

servicing the casino at the expense of the population, and protecting the General Welfare by rebuilding the protections which have been stripped away.

The Energy Committee, in particular, has the responsibility of “picking up the pieces” from the “Enronomics” era, so that the nation may begin to reverse the damage done by deregulation. As LaRouche outlines in his forthcoming special report, *Economics: At the End of a Delusion*, we can build our way out of this deepening global depression, if we choose to do so, but it requires the courage to admit that we must abandon the policies which have created this disaster.

Energy Re-Regulation and Recovery Program

LaRouche outlined the measures which are required in the energy realm in an international webcast on Jan. 24, 2002, in an exchange with State Sen. Joe Neal (D-Las Vegas), a senior Nevada lawmaker, who successfully led the fight against deregulation, and against Enron, in his state, and also in other states and in Mexico.

In response to Neal’s question about the reasons for the collapse of Enron and what it means for the country, LaRouche responded:

“I would go backwards, and go from the end-result of the crash of Enron, rather than trying to, say, re-write the history of what Enron’s history should have been.

“First of all, we face a major energy crisis in the United States. The severity of this crisis is hidden by the fact of the collapse of our industries. If we were to rev up the economy overnight, we couldn’t support it. “People don’t realize that we have been exporting our industries. In shutting down whole sections of the functions of our economy, we have *lowered* the requirement of energy! If we were to try to *restore* the economy, to what it was, at, say, 1980 or earlier, we would have to have a large amount of new energy.

“So, therefore, we have the need for a national energy recovery program, which would cover, inclusively, the problems which are illustrated by, and posed by Enron, and similar institutions. That means we have to repeal deregulation; go back to the system of regulation we used to have: I think we’d just go back to that; that’s adequate, because it would *work*. There are precedents; the machinery is all understood—it would work. Just do it.

But set also into motion—see, President Bush is trying to find out ways of stimulating the economy, and he doesn’t know how to do it. Well, this is one of the ways of doing it. If you take Federal money, and use it—not just as Federal printed money, but Federal credit—and you put it into a national *energy* program, which is going to fix the national energy grid system, to make it more usable and to improve its performance: That, in itself, is a good way to make the economy grow. And, it’s typical of the various measures, which government *can* take, which are largely in the area of infrastructure and special projects; not in the private sector, as such, but in those areas alone, which will cause the economy to grow.”

Stop Kidding Us Over Enron!

by Lyndon H. LaRouche, Jr.

February 8, 2002

I smell an attempted “cover-up” afoot, now spilling over into some features of the current Enron hearings by Congressional committees. I am reminded of a case I studied in some detail about 60 years ago, the case of the famous privateer, Captain Kidd.

Captain Kidd, like Enron, was, in his time, a chartered captain of legalized rapine and theft; like Enron, a “privateer.” His charter for his voyages was issued on behalf of England’s monarchy, but deployed from the English colonies in North America. According to the records compiled for his subsequent trial and execution, there came a time when a mutinous mood spread among the lustily larcenous members of Kidd’s crew. The apparent cause of this was the prolonged interval at sea without taking a legal target of the type for which that privateering venture had been licensed. Kidd himself was reported to have been threatened with death should he fail to take a rich prize.

According to the judgment of the time, under these mutinous pressures from the crew, a rich, but unlawful prize was taken—which is to say, as in the Enron case, outside of the bounds of the thievery for which the privateering expedition had been explicitly licensed. How much was taken in this act of piracy is unknown to the present day; Kidd’s alleged treasure was, apparently, never found. Those in America who had backed Kidd’s venture, were displeased by their failure to obtain a profit. They dumped their protégé, Kidd, who was captured and taken to London, and executed.

More than a half-century ago, the excellent rare books section of the Boston Public Library provided me access to the memorable documents on the matter, including the death sentence which ostensibly should have concluded the case. Unfortunately, over the subsequent centuries, the crucial implications of the case were often overlooked, in the zeal of some to discover where Kidd’s rumored treasure might have been buried. Decades have passed since I studied those records, and the morals of our nation have changed, for the worse. There is a lesson to be learned about the way in which those morals have changed.

The crime of which Kidd was charged, was, like the dubious doings of Enron, not so much of a personal, as of a more serious, systemic nature. Like the case of Kidd, the systemic character of the crime of Enron, the system of privateering itself, was overlooked by those who preferred to store up

copious Congressional tears for the suffering of the investors.

In the comparable, Enron case, today, what of the suffering of those who, unlike the backers and crew of Kidd's voyage, were neither employees nor backers of Enron's privateering venture? What of those who did not share the fruits of Enron, but who—as among the government and people of the state of California—had perhaps lost much of their pensions and of their health-care, because of the systemic effects of the same kinds of policies of deregulation of both finance and energy supplies which that scandal-ridden Enron case merely typifies today?

The Furies Are Circling

Whatever remains to be discovered and decided about the details of the Enron case, certain conclusions are already shown beyond reasonable doubt. Dickens' "Artful Dodger" has been taken captive, but the "Old Fagin" of deregulation, who fathered the crime-wave, plods on still. Does one, therefore, hear, perhaps, the rustle of the Furies in the air?

The crucial feature of the financial scams associated with Enron's doom, is the role of financial derivatives. The current phase of utter collapse of Enron, was brought on because certain sections of the international market in financial derivatives, have reached the threshold of a chain-reaction collapse in that entire section of the market in international financial speculation.

The conditions which have led to the present brink of such a generalized chain-reaction collapse, are those most concisely stated in the second version of my now internationally-renowned "Triple Curve." During a period no later than mid-2000, the amount of new monetary pumping needed to maintain approximately current levels of crucial financial markets, was greater than the amount of financial paper values sustained in this way. The international financial markets had entered into a potentially hyper-inflationary spiral, of the type which gripped 1923 Weimar Germany. Continued monetary pumping of that type, in a deregulated market, would mean blowing out the system. The result was a crunch developing in the most bloated, most wildly speculative section of the world's financial bubbles today, the financial derivatives portion. The credit derivatives specialty is presently among the most vulnerable.

The proposed, just-look-at-Enron-only investigations policy, put forth by some members of the Congress, is about as relevant, under the present circumstances, as trying to stop a forest fire with a watering can.

Since 1995-1996, in particular, the majority of the elements of the U.S. political system, including, of course, that billionaire-controlled "Big Brother" of the mass entertainment multi-media, has been pumping out fairy-stories: such as promises of the psychotic glories of the "Revolution in Military Affairs (RMA)"; the now busted "New Economy" bubble of 1995-2000; the myth of the "Asia only" crisis of 1997; and the myth of "it was only one Capistrano swallow" hype over the 1998 collapse of the Long Term Capital Man-

agement bubble. The latest fable of that genre is now, "Let's hope Enron was an isolated case!"

Stop trying to Kidd the people! The cause of the crisis was no Kidd; it was the system of privateering, or, what is called today "deregulation." You, including you in the Congress who have ritually pushed deregulation of about everything, have, in effect, deregulated crime itself. You have crime, such as the Enron case, before you today, because you, in effect, voted for it—not because you really knew what you were doing, but simply, as usual, "to go along, to get along."

Now, hear the rustle of the Furies. Enron is not an isolated case; it is just the first big fatality in an onrushing epidemic. It is time for a change, a very big change. Congressman, it may mean time for a big change in you, or, in the alternative, the elected occupant of your present seat.

World Economic Forum

Davos Funny Water Was Drunk in N.Y. This Year

by Scott Thompson

From Jan. 31 through Feb. 4, the World Economic Forum (WEF)—drawing some 3,000 businessmen, political leaders, and non-governmental organizations—met in New York City, for the first time since its founding in 1971, in the ski resort in Davos, Switzerland. Unemployment and homelessness both are rampant in New York this Winter, and the city's budget has a brand new revenue hole estimated at \$4-6 billion. But something special must have been in the drinking water at "Davos on the Hudson," as speaker after speaker could see nothing but recovery and "economic upswing" at hand. The only prominent non-imbiber, evidently, was Microsoft Chairman Bill Gates, who straightforwardly asserted that there was no "recovery" in sight.

The reality of the ongoing economic collapse was lurking, even at "Davos," in the few actual economic reports presented. But Lyndon LaRouche was not asked to speak at the World Economic Forum; as in the 2000 Presidential campaign, the systemic economic collapse LaRouche had forecast, was denied; no one dared so much as to mention Japan, for example; and in six months these international "leaders" will be forced to look back on their speeches in New York as if on unwelcome photos of a lost Saturday night drunken binge.

More importantly, the WEF hosted both sides in the crucial international *strategic* policy brawl ongoing since Sept. 11: whether to try to control the economic collapse with a new global imperialism, the clash of civilizations, and worldwide