

## Bush/Cheney Have Meant Poverty to Pennsylvania

by Richard Freeman

The current condition of once-prosperous Pennsylvania is one of the clearest and most agonizing examples of deindustrialization in the annals of U.S. history. James Logan (1674-1751), Benjamin Franklin (1706-1790), Henry C. Carey (1793-1879) and their heirs acted upon their vision of the General Welfare to make Pennsylvania a foremost American agro-industrial state. It was the first and pre-eminent state in the building of the steel industry, the revolutionary national railroad grid, and the modern hospital system. Its agriculture was bounteous. It built the nation's largest system of canals. The Pennsylvania Railroad was known simply as "The Standard," against which all the world's railroads were measured. Workers, experiencing decent-paying jobs and living in well-made homes, reflected a productive pride. In colonial times, Pennsylvania's leaders envisaged the idea of using science for nation-building following the American Revolution; the idea was robustly implemented in Pennsylvania.

The Commonwealth of Pennsylvania's multifarious industry was identified, above all, with three sectors: steel, machine-tools, and railroads. From the 1820s onward, Pennsylvania was admirably known as the "World's Iron and Steel Capital," and in 1970 still produced more steel in its mills than all but six nations in the world. The planned development of Pennsylvania's industry continued during the American Civil War, thrived during the 1861-1900 building of the nation's far-flung rail system, and was enlarged by Franklin Roosevelt's 1933-45 implementation of American System economic policies.

All this came to a screeching halt starting the mid-1960s, when Wall Street financiers launched their policy of transforming America from the world's most powerful producer society, to a parasitical consumer society. A nodal point in this process was President Richard Nixon's foolhardy 1971 abandonment of the Bretton Woods fixed-exchange-rate sys-

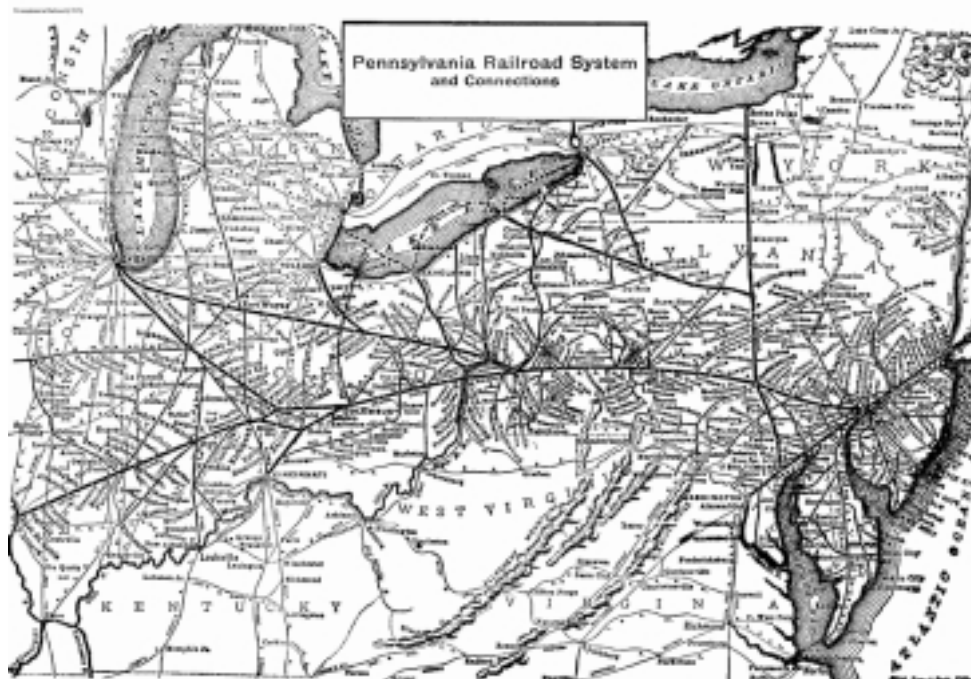
tem, which opened the door to globalization, and soon led to outsourcing of industry and jobs. There were two later, critical branching points. First, the 1974-88 process by which the nation's largest steel-maker, Morgan Bank-led U.S. Steel Corporation, and number-two Bethlehem Steel, shut down and blew up steel-making capacity (because in their own words, their own plants were "outmoded and unprofitable"), hit Pennsylvania with a sledge-hammer. Second, then-Federal Reserve Chairman Paul Volcker's 1979 action to deliberately impose a policy he called the "controlled disintegration of the economy"—sending interest rates into the stratosphere and holding them at double-digit levels for more than a decade—laid waste a physical-economy as productive as Pennsylvania's.

The result: in more than four dozen formerly industrial cities, population has emptied out; factories are shut; aged infrastructure has collapsed; and the state and its cities, starved of industrial-centered tax revenue, are plunged into perpetual fiscal crises. In August, the bankrupt city of Pittsburgh was forced into accepting "distressed city" status under Act 47; a financial "oversight" was established as a dictatorship which supplanted the elected government, and ordered draconian budget cuts of social services.

Looking at Pennsylvania's decline, from the nerve center of America's economic-political development, to a condition of ruin, shows us in concentrated form, the economic take-down of the former U.S. industrial heartland, including Ohio, Michigan, and the northern tier of Indiana; Chicago; and St. Louis. Pennsylvania is doubly important because it is also cited as a key electoral "battleground state." Appeals here to the vanishing "middle class" will not make the fundamental changes needed to reverse a deep-rooted 40-year wrecking of an economic policy. If George Bush and Dick Cheney are not defeated, Pennsylvania is leading the United States straight

FIGURE 1

## The Pennsylvania Railroad System, 1917



*The Pennsylvania Railroad system from the Atlantic to St. Louis in 1917, when it was the core of the nation's railroad grid. Today, 60% of the rail track mileage the Commonwealth of Pennsylvania still had in 1955, has been abandoned, emblematic of the deindustrialization and increasing poverty which have ravaged the state.*

to economic hell.

As noted in leading economist and statesman Lyndon LaRouche's "Platform for Real Democrats," all leaders must address the real physical breakdown and onrushing global financial disintegration. LaRouche spelled out the necessary change involved: A massive investment in great infrastructure projects, reopening high-technology manufacturing, and re-establishing Classical education.

We give here a first-approximation assessment of this key state, using LaRouche's recommendations in "What the EIR Economic Charts Will Show You," (see *EIR*, Sept. 3): a county-by-county, and per-household and per-capita study of physical-economic reproduction.

### Franklin's and Carey's Development of Pennsylvania

One of the grandest and most successful experiments carried out among some of the greatest minds of the American colonies, was to create the Commonwealth of Pennsylvania, a model for the American nation.

James Logan was one of these leaders. Logan was the secretary of William Penn, the head of the Pennsylvania colony, and through Penn, he attempted to shape Pennsylvania's development. In the 18th Century, Logan was the greatest exponent and defender in America, of the ideas of German scientist, statesman, and founder of physical economy, Gottfried Wilhelm Leibniz (1646-1714). Logan polemically at-



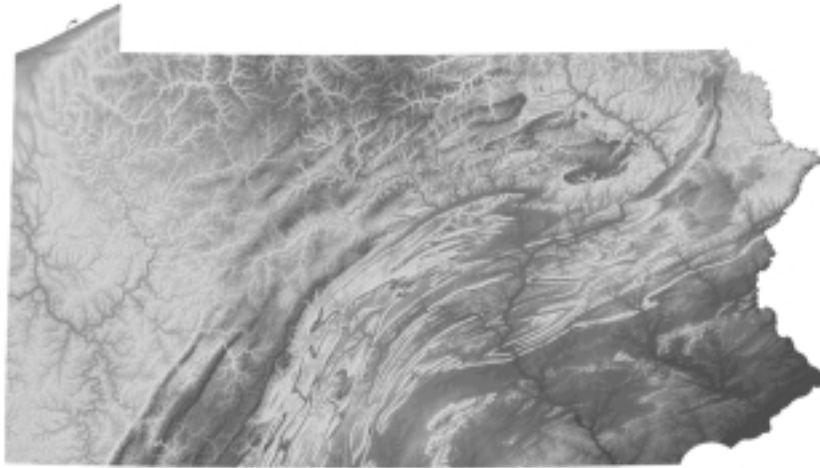
*The Steelton steelworks, one of the few of Pennsylvania's once-numerous productive steel complexes which is still producing—at 5% of its peak capacity.*

tacked Leibniz's opponent, the pagan cultist Sir Isaac Newton.

The undisputed intellectual founder of the American Revolution was Benjamin Franklin, who was imbued with the ideas of Leibniz and of the leader of the Massachusetts Commonwealth, Cotton Mather (1663-1728)—as expressed in Mather's *Essay to Do Good*. Franklin conceived of promoting the General Welfare, through the development of science, high-technology farming and manufacturing, necessary infra-

FIGURE 2

## The Three Physiographic Regions of Pennsylvania



*A topographical view shows Pennsylvania's three distinct regions: the fertile Piedmont region on the Atlantic Coast; the central swath of the Appalachian Mountain range; and the Western Plateau. The state is very riverine, as can be seen, giving it high agro-industrial productive potential—and making it highly flood-prone.*

structure, and raising the productive-cognitive powers of labor. In Philadelphia, where he moved in 1719, Franklin built the first lending library, first fire department, first public sewage disposal system, the city's first scientifically modern hospital with Dr. Benjamin Rush, and more. Philadelphia exists because of Franklin and his networks. He undertook these projects unadorned, merely as features of nation-building.

Franklin's networks had to address Pennsylvania's geographic and topological conditions. Its three principal regions are: 1) the "Piedmont" region, which has rich soil, extending over the southeastern portion of the state; 2) the "Ridge and Valley" region, which encompasses most of the Appalachian Mountain range, in the central to northeastern part of the state; and 3) the "Appalachian Plateau" which slopes downward from the Allegheny Mountains in the western part of the state toward the Ohio border. Farming occurs in all three regions.

Pennsylvania's very extensive river system—the second largest in the United States—is marked by three main watersheds: the Allegheny/Ohio/Monongahela Rivers watershed which spans the western portion of the state; the Susquehanna River watershed through its the central portion; and the Schuylkill River watershed which spans the eastern portion. Pennsylvania is the most flood-prone state in the nation, and has the second-largest Dam Safety Program (only California's is larger). We will see below how the state's leaders constructed the flood-control and lock-and-dam system, exemplified by the Monongahela River.

### The Canals and Railroads

Pennsylvania needed a transportation network to move vital goods of coal, iron, farm implements, and grain, as well

as people, within the Commonwealth and to other states. It developed two modes of transportation:

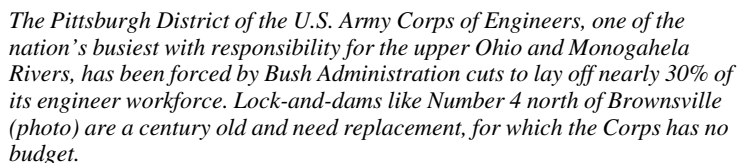
- **Canals.** Often using state and city government financing to finance part or all of the project, Pennsylvania built 1,356 miles of towpath canals to transport barges, more than one-third of all canals constructed in the United States. In 1826, the state legislature authorized construction of the engineering marvel, the Pennsylvania Canal, which was completed and opened for traffic in 1834, and ran from Philadelphia to Pittsburgh. To cross the Allegheny Mountains required the ingenious construction of ten inclines with trackage to carry canal boats on rail cars over the mountains, and offload them back into canals.

- **Railroads.** Ben Franklin's "Philadelphia Interests," as they became known, built the Pennsylvania Railroad as a conscious nation-building enterprise. Using money provided by the City of Philadel-

phia and other sources, the first phase of the Pennsylvania Railroad was completed in the early 1840s, connecting Philadelphia to Pittsburgh as well as other places in the state. This built up the cities of Reading, Altoona, Harrisburg, and Scranton. But the "Pennsy" Railroad went beyond that. It linked Philadelphia to other cities on the East Coast, and then busted through the forbidding Allegheny Mountains and far beyond, to Cleveland, Columbus, Chicago, Detroit, and as far west as St. Louis. The idea was to spread industrialization and civilization and build cities along the rail route, which functioned as a "development corridor." Under the revised 1846 charter, through building its own track and acquiring other rail lines, the Pennsy made this dream a reality (see **Figure 1.**)

That set the basis for two other developments. In the 1850s, Henry C. Carey, the publisher and son of the patriot Mathew Carey, and intellectual heir of Benjamin Franklin, became the unofficial head of the "Philadelphia Interests." One of Carey's close collaborators was Thomas A. Scott, first the head of the Western Division, and then president of the Pennsy. In 1853, Scott hired as his personal secretary and protégé, a young Scottish emigré named Andrew Carnegie. For the next 12 years, Scott tutored Carnegie, and then at the end of the Civil War, Scott and Carey, with financial backing from the Philadelphia Interests, launched Carnegie to construct steel plants. The steel was needed for railroad locomotives, rails, and bridges, and to build America. Over the next three decades, the Carnegie Steel Works in the Pittsburgh region became into the world's largest and most efficient steel company. Carnegie built many of its plants on the Monongahela River, which joins with the Allegheny River to form

## The Army Corps of Engineers' Pittsburgh District



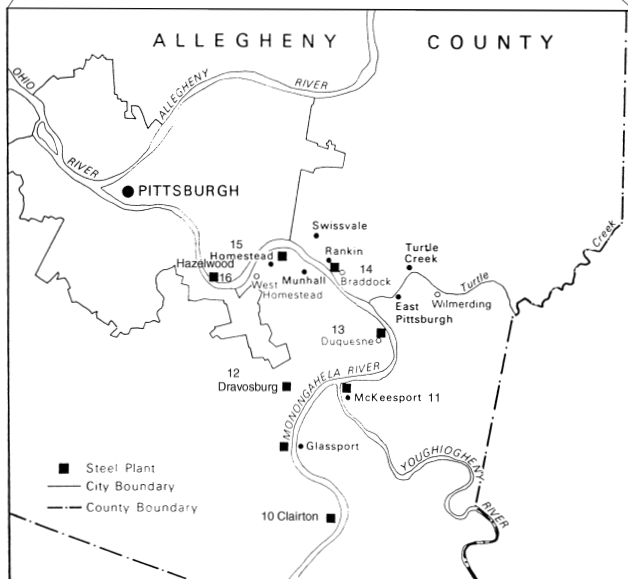
Second, to prevent flooding, and to transport goods—

Roosevelt's New Deal of 1933-37, and the economic mobilization for World War II of 1939-44, deepened Pennsylvania's industrial development. In 1973, Pennsylvania was still producing a near-record 35 million net tons of raw steel.

The decisive turning-point was Fed Chairman Volcker's huge interest-rate escalation beginning October 1979. By December 1980, the prime lending rate charged by commercial banks stood at 21.5%. Suddenly, there were no more orders for steel to build machinery, bridges, roads, and dwellings, because the economy was crippled. Over the next years, steel output fell by half.

There was a further complication: corruption at the top of U.S. Steel, America's largest steel-maker. Back in 1901, the anti-American J.P. Morgan Bank had bought the Carnegie Steel Works, and merged it with a few smaller steel-makers, to form U.S. Steel Corporation. Over the years, U.S. Steel

FIGURE 4

**Shut-Down of Pennsylvania's Steel Plants, 1970-2004**Source: *EIR*, 2004.

would produce steel only if kept in line by United States institutional forces. In the 1970s, the Morgan bankers saw an opportunity to collapse America's steel-making capability, and did so. They were joined in this by the second-largest steel-maker, the corrupted Bethlehem Steel Corporation.

U.S. Steel began closing steel plants in the 1970s, but it

accelerated the shutdowns in the mid-1980s when Volcker continued to hold interest rates at double-digit levels. After many plant shutdowns from 1976-85, U.S. Steel, between November 1986 and May 1987, closed 35% of its steel-making capacity nationwide, with much of that in Pennsylvania. U.S. Steel didn't care about steel; it was diversifying out of the industry. In 1982, it purchased Marathon Oil for \$5.9 billion. Entry into the oil business, along with other asset sales and purchases, dramatically altered the composition of the company. Whereas 73% of its revenues had come from steel in 1978, by 1985 the measure was down to 33%; the oil and gas segment of the company now brought in 54% of revenues, and real estate holdings another chunk. In 1986, U.S. Steel changed its name to U.S.X, to forever erase its prime identity as a steel company.

In Pennsylvania, a bombshell had struck. In **Figure 4** and the accompanying **Table 1**, *EIR* examined what happened to 21 major Pennsylvania steel-making plants, the bulk owned by U.S. Steel and Bethlehem Steel. *EIR* was assisted with information by members of the United Steel Workers of America (USWA), and by USX, but could only obtain employment information on 14 of the 21 plants. At their peak, these 14 plants employed, at minimum, 147,000 workers. Today, according to the best information available, these 14 plants employ less than 5,000 workers. Here alone, at least

TABLE 1

**Pennsylvania's Steel Plants**

Plant/City	County	Employment at Peak	Status	Present Employment
1. Bethlehem Steel at Philadelphia	Philadelphia	not known	<b>Closed</b>	0
2. US Steel at Fairless Hills	Buck	8,000	<b>Closed</b>	0
3. Bethlehem Steel at Pottstown	Montgomery	5,000+	<b>Closed, 1975</b>	0
4. Bethlehem Steel at Bethlehem	Lehigh	31,000	<b>Closed, 1997</b>	0
5. Bethlehem Steel at Lebanon	Lebanon	not known	<b>Closed</b>	0
6. Republic Steel at Harrisburg	Dauphin	not known	<b>Closed</b>	0
7. Bethlehem Steel at Steelton	Dauphin	12,000	<b>Downsized</b>	550
8. Bethlehem Steel at Williamsport	Lycoming	not known	<b>Downsized and sold</b>	500
9. US Steel at Johnstown	Cambria	18,000	<b>Closed, 1992</b>	0
10. US Steel at Clairton	Allegheny	7,200	<b>Downsized</b>	1,200
11. US Steel at McKeesport	Allegheny	8,500	<b>Downsized</b>	300
12. US Steel at Dravosburg	Allegheny	4,300	<b>Downsized</b>	1,200
13. US Steel at Duquesne	Allegheny	9,000	<b>Closed, 1987</b>	0
14. US Steel at Braddock	Allegheny	5,000	<b>Downsized</b>	600
15. US Steel at Homestead	Allegheny	15,000	<b>Closed, 1980s</b>	0
16. Jones & Laughlin Steel at Hazelwood	Allegheny	12,000	<b>Closed, 1980s</b>	0
17. US Steel at Donora	Washington	6,000	<b>Closed, 1960</b>	0
18. Wheeling-Pittsburgh Steel at Monessen	Westmoreland	6,000	<b>Closed, 1985</b>	0
19. US Steel at Vandergrift	Westmoreland	not known	<b>Downsized, sold to</b> Allegheny Ludlum	500+
20. Republic Steel at Beaver Falls	Beaver	not known	<b>Closed</b>	0
21. US Steel at Ellwood City	Beaver	not known	<b>Closed</b>	0

142,000 high-paying Pennsylvania steel jobs are gone.

Fourteen, or two-thirds of the steel plants shown in the map, have been permanently closed down. Some are demolished; the remaining seven steel plants have been significantly downsized. These 21 plants are spread over 13 counties in Pennsylvania. Including those steel plants not shown on *EIR*'s list and map, approximately 23 Pennsylvania counties have directly suffered steel plant closures or downsizing. Moreover, since many workers work in a steel county such as Allegheny (Pittsburgh is the main city), but may live in a neighboring county; and since so many "non-steel" counties produced goods that figure prominently into the steel-making process; one can say that almost all of Pennsylvania's 67 counties were directly affected by the steel industry's demise.

Let us specifically consider some of these plants:

- The Wheeling-Pittsburgh Steel plant, in Monessen, which is on the Monongahela River. This plant had installed a modern rail-making mill, which was only four or five years old, when it was shut down in 1985. There are only two other major rail-making plants in the nation, one of which is owned by Bethlehem Steel (now ISG Steel); but they use much older technology. When Wheeling-Pittsburgh's Monessen rail-making plant first got into financial trouble, Bethlehem Steel bought the plant, and then permanently closed it in 1985, to

ensure that no other company or individuals could get their hands on this advanced capacity, and use it to compete with Bethlehem's other rail-making plant.

- The Bethlehem Steel plant in Bethlehem City. This complex, which at its peak employed 31,000 workers, was simply known to everyone in the city as "The Steel." In the 1980s, the plant's workers tried everything to keep the plant open and producing, but Bethlehem management insisted it be closed. It was downsized and finally shut in 1997. The final indignity came, as the *Williamsport Sun-Gazette* reported on Sept. 16, when a high-powered financier group had bought the 120 acres of property on which the plant sat, and after clearing off the remnants of the plant, will build a \$450 million retail, entertainment, and residential district.

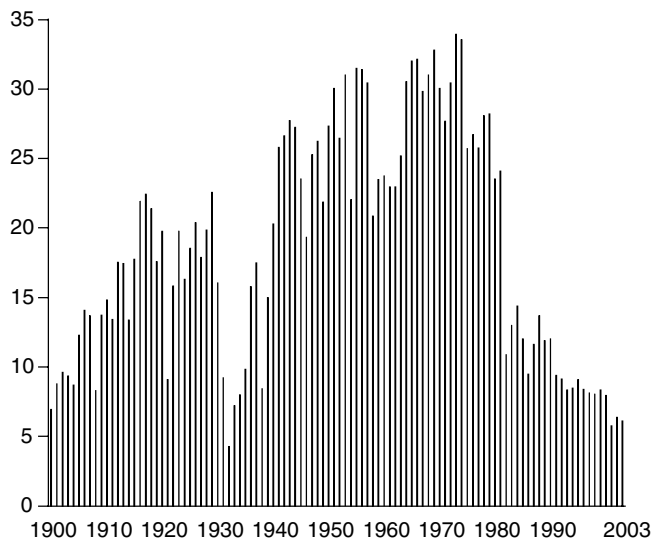
- In the 1960s and '70s, six integrated steel plants—capable of making steel in a furnace from scratch from iron ore, lime, coal, etc.—operated in the region around Pittsburgh. Today, there is only one.

- An older United Steel Workers of America official, who has lived and worked his whole life in Allegheny County, explained to *EIR*, "Today is worse than the 1930s Depression. Back then, it was bad, but you could get three or four days of work per month. *Today, there is no hope, because the steel plants have been torn down, and they're never coming back.*"

FIGURE 5

**Pennsylvania Steel Production, 1900-2003**

(Millions of Net Tons)

Sources: American Iron and Steel Institute; *EIR*.

**Figure 5** shows Pennsylvania's annual steel production, from 1900 until 2003. Today, Pennsylvania produces 6 million tons, less than it did a century ago (*and only one-fifth the 1973 production level*)! On a per-capita basis, today, Pennsylvania produces 0.50 tons of steel per person, a mere 45% of the 1900 level of 1.10 tons per person.

The Pennsylvania steel take-down was the leading edge of the national steel collapse. Since 1973, nationwide, U.S. Steel and Bethlehem Steel combined have reduced their steel workforce from 275,000 to 37,000 workers. **Figures 6a-b** show the breathtaking wiping out of America's steel production, especially in America's former industrial heartland. Instead, steel production has shifted to mini-mill production in the South, using electric arc furnaces, and often employing, as in the case of Nucor Steel, non-union labor. Mini-mills are not integrated plants that produce new steel; they merely re-heat old scrap, and produce a steel of inferior quality. Yet, today, nearly half of all America's steel production occurs in mini-mills. Even counting mini-mills, America's steel production has been reduced drastically from its early 1970s level.

**Machine Tools and Manufacturing**

Pennsylvania was traditionally one of America's leading producers of machine tools, the machines that are critical for capital formation and the transmission of new scientific ideas. **Figures 7a-b** show the number of machine tool establishments in Pennsylvania, and the number of workers employed,

for select years between 1977 and 2002. After 1979, and Volcker's implementation of "controlled disintegration of the economy," the number of Pennsylvania's machine tool establishments and workers, as well as machine tool output, fell by 60%.

**Figures 8a-b** show the loss of Pennsylvania's entire manufacturing superstructure on a county-by-county basis. Figure 8a shows that in 1980, in an extraordinary 39 of Pennsylvania's 67 counties, 30% or more of the workforce was employed in manufacturing, including many counties where the steel and machine tool sectors still functioned. Figure 8b shows that in 2000, the number of Pennsylvania counties where 30% or more of the workforce remained employed in manufacturing, had plummeted to four.

**Figures 9** through **14a-c** show the depopulation, deindustrialization, and spread of poverty in Pennsylvania's leading urban centers. **Figures 10a-c** show the change for 10 leading Pennsylvania cities between 1970 and 2000. **Figures 11a-c**, **12a-c**, **13a-c**, and **14a-c** show the change in the individual circumstances of four Pennsylvania former industrial cities: Philadelphia, Pittsburgh, Johnstown, and Erie. In Pittsburgh, and Johnstown, the central city population shrank by more than a third. In all four cities, the manufacturing workforce collapsed by 50% or more.

Poverty now pervades these cities. A USWA official in eastern Pennsylvania told *EIR*, "If you worked for Bethlehem Steel and retired in the 1970s, you get a monthly pension of about \$700. But the health-care benefits for retirees, which were very valuable, were eliminated by Bethlehem, and by the company that bought Bethlehem when it went bankrupt, ISG Steel. Health-care costs above Medicare can run you \$300-\$600 per month. That eats up what you get for your pension; it leaves you only your small Social Security check to live on."

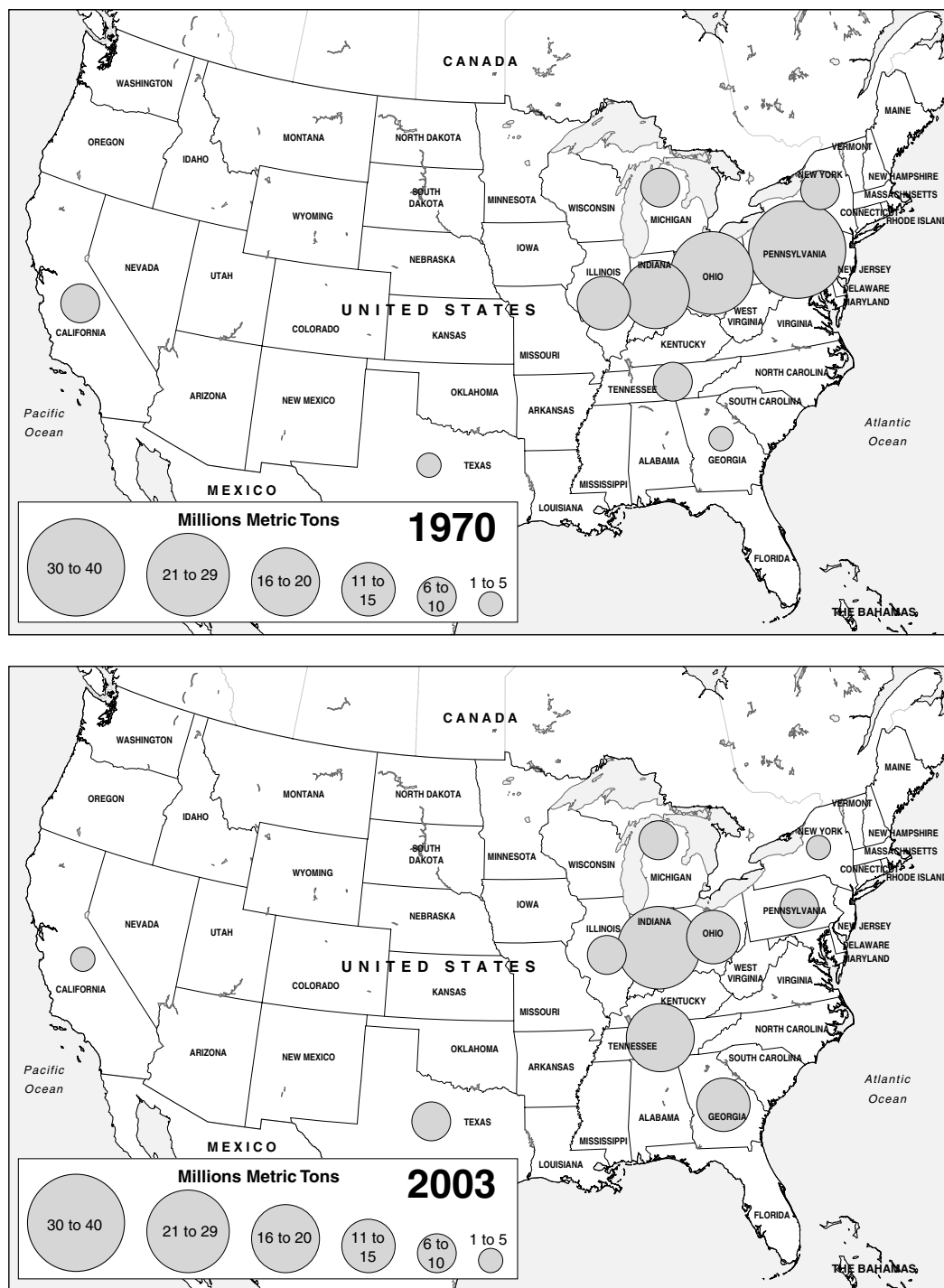
**Agriculture**

Farming, one of Pennsylvania's three pillars, along with industry and infrastructure, has been equally trampled by the end of the producer society. Pennsylvania has long been an important farm state, and over the past 40 years of increasingly rigged "free trade" and deregulation, it has suffered major dislocation in farm counties and food-processing centers. Pennsylvania ranks fourth nationally in number of milk cows, and tonnage of milk output. It ranks first in output of mushrooms and buckwheat, and produces significant amounts of other crops from hay to corn.

But the area under farming in Pennsylvania today is about 9 million acres (4 million hectares), way down from 13.2 million acres in 1955. As of 2002, there are 59,000 farms, compared with 128,900 in 1955. The independent family farm, the backbone of Pennsylvania's agriculture, is vanishing. Pennsylvania's dairy farm sector has been the target of free-trade policy, as Milk Protein Concentrate (MPC) is imported from New Zealand and Australia.

FIGURES 6a-b

## Steel Regions' Raw Steel Production, 1970 and 2003



Source: EIRNS/2004.

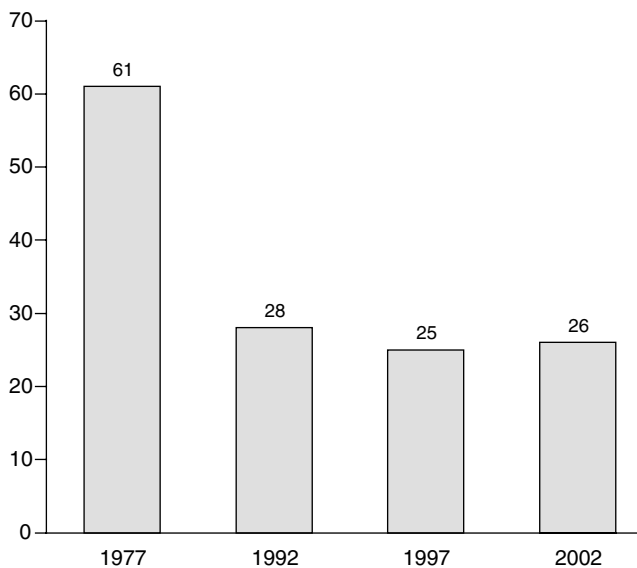
*LaRouche, on his record the leading long-term economic forecaster, emphasizes the current breakdown “crisis has two principal aspects. One aspect is monetary-financial; that is the imminent collapse before us, as the world as a whole. The other aspect is economic—by which I mean real economy: physical economy, not monetary or financial economy.” This physical breakdown is shown by lapsed-time maps of production of steel in America, selected from a series spanning 1900-2003. Since 1970, steel production has shrunk dramatically, and what remained shifted south to non-union electric-arc furnace plants.*

*The marker in Georgia represents seven southeastern states’ production; that in Tennessee represents five south central states’ production; that in New York includes also three mid-Atlantic states and Connecticut; that in California represents five western states.*



FIGURE 7a

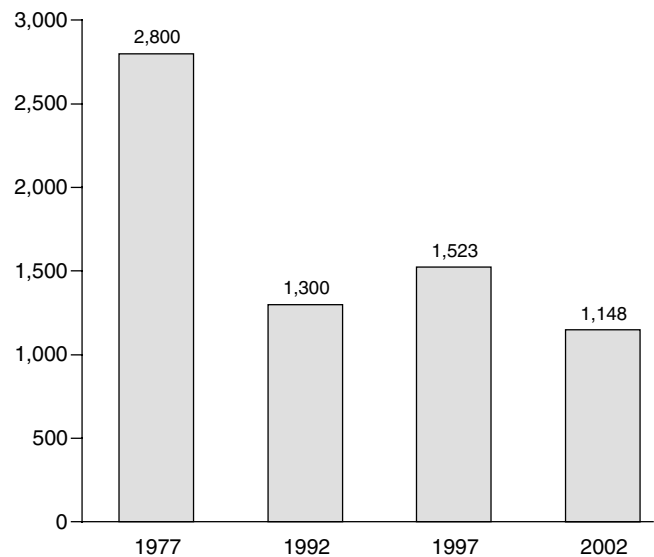
### Pennsylvania: Number of Machine-Tool Establishments



Source: U.S. Dept. of Commerce, Bureau of the Census.

FIGURE 7b

### Pennsylvania: Number of Machine-Tool Workers



Source: U.S. Dept. of Commerce, Bureau of the Census.

Pennsylvania still possesses the skills among its rural families and institutions—such as the Dairy Science Department of Pennsylvania State University, and the county extension services—to ramp up dairy and other agricultural output, once destructive free-trade practices are brought to an end as Federal policy.

### Infrastructure Destruction

The increased age and obsolescence of infrastructure, and the policy of refusing to invest to repair and upgrade it, has reached a crisis in Pennsylvania. This in the state which pioneered and set standards for high-technology rail and other infrastructure.

- **Rail:** During the past 50 years, the magnificent Pennsylvania Railroad was pillaged by Wall Street, merged with the Central Railroad, pillaged again, drastically downsized, put into bankruptcy, and then all of its pieces were eventually sold off. **Figure 15** shows that the historic cradle of America's rail development has seen extensive parts of its rail system abandoned. From its peak of 11,693 miles, Pennsylvania's Class I rail system trackage has been cut 60%, to 5,103 miles.

- **Health and Hospitals:** Pennsylvania's hospital system, which from the time of the achievements of Benjamin Franklin was an envy of the nation, is in shambles (see page 27).

- **Dams and Locks; Water Management:** As reported, the dams and locks that the U.S. Army Corps of Engineers built on the Monongahela River in the early 20th Century,

made possible the modern development of Pittsburgh, and the entire region north and south of it. It set up a "ladder-system" of locks and chambers to move goods. But the Braddock Lock and Dam was erected in 1905; Lock No. 3 was built in 1907, and Lock No. 4 was built in 1932. The Braddock Lock is being rebuilt in stages by the Army Corps, in a remarkable engineering job, one that should be repeated for Locks 3 and 4, and many other aged structures on the Monongahela, Allegheny and Ohio Rivers.

But the Dick Cheney-Tom DeLay forces in the U.S. Congress are working overtime to gut the budget of the Army Corps. The Pittsburgh District of the Corps has had to lay off 29% of its engineers, because of recent budget cuts.

Pennsylvania is the most flood-prone state in the nation, with 83,161 miles of rivers and streams. The state has 3,100 non-Federally owned or operated dams, a considerable proportion of which are 30 years or older. The Pennsylvania Department of Environmental Protection, which monitors the state's regulated dams, put out a statement on July 27, that it considers 44 of the state's "high-hazard" dams "unsafe." This means that were they to breach, they could cause serious loss of life, wash out roads, and create extensive property damage.

The state of Pennsylvania's flood-control system on rivers and smaller streams was evidenced, when the remnants of Hurricane Ivan dumped over nine inches of rain on much of the state on Sept. 18-19. Pennsylvania has extensive water control systems, many built and operated by the Army Corps of Engineers, and wherever structures were present and

## Manufacturing as a Percent of Total Employment in Pennsylvania Counties

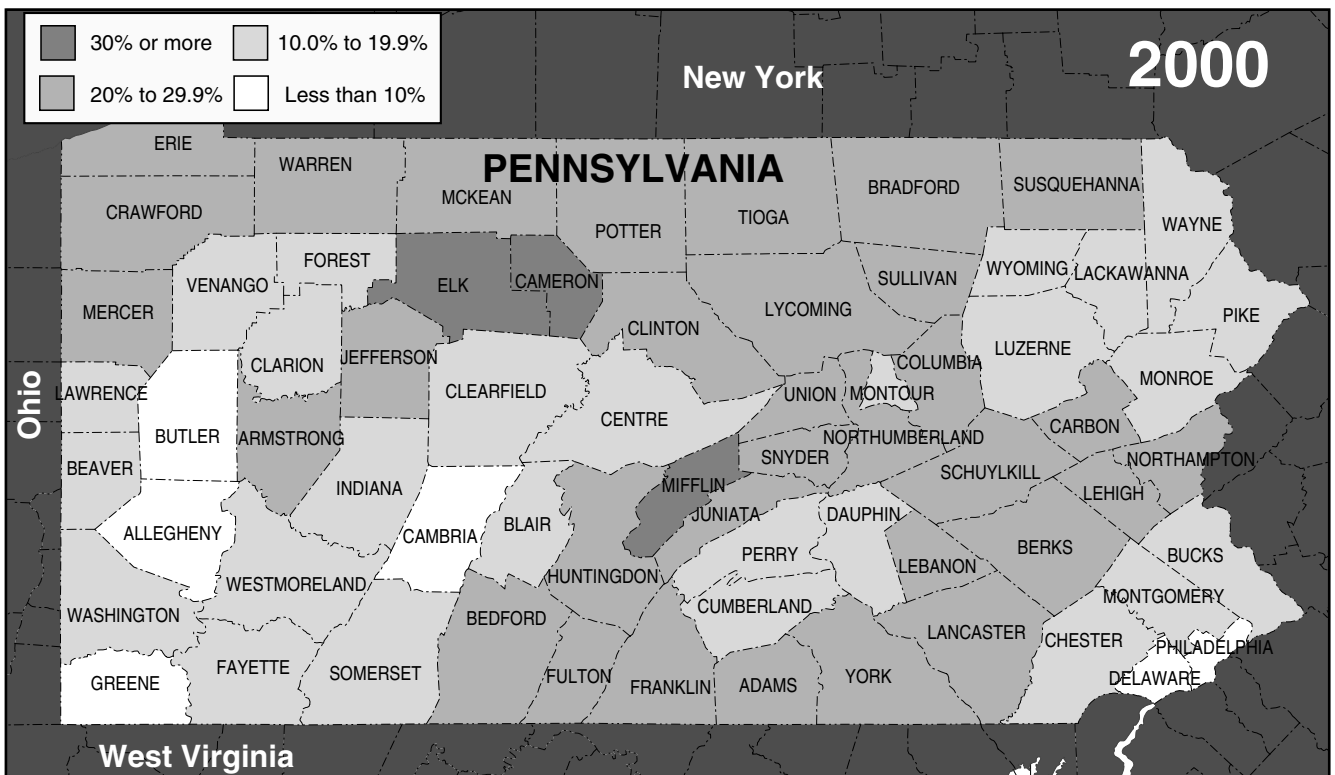
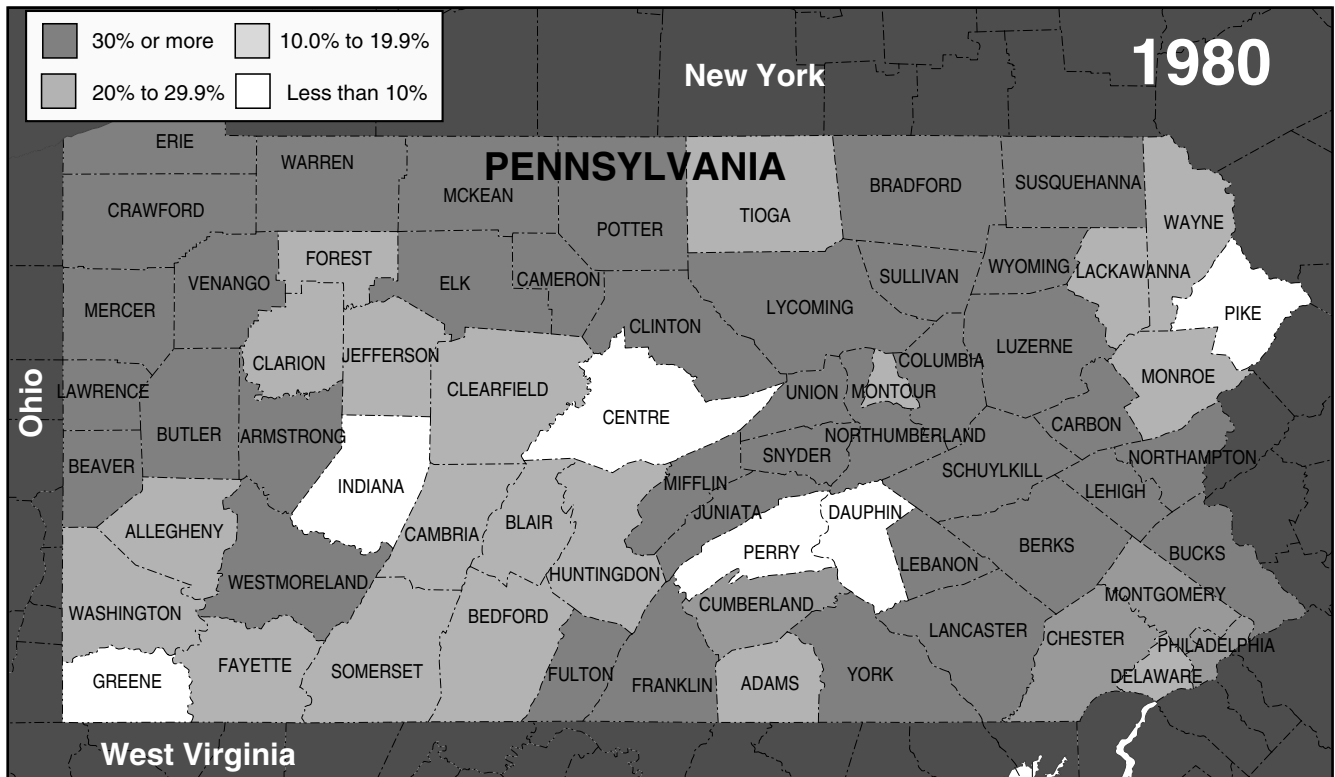


FIGURE 9

## Depopulation, Deindustrialization, Poverty in 10 Pennsylvania Cities

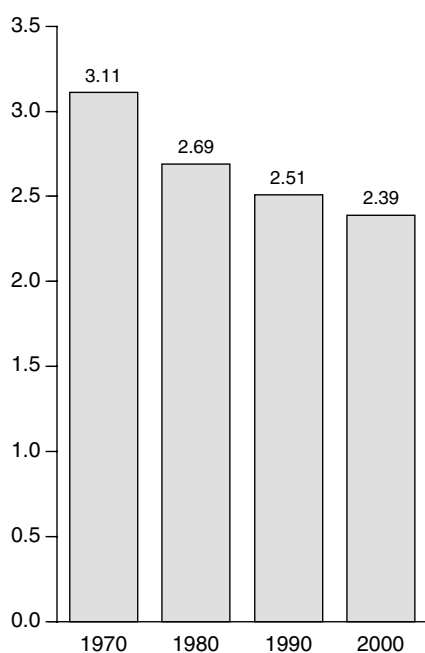


Source: *EIR*.

FIGURE 10a

### 10 Leading Pennsylvania Cities: Population Falls by 36%

(Millions)

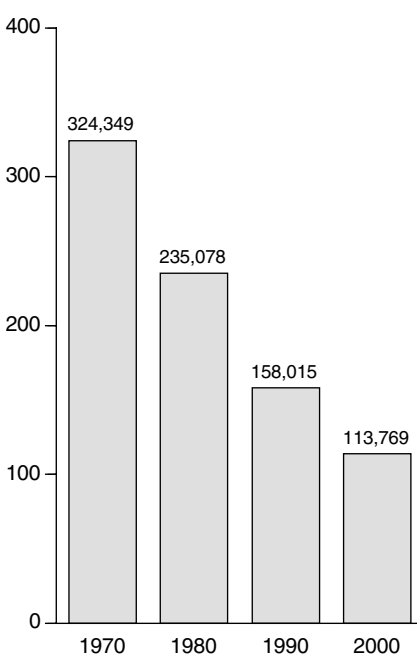


Sources: Dept. of Housing and Urban Development; *EIR*.

FIGURE 10b

### 10 Pennsylvania Cities: Manufacturing Workforce Falls by 65%

(Thousands)

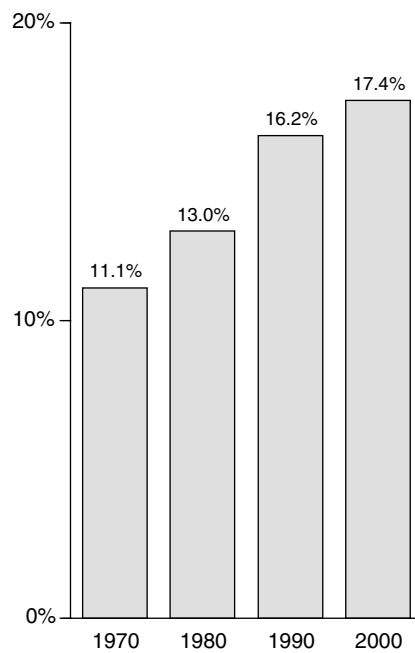


Sources: Dept. of Housing and Urban Development; *EIR*.

FIGURE 10c

### 10 Pennsylvania Cities: Poverty Rate

(Percent)

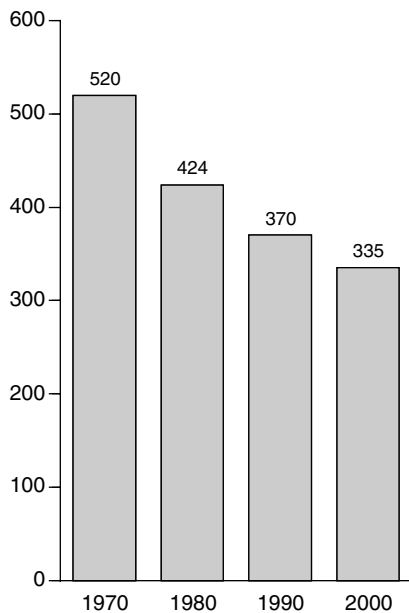


Sources: Dept. of Housing and Urban Development; *EIR*.

FIGURE 11a

### Pittsburgh: Population Falls by 36%

(Thousands)

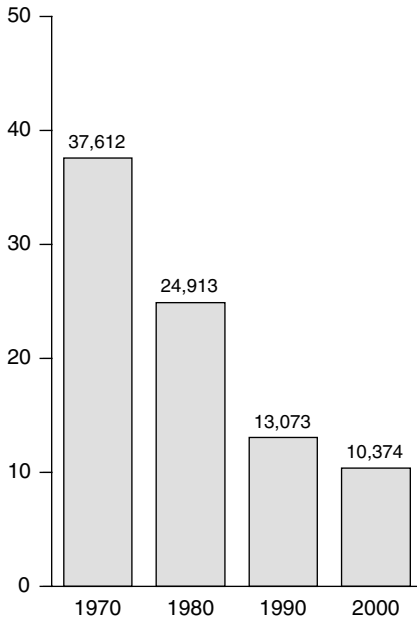


Sources: Dept. of Housing and Urban Development; *EIR*.

FIGURE 11b

### Pittsburgh: Manufacturing Workforce Falls by 72%

(Thousands)

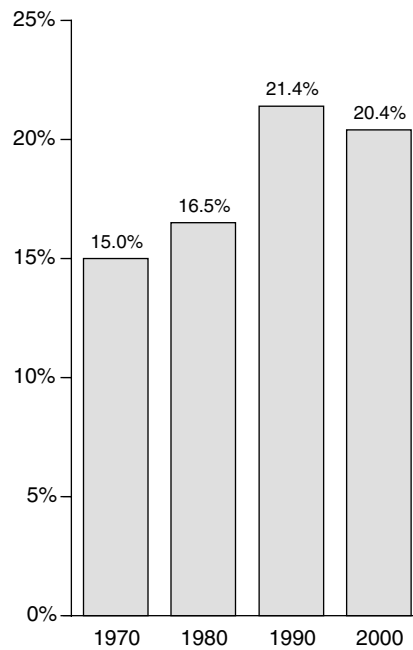


Sources: Dept. of Housing and Urban Development; *EIR*.

FIGURE 11c

### Pittsburgh: Poverty Rate

(Percent)

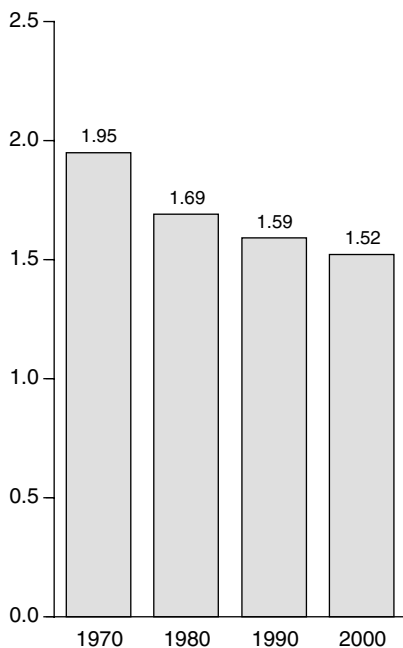


Sources: Dept. of Housing and Urban Development; *EIR*.

FIGURE 12a

### Philadelphia: Population Falls by 22%

(Millions)

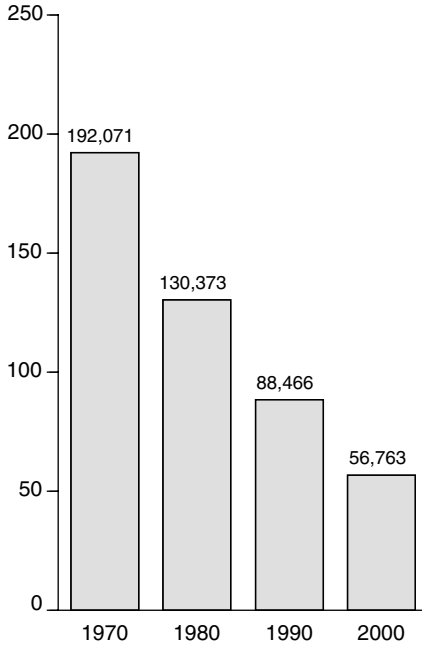


Sources: Dept. of Housing and Urban Development; *EIR*.

FIGURE 12b

### Philadelphia: Manufacturing Workforce Falls by 70%

(Thousands)

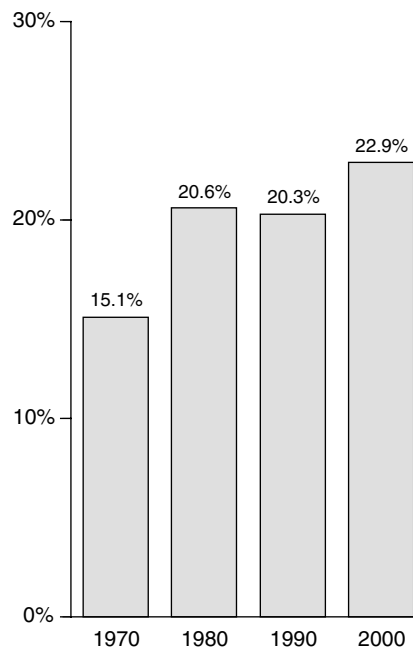


Sources: Dept. of Housing and Urban Development; *EIR*.

FIGURE 12c

### Philadelphia: Poverty Rate

(Percent)

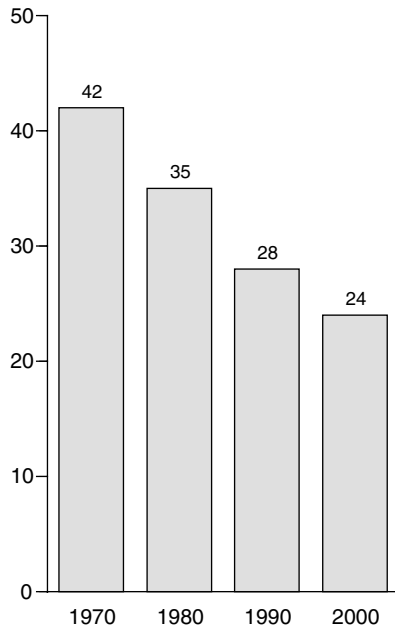


Sources: Dept. of Housing and Urban Development; *EIR*.

FIGURE 13a

### Johnstown: Population Falls by 44%

(Thousands)

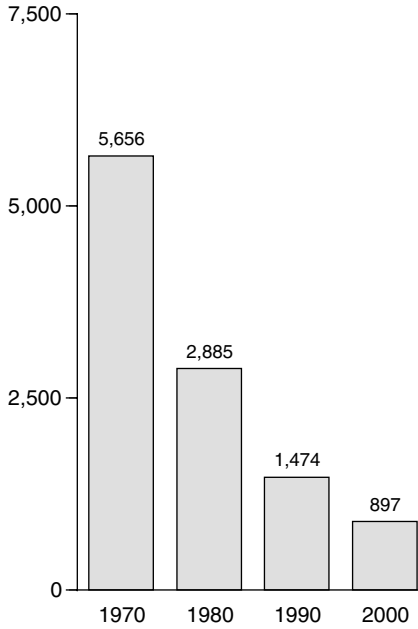


Sources: Dept. of Housing and Urban Development; *EIR*.

FIGURE 13b

### Johnstown: Manufacturing Workforce Falls by 44%

(Thousands)

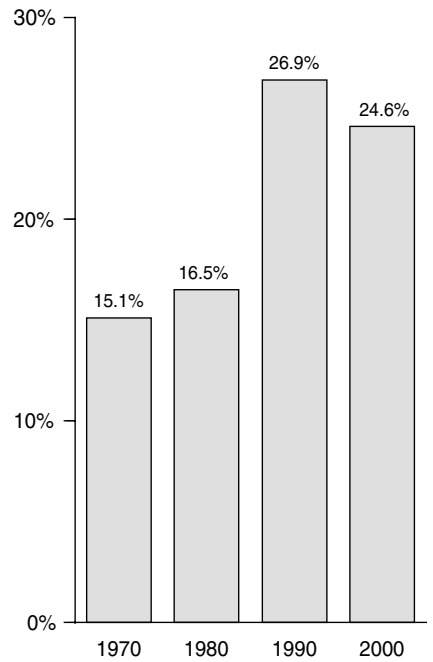


Sources: Dept. of Housing and Urban Development; *EIR*.

FIGURE 13c

### Johnstown: Poverty Rate

(Percent)

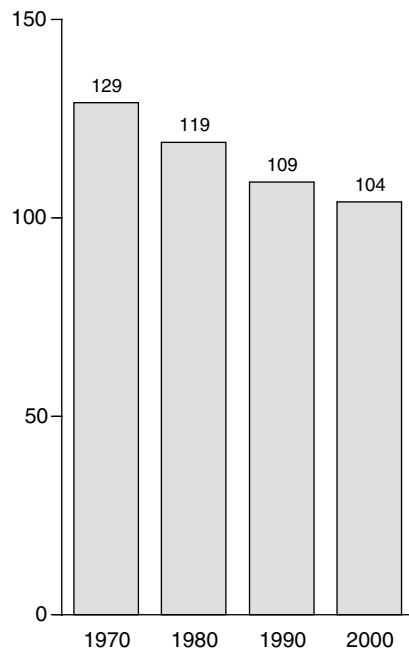


Sources: Dept. of Housing and Urban Development; *EIR*.

FIGURE 14a

### Erie: Population Falls by 20%

(Thousands)

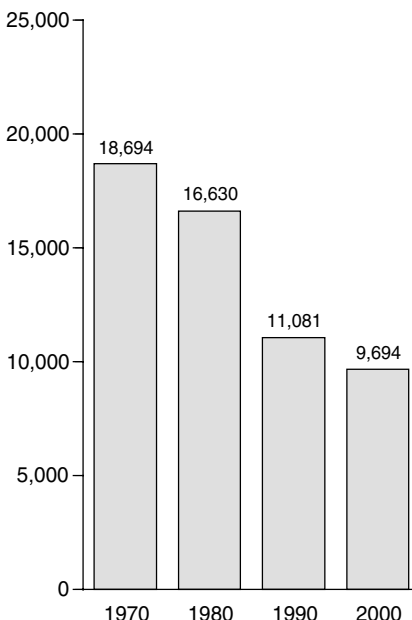


Sources: Dept. of Housing and Urban Development; *EIR*.

FIGURE 14b

### Erie: Manufacturing Workforce Falls by 48%

(Thousands)

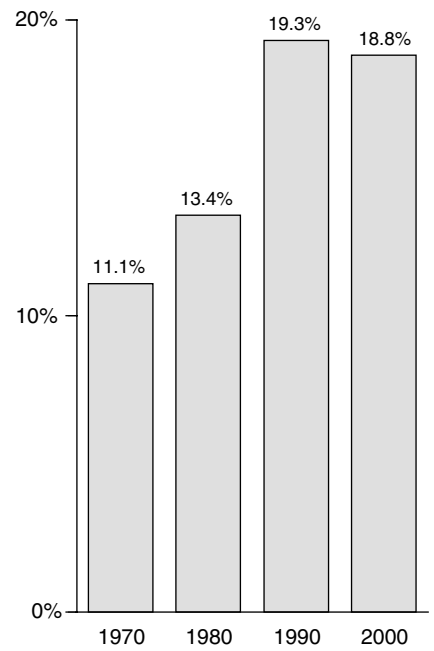


Sources: Dept. of Housing and Urban Development; *EIR*.

FIGURE 14c

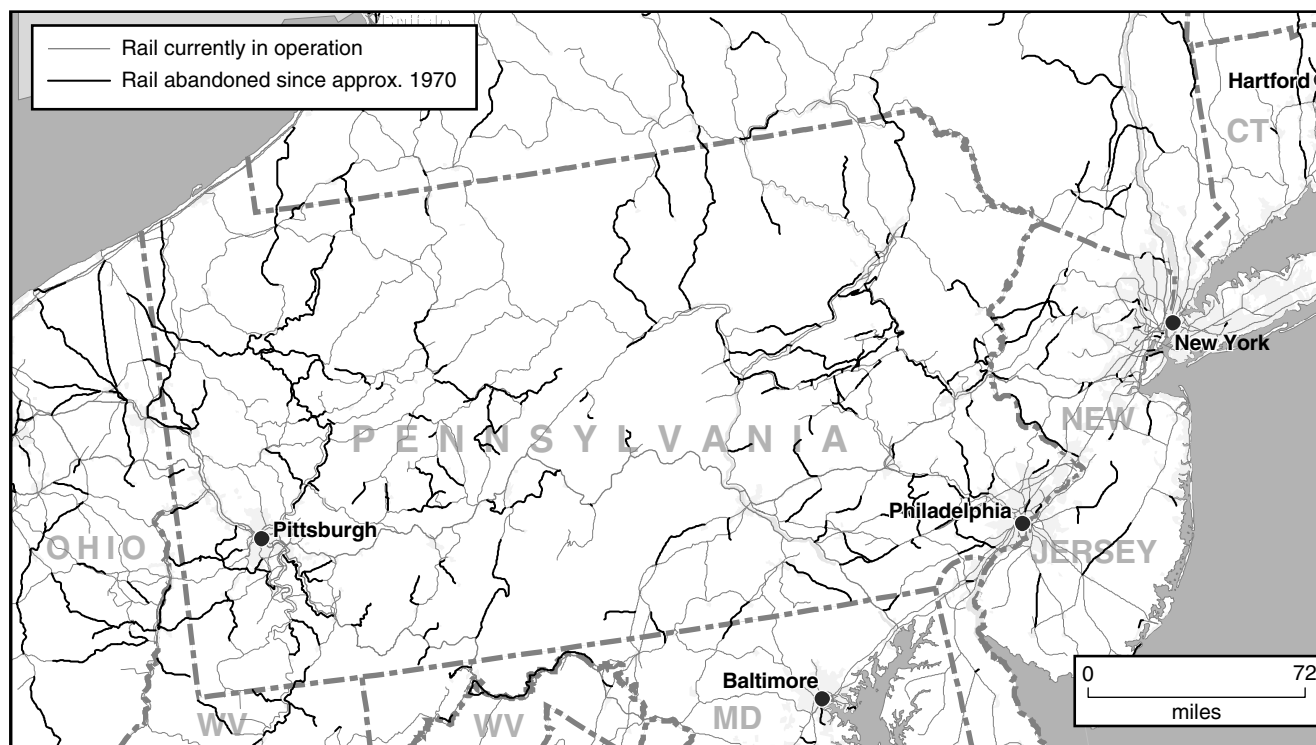
### Erie: Poverty Rate

(Percent)



Sources: Dept. of Housing and Urban Development; *EIR*.

FIGURE 15

**Pennsylvania: Abandoned and Existing Rail**

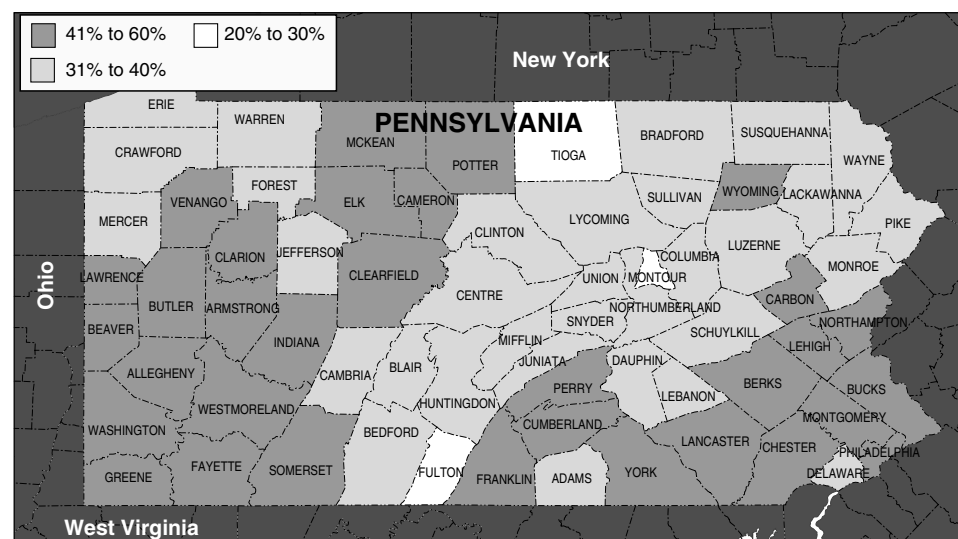
John Sigerson / EIRNS 2002

maintained, the floods were mitigated. But the town of Etna near Pittsburgh, on the Little Pine Creek tributary of the Allegheny River, needed flood-control structures, which the Army Corps has been eager to build, but lacked the money. Etna was inundated.

As well, according to the Southwestern Pennsylvania Water and Sewer Infrastructure Project, aging infrastructure and underfunding now make Pennsylvania the state with the most combined sewer overflows, posing a genuine health hazard.

**Bridges:** Figure 16 shows the percentage of Pennsylvania 22,174 bridges that are rated by the Federal National Bridge Inventory of the Federal Highway Administration

FIGURE 16

**Percent of Bridges Obsolete or Structurally Deficient, by County**

Source: EIRNS, 2004.

(FHWA), as “structurally deficient” or “functionally obsolete.” These classifications do not mean that the bridges are “unsafe” per se, but many of them in this classification do not meet adequate standards for design and volume, and several of them *are* unsafe. The Road Information Program (TRIP), a private think-tank, reported in June 2003, “Pennsylvania’s bridges are aging, and many have outdated designs and inadequate safety features. . . . The cost of repairing all bridge deficiencies in Pennsylvania is approximately \$7 billion.”

The real world consequences of this were shown when Hurricane Ivan recently destroyed or severely damaged 20 inadequate bridges in Allegheny County, and 15 in Fulton County.

**Airlines:** U.S. Airways’ filing for bankruptcy protection on Sep. 12—the second time it has been bankrupt in two years—portends the drastic shrinkage of the Pennsylvania’s region’s air grid. For years, Pittsburgh International Airport (PIA) had been the center of U.S. Airways’ hub-and-spokes air system. Due to financial problems, between 2000 and 2002, U.S. Airways cut 14% of the flights that departed from PIA. Now, made even more desperate by its imperiled financial condition, U.S. Airways announced this Summer the discontinuation of flights out of Pittsburgh to Reading, Williamsport, and State College, Pennsylvania. And in early November, U.S. Airways will eliminate all flights from Pittsburgh to Europe. The main terminal at PIA, built at the city’s expense for more than \$600 million, is increasingly underutilized; the number of flights departing from each of Pennsylvania’s regional airports is down 15% or more since 2000.

**Housing:** Housing is unavailable or unaffordable to increasing numbers of people (see page 35 for Philadelphia case study).

## No Industrial Revenue Means City Budget Crises

The close-down of steel and other manufacturing since the 1970s has imploded many cities’ revenue base. Dozens of towns became shells of their former selves. Young people moved out to look for jobs; and middle-aged and elderly were trapped in cities that could not provide even minimal basic services.

**Table 2** shows, for the early 1980s, U.S. Steel’s contribution to municipal revenues of steel towns, expressed as a percentage of the total. For example, in Duquesne, U.S. Steel had accounted for 44% of Duquesne’s real estate tax collections, and 60% of that city’s wage tax collections. When U.S. Steel closed its plants, such towns not only had an increased number of unemployed, and increased costs of services, but far less revenue.

This is the case for Pittsburgh, two decades after the steel plants closed. Pittsburgh is in an horrendous budget crisis caused by the lack of revenue. During the first week of August 2003, in order to cover a \$60 million shortfall, Pittsburgh fired

TABLE 2

### U.S. Steel’s Contribution to Municipal Revenues, 1980

(Percent)

Community	Of Real Estate Taxes	Of Wage Taxes
Braddock	32	31
Clairton	47	51
Duquesne	44	60
Homestead	60	30
McKeesport	20	57
West Mifflin	21	30
Munhall	25	35
North Braddock	44	31
Rankin	55	40
West Homestead	37	40

Source: 97th Congress, 1st Session *Hearings on the Economic Health of the Steel Industry and the Relationship of Steel to Other Sectors of the Economy*.

731 city employees. This did not solve the problem. At the point of bankruptcy, Pittsburgh was put under Act 47, the “distressed cities” program. Since Act 47 came into force in the mid-1980s, 19 Pennsylvania municipalities have been declared distressed cities.

What this means in practice, is that a five-person dictatorial financial oversight board has been set up with complete budgeting authority over Pittsburgh for a period of five years. It can order draconian cuts in social services. Pittsburgh, once the epicenter of world steel production, is reduced to the satrap of a group of bankers.

From its inception, Benjamin Franklin and the leaders of Pennsylvania saw their mission as building a nation. They constructed the Pennsylvania Railroad to link the cities of Pennsylvania, but beyond that, to spread industrialization and civilization across the nation. This called for tremendous quantities of steel.

Today, we don’t want to build 19th-Century rail steam locomotives. However, the construction of a magnetic levitation train system in the United States, would cause an immeasurable leap in productivity for the whole nation. This is spelled out in LaRouche’s Super-TVA proposal. A maglev vehicle floats on a magnetic cushion, cruising at speeds of 300 miles per hour. Revolutionizing the movement of people and goods, this would connect United States to Ibero-America, and through the Bering Straits, to Asia and Europe. And it will call for very large amounts of high-strength, high-quality steel and a new machine-tool industry.

Ben Franklin’s and Alexander Hamilton’s “American System of political economy” revived by Lyndon LaRouche, is the method by which Pennsylvania could build itself and the world out of depression.