Bloomberg News Service on Jan. 8, foresees just the "technology sector" taking $1 trillion in such losses in the first quarter of 2002 alone!

In these large and apparently sudden debt devaluations, the implosion of the $100 trillion-plus U.S. debt bubble can be seen under way; this—not spending, or inventories, or such and such detail—is driving the collapse.

To the losses and layoffs throughout the economy, Federal Reserve Chairman Alan Greenspan's furious pumping of the money supply—rising at a 20% annual rate in the last months of 2001—will now add an erupting inflation. This was already being keenly felt, as the year ended, in costs of insurance and health care. The Health Policy Institute reported on Jan. 8 that health care and health insurance costs had risen, on average, by 14% in 2001 (after rising 10-11% in 2000); but in the new health insurance policies being negotiated in January for 2002, for employer and group health plans, cost-shocks of further 30-40% increases were being reported. Prices of gasoline, oil and other energy supplies were also rising quickly. As *EIR*'s *Economics* lead article for Nov. 30, 2001 reported, severe *deflation* (especially in commodities prices) is now co-existing with pressures of hyper*inflation* from the world's central banks' attempts to keep the markets up with floods of liquidity.

Crushing The States And Localities

Behind the nationally prominent symptoms march the accelerating collapses of the budgets of the states, because of the declines in their tax revenues resulting from the state of the national economy. Virginia's deficit, which erupted at $1 billion in November, had risen to $1.3 billion by early January. New York City's current-year budget deficit is at least $4 billion, pushing the newly elected Mayor Michael Bloomberg toward the unthinkable—cuts in the budgets of the nationally celebrated New York Police and Fire Departments, which suffered hundreds of casualties on Sept. 11.

California's budget deficit for its current two-year budget has ballooned to a huge $12 billion. When LaRouche campaign volunteers went to Sacramento Jan. 8, to alert the California legislature's crisis session to LaRouche's forthcoming webcast, they met legislative aides who exclaimed, "LaRouche is now really prophetic!" When aides and legislators asked, "What can we do? This is a world financial crisis," they were told, "You took an oath to protect the people of this state, and now that means fighting for LaRouche's New Bretton Woods monetary reorganization. You'll never save the state otherwise."

With these economic storms rapidly darkening, the media combat between President George W. Bush and Senate Majority Leader Tom Daschle, over tax cuts, was a foolish irrelevancy, aimed at nothing but to distract the citizenry in a crisis. Both President and Congress continue to harp on the discredited axioms of the "free-trade" IMF system which created globalism and is now destroying it. Neither party's leaders have yet dared to come within miles of speaking the truth about what has to be done—beginning with bankruptcy reorganization and replacement of the hopelessly broken and flooded monetary system.

A year ago LaRouche stepped forward through a series of highly influential Washington webcasts, in the crisis following the failed Presidential election of 2000. During 2001 he has dramatically increased the reach of his influence in Russia, India, China, in the emergence of a new debt policy from Italy influenced both by his and Pope John Paul II's ideas, in the nations of South America, and—since Sept. 11 in particular—in the Arab world. Now he is called on to put himself forward again by the same means in Washington, to the leadership and people of the United States in a severe economic crisis with no other solutions in sight.

AI: Computers To 'Teach' Writing In Two States

by Don Phau

The pretentiously named Federal education legislation, the "No Child Left Behind Act," was signed into law on Jan. 8. In a frenzy to have their students pass the "standardized tests" mandated for all states, the school systems in Pennsylvania and Oregon have begun "dumbing down" their students, replacing teachers with "intelligent" computers. These states have contracted with a company called Vantage Learning, which will have computers prepare *essay examinations* and grade the answers, utilizing "artificial intelligence" (AI). According to their press releases, Vantage Learning's computer system "learns to grade the same way a human would." The "IntelliMetric" system, they boast, "is the only commercialized essay-scoring technology which meets and exceeds human level performance."

The men behind Vantage Learning have nothing to do with education. They are a nest of bankers, accounting firms, and brainwashers, whose interest is the same as the promoters of the "Outcome-Based Education" drive which preceded the standardized-testing craze: to "dumb down" the school-age population, cheaply and efficiently creating children with deadened minds to become a docile workforce.

Members of Vantage's Advisory Board worked for Conflict Management, Inc., created out of Harvard University in the 1960s, in partnership with Bertrand Russell's close collaborator, Dr. Leo Szilard. Szilard was part of a network of scientists who ran behavior modification "retreats" modelled on the brainwashing methods of Britain's Tavistock Institute. (Szilard is believed to have been the model for the character of "Dr. Strangelove" in the famous Hollywood movie.)

Vantage Learning's AI programs have already subjected 58,000 students to their behavioral modification in Pennsylvania schools. These public schools are being taken over by a Wall Street-backed private company, misnamed Edison Systems. Edison seeks to extract every penny it can from the schools, and using Vantage is part of their plan. The Pennsylvania government expects to have Edison run 60 schools, especialy in the largely black inner cities.

Vantage has also been contracted to grade 100,000 students in the Far East, and is being used in U.S. College Board entrance examination grading.

Computers Don't Know Concepts

Computers have been used for many years to grade multiple-choice examinations, but having a computer use artificial intelligence to grade open-ended essay exams, represents a step toward mass brainwashing, where pre-digested stupidity will be rewarded with passing grades. Artificial intelligence, together with cybernetics, was promoted after World War II by men such as Norbert Wiener, who attempted to prove that the human mind is no different than a sophisticated computer. Wiener studied the methods of "stimulus and response learning" of Russian animal behaviorist Ivan Pavlov.

With schools immersing their students in "study-for-the-test" classroom teaching, children will be first programmed to respond correctly to the "stimulus" of an examination question; then an AI computer will grade the exam based on whether the student has responded correctly to the stimulus. Vantage uses the Internet for its testing, which allows for practice testing to be repeated over and over again until the student is "trained," like one of Pavlov's dogs.

In its promotionals, Vantage lies that its AI computers can recognize "concepts." Concepts, ideas, and creative thought are unique to the human mind. Man's sovereign ability to solve what appear to be irreconcilable paradoxes, has been the basis for scientific discovery and human progress. This cannot be done by an animal, let alone a computer.

In 1994, Lyndon LaRouche led a mobilization to stop the adoption of Outcome-Based Education, which, like the movement to use AI today, sought to eliminate the educational system appropriate for creative human beings, in favor of "drill and grill" methods of rote teaching and testing. LaRouche's 1994 paper on "Creativity In Science, School and Song," called for the looking at the roots of modern education in 15th-Century Europe. Then, talented boys from non-aristocratic families were brought into a secondary educational program, the Brotherhood of the Common Life. This teaching order produced veritable battalions of geniuses, such as Nicolaus of Cusa, Erasmus of Rotterdam, and Hieronymous Bosch. LaRouche wrote: "The crux of the program was a rejection of today's textbook methods of classroom teaching. The principle is, that each adolescent youth re-experience the original act of discovery of all the most fundamental discoveries of principle, from the earliest known, to modern times."

How Artificial Intelligence Works

According to the Philadelphia *Business Journal,* here's how Vantage's AI grading system works: "At the heart of 'IntelliMetric' is a sophisticated 'learning engine' that 'learns' the features associated with each grade-point from a set of pre-graded responses. The application is based on a proprietary combination of artificial intelligence and text retrieval tools that analyze the content and structural features of the essays. . . . It assimilates a sample of about 300 hand-scored tests and their grading criteria until it can identify the characteristics within an essay that equal a certain score. . . . The information is then programmed into algorithms.

"When it scores an essay, it is looking at 49 different features of the essay related to structure and content. It is looking at natural language, syntax and semantics, and *looking at concepts*" (emphasis added).

Let's suppose that a student writes a genuinely original answer to an essay examination, and does not use the standard "grading criteria . . . language, syntax, semantics," as specified by Vantage. The grading computer would not be able to recognize those "criteria," and therefore would have to render a failing grade. Ironically, the student receiving the lowest grade could have given the best answer.

"Systems specialists" have admitted that the Vantage system makes mistakes, even when faced with their own standard dumbed-down criteria. One specialist from Carnegie Mellon University said that AI systems make mistakes, and when they do, "they're usually wildly weird and wrong things."

In the testing process, the computer does in seconds what it would take a teacher hours—with years of training—to do. When school systems across the country are cutting back on expenditures, and hiring private companies like Edison in an attempt to meet tightening budget requirements, Vantage's "IntelliMetric" looks extremely attractive. One Pennsylvania newspaper reports that "Vantage estimates that it will save the Department of Education 35 to 50% of its testing budget annually." The Vantage website boasts: "There are no paper tests, no printing, no shipping and no storage costs. . . . Plus labor time is reduced."

Meeting "bottom line" in dollars and cents is one of the reasons that the parent firm, Vantage Technologies, was created, which is made obvious by looking at the management and the Advisory Board: Not one is an educator. The head is Douglas Braunstein, who also sports the title of "Managing Director and Head of Global Mergers and Acquisitions of Morgan Chase and Co." There's W. Robert Grafteron, the former CEO of Andersen Worldwide, one of the largest accounting and managing companies in the world. The president of Vantage Technologies is Danny Ertel, a founding partner of Vantage Partners LLC, reported as "the world's premier relationship management consulting firm." He also headed the Latin American Practice of Conflict Management, Inc.