discussion featuring Senators Daschle and Lott.

The paradox is a true one, from which all sane people and recovering lunatics will learn the appropriate conclusion. Contrary to the mantras of consumerism, the wealth which will exist is the wealth which we produce. The world, if it is to survive, is now on a short trip back to protectionism. It is about time!

Naturally, those who had been successfully brainwashed up to that point, went more than a little bit crazy. You better watch out. That guy with the funny look around his eyes, might be about to smash the headlights on your parked automobile.

Next Steel Myth To Debunk: Overproduction

by Anita Gallagher

President Bush's March 5 break with the insane "free trade" doctrine of recent decades, to impose tariffs of 8-30% on ten categories of steel imports, has shaken the world. The President's decision signals what Lyndon LaRouche on March 7 called the "immediate inevitability of a necessary, global change from the follies of a 'consumer society,' back to that of a 'producer society.' "

What are the next steps? President Bush and leading Democrats disagree on Federal assistance for the stranded health and pension costs of 600,000 steel worker retirees (so-called "legacy costs"); but agree that there must be a "consolidation" of the American steel industry.

Bush, the Democrats, the United Steel Workers, the corporations, and all "authorities" seem to agree on demands to restructure the global steel industry, to force cuts in capacity because of supposed "world steel overproduction." Only LaRouche, among leaders and economists, has debunked this. For now, other producing nations are opposing the U.S. tariff action, fearing their own steel production will have to be cut, and jobs lost. But the dynamic is such that any agreements made to cut steel production around the world will be abandoned as quickly as you can say "fair trade." After the shock wears off, other nations will come to their senses, bolt the globilization agreements, and move quickly toward tariff and other protection of steel.

There is no overproduction of steel in the world; world production has been slowly *falling* for decades (see **Figure 1**). The American steel industry has suffered because it has refused to attack the feeding of the financial bubble at the expense of the productive economy, and because its forces failed to back LaRouche's 2000 candidacy for the Democratic Presidential nomination. That protected financial bubble he warned of, is now bursting, as typified in the collapse of financial derivatives dealer Enron. The fact that steel is at its lowest price in 20 years is a symptom of the rigged collapse of prices of all physical commodities, in favor of hyperinflating "the funny money" sector.

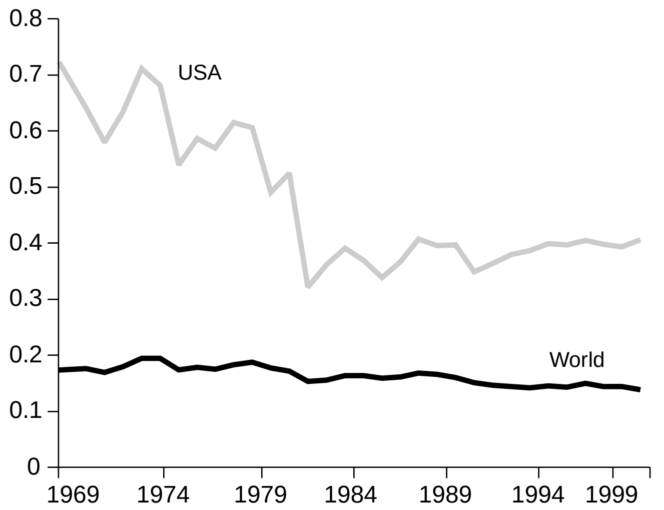
Russia, Brazil, and other nations have been under orders of the International Monetary Fund and World Trade Organization to produce steel and other goods and export them at below cost-of-production prices, to get the money to make debt payments, and pay investor-pirates. While imports increased, American steel companies downsized to "adjust" to free markets. American steel production per capita was almost cut in half from 1969-99; world steel production also fell over the same 30-year period.

A simple statistic cuts through all the globaloney. In 2001, steel consumption in the United States was 863 pounds per capita—far *lower* than 1965's 1,032 lbs. per capita, or the 1,154 lbs. per capita of 1973. In many nations, per-capita steel consumption is shockingly low: In 1999, it was 35 lbs. per capita in Bolivia, and 5 lbs. per capita in Cameroon (International Iron and Steel Institute, U.S. Census Bureau).

Rather than fighting over the dwindling remains of global economic "road kill," the United States, Europe and others must go back to producing desperately needed infrastructure. The American Society of Civil Engineers (ASCE) recently reported that America needs to spend $1.3 trillion over the next five years to reach the grade of "standard." For example:

- Schools: Due to aging, 75% of America's school buildings are inadequate. The average cost of capital investment needed is $3,800 per student. $127 billion is needed for school buildings;
- Drinking water: The nation's 54,000 drinking water

FIGURE 1
World And U.S. Steel Production Per Capita
(Short Tons)



Sources: American Iron & Steel Institute, U.S. Census, *EIR.*

facilities need $11 billion annually to replace aged equipment and comply with Federal regulations;

- Wastewater: Some of America's 16,000 wastewater systems are 100 years old. There is a $12 billion shortfall in annual funding for replacement.
- Bridges: In 1998, some 29% of the nation's bridges were listed deficient or obsolete. It will cost $10.6 billion annually for 20 years to bring all bridges up to standard.

Rail transport creates entire corridors of development. For railroad upgrades worldwide (see Senate testimony, page XX), 3,170 miles of new double-tracked rail are needed in North America, which would require 2.8 million tons of steel. American steel produces only 500,000 tons of rail a year. This does not meet domestic requirements, let alone the worldwide additions which require 28.6 million tons of steel. The new technology, magnetically levitated trains for 200-300 mph travel, require 5,000 tons of steel *per mile.*

Sen. Jay Rockefeller (D-W.V.), Chairman of the Congressional Steel Caucus, called on President Bush in a March 6 Open Letter, to work with him to pass legislation for the government to take over the health and pension benefits of 600,000 steel worker retirees. But Senate Minority Leader Trent Lott (R-Miss.) stated that he will oppose any such legislation.

Since 1997, bankruptcy has claimed 32 steel companies, 17 of them liquidated. While the Pension Benefit Guaranty Corporation pays a portion of the pension, all health benefits are lost. The health benefits of 100,000 retirees and their surviving spouses have been lost already. On March 31, 85,000 retirees of bankrupt LTV, formerly the third-largest integrated steel producer in America, will lose theirs—despite LTV's takeover by WL Ross & Co. LLC. Rockefeller's legislation is expected to be introduced shortly.

Meanwhile, Bethlehem Steel, which declared bankruptcy in October, held an emergency meeting on March 13 to discuss finding a joint venture partner or selling itself piecemeal. CEO Steve Miller explained that Bethlehem had abandoned the idea of a U.S. Steel merger, because "They made it plain that they could not continue without legacy cost relief. Because we can't count on legacy cost relief, we are going to proceed with other alternatives."

The Free Trade Area of the Americas negotiations—cochaired by Brazil and the United States with an October deadline—may be doomed, according to Brazil's ambassador in Washington, Rubens Barbosa. The FTAA is a scheme for kind of North American Free Trade Agreement in Ibero-America. But such a sane shift away from "free trade" is feared many quarters. Nationally syndicated neo-conservative George Will snarled in a March 7 column, "This [tariff] policy reflects the triumph of the Bush political advisers who trumpet their admiration for President William McKinley, that paragon of Republican protectionism. . . ."

After McKinley's 1901 assassination, those policies were next resurrected by Franklin Roosevelt.

Britain and HMD

One Year Later: Many Questions, No Answers

by Rosa Tennenbaum

Great Britain on Feb. 20 commemorated the first anniversary of the outbreak of hoof and mouth disease, the world's most devastating and longest HMD outbreak. It is by no means certain whether this nightmare is finally over, as new suspected cases became known right on the occasion of the anniversary. Nor were they the first to be discovered after Sept. 20, 2001—the day that the last new outbreaks were officially registered.

Until Sept. 20, HMD had been diagnosed on 2,030 British farms; 3,306,000 sheep, 594,000 cattle, 142,000 pigs, 2,000 goats, and 1,000 deer had been slaughtered; 12,400 farmers and farm workers had lost their jobs; 3,000 farmers had been forced to get other jobs to make ends meet; it had cost the taxpayer £7 billion; the tourist trade had lost £4.25 billion ($6 billion). These are the official figures.

Unofficial estimates by private organizations speak of 11 million culled animals and total economic damage of £20 billion.

The plague cost one minister his job; the Prime Minister postponed the national elections.

The country was cut off from all trade in milk, meat, and live animals worldwide; many regions were totally isolated for several months; rural areas were put under quarantine for weeks; personal liberty to travel was reduced, and movements of animals and equipment were suppressed; public and economic life came to a standstill. Great Britain experienced militarization of public life as if in wartime. The Prime Minister convened a top-secret body called COBRA, which is only supposed to become active in wartime or civil upheaval, and about which the public never learned anything.

One year later, the British public is still asking what the government wanted to achieve. Why the police-state measures? Why was no effective action taken against the disease over weeks? Why did the government rely exclusively on mass killings? Why could not even the Prime Minister carry out a policy of vaccination against HMD—who prevented him? Why did the government pursue a policy of maximum damage to the country and to agriculture? And finally: Why does Blair's government refuse to hold any public hearing on these occurrences?