

the major source of vibration, friction, and wear on the vehicle, which slows all traditional modes of railroad and road transport. At the same time, maglev systems permit revolutionary methods of locomotion and control of moving vehicles.

Maglev systems are capable of cruising speeds of up to 300 mph (492 km/h), three times America's definition of high-speed rail. This would reduce the 250-mile travel time between downtown Washington, D.C. and downtown New York City, for example—allowing for the acceleration and deceleration of the maglev vehicle for stops along the route—to one hour. Compare this to an airline flight between Washington and New York, which, counting air travel time, waiting time at the airport, and the travel time between downtown and the airport, takes two to three hours, or more. For the most part, maglev would replace airlines for distances of 500 miles or less, and would be quite efficient for distances of up to 1,000 miles.

Of perhaps greater consequence than for passenger transport, a maglev system would produce tremendous breakthroughs for transport of freight.

Further, as work on application of maglev progresses, its testing, construction, and development provides a laboratory for potential discoveries of other technologies which will advance the economy.

Both Germany and Japan have done significant work on maglev. The German Transrapid 07, which works on a maglev magnetic attraction propulsion system, and which has been tested repeatedly, runs on a 21-mile figure-eight test track in Emsland, Germany. The test teams have achieved velocities of 280 mph (450 km/h), and passengers ride smoothly and in comfort, without seat-belts or other extraordinary safety measures.

The United States operates a DOT-supervised National Maglev Initiative, which has conducted studies on several maglev technologies. The DOT has commissioned seven regions to conduct maglev feasibility studies, and after reviewing the studies, narrowed potential maglev routes in the United States to two: a 45 mile (72 km) route linking Pittsburgh Airport to Pittsburgh, and a 40 mile (64 km) route linking Baltimore, Maryland to Washington, D.C. The consortiums running these two projects, which are comprised of government and private interests, are preparing a full battery of further studies, including environmental impact studies, and around 2002-03, the DOT is to select one of them to build a maglev test system within these routes.

Both the HSRI and the RIDE bills call for the development of maglev. But their shortcoming, is that once one of the two above consortiums is chosen, according to their own documents, they would not have a maglev system functioning until about 2009-10. This still would be effectively a test system, though operated on a commercial basis. While there is time needed for maglev scientific testing, the ten-year timetable for construction and operation of the program reflects the

oppressive weight of political inertia. There should be sufficient funding and resources made available for maglev work, and the original seven maglev test proposals, some employing different technologies, should all be constructed.

Thus, Congress' current momentum behind the HSRI and RIDE legislation for high-speed rail infrastructure, could shake things up and be a positive first step. The problems of the U.S. rail grid are immense. The solution should not be piecemeal, but sweeping and fundamental, including the greatest possible use of scientific discovery. The fullest vision must include LaRouche's proposal for bankruptcy reorganization, so that the complete transformation of U.S. rail infrastructure can be realized.

## Airline Bailout Is For Wall Street, Not General Welfare

by Anita Gallagher

The \$15 billion airline bailout legislation which recently sailed through a panicked Congress exemplifies exactly the wrong approach to take to the reorganization of bankrupt industries essential to the general welfare of the United States. The airline package is shaped to appeal to the market by forcing mergers of "weak" airlines with stronger, to promote union-busting and give-backs by skilled employees, and even to allow the government to make money if the airlines were to turn "profitable" again.

U.S. 2004 Democratic Presidential pre-candidate Lyndon LaRouche blasted this approach in a Sept. 17 statement, "Policy On Financial Crisis Management: Terror As Used For Bailout" (see *EIR*, Sept. 28, 2001). LaRouche warned, "The added danger at this moment is that lunacy in Washington will insist that everything must be wasted in the futile effort to 'save the market,' throwing away precious assets for a 'bailout' of 'the market,' instead of conserving our national sovereign credit for the urgent need, that of saving the real economy."

"An emergency financial reorganization of the national airline industry must occur, preferably in parallel with kindred emergency measures by other nations. This means, that we must forget the Wall Street financial capital-gains market, and concentrate on long-term flexible budgeting of Federal and other credit-resources to keep the industry functioning physically, using 10- to 20-year financial organization as the way of stabilizing the industry, both financially and in physical functioning."

## Robert Reich Agrees On Bankruptcy

In an Oct. 16 *Wall Street Journal* op-ed, Clinton's Secretary of Labor, Robert Reich, defends bankruptcy as the way to reorganize the airline industry. Reich correctly points out that bankruptcy was looming for the airlines before the Sept. 11 attacks: The airlines were experiencing their worst year in a decade, with \$2.5 billion in potential losses. In fact, he says, bankruptcy looms before many industries, such as steel.

"But," says Reich, "bankruptcy isn't the end of the world; it's a process of reorganizing financial obligations and, as a last resort, selling off assets. Bankruptcy doesn't destroy capacity, but redistributes it—delivering physical assets to new owners and causing workers to shift to new employers. The terrorist attacks may spur further restructuring of capacity in troubled industries. There's no reason to suppose that bailouts would do a better job of it than bankruptcy proceedings."

In the 1930s, Franklin Roosevelt used bankruptcy reorganization to keep essential industries functioning to protect the general welfare, which included keeping workers employed and ensuring that pensions and benefits were paid—that was the government's "profit." If the United States is to play a leading role in world reconstruction, as envisioned in LaRouche's Eurasian Land-Bridge project, every bit of existing industrial capacity, and much more, is required.

## Predator Airlines

In fact, the Congressional package, of \$5 billion in cash and \$10 billion in U.S. government loan guarantees to the airline companies, is a horror show. The loan guarantees are to be awarded by a four-member Air Transport Stabilization Board, which expects to restructure many airlines out of existence. Its members are Federal Reserve Chairman Alan Greenspan, Treasury Secretary Paul O'Neill, Transportation Secretary Norman Mineta, and U.S. Comptroller David Walker—all proven economic failures, in contrast to LaRouche.

Office of Management and Budget Director Mitch Daniels predicts that "a sense of urgency" will overcome anti-trust objections to mergers, and that airlines will "win points by obtaining concessions from creditors, employees, and stakeholders to stabilize their finances."

On Oct. 9, the AFL-CIO ran double full-page ads in major Washington, D.C. and New York newspapers, criticizing Congress for cutting "worker relief out of the \$15 billion airline company bailout bill," while 140,000 workers are losing jobs in the aviation industry. An attempt by Sen. Jean Carnahan (D-Mo.) to insert an additional 52 weeks of unemployment compensation, maintain health benefits of laid-off workers, and provide optional re-training, failed to obtain the 60 votes needed to overcome the cloture procedure in the Senate, despite the support of four non-Democrats.

Hence, the airline *company* bailout provides *not a penny for the laid-off employees*.

United Airlines, number one in revenue and the number-two carrier, has laid off 20% of its workforce and cut its



*Former Labor Secretary Robert Reich says that what the airlines require is bankruptcy protection, not bailouts which they will use destructively. Lyndon LaRouche made the same point more broadly just after Sept. 11.*

public commercial flights by 26% since Sept. 11. On Oct. 16, United's Chairman James Goodwin sent a letter to its 100,000 employees, predicting imminent bankruptcy: "Today, we are literally hemorrhaging money. Clearly this bleeding has to be stopped—and soon—or United will perish sometime next year."

But meanwhile, United has accelerated its plans to form a *private* "business jet" division (BizJets), which is targeted to produce 38% of United's future revenue. The new division is to be virtually non-union, with planes flown by pilots not in the Airline Pilots Association, and not serviced by International Association of Machinists mechanics, sources have told *EIR*. The very week that United was warning Congress it faced imminent bankruptcy, United's parent company was wiring \$11.25 million to a French airplane manufacturer as a downpayment for 30 luxury business jets, costing \$20 million each, Reich reported.

United has already established an Avolar unit to sell corporations or individuals shares in a specific plane, aiming to sell shares in up to 250 planes in the next five years. The shareholders then call to reserve a certain number of trips on a BizJet.

The BizJet plan was adopted by United's Board of Directors two years ago. Nevertheless, Stuart Oran, president of United's BizJet Holdings, Inc., told Reuters in early October that after Sept. 11, "We turned on a dime and created a plan to maintain for United virtually all the benefits that we intended to provide . . . and at the same time to sell a portion of [United] to new investors who would then lift the future funding burden from United." These would be leveraged buy-out funds or other large institutions.

Ironically, United, which is trying to nullify its unions with the BizJet division, is the largest majority employee-owned company in the world. In 1993, pilots and mechanics agreed to bail out United by accepting portions of their salary and benefits in United stock. That stock has dropped from a May 1998 price of \$83 a share to \$16 today.

Isn't it time for unions to admit LaRouche was right about the depression, and support his plan for world economic recovery?