

Louisiana economy sinking deeper into bankers' swamp

by Brian Lantz

Evangeline is not the only one who has waited here in disappointment. Where are the schools that you have waited for your children to have, that have never come? Where are the institutions to care for the sick and disabled? Evangeline wept bitter tears in her disappointment, but it lasted through only one lifetime.

—Huey P. Long

Huey P. Long spoke those words as a gubernatorial candidate in 1927, in a famous speech given beneath the Evangeline Oak in St. Martinsville, Louisiana. Huey Long's "Evangeline" speech (referring to Longfellow's epic poem *Evangeline*, about the French Acadians expelled from Nova Scotia by the British to the Louisiana Territory in 1755) rings just as true now as it did then. Huey Long's legacy has been buried beneath a mountain of slander and folly, and the good citizens of Louisiana are now swamped in \$6.6 billion in state debt, the largest of any southern state. Twenty percent of the budget is now swallowed up in usurious debt service; 20% more is slated to be axed in the next year, in a new round of draconian budget cuts.

Students and voters say no

In September, Gov. Edwin Edwards ordered 7.3% in emergency cuts from the current year's university budget. The announcement brought thousands of college students out to march and rally throughout Louisiana, demanding a reversal of emergency budget cuts and tuition hikes. At Louisiana State University, the anger carried over to Bill Clinton, as he and Edwards appeared on the campus in the state capital of Baton Rouge. "Slick Willie, Slick Willie, we know who you are!" was the chant. Driven by increasing desperation as job markets disappear, Louisiana college students are now also asked to pay the highest college tuition in the southern states, while the state ranks 40th in state funding of its universities. The physical plant of campuses, particularly the predominantly black campuses of Grambling State and Southern University, is already dismal.

Voters are not willing to accept more austerity either.

This latest round of university budget cuts was forced by a nosedive in state tax revenues, as is occurring in almost every state in the union. With state reserves exhausted, a "constitutional convention" was convened, a farce which had the state legislators reconvene as convention "delegates." Governor Edwards, in cahoots with these delegates, cynically attempted to use anger over the university budget cuts to gain public support for cuts in the public education system. The convention drafted a proposed constitutional amendment removing protections from "dedicated funds"—voter-approved protections that safeguard the funding of elementary and secondary education! Louisiana already suffers from an illiteracy rate (7.8%), twice the national average, and higher than that of Mississippi or South Carolina, where "literacy" is defined as completing a fifth-grade education.

Sullen voters would have none of these shenanigans. Despite widespread media endorsement and the strong support of Governor Edwards, voters defeated the amendment two-to-one on Nov. 3, throwing the budget crisis back in Edwin Edwards's lap.

What Governor Edwards calls the "cash flow crisis" has been triggered by a drop in corporate income tax revenues by *one-third* in one year, from \$320-350 million to \$231 million. Four thousand, five hundred businesses filed for bankruptcy in the western district of Louisiana alone in the last 12 months, a 15% increase over 1990. Not coincidentally, Louisiana banks just reported a 14.6% decline in new loans in just the last six months, mirroring the process of "capital flight" that wrecked economies in South America. Sitting by as Louisiana businessmen and farmers go bankrupt, these debt-strapped banks have been loading up on U.S. Treasury notes, staying technically solvent, courtesy of the Federal Reserve-organized looting of the United States government itself.

In a state where Wal-Mart Stores, Inc. is the biggest employer and job growth over the past decade has primarily been among waiters, food preparers, kitchen help, cooks, cashiers, and janitors, there is every reason to assume that

the 1993-94 budget deficit, now projected at \$700 million—and therefore requiring \$700 million in budget cuts or tax hikes—will actually climb to over \$1 billion.

Plantation economy

The basic economic problems that Louisianans face every day are two: First, there are not enough Louisianans! With just over 4 million people occupying a state as large as New York, there are simply not the efficiencies available to a more population-dense, energy-dense economy. Second, Louisiana has been maintained as a raw materials colony, looted like any “Third World” country. It is time that Louisianans faced the fact that then-U.S. Sen. Huey Long was shot in part for attempting to end Louisiana’s plantation status under these very Anglo-American financial interests, the same free-masonic interests that organized the Confederacy itself to destroy the United States.

Without capital investment in infrastructure, schools, and industry, the economy of Louisiana today still rests on natural resources: oil and natural gas; fish, rice, sugar cane, and cotton; timber, and pulp and paper. With the collapse of the “oil patch” in the 1980s, Louisiana’s natural gas production has dropped from 5.5 billion cubic feet in 1970 to 2 million mcf in 1990. Oil production dropped from 779 million barrels in 1971 to 115.5 million barrels in 1990, with a drop in state revenues from oil and gas severance taxes from almost \$1 billion in 1981-82 to less than \$600,000. Imported oil provisions Louisiana’s non-union refineries and chemical concerns. Less than 100,000 men and women work in the entire oil and gas industry, down from 165,000 in 1982.

Commercial fishing, after oil and gas, is Louisiana’s largest industry. It has been battered by more than Hurricane Andrew. Undercut by cheap fish imports and hamstrung by environmental regulations, the fishing industry is sinking. The number of licensed commercial fisherman dropped from 32,000 in 1987 to 20,000 in 1991. In shrimping, which makes up over half the value of the state’s fishing industry, shrimpers have seen the dockside value of their catch drop from \$1.94 per pound in the early 1980s to \$1.28 per pound in 1990, adjusted for inflation.

Agriculture, the state’s third largest industry, has been similarly subjected to the food cartels’ “free market” policies. A farmer in Oak Grove, La., stands in his field with the local chemical salesman, weeping as he says he can’t see how he’ll make it. A 55-year-old bankrupt farmer in Ouachita Parish (county) takes his wife to the hospital to have both legs amputated. Waves of farm bankruptcies, beginning in the mid-1970s, have “restructured” the state’s farm sector, as seen in the depopulation of communities throughout the northern half of the state, leading to the loss of an entire congressional district.

Cotton, the primary crop in northeast Louisiana, dropped

this year to 53¢ from 61¢ a pound, despite sharply lower yields due to infestation and heavy rains. The parity price would be \$1.37 per pound, but the U.S. Department of Agriculture is projecting a further 35% drop in cotton producer prices under the “free trade” agreement with Mexico. Rice and sugar cane, grown primarily in the southern part of the state, have, until now, been able to hang on due to continued tariff protection; 60% of all the rice grown in the United States is grown in Louisiana and 75% of all sugar cane. The North American Free Trade Agreement will change all of this, according to a recent published study by a staff economist of the Dallas Federal Reserve. The implementation of NAFTA will wipe out 40% of U.S. sugar production and cut income by 80%. Rice production is projected to fall by 63% and cotton by 43% (see *EIR*’s *Agriculture* column, Oct. 16). While candidate Bill Clinton quietly made election eve assurances to the Sugar Cane League that he would get an exemption from NAFTA’s provisions for the sugar cane industry, President-elect Clinton has already publicly assured Mexican President Carlos Salinas de Gortari that he will sign the NAFTA agreement as negotiated by George Bush.

Gambling away the future

Just three years ago, Louisiana voters outlawed virtually all forms of gambling. With the collapse of state and local revenues resulting from the collapse of the state’s already-impooverished economic base, it would appear that there has been a full-scale retreat from this earlier sane economic position.

It was Louisiana voters who flip-flopped and approved a state lottery by a vote of two-to-one in 1990, and proceeded to bet their hard-earned money in it. The lottery will generate \$140 million in revenues this year. In June, Governor Edwards and the state legislature ram-rodged through legislation legalizing a single “world class” casino to be built in New Orleans—and refused the voters of New Orleans a voice in the decision! While the casino legislation is patently against the provisions of the state’s existing Constitution, it is publicly assumed that the state Supreme Court will ultimately rule the New Orleans casino constitutional. Governor Edwards is promising \$200 million a year in revenues from the casino. On Nov. 5, New Orleans Mayor Sidney Barthelemy awarded developers Christopher Hemmeter and Daniel Robinowitz and Caesars World, Inc. the right to build the “Grand Palais,” subject only to final approval by Edwards’s new, hand-picked casino board. As New Orleans *Times-Picayune* writer James Gill put it, members of the state Supreme Court “are politicians first and jurists second, and to put the kibbosh on gambling would be to reveal a temperament entirely unsuited to the Louisiana bench.”

Outside the “Big Easy,” as New Orleans is known, you will soon get video bingo, off-track betting, and so on; organized crime interests are bidding up and down the Mississippi and Red rivers. Grand Casinos, Inc., run by relatives of

Huey Long's challenge to the establishment

Huey P. Long, governor of Louisiana (1928-32) and U.S. senator (1930-35), was born in impoverished Winn Parish (county) in 1893. History notes Winn Parish for its stubborn opposition to the Confederacy.

Largely self-educated, Long gained a law degree and won election to the state railroad commission. A colorful and humorous young man, Long built a statewide support through legal battles against Standard Oil Co. and the entrenched Louisiana establishment. He was elected governor in 1928.

In the next four years, Governor Long made good his promises by carrying out the most far-reaching infrastructure-building program of his time, constructing roads, bridges, hospitals, and universities. Long provided funding that quadrupled state funding for public schools. He provided free books to *all* schoolchildren. Removing an impediment to voting rights, Long organized the repeal of the state poll tax in 1934, enfranchising hundreds of thousands of poor citizens.

While Huey Long is today presented by revisionist historians as a "political extremist," power-hungry machine politician and an "American fascist," history tells quite another story.

Part of an emerging independent political movement, Senator Long became allied with such figures as Sen. William Borah of Idaho, Rep. William Lemke of North Dakota, and Father Charles Coughlin of Detroit. The first politician to use national radio, Long's paid radio broadcasts built national support; after one such broadcast, 30,000 letters a day poured in for three weeks. Again, taking on entrenched financial interests by name, Long

broke with Franklin Roosevelt over the latter's obedience to the Bernard Baruch and Morgan interests. He denounced Baruch's National Recovery Act as the "National Racketeering Act" and as "corporatist" à la Mussolini.

Fighting for economic justice

In the U.S. Senate Long forced the rewrite of the Glass-Steagall Act into a bill restructuring national banking and guaranteeing bank deposits. Through the McCarran Amendment, Long won "prevailing wages" in work relief programs, over the President's opposition. Long successfully organized the Senate passage of the Frazier-Lemke bill saving thousands of farmers from foreclosure.

From an impoverished cultural background, Long was forced to defend himself against ruthless enemies. From the beginning, Long had fought using raw political power, and his growing popular base of support, to gain and hold political power in Louisiana. The national media were turned against him, his removal from the U.S. Senate sought. Treasury Secretary Henry Morgenthau unleashed the Internal Revenue Service (IRS) against Long and his organization.

Yet, within his marked limitations, Long was successful. Nationally, his populist "shave the wealth" clubs counted over 4.5 million members in over 27,000 chapters in 1935. Despite his enemies, and in part due to them, Long was poised for a possible independent presidential campaign. Elements of the national media now called for his assassination, and public vigilante organizations were organized by Long's Louisiana opponents, including within Freemasonry and the Ku Klux Klan.

On Sept. 8, 1935, Sen. Huey P. Long was shot, dying two days later of complications from a poorly performed surgical operation. He was 42 years old.

—Brian Lantz

Meyer Lansky's bagman "Kid Cann" out of Twin Cities in Minnesota, has set up casinos in Louisiana on the Indian reservations of the Coushatta and Tunica-Biloxi tribes. Pratt Hotel Corp., owners of the The Sands casino in Atlantic City, New Jersey, is bidding for rights to develop riverboat gambling in Shreveport. The local elected officials of Baton Rouge and Lake Charles, not to mention their local "leading citizens," have thrown themselves at potential suitors. Across the Mississippi River, eight cities in Mississippi have invited in "developers" of floating casinos.

Time running out

Unlike Huey Long, Louisiana's elected officials today are refusing to face the cause of the international oligar-

chy's economic depression. Budget crises, now hitting the state and local governments hardest, as they lack the power to print currency, are the result, and Louisiana is sinking fast.

Out of an adjusted budget of \$4.2 billion, the state is currently paying out over \$600 million in debt service on general obligation bonds and toward the "unfunded, accrued liability" in the state's retirement system. Taking into account "gray area" obligations, the annual debt service payments are running at \$800 million a year, one-fifth the current 1992-93 state budget.

The problem for Edwards and his legislature is that their casino won't even be completed until 1995. Blowing smoke about \$200 million that does not exist will not pay next year's

bills. In the short term, Governor Edwards has shown he is more than willing to slash essential social services, even in a state where 42% of the children have not received even basic inoculations. The problem for Edwards, now attempting to prove himself to his uneasy sponsors among the "old money" New Orleans Anglo and Creole gentility, is that the plain and simple voters of Louisiana are having a hard time swallowing it. Voters have refused to be stampeded into allowing budget cuts in Louisiana's already-starved public school system.

Delusion—and schemes—abound. Edwards has stated that he will call the legislature into emergency session only if there is a legislative consensus on what taxes to increase and what budget items to cut. But will increased tax rates increase actual tax revenues? The *Times-Picayune* just endorsed NAFTA in glowing terms, boosting Mexico as Louisiana's biggest trading partner! Finally, the election of Bill Clinton as President is appraised with eager eyes. Louisiana U.S. Sen. John Breaux, a friend of Clinton's who succeeded him as president of the austerity-minded, corporatist Democratic Leadership Council, is being counted on to "bring home the bacon." That hope is as likely to be fulfilled as the promise made by vice presidential candidate Al Gore: Campaigning in Louisiana, he promised that a Clinton-Gore administration would convert the federal government's vehicle fleet to (Louisiana) natural gas!

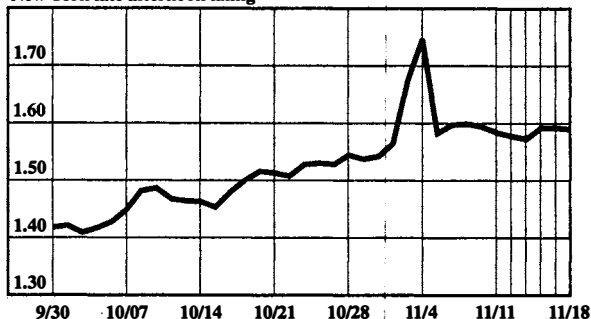
Huey Long told voters there was no difference between "high popalorum and low popahirim." Rejecting both, Long set about carving an independent path, building roads and highways in the midst of the depression; providing free school books to every child and opening evening literacy classes for adults all over the state. Long built hospitals and medical schools and told his friends, "There is still so much to do." Knowing that his dream of bringing Louisiana into the 20th century could not be accomplished in the midst of a global depression, Long took to the national arena to challenge the likes of Baruch and Morgan. Refusing to call for, as Long and his national collaborators did, a national bank to replace the Federal Reserve (Long's "Coughlin Act"); refusing to call for the financing of hundreds of billions of dollars in infrastructure projects nationwide as Long did; refusing to call for a huge national health project, as Long did; Louisiana's mean-spirited politicians, media, and free-masonic gentry are literally gambling away our children's futures.

Today, only the adoption of the national emergency program put forward by the independent presidential campaign of Lyndon LaRouche and Rev. James Bevel can save Louisiana. Without debt moratoria and the nationalization of the Federal Reserve; without \$1 trillion for major infrastructure projects throughout the land, there will be no economic recovery. Sen. Huey Long would understand that in a minute.

Currency Rates

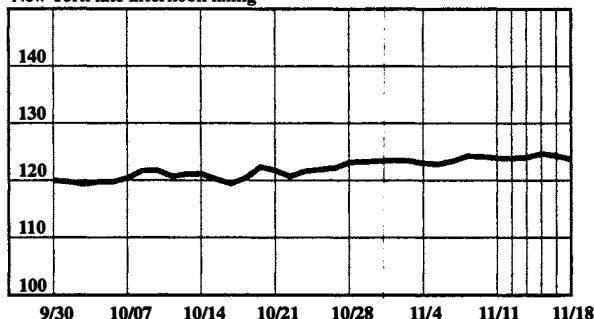
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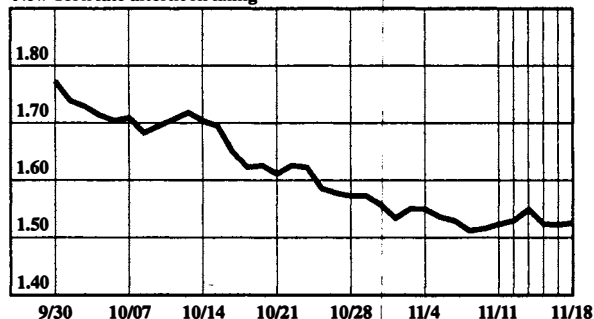
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

