. His name was Vladimir Vernadsky. He’s famous internationally as the founder of a branch of physical science called biogeochemistry. And, most of what we think about

the world today, in terms of infrastructure, in terms of biosphere, and so forth, are based on ideas which are centered around people such as Vernadsky, and his influence.

We have areas of research, including space research, from which we can generate the new kinds of technologies needed to increase the productive powers of labor, and solve the problems of humanity over the coming period.

So, what I think, in conclusion, is what we have to have, is a sense of *national mission*. The idea of the United States cooperating with Western Europe, with Eurasia as a whole, to restart the world economy; the idea of taking that on, as a 25-year, long-term credit mission; rebuilding a new financial system, like the old Bretton Woods system, to handle the kind of problem we faced in the immediate postwar period—the same, general kind of lessons. And, then getting a science-driver policy, to expand the scientific work in our universities, to build the laboratories; to get the new projects and new productive technologies, the new products in place. And, to think about rebuilding this world, to be able to tell our children, who come 25 years down the line: “What we’re going to do for you, is, we’re going to give you a better world. And, that’s what we’re doing now.”

If we can get that concept across, among enough Americans and others, I think the citizens of the United States will return to the American intellectual tradition which Franklin Roosevelt invoked, in his election campaign of 1932. And which he utilized, in his struggles against the Southern tradition—the Coolidge tradition—between 1933 and his death in 1945; and *use that*, revive the American intellectual tradition, in which our nation was founded, in cooperation with other nations of the world, *and let’s rebuild this planet*. And, let the American citizens stop thinking of themselves as a poor person, here or there; think of themselves as *a citizen, of a nation, which is doing that*; and let him or her take *pride* in being a citizen of such a nation with such a commitment. If we can mobilize that, we can save this nation; we can save this world, from one horrible mess. And, that is what I propose we ought to do.

Thank you.

Dialogue With LaRouche

Here are extensive excerpts from the two-hour discussion with LaRouche. Questions were taken in three formats: from the audience in Washington, D.C., by phone from an audience in New York, and from written submissions. One question was phoned in from Russia.

Japan, as the Model Full-Set Economy

Japanese journalist: Mr. LaRouche, during this week’s visit of our Prime Minister to the United States, he and his party were asked many not-so-friendly questions by the American press, implying that Japan’s economic policies



The industrial port of Guaymas, Sonora, Mexico, as it appeared in 1980. Japan was prepared to extend long-term credit to developing nations, including Mexico and Iran, in technology-for-product swaps, until Zbigniew Brzezinski, the Carter Administration's factotum, jumped in and insisted, "No. We will have no Japans," i.e., development, "in the Third World."

were a big cause of the current crisis of the U.S. and global financial markets. Since Japan's policies, which have not, for sure, been good, were mostly insisted upon by the Washington Consensus, and by U.S. investors and the IMF [International Monetary Fund], I wonder if this is very fair.

First, could you please comment on the real cause behind today's market crisis, which all this talk maybe is somewhat covering up?

And, second, could you also tell us what positive role Japan could play, to help create some solutions, or ways to overcome the current world economic problems?

LaRouche: Well, the problem with Japan's role in the world crisis today, goes back, essentially, to the Nixon Administration. That, during the 1970s, Japan was still a high-technology exporter, on long term, largely, to the Third World, so-called. There are two cases, which exemplify that: One was the case of Iran, in the 1970s, and the other was the case of cooperation between Mexico and Japan.

In the first case, the Shah of Iran had reached a general perspective, with Japanese cooperation, for oil-for-technology swaps, under which Iran would become a kind of Japan—an industrialized nation of Central Asia. Japan was told, "No." The Shah was told, "No." The Shah was told he would be killed, if he refused to break off the deal. And, he was later killed, by the people who told him to get off it, including Henry Kissinger. Japan backed off.

In the second case, in the case of Mexico, Japan had a long-term agreement—typical of many of its agreements of that period—to export Japan's high technology, especially heavy technology, to developing-sector countries, in return

for things like petroleum or raw materials.

So, there were these product-for-technology swaps, under which long-term credit was extended by Japan, for purchase of technology, in return for agreement on raw materials, or something else. For example, soybeans from Brazil. That sort of thing.

The United States said, "No." Now, this got nasty about the time that Carter's owner, Brzezinski, got involved as National Security Adviser and general factotum of the Carter Administration. And Brzezinski ordered the Japanese to break off the deal with Mexico, on oil-for-technology. Japan was going to provide steel mills and other things for Mexico, in return for a long-term agreement on export of petroleum to Japan, across the Pacific.

Brzezinski said to Japan: "You will not take Mexico's oil. You will take Alaska oil"! And, that was that.

So, as a result of these kinds of policies, Japan, whose natural interest is, essentially, to find markets, especially with its neighbors—China, if possible. China is extremely important to Japan, even though there are certain difficulties in the China-Japan cooperation. Korea is extremely important in this. Southeast Asia is extremely important. What's happened in the history of Indonesia, since the 1960s, is an example of the problems that arise in this. Southeast Asia in general. What happened to the Philippines? Japan lost a lot of money in the Philippines, when Marcos was overthrown by the United States. This is part of the situation.

So, Japan was put into the position, where the United States, through the 1980s, said to Japan, "Don't export to Third World countries. We are against that. You will now

concentrate on markets in Europe and, especially, the United States. So, Japan concentrated on the consumer and related markets in the United States and Western Europe — especially the United States.

Now, in this process, what the United States did, especially since the time of the Plaza Accords agreement in New York City, was that Japan was using its yen, in what became eventually the yen carry trade. Can you imagine a country, which is loaning money — its money — overnight, at about zero-percent interest? It's now about zero-percent interest, overnight. To big speculators. What do big speculators do? They borrow the money, they borrow the yen; they turn around and use the yen to buy European currencies and dollars, especially. So, therefore, what's happened, is that Japan has been driving itself into bankruptcy, with a financial policy *imposed by the United States*, but imposed so that Japan would *subsidize* the United States.

Now, remember how this works: The United States has been running recently, on a major current account deficit. This is partly a result of our so-called globalization and free trade policies. Therefore, we no longer produce our own products — less and less. We ship the products out to cheap-labor markets overseas. We destroy our own industries, we cut down the incomes of our own people, by shutting down their jobs, in order to bring in cheap goods, from cheap-labor and other foreign markets. The result is that, since we don't earn money any more, or earn much less, we are getting imports from cheap-labor markets, and other markets, on credit!

Where does the credit come from? It comes from places like the yen carry trade, or the euro carry trade, where vast subsidies of printing-press money are poured in, with an inflationary effect, into the world economy, in order to subsidize a U.S. economy which can no longer maintain its own standard of living on its own earned income! That's what the current account deficit means. And there are some other factors, as well.

So, Japan is being destroyed. And in effect, what the United States government is saying (the nastier types) to countries in Asia, "If you don't do as we tell you; if you buck the IMF, we'll kill you." That is: personal assassinations of heads of governments and states! Or similar kinds of Christmas presents.

That's the way it's run — by *muscle*. And that's what happened to Japan. Japan is threatened. Japan is told, "You have a security problem. You do as we tell you, or we'll crush you."

That's what the United States said to Colombia. The United States ordered the Colombian government to push drugs, to legalize drugs, and it's destroying Colombia. The United States government is supporting drugs, throughout Central and South America. Why did the Peru government allow the drug pushers to crawl back into power in Peru? Because, the United States government, at the point of a gun — in this case, Madeleine Albright's gun — said, "Do it!" And, Japan is getting the same kind of treatment.

People have to realize that the way that certain people in the United States, especially the American Tory party types, use things, such as the Justice Department — certain sections of the Justice Department, certain sections of the military, not the CIA, the military, the special-warfare division of the military — which does assassinations and things like that, if you want them done. And, going around to various governments in the world, and saying, "You do what we tell you. Or else." Or, as George Bush, the President, would say: "If you don't do what we tell you, there may be *consequences*." Just like they used to have on death row, in Texas. That sort of thing.

And, that's the problem.

The interest of Japan, and the actual interest of the United States, is for Japan to revive its role as a full-set economy, to play, together with the United States and Western Europe, a key role in supplying — and Korea, as well — a key role in supplying the technology, which is immediately required throughout Eurasia. That's its big market. And, also, to do similar things in other markets of the world, where Japan's products are suited for that purpose.

So, Japan should, essentially, be able to reorganize its financial affairs, by a sort of, what we might call the equivalent of a Chapter 11 bankruptcy reorganization, or whatever needs to be reorganized. And go back to the business that its national interest dictates, if it's allowed to do what's in its national interest. And that is, to find agreements, largely in Eurasia, the biggest market of all; find those agreements; use Japan's potential as a full-set economy; supply a complement of that high technology, which Asia needs to find justice — and the rest of the world, as well.

The problem is, you have a regime in Washington, which is absolutely, hysterically desperate. They say, "*We don't care what it costs you,*" to Japan. "We are not going to change our policy. We are not going to admit, that the United States may be going into a financial collapse. We're not going to admit it. You are going to put your babies up for hock — or whatever else you have to do — to get that last shekel into the United States, to support the Bush Administration's policy! And, if you don't, we'll do something bad to you!"

Look at the case of Mori: Someone in the United States said, "Mori's gotta resign." The Prime Minister. You know, a leading influence in the United States goes to a presumably sovereign country, an ally, a partner — Japan — and says, "We want the Prime Minister fired!" They ran an effort inside Japan, to have him impeached — a government recall, by vote of confidence. That didn't work. They said, "He should resign anyway" — the U.S. press, from the State Department, and other places. "He should resign. He's going to resign. We predict, he'll resign tomorrow." He said, "I'm not going to resign."

And they keep doing that! You do that to a country, to which you should show respect? Do you think you're winning affection in Japan, by trying to do that to Japan?



Japanese Prime Minister Yoshiro Mori (left), with South Korean President Kim Dae-jung and Chinese Premier Zhu Rongji. The Bush Administration is so hysterical that Japan might return to policies of a full-set economy, that it tried to order a sovereign country, and presumably, an ally, to fire him.

Americans should find out what their government is doing. This case of the United States' treatment of Japan: Remember, Japan and the United States, together, are the linchpin of the international financial system. And, the United States wants to club Japan to death?! They're idiots.

That's the problem. There's not a lack of understanding of this in some places in Europe. What I said before: Given the craziness, the *idiocy*, shown by this current administration (and, all was not perfect before then, as you may know!), that people in Europe, and in the United States, and elsewhere, have got to realize: We have a problem. The stupidity of present U.S. policy *must not continue*. And, don't tell me that George Bush is President, and he's studied policy.

What about the United States? There's something higher than the Presidency: That's the United States. Maybe powerful people *in* the United States, together with powerful people in Europe — people of influence; and, with consent and agreement with people in other parts of the world, should descend on Washington, in effect, and say: "*Cut this nonsense out!* You cut it out." And, if the concert of power, from within the United States, and Europe, and some other countries, is sufficient; so, if the right number of "old boys" get together, and descend on the United States, and they say, "*Cut this insanity out,*" then the insanity will be cut out.

Organize for Principles, Not Issues

Local trade union official: Hello Mr. LaRouche. I'm a sheet metal worker, by trade; I'm a unionist.

I've met other individual unionists who are 100% behind

you, as I am. And we realize the world situation is as bad as you say it is. One of the reasons I'm here today, publicly (I believe this is a public forum, of sorts); I believe they're out there watching us. They may not admit to their fellow-unionists — maybe a few of them would. I think they're watching us. I'm here to appeal to the upper-level AFL-CIO, as well as the International Union leadership, to step out on a limb, as I have, and to support you. After all, it is evident that the Democratic Party that exists today, has failed us, has failed the working class. And I hope that the AFL-CIO and the International Union will show the rank-and-file and the rest of the working class — unrepresented — that [our] organizations [are] not made up, at least somewhat, of blue-collar aristocrats, but of unionists who can and will lead us, by supporting you and your efforts to introduce FDR policies.

I think that rank-and-file union membership, out there, is becoming more aware; they're aware of issues like the D.C. General Hospital, the genocide that would take place from the closing of that. They're aware that 98 or so percent of the financial transactions in the world today, have nothing behind them, but profit. And, we need to be led.

I hope that I'm not fantasizing, when I say that I think that there's hope for the labor movement. But, if it's an inert organization, it carries no clout. I know it can carry clout. It has to act, to carry clout. . . .

My point is: I would like to ask you, how do I go about making this happen? I believe that the AFL-CIO, and the unionists of all levels, rank-and-file and all the way up, realize that there is no one with a plan, except you. I guess I'm here to ask you, how do I go about trying to make this happen?

LaRouche: What I'm trying to do, is to take issues, which are obvious issues, and present them in a form, where they have national and international significance. Not in the way issues are usually done, as single issues and so forth, in the United States. That kind of politics won't work.

Now, for example, look at the D.C. hospital: Particularly with what's happening to the pension plans of unions, today, the question of health care and pensions is crucial. And health care is a deep pocket. So, a case like the D.C. General Hospital, is not simply a Washington case. It's the case of a fight for the General Welfare.

Now the labor movement, as it developed, in its new form, in Roosevelt's period, was a key part of the fight for the General Welfare. That was the basis for the formation of the Congress of Industrial Organizations of John L. Lewis, in '35, and so forth. It was a fight. The idea that the labor movement was not a trade association — but it was a fight of working people, for the General Welfare, knowing that the defense of the General Welfare is in the interest of all them. So, therefore, you fight for a higher principle, and then come in, having won the principle, to claim your rights under the principle. Whereas, in many American campaigns, people go in and campaign for what they *want* as their goal; they don't campaign for the principle. And, they don't get the goal, and they



“Issues like the D.C. General Hospital, are fighting issues, because they involve the question of national health-care policy.” An emergency medical team trains to save a heart attack victim in suburban Virginia. If top-notch trauma centers like D.C. General shut down, people will die en route to emergency rooms that no longer exist.

don’t get the principle, and they don’t get anything. The way you get a principle across, is by getting more people to support it, because it means *their* principle, not just your particular goal.

So, therefore, issues like the D.C. General Hospital, are fighting issues, because they involve the question of national health-care policy; as, in this case, directly involving the Federal government, the Congress, which is in control of the Washington, D.C. area. So, therefore, what is done in D.C., is done to the entire nation, because the agency that does it, is the Congress. And those in Congress who say, “We go along, to get along, somebody else handles it”—*The Congress is responsible, as a body, for whatever any part of the Congress does!* One part of the Congress can not get by, with this committee game! The Congress, as a whole, with its conscience, is responsible *for whatever the Congress does.*

Now, the second thing, is this question of energy policy: Re-regulation. The labor movement’s biggest loss was under Carter—after Phase I and Phase II of Nixon. *Deregulation.* What destroyed the trucking industry? *Deregulation.* What happened as a result of deregulation of the trucking industry? And, of the breakdown of the railroad system? That, towns and cities, which had places of employment, industries, could no longer get equal rates and schedules for the shipment of their goods: their outgoing goods and incoming goods. They were squeezed out of business, because they couldn’t get on-time delivery at prices they required.

The result was, the trucking industry was broken. We know what’s happened to truckers—it’s a nightmare—the whole trucking industry today, as a result of this. The energy

question as such—look at what’s happening in California: *There is no solution except re-regulation.* So, the two issues which I put up front—D.C. General, and the question of re-regulation—are issues which involve everybody, and they involve one common principle, the principle of the General Welfare.

What are we up against? What is the problem? We have a Stone-Age majority of the Supreme Court, typified by Scalia; a Stone-Age majority says there is no General Welfare. They say that it’s shareholder value, which is the equivalent of slaveholder value. That no one, trade union or anyone, has any rights under that Supreme Court majority, because shareholder value will dictate everything. So therefore, I would say that the way to do this, is to say that we have to have a movement, which is a movement of the revival of the American intellectual tradition, concretized as a fight for the General Welfare, and concretized by mobilization of people throughout the country, on specific problems which typify the fight for the General Welfare, which they can recognize.

As we used to say in the labor movement, “Justice for one is justice for everyone.” And that’s the way you have to direct this.

Defeating Katie Graham’s Army

Dr. Abdul Alim Muhammad: Greetings, Mr. LaRouche. How are you? We’re in a very important phase of this struggle, as I speak. We’re preparing tomorrow, as you know, to go to Capitol Hill, where we’ve received some encouraging support from a senior Congressman, namely, John Conyers of Michigan. He’s intervened in this issue, and has



Dr. Abdul Alim Muhammad, director of Washington's Abundant Life Clinic, and one of the key organizers of the coalition to save D.C. General Hospital, asks LaRouche a question during the webcast.

agreed to sponsor a Congressional briefing, on the issue of D.C. General Hospital, in the context of the national crisis in health care, especially the public hospital system. We have mobilized, as best we can, and educated the population; so I think in the last six or seven weeks, we've seen a sea-change in the population of the District of Columbia. The issue of D.C. General Hospital has become a topic of conversation at the dinner-table, and ordinary people are becoming somewhat conversant in the issues. We have had candlelight vigils, rallies, lobbying efforts, town meetings, teach-ins of various sorts. And we now see a situation where members of the Financial Control Board are saying things like—in today's *Post*, it is reported—I believe Francis Smith, on the Control Board, saying things like, "We can't go forward with the Mayor's plan, but then, we can't go back." They're not quite sure what to do.

And then, of course, Saturday, the *Washington Post* published an editorial, that took up the theme that we've been raising on a number of issues. I think they cited six particular issues, that this plan should not go forward until there are answers to significant issues: such as, the fact that Greater Southeast Hospital cannot possibly be certified as a Level 1 Trauma Center for at least a year; that there is a plan afoot by the National Capital Planning Commission, that has a land-use for the property where the hospital is now situated, that doesn't include a hospital, or jail, or anything else—it's con-

dos, and hotels, and marinas, and that kind of thing, and perhaps tied to the Olympics. They also pointed out that the area hospitals would be overtaxed if D.C. General Hospital closed. They are looking at the finances of the Doctors Community Healthcare Corp. They raised that whole issue; and today we learned that the Control Board is authorizing additional audits of this company, as well as the HMO that's involved in this deal; and so on, and so forth. They raised very interesting questions.

And so, what I would like your help with, is to try to get an understanding, or an interpretation of these events. It seems, in one sense, that the *Washington Post* is distancing itself from both the Control Board and the Mayor on this issue. And in light of this, what do you think we could do, to help further that chasm, and make sure that at the end of the day, when the dust settles, that we have, in the District of Columbia, a full-service, fully funded public hospital.

LaRouche: It's almost like a military question. You have this problem; it's not a simple problem of a hospital.

The hospital issue is a lawful expression of a much broader problem. If the tiger comes to eat your baby, the problem is not the tiger coming to eat your baby; the problem is the tiger's been loose in the neighborhood too long. The tiger is this group of financier interests, of which Katharine Graham and her father's family trust, or foundation, is a part, which organized in Washington, D.C. a complex of political and financial and legal organizations, which essentially does what these kinds of things do. They've got a real-estate scam. It may not be called a scam, but it is a scam. And they set up a succeeding scam, which extends over decades. That's how real-estate swindles work; they take place over decades. They have a plan: For the next 20 years they'll do this, and then ten years after that, they'll do this; and they'll sell it today for such-and-such a price, and we'll get such-and-such-and-such per year on it. It's all worked out.

Now, the plan for this riverside development is part of that. It also goes, again, with the Southern Strategy. Everybody knows what D.C. Hospital is. They know what the constituency is. And they want them out of Washington, D.C.! This is an old story. They want the African-Americans out of D.C., or at least, greatly reduced, and pushed over into Prince Georges County and someplace like that. This is a deliberate policy.

Now, the problem is how you defeat it. When you attack Katie Graham, you're not doing an injustice, because she is responsible, in a key way, for the policy-structure which is running this. But that's not exactly how it works. She is also the leading figure of an army. Now, you don't eliminate an army by attacking its general; you have to defeat the army. Now, how do you defeat the army? You have to destroy its cohesion. And you have to drop hand-grenades in the fox-holes, and things like that.

What is needed is not to go at the big potato alone. Yes, the overall story, the big scandal is there. The swindle on the

Southeast is there. The role of Graham and her crowd is there. But if you attack those things, you won't win. If you attack them alone.

You've got to get at the troops. What are the troops? The troops are a mass of people who have joined the army behind this operation. The troops are little this, little that, this association, that association; political action committees associated with these, which buy politicians, and buy that. So that you find a mess in the community, as we're seeing in the city government of Washington, D.C.—if you can call it a government, since the Control Board took over. What you're seeing is a complex of people, who have each had their little piece of the pie, of interest in keeping that cash-stream in contributions coming, for their candidacies and other projects.

So therefore, what you have to do, is you have to map out, who has joined the army; and you've got to talk to each person, so to speak, in the army, and say, "Uh, Uh, you should quit that army. Because otherwise, you're guilty of this crime, because you are wittingly involved in this crime." In other words, you have to disperse the political forces which stand behind what Katharine Graham nominally has up, and what the *Washington Post* has stood for. Now Katharine understands that. She understands that she can back off, with an editorial, and make a criticism of the policy—but the army is still marching, her army! The army is all these little people, who've got their piece of the pie, including *the Mayor*, who's got a piece of the pie; it's his political career! His career was developed in this context.

So unless you go after the army, and identify the individual members of the army—. For example, you have the case of Sergei Eisenstein, the Russian screen director. He made a famous film on the so-called *Potemkin*, about the revolt, the insurrection in the 1905 Revolution, of the sailors on the ship *Potemkin*. Now, there's one scene in that film, which is very famous, and it's famous among art directors, because you have Russian soldiers, in white, coming down the steps of Odessa, of the court: step, by step, by step, by step. The famous scene with the baby carriage there.

Now, the way this was done so effectively, is that Eisenstein got from his people, names of the bit-players in this group of people marching down the steps, the soldiers. And the way he would control the way they marched, by direction, by shouting out and directing with this old-style megaphone, this cardboard megaphone, is shouting out the names—"you, you, you"—by name. And thus, he would have a grip on the motion within the entire group of bit players who were marching down the steps in this famous film. And this particular scene from that film was rather famous among moviemakers internationally, because of the excellence with which he did that, with very meager resources.

You've got to use the same kind of principle, in dealing with this mess in Washington. An army has been established, around a complex of financial power. You attack the financial power, and you find that the army will come to its defense.

So, even the army leaders can reduce their exposure, but the army keeps marching forward. Therefore, if you think that you've exposed the leader, and you're going to bring the thing down, you're deluding yourself. The way you defeat an army, is by demoralizing the individual soldiers in it, or getting them to desert or retreat. And, therefore, what you need to do is to have more names of the guilty parties, the foot-soldiers of the army. You may not get all of them. But you've got enough of them to tear the ranks apart. You *rout* them. And then the leaders are left standing alone, and then they are defeated. That's the way it's done.

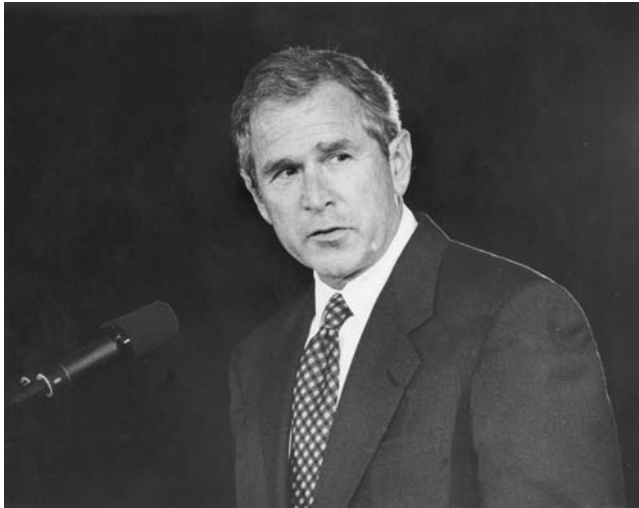
Hitler-Like Mentality in the White House

Question from Moscow: I want to ask Mr. LaRouche how he understands the difference between the American position in this infamous document, *Global Trends 2015: A Dialogue About the Future*, where it is stated that Russia will be a very small and zero country. At the same time, the 8th of February, [CIA director] Mr. Tenet made his statement in Congress, saying that Russia is the greatest menace to the United States. So, if Russia is so small and zero, and nobody thinks about it, and it will disappear in 15 years, how can it be, simultaneously, the greatest threat to the United States?

LaRouche: Well, obviously, there is always in politics, as you know, Professor, from your long experience, a factor called "insanity" in high places. And this is one of the instances of it. You have a tendency which is very pronounced in the new Bush Administration, particularly when you get to some of the slimier types, like the Pat Robertson, Jerry Falwell, and so forth, types. These are people who are not in the real world.

Now, let me be very candid on this one. If there is a war in the Middle East now, it will not be because some *factors* in the Middle East have control over whether or not there will be a war; there will be a new war in the Middle East, only if Sharon and George W. Bush's Presidency want it. Otherwise, it will not occur. There are no factors—Palestinian violence, this-that issue is not the question. It will occur only as an act of will. Now, we had this kind of thing with Hitler, in the famous story about the Nuremberg Rally—"The Triumph of the Will." What you are dealing with is really a government which is not very intelligent. There are some intelligent people in it, but the organism of the government is not intelligent. It's a very bad government. It operates on the basis of "The Triumph of the Will."

Look at the policy of George W. Bush's government in Texas on the death penalty. He says, "No innocent person was ever executed." Well, that's nonsense. When we look at some of the DNA reports, we realize that the whole system of the death penalty is *riddled* with injustice. And Texas is notorious for its injustice in that system. If you can't find injustice in the Texas judicial system, what else can you find? So, when you have someone who takes the position, "It is not possible that there is any mistake in my system. I have decided we are



The “organism” of the George W. Bush Administration is a “very bad government. It operates on the basis of the ‘Triumph of the Will.’”

going to do that, therefore it is going to be done” — .

Now, as Kissinger said, in a moment of candor at the recent Wehrkunde meeting, the Bush Administration’s targets are chiefly two: China and Russia. That’s it. That’s a statement of *will*—that is not a statement of an issue; not a statement of a conflict. The existence of Russia is not wanted by George W. Bush. Now, maybe George W. Bush’s father’s brother, Prescott, doesn’t want China destroyed, because Prescott Bush has made a lot of money in China over the years—the 1970s, and so forth. But the determination to bomb, destroy, obliterate Iraq is an act of *will* by a Hitler-like tyrant and mentality. It is not an issue where there’s a problem, and you say, if I can not work through problems, why shouldn’t I defend my interest? Here’s the interest; here’s what I’m prepared to do for this interest. That’s not the issue. The issue of Russia is not the concern. The Bush Administration, at the highest level, ideologically, is determined to obliterate Russia from the map. They would also like to obliterate China from the map. This is a matter of *will*. It is not a matter of reason.

For example, take the case of China. This whole business about trying to provoke China with a missile buildup, or defense buildup, in Taiwan. Now, that might produce, as you know, a reaction from some sections of the Chinese military, and China might respond, as has happened in the past, with a show of force. But all of us who know what the military realities of the situation mean, that a show of force by the Chinese military in response to a provocation by Washington does not constitute a strategic threat of any significance against anyone. Not at this stage, anyway. There is only one target of significance to the Bush Administration and its friends in London, and that is Russia—because Russia is the

only nation on this planet, outside the British monarchy and the United States, which is capable, by national cultural instinct, of leading any kind of coalition for an independent international policy. Russia, if it combines with Western Europe in economic cooperation, and combines—as Primakov has proposed, and now seems to be the trend under President Putin—combines with Japan, with Korea, with China, with India, with Central Asian countries, in cooperation, you have the basis in Western continental Europe, Russia, and parts of Asia, for a vast economic cooperation, which would mean a new power. Not a new power that is going to bomb anybody, but a new kind of political and economic power, which is going to influence the course of life on this planet.

And that is what, for so-called “geopolitical reasons”—the same geopolitical reasons that King Edward VII emphasized with Halford MacKinder in trying to break up things like the transcontinental railroad in Russia, this kind of thing. The same moment they want to destroy Russia. They are not seriously concerned about China; they are concerned about Russia. And the *instinct* of this crowd is to do it. Therefore, the issue, of course, comes down to the present military issue, is both the United States and Russia have it—despite that both have come on bad times in technology—both have the capability of an electromagnetic pulse attack on the other, or counterattack. And that’s the only serious military issue, from a great-power standpoint, on this planet today. So, all the other stuff is just talk.

Atlas Shrugs Off Alan Greenspan

Question from New York audience: Mr. LaRouche, yesterday Alan Greenspan insisted that there is a growing interdependence between stock prices and the real economy. As such, he led everyone to believe that another emergency rate cut would take place well before the next meeting of the Fed. Do you think that what he is saying is true, and, if so, isn’t this what FDR would have done?

LaRouche: The answer is, of course, that Alan Greenspan, I think, has *lost it*. I had the image that somebody is going to take him up to New York City, put him on a skyscraper, push him off, and then explain to the police that “Atlas Shrugged.” Because this fellow is out of business. He no longer has the trust; we find he’s being picked upon, not only by John Crudele of the *New York Post*, but others, who are condemning him, quite justly—but rather belatedly, I must say. The point is, what he said is utter nonsense.

Today, there is no significant correlation between the stock market and the real economy. There hasn’t been for a long time. It’s just absolute nonsense. A rate cut is absolutely an insane thing. What is *needed*, is a return to a protectionist policy. The U.S. system is bankrupt. The financial system is bankrupt. The world financial system is bankrupt. Under the existing economy, we could never generate, without collapsing the economy, the rate of payment to pay off the debt which

is sitting on top of the world today. Couldn't be done. That means that you are going to come to the point where you put the world through bankruptcy. And, my argument has been: Well, let it be a Chapter 11-style world bankruptcy. The way Roosevelt specified for state and public utilities, back in the 1930s.

What's important today, is to *separate* the real economy from the financial system. The way you do that—there are several ways, but one of the ways you do it, is that you introduce protectionism and regulation. You do *not* put out a rate cut. For example, you may have projects. Suppose you want to put up an infrastructure development in the United States. You want to create more employment in the United States, say, in California, or some area. So, as part of your general, overall operation, you set up regulation, a regulation scheme, and you conduit some credit into that specific project, *ear-marking* it for a specific economic result. If you put money into the market—a rate cut in the market—it simply means you're going to build up the bubble. The danger now, of a rate cut, is that we are in a situation which is analogous, in terms of rollover of debt, to Germany in the Summer of 1923. We have reached the point, that the attempt to roll over an existing amount of debt, requires more inflation than the debt you're rolling over. Now, it was precisely that kind of problem which resulted in the explosion of the German reichsmark over the period of, especially, July through November of 1923. The problem which affrights people in Wall Street and elsewhere, is that if you try to get a hyperinflationary—that is, zero-interest-rate kind of credit issuance—you are going to generate a hyperinflationary explosion in the U.S. and world economy.

That's what the issue is, of course, in Japan. The issue is, that the null, null overnight interest rate in Japan, falls first upon Japan, threatens to contribute to a process of blowing up the world economy in a hyperinflationary explosion. Just like happened in Germany in 1923. This is insanity. The only solution is not in rate cuts; no monetary theory taught in universities or generally talked about in financial centers, works. It's all nonsense. Forget it. What you have to have, is you have to have the intervention of the government, in cooperation with private agencies which come in, and also are supporting government regulation. You've got to *steer* credit. We need more credit, but you've got to steer credit into physical things, which are beneficial to the real economy. *Forget* this financial stuff. It's gone. The Internet is gone. Look, the Nemax practically went out of existence today in Europe, one of these "New Economy," "Third Way" kinds of operations. So, don't think about rate cuts at all. What we need, is that you've got to put the system through bankruptcy reorganization now. And the way to do it is, you've got to get the government convinced it's got to do it. And you've got to get support in the Congress, and *we have to do it*. We have to have a bank holiday—the whole shebang. And we are going to have to *put*

credit into the system, but the credit is going to have to be *regulated*, and *earmarked*. And it's going to have to be a complete protectionist policy put over the entire U.S. economy, and international financial and economic relations. It's the only way we're going to survive. There *are no other solutions*.

The Oligarchy and Its Lackeys

Washington medical worker: Good afternoon. Actually, I'm up here now, you've answered every question I had. But I was determined to come up here to see you, and say something to you. And, I do have another question.

I've been working at D.C. General for 18 years—18 *good* years—and it's been proven through the Joint Commission, which accredits us. Last year, we did a 94 [rating]—actually we did 100%; they had to take the six points off, because our buildings are old. They're falling apart over our heads. Actually, I'm working sometimes in hazardous conditions: You never know when the ceiling is going to fall. But, that's because they've never given us money, to keep our building refurbished and renovated.

Now, Washington Hospital Center, as good as they are, they only made 91%. And, my God, Greater Southeast, they did even lower than that—84%.

But, our Honorable Mayor wants to squeeze us out.

Now, what you've said to me is quite clear with this Federal City Council, that is not Federal, that doesn't belong to the city, and it's not really a council. From what I see, I'm understanding that they control a whole lot around here. And they make the point of, "Yes, we're going to do something," or "No, we're not." And they decided to take over the area of D.C. General, probably for the property: Because, we're sitting on about 124 acres of good waterfront land, once you clear that water, and change that land on the front—it's going to be beautiful. I understand they want this for the Olympics coming up, in the year 2012. I don't understand why we can't compromise—still have a hospital—because you're going to need one, knowing that the Navy Yard is bringing in 5,000 new jobs. People are going to get sick; you're going to need a hospital in that area.

But, my question to you, is this, after I've stated all this: I don't understand, or it's hard to believe—or, maybe, it isn't hard to believe—that the Federal City Council is doing all this, using our Mayor; and Eleanor Holmes Norton, who is hiding somewhere, never verbalizing or saying anything to us about, say, the hospital; but, yet, when she ran [for D.C. Delegate], we put her in with 180,000 votes, twice the amount that she needed to get in [to Congress] from her next opponent. We, the poor people, helped her do that. So, can you tell me: They're black. What does the Federal City Council want with them? If they want to get all the black people out, why are they involved? Or, when they do do this, are they going to get booted over to Anacostia, too, with the rest of us?

Now, with that — and, if they do succeed, how is this going to affect the *world* health care?

Thank you. [applause]

LaRouche: Very simply. What you have, is an oligarchical system: You have at the top, the oligarchy, the ruling caste, usually the financiers. Now, they can't run this show without a whole class of people, called "lackeys." The generic, is "lackeys." Some of the lackeys come with guns, and the authority to use them. Some of them without guns. Some of them come with pencils — or, today, with laptops, or the equivalent. Sometimes they come disguised as bureaucrats. Sometimes they come disguised as politicians of influence, or private organizations of influence. And, so, these guys now have what they consider their personal interest. And their personal interest is their career. And they do what they do, for their career. Somebody controls the money that goes into them. Somebody backs them, and doesn't back somebody else. They owe a favor; they go along to get along. It is corruption! Moral corruption! That's how the system works.

If you can not get the lackeys, a large number of lackeys, to hold the crowd down, you can not control the crowd. Now, a few top oligarchs can not control the system, without their lackeys. And you have to understand the corruption: It's just plain, moral corruption. And, these officials are corrupt.

Now, maybe some of them would like not to be corrupt. I hope we could induce them to stop being corrupt. But, we know that Williams is corrupt. His actions *publicly* show, he's corrupt. Eleanor Holmes Norton: We know she's corrupt; her actions attest to it. Why she's corrupt, where the money goes: We got a \$1,000 check. That's part of it. But, this is only part of it.

The problem is this corruption. And the corruption increases. Why? Well, you've got the loss of Mayor Barry, who was sort of run out a couple of times, and run down, and the city government became a joke. So, the people of Washington, D.C. *lost efficient control over government*. Then, you had Gingrich, and the Control Board process: Government was stripped. And, this group of people no longer had *real* power, over real things; they had the power to become *lackeys*; and to serve as lackeys. And they had to decide: Would they get booted out? Or, would somebody pull a scandal on them, send them to jail, if they didn't go along? Or, just fire them, throw them into the garbage heap? Or would they go along? If they decide to go along, and protect their careers, and "take care of my family," and "take care of my savings," "take care of my future, to get my child through college"; if they want to do those things, they're going to *go along!* If they're going to go along, the fact that they may have an African-American skin color, does not mean that they have the interests of African-Americans at heart. They may be sensitive on that question, but, when push comes to shove, they've got a more immediate drum they're marching to. And that's what the problem is.

That's why I said, as I answered Dr. Alim Muhammad, is: When people make a mistake, you get a big scandal against big people, you think that's going to bring the corruption down. It doesn't. Because, big people don't start wars without armies. And, armies are organized around lackeys. And, if you can not defeat the lackeys, you won't get at the big people.

And, therefore, the trick is, people are reluctant, if they see a black face sticking in front of them, in Washington, D.C., they're reluctant to say, "Well, this guy is out to kill black people, or Negro Removal." Even though he is. Because, it's not a racial issue, it's a lackey issue. And, the racial issue is the people who are racists, who are pushing the policy, who know that's what they're doing. But, it's not something which is a different category. These are the members of the army. This is the SS, that does the killing. Hitler gives the orders, but without the SS, he can't kill. And, these people have consented, for various reasons, which they could explain to you — family reasons, considerations, old friendships, careers, all this stuff: They decided to become lackeys. And they're on the other side, and they're shooting. They practically threatened to shoot Mayor Williams, when the ministers went to meet with him. And, that's what the problem is.

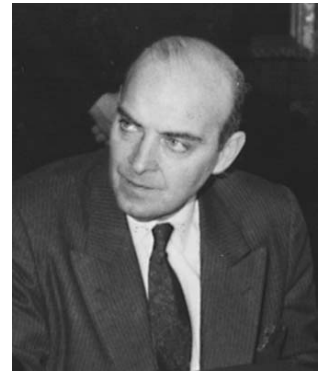
And, the problem, essentially, therefore, is, that we do not have, really, the army that we need. The army is the organized power of the citizens. What has happened, since we first took up this D.C. General issue, in a webcast back in November, which came up in the form of a question, in that connection: There has been a transformation in the fight to save D.C. General, and related issues in Washington, D.C. We saw, with the lobbying session in Congress, by citizens from Washington, D.C., principally, into the Congress, that citizens who — say, two months ago, three months ago — could *not* have carried the ball on that kind of issue, are now well aware of what the issue is; they're very articulate; they know what they're talking about; they know more than the Congressmen do, who they're talking to. So, that's good. That's progress. That's the beginning of an army.

But, the issue is, we have to build more of an army. It's a matter of dynamic. Can we keep the thing rolling fast enough, big enough, so forth, so we get all our army moving? But we also — as I said to Dr. Alim's question — you have to, also, identify the lackeys, and get a few of them to desert the enemy army. And, that will help the victory a great deal.

National Missile Defense

Asian country representative, in New York audience: Mr. LaRouche claims that the U.S. economic collapse has led to military adventures, thus increasing regional destabilization. What is Mr. LaRouche's theory, on the U.S. government's undertaking a National Missile Defense, which would eventually pull the U.S. out of the ABM Treaty, undermining U.S. and Russian relations?

LaRouche: First of all, the National Missile Defense, as



The policy of the oligarchy is to break up nation-states, such as Argentina, to chop them up into manageable micro-states. Shown here, Argentina's Atucha II nuclear plant under construction in 1982. Above: Just the man for the job, the arch-monetarist, newly appointed Finance Minister, Domingo Cavallo.

talked about by people who are associated with it as an option in the Bush Administration—they don't even know, or don't care, what they're talking about. The United States has lost most of the capability it had, to develop a strategic ballistic missile defense system. It doesn't exist. The idea of the rogue-state theory, is a lot of nonsense. The Putin response to that, in the offer to Europe, in particular, on cooperation, and the French response to that, today, for example—from France—offering to move in that direction, indicate that there is such a slight danger, that somebody's going to start launching something. Cooperation among a number of states could deal with an isolated or minimal kind of threat of that sort.

Global, general-purpose, strategic ballistic missile defense, does not exist. As I said before, in answer to the question from Moscow: The one thing that does exist, as a strategic capability, because we've got a pile of junk in the laboratories—we've got some good things, but generally, our industries have collapsed. We are no longer the kind of superpower we were, back 15 years ago. That's gone. And, Russia, of course, is also gone. And nobody else has it.

What we have, is, we have some little technologies, which enhance what we did have before. And, if a couple of powers, namely, Russia, and the United States, and some of its allies, wanted to set up a capability, or a new strategic policy, based on EMP effects, using submarine-based launching pads, controlled by submarines of the *Kursk* type or the *Los Angeles* type, then that could work! For that effect.

But, this idea of nuclear missile defense, as proposed by people associated with the Bush Administration—that is a horse without wings, that isn't going to fly.

London Wants Nation-States To Disappear

From Argentina's Radio LU5: Mr. LaRouche, is Argentina really going to be able to grow by betting on the same prescription, which was presented yesterday, by the newly named Economics Minister Domingo Cavallo? That is, more convertibility, more government deficits, more debt and ongoing indebtedness. What are the real alternatives that Argentina has? What economic sector should be developed to generate an authentic model of real development?

LaRouche: There are two parts to the answer—that you have to break it down into two different questions. First of all, the intent of the relevant powers today, is the breakup of every existing nation of Central and South America. That's policy. That's the policy which was already in the works under Madeleine Albright. That's H.G. Wells's policy. The big target right now is Brazil. The fight at this point, which is being run out of London, by the circles of the World Wildlife Fund there, and others, is to break up Brazil, to chop it up into several groups, like they're doing in Africa. They have a map in the office of Caroline Cox in London, to destroy all of Black Africa, and break it up into small, tiny micro-states. That's an ongoing operation, which U.S. forces, as well as British forces, principally, are operating.

The same intention is for all of South and Central America: Mexico, Colombia, Venezuela, Ecuador, Brazil, Peru, Bolivia, Chile, Argentina, Paraguay, Uruguay, and so forth—are all doomed to disappear from the political map of the world in the early future. The measures which were taken recently, pushing in Domingo Cavallo—remember, this whole operation in Argentina is very close to Henry Kissinger

and George Bush, personally. George Bush, Sr.—the father—has had an active hand over the period of the past more than decade, has had a personal hand in Argentina, and many of the policies, such as the Cavallo policy, reflect George’s connection with certain people in England, in running this Argentina policy.

The policy, overall, is global, for the whole region. The deliberate intent of the policymakers in Washington and London is the disappearance of every existing nation-state in Central and South America, and of Sub-Saharan Africa; and other parts of Africa are also included, and some other parts of the world as well. That’s the policy.

And the dollarization of Ecuador is part of the policy; the dollarization of Argentina is part of the policy; Domingo Cavallo is a part of the policy, an obvious one. He’s been travelling around the world as that. And the next stage is, once Brazil is broken up, then *all of the nation-states of Central and South America are doomed to be broken up into fragments*, run by various kinds of entities—no longer governments or nations—in a short period of time. As is being done in Africa right now, from London, from the office of Baroness Caroline Cox. These kinds of things. They’re up to it.

The question is: What’s the policy? Well, my policy is this. Since the world system is bankrupt, and we have to reestablish the authority of the nation-state as sovereign, we have to end globalization as a general policy. The WTO will die of its own weight, because nations are going to pull out of it, rapidly, to the extent that they want to remain nations. They can not live in it, and therefore either they’re going to disappear, or they’re going to get *out of it*. China, of course, is dragging its feet, and probably will never enter the WTO, the way things are going now.

So, the nation-state is the foundation. Remember, the nation-state is an institution created in Italy, or out of Italy, in the Renaissance of the 15th Century. It was a completely new kind of institution, which had never existed on this planet before. And the first nation-state was founded, in the reorganization of France under Louis XI. And then, after Louis’ death, in England, Henry VII created the second nation-state form in the world: that of England, under Henry VII, which is where the modern nation-state comes from.

That institution is typified by the Constitution of the United States. It is the only kind of institution, which can deal effectively with the kind of economic problem, which the planet faces today. This would mean the immediate reestablishment of the absolute sovereignty of each of the nations of Central and South America, as they existed, say, as of 1982.

That should be the policy. Under this policy, then, the authority of the state to have its debts reorganized—because the whole thing’s been unjust since 1971—and have it undertake, as a sovereign act, the rebuilding of its economy; and to make agreements among these nation-states which, through cooperation, enable them to rebuild their economies, using what was called the American System model of Hamilton,

Friedrich List, and Henry Carey, which is the model used before, to do that. And to have cooperation among sovereign nation-states—mutual security type—of the type which is implicit in John Quincy Adams’s proposal for the Monroe Doctrine, for a community of principle among the nation-states of the Americas. That’s the way to go.

Under those conditions, we can do the job. It will be a long, slow job. It will take a quarter of a century to get the job done. But in the meantime, we’re rebuilding, and building is better than dying. And that’s the way to go.

So, the present system, the present situation, there’s no way you can live with it. You’re not intended to live with it. You’re intended to die with it. The nation of Argentina is *intended to die*. And, this latest move is simply another step tied to George Bush personally.

By the way, a note on this: The Bush connection to Chávez in Venezuela, is a key part of this. And just trace the map out, know what the connections are, and you’ll see exactly what’s going on. So, the Bush Administration is committed to the disintegration of the nation-states of the Americas, and their fragmentation, in the same way that Lynda Chalker’s office and Baroness Cox plan to destroy every state in Africa, and chop it up into little micro-states, as they’re doing in Congo, right now.

The other thing is: Build the nation-state; let’s go back and do what was right, and I think we can do well.

Thatcherism Spreads Foot-and-Mouth Disease

Question from audience: You were just talking about South America and Brazil, and I just had a question in particular about Brazil. (I’m a reporter from Inter Press Service Agency.) It’s a question about foot-and-mouth disease and the recent sinking of Petrobrás, the large oil rig owned by Brazil. And, I was wondering what reporters should look for, with Brazil being a target of the guys who want to open up an entire free-trade zone in South America: I’m wondering if the foot-and-mouth disease is going to be something that reporters should look at as being, maybe, some kind of political football. If someone’s going to start ringing their hands, and saying, “Hey! Why don’t we go down there, now, and maybe destroy some crops down there”; or, “we already have, Petrobrás is already falling into the sea.”

I’m wondering if there’s something that reporters should be watching for. Are these just natural disasters, that are happening here, with foot-and-mouth, that’s probably going to land in Brazil, sometime soon? With Petrobrás going into the sea? Or, is this something that somebody is going to sort of manipulate and control, to their advantage, to break up Brazil, which is what you were just talking about?

LaRouche: Well, first of all, the hoof-and-mouth disease, as well as the “Mad Cow” disease: We can say that these are the gifts of Margaret Thatcher. Because it was Margaret Thatcher’s policies on these areas, in England, and the influence of Britain on the European Union agriculture policies,

which allowed for the spread of these disease.

Now, in the case of hoof-and-mouth disease: Probably the causes, in part, are the conditions inside England—the United Kingdom—which are largely shaped by Thatcher policies, and continued by the present government of Tony Blair. Probably, he was a former follower of Thatcher, and an admirer of Thatcher; he's the Thatcherite of the Labour Party. And, he's proven it, by his deeds. The hoof-and-mouth disease is not, necessarily, a serious disease, and the mass-killing of cattle, in England and in Europe, as opposed to vaccination and other treatments, indicates exactly what's going on. Hoof-and-mouth disease is not necessarily fatal to cattle, nor of course, human beings. Sometimes, some cattle die. But you isolate the cattle, which show the symptoms, and you treat them, you vaccinate them, as you should, and so forth. And most of them will recover. And they will have a fairly good immunization against the same variety of hoof-and-mouth disease, thereafter. So, you don't go and mass-kill cattle because they have hoof-and-mouth disease.

What they're doing is obvious, and, they're doing it in Germany. They were doing it in Germany, before the BSE [bovine spongiform encephalopathy] policy was implemented in the way in which it was done: Is that, the policy in the European Union, under the influence of Britain, is, don't vaccinate. And that's how the disease was helped to be spread. So, it was the British policy, imposed upon Europe and imposed upon international institutions, which is responsible for the current panic. It is also British policy, to *reduce the meat production of the world, by killing off the herds of the world*, as a part of a peculiar British policy. It's an environmentalist policy; it's a green policy, so to speak.

The way to look at it: Hoof-and-mouth disease is an obvious problem; it's well known. Experts in Brazil and elsewhere, understand it perfectly well. It's a well-studied case. There may be some variations in this, which need further study. But, it's not really a reason for a crisis.

The crisis is totally inefficient. If the right things were done, the thing could be brought under control. It is not a crisis.

The crisis, is the use of hoof-and-mouth disease as a *pre-text for a policy of destroying the food supply of populations*, and destroying agriculture. Therefore, wherever *the policy* is applied—as opposed to the *traditional* policy for dealing with hoof-and-mouth disease: vaccination, isolation, and so forth; all the things that were done, by agricultural agencies beforehand. Any deviation from that, for mass-slaughter of cattle, because of hoof-and-mouth disease, is what you have to look for: And, that's the killer. That's where the fraud, that's where the swindle is.

On the question of Petrobrás, and so forth: Yes. The intent is—and there's a big fight about this now, including in the leading press in Brazil, itself, which is a part of this British international connection—pushing, very much, for policies which would break up Brazil, and break up everything in it.

Brazil is the last nation in Central and South America, which has not lost its essential, sovereign integrity. Every other nation lives by sufferance, on such a thin margin of sufferance—if *any at all*—that it no longer really has sovereignty. So, Brazil is the number-one target for destruction—now. And, this includes the crowd in London, and in the United States, itself—the same crowd. And, the Bush crowd is tied to it.

There's more to it, but we'll have it on the website—the *EIR* website and so forth—follow-on on this sort of thing. We have a lot of coverage of this, we do, in terms of South and Central America, so, you can get a lot of it from that source, as well.

Protectionism and the General Welfare

Question from audience: Mr. LaRouche, I've got a question concerning your ideas, concerning this protectionist concept, which you pointed out. What would it mean, in terms of market access for developing nations—particularly in Africa, but also in Mexico, and others—to the U.S. market, and the other major markets, like in Europe and so on? Thank you.

LaRouche: Protectionism is an essential part of the principle of the General Welfare, as it was developed as a part of the creation of the sovereign form of nation-state.

It works this way: You have two principal areas of economic protectionism. One is the area of infrastructure; that, you can not develop a population, unless you have adequate infrastructure for it. This means things like transportation systems, water systems, power systems, sanitation systems; and, also means things such as schools, and whatnot. So, these are the things which are required, in an area, for economic activity and for life. If you have an area that's not developed, then your productivity collapses and you have no chance. If the area is developed, then your same efforts can be productive.

So, therefore, the function of the state is to set up an arrangement under which these things are built and maintained, either by government, or by private industries, which works under regulation by government, and is protected by government—called protectionism.

Now, someone is going to have to pay for this. Therefore, generally this comes from the tax revenues of government. Governments raise the money to ensure, together with private funds, that the money flow is adequate to maintain this infrastructure. Since the nation needs it, you do it. It's like if you have an army: So, you build an army to win—not to lose wars, but win wars. It costs a certain amount of money; you get the money, you've got the army. Infrastructure's the same problem: It's the army in defense of the nation.

Then, there's the private sector: Agriculture. For example, if you're going to develop a crop. Some crops take three years, to cycle a crop, once the land is prepared. Developing a herd of cattle, may take from 15 to 25 years to develop a viable, self-sustaining herd. Other things take time. Factories have to be able to function. People have to have enough in wages to live on—physically. Forget the money part. It's what they

have physically, to live on, to get the education, to get the care, and so forth, that they need. Therefore, you have to protect the wage level; therefore, you will produce a protection on prices, on the things they produce—to protect them. So that the producers will get enough payment for the product, so the people can be taken care of who are doing the producing.

That's a protectionist system.

Then, you start tariff barriers, which ensure that your industries in your country, as a sovereign country, are able to grow at a point that they're not yet able to compete on the open market with the producers of foreign countries. The argument is: They come in and say, "Well, you're being cheated. Your government protects you. Your prices are too high. You could always make things much cheaper, if you weren't paying protection prices for this." This was the old "fair trade"/"free trade" argument in the United States, in the 1960s, and even in the 1950s—the same argument.

So, therefore, the idea is to provide the *protection* to allow the things to grow, that must grow, to provide a healthy economy. In dealing with state-to-state relations, what you do, is, you say: "Well, we are all committed to each other's welfare. That is, we all recognize the right of each nation to its General Welfare. Therefore, what we will do, rather than trying to compete, radically, randomly, let us agree to cooperate. You will let us protect our prices on certain things, and you will protect your prices on certain things. We will have a division of labor in international —."

The idea is, to have the people, the total population of each nation, making it. Now, they may not have everything that they want, produced in their own country. Generally, it's not possible, these days. But, they will have a full-set economy, which will be theirs, and that will be protected. The other nation's department will have the same right. And, then, you work out trade agreements.

We did that all the time, back in the postwar period, for example. Under Roosevelt, after Roosevelt; we did it in the 1950s, under the old IMF system—we had the old GATT system, the General Agreement on Tariffs and Trade. So, we set up trade agreements, tariff agreements, we had agreements on credit to subsidize countries, with low-interest loans, to be able to develop industries, and we would protect them, and cooperate with governments to do so.

So, protectionism is actually protecting the General Welfare. That people can not grow, if they're working as slaves. What we have today—Look, in the United States, you have free trade. What do you have? Unemployment. The United States is no longer producing its own goods. The result of not producing our own goods, is, we have lost jobs, inside the United States. We've lost productive capacity in the United States, in order to get goods more cheaply from virtual slave-labor, from our standpoint, abroad.

So, we hurt ourselves, and we hurt them, those abroad.

We need that kind of protection system, now, to get back



Mississippi State Rep. Erik Fleming, at the Washington seminar.

to what *worked* before Nixon and his racist Southern Strategy took over the U.S. economy, back when he was running for President, back in '66-'68.

Go Back to the FDR Principles, Now

Mississippi State Rep. Erik Fleming: Good afternoon. I guess my question is going to be more local, as far as the state governments are concerned, in this financial crisis. Our current situation in Mississippi, is that we still have a projected growth, not as much as the so-called economists said it was going to be, but at least we're not running into a situation like Tennessee, where they have to imagine that they found \$500 million last year.

I guess my question is: but, next fiscal year, we're not going to be so lucky. So, what would be your assessment on what state legislators need to be doing in order to prepare for that, as far as putting together budgets, putting together programs and services, and so on? And what kind of defense plan do we need to have, and in essence, what kind of offensive plan do we need to have to start recovering, after that point?

LaRouche: I think we're looking at: We have to look at an estimate of, in the course of the next 12 months, a probable 30% collapse across the board in the real economy, differentially, in different parts of the country. So, what we have before us, is, in a sense, an impossible situation. I mean, 4%, 5%, 10%, 15%, and so forth, people will find a way to squeeze it out, and stretch it out a bit. But when you're talking about an order of magnitude of 30% or more, or even 50%—*and we're in that kind of situation*. When you look at how much of the *income of the nation*, the reported GNP, is *fake*, like a lot of these things are essentially *fake*—like the Internet was a *fake*. The Y2K bubble was a *big fake*. Real-estate speculation was a *big fake*. All of these things: Financial services were largely a *big fake*. A lot of these, in the 1960s on, a lot

of make-work was built into the system. There were jobs which were not needed; they performed no function, but they performed a social-political function of managing the economy by creating categories of employment, which really had no function, but were a way of exerting social control, influence, and so forth.

When you take an economy like ours, in which the base of the economy, the agricultural, industrial, infrastructural base, is actually a shrinking portion of the total economy, and you collapse that economy, the bubble economy, which exists on a highly leveraged basis, you're not talking about recession; you're not talking about depression; you're talking about a depression of the kind that Europe faced in the immediate postwar period, at the end of the war. So therefore, to go along with this situation, is impossible. To accept the policy of the present administration in Washington, or the present Congress, is impossible. The only way we can deal with this problem effectively, in that magnitude, is on the Federal level, and also the international level. I know how to do it, on the Federal and international level. It can be done. But we have to get the political clout in the nation's capital *to do that*. I'm sure that if the United States adopts a sane policy, which it doesn't have now, that the power of the United States, and the desire for sanity from the United States, would mean that we could probably have a pretty clear shot at doing whatever we came up with, that was sensible to deal with this kind of problem, and there are things therefore we could do.

But, the problem is, we've got to say: We can not allow this situation to continue in this direction. We can't wait for next year. This means that we've got to—.

Look, for example: What's going to happen? Look what's happened this week. You are looking at, essentially, a bottomless depression, right now. This crash, what happened with, yesterday, with this poor, unfortunate Alan Greenspeak, or whatever his name is, eh? This poor fool, out there with his half-percent interest-rate cut: The poor fool, he's gone. It's over. What was the result of this half-percent interest-rate cut? *Boom!* The bottom fell two stories, the floors fell through! And they're on the way to the basement. Who knows what'll happen tomorrow. They may bounce it up a little bit, bounce it down—doesn't mean a thing. *This is going down, and it's going down fast!* By May of this year, by April this year.

See, Japan is now in a crisis. Why? Because this is the end of the Japan fiscal year. March. Japan represents a key part; the Japan yen represents a key part of the world monetary system, the world financial system: That's why Washington was so freaked out about Japan, about Mori. That Japan wouldn't commit suicide to save George Bush, that George Bush might go down. We're in that kind of situation. We don't know *exactly* what's going to happen, on what date. We know which direction things are going, and the general tempo of that direction. I would say, past this Summer, we're not looking at how do we deal with the situation, we're looking

at what amounts to a revolution in policy. Otherwise we're not going to make it.

So therefore, I think the key thing is, yes, it's important to look at this question the way that you pose it. But I don't think there are any solutions in that area. I think what we need, is, we need essentially, as a fundamental change in Washington, to say that FDR in 1933 *was right*. And remember that Herbert Hoover, after Roosevelt won the election in November, remember that Roosevelt at that time, didn't become inaugurated as President until March. Practically 68 years ago, today. That close. So, in that period, from the November election and the March inauguration of Roosevelt, the Hoover Administration, outgoing administration, engaged in very significant measures of cooperation with the incoming Roosevelt Administration, to put together the elements of the recovery program, certain elements.

We're now in a situation where you've got to say, "Well, let's look at, as if George Bush had just lost the election; and we've suddenly decided to accelerate the next election, and he just lost it." In that case, what would we do? Or maybe George Bush, still as the President, has to do the same thing. Maybe George Bush has to do what Herbert Hoover did with Roosevelt, at the point that Roosevelt was coming in as the next President, when a lot of actions were taken, which were elements of the recovery program, put into effect in the early part of the Roosevelt Administration, including the Bank Reorganization Act, and so forth. All these things were prepared for by these kinds of negotiations.

We're now at the point, where either this government changes its ways, and adopts the lessons of the Hoover-Roosevelt cooperation in early 1933, to take the initial emergency actions which redirect the direction of the economy, to begin to deal with this crisis. Because, what we can do, in that case, the way we can deal with this, with a state problem, is the old way: You create a public authority with a credit authority; you've got a section of the country that's in a disaster. What do you do? You take a project which you have, which you know is there, it's sound, it's needed. You put the project into effect, in order to stimulate that local, state economy. And, in that way, you're able to pull things together and get the state through it.

That's what we have to do. That's the *only* way we're going to be able to deal with these problems, is do it the Roosevelt way, or learn the lesson of what Roosevelt did, and adapt to that: Federal projects, Federal agencies, using the power of credit of the Federal government, under a reorganization scheme, to make sure that the credit is a line of credit—not money, a line of credit—going to the financial system, like it went to RFC, under Roosevelt, Reconstruction Finance Corporation, is going into the areas to work for *earmarked purposes*, worked out with state authorities, to make sure that state stays in business. And that's the way it's going to work. But, we have to have a change in government, or the *heart* of government, to do that. And that's what I'm working on.

New 'Robber Barons,' New Dark Age

A far greater Congressional outrage than the ongoing desperate clutching for tax cuts to save the stock markets, is the self-described “all-out mobilization” led by Phil Gramm and other Gingrichite Jacobins, to abolish Franklin Delano Roosevelt’s Public Utility Holding Companies Act of 1935. At Congressional hearings on March 29, Gramm and his fellow “Southern Strategy” fascists demanded that the PUHCA be ripped up now, with no further delay. Why? For the unvarnished, hyperinflationary profits of Enron, Reliant, Duke Power, Southern Co., Dynegy, AES—the “new robber barons” who are destroying the remaining U.S. industrial economy through the open gateway of California deregulation. Even these instant repealers admit, that state regulators across the country will be unable to regulate the huge regional and national “power marketers.”

If Gramm and the other Gingrichite fascists get their way, they will be “legalizing” Federal crimes against the PUHCA and the 1935 Federal Power Act (which requires “just and reasonable” prices for all interstate power sales). They will be encouraging still more flagrant looting than that already being carried out by the “new robber barons,” and by the would-be robber barons among what we have called, since FDR’s Presidency, regulated public utilities. As a LaRouche representative challenged California officials, “If robbers broke into houses and stole all the valuables throughout the district, would you just advise the victims to learn to live without what the robbers stole?”

Led by the Bush-linked Texas bandits, these companies are committing again the crimes of the original “robber barons,” the Morgan bank-centered utility holding companies of the 1920s. It was these giant corporate pirates who drove up the stock markets of the 1920s, and drove the U.S. deep into the Depression of the 1930s. It was against these Morgan-holding company interests, that FDR requested his first Congressional investigation as newly elected President, resulting in the 1935 Act’s “death sentence” against utility holding companies which had no connection to the *production* of electrical power and transmission.

Now such holding companies, which are nothing but “marketers” looting tens of billions into the Wall Street markets, dominate the so-called energy industry. Even the poor, victimized California utilities are now distribution subsidiaries of holding companies, like Edison International, which themselves looted billions from other states through “power marketing”!

This is what deregulation has done; without immediate re-regulation, the process under way is a complete collapse of the California economy—on which we all depend—and meltdown of its budget, and both effects spreading to other states. New York faces equally catastrophic results: as New York City’s Mayor Giuliani wailed, “Deregulation . . . it’s not working. And a 40-50% [rate] increase for hospitals again this Summer would be catastrophic.”

It is exactly to try to make the urgently needed re-regulation *impossible*, that the likes of Phil Gramm and Senate Majority Leader Trent Lott demand immediate repeal of the 1930s laws upon which regulation of power and other industries was built. Some Democrats are joining them for repeal, having no idea of the depths of the disaster striking the economy—and not having the courage to see that the “forced energy conservation” schemes they are backing, are fascist.

A small confrontation between such police-state measures, and the “FDR path,” was won by LaRouche forces in the State of Washington in March. The Tacoma City Council, having already raised electric rates 50% citywide, proposed to impose fines and monetary penalties on all who did not cut their electricity use! At a large public meeting, LaRouche activists and supporters intervened and stopped the plan. “What are you afraid of?” they demanded. “Why don’t you say, ‘re-regulation’?”

All Americans who have the courage to see the accelerating economic breakdown for what it is, are fighting with the forces of Lyndon LaRouche, directly or indirectly, for the “FDR path”—re-regulation, bankruptcy protection for ruined industries, rebuilding ruined public health systems.

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