

LaRouche Webcast: Take Charge In U.S. Economic Blowout

by Paul Gallagher

The announcement for Jan. 24, of Presidential candidate Lyndon LaRouche's first Washington webcast address in six months, was the most important news as storm-winds of the approaching next global financial hurricane swept through the U.S. capital. Internationally, governments from Argentina to Poland to Japan are being blown over, most European heads of government are looking like fools trying to deny rising unemployment levels, while economic growth is embattled but continuing in those nations in which LaRouche's Eurasian Land-Bridge economic-infrastructure idea has had the greatest impact: Russia, India, and China. Unemployment across the board in all 26 Organization for Economic Cooperation

and Development (OECD) countries has gone over 7%, growing at two-tenths of a percent per month, while growth forecast for India, Russia and China for 2002 is in the range of 5-7%.

U.S.: Layoffs, Losses, Inflation

In the United States, January should mark the end of the recent fantasy-period, in which the media and government figures have "played recession;" they have made much of "consumers' confidence" (in the U.S. bombers over Afghanistan), while the vast U.S. debt bubble burned its fuse steadily toward the next explosions.

Ford to announce job cuts even it as it plans ambitious new lines of automobiles
 By Frank Washington / Special to The Detroit News
 DETROIT - Ford Motor Co. will announce more job cuts later this week.
 Bill Ford Jr., Chairman and CEO of Ford, strode to the podium at the Ford Motor Co. headquarters in Dearborn, Mich., on Monday for the first time in nearly a year.

GM to cut 5,000 white-collar jobs
 By Joe Miller / The Detroit News
 DETROIT -- General Motors Corp., moving to save cash amid signs of weaker U.S. car and truck sales in 2002, hopes to trim another 5,000 white-collar workers from its ranks this year with buyouts and attrition.
 The automaker is also postponing merit raises for white-collar workers until late 2002.

Angst crashes auto party
 Weak economy, restructuring dim year's prospects
 By Bill Wasieleski / The Detroit News
 DETROIT -- What a difference a year makes.

Workers put finishing touches on the new Mercedes-Benz display on Saturday. The 2002 North American International Auto Show opens up to the media today and to the public next Saturday.

Coming so soon after spurious headlines about record auto sales, the sudden announcement of big losses and layoffs by the big automakers, was a chilling sign of what is really happening in the U.S. economy, as 2002 begins.

Two reports made this clear: The Moody's Investor Service news that "a sharp rise in leveraged loans" had shoved banks' recovery of defaulted loans down to 55% in 2001, well below the worst of the 1990-91 recession; and the Federal Reserve report Jan. 7, that consumer borrowing grew at an all-time record rate in November, a huge and "unexpected" 15% annual rate in the face of layoffs, losses, and cutbacks throughout the economy.

Thus the desperation that produced a holiday season retail sales total "the worst in ten years;" and an auto sales boomlet which is already over, having pre-exhausted next year's sales and flooded automakers' books with red ink from the discounts. Despite being completely predictable, the new round of mass layoffs now coming, as a result, from the auto companies—35,000 at Ford in the United States, 20,000 at General Motors in the United States and Europe—are producing a

shock, following hard on the "record sales" reports of November. More layoffs are coming from retailers like Sears and K-Mart, among others. The losses of the major U.S. airlines hit \$4 billion for the fourth quarter of 2001 alone. The spectacular announcement by the world's biggest aircraft maker Boeing, that its production of planes will drop by one-third from 2001 to 2002, is likely to turn out far too "optimistic."

There will also be another round of large losses from the telecom and computer companies, kicked off by AT&T's announcement of 5,000, and Motorola's of 9,000 job reductions. America Online made the shocking announcement Jan. 8 that it will charge off a loss of about \$60 billion for 2001—bigger than Enron's bankruptcy! These so-called "goodwill losses" result from huge mergers, as the vastly over-valued acquisitions, during 2001, lost their stock value or went bankrupt and became worthless. One estimate, reported by the

LaRouche To Address National Webcast

This release was issued Jan. 6 by the LaRouche in 2004 political committee.

The world crisis, and how to solve it, will be the subject of a major address which U.S. Democratic Presidential pre-candidate Lyndon LaRouche will be delivering before a Washington, D.C. audience on Jan. 24, beginning at 1 p.m. EST. The event, sponsored by LaRouche in 2004, will be simultaneously webcast internationally on the candidate's website, www.larouchein2004.com, and on larouche-pub.com. His opening remarks will be followed by an opportunity for extensive dialogue on the issues he's raised.

LaRouche's address will be entitled "Continue The American Revolution," and will elaborate the qualities of leadership required to resolve the global breakdown crisis. His remarks will draw the lessons from his just-released strategic study entitled "Zbigniew Brzezinski and September 11" (see *EIR*, Jan. 11, 2002), which reviews his analysis of the Sept. 11 attack as an attempted coup d'état against the Bush Administration. The piece exposes the crucial, tell-tale role of the geopolitical authors of the "Clash of Civilizations" perspective, centered around the likes of William Yandell Elliott, and members of his kindergarten, such as Brzezinski and Samuel P. Huntington. The article is available on LaRouche's campaign website.

LaRouche has summarized the current strategic situation as follows:

"1. The world has entered the crucial, terminal phase of disintegration of the present international monetary-

financial system. . . .

"2. Thus, as long as governments cling to defending the axiomatic policy-shaping guidelines of the present international monetary institutions, each will be toppled by replacements, until the point is reached that those nations begin to disintegrate, or until governments appear with none of the essential characteristics of the presently leading contending political parties of the Americas, western Europe, and many other points of the map.

"3. These circumstances afford my associates and me a unique kind of authority of leadership. Two features of that authority are outstanding. First, the economic forecasts which I have circulated internationally during more than thirty years to date, are the only known forecasts which have been consistently correct. . . . Second, the so-called utopian strategic-military faction which has been increasingly dominant in NATO and other nations' affairs, during the past fifty years, has now brought the world as a whole to the brink of a devastating world-wide religious warfare, threatening to reenact the horror of the European 1618-1648 religious war on a global scale.

"4. In all that I have taught, and in all practice of my association's policy, over the recent thirty-five years of our existence, the standpoint of all our policy has been the unique quality of the American System of political-economy as the world's leading model of economy to date. Thus, although international conditions have undermined the institutions of domestic and foreign policies of practice, the reaffirmation of the original American Revolution, under the leadership of President Lincoln, and the resistance to American Toryism's corruption, under President Franklin Roosevelt, give the tasks before the United States today the essential characteristic of being a fresh affirmation of . . . the American Revolution."

Bloomberg News Service on Jan. 8, foresees just the “technology sector” taking \$1 trillion in such losses in the first quarter of 2002 alone!

In these large and apparently sudden debt devaluations, the implosion of the \$100 trillion-plus U.S. debt bubble can be seen under way; this—not spending, or inventories, or such and such detail—is driving the collapse.

To the losses and layoffs throughout the economy, Federal Reserve Chairman Alan Greenspan’s furious pumping of the money supply—rising at a 20% annual rate in the last months of 2001—will now add an erupting inflation. This was already being keenly felt, as the year ended, in costs of insurance and health care. The Health Policy Institute reported on Jan. 8 that health care and health insurance costs had risen, on average, by 14% in 2001 (after rising 10-11% in 2000); but in the new health insurance policies being negotiated in January for 2002, for employer and group health plans, cost-shocks of further 30-40% increases were being reported. Prices of gasoline, oil and other energy supplies were also rising quickly. As *EIR*’s *Economics* lead article for Nov. 30, 2001 reported, severe *deflation* (especially in commodities prices) is now co-existing with pressures of *hyperinflation* from the world’s central banks’ attempts to keep the markets up with floods of liquidity.

Crushing The States And Localities

Behind the nationally prominent symptoms march the accelerating collapses of the budgets of the states, because of the declines in their tax revenues resulting from the state of the national economy. Virginia’s deficit, which erupted at \$1 billion in November, had risen to \$1.3 billion by early January. New York City’s current-year budget deficit is at least \$4 billion, pushing the newly elected Mayor Michael Bloomberg toward the unthinkable—cuts in the budgets of the nationally celebrated New York Police and Fire Departments, which suffered hundreds of casualties on Sept. 11.

California’s budget deficit for its current two-year budget has ballooned to a huge \$12 billion. When LaRouche campaign volunteers went to Sacramento Jan. 8, to alert the California legislature’s crisis session to LaRouche’s forthcoming webcast, they met legislative aides who exclaimed, “LaRouche is now really prophetic!” When aides and legislators asked, “What can we do? This is a world financial crisis,” they were told, “You took an oath to protect the people of this state, and now that means fighting for LaRouche’s New Bretton Woods monetary reorganization. You’ll never save the state otherwise.”

With these economic storms rapidly darkening, the media combat between President George W. Bush and Senate Majority Leader Tom Daschle, over tax cuts, was a foolish irrelevancy, aimed at nothing but to distract the citizenry in a crisis. Both President and Congress continue to harp on the discredited axioms of the “free-trade” IMF system which created globalism and is now destroying it. Neither party’s leaders have yet dared to come within miles of speaking the truth

about what has to be done—beginning with bankruptcy reorganization and replacement of the hopelessly broken and flooded monetary system.

A year ago LaRouche stepped forward through a series of highly influential Washington webcasts, in the crisis following the failed Presidential election of 2000. During 2001 he has dramatically increased the reach of his influence in Russia, India, China, in the emergence of a new debt policy from Italy influenced both by his and Pope John Paul II’s ideas, in the nations of South America, and—since Sept. 11 in particular—in the Arab world. Now he is called on to put himself forward again by the same means in Washington, to the leadership and people of the United States in a severe economic crisis with no other solutions in sight.

AI: Computers To ‘Teach’ Writing In Two States

by Don Phau

The pretentiously named Federal education legislation, the “No Child Left Behind Act,” was signed into law on Jan. 8. In a frenzy to have their students pass the “standardized tests” mandated for all states, the school systems in Pennsylvania and Oregon have begun “dumbing down” their students, replacing teachers with “intelligent” computers. These states have contracted with a company called Vantage Learning, which will have computers prepare *essay examinations* and grade the answers, utilizing “artificial intelligence” (AI). According to their press releases, Vantage Learning’s computer system “learns to grade the same way a human would.” The “IntelliMetric” system, they boast, “is the only commercialized essay-scoring technology which meets and exceeds human level performance.”

The men behind Vantage Learning have nothing to do with education. They are a nest of bankers, accounting firms, and brainwashers, whose interest is the same as the promoters of the “Outcome-Based Education” drive which preceded the standardized-testing craze: to “dumb down” the school-age population, cheaply and efficiently creating children with deadened minds to become a docile workforce.

Members of Vantage’s Advisory Board worked for Conflict Management, Inc., created out of Harvard University in the 1960s, in partnership with Bertrand Russell’s close collaborator, Dr. Leo Szilard. Szilard was part of a network of scientists who ran behavior modification “retreats” modelled on the brainwashing methods of Britain’s Tavistock Institute. (Szilard is believed to have been the model for the character of “Dr. Strangelove” in the famous Hollywood movie.)