

From the Golden State To the Third World

by Harley Schlanger

The recent bipolar behavior of California's new Governor, the Beast-Man from Hollywood, Arnold Schwarzenegger, makes clear that the warnings issued during the Recall campaign by Lyndon LaRouche were right on the mark. Democratic Presidential candidate LaRouche said that the operation to remove Gov. Gray Davis and replace him with Schwarzenegger was a dirty trick run by Vice President Dick Cheney and his allies, aimed at squeezing the last bit of loot possible from the declining state economy.

The now-famous pamphlet put out by the LaRouche campaign, *Who Robbed California?*—of which more than 500,000 were distributed by the LaRouche Youth Movement during the short campaign—documented that the same networks and even the same individuals whose imposed policies opened the state's economy to unprecedented looting by the Enron-led energy cartel, were behind the Recall and the candidacy of the mumbling actor Schwarzenegger, whose resumé was built up by steroids and the fantasy-ridden escapism of the movie-going public.

Since assuming the governorship, Schwarzenegger has followed the script written by the allies of Cheney; in particular, free-trade fanatic George Shultz and former Governor Pete Wilson. Schwarzenegger's assignment is to ram through legislation which destroys the state's constitutional mandates for adequate funding of health care and education, while eliminating the state's role in developing infrastructure and regulating businesses such as electricity, crushing the labor movement, and further reducing wage scales and living standards.

Campaign Pledges Discarded Fast

Schwarzenegger embraced this assignment in an interview to CNN on Dec. 9, during which he quickly dispensed with two promises he had just made during the campaign. As a candidate, he said he would repeal the tripling of the vehicle license fee, which Davis and the legislature had passed to bring in more than \$4 billion in additional revenue to cut into the \$38.2 billion budget shortfall. Since most of the money from the license fee goes to local government, he pledged he would find a way to replace it. But less than a month later, he told CNN's Judy Woodruff that he had no intention of

replacing funds to local government which had been cut by the repeal. Funds will be slashed from already-squeezed county and municipal governments—they just cut \$254 million in December, and *no state funds* will go to localities during the first quarter of 2004. Most of these funds are for law enforcement, fire protection, parks, and libraries. Rick TerBorch, president of the California Police Chiefs Association, warned that there will be “significant layoffs of public safety personnel” from the cynical manipulation of tax-payers by Schwarzenegger.

Then the Governor trashed his promise of no cuts in funding of education. He had pledged, during the campaign, that such cuts would occur only “over my dead body.” Well, he told Woodruff, these funds now have to be cut, because the legislature rejected his proposal to massively increase the state's debt by putting on the ballot an initiative for a \$15 billion, 30-year bond issue, and also refused to put on the ballot his proposal for a mandatory spending cap. Schwarzenegger thus surfaced the hatchet job planned by his Finance Director Donna Arduin, who had called education in the state “overfunded.” Arduin, whose promise to find the “fat” in the budget has thus far yielded nothing, nevertheless proposed \$1.9 billion in budget cuts, which included \$252 million in services to those with “developmental deficiencies,” and \$358 million from in-home support services which keep disabled adults out of institutions.

It appears that the warning of Senate majority leader John Burton—who said that Arduin would take the false teeth out of the mouths of the elderly poor, and the dog food out of the bowls of seeing-eye dogs for the blind—is being fulfilled in short order by the austerity freak. Arduin took eye exams away from pre-schoolers on her last assignment, for the President's brother Jeb in Florida.

Since his effort to charm reluctant legislators has failed even with some Republicans, Gov. Beast-Man has resorted to threats of massive cuts, while growling that there will be “severe casualties” among legislators who refuse to capitulate to his agenda because he will unleash angry Jacobin mobs against them. Schwarzenegger has dropped the genial mask and replaced it with a snarling demeanor, more in keeping with his Hollywood roles such as Conan the Barbarian and the Terminator. He has targeted key Democratic legislators by visiting their districts, with pre-scripted rallies in bustling suburban shopping malls, during which he gives a 12-minute speech and signs autographs. He is again appearing on radio talk shows hosted by foaming right-wingers, to deliver the message: Back me now, or you will be ousted in 2004.

Schwarzenegger may not understand that the policies given him by his controllers are not meant to succeed in restoring real economic growth to the state. Shultz, et al. are instead using the former Terminator as part of a “new Hitler project,” to obliterate, once-and-for-all, resistance to a new financial order, modeled on the global slave labor

policies of the Roman Empire, designed to save their bankrupt banks and financial institutions.

The Decline and Fall of California

The once-Golden state has lost its luster, and is already far down the path toward financial and economic disintegration. Thirty-plus years of post-industrial society have taken a toll, destroying both the state's physical economy and, increasingly, the well-being and spirit of its people. The solution to the crisis will not be found in legislative proposals of tax cuts or tax increases, nor in budget cuts. Nothing short of a reversal of three decades of national economic policy, by Lyndon LaRouche's proposals for an infrastructure "Super TVA" and a New Bretton Woods, can save state and nation from plunging to Third World economic levels.

The economic paradigm shift wrecking the state was initiated by a team led by synarchist George Shultz, who back on Aug. 15, 1971, manipulated the soon-to-be-Watergated President Nixon, through Shultz' stooge John Connally, to sever the relationship between the dollar and gold, putting an end to FDR's Bretton Woods global economic system. The present level of collapse of California's once national-powerhouse economy is directly attributable to Shultz' actions of August 1971, as they precipitated the replacement of the advanced industrial base of the state—with its relatively high-wage employment—by a service economy and low-wage manufacturing. Parallel diseases attacked the role of government, with "tax revolts" and deregulation.

The California economic miracle was, from its inception, the result of what today's neo-conservatives denounce as "big government." Water and power projects, along with ports and rail capabilities begun in the early part of the 20th Century, were enhanced by FDR's anti-Depression New Deal projects in the 1930s. The state's ability to produce wealth was further increased by the governors and legislatures of the post-war period, through investment in freeways, aqueducts, public schools and universities.

As a result of these investments, California became the center of the nation's most productive agriculture, and the home of technologically-advanced industries. From the end of World War II until the 1970s, Los Angeles had the nation's most significant concentration of aerospace factories, and was the second-largest center of auto and tire production. These industries created jobs that paid well (and most of which were unionized); the higher pay for labor meant more tax revenues for the state, which enabled state government to continue to make improvements in hard infrastructure, health care and education.

This trend was dramatically reversed by the post-industrial, free trade economic policies imposed by Shultz' policies after 1971. Los Angeles, in particular, experienced a rapid deindustrialization, losing the auto and related plants in the late 1970s-early 1980s, then the defense and aerospace plants at the end of the 1980s. These industries were replaced by low-

wage manufacturing, e.g., textiles, and service sector jobs, which also offered wages far below the previous levels. The final blow was the inevitable collapse of the so-called high-tech sector bubble in 2000.

The crisis of 2003, with a budget deficit which ballooned to more than \$38 billion—used by the friends of Shultz and Vice President Dick Cheney to remove Davis from office—was the result of the cumulative effect of deindustrialization and deregulation. The looting of California of over \$70 billion by the Houston-centered energy cartels, protected by Cheney, was the final straw which pushed the state into bankruptcy.

Beast-Man Will Fail

All of Schwarzenegger's snarling, growling, and flexing will not change the fact that this new Hitler project is doomed to fail. When asked about the growing difficulties facing Schwarzenegger, Lyndon LaRouche said, "Arnie is doomed, it's just a matter of time." A battle is being waged by a small number of traditional FDR-style Democrats in the legislature in Sacramento, with full backing from the LaRouche Youth Movement (LYM), to defeat Arnie's plans for Nazi-style austerity to balance the state's budget. LaRouche called Schwarzenegger a killer, a real Beast-Man. "His failure in California," he concluded, "will contribute to bringing down the Bush election campaign, and Shultz as well."

The latest offensive by Schwarzenegger is causing some Democrats to waver, according to the press. While such reports are unreliable, especially from reporters in Sacramento who have fallen victim to Arnie's campaign of seduction, there is a lack of backbone among many Democrats. This was clear during the Recall, when Governor Davis decided to fight, and the forces of the LYM mobilized to defend him from Cheney's dirty trick. However, Davis' caution, combined with active sabotage by the Democratic National Committee and its allies in California, such as organized crime-connected Cruz Bustamante, led to Schwarzenegger's victory.

There is no reason, however, for Democrats to be cowed by this phony. As the LYM showed during the recall campaign, when they worked with key Democrats to defeat the Recall in Los Angeles County and the Bay area, the aura of invincibility created around Arnie can be demolished. Shultz, Warren Buffett, and Pete Wilson backed this New Hitler project for the same reason Wall Street joined with British bankers to back Hitler in 1933. Provided that a serious alternative economic policy is put forward, an anti-Depression policy of investment in infrastructure, industry, and agriculture to resurrect the now-moribund California economy, it will fail.

With the California primary coming up in March 2004, and with LaRouche on the Democratic ballot in California in the Presidential race, the LYM will continue to provide the out-front leadership needed to send Arnie back to Hollywood.