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City of Las Vegas Redevelopment Agency
Council Chambers • 400 Stewart Avenue
Phone - 229-6011 [Voice] 386-9108 [TDD]

MINUTES

Meeting of
NOVEMBER 3, 2004
9:00 A.M.

C

(Following the morning session of the City Council Meeting)

Called To Order: 10:44 A.M.
Adjourned: 11:28 A.M.

REDEVELOPMENT AGENCY	PRESENT	ABSENT	EXCUSED
CHAIRMAN OSCAR B. GOODMAN	☒	☐	☐
MEMBER GARY REESE - VICE-CHAIRMAN	☒	☐	☐
MEMBER LARRY BROWN	☒	☐	☐
MEMBER LAWRENCE WEEKLY	☒	☐	☐
MEMBER MICHAEL MACK	☒	☐	☐
MEMBER JANET MONCRIEF	☐	☐	☒
MEMBER STEVE WOLFSON	☒	☐	☐
DOUG SELBY, EXECUTIVE DIRECTOR	☒	☐	☐
BRADFORD R. JERBIC, CITY ATTORNEY	☒	☐	☐
BARBARA JO RONEMUS, SECRETARY	☒	☐	☐

APPROVED BY REFERENCE: January 19, 2005

ATTEST:

SECRETARY

CHAIRMAN

49 ✓

City of Las Vegas

REDEVELOPMENT AGENCY MEETING

CITY HALL, 400 STEWART AVENUE

COUNCIL CHAMBERS

CITY OF LAS VEGAS INTERNET ADDRESS: <http://www.lasvegasnevada.gov>

WEDNESDAY, NOVEMBER 3, 2004

9:00 A.M.

(Following Morning Session of the City Council Meeting)

ALL ITEMS ON THIS AGENDA ARE SCHEDULED FOR ACTION UNLESS SPECIFICALLY NOTED OTHERWISE.

THESE PROCEEDINGS ARE BEING PRESENTED LIVE ON KCLV, CABLE CHANNEL 2, AND ARE CLOSED CAPTIONED FOR OUR HEARING IMPAIRED VIEWERS. THE COUNCIL MEETING, AS WELL AS ALL OTHER KCLV PROGRAMMING, CAN BE VIEWED ON THE INTERNET AT www.kclv.tv. THE PROCEEDINGS WILL BE REBROADCAST ON KCLV CHANNEL 2 AND THE WEB THE WEDNESDAY OF THE MEETING AT 8:00 PM, AND ALSO ON FRIDAY AT 4:00 AM, SATURDAY AT 7:00 PM, SUNDAY AT 7:00 AM AND THE FOLLOWING MONDAY AT 1:00 PM.

- CALL TO ORDER
- ANNOUNCEMENT RE: COMPLIANCE WITH OPEN MEETING LAW
- 1. APPROVAL OF THE MINUTES BY REFERENCE FOR THE MEETING OF AUGUST 18, 2004
- 2. REPORT AND POSSIBLE ACTION REGARDING REDEVELOPMENT AGENCY PROJECTS CURRENTLY UNDER CONTRACT OR IN NEGOTIATION - WARDS 1, 3 AND 5 (MONCRIEF, REESE AND WEEKLY)

CITIZENS PARTICIPATION: PUBLIC COMMENT DURING THIS PORTION OF THE AGENDA MUST BE LIMITED TO MATTERS WITHIN THE JURISDICTION OF THE REDEVELOPMENT AGENCY. NO SUBJECT MAY BE ACTED UPON BY THE REDEVELOPMENT AGENCY UNLESS THAT SUBJECT IS ON THE AGENDA AND IS SCHEDULED FOR ACTION. IF YOU WISH TO BE HEARD, COME TO THE PODIUM AND GIVE YOUR NAME FOR THE RECORD. THE AMOUNT OF DISCUSSION ON ANY SINGLE SUBJECT, AS WELL AS THE AMOUNT OF TIME ANY SINGLE SPEAKER IS ALLOWED, MAY BE LIMITED

Facilities are provided throughout City Hall for the convenience of disabled persons. Special equipment for the hearing impaired is available for use at meetings. If you need an accommodation to attend and participate in this meeting, please call the City Clerk's office at 229-6311 and advise of your need at least 48 hours in advance of the meeting. The City's TDD number is 386-9108.

THIS MEETING HAS BEEN PROPERLY NOTICED AND POSTED AT THE FOLLOWING LOCATIONS:

City Clerk's Bulletin Board, City Hall Plaza, 2nd Floor Skybridge

Court Clerk's Office Bulletin Board, City Hall Plaza

Las Vegas Library, 833 Las Vegas Boulevard North

Clark County Government Center, 500 S. Grand Central Parkway

Grant Sawyer Building, 555 E. Washington Avenue

AFFIDAVIT OF MAILING

(Mailing required under the provisions of NRS Chapter 241)

STATE OF NEVADA)

) ss

COUNTY OF CLARK)

Paula Clark, an employee of the City of Las Vegas, Nevada being first duly sworn, deposes and says that on the **27th** day of **October, 2004**, a copy of NOTICE, the attached of which is a true and correct copy of the Notice – re: **Redevelopment Agency Meeting** to be held on the **3rd day of November, 2004**, was deposited in the United States Mail, Postage prepaid, First Class Mail, to each person and/or organization whose name appears on the list maintained in the Office of the City Clerk.

Paula Clark

SIGNATURE

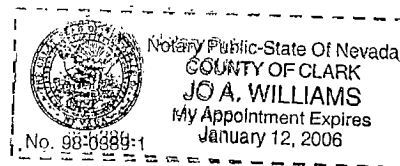
City Clerk

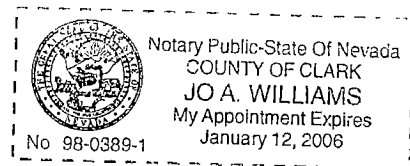
DEPARTMENT

Subscribed and sworn to before me this

28th day of October, 2004

[Signature]
NOTARY PUBLIC in and for said County and State





REDEVELOPMENT AGENCY AGENDA
REDEVELOPMENT AGENCY MEETING OF: NOVEMBER 3, 2004

- CALL TO ORDER

MINUTES:

CALLED TO ORDER BY CHAIRMAN GOODMAN AT 10:44 A.M.

PRESENT: CHAIRMAN GOODMAN and MEMBERS REESE, BROWN, WEEKLY, MACK, and WOLFSON

EXCUSED: MEMBER MONCRIEF

ALSO PRESENT: DOUG SELBY, Executive Director, BRADFORD JERBIC, City Attorney, and BARBARA JO RONEMUS, Secretary

- ANNOUNCEMENT RE: COMPLIANCE WITH OPEN MEETING LAW

MINUTES:

ANNOUNCEMENT MADE: Posted as follows:

City Clerk's Bulletin Board, City Hall Plaza, 2nd Floor Skybridge

Court Clerk's Office Bulletin Board, City Hall Plaza

Las Vegas Library, 833 Las Vegas Boulevard North

Clark County Government Center, 500 So. Grand Central Parkway

Grant Sawyer Building, 555 E. Washington Avenue

(10:52 - 10:53)

2-564

AGENDA SUMMARY PAGE
REDEVELOPMENT AGENCY MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: BUSINESS DEVELOPMENT

DIRECTOR: SCOTT D. ADAMS

☐ **CONSENT** ☒ **DISCUSSION**

SUBJECT:

APPROVAL OF THE MINUTES BY REFERENCE FOR THE MEETING OF AUGUST 18, 2004

Fiscal Impact:

☒

No Impact

Amount:

☐

Budget Funds Available

Dept./Division:

☐

Augmentation Required

Funding Source:

PURPOSE/BACKGROUND:

RECOMMENDATION:

BACKUP DOCUMENTATION:

None

MOTION:

REESE - APPROVED by Reference - UNANIMOUS with MONCRIEF excused

MINUTES:

There was no discussion.

(10:53 - 10:54)

2-595

AGENDA SUMMARY PAGE
REDEVELOPMENT AGENCY MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: BUSINESS DEVELOPMENT

DIRECTOR: SCOTT D. ADAMS

☐ **CONSENT** ☒ **DISCUSSION**

SUBJECT:

REPORT AND POSSIBLE ACTION REGARDING REDEVELOPMENT AGENCY PROJECTS
CURRENTLY UNDER CONTRACT OR IN NEGOTIATION - WARDS 1, 3 AND 5 (MONCRIEF,
REESE AND WEEKLY)

Fiscal Impact:

☒

No Impact

Amount:

☐

Budget Funds Available

Dept./Division:

☐

Augmentation Required

Funding Source:

PURPOSE/BACKGROUND:

To update the Redevelopment Agency Board on Redevelopment Agency projects currently under binding contracts with owners, developers, and consultants, or in negotiation, and to receive input from the Redevelopment Agency Board on the progress of projects as warranted.

RECOMMENDATION:

Accept report.

BACKUP DOCUMENTATION:

Submitted after meeting: hardcopy of scripted PowerPoint

MOTION:

REESE - ACCEPTED the report on the Redevelopment Agency projects - UNANIMOUS with MONCRIEF excused

MINUTES:

Using a scripted PowerPoint, a hardcopy of which was submitted for backup, SCOTT ADAMS, Director, Office of Business Development, gave a report on this matter.

CHAIRMAN GOODMAN stressed the importance of erecting a food market in the downtown area in order for it to be successful.

Regarding the 601 Fremont Street site, MEMBER MACK asked if there has been any dialogue concerning a new feasible plan for that site. MR. ADAMS replied that staff is in discussions with two of the initial companies that submitted proposals.

MEMBER BROWN asked when the fair market price of the 601 Fremont Street site would be reevaluated. STEVEN VAN GORP answered that the value of the proposal is greater than the price of the property. The total acquisition price for the property is about \$4.7 million. The City paid \$1.2 million, so the property is selling at fair market value for downtown.

NOTE: CHAIRMAN GOODMAN directed MR. ADAMS to try to negotiate an agreement for a food market as a condition of the projects intended for the downtown area. MR. ADAMS assured the Mayor that discussions have been held and staff recognizes the need for a food market.

MR. VAN GORP then attempted to give a report on the status of the redevelopment area expansion; however, on the advice of CITY ATTORNEY JERBIC, MR. ADAMS indicated that the report could

REDEVELOPMENT AGENCY MEETING OF: NOVEMBER 3, 2004

MINUTES - Continued:

not be given because it was not included in this agenda. MR. ADAMS apologized and said he would give a report on the redevelopment area expansion at the next Agency meeting.

(10:54 - 11:20)

2-638

Las Vegas Redevelopment Agency
Office of Business Development
**Monthly Update on
Contract Projects**

November 3, 2004

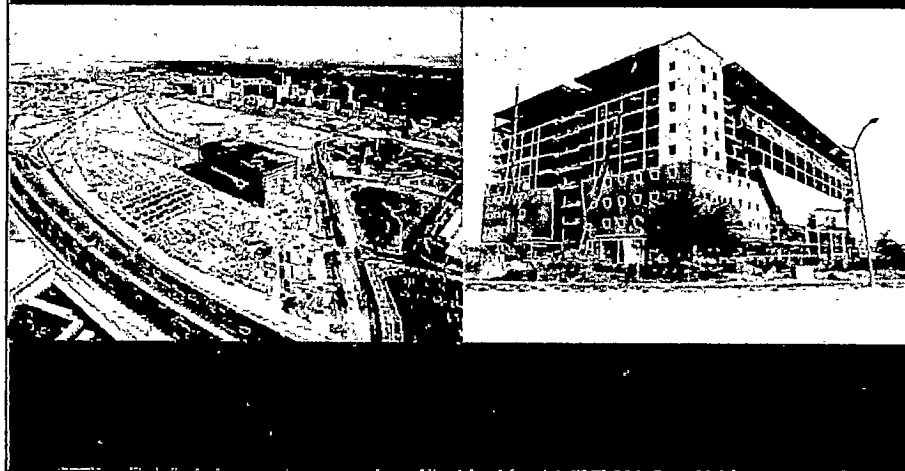
Good morning Redevelopment Board. This is our continuing update on the status of redevelopment projects under contract or in development with our Fast Track Team assistance.

Today, we will also further discuss some private mixed-use residential development projects now in the pipeline for Downtown Las Vegas. As of this week, we count about 8,500 dwelling units that have already been approved by Planning Commission and City Council or that are currently pending review over the next several weeks. Beyond these projects, we count another 11,500 projects currently in the pipeline for the next 3-5 years within the downtown core districts. That is 20,000 apartments, condos and lofts being proposed now.

Perhaps most importantly, we want to give you an update on the status of the proposed expansion of the redevelopment area and our efforts to rewrite and update the text, policies and procedures. We have been working on this for some five months now, and are receiving mixed signals from the community—some people are begging to be added to the plan, while others are questioning why they would want to be added.

11/3/04 RA
Mtg. #2

World Market Center Union Park: Grand Central / Bonneville

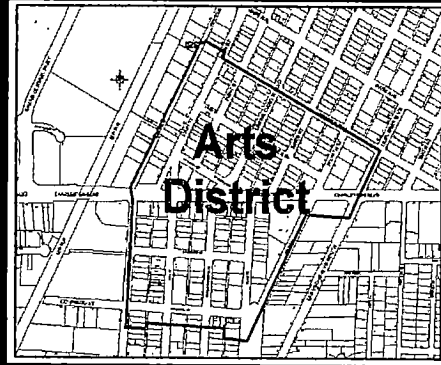


- Construction is on schedule. Building is going up very fast now, with finished façade panels and interiors being built out right now
- 1.35 million sf building opening for July 25, 2005 convention—note show pushed back one week
- Permits submitted for 400K sf auxiliary tent
- WMC Phase II expansion 2.5M sq. ft. (originally 1.5M) now 85% pre-leased and to begin construction before July 2005
- It is now possible that we could have almost 9M square feet of showroom space over the next 5-7 years.



- Construction proceeding rapidly on the IRS project
- Interior partition framing is underway
- All utility rough-ins are completed
- Developer indicates building substantially complete by year-end
- IRS to move in in January and open to the public by late February 2005
- Phase Two Tower and parking structure may accelerate and become a site plan application in the near future

Las Vegas Arts District Current Redevelopment Agency Projects



Board set up for
NMTC application

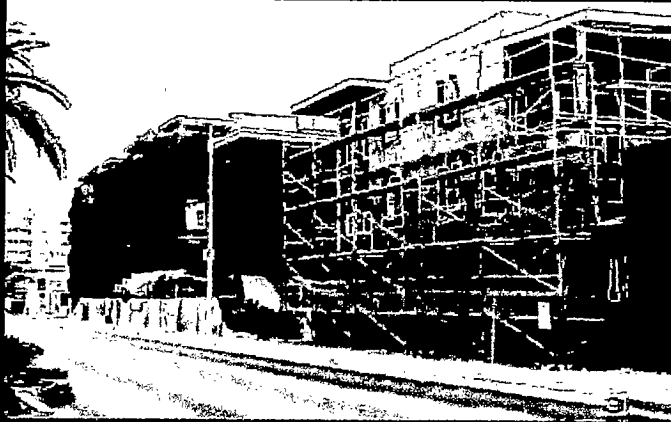
City has seats on
new board

Details of art
project being
worked out

Agam to present
maquette soon

- New Market Tax Credit application submitted to the federal government by deadline
- Award results by April 2005
- Coordinating Agam site issues with Public Works and Las Vegas Arts District Association
- Getting sculpture dimensions to coordinate with Right-of-Way, Nevada Power franchise agreement (setback from power lines)

L'Octaine Apartments
Arts District: Las Vegas Blvd. / Cass



- (No one working on 10/26)
- Stucco is being applied to the Las Vegas Blvd. Façade
- 4-story residential building complex
- Project appears to be on schedule and should be completed by Spring of 2005

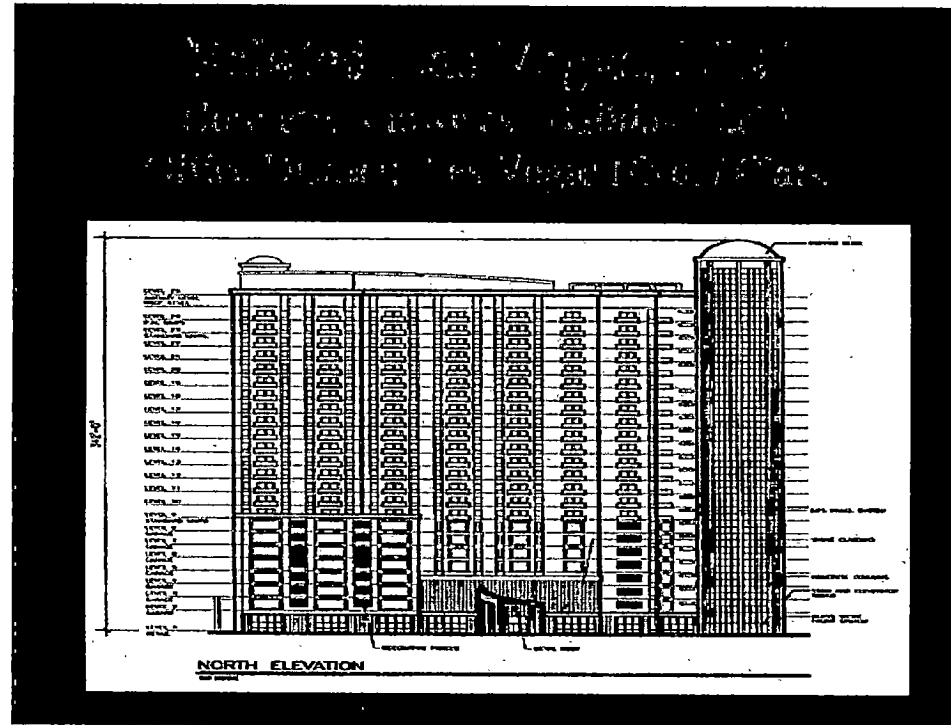
CityMark Mixed-Use Loft Condos
Office District: 4th / Bonneville



460,000 SF total gross floor area

Built in 2 Phases over 4 years

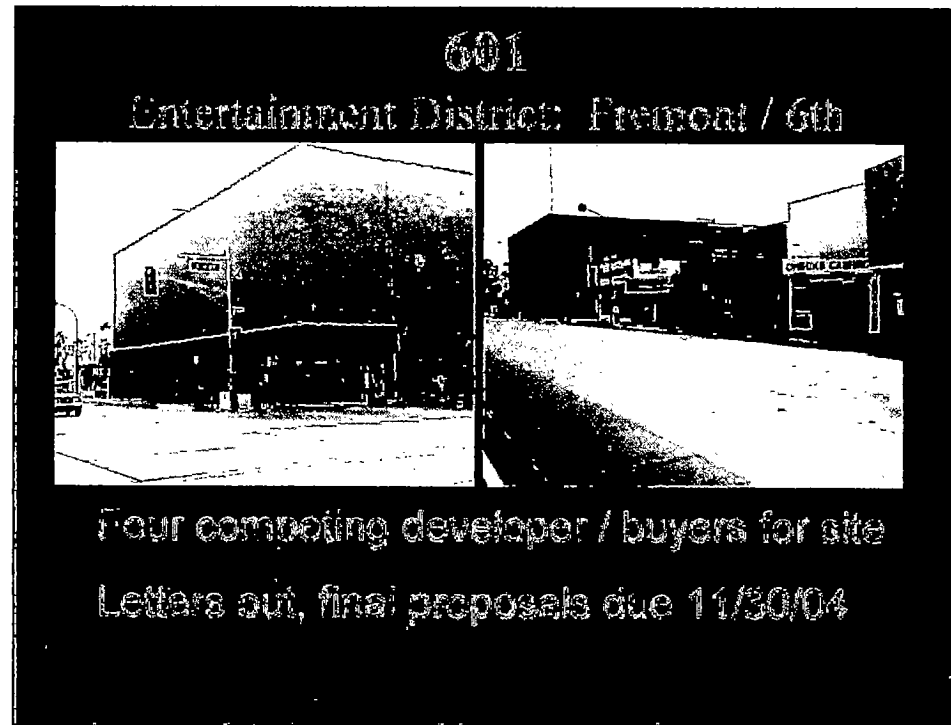
- **DDA approved at last meeting and executed**
- **Escrow opened with Lawyers Title of Nevada.**
- **CityMark has already had a pre-application meeting with Planning & Development**
- **Escrow will close no later than July 2005**
- **Demolition and preparation for construction will be completed – July 2006**
- **330 Residential units (220 units in Phase I, 110 units in Phase II)**
- **13 Live/work (shopkeeper) units for sale at market rate**
- **9,800 SF of Retail space at street level for lease**
- **530 Parking spaces in structured parking**



Related Las Vegas, LLC (Formerly known as the Bulldog Parcel)

Cherry Development and the Related Group of Florida, selected by City Staff Selection Committee

- Team came to their partnership agreement and corporate structure
- Related to hold a 90% interest, and Cherry a 10% interest
- Now called Related Las Vegas, LLC are working w/OBD on terms of an Exclusive Negotiating Agreement, with market rate land appraisal and general development perimeters defined
- ENA to be brought forward for RDA Board approval in the near future
- ENA will lead to a Disposition and Development Agreement in the weeks following completion of due diligence by both parties
- oPhysical Impact
- oOne 25-story tower designed for mixed use
- oRetail - 17,766 SF
- oResidential - 646,209 SF w/ common area
- Condo units - 248
- Parking stalls - 308



- Staff continues to attract new players to this project
- On October 28, OBD issued 4 letters to 4 developers who have all expressed a willingness to the city's general terms and conditions.
- Project to focus on rehab. Of Parcel A, the old building for entertainment uses. After successfully opening multiple clubs in 601, the developer could take down the back parcel for dense urban mixed use development with lofts over club and retail space.
- Four potential groups could construct their project in the next 12-18 months before the Entertainment District Ordinance sunsets or has to be renewed on October 2, 2005.

Other Venues occurring:

- Take One is now open (site of old culinary school)
- Beauty Bar applied for new tavern limited license (Western Union/Check Cashing store closed)
- 8 Seconds located at eastern end of FSE, Nat'l venue saloon with Bull-Riding
- Currently working with developer and Fremont Medical Clinic to find them an appropriate new home outside the Entertainment District but still downtown—new mixed-use project at Fremont and Bruce to offer Clinic new long term lease space built-to-suit.



Civil plans approved by Land Development

- Electrical plans approved on 8/4
- Architectural plans approved 10/20
- Structural plans and plumbing plans in design review –
some issues - Developer working on Structural
Inspection Agreement for project and working with
Harwood Associates to resolve
- Civils approved by Land Development on 10/12
- Construction expected to commence once issues
resolved (45 days)

**RLH Corp. Office/Training Center
Enterprise Park: MI.K / Wheeler Peak**



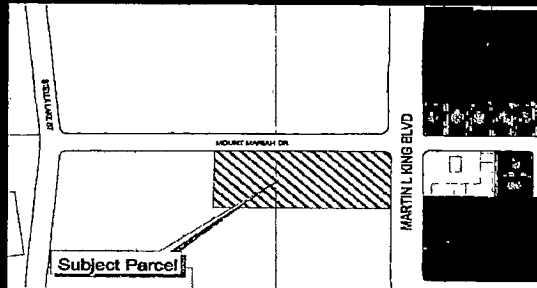
Drainage study approved

Architectural plans approved

Civil Plans submitted to Land Development

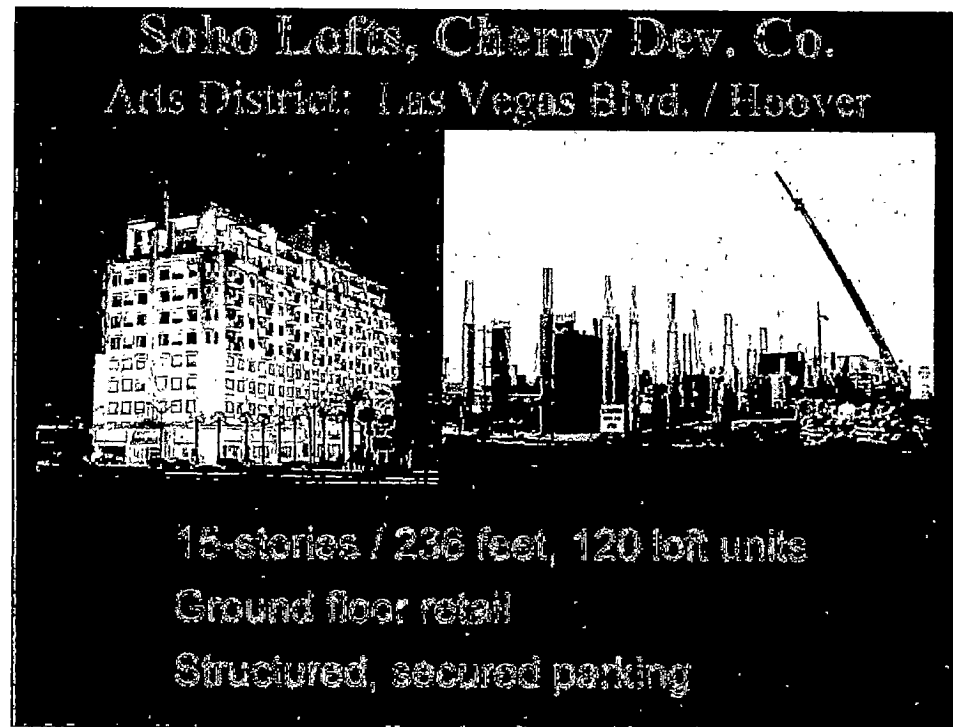
- **Site Plan approved, land conveyed**
- **All construction drawings approved by Building Dept.**
- **Land Development working on civil engineering plans**
- **Fire Services needs to review civil plans once approved by**
Land Development
- **Owner working on off-site improvement agreement**
- **Working with owner to resolve, owner wants to start construction upon plans approval**

Urban Chamber of Commerce Enterprise Park: MLK / Mount Mariah

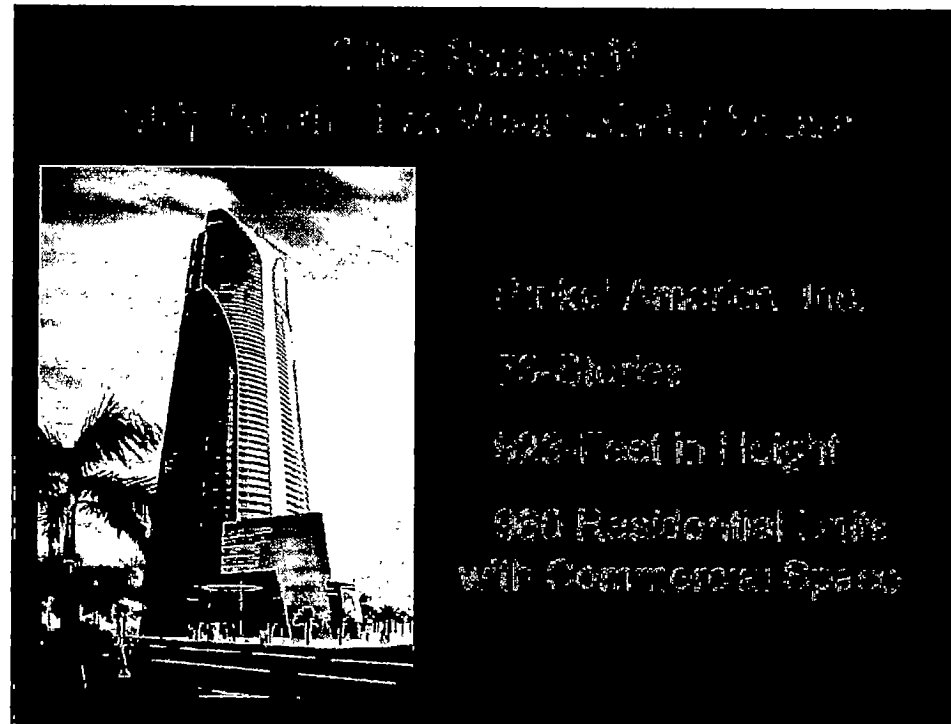


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- Multi-Use Business Center, 16,000 square feet
- DDA approved on March 17
- EDA Grant Award approved on July 22
- EDA notified City on October 8 that City disposition terms needed changes
- Grant award is in place for construction of Business Center
- Received E-mail from EDA on 10/8 requesting land conveyance with reversionary interest
- Working on resolution with EDA and Urban Chamber
- EDA wants to place mortgage on only a portion of site currently under contract
- Working with Urban Chamber and EDA to resolve title, conveyance issues



- **Soho Lofts is the first of many projects proposed in the Downtown Core Districts**
- **Sam Cherry is our first pioneer high-rise condo developer**
- **Construction has reached the second floor already**
- **Soho is the first to be proposed and the first of many to rise up in concrete and steel**
- **Soho Lofts should deliver their first units before the end of 2005**

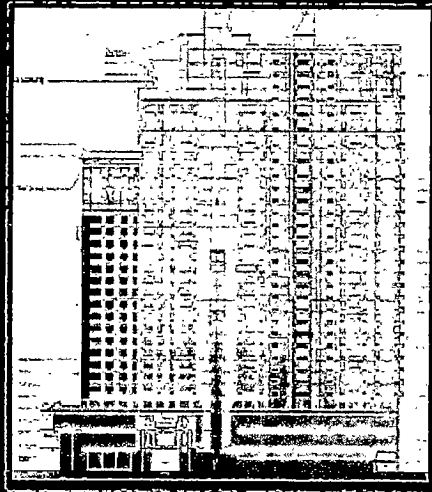


Building Status – Site plan approvals are on your afternoon agenda.

If achieved, this will be the tallest residential building west of the Mississippi River, and will rival the Hancock Tower in Chicago and Trump Tower in New York City for height and quality. This will become a national icon for the City of Las Vegas.

We have worked with the principals on this project and the Liberty Towers development for more than a year now, helping them with due diligence, to understand your intentions and desires for tall urban living in our downtown, etc.

Renaissance Towers
Union Park: Grand Central / Iron Horse

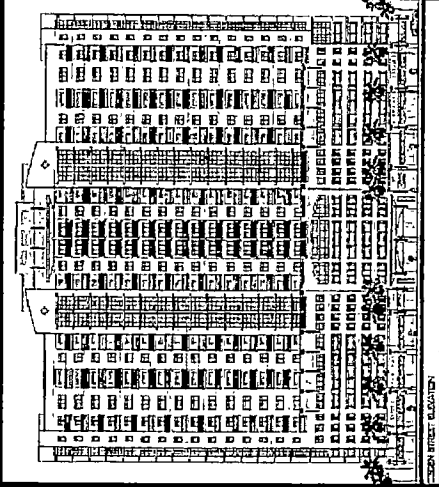


Sandhurst Dev., NYC
31 Stories, 387 Feet
409 Condos
29,810 SF Retail
Service

- City Council on November 17th.
- Sandhurst Las Vegas, Tower One plans to break ground in March 2005
- Presales to launch on December 8, 2004 and currently taking unit reservations.

Streamline Tower
Entertainment District: LVB / Ogden

Streamline Tower,
LLC
22 Stories
251 Residential
Units
Ground-Floor
Retail and Club
Space



Building Status –City Council on November 17th

Ras Vegas Redevelopment Agency
Office of Business Development
**Monthly Update on
Contract Projects**

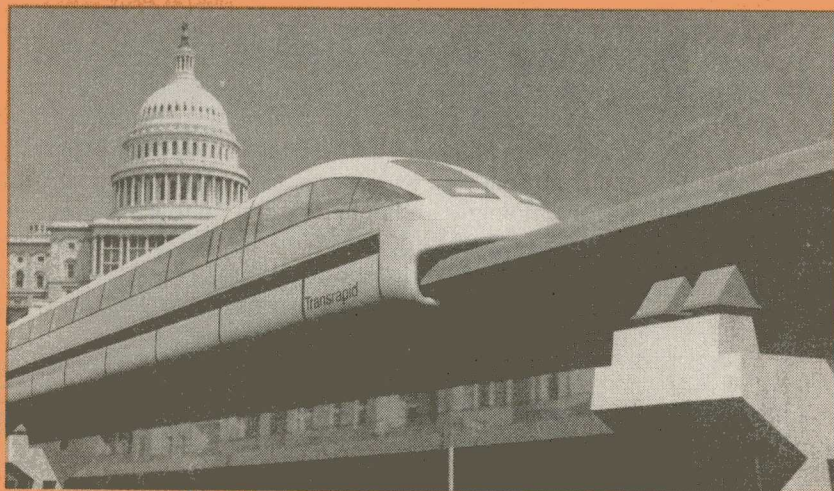
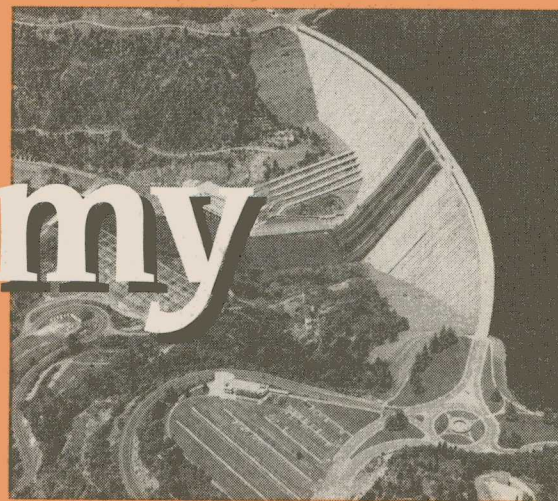
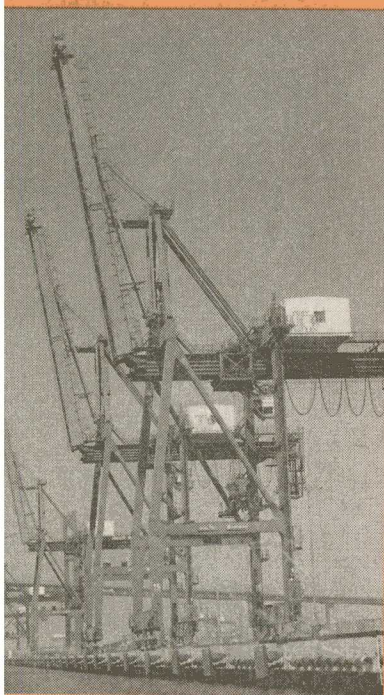
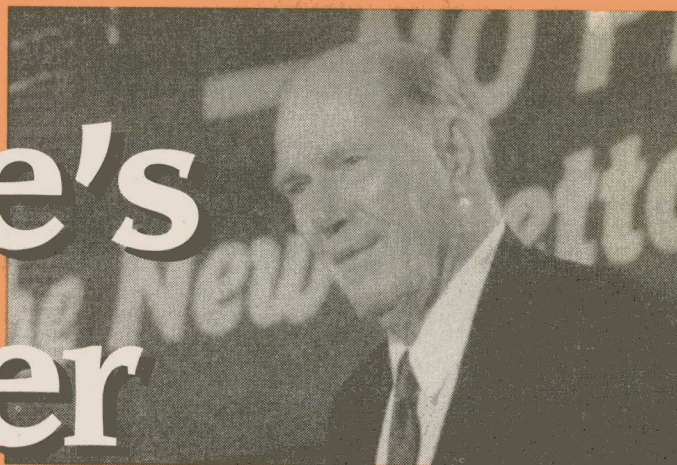
November 3, 2004

**I would be glad to answer any questions that you may have,
and also to receive your comments and requests for particular
information that you would like to receive next month.**

Thank you very much

Emergency Intervention

LaRouche's 'November Program' To Rebuild The Economy



LA ROUCHE

IN 2004 *

www.larouchein2004.com

Suggested
Contribution

\$1
CP

LaRouche to President Bush: Re-Regulate and Save U.S. Rail and Air, Build Infrastructure . . . Now!

On Aug. 18, 2002, Lyndon LaRouche, pre-candidate for the 2004 Democratic Party Presidential nomination, announced a national emergency infrastructure-building drive, beginning with re-regulating and saving the national rail and air systems. He spoke at a San Pedro, Calif. meeting of student organizers who, over the weeks following, launched a nationwide mobilization—with international support—to enforce the LaRouche approach. “Without this action, we don’t have a future,” the youth insist.

LaRouche acted within days of the Aug. 13 Waco Economic Summit, where the President of the United States repeated stock phrases about the “sound economy.” LaRouche pointed out, “We have a national crisis. Therefore, the response should be to respond *immediately* to this air-traffic crisis, as the President *did not*, and take the immediate measures for a restoration of a policy, which will ensure, that those areas of national infrastructure, which are in the vital *national economic-security interest*, are protected, and maintained, and improved.”

LaRouche has dubbed this emergency policy a “November Emergency Program.” He went on Internet radio Aug. 24, to stress the urgency of the post-Labor Day infrastructure campaign, and again on Sept. 11, he reiterated the call at an international webcast from Washington, D.C.: “. . . in the United States, we need *immediately*—and I want President Bush to do it right now, right now!—I want him to go to the Congress, and get that collection of people of various qualities, and get them to sign on, to a re-regulation of the U.S. railway and airway system.”

When Congress reopened after Labor Day, LaRouche’s infrastructure package—including a detailed U.S. sector-by-sector survey commissioned by him—was circulating in Washington. In addition,

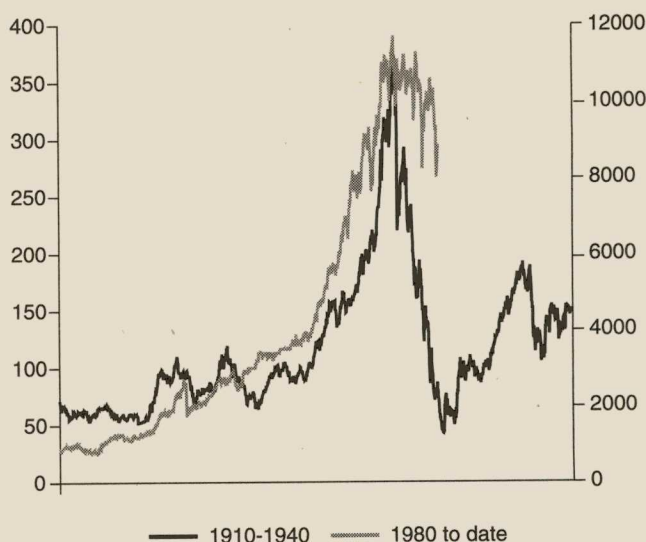
ON THE COVER: Lyndon H. LaRouche, Jr. : EIRNS/Stuart Lewis; Gantry cranes at Port of Los Angeles: EIRNS/James Duree, Jr.; Shasta Dam: Bureau of Reclamation/J.C. Dahilig; Composite, U.S. Capitol and maglev train: Alan Yue

© October 2002

Paid for by LaRouche in 2004

L04PA-2002-005

Dow Jones Industrial Average, 1910-1940 vs. 1980 To Date



Source: Dow Jones.

LaRouche wrote a 50-page report, “Science and Infrastructure,” with railroad maps showing the take-down of the last 30 years, and the need to re-build rail, air, and all infrastructure—including and especially, the “soft” infrastructure of health care, Classical education, and so forth.

But as of the time this pamphlet is being readied for press, the House of Representatives is entertaining a bill to *eliminate six long-distance Amtrak passenger rail lines*, and stands paralyzed, unwilling to intervene to stop the air service meltdown.

This sabotage can and must be stopped, or we have no nation. The following material—beginning with LaRouche’s Aug. 24 “November Emergency Program” call, and followed by sector summaries of the crisis and the technologies and policies required to solve them—is the must-have ammunition for every activist. Get it out everywhere. Give orders. Study up. Though we stand on the edge of historic catastrophe, we can force the turn upward to a wonderful new future.

—The Editors
Sept. 27, 2002

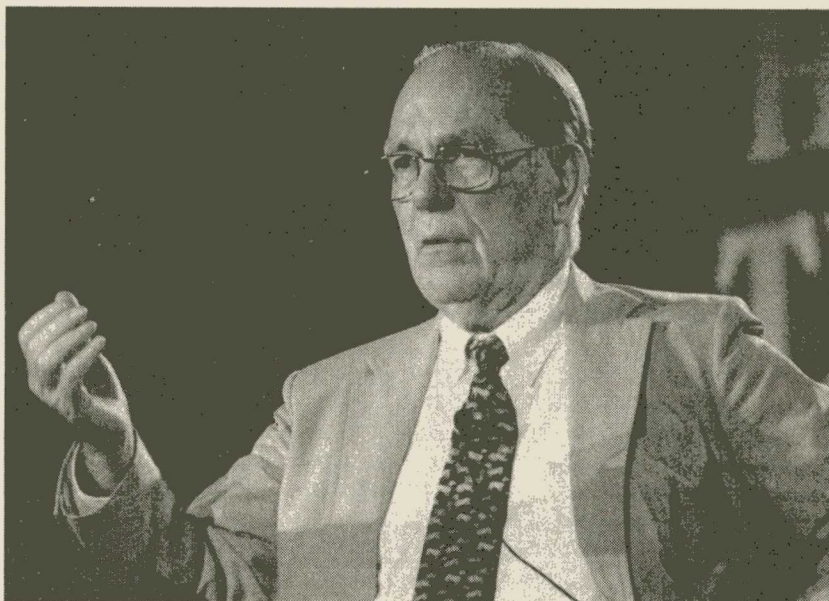
President Must Act 'In an FDR Fashion'

Lyndon LaRouche gave the following description of his "November Program" for emergency action on national infrastructure security, in an Internet interview broadcast Aug. 24.

After Labor Day, we shall release a new phase of the campaign. This phase will be in response to the utter failure of President Bush to deal with reality in the so-called Waco Conference, which he attended briefly, at about four times, I understand. At the time that he was speaking in Waco, we had two crises developing, which are of immediate significance, and require immediate action by him, and by other elements of our government.

First of all, we are losing our rail system, the last vestige of it. We are also in the process of crippling, and virtually destroying, our air-traffic system. Now, if we understand the effect of this, if you continue this process, you have the following things to consider. The breakdown in the economy—the private economy of the air-traffic system—means that we must shift from the less economical routes, which are the short-term routes, to concentrate only on the longer-term routes, which are essential air travel. Short-term routes are not essential for air travel. Quite the contrary. As a matter of fact, sometimes you have high-speed rail—say, between New York City, Pennsylvania Station, and Washington's [Union] Station—you could probably make the distance with high-speed rail in a shorter time than you could make it by using air. So, it obviously is foolish to rely upon air travel, between New York and Washington, D.C., when you should have rail travel.

Now, also, more strategically, to get rail traffic, and to eliminate these kinds of problems with air travel, we would have to restore a true, interconnected, transcontinental rail system, which means you could get to every principal center in the United States—whether freight, or passenger—conveniently and efficiently, by rail. This, of course, means improvements in rail, over what we had before. But now we don't even have what we had before. The track is old. It's last-century vintage,



EIRNS/Stuart Lewis

Presidential candidate Lyndon H. LaRouche, Jr.

early last century, probably 1926, approximately, with some slight repairs in some cases, in between.

If this were to occur, if you have a continued breakdown of the rail system, away from the idea of a transcontinental, interconnected system; if you have an accompanying crisis in air travel, then the United States ceases to be an integrated nation.

What are you going to do? Drive by Tin Lizzy, from the East Coast to the West Coast? The United States is no longer efficiently connected. It is no longer a unified, efficient national economy.

Key Issue of November Elections

So, therefore, these areas are one of the first areas the President must act upon, in a Franklin Roosevelt fashion. First of all, for government intervention and regulation, to defend, and improve the national rail system, as a high-priority investment project. Number two, we must save the air-traffic system. Both of these are essential parts of our national economic security. So he must do that. He should forget the nonsense that was babbled out at Waco, and similar locations, and get down to business.

And the Congress must be pushed into doing this. But it must be done now. Otherwise, no nation.



National Archives

Franklin D. Roosevelt greeting American voters in 1938.

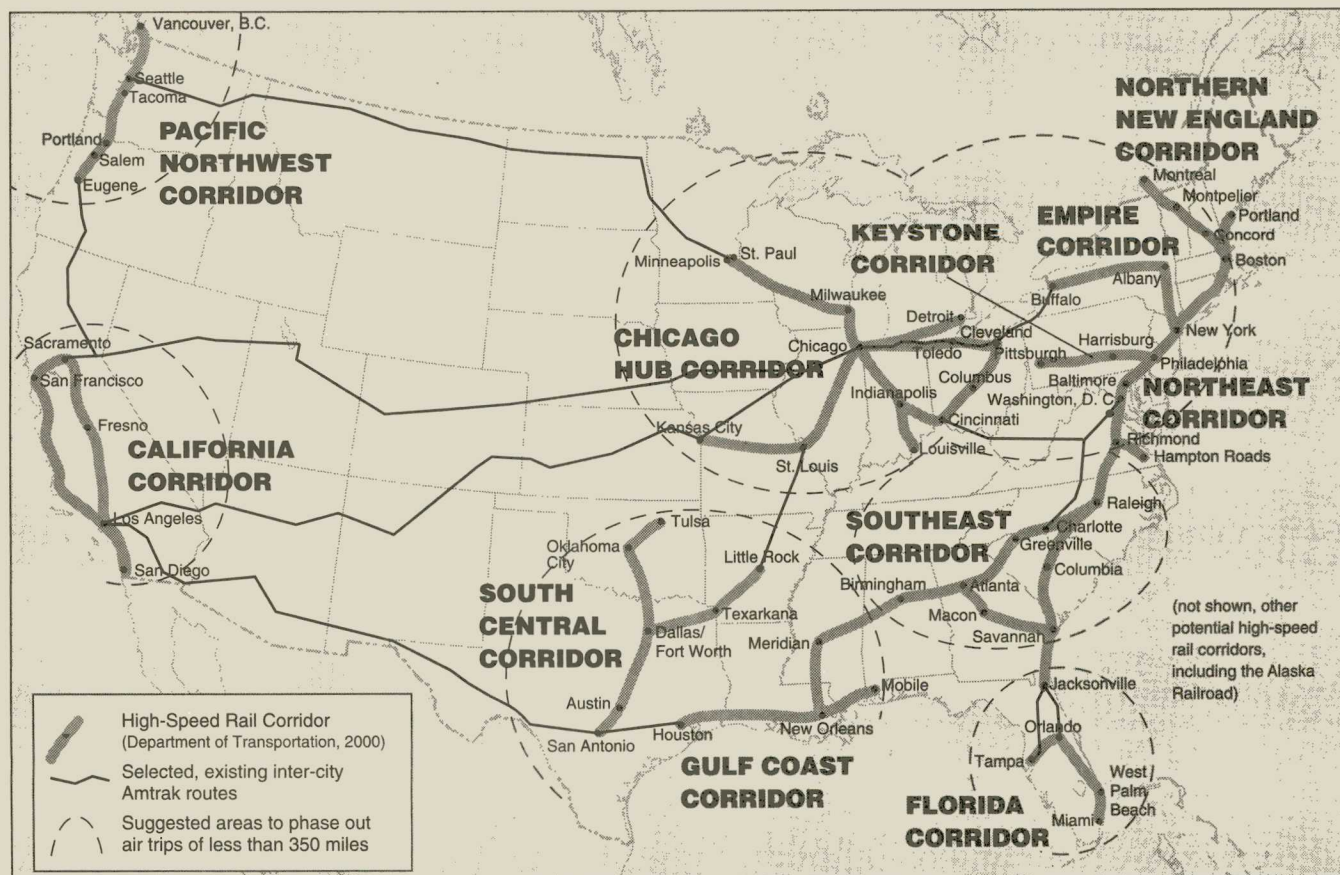
This has to be made a key issue of the coming elections, the November elections. It should be clear by election time, for these state, Senate, and so forth elections, that anyone who is not pushing for infrastructure, is not

working in the national interest. Therefore, we have to have a weeding-out of those members of Congress, who, among their other faults, are not pushing for immediate restoration of rail service, and defense of air traffic.

Now, that's only the beginning, but those are two areas, integrated areas, on which the President must act immediately, now! And the testing time is the November election. Nobody should vote for anybody who is not for this. Otherwise they're being silly.

Now, that opens up a larger area. We are now in the greatest depression in more than 200 years, right? This means that we have to make some fundamental changes, away from the policies of the past 35-odd years, back to the policies of Roosevelt, and the policies of the post-Roosevelt period, from 1946 through 1964. We have to go back to that kind of economic system, *now*. Which means a regulated system: End privatization, end deregulation, end the funny monetary policies, all these things—get back to things that worked before, and do it immediately!

The area in which we can employ people—because we have many people who do not have the skills they had 35 years ago, the population had—therefore they are unemployable for many high-grade jobs. The way we handled it with Roosevelt, the way we have to handle it now: We have to take areas of primary need, primary national need in infrastructure, where people



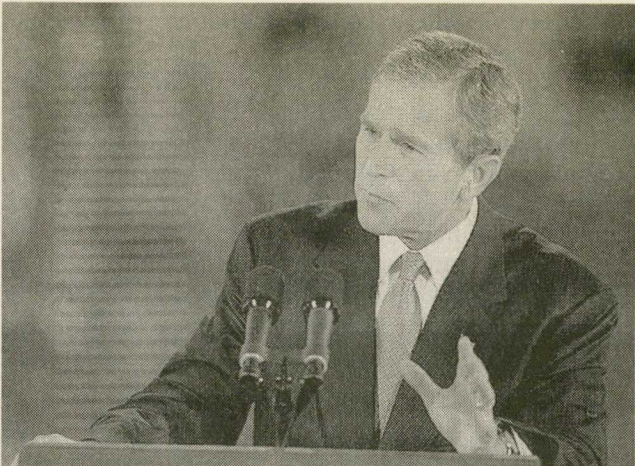
Build high-speed rail corridors; retain and add inter-corridor rail routes; phase out short-hop air (under 350 miles).

with poorer skill levels, can be efficiently employed in work which would be of national importance, and national economic significance. That work, which is in the area of infrastructure, will create the basis for the expansion of the private sector: in agriculture and industry. We must have policies with that goal.

National Infrastructure Policy

Now this covers several areas, which should be the basic policy of the United States for the coming two years, and longer, up to the run-up to the 2004 election. First of all, a national infrastructure policy. Air travel and rail represent aspects of the transportation sector of basic economic infrastructure, which is largely government-funded, government-controlled, government-regulated. You can have the private sector in there, but they are regulated, the way we used to do it. So, air and rail are one of these areas.

In transportation, we also have ports. We also have power and water, which are other areas of physical infrastructure which are necessary. We must end deregulation of power. We must have a policy of national support for a system of state-regulated utility systems,



White House Photo/Paul Morse

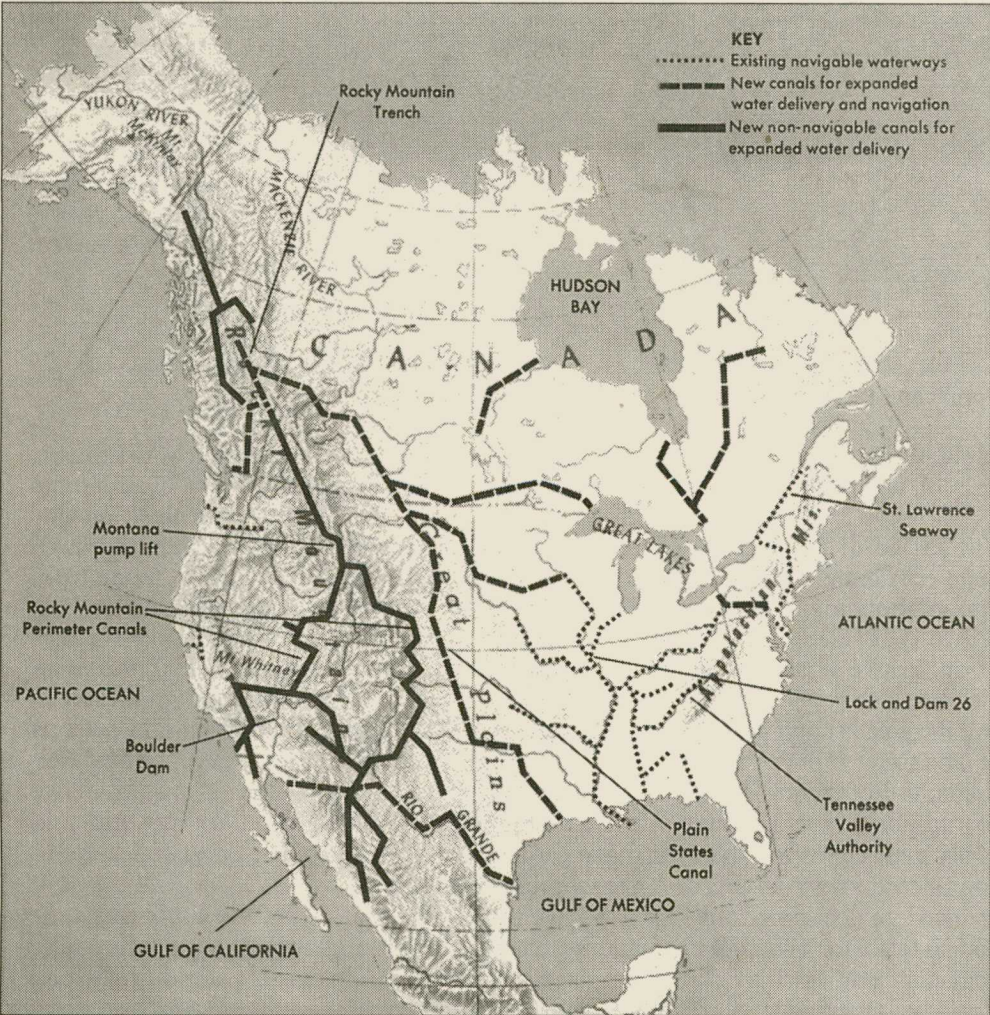
President Bush—he has to act like President Roosevelt.

of utilities which have long-term investment with government backing, and regulation, for the generation and distribution of essential power. We must have a water system, which is not only to supply our water needs, for human and related consumption. We must have a

water-inland transport system, like the Mississippi River, other rivers, the cheapest way of moving freight, which is of low value per ton, and therefore is not high priority in terms of time of delivery. We depend upon that for grain, for ores, things of that sort. Inland waterways are ideal for that purpose, much more efficient than rail for that purpose.

For sensitive high-value freight, rails are indispensable. For the highest sensitivity, yes, we require international, and national, air travel.

In addition to that, we have soft infrastructure. Public health: We have destroyed public health since 1973, the HMO. We no longer have a public health system. We are now faced with the increment of diseases, caused by economic conditions, caused by other conditions. We are not equipped for disease, epidemic disease. Therefore, we must rebuild the health-care system now. Forget this



The NAWAPA Plan for bringing additional fresh water to the United States, Canada, and Mexico.

HMO, repeal HMO, go back to Hill-Burton. That worked; HMO does not work.

Education: Today, in universities, the price of tuition is in inverse proportion to the value of the education delivered. This is a scandal. Look at what's taught in universities. Frankly, it's garbage, and the students know it. They deeply resent it. Many of these students who are more intelligent, realize that they have to go outside the university to get a competent education. The case, as I've been emphasizing, the importance of Gauss' Fundamental Theorem of Algebra, as presented

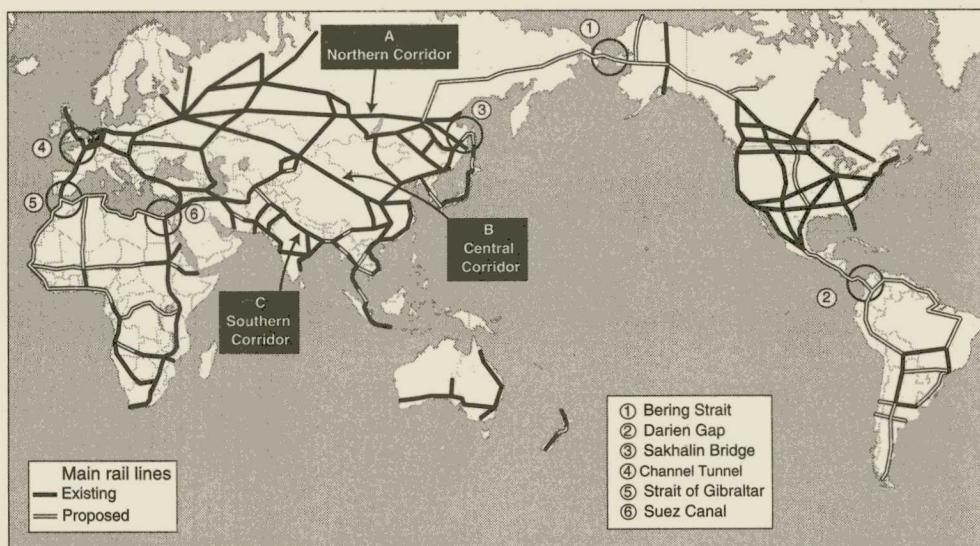
in 1799, for the first time; to understand this is an ABC of education. And I guarantee you that most college graduates today, have no comprehension of the actual significance of that 1799 discovery, on which the fundamentals of 19th-century scientific achievement were based. So we need a revolution in education.

Mobilize Credit

So, there are things we have to build, urgently. Which are basic economic infrastructure, traditionally the responsibility of the Federal, state, or local govern-

LaRouche: If You Don't Build Infrastructure, You're Wasting Your Time

Shown are priority transportation routes for corridors of development worldwide. On Sept. 11, before a live audience in Washington, D.C., at a LaRouche in 2004 international Webcast, Lyndon LaRouche replied to a questioner on how to restore the approach of Franklin Delano Roosevelt, to rescue and expand the U.S. economy. Then he turned to the world picture:



World Land-Bridge, existing and proposed rail lines.

So, I think what is needed around the world, is the same approach. We can rebuild the world economy on the basis of what? Large-scale infrastructure programs.

You can do *nothing* in Africa of any significance, without building basic economic infrastructure. Transportation, water management, power transmission, things related to that—without that, you can do nothing. Give it up. You're wasting your time. You're clomping your chops.

All right. In Asia, we have the greatest opportunity in the world right now. We are going to have, from Pusan, to China, through Russia, to Rotterdam—we're going to have continuous rail transport, across Eurasia. This transport will be tied, with connections to Japan, will be tied to the production of technology, in areas where technology can be produced, to deliver on long-term credit, 25-year credit and so forth, for investment in areas which are technology-deficient. Such as the interior of China.

We will build a new trade system across Eurasia, which will be the most powerful motor of economic growth in the world, if we continue with it, on this basis. We have rail plans going from China, through Burma, into India. We have rail plans running from Egypt, across the south of Asia, down to Jakarta. We have a bridge, across the Suez Canal, a high bridge, which will link us into a rail system along the main trunk lines, throughout North and South in Africa.

We are *prepared*, with the aid of programs such as desalination, mass desalination, and economic development of the Middle East. We have plans, which we can go ahead with, which will rebuild this world, and make garden spots of some of the areas of poverty in the world today.

So, we must think that way. If we think that way, and we have the brains and ability mobilized to carry out the projects, we can change this world for the better.

ments. Therefore, we have to mobilize credit—which only the Federal government can do—not handouts, credit—in order to get some money channelled into these programs, which can be partly private (that is, they can go as investment in the utility cover) to get some production going. So, we have to take areas of need, where we need the operation, to rebuild and protect the economy, we've got to take these areas, and do a job-building program, both in the public sector, and private sector, with these kinds of stimulations. The way Roosevelt had to do it, back in the middle 1930s.

And these are areas of national priority, upon which the strength of our population, the maintenance of our economic potential in general, depend. My campaign, for this period, will be a massive campaign, on a larger scale than the recent campaign of the past month; go up immediately after Labor Day; and it will continue, with the target being the immediate November elections. To begin to weed out the chaff. To get rid of those politicians, as much as possible, who will not support urgent infrastructure-rebuilding measures. To go on from that, to deal with the larger issues.

The Brzezinski Gang vs. Infrastructure— Biggest National Security Threat of All

The policies of deregulation over the past 25 years—transportation, energy, health care, telecommunications, finance, water, and all the rest—have eroded the U.S. infrastructure base to the point of national security disaster. This devastation was predictable, and not the result of some benign sequence of “mistaken choices” by government officials. The deregulation law changes were instigated and enforced by a network usefully termed—in the spirit of President Eisenhower’s warnings—the “Military/Utopian/Post-Industrial Complex.” The principal individuals and political/financial circles involved, are the very same as those who are today demanding war as the “solution” to the financial and economic breakdown process we face: Zbigniew Brzezinski, Richard Cheney, George Shultz, and other utopian cohorts.

The whole process of assault on the American economy is exemplified by the 1977-1981 Carter Administration, perhaps the worst policy catastrophe of the entire 20th century, during which period Zbigniew Brzezinski was Carter’s National Security Adviser, and de facto controller. Among the deregulation and privatization changes made then:

1978—The Steiger Act cut the capital gains tax rate to 28% from 49%, the first of many measures designed to promote speculative investment against the real economy.

1978—The Natural Gas Policy Act phased in de-control of natural gas prices at the wellhead, and other deregulation.

1978—The Public Utility Regulatory Policy Act; under this, the Federal Power Commission was replaced by the Federal Energy Regulatory



EIRNS/Stuart Lewis

Commission, furthering top-down deregulation, and lessening state utility commission responsibility.

1978—Federal law authorized HMOs as approved, not “experimental” (laws regarding them were first passed in 1973), and granted HMOs permission to refuse to pay for unusual treatments.

1979—Paul A. Volcker became chairman of the Federal Reserve, and soon implemented double-digit interest rates, with a killer effect on infrastructure and the entire economy.

1979—A U.S. position paper to the UN Science and Technology Conference (pre-conference preparation by then-Secretary of State Henry Kissinger) proposed anti-infrastructure policy, e.g., for farming: “People are beginning to question the wisdom of building ever more irrigation dams and using ever greater amounts of chemical fertilizers to grow crops.”

1980—The Staggers Act deregulated the national rail system. Prior to this, the decades-old Interstate Commerce Commission (now defunct) worked with freight carriers to set charges, ensure service, and mutual public/private benefits. After the Act, waves of mergers, asset-stripping, service cuts, and speculation ensued.

1980—The U.S. State Department on July 24 of that year published *The Global 2000 Report to the President*, advising that the world’s population be cut by 2 billion people by the year 2000, because of “pressures on the world’s resource and environmental balances.”

1981—The Kemp-Roth Economic Recovery Tax Act handed out huge tax breaks for real estate and other speculation. Kemp-Roth again lowered the capital gains tax rate, down to 20%.

—Marcia Merry Baker

Rebuilding U.S. Rail System Is Top Priority

In a well-functioning economy, the leading mode of transport is rail, operated in an integrated way with air, waterways, highways (i.e., intermodal) and mass transit. Relative to trucks, rail is several-fold more fuel-efficient, has a higher energy-flux density, and requires far less physical space; an advanced rail line uses one-third the space of a highway system. It travels at far higher speeds than inland water transport, and carries a few orders of magnitude more freight than an airplane can.

However, in the United States today, the rail system has drastically contracted, and is now at the breakdown stage. In 1929, the United States had 229,000 miles of Class I track-route miles for physical goods transport, which is now shrunk down to less than 100,000. It has currently approximately 30,000 miles of inter-city passenger mileage, but needs far more than that to adequately cover the country. It is now a top priority for the President and Congress to do what should have been done long ago: Extend the rail system to the proper operating dimensions, and introduce revolutionary technologies which will transmit great productivity and economic growth, and supersede some of the technologies still in use from the 19th century.

Both freight and passenger service are in crisis. On the freight rail side, for Class I rail companies (the biggest ones), comparing 1980 to 2000, some 40% of the track has been contracted, 27% of the locomotives have been furloughed, and 63% of the labor force has been fired. Putting haulage of coal to one side, the Class I rail companies' transport of goods—the vast majority in an economy, ranging from grain, to iron, to chemicals—has fallen 45% on a per household basis, compared to the 1970 level (see graph).

The passenger side of the rail grid is in the same state. Amtrak, the largest inter-city passenger rail carrier, transporting nearly four-fifths of inter-city passengers, has been forced to operate with month-to-month financing. Even if Amtrak even gets the minimal FY 2003 Federal funding of \$1.2 billion approved by the Senate, this would mean huge cuts and layoffs; but the House of Representatives recommends only \$759 million. This threatens cancellation of six long-distance trains: five connecting out of Chicago (to New York City, Philadelphia, Los Angeles, and to San Antonio, Texas and Louisville, Kentucky) and from Florida to

Los Angeles. The process of killer-underfunding and forced indebtedness, is part of the scheme to sell off the one remaining lucrative sub-system—the North East Corridor—to privatizers. That was the purpose of the 1997 "Amtrak Reform Act" from the start.

The rail takedown effects are deadly. On April 18, some 14 cars derailed from Amtrak's Auto Train out of Orlando, Fla., killing four and injuring 150. The Federal Railroad Administration has reported that in 2000, there were 2,059 derailments, already an increase of 18% from 1997, and a pace of 40 derailments per week.

Rail- and Nation-Building

It was President Abraham Lincoln who launched a rail-building enterprise, subsidized and directed by the U.S. government, that brought the United States from 30,626, to 163,359 miles of track in the 30 years between 1860 and 1890. The railroad-building drove the expansion of the steel, iron, and national industries generally.

During the 1930s New Deal, President Franklin Delano Roosevelt used the Reconstruction Finance Corporation to rescue and revive the rail industry, which had fallen into bankruptcy during 1929-33 in the hands of the Morgan bankers. FDR turned it back to Lincoln's intended purpose. Then in the economic mobilization for World War II, the volume of freight transported by rail, measured in ton-miles, doubled. Without rail, the mobilization could not have occurred.

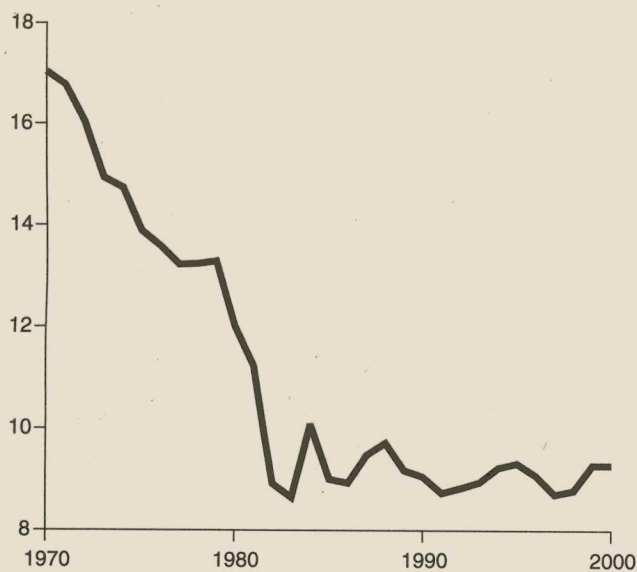
As of 1943, railroads carried 72.6% of all freight in the nation; inland waterways carried another 13.2%; and trucks carried only 5.3%. The U.S. economy functioned at a very high, fully utilized and rapidly expanding level during the World War II mobilization.

[For reference: Water and rail are the two complementary, fundamental modes of transport for an economy. One tow barge carries as much freight volume as do 2.25 unit trains, or 870 trucks (end-to-end, 35 highway miles). Water transport is the cheapest of all modes of freight transport, but much slower than rail.]

But in the post-World War II period, the U.S. government poured huge sums into highway construction. The 1956 National Highway Defense Act, launching the inter-state superhighway network, was motivated both for military-security reasons, and also (less publicized) to serve real estate speculation. In effect, it thus subsi-

Drop in U.S. Rail Industry's Shipping of Goods, Other than Coal, 1970-2000

Tons Per Household



Source: Association of American Railroads; U.S. Department of Commerce, Bureau of the Census.

dized the auto and trucking industry.

Then came the late 1970s deregulation of rail, trucking, and commercial aviation, creating the situation that by 1999, trucking accounted for 29% of all domestic commodities transported; water carried 14%; rail freight declined to 40%; and most of the rest went to air freight. Moreover, if the huge tonnage of coal is taken out of the picture (*half of all rail freight ton-miles are now coal*), trucking today surpasses rail in the volume of freight traffic carried.

The Assault Against Railroads

The culminating assault against rail occurred in the "post-industrial society" shift which began in the second half of the 1960s, and became an avalanche of industrial destruction with the 1970s oil hoaxes and the Federal Reserve "interest rate shock" of 1979-80. With railroad mileage in decline, in October 1980 President Jimmy Carter forced the deregulation of the rail industry, as the Congress passed the Staggers Act. Prior to the Act, the now-defunct Interstate Commerce Commission had worked with the rail carriers to set the freight rates charged to customers. The rates were set at what amounted to a "parity" level, covering a railroad's cost of operation, and providing a moderate profit. This was eliminated, triggering a speculative wave of mergers in a pattern since familiar throughout the economy, accompanied by asset-stripping of plants, equipment, and labor force.

In 1980, there were more than 20 American major Class I rail carriers. Today, that has been whittled down to four: Union Pacific; Burlington Northern and Santa Fe; Norfolk Southern; and CSX. Class I carriers

are defined by a minimum revenue level (in 2000, the threshold was \$261.9 million in annual operating revenues). The Class I lines, dominated by banks, control more than 90% of the revenues of the entire rail industry (the other parts of the rail industry are smaller regional carriers, and short-haul lines).

This fierce consolidation slashed apart the rail industry, without regard to the functioning and economic security of the United States. Indeed, the Big Four's actions accelerated the cutting of rail trackage that had been underway decades earlier. In 1929, there were 229,530 route-miles in operation. This was reduced to 164,822 miles by 1980; in 2000, there were only 99,250 route-miles of Class I track left, a contraction of 40% since 1980 and 57% since 1929. The Big Four selected the most profitable routes, carrying the most profitable commodities, and ruthlessly eliminated the rest, even though they had genuine national economic value. Many cities and towns were simply cut off from regular and timely rail service, forcing an even greater dependency on trucks. For example, Iowa lost one-third of its rail grid in the 1980s.

Consider the shrinkage and damage inflicted on the other critical features of Class I rail grid, by 20 years of relentless "free enterprise" cutting.

- In 1980, there were 458,000 railroad workers employed; by 2000, there were 168,000, a drop of 63%. Many workers forced into early retirement were 50-65 years old; most were skilled, such as engineers or trainmen, whose 30-40 years' experience is lost.

- In an insane drive to squeeze out profits, rail crews per train, once at four workers, have been reduced to three and even two workers. This cutback contributes to accidents, although the rail companies deny it.

- In 1980, in the United States, there were 28,094 locomotives in operation; in 2000, there were 20,028, a plunge of 29%.

- In 1980, there were 1,168,114 freight cars in operation; by 2000, that was down to 560,154, a collapse of 52%.

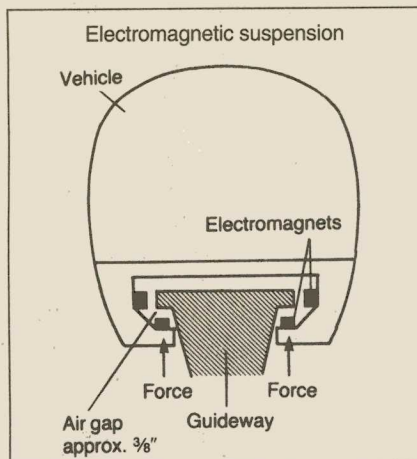
Coal Transport the Route to Efficiency?

The Class I companies rebut the charge of asset-stripping by reporting that in 1970, they originated (carried) 1.485 billion tons of goods, and in 2000, they originated 1.738 billion tons, 16% more. But the bulk of this increase is long-haul coal! In turn, this came about because over the last 30 years, the energy base of the nation was directed away from nuclear power, and back into thermal generation plants—not at mine-mouth (with high-tech transmission), but long-distance coal-haulage.

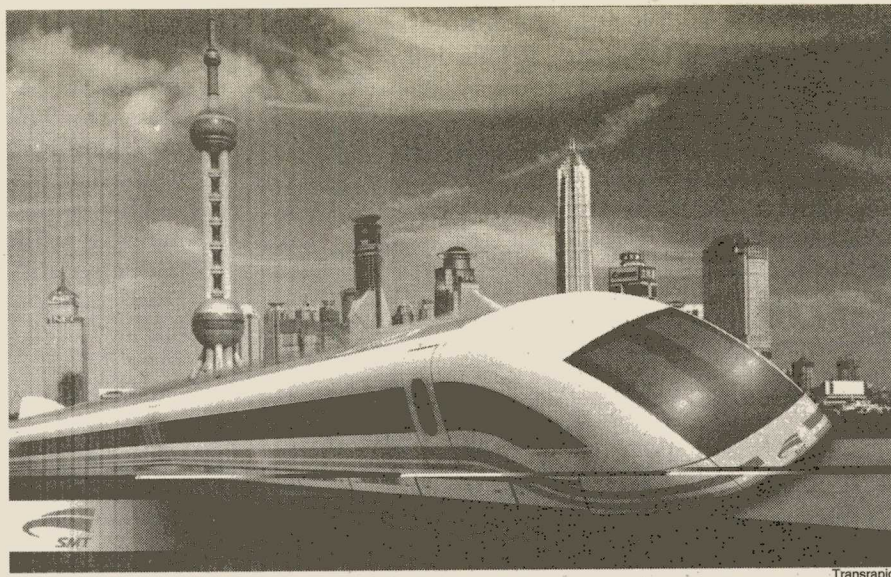
This means that even when and where new rail equipment is in use for coal, the *system reflects the downgrading* of the U.S. power system. For example, there are many improvements and new locomotives on the rail lines that come from Powder Basin, Wyo., bringing low-sulfur coal to the East Coast.

The issue is not coal itself, a fine national resource for power generation, but one which should be *declin-*

The Next Generation of Rail



Magnetically levitated train—the system used by the German Transrapid, part of Shanghai's Maglev Transportation Development Co.



Artist's conception of the Shanghai maglev train.

ing relative to nuclear. Instead, coal's use is dramatically increasing: In 1970, of all the goods originated by the rail industry, coal constituted 405 million tons, or 27% of the total; but by 2000, coal constituted 758 tons, or 44% of the total. There was an absolute decline in non-coal goods carried by Class I roads from 1970—1.080 billion tons, down to 981 million tons in 2000.

Cutting the rail grid to the bone has had serious consequences. For example, in 1997, after Union Pacific in 1996 had swallowed up Southern Pacific and slashed its combined infrastructure, the company could not simultaneously handle that year's grain harvest, coal, and other cargo commitments. There were weeks-long delays; the chaos cost agricultural shippers, mines, factories and others at least \$100 million a month.

Passenger Service Gutted

Passenger rail service is just one wreck away from shutdown. Today, Amtrak operates 22,741 miles of track. America's other "commuter" railways between cities operate 6,714 miles of track, bringing the total inter-city passenger trackage to 29,418 miles (for the most part, Amtrak and the other commuter railways lease the track they use from the rail freight companies). It is believed that, earlier, America's total inter-city passenger rail trackage was at least 50% higher.

Moreover, Amtrak is under siege. In 1997, the Conservative Revolutionaries in Congress passed the Amtrak Reform and Accountability Act, which specified that Amtrak must reach "operational self-sufficiency," without any funding from the Congress, by December 2002, or be radically "restructured and rationalized." This means that large chunks of Amtrak would be shut down, as under Arizona Republican Senator John McCain's new proposals, which would leave major parts of the country with no inter-city rail

transport. The 1997 Act set up an Amtrak Reform Council, whose vice chairman is Paul Weyrich, the radical free-marketeer and Carlist (fascist) co-founder of Christendom College in Front Royal, Va. The Reform Council seeks to greatly shrink Amtrak.

The December 2002 date to achieve "financial self-sufficiency" was clearly impossible, since Amtrak, created in the 1970s, inherited the wreckage of the looted Penn Central, after that company was put into bankruptcy. In order to function, Amtrak required major capital investments, which it has never received.

Amtrak operates a high-speed rail system in the North East Corridor between Washington and Boston. But it must share the track with freight railroads, which wear the track down. Amtrak should have its own dedicated track, as does the high-speed TGV in France, for example. In the 220-mile route between New York City and Boston, due to the condition of the track, and other limitations, Amtrak is able to run its Acela Express at maximum cruising speed (150 mph) for only 18 miles.

On Aug. 19, the *Wall Street Journal* stated in an editorial that when, in June of this year, Amtrak asked the Congress for a measly \$200-million loan guarantee in order to survive, Congress should have refused, and forced Amtrak into bankruptcy. This, says the *Journal*, would have "allowed a [bankruptcy] judge to take the political heat for killing off Amtrak's dogs"—that is, Amtrak's routes outside the North East Corridor.

A Technological Revolution and Reconstruction

The United States must take two simultaneous measures. First, it must make the necessary capital investment and operating expenditures to keep the current system functioning. On the passenger side, Amtrak must be preserved and expanded. Second, it must over-

haul and enlarge the existing system through technological advancements. In the area of safety, this involves Automatic Train Protection technologies. For operating systems, it means introducing high-speed rail, as an interim system, and moving on a crash basis to introduce magnetically levitated train corridors.

One can see the problems one will encounter. For example, due to the domination of the automobile, and underinvestment in passenger rail, taking all modes of inter-city passenger commuting—rail, car, plane, and boat—rail only accounts for a pitiful 0.6% of the volume. A rational first phase of rebuilding would expand inter-city rail tenfold. Second, 70% of all rail travels at less than 90 mph, with many freight trains crawling along at 30-50 mph. Existing high-speed systems in Europe and Japan cruise at top speeds of 125 to 150 mph; the French TGV (Train à Grande Vitesse) at a top speed of 186 mph; Japan's Bullet Train (Shinkansen) even faster. And new high-speed freight lines are capable of 90 mph. Thus, high-speed trains travel 2-2.5 times faster than the average speeds that now prevail in America.

The High-Speed Train Division of the U.S. Department of Transportation (DOT) advanced a national plan a few years ago, for building 12 high-speed corridors in the United States (see map). The North East Corridor already operates in that way, though sharing freight rails; new corridors would radiate out from Chicago and cover the Southeast, etc. The construction of high-speed corridors requires a transformation: replacing diesel locomotives by electric ones; building of catenary systems (overhanging wires) that provide the electric power to the train; advanced signal systems; and where possible, double tracking, so that the high-speed train can travel along its own dedicated lines in each direction. This phase would require a significant leap in electricity consumption, and increases in America's power generation.

The DOT projects that a 12-corridor system would cover approximately 12-15,000 miles in the most densely populated parts of the country, and cost between \$50 and \$75 billion, in 1998 constant dollars, over 20 years (over \$100 billion in non-inflation-adjusted dollars).

Breaking Through to Maglev

America should intensively push to develop a magnetically levitated train system. "Maglev" represents a scientific revolution, which uses entirely different methods of locomotion, and can travel at speeds of 250 to 300 mph. There is no steel wheel riding upon steel rail, as in traditional rail transport since the 1830s. Magnetic forces lift, propel, and guide a vehicle along a guideway, so that it "flies" on a magnetic cushion. This eliminates the major source of vibration and friction on the vehicle, which slows all traditional modes of rail-road transport. Maglev systems permit revolutionary methods of locomotion and control of the moving vehicles. Current-generation maglevs travel, in extensive

tests, at top speeds of 280-300 mph. This is a tremendous advance, of four to five times, in speed for U.S. train travel. And maglev trains negotiate curves and inclines better than slower traditional trains.

Maglev would completely change the time for trips, relegating air travel to a long-distance role. A 250-mile maglev excursion between downtown Washington and New York City would take an hour. For the most part, maglev would replace airline travel of 500 miles or less, and be quite efficient for distances of up to 1,000 miles.

Of even greater consequence, a maglev system would produce tremendous breakthroughs for transport of freight. Freight-dedicated maglev would travel more slowly than maglev for passengers—initially, 150-200 mph—and would haul light to moderate loads; but as it would progress to carrying heavier loads, like a large conveyor belt, it would integrate manufacturing regions of the country as far apart as 500 miles.

Ultimately, maglev trains in underground vacuum tunnels may traverse long distances at supersonic speed. More important than these feats, the testing, construction, and development of maglev rail provides a laboratory for potential discoveries of other technologies which will advance the economy.

Loading/Unloading Systems and Intermodal

Other advanced technologies can proceed alongside maglev, to further upgrade the operations of the rail system. Consider loading, unloading, and warehousing goods at terminals. Germany's Thyssen Company has developed a system for loading/unloading based on an overhead monorail transporter system for heavy loads, in which the containers are grasped and lifted from above by automatic carrier vehicles suspended from monorails running directly above the train tracks. The monorail can transport the containers either to a storage area, or directly to a truck loading area, where the containers are lowered from above onto waiting trucks (or vice versa from truck to rail car). This would connect rail and seaports.

China has a maglev route under construction. A prime purpose for a reconstructed rail-maglev system, would be to extend it northward, to connect through Canada and Alaska, across the Bering Strait, to Russia. From there it would connect into the eastern terminus of the main lines of the Eurasian Land-Bridge, and on to Paris and Rotterdam. The rail grid would also be extended southward, through Mexico, to all of Ibero-America.

America's relations to the world would be profoundly transformed. Reconstructing rail will call for a tremendous volume of goods from American industry. The bill of materials to build rail will revive steel and other critical industries. A crash program for its overhaul is urgent, restoring Lincoln's rail- and nation-building.

—Richard Freeman

Save Bankrupt Airlines, But Re-Regulate Them

The Federal government will have to intervene into the ongoing, cascading bankruptcies of major U.S. airlines, to ensure that the air-transportation network of the United States is preserved, the labor force is kept intact, and the industry's capital is not sold for a song to the asset-stripping predators of airline deregulation.

The major carriers, with the possible exception of Southwest, will soon "hit the wall" of bankruptcy:

- Seventh-ranked U.S. Airways filed for bankruptcy on Aug. 11;
- Second-ranked United Airlines has said it will declare bankruptcy imminently, without huge union and vendor "givebacks" and then a \$1.8-billion Federal loan guarantee;
- Eighth-ranked America West avoided bankruptcy in 2002 only through a Federal loan guarantee;
- American Airlines, the largest in the world, announced huge cuts in capacity and workforce on Aug. 12 to avoid threatening bankruptcy.

This is the third and final phase of a "meltdown" of the airline industry which began early in 2001, accelerated after Sept. 11, and entered its terminal phase in August this year; this meltdown has cost 200,000 airline and aviation jobs in a year; has hit the aerospace industry hard; and will soon bankrupt municipal airports.

Use the General Welfare Clause

Using the legal authority of the "general welfare" clause of the Constitution, the Executive branch can turn around predatory bankruptcy reorganizations such as the unfolding Chapter 11 of U.S. Airways: a 38% cut in capacity; aircraft fleet reduced by 120 jets (30%); 13,000-plus employees laid off; union wage scales thrown out by bankruptcy courts; flights to mid-sized cities cancelled or reduced; and predator Texas Pacific "offering" to take 38% ownership for the pittance of \$200 million. The White House itself is worsening the situation: It must immediately scrap its wrong-headed policy of making Federal loan guarantees depend on such destructive measures.

Instead, after the now inevitable declarations of bankruptcy of major air carriers, the Federal government should freeze the debt, and provide new credit through an agency like Franklin Roosevelt's

Reconstruction Finance Corporation, to protect the airlines' assets from predators, preserve the route structure, keep the workforce intact, and maintain union-level wage and pension obligations. Armed with new Federal credit to preserve the air infrastructure essential to national economic security, the reorganized airlines would emerge into a re-regulated air system serving all cities, and integrated with expanded, upgraded surface transport.

Aerospace Can Produce 'Flying Trains'

The aerospace industry, where 58% of the workforce is employed in the aircraft division, is reeling from the collapse in the airline industry. Boeing, the only producer of commercial aircraft left in the United States, saw its production decline from 620 aircraft in 1999, to an estimated 375 in 2002, and projects it will produce only 275-300 jets in 2003.

Nearly 700 jets were "parked" in dry-climate Maintenance Repair Organizations between September 2001 and July 2002, according to *Air and Space* magazine's September issue. Some are fresh from the factory, as airlines continue to defer delivery of hundreds of jets ordered.

Aerospace accounts for 4.6% of the manufacturing jobs of the United States, and is the largest exporter in America, by value. Just in the last year, 83,000 jobs have been lost; of those, 38,000 were in production.

Some of Boeing's capacity could be converted to produce magnetically levitated trains (maglev) capable of 300-mph speeds, in the same manner the auto industry and its skilled workforce were rapidly converted to airplane production in the 1940s. The United States needs high-speed and maglev rails, which are more efficient than air travel for distances shorter than 300 miles. Part of aerospace's capacity, and aerospace and airline employees, could shift to production of "trains that fly."

Re-Regulation vs. Deregulation

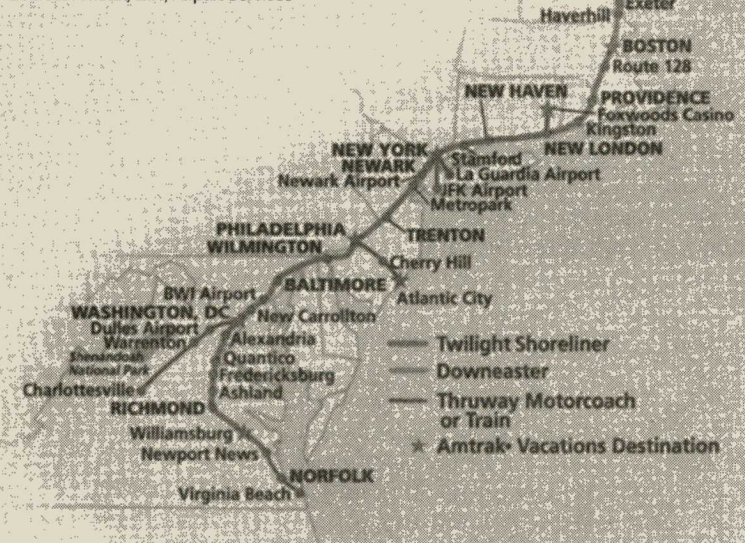
After deregulation was enacted in 1978, with the claim that it would cheapen fares, and end having high-traffic-route passengers "subsidize" low-traffic-route passengers, competition from upstart budget airlines led the large airlines to establish "hubs," where outlying

Northeast Corridor: Travel from Downtown Boston

(Hours in Transit, by Air, Amtrak and Maglev)

	Distance from Boston (No Bags)	Airline	Amtrak		Maglev
			Normal	Acela	
New York	208 mi	5.50	4.25	3.65	0.90
Philadelphia	299 mi	5.25	6.00	5.15	1.30
Baltimore	404 mi	5.75	7.50	6.35	1.90
Wash. DC	434 mi	5.00	8.10	6.90	2.00

Source: Amtrak, EIR, Airport Services



cities would connect with planes of the same carrier to go to many other destinations. The “trunk” carriers were able to use fewer planes to fly shorter routes with fuller planes, but passengers were stuck with ubiquitous plane changes and growing delays. To keep passenger loyalty, large carriers established “super-saver” rates to fill planes with leisure passengers, and “frequent flyer” (free) miles to any destination.

The result of these gimmicks, imposed in the war of all-against-all for the high-traffic routes, has been chaotic proliferation of flights, and intense competition for “slots” jammed into peak arrival and departure times at the hubs. While passenger enplanements increased from 175 million in 1975 to 622 million in 2001, passenger boardings from hubs that carry 1% or more of commercial traffic became highly concentrated:

- In 1991, major hubs enplaned 33% of all passengers;
- In 1999, major hubs enplaned 75% of all passengers.
- In 1999, just five major hubs—Atlanta, Chicago, Dallas/Ft. Worth, Los Angeles, and San Francisco—enplaned 25% of all airline passengers in the United States.

At these congested hubs, the density of flights further intensifies at four peak periods a day—an added danger in an already-strained system. Thus, in 2000, one in four major airline flights was late, or diverted.

Airlines should shift back toward point-to-point flights, with stops for medium routes. Air could become a type of development corridor immediately (while rail is rebuilt), relieving the isolation of cities in the Western states, now only accessible by car. These, and most Midwest cities, need more, not less, air service. These routes should be subsidized by the Federal government, in the interest of national economic security and the general welfare. Air is the appropriate travel mode for coast-to-coast and long-distance travel.

The ‘Corridor Authority’ Paradigm

The Northeast Corridor is a useful study of air and rail symbiosis (see map). As little investment as there has been in Amtrak, it nonetheless carries three times more passengers between Boston and Washington than do airlines, showing the rational pattern of travel which prevails when modern railroads are available. As the summary table of travel times shows, a train trip is faster if the distance is under 350 miles or so. Beyond that distance, the air trip takes less time (considered on a “lapsed-time” basis, downtown-to-downtown).

This high-speed Northeast Rail Corridor could be extended to Florida, relieving Atlanta’s congested airport, giving all the cities in the South multiple connections to the entire East Coast.

A Northeast Corridor Authority (in conjunction with a “South East Corridor” and other contiguous “Authorities”), could manage both the air and rail transportation, regulating flight and train routes and prices, to maintain a full service schedule and utilization of facilities, as well as integrating local travel connections from train stations and airports. Family and group fares can allow planes and trains to offer the same economy in transporting four passengers for the cost of one, that a car does.

This “Northeast Corridor Authority” paradigm, with different particulars, should be pursued in all 12 of the regional corridors, designated for high-speed rail development by the Department of Transportation, as shown on the national map. What is required is Federal funding and regulation, in conjunction with regional detailed planning and operations control, to make best use of pre-existing surface and air infrastructure of all kinds, e.g., even operating a web of designated “trolley-bus” lanes at some locations, during the interim when modern, high-tech systems—especially magnetically levitated lines, as well as high-speed rail—are being constructed over the coming years. We can end the current patterns of severe congestion now affecting commuting, passenger travel, and freight-hauling alike.

One imperative: no sell-off of the North East Corridor can be allowed. This insanity is still being entertained by the White House, and certain Congressional quarters, intent on pursuing Enronomics-type deregulation, no matter what.

Safety of the System

The United States is facing a shortage of trained, qualified air-traffic controllers, supervisors, and managers in the near future, a crisis that requires accelerated hiring. None is currently planned. Furthermore, President Bush raised the question of privatization of air-traffic control on June 6, by removing language from a Clinton-era executive order, which terms air-traffic control "an inherently governmental" function.

The air-traffic control profession is recognized as one of the highest-stakes, most exacting jobs a human being can hold, particularly under present conditions. It takes two to four years to train a controller, and far longer for him or her to acquire the skill and experience to run one of the busiest facilities. In the Federal Aviation Administration's training academy, up to 50% of students fail to graduate.

In 1981, President Ronald Reagan fired 75% of the air-traffic controllers for striking. The replacement workforce hired en masse at that time, is now approaching the mandatory retirement age of 56 in a higher-than-normal concentration. In 2001, the FAA employed 15,600 controller specialists, who handle traffic at airports and the nation's 20 "en route centers," and 4,621 controllers who are supervisors and managers. Some 2,500 (12%) of the current controllers are now eligible to retire, and 5,000 (25%) will become eligible by 2007.

In June 2002, the Government Accounting Office released a report, "Air-Traffic Control: FAA Needs to Better Prepare for Impending Wave of Controller Attrition." Based on age, past trends, and survey responses, the estimated losses of air-traffic controllers upcoming over the next eight years (excluding supervisors and managers), is staggering. The GAO also found that retirement potential among frontline supervisors and controllers at some of FAA's busiest facilities doubles, from 6% to 12%, in 2007, and that 28% of the supervisors are already eligible to retire.

Thus, the Federal government must immediately recruit and train qualified controllers to prepare for the retirements ahead, and create the budget for it.

There must be no attempt at privatization of any regulatory function, such as air-traffic control. The role of government is to provide for the general welfare through regulation, not turn such regulation over to private interests which may view safety measures as costs to be cut.

—Anita Gallagher

Refurbish The Aging

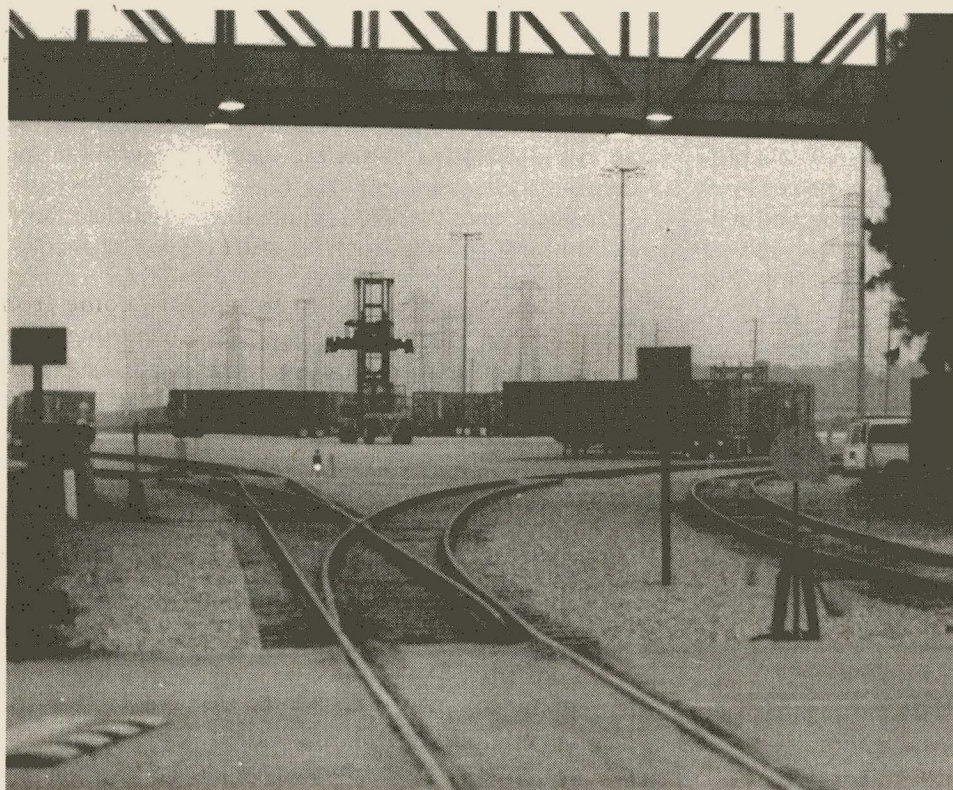
The U.S. waterway network, which has developed over the past 200 years to encompass 12,000 miles of commercially active inland and intra-coastal waterways, 240 locks and dams, and 300 inland and coastal ports with 3,700 terminals, is now aging to the point where key links are decrepit and obsolescent. Parts of the system cannot even reliably handle the current freight flow of about 2 billion metric tons of domestic and foreign goods annually, let alone the vast increase in tonnage to come from revving up the domestic economy and exporting heavy capital goods (equipment, power plants, etc.) to Ibero-America, Africa, and Asia. At present, some 95% of U.S. foreign trade passes through its waterways and ports, which must be refurbished in a completely integrated way with new, expanded surface and air transit systems.

LOCKS AND DAMS. Currently, of the United States' 240 active inland waterway lock chambers, 113—or 47% of the total—are 50 years old or more, which is past their life expectancy. By 2010, some 138 lock chambers—58%—are projected to be 50 years old or more, according to the U.S. Army Corps of Engineers. This directly results from the drastic underfunding of Corps programs in recent years. Only seven lock-and-dam replacement projects are underway at present; most of these won't be completed until the year 2010.

Look at what the lack of replacement means on just one major artery—the Ohio River Navigational System. It essentially is a 961-mile-long "staircase," making the river navigable from its start at Pittsburgh (and upsteam on its tributaries), in western Pennsylvania (at more than 400 feet above sea level), and southwestward to Cairo, Illinois (at 250 feet above sea level) at the junction of the Ohio and Mississippi Rivers. The Ohio system has many locks over 50 years old; for example, the Montgomery Lock and Dam System, built in 1936.

Only frequent "temporary" repairs keep the 66-year-old Montgomery system working. Thus, in late June 2002, it was shut for several days; reopened in early July; and then closed July 15-30 for repairs. When open, the main 600-foot chamber of the Montgomery Lock and Dam will take through a nine-barge tow in

and Expand Waterways



Railroad Infrastructure, Alameda Corridor, California.

EIRNS/James Duree, Jr.

half an hour. But when it's shut, the tow must be disassembled, and each barge has to go through an adjacent, much smaller chamber, separately. This takes three and one-half hours, not counting re-assembling the tow.

Multiply this problem by all the aging river systems, and the crisis is clear. An estimated 550,000 hours, and \$400 million in operating expenses, are lost annually to "queueing delays."

PORTS AND RIVERS. There are many problems with the nation's system of 300 inland and coastal ports. The top 50 ports handle 82% of America's waterborne trade, which totals 922 million tons for internal-domestic trade, and another 1 billion tons for overseas trade. Of the 300 ports, most are inland, and many have shallow drafts. Of the deeper draft ports (largely coastal, but some on the Great Lakes), many of the

biggest handle containers—the more advanced system than dealing with separated cargo—but there are serious problems:

- Only five of the nation's ports have a draft depth of 50 feet or more, required by the new class of container vessels, which carry more than 6,000 twenty-foot containers or double-stacked trains.
- Half of biggest ports report they have serious constraints on turning lanes and multiple access routes.
- Half of the containerized ports lack near-dock rail terminals, so they cannot interface directly with the rail. The photo shows the newly built 20-mile Alameda corridor allowing Los Angeles/Long Beach ports to directly connect to rail. Many locations need the same.
- Nearly one-third of all ports report bridge impediments

resulting from highway access to the ports.

FLOOD CONTROL. Besides navigation, waterways management includes infrastructure for power generation, flood control, and agriculture, etc. According to the Association of State Dam Safety Officials and the Army Corps, between 1998-2001, the number of "high-hazard dams," defined as those "whose failure would cause loss of human life," grew by 7%, from 9,281 to 9,921. But on April 29, the Corps had to suspend work on 150 Congressionally approved, essential water projects!

REQUIREMENTS. Unleash the Army Corps of Engineers, in conjunction with regional "transportation authorities," to proceed to refurbish, replace, and construct anew all necessary waterway and water management infrastructure.

—Richard and Mary Jane Freeman

Rebuild America's Energy Infrastructure

As in transportation, technological innovation in the electricity industry ended, for all intents and purposes, in the mid-1970s. Inefficient 19th-century steam turbine technology still produces most of our electrical power. Coal, a 19th-century fuel, still produces half of the United States' electricity. Power lines still run above ground, subject to weathering and natural disaster.

California—which became the poster-state for how deregulation destroys power infrastructure—provides the model for what happened over the past 25 years.

In the 1970s, Pacific Gas & Electric, the largest California utility, and now in bankruptcy reorganization thanks to deregulation, planned to go completely nuclear by the year 2000. Southern California Edison signed a contract in 1979 to build a 60-megawatt (MW) direct conversion magnetohydrodynamic (MHD) system, to double the amount of power it could generate from its fossil fuel plants, increasing

productivity and lowering costs. Neither plan came to fruition. Nor did the potential for applied R&D of the 1970s advances in superconductivity, which would have revolutionized electricity transmission, by almost eliminating losses between its generation and delivery.

Instead, as of the 1970s, came the anti-nuclear, anti-technology "post-industrial shift. (See the box on "Brzezinski's Gang," above.) Quackademic experts assured the American people that the "energy crisis," could be alleviated, if Americans cut back energy use, built windmills, used bio-fuels, etc. California implemented this self-destruct policy with zeal. At the same time, deregulation ensued from the late 1970s onward, throughout all aspects of the national power systems—from natural gas, to oil, to electricity.

The graph shows the drop in yearly change in electric generating capacity, per capita, from the late 1970s, until by the 1990s, it was negative. In California today, more than *half* of the state's power plants (30,000 MW) are over 30 years old.

True, this year municipal and private utilities nationally planned to add 48,000 MW of new generating capacity between March and September, or a 5% increase in total generating capacity. But of the more than 250 power plants slated to begin operation during the 2002 summer months, only about 40 are base-load plants of 500 MW and up, designed to operate 24 hours a day. The rest are designed for peak load operation. Almost all of the new power plants are of the gas turbine or combined cycle variety, wasting this useful chemical feedstock to produce heat to turn turbines.

The only reason there have not been even more widespread blackouts in recent years, is the *stagnation in demand from the industrial sector*, whose electricity consumption over the past 30 years has fallen from nearly half of total national consumption, to about one-third. This is a result of the U.S. becoming the world's "importer of last resort." Rather than producing goods (an activity which consumes energy), the U.S. imports electricity in the form of steel, capital goods, food, etc.

REQUIRED: First, re-regulate. Congress must repeal the 1978 Public Utility Regulatory Policy Act and the

Annual Change in Per-Capita Electric Generating Capacity, 1960-1990



1992 Energy Policy Act, both of which “promoted” (subsidized) “non-utility” generation, lowering the energy density of the entire economy. These laws allowed exceptions to the 1935 Public Utility Holding Company Act, opening the way for huge mergers and monopoly control over a rigged “market,” which Enron, Dynegy, El Paso and other pirate companies were fostered to exploit. Not just the bums, *but the system was criminal.*

The Federal Energy Regulatory Commission (FERC), which is overseeing the national implementation of deregulation, should be disbanded, and the Federal Power Commission reinstated, with the single purpose of overseeing the needed infrastructure expansion program. State deregulation can be repealed accordingly.

Second, launch the generation and transmission programs, many of which will take up to a decade to complete. Make long-term, low-interest credit available to municipal and investor-owned utilities. This is not an industry that should rely on Wall Street for financing, or be measured by its stock valuation.

Third, restore Federal promotion of the most advanced R&D power programs: nuclear reactors, of the new high-temperature gas-cooled, modular design, magnetohydrodynamics (MHD) direct energy conversion, to supersede the centuries-old steam turbine cycle; and superconducting transmission systems. Restore full funding for the inertial fusion energy R&D and other cutting-edge programs of basic science.

—Marsha Freeman

Rebuild, Expand U.S. Water Supply System

Most people erroneously think of “natural resources” as a given, when in fact, they are man-made. With water itself, and even soils, infrastructure can create “new” sources, while keeping existing supplies stable. But over the past 25 years, U.S. water systems have not been maintained and expanded at levels required for needed economic purposes (industry, agriculture, residential, navigation, flood control). First look at supply, then at treatment and distribution systems.

In all of North America, the annual precipitation amounts to an estimated average of 4,200 billion gallons per day (bgd). Of that, about 1,200 bgd reaches the 48 states, where man’s intervention over the past 200 years has directly affected what water engineers call the “average dependable supply of runoff.” In recent decades, this dependable supply has totalled about 515 bgd for the United States. It is not a fixed figure, but the result of man’s activities to clear channels, drain swamps, prevent evaporation, and create storage capacity. Besides “big dams,” and the Army Corps of Engineers, the activities of the Soil Conservation Service, set up in 1935, played a big role in both water and land management (erosion control, etc.).

As of the mid-1960s, the United States had a “budget surplus” of water (hydrology term). With over 190 million people, the nation was using about 308 bgd, which was 60% of the average dependable supply of

U.S. Per-Capita Industrial Water Use, 1950-1995

(Gallons per Day)



Source: U.S. Geologic Survey.

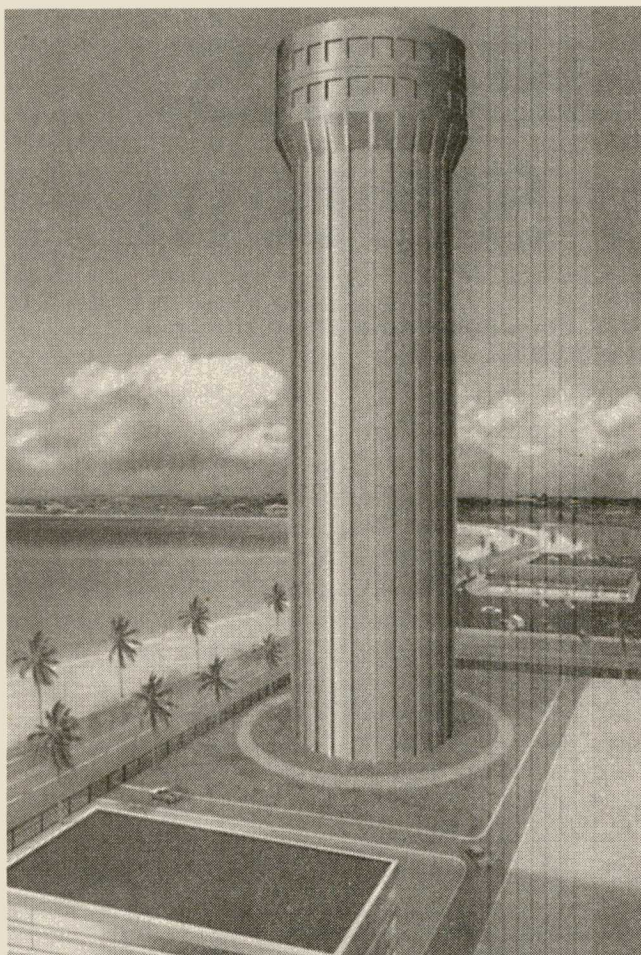
515 bgd. This safe figure, and the associated 40% “surplus,” reflected the dam-building of the inter-war period—the Grand Coulee and Hoover Dams, the Colorado River development, the Tennessee Valley

Authority, and the postwar California Water Plan (adopted in 1957).

In the 1950s and 1960s, there were follow-on hydro-engineering plans to provide for the next century. It was projected then that the 1990 U.S. population would be about 250 million, and the economic base would require 588 bgd of average dependable water supply. The population level was reached; the water wasn't.

Where was the "new" water supposed to come from? From continuing geo-engineering, continental-scale water projects—the priority one being the North American water and Power Alliance (NAWAPA); from undertaking other, smaller-scale projects in and across other river basins; and also from desalting sea water with nuclear-powered desalination plants.

Overall, NAWAPA would add at least 135 billion gpd



Artist's depiction of a modern seawater desalination tower. It is proposed for a location on the Pacific Coast of Southern California. The structure houses a multi-effect distillation process (vertically stacked evaporators) for large-scale output (284,000 cubic meters daily). The artwork was done for the frontispiece of "Seawater Desalination Plant for Southern California" (Preliminary Design Report No. 1084) of the Metropolitan Water District of Southern California, Los Angeles, October 1993.

to the U.S. "water budget," and additional water supplies would be available to Canada and Mexico as well. For the United States, this would be a 20% increase in supply, concentrated in the arid Western states. But NAWAPA was blocked. Today, even lesser-scale Army Corps and U.S. Department of Agriculture Conservation Resource water and land projects are being thwarted.

Drought is now parching over half of the United States, and causing vast damage in Mexico and the Canadian Prairies. Even in "good weather," saltwater intrusion in coastal regions—on the Atlantic, and in the Gulf of Mexico—is now a problem.

Moreover, the economy today is not at all using what was projected in the 1950s—some 588 bgd—but only about 408 bgd, because the growing import-dependence of the last three decades means that the U.S. is "foreign" water-dependent, too. For example, it takes about 10,000 gallons to produce an automobile; and on average, 6,340 gallons to produce a ton of fruit, etc. *Water in use for domestic industry and irrigation is declining.*

The graph shows how in the 1950s and '60s, water used in U.S. industry, taken as a per capita of the total population, was at the level of 240 gpd, but then by 1995, had fallen to 109 gpd! Just "efficiency" or "wise use"? Not at all. The drop reflects the shutdown of U.S. industry, and the shift into the "post-industrial" era of outsourcing.

Over the 15 years from 1980 to 1995, the population grew 16%, while overall water use declined 10%! The U.S. economy is drying up.

Besides building infrastructure to increase water supplies, it is urgent to overhaul and expand the aged treatment and distribution systems. There are about 237,600 water-main breaks each year—650 per day—and chronic leaks in pipes losing 20% of the water carried by many aging city systems. Boil-water alerts and sewage overflows are now common. By 2016, the Environmental Protection Agency (EPA) projects, more than 50% of the 700,000 miles of pipes will be in poor condition, or broken.

REQUIRED: What is required is a coordinated approach to proceed with NAWAPA and all other priority large-scale projects, and also to bring decaying distribution and treatment systems up to standard. For the latter, there are "ready-to-go" work-ups assembled by the American Water Works Association (December 1998 study, \$325 billion for minimum refurbishing of pipes), the EPA, and local government associations. The Federal program promoting nuclear-powered desalination must be resumed. The land and water management role of the USDA Conservation Service must be resumed. Only an FDR-scale public works projects approach, can address the situation.

—Arthur Ticknor and Marcia Merry Baker

Hill-Burton Way Can Restore Public Health

The community hospital bed ratio in the United States as a whole has fallen, as the figure records, to barely three beds available per 1,000 people as of 1999. *This is below the 1940s U.S. national average* that gave rise to the post-World War II remedial hospital-building program in the first place! The United States is fast going backward to conditions prevailing pre-World War II, when childbirth, accidents, and such claimed lives for no other reason than the absence of hospitals.

Not only hospitals—the defense-in-depth against disease—but now also public health programs (pest control, inoculation, county nurses, surveillance for disease, water, and food safety) are being dismantled by budget cuts to the point of guaranteeing epidemics, as this year's West Nile fever outbreak now shows.

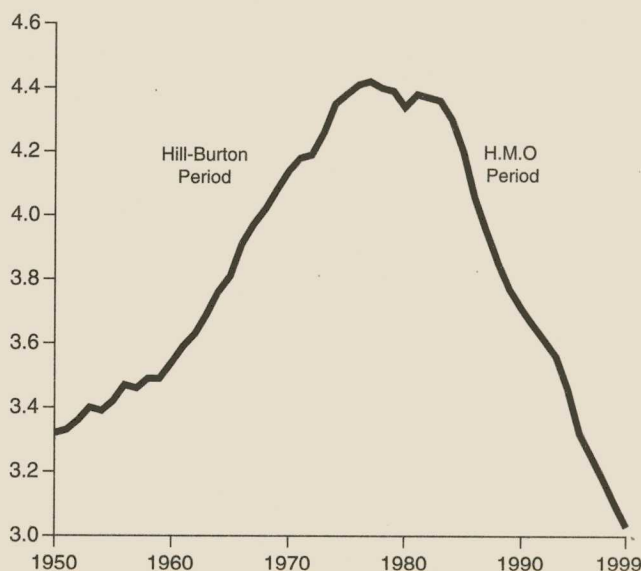
Enacted Aug. 13, 1946, the "Hospital Survey and Construction Act" is known as "Hill-Burton" for its co-sponsors, Sen. Harold Burton (R-Ohio), and Sen. Lister Hill (D-Ala.), the latter also a leader in the TVA program. The straightforward nine-page law mandated Federal and local cooperation and funding, to see that the goal would be achieved of having a community hospital in every county, to guarantee hospital care to citizens: in rural areas at a ratio of 5.5 beds per 1,000 (sparsely settled regions require redundancy); and in urban areas, 4.5 beds per 1,000.

At the same time that this hospital construction boom proceeded—providing many of the 3,089 U.S. counties with their first hospital ever—public health programs and applied medical R&D all but eliminated polio and tuberculosis. Pertussis (whooping cough) declined from a peak of 156,000 cases in 1947 to 14,800 in 1960; diphtheria declined from 18,700 cases in 1945, to 900 in 1960. The use of the insecticide DDT, begun in the 1940s, was on the way to eliminating malaria and other mosquito-borne disease.

By the mid-1970s, the Hill-Burton goal of 4.5 beds

U.S. Community Hospital Beds, 1950-1999

(Per Thousand Persons)



Source: U.S. Statistical Abstract.

per 1,000 was nearly reached as the national average. Intervening laws furthered the approach: Amendments to the Hill-Burton Act in 1954 authorized funds for chronic care facilities; in 1965, the Medicare and Medicaid health insurance programs were begun.

Then came the shift. On Dec. 29, 1973, President Richard Nixon signed into law the bipartisan "Health Maintenance Organization and Resources Development Act," which, along with follow-up laws, ushered in the era of deregulation of health-care delivery, to the point where over 2,000 hospitals have shut down. Likewise, core public health functions have been drastically reduced; hundreds of the 3,000-plus counties have next to no programs at all. In fall 2001, during

the anthrax attacks, public health networks were barely up to the task.

For Public Health: Restore DDT, and Science

In particular, the 1972 American ban on DDT is responsible for the global resurgence of malaria—known as the “queen of diseases,” for its kill-power. Since the 1970s, worldwide, at least 60 million people have died needlessly. Of the 300-500 million new cases of malaria each year, 200-300 million are children; malaria now kills one child every 30 seconds. Tropical countries have 40% of the cases, with 90% of all cases located in Africa.

Before DDT, India had more than 100 million cases of malaria and 2.5 million deaths per year. After the government began a spraying program, the number of cases dropped to fewer than 100,000, and deaths to under 1,000. Sri Lanka had 2.8 million cases of malaria and more than 12,500 deaths in 1946. In 1963, after a large-scale DDT spraying campaign, the number of cases fell to 17, with only one death. But five years after spraying was stopped, in 1969, the number of deaths had climbed to 113, and the cases to 500,000. The incidence of malaria and its death rates have kept climbing. In South Africa, the malaria incidence increased by 1,000% in the late 1990s.

Contrary to the myths promoted by environmentalist groups and the press, DDT does not cause cancer in human beings; does not cause birds’ eggshells to thin, and is not long-lasting in the soil or ocean water. In all

the years of DDT usage, there were no human deaths caused by DDT use; none of the estimated 130,000 spray men during the years of DDT use ever got sick from it.

Rachel Carson’s popular 1962 book *Silent Spring*, which was used to ban DDT, was a fraud, selecting and falsifying data, as entomologist Dr. J. Gordon Edwards documented in his analysis of the original scientific studies that Carson cited (see *21st Century Science & Technology*, summer 1992).

The campaign against DDT was the “mother” of many environmental hoaxes that followed. In economic terms, this environmentalist claptrap is costing society billions of dollars in increased health-care costs, loss of human resources, and totally unnecessary regulatory measures.

What is required: Repeal the 1973 and subsequent HMO legislation, and go back to the Hill-Burton approach that works; restore the community hospital system at the needed ratios of modern care, comprised of beds, nurses, physicians, therapists, diagnostics, etc.

For public health, parallel measures are needed, and on an emergency basis. This means selectively freezing debts and providing new credit and funding, in order to reopen, build, or restore priority medical treatment, and public health functions. Overturn the ban on DDT, and launch high-tech war on disease. The overall policy method expressed by the Hill-Burton model, is the key.

—Marcia Merry Baker and Marjorie Hecht

LaRouche to Bush: Overturn DDT Ban

Chemist Dr. Gordon Edwards, shown eating DDT in the 1970s to demonstrate the safety of this preeminent mosquito-killing chemical, banned in 1972. On Aug. 16, in the face of the West Nile epidemic, Lyndon LaRouche called for overturning the ban. “The banning of DDT was always based on scientifically fraudulent assertions. And there’s no reason that the President of the United States should not intervene now, to force through measures to reintroduce DDT. Maybe the United States isn’t producing it any more, but other countries are. I, personally, call on the President of the United States to take necessary measures to overturn the banning of DDT, taking into account the fact that the argument for banning it was always fraudulent. We can not kill people for the sake of condoning a fraud—as we should have learned from the Enron case.”



Courtesy of J. Gordon Edwards

How To Pay for It All: Lessons of FDR's Reconstruction Finance Corp.

In the period 1933-45, President Franklin Roosevelt used the Reconstruction Finance Corporation (RFC) as a Hamiltonian instrument to direct cheap and abundant credit into the physical economy, to produce magnificent new infrastructure projects, generate explosive economic growth, and thereby defeat the Depression.

Franklin Delano Roosevelt's use of the RFC can serve as a precedent for the method by which a "Hamiltonian" credit policy can bring an economy out of collapse and revitalize it. As with Roosevelt, today's deeper crisis requires simultaneously putting the bankrupt financial system through reorganization.

'Hamiltonian' Banking Policy

On Roosevelt's inauguration on March 4, 1933, the banking system had collapsed, and the physical economy was in Depression. The Reconstruction Finance Corporation already existed, having been created by President Herbert Hoover and the Congress in January



Tennessee Valley Authority

Franklin D. Roosevelt signing the bill creating the TVA, May 18, 1933.

1932. But Hoover used the RFC in a disastrous way, without putting the banks through bankruptcy reorganization, or making any fundamental change in the economic and financial policy of the country. Hoover's RFC made loans to the troubled banks and insurance

companies, to try to bail them out. During 1932, it dispensed \$1.624 billion in this manner, but the bail-out policy was a failure: the economy and banking system continued to get worse.

Roosevelt used the RFC in an entirely different way: He made it part of an interconnected package—bankruptcy reorganization, restoring the banking system, building technology-transmitting infrastructure, creating productive jobs through public works, and revitalizing manufacturing and agriculture. This was an integral package, and no part could succeed by itself.

By declaring March 5, 1933 a National Bank Holiday, President Roosevelt closed all of the nation's banks (superseding state bank holidays which had already closed them in all 48 states). On March 9, FDR sent the Emergency Banking Act to Congress, which passed it and sent it back for signing into law the same day. It carried out a partial but substantial bankruptcy reorganization, facilitating the writing-off of portions of the banks' speculative financial paper (much of which had already been "written off" in effect by the crash and the Depression). It set up three classifications for action: banks that were sound and could open under their own power; banks that required an RFC capital infusion; and banks which a conservator (created under the Act) would liquidate.

By March 15, some 70% of the 18,300 nationally chartered banks that had been in existence before the March 5 bank holiday—sound and unsound—had reopened without RFC assistance; and 76% were so operating by April 12. Some knew they needed RFC assistance from the get-go, but others, which thought they could open on their own power, soon had to take RFC help. By June 1935, the RFC had made cash investments to the tune of \$1.3 billion in the purchase of stock and capital notes of 6,800 banks; it owned more than one-third of outstanding capital in the American banking system.

At that point, with the banks stabilized, the RFC started a disinvestment from them which it completed in a few years. The hemorrhaging of the banking system had been halted, but with aid as well of the other parts of the New Deal package.

Building the New Deal Infrastructure

In the period 1933-37, Roosevelt's New Deal ended the Depression, most of all by building infrastructure. Typified by the revolutionary Tennessee Valley Authority, the projects would transmit new technology, increase productivity and the productive powers of labor; create millions of productive public works jobs; and through creating industrial orders, revive private manufacturing, re-open factories, and re-hire workers.

In June 1934, FDR gained from Congress a change

in the RFC's charter, which enabled it to make direct loans to business and industry. Roosevelt told an American Bankers Association meeting in 1934, "The old fallacious notion of the bankers on the one side and the Government on the other side, as being more or less equal and independent units, has passed away. Government by the necessity of things must be the leader, must be the judge of the conflicting interests of all groups in the community, including bankers."

Under Roosevelt and his appointed RFC Director, Jesse Jones, the RFC functioned almost as a Hamiltonian national bank.

Between 1933 and 1938, the RFC loaned \$9.5 billion, including \$4 billion to banks, \$1.5 billion to infrastructure/public works, \$1.5 billion to agriculture, \$1 billion to railroads, and hundreds of millions to housing. *It became the largest single investor in economic projects, and biggest bank, in terms of volume of lending, in the United States.*

Consider what the RFC achieved:

- It extended at least \$500 million to the Federal Emergency Relief Administration (FERA); with these funds, Harry Hopkins ran FERA's Civil Works Administration, which built infrastructure and provided jobs to the unemployed.

- The RFC spent hundreds of millions of dollars purchasing securities from Harold Ickes' Public Works Administration (PWA), the program for great infrastructure projects in the United States, such as the Hoover Dam.

- The RFC lent \$246 million for programs carried out through the Rural Electrification Administration, including the construction of power lines across rural America, and provision of financing for rural families to purchase electrical appliances.

- And it lent money to 632 different levee and irrigation districts, so that these districts could construct water-management and flood-control projects.

- In 1934, the RFC created the Export-Import Bank of the United States as a division. Initially it financed trade with the Soviet Union; a few years later the Export-Import Bank's charter was changed, to finance and expand American capital goods and other exports worldwide.

- The RFC set up two public corporations whose stock it wholly owned, and which were of great note between 1933-36: The Home Owners Loan Corporation (HOLC) refinanced one-fifth of the private urban home mortgages and stopped the flood of home foreclosures; the Federal Farm Mortgage Corporation (FFMC) refinanced more than 20% of all farm mortgages nationally, savings tens of thousands of farms.

—Richard Freeman

Italian Parliament Breakthrough for LaRouche's 'New Bretton Woods' Drive To Rebuild Nations

On Sept. 25, the National Parliament of Italy voted up Resolution 192, on "The Economic Crisis in Argentina," which calls for "a new financial architecture" able to support "the real economy" and avoid "speculative bubbles and financial crashes." During the past two years, resolutions calling for a Lyndon LaRouche-proposed New Bretton Woods conference, to create a new world financial system, have been discussed in the Italian Chamber of Deputies and Senate, the European Parliament, and City Councils of Rome, Milan, and other cities.

The new three-page resolution, while singling out Argentina for action, makes the general finding that "The escalation of banking and financial crises—starting from the 1997 crises in Asia, Russia, and Latin America, up to the more recent collapse of the New Economy in the U.S.A., to the giant, ongoing Japanese banking crisis and the bankruptcy of Argentina—cannot but be of concern, to the general population, the ruling classes, enterprises, investors, and savers, because this is not a series of isolated cases, but is rather the manifestation of a crisis of the whole financial system, characterized by financial speculation which has reached the level of \$400 trillion (of which \$140 trillion alone occurs in the United States), as com-

pared to a world gross product of about \$40 trillion (which difference has been growing during recent last years)."

The resolution specifies measures that should be taken for the public good for Argentina and Italy—historically very close—and for all of Latin America, and the world overall.

During the final discussion before the vote, Representative Giovanni Bianchi, speaking in the name of his Parliamentary group, said, "Not by chance, one speaks of a new Bretton Woods. I believe that we are in such evident disorder, that the need and demand for some order is necessary. Let us not let a figure like Lyndon LaRouche—who forecast the destiny of the bubble—stand alone as the only one to carry on this issue. Italy's and Argentina's destiny are in these international events, and I believe that this resolution is a step to deal with them."

On Sept. 26, Helga Zepp LaRouche, founder of the international Schiller Institute, expressed her support for the Italian Parliament resolution, and renewed the Schiller Institute's call for convening a New Bretton Woods Conference. An international petition drive is underway (see Ad Hoc Committee for a New Bretton Woods at www.SchillerInstitute.org).

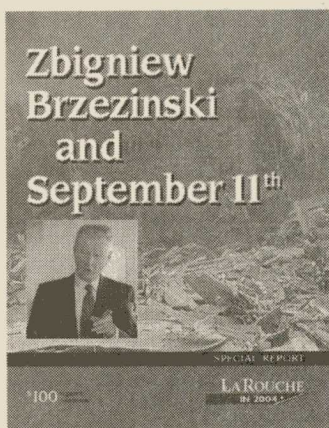
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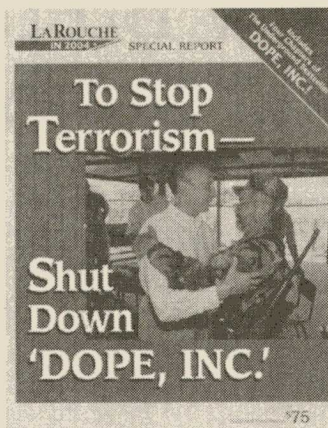
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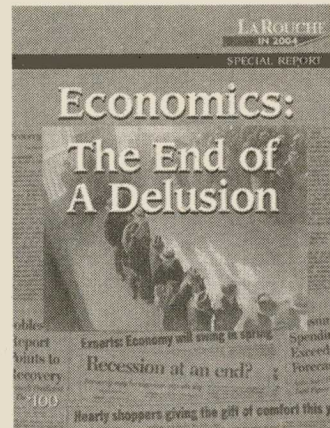
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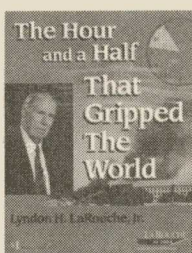
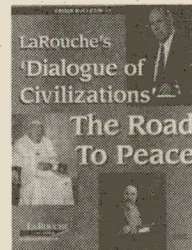
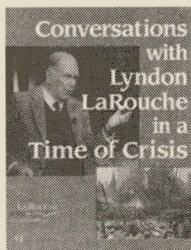
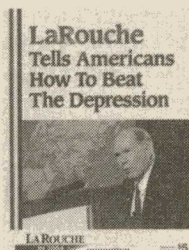
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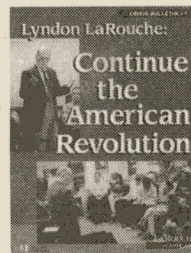
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AGENDA SUMMARY PAGE

REDEVELOPMENT AGENCY MEETING OF: NOVEMBER 3, 2004

CITIZENS PARTICIPATION: PUBLIC COMMENT DURING THIS PORTION OF THE AGENDA MUST BE LIMITED TO MATTERS WITHIN THE JURISDICTION OF THE REDEVELOPMENT AGENCY. NO SUBJECT MAY BE ACTED UPON BY THE REDEVELOPMENT AGENCY UNLESS THAT SUBJECT IS ON THE AGENDA AND IS SCHEDULED FOR ACTION. IF YOU WISH TO BE HEARD, COME TO THE PODIUM AND GIVE YOUR NAME FOR THE RECORD. THE AMOUNT OF DISCUSSION ON ANY SINGLE SUBJECT, AS WELL AS THE AMOUNT OF TIME ANY SINGLE SPEAKER IS ALLOWED, MAY BE LIMITED

MINUTES:

At the request of CHAIRMAN GOODMAN, CITY MANAGER SELBY reported that the San Diego Redevelopment Agency has existed for about 35 years and has been very successful. It dropped most of its incentive programs and tax increment opportunities in order to enable funding for park trails and other types of facilities that were lacking as buildings and other parts of redevelopment activity were constructed. The San Diego Redevelopment Agency has been very successful, but it took about 30 years to attain its goals.

MEMBER WEEKLY averred that there are many long-time property owners in Ward 5 that are outraged about the redevelopment area expansion, because it includes the possibility of condemnation. These people need to understand the process and the potential benefits in order to ease their fears. CHAIRMAN GOODMAN asserted that this Council has taken the position that it will not take from property owners to give it to private developers. However, he noted that there are potential detriments when it comes to redevelopment.

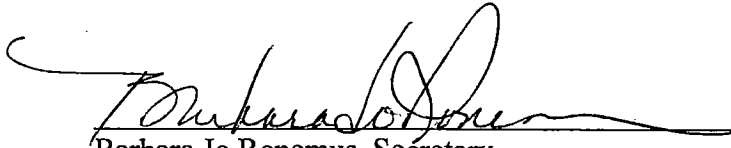
NOTE: MEMBER WEEKLY directed MR. ADAMS to schedule an item at a future Redevelopment Agency meeting to explain how certain areas are identified for inclusion in the Redevelopment Area Expansion Plan. MEMBER REESE also indicated his desire to be fully briefed on the Expansion Plan.

THE MEETING ADJOURNED AT 11:28 A.M.

Respectfully submitted:


GABRIELA S. PORTILLO-BRENNER, DEPUTY CITY CLERK

November 22, 2004


Barbara Jo Ronemus, Secretary