

With 'Nobody Home' in D.C., LaRouche Steps In To Lead

by Michele Steinberg

"I am the only visible person actually qualified to become the next President of the U.S.A.," said Lyndon LaRouche, in an interview published in a leading Mexico City daily, *Excelsior*, on Nov. 19, shortly after LaRouche, a Democratic Presidential pre-candidate for 2004, had visited Mexico. "Presently, I am functioning as an 'FDR Democrat' and also a future such 'President in the wings,' providing the policy-guidance which a President of the United States should be providing now, trying to make the incumbent President, in effect, a real President, despite the fact he was never, in fact, pre-qualified to become one." To fully appreciate LaRouche's point, one need only look at Washington, and the spineless behavior of the U.S. Congress, especially the Democrats, after the Nov. 5 elections.

On Nov. 22, with the country in the ravages of an economic depression, with tens of thousands more layoffs being announced for the coming months, and 46 out of 50 states reporting that they are in severe budget crisis, the Congress recessed and fled Washington. Congress left behind a "Go to Hell" message to more than a million Americans who will be cut off from unemployment benefits on Dec. 28, because the Bush White House, and both parties in the House and Senate, *refused* to reach an agreement on extending the desperately needed unemployment benefits.

Among the other things Congress ignored in the session was disaster relief for a collapsing agriculture sector. Over 78% of all 3,019 U.S. counties have been designated disaster areas this year by the Secretary of Agriculture, mostly because of severe drought; 40% of U.S. counties were declared disasters in both 2001 and 2002. A proposal for \$6 billion in aid for farmers and ranchers (livestock feed, crop loss aid, etc.) was before the Senate on Nov. 19, with Sen. Max Baucus (D-Mont.) and others backing it, but was dead when Sen. Trent Lott (R-Miss.) said it must wait until the new Congress con-

venes in January. No overriding votes could be mustered in the outgoing, Democratic-led chamber. Of this failure, National Farmers Union President Dave Frederickson said, "Congress has essentially asked many farmers and ranchers to head into the holidays with increased debt and the threat of liquidation or bankruptcy."

It is in this context—of widespread flight from reality on the part of many elected officials—that LaRouche has developed the policy of a "Super-Tennessee Valley Authority," and is leading the fight to save the United States from this combined disaster of depression and the global war pushed by the neo-conservative faction in the Bush Administration.

LaRouche Moves Into the Void

In an interview on the weekly Internet radio program, "The LaRouche Show," on Saturday, Nov. 23, Dr. Debra Freeman, LaRouche campaign national spokeswoman, spoke bluntly about the failures of the Democratic Party, and also about Rev. Sun Myung Moon's sex-cult corrupting of Congress. Freeman said that in losing the Senate to the Republicans, the Democratic leadership of Sen. Joseph Lieberman (D-Conn.) and the organized crime-linked Democratic Leadership Council (DLC) had accomplished what had been virtually unheard of in recent American elections: allowing a sitting President to *gain* seats in a mid-term election. The "secret:" There was no opposition. Lieberman not only represented the legacy of Al Gore's defeat, but went full-tilt into turning the Democrats into "a second Republican Party." Democratic voters simply refused to support any candidate associated with Lieberman's war and austerity policies.

Under these conditions, "Mr. LaRouche stepped into the void and put the solution on the table," said Freeman, referring to LaRouche's idea of a "Super-TVA," to dispense long-term, low-interest Federal government-backed credits to kick-start

a massive infrastructure program, and put millions of Americans back to work. But, warned Freeman, “although it has precedent in U.S. history, in some of the policies of FDR, in order for us to enact Mr. LaRouche’s proposal, we are going to have to reverse deregulation, the crazy budget caps, and the entire balanced budget mentality. It requires . . . the most dramatic shift that we have seen, perhaps, since the American Revolution. This shift is 30 years overdue.”

The Moonie-Utopian Corruption

“Prior to the Nov. 5 election,” Freeman said, LaRouche “had very clearly targetted Joe Lieberman, and actually his alliance with Sen. John McCain [R-Ariz.], as something pernicious in U.S. politics that had to be wiped out.” Through his international efforts to expose the dirty, organized-crime networks behind war-mongers McCain and Lieberman, LaRouche had jammed up the drive for war against Iraq, at least for the time being.

Freeman vividly described the corruption inside the Democratic Party, around Lieberman, Gore, the entire DLC, and its “go-fers” such as former Gore campaign manager Donna Brazile, who was praising George W. Bush’s campaign guru, Karl Rove, as a “genius,” who should be copied by the Democrats. Brazile, working for Washington, D.C.’s Congressional Delegate Eleanor Holmes Norton, “is best known for single-handedly sabotaging our efforts [in 2001] to prevent the closing of D.C. General Hospital,” Freeman said. Brazile “operated literally as a lobbyist for genocide” (see *EIR*, Nov. 29, 2002).

This DLC crowd is an “enemy operation” inside the Democratic Party, not just because they are in league with the Republicans, said Freeman, but because they are, in the tradition of British Empire utopians H.G. Wells and Lord Bertrand Russell, enemies of the very idea of the nation-state and the American Founding Fathers’ concept of the General Welfare. And beneath the DLC’s corruption of the party, “We didn’t have to look too closely,” she said, to find the involvement of “the Unification Church . . . the ‘Moonies,’” which LaRouche has identified as “the biggest single source of corruption and perversion in the United States.” Using “dirty money, combined with sexual favors,” said Freeman, the Moon operation is “eating away at the very backbone of the institutions people have to depend on for survival,” even targeting clergymen across America, including African-Americans. There can be no solution to the crisis, “as long as you have a cancer like this operating in the United States.”

As a commitment to cleaning up this poison, the LaRouche in 2004 campaign has produced a million copies of a leaflet called “Is Your Clergyman or Congressman a Moonie Sex-Cultist?” Topping the list of those who have gotten Moon’s dirty money, are the Iraq war-mongers, Lieberman and McCain.

No wonder that Lieberman was the sponsor of key elements of a police state: the Department of Homeland Security,

and the creation of an “independent commission”—brain-child of him and McCain—supposed to investigate the “intelligence failures” of Sept. 11, 2001. Boasting that Homeland Security was really his idea, Lieberman directed Democrats to drop their opposition to the bill, ramming it through in the lame-duck session. And as for the “independent” commission—whose chairman was announced on Nov. 27 as Sir Henry A. Kissinger, self-professed agent of the new British Empire—that is nothing but a 9/11 equivalent of the Warren Commission, which covered up the assassination of President John F. Kennedy. The 9/11 commission will sanctify the phony story of Osama bin Laden’s authorship, leaving U.S. domestic operatives off the hook.

Youth Movement Ready To Take Over

These dirty operations are being challenged by the most effective political force in the United States—LaRouche’s campaign. Freeman revealed that *because* of the depth of the crisis, “just below the level of Congress, we are seeing among state legislators and other elected officials, who have to answer to the population, a renewed sense of seriousness and openness.” Freeman said she expects that before the 108th Congress is sworn in, there will be emergency fiscal-crisis hearings in about 25 states. Even more crucial is LaRouche’s growing National Youth Movement. This is “an army of American youth who will fight for their future,” Freeman said, “because they know that without the Classical culture and the richness of ideas offered to them by LaRouche, the rest of society, especially their parents, the Baby Boomers, ‘are handing them a garbage heap.’”

These youth “want a future, not only for themselves, but for everybody on this planet. . . . This represents the optimism” needed to conquer the panic that the American people are facing in this deepening depression. “They are a mobile strike force,” Freeman promised.

Crisis Spreads From Health Looter’s Blowout

by Edward Spannaus

As the FBI, Securities and Exchange Commission, and other agencies step up their investigation of the fraudulent operations of National Century Financial Enterprises (NCFE), the number of bankruptcies growing out of its collapse is rising, imperiling a significant section of the U.S. health-care sector. The insane HMO system, and the increasing privatization of health-care, created the circumstances under which NCFE and its cronies could loot the health-care system nigh unto death.

NCFE operated as a front for some of America's, and the world's, largest financial institutions—including J.P. Morgan Chase, Bank One, Crédit Suisse First Boston, and European giants Allianz AG and ING (see *EIR*, Nov. 29). NCFE bought up the accounts receivable of hospitals and other institutions, "bundled," them into what are called "asset-backed securities" and sold them on the bond market. Now, the bondholders, the banks, and National Century's partners and clients are all at each other's throats, claiming fraud and scrambling for what's left of the assets. Known bankruptcy cases filed so far include:

- NCFE and 13 related entities and bond funds;
- Doctors Community Healthcare Corporation (DCHC) and five hospitals: Greater Southeast and Hadley in Washington, D.C.; Michael Reese in Chicago; and Pine Grove and Pacifica of the Valley in California.
- Med Diversified, a provider of home health-care services and medical equipment, and at least six of its subsidiaries, including Tender Loving Care Health Care Services and Chartwell Diversified Services.
- Life Care Solutions, a home health-care company operating in California and other Western states.
- PhyAmerica Physicians Group, which provides 2,200 doctors to emergency rooms in 30 states, who care for over 3 million patients a year; plus affiliated firms.

Fighting Over the Spoils

While hospitals and other health-care providers are going under, the big push in the investigations and bankruptcy proceedings around National Century is to try to protect the bondholders and investors. Various reports indicate that the FBI investigation was opened at the behest of bondholders, and that the FBI is investigating whether former NCFE head Lance Poulsen, his wife, and two other founders of the company, funnelled money to health-care companies they own, as part of a scheme to defraud investors. Attorneys for bondholders are searching for hundreds of millions unaccounted for, and it is reported by the *Wall Street Journal* that a committee of bondholders, including Allianz AG's Pimco, has retained the Wall Street law firm Milbank Tweed Hadley & McCloy. In court papers, Bank One is accusing NCFE of engaging in "systematic financial trickery" and "manipulation of books and records," including financing "future receivables," for services not yet rendered.

In the DCHC bankruptcy proceedings in Washington, attorneys for that hospital are arguing that they need whatever money is coming in from insurance payments to keep their hospitals open, but NCFE says the money is pledged to them. "It's not theirs," an NCFE lawyer said on a teleconference with the Washington courtroom on Nov. 21. "Just because it's a hospital doesn't given them a right to come in and steal our money."

However, in a second hearing on Nov. 26, a Federal bankruptcy judge allowed the five hospitals run by DCHC to use

their incoming accounts receivable, to keep their hospital doors open, at least through the first two weeks of December. The judge did not rule on the actual ownership of the receivables, and NCFE did not press the matter, apparently fearing they might lose.

According to a source familiar with the thinking of the NCFE attorneys, their attitude is that they are under "new management," (presumably the J.P. Morgan-led board of directors), and that the "old management," i.e., Poulsen and company, is now a matter for the FBI to deal with.

Crédit Suisse First Boston, which underwrote most of the NCFE bonds, announced that it was taking a \$214 million write-down on NCFE bonds it holds, stating the losses are the result of "what appears to be a massive fraud at NCFE," and adding: "It is increasingly apparent that NCFE and its officers deliberately misled CSFB and other investors." However, the *Wall Street Journal* reports that the financial problems at NCFE began to surface internally as long as three years ago, and that this "could raise uncomfortable questions for Crédit Suisse First Boston, which pitched the bond offering to investors without any mention of National Century's existing financial trouble." And Med Diversified filed a civil suit on Nov. 15 against NCFE, bond fund trustees J.P. Morgan Chase and Bank One, and Hal Pote, a J.P. Morgan executive who is also a director of NCFE, charging *them* with fraud. The trustees will likely also be targeted by bondholders.

D.C. Crisis Getting Worse

It is in Washington, where the impact of the NCFE/DCHC bankruptcies is being most sharply felt. Last year, there was opposition from the District Council, and a pattern of fraud and racketeering by National Century and its partner DCHC, was documented by *EIR* and the LaRouche movement-led Coalition to Save D.C. General Hospital. but the Mayor and the Financial Control Board shut down the only full-service public hospital in the city, and turned the District's public health-care system to a private consortium called the D.C. Healthcare Alliance, led by DCHC.

Even before the DCHC bankruptcy, other hospitals in the city were being overwhelmed by the rising workload as a result of the D.C. General shutdown. Now, with DCHC's Greater Southeast Hospital cutting back services, the situation is truly disastrous. Not only are the other hospitals treating more patients, but they are rarely reimbursed by the Alliance for their services. Washington Hospital Center is dropping out of the Alliance, saying it is owed \$9.5 million. "This was an ill-conceived plan that has been mismanaged throughout the process," says an official of George Washington University Hospital's parent corporation. "The burden on us has become overwhelming and we can't continue to play this game. The whole thing is a tragedy."

"We have been hugely impacted by the closure of D.C. General and the slowdown at Greater Southeast," Sister Carol Keehan, CEO of Providence Hospital, told the *Washington*

Times. "It is very difficult to deliver the level of care we want, when the ambulances are coming in so hot and heavy."

Meanwhile, the D.C. General outpatient clinics, which provide such services as ambulatory surgery and cancer treatments, are overwhelmed, waiting times have doubled and tripled, supplies are short, and the pharmacy is outdated. And at Greater Southeast, machines are often broken, because maintenance contract or repair bills haven't been paid. "We are operating in a 1970s mode," a doctor says. "People aren't dying yet, but they will."

In the face of this, there is increased discussion in the D.C. Council of the need for a new public hospital. And Council member David Catania has revived his proposal for an Urban Health Care Campus, including a new public hospital, in partnership with the National Institutes of Health, to be built on the D.C. General site. Catania says this "would marshal the resources of the Federal government and allow for cutting-edge treatment of our most pressing health-care needs."

Catania's proposal is clearly a step in the right direction, and would properly—although he doesn't say it explicitly—put the onus on Congress to provide for the health and welfare of the nation's capital. It is consistent with, but more limited than, Lyndon LaRouche's proposal, issued in May, for restoring D.C. General as the centerpiece of a national health-care security program, under the supervision of the U.S. Surgeon General.

A Presidential Thanksgiving Message

by Lyndon H. LaRouche, Jr.

Nov. 28, 2002

Look ahead two years, to a better day, Nov. 25, 2004, when, if you are truly fortunate, I shall have been elected the next President of the U.S.A., and will be sending a Thanksgiving message to the outgoing President, George W. Bush, Jr. The only presently debatable feature of that outcome is, which political party had lived long enough to have nominated me?

There is not a single, presently existing major political party of any nation of the Americas (excepting, possibly, Mexico's PRI) which is presently likely to remain in existence as still a major political party two years from now. Two facts about the U.S. situation are clear. First, I would be elected as an echo of President Franklin Roosevelt's Democratic Party mission, and also the Abraham Lincoln tradition. Second, no existing U.S. party, major or minor, presently qualifies for that mission and tradition. A similar, paradoxical situation prevails in the currently principal parliamentary parties of the

Americas and in Europe. In fact, unless the Democratic Party soon abandons its current "middle way," it were likely to disintegrate over the coming year.

As Senator Ted Kennedy made the point some years back, "This country does not need two Republican parties," a fact which his niece, then running for Maryland's Governor, seems to have overlooked recently.

It is a paradox which we, including the world's leading political cartoonists, must receive in good humor. Great calamities such as most of the world has brought upon itself today, must always be approached so, letting appropriate moments of laughter lighten and dispel the moments of darkness. That said, around Europe and the Americas today, there is hardly a single major political party which is currently worth shucks when it comes to the actually crucial issues of each passing moment.

A decades-long moral and intellectual degeneration of the political parties of the U.S.A. and western Europe underlies the the shameful degree of general failure of those nations' established parties to deal effectively with the two deadliest issues of the past two years. The first of these is that U.S.-led drive toward a global and virtually perpetual state of religious warfare pushed by such voices as the combined Clash of Civilizations dogma of Bernard Lewis, Zbigniew Brzezinski, and Samuel P. Huntington. The second is the currently spiralling economic collapse of the utterly rotten present world monetary-financial system. There have been spotty exceptions to this pattern, as late as during the recent election-campaign of Germany's Chancellor Schroeder, and from Italy's Parliament's support for a new Bretton Woods monetary agreement; but even these have been spotty exceptions, and no more.

You should all have foreseen this coming. I explain.

'Like a Bowl of Pottage'

The present virtual bankruptcy of leading party systems, is not an episodic coincidence; it is the reflection of a systemic form of moral and intellectual rottenness which has been the dominant trend in the politics of the U.S.A., Europe, and Japan, among other locations, since the combined effects of the assassination of U.S. President John F. Kennedy and the official launching of the 1964-72 U.S. war in Indo-China. The characteristic feature of this moral degeneracy, which also spread, after relevant 1971-1982 developments, throughout the Americas, has been a shift of the English-speaking powers' influence; a shift away from their earlier cultural commitment to the domestic characteristics of a producer society, to a morally degenerated form of imperialistic "post-industrial" "consumer society." The leading political parties of the nations assumed the internalized characteristics of that downshift in morality.

This fungus of "post-industrial" moral and economic decadence spread its spores into the collective mind of popular culture and political opinion. So, the political parties spread

their corruption into popular opinion; so, corrupted popular opinion impelled the leading parties into new depths of moral and intellectual decadence.

Now, the long-wave of decadence, launched from within the U.S.A. and Harold Wilson's Britain during the middle 1960s, has run out its skein. The economic decline has been but the most obvious of the markers of a culture, like the Biblical Belshazzar, now celebrating its imminent doom. A monetarist policy, reigning over a "post-industrial," "consumerist" practice, has used the lunacy of price-earnings-ratio capitalization to drive nominal financial assets beyond the limits of the real universe, while real physical values have been in an accelerating collapse, as measurable per capita and per square kilometer.

The system is doomed, but the political parties' view of popular opinion works to defend that monetary system, by methods of so-called "fiscal austerity" which accelerate the rate of destruction of the physical basis for human existence. The parties sold their souls as if for "a mess of pottage." Therefore, as long as they cling to their present values, they have become worse than useless for dealing with the crises of our time.

The Iraq Issue

It would be a foolish exaggeration to suppose that the possibility of an Iraq war has been put behind us. The madmen associated with the United States' Cheney, Rumsfeld, Wolfowitz, and Perle, have been blocked for the moment, but, those "foxes," so to speak, "are still running loose in and out of the hen-house." On that account, work remains to be done.

Nonetheless, the danger of a lunatic war was deflected. On this account, the political parties, especially the U.S. parties, were each more miserable moral failures than the others. The tilt toward sanity from within the U.S.A. came chiefly through the institutions associated, explicitly, or implicitly, with the U.S. Presidency.

This war-danger is inextricably mixed up with the global economic and monetary-financial crisis. If a general Middle East War is forestalled past February 2003, a failure to launch a counter-austerity, FDR-style recovery program, means that the issue of general warfare will be back on the table in late 2003.

We are in a period of world affairs comparable to 1929-33, but much more dangerous. If so-called democratic institutions remain as degenerated as the U.S. parties, for example, showed themselves over the recent two years, especially the past year, then the likely course of world events is generalized economic disintegration and a kind of warfare reminiscent of either the 1511-1648 interval in European history; or, worse, the Fourteenth-Century "New Dark Age." The history of Weimar Germany from the fall of the Müller government to the Jan. 30, 1933 appointment of Adolf Hitler as Chancellor is worth revisiting for sources of insight into the present situ-

ation.

The failure of Germany's political parties, led to appointment of ministerial governments. When the German generals, a ministerial factor, also failed, by failing to prevent Hitler's appointment, in the events of Feb. 28-30, 1933, the horrors of Hitler and World War II became inevitable.

Today, we in the U.S.A. should be grateful for that recent intervention of the institutions, on which I placed my confidence in recent matters. However, no possible escape from a world depression is possible except through enactment of laws which nullify all of the 1971-2002 anti-FDR reforms in economic, monetary, and financial practices. This requires laws enacted in the Congress and the Federal states, as applicable. The enactment of such laws by means consistent with our Constitution, requires political parties. We must create that political combination by a mission-oriented regroupment of the viable elements salvaged from the presently failed political-party system.

What that needed regroupment must be is not yet to be seen. The starting-point should be an energetic effort to assemble some bi-partisan rallying behind certain specific missions. I have led in defining what is sometimes labelled a "Super TVA" of infrastructure-building to restart our collapsing national economy. However, that program requires a prerequisite, a clearing the terrain by a single, simply stated piece of general legislation, which a) states that we are presently gripped by a deadly emergency, a national systemic physical-economic collapse for which "fiscal austerity" is inherently counterproductive; and b) stipulates that laws on the books, which would prevent recovery programs such as those of the 1933-1964 interval, must be suspended for the duration of the present national economic emergency.

My personal role in this undertaking is unique, and at least virtually indispensable. Political parties which are viable, must emerge from a process of reconstruction. For this my candidacy is presently indispensable.

Whatever comes of that initiative, will determine the future politics, and party structures of the nation.

As Mathew Carey saw, long ago, the rot in our political-party system, is not a matter of a few bad apples in the barrel. The rot is in the barrel.

So, have a happy Thanksgiving, and let us hope that Christmas actually comes.

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