

LaRouche Offers Solution To California Implosion

by Harley Schlanger

With a referendum vote to recall California Gov. Gray Davis (D) increasingly likely in November, and a budget meltdown crisis already well advanced, Democratic Presidential pre-candidate Lyndon LaRouche urged the Governor to launch a hard-hitting political counteroffensive.

"It is time for Governor Davis to do what, for him, has been unthinkable." LaRouche advised that Davis has to present a special State of the State speech, addressing what everyone—from elected officials, to the media, to the general public—has been afraid to admit: that the collapse of California is the result of a global systemic crisis. That crisis has been caused by many years of incompetent and immoral policies, pushed by the same network of think-tankers and neo-conservative ideologues responsible for California's electricity deregulation bill of 1996, which opened the state for looting by Enron, and other corporations of the Dick Cheney-linked Houston energy cartel.

The crisis facing California being part of a global economic breakdown crisis, LaRouche noted, it is not possible to manage it using traditional budgetary tricks. It must be faced head-on. The Governor should tell the citizens of California, and the nation, to wake up, or face descent into a Dark Age. For too long, both citizens and elected officials have tried to pretend it isn't happening, that a "recovery" will occur in the next quarter, or next year.

Delusions Fed by Free-Marketeers

While there are no simple solutions to California's debacle, which includes a budget deficit larger than the *total* budget of any other state except New York, the first step is to acknowledge that the descent into ungovernability of the nation's largest and wealthiest state, has occurred because its elected officials and citizens did not act against the economic and moral crimes committed by the backers of Enron, et al. Not only did the energy pirates loot the state's consumers; they forced the state to use revenue from the general fund to purchase electricity—at outrageous mark-ups created through "gaming" the markets (withholding electricity to create repeated spot-shortages and super-high prices). The state, as the agency of last resort, had no option but to purchase electricity at exorbitant rates after its major deregulated utilities were forced into bankruptcy, or to the brink of it, by the thieving free-marketeers.

To assure future electricity needs, the state was blackmailed into signing long-term contracts at 300-500% above pre-deregulation rates. To finance this, the state took on increased levels of debt, some of which is reflected in the present \$38.2 billion budget deficit.

In explaining this to the people of California, Davis would be well-advised to point out that it was none other than Vice President Dick Cheney who declared, in July 2001, that it was not the role of the Federal government to protect the state from the "free market," nor to investigate the outrageous rate hikes which led to the closing of many businesses and manufacturing firms. In effect, the sneering Cheney, who had been appointed by President Bush to oversee the needs of the nation's energy future, told California to "drop dead."

LaRouche urged the Governor not to hold back from placing responsibility for the crisis on the state's elected officials, who voted unanimously for deregulation after receiving large contributions from the energy pirates. Nor must he fail to acknowledge his own mistakes in accepting the lying promises of the energy traders and their paid apologists, such as the lobbyists and "scholars" from the Adam Smith Institute, the American Enterprise Institute, and others who preached that deregulation would lead to "more competition," thus "increasing efficiency," meaning "lower prices."

The Governor took a promising first step in this direction, with his recent endorsement of legislation introduced by State Sen. Joseph Dunn (D), for reregulation of electricity. The LaRouche Youth Movement has been the most prominent force in the state backing reregulation, as its members have made numerous trips to Sacramento, to fight for the energy policy drafted by LaRouche in his January 2001 address to an Youth Movement cadre school convened near California's Salton Sea.

Nor must the voters themselves be spared from blame. The lure of cheaper prices, combined with the promises of "endless prosperity" from the hucksters behind the New Economy, convinced them to join in the mindless chorus, singing the praises of policies favoring "less government" and "tax cuts," which threaten their well-being today.

Recall Attempt Promotes Chaos

The network of think-tankers and so-called journalists which promoted the hoax that "Information Age," deregulation and free trade represented a new economic paradigm, is the same which argued that the bubble in so-called tech stocks that resulted, was proof of the new era of endless prosperity!

Now in mid-2003, this same grouping of anti-government radicals is behind the recall campaign against Governor Davis, and has been in the forefront in urging actor Arnold Schwarzenegger—known for his less-than-stellar acting in roles such as "Conan the Barbarian" and "The Terminator"—to run to replace Davis if he's recalled.



Arnold Schwarzenegger (left), “brings a little bit of home” to servicemen abroad—by watching his new film “Collateral Damage” with them. Californians will get more than a little collateral damage, if he becomes their governor, as anti-government loonies are demanding.

Some senior establishment officials, such as former Secretary of State Warren Christopher, have correctly warned that recalling Davis and replacing him with Schwarzenegger or Bill Simon—whom Davis defeated in the general election in November 2002, and who is a walking print-out of the anti-tax, anti-government think-tanks—or any neo-conservative anti-tax nut with \$3,500 to fork over in order to run for office, would further the collapse of the state into bankruptcy and ungovernability.

While this is undoubtedly true, Christopher and the others fail to grasp a point which is obvious to one familiar with the pedigrees of these free-trade, antigovernment fanatics. Their goal is precisely to create chaos—a “Financial 9/11” as LaRouche referred to it—which can be used as a pretext to dismantle what remains of the government programs from Franklin Roosevelt’s New Deal, which lifted the nation out of the Great Depression of the last century. The agenda of the neo-cons—including those running the Democratic Leadership Council—is to eliminate forever the influence of FDR. (One of the DLC’s leading moneybags, the organized crime-linked Michael Steinhardt, admitted in a recent book that he is committed to eliminating the legacy of FDR in the Democratic Party.)

To these neo-cons, the deepening crisis in California presents a prime opportunity to ram through their anti-human policies.

LaRouche stressed that once Governor Davis has identified the network behind the destruction and looting of the

state of California, and their motive of excising the Constitutional principle of the general welfare, he will be able to help lead the fight nationally for the Federal government to pursue a program of major infrastructure investment. This has to be funded through credit generated by the Federal government—what LaRouche calls a “Super TVA.”

The Meltdown Continues

With California’s Republican legislators holding firm in their efforts to obstruct a budget compromise, the mandatory deadline, and the new fiscal year, slipped by with no new state budget. This triggered automatic cuts, on July 1, of \$400 million from education, hitting K-12 public schools and community colleges. If no budget is passed by mid-August, nearly 180,000 state workers will have their salaries slashed to the minimum wage! Many counties

have been forced to triage hospitals, emergency rooms, and health-care clinics, as their revenues have collapsed, and funds from Sacramento and Washington have been cut.

But this is nothing compared to the additional cuts proposed by the Republicans. Their latest “compromise” would start by hacking \$7.8 billion in expenditures out of the budget (called “savings” by its supporters). This would include \$1.8 billion from education. Nearly half of this will come from raising the age at which children enter kindergarten by one year, which would keep 110,000 children out of school this Fall. An additional \$500 million would come from cuts in aid to the aged, the blind, and the disabled.

And what would Arnold Schwarzenegger do to address this, were he to become the “Governator,” through the recall vote? As one highly-placed political source cracked, if Schwarzenegger is so tough, where was he when someone was needed to fight Enron?

Governor Davis has an opportunity, as LaRouche has pointed out, to reverse the collapse of the state, and the nation, by launching a spirited defense of the Constitutional principle of the general welfare, against the neo-conservatives committed to destroy that principle. It will take the courage to tell the truth, and break with business as usual.

But there is no option, as the “machine” that would rise to power with the Schwarzenegger option, would be the same machine—run by the financial elites through their think-tanks—responsible for the present dangerous systemic crisis.