

To Save His Administration, Obama Must Revise Stimulus

by Nancy Spannaus

In the wake of President Obama's much-anticipated release on Feb. 18 of the Homeowner Affordability and Stability Plan, leading economist and American statesman Lyndon LaRouche came to a stark conclusion: "If the President continues to follow Geithner's incompetent policies, these plans can sink not only the nation, but President Obama's administration itself." He expressed his hope, and intention, to mobilize the forces to rescue Obama from these disastrous policies, before they do irremediable damage to his Presidency.

The way to start, LaRouche stressed the next day, is for the President to revise his "stimulus" package, correcting its mistakes and revamping it from the top down. He must take a "top-down, physical science" approach in emergency measures to regenerate basic infrastructure, essential functions, and agro-industrial capacity.

In general, the President's stimulus package takes the opposite approach, concentrating heavily on cash infusions, and granting concessions to constituency pressure, especially on totally misguided "green" retrofitting programs. Estimates are that only 10% of the \$787 billion package is comprised of what could be called infrastructure projects, such as highway and school repair.

An exception to the dominant approach, however, came from President Obama himself. According to Politico.com, at the last minute during negotiations on the package, the President insisted on the inclusion of

\$8 billion for the development of high-speed rail corridors around the nation. Politico.com, reporting the story under the headline "Obama plots huge railroad expansion," quoted an Obama campaign speech: "The time is right now for us to start thinking about high-speed rail as an alternative to air transportation connecting all these [Midwest] cities." Presidential Chief of Staff Rahm Emanuel said the President considers high-speed rail his "signature issue."

The sum of money involved is only a small fraction of the real investment needed to actually rebuild a modern U.S. rail network. But the budget allocation, for work on high-speed rail corridors around the country, is the first time anything on this level has been done. (George W. Bush signed a bill for less than \$1.5 billion for high-speed rail through 2013).

While the President's instincts for moving to rail, and out of the automobile-based society are sound, his approach urgently needs to be revised. As LaRouche has consistently emphasized, it is the machine-tool sector of the U.S. economy—that which is being trashed in the demise of the auto and aerospace industry—which must lead the in-depth recovery from the current world economic breakdown. Skilled machine-tool operatives must be re-employed into crucial projects in transport, power, and water systems—laying the basis for lower-skilled employment to support their efforts.

Exemplary is the following high-speed rail project, proposed by *EIR* in 2005.