

Congress Begins Debate on Changing Economic Course

by Nancy Spannaus

Congressional hearings on aspects of the profound economic crisis facing the United States began the week of Jan. 22, in a new political environment shaped by the intensive intervention by the LaRouche Youth Movement, and there were definite signs of progress. While no sweeping FDR-style solutions, as required, were put on the table, a number of Congressional committees featured testimony that went directly after the disastrous free-trade axioms that have been destroying the world economy over the past 30 years.

Most significant in this respect, was the first session of the House Ways and Means Committee, now headed by the feisty New York Democrat Rep. Charlie Rangel, which provided to all its members and staff, and put on the witness table, the testimony of *Executive Intelligence Review* (see below). When the Committee convened on Jan. 23, with the first of a set of four hearings scheduled to lay out the framework for building economic policy by examining the state of the American economy, the ten-page *EIR* testimony, which included a copy of Lyndon LaRouche's Emergency Recovery Act, had already been pre-cleared by the Committee staff, and had clearly been read by some of the Congressmen who spoke in the hearing.

On the following day, three other hearings—two in the Senate and one in the House—featured up-till-now unusual interventions by Congressmen who are beginning to wake up. These included hearings at the House Surface Transportation (Highways) Subcommittee, the Aviation Subcommittee of the Senate Committee on Commerce, Science, and Transportation, and the Senate Energy and Natural Resources Committee.

The Ways and Means Discussion

The Ways and Means Committee of the House of Representatives is the crucial gatekeeper for all economic-policy

legislation in the Congress, and thus is a crucial place for LaRouche's policy alternatives to be put on the table. While there was no explicit discussion of LaRouche's proposals at the hearing, the inclusion of the *EIR* testimony in the Committee packet will guarantee it is broadly discussed.

Verbal testimony was given by five "experts," most of whom remained in the la-la land of the purported "U.S. economic recovery." The best came from William Spriggs, chairman of the Department of Economics at Howard University, and Richard Trumka, secretary-treasurer of the AFL-CIO, who focussed on the dramatic wage inequalities in the United States. Spriggs cited the "lower 80%" as having lost the ability to cope, including the relevant statistic that, while annual income for some sections of the middle class is nominally growing at 3.7% a year, their debt burden is growing by 11% a year. This will become unsustainable, and lead to "recession," he said, in a broad understatement. Trumka focussed on income disparity, noting that "the incomes of the top .01% of American families—those earning over \$6 million a year—have increased by 497% over this period [since 1980]."

The other testimony—from the U.S. Chamber of Commerce, Moody's Economy.com, and John W. Diamond of the James Baker III Institute for Public Policy, who stressed that he was speaking for himself, not the institute—was much worse, touting the so-called great economy, and even calling for painful cuts in spending, including entitlements. The Moody's representative explicitly warned against any "protectionist sentiment," i.e., to save jobs.

The only really sharp question from a Congressman came from Rep. Bill Pascrell (D-N.J.), who attacked the loss of manufacturing jobs, and the fact that even those who found new jobs after being laid off were taking huge pay cuts. "We are bailing out of Article I, Section 8 of the U.S. Constitution," Pascrell said, a reference to Congress's powers to manage the



At House Ways and Means Committee hearings Jan. 23, Rep. Bill Pascrell (D-N.J.), attacked the loss of U.S. manufacturing jobs, and called for a return to a Hamiltonian industrial policy.

economy and credit system on behalf of the “general Welfare.” He also emphasized that the U.S. had decided long ago in favor of Alexander Hamilton (industrialization) over Thomas Jefferson (an agrarian society), as crucial for the nation’s survival.

An Attack on Deregulation

The “State of the Airline Industry: the Potential Impact of Airline Mergers and Industry Consolidation” was the subject of the Aviation Subcommittee hearing Jan. 24. Implicitly what was on the table was the axiom of deregulation, whereby the government has foregone its responsibility and handed vital industries over to predatory hedge funds and cartels.

Directed by the committee chair and ranking member, Jay Rockefeller (D-W.V.), and Trent Lott (R-Miss.), respectively, the hearing brought forth criticism of U.S. Airways’ hostile takeover bid of Delta Airlines—which could precede an attempt by the Senate to block the takeover. U.S. Airways, which has twice emerged from bankruptcy, is ponying up \$9 billion for Delta Airlines, which is in bankruptcy. Delta is borrowing the \$9 billion.

The merger, were it consummated, would start by cutting 10% of the combined airlines’ flights, and an equivalent percentage of its workers, while the union contracts would be placed before a bankruptcy judge, in order to be invalidated. The merged entity would be America’s largest airline, and dominate the air market in 71 American cities. While Doug Parker, CEO of U.S. Airways, as one of the five witnesses, merrily lied that the takeover would be good for everyone, Gerald Grinstein, CEO of Delta, who is against the deal, testified that the takeover would shut down service.

The strongest rebuke came from newly feisty Senators, reflecting the exchange of ideas with the LaRouche Youth Movement over recent months. Aviation Subcommittee chairman Rockefeller asserted, “We are approaching the 30th year of airline deregulation. . . . For hundreds of small communities, including all of West Virginia’s, deregulation meant a loss of service and convenience, and often higher prices. It seemed to me that the big jets disappeared from

West Virginia within days of deregulation.” He continued his attack, “Deregulation brought dramatic change to the airline industry. The only constants deregulation brought to the airline industry [were] brutal competition and financial instability. Legendary airlines such as Pan Am, Eastern Airlines, and TWA could not survive the competitive onslaught that deregulation brought, nor could many others.” Rockefeller concluded his opening remarks by professing that, “regulating the airline industry again is necessary,” although he did not think that was possible. However, he said, “I am becoming increasingly convinced that some regulation may become an option.”

The Government Role

No issue is more central to the paradigm shift that must be made in economic policy, than the matter of Federal government credit. This was broached in the Jan. 24 hearing of the House Surface Transportation (Highways) Subcommittee, presided over by Rep. Peter DeFazio (D-Ore.). The hearings took testimony from the Department of Transportation relative to the need for a “new vision for what will be needed in the next 50 years to reduce congestion, increase mobility, and support our nation’s economy,” as DeFazio put it. DeFazio also emphasized the need to discuss funding for the needed transportation plan.

When several of the speakers, including Under Secretary for Policy Jeffrey Shane, promoted Felix Rohatyn-style schemes such as “public-private partnerships,” their idea was challenged by Rep. Brian Higgins (D-N.Y.), who represents the Buffalo area. Confronting this anti-American System approach, Higgins asserted: “The Federal role is clear. It goes back to Abraham Lincoln who had projects for bridges, roadways, rail. This is not pork or earmarks.” These are the policies which built the nation.

Power for the Future

Equally crucial to accomplishing the necessary about-face in economic policy is for the Congress to launch a crash program in nuclear power. In a hearing of the Senate Energy and Natural Resources Committee on Jan. 24, two Republican Senators broke into the prevailing palaver about “lowering greenhouse gasses” by using wind, solar, and other such power sources, by raising the issue of nuclear power.

Both Sens. Pete Domenici (R-N.M.) and Larry Craig (R-Id.) took jabs at President Bush for only talking about nuclear power, but, in Craig’s words, “not walking the proverbial walk.” “I’m very disappointed,” said Domenici of Bush’s State of the Union speech. “I had hoped the President would give greater attention to the tremendous promise nuclear power holds for us. . . . Nuclear power is a carbon-free energy source, and expanding its use is the single most significant thing we can do to confront climate change. . . . It is more important than ever to continue aggressively pursuing the nuclear and clean energy options before us to make us more energy independent and help the environment.”