

developing Europe. So, that's the idea, essentially.

Let's try to go back a little bit and say, why do not these countries, why can't they have their inalienable sovereignty in economic and financial issues? Let them help themselves. We can use some kind of Marshall Plan, just as leverage, as a necessary capitalization for these banks, in all of these respective countries, which then can, of course, cooperate as sovereign states, in terms of reconstruction of the whole region, in terms of defining the priorities, in terms of defining projects of mutual interest, etc.

So, that's generally the idea. Because if we stuck in this idea of who's going to pay for it, and nobody is going to pay for it—which is normal, why should we expect down there in the Balkans that somebody is going to pay for it? Who is, after all, obliged to pay for our own reconstruction? But if we launch the credit-generating mechanism, which can be launched only through the respect of sovereignty in monetary issues, of each and every country in that region, then we can have real reconstruction and development.

So, that's generally the idea. But this won't be possible unless the initiative comes from the United States. Because, not a single country down there, not a single country in Europe, will be courageous enough to launch these necessary changes, these necessary shifts, in the overall financial and economic policy. Without structural changes in the world financial and monetary system, this thing wouldn't be possible. And that's why I'm here.

Transform the world financial system

I would like to present one view, from the Balkans, from down there, from the region, on how to reconstruct, how to launch this reconstruction and development, which is the only guarantee of stable and durable peace and cooperation. To change the world monetary system, to change the world financial system, and to launch the whole reconstruction program, is not a big deal. It just takes political courage and political leadership.

And the proposal is there. The proposal is made by Mr. LaRouche and his movement, and it is something that is viable, it is something that is concrete, and it is something that can be offered, not only to the nations down there, but it can be offered to everybody. And this is the only way out. Otherwise, we are in a Catch-22 situation, where we cannot create money, or financial means for our development, because we have no sovereignty whatsoever. And, on the other side, there is no money from outside, nobody is going to pay for it, nobody is going to invest in a country where transportation costs are so high. Nobody is going to invest in a country where the basic infrastructure has been damaged, to a very large extent. And that's why this needs to be done.

This is what we should address to the American public, and to the American political decision-makers. And this is essentially my message. I'm here just to give a message, nothing else.

Interview: Dr. Peter Edelman

A change is needed in American welfare policy

Dr. Peter Edelman, a professor at Georgetown University Law Center in Washington, D.C., was an Assistant Secretary of Health and Human Services during the first Clinton administration. He resigned from that position in 1996, in protest of President Clinton's signing of the welfare reform legislation, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). Dr. Edelman spoke with Marianna Wertz on Sept. 27.

EIR: You left the Clinton administration in 1996, in protest of his signing the welfare reform act. We've been told subsequently, that Al Gore, working with [former Clinton aide] Dick Morris, crafted this policy for the administration. Can you tell me what you know about that, what your objections were at the time, and whether you believe anything has changed inside the administration since you left?

Edelman: "Crafted this policy" is not correct. My understanding is that the Vice President and Dick Morris were among a minority of advisers who urged the President to sign the bill. Most of those advising him urged him to veto it, but he decided—regardless of minority or majority—he made the decision to sign it.

My objections could be a very long answer, but my objections were that it wasn't real welfare reform. As a block grant, it allowed the states to have policies that were as negative and punitive as they would want. It also allowed states to do the right thing. It destroyed the safety net that had been in place for 60 years and it really didn't make sure that the states would make decisions that really seriously promote work and protect children. So, the combination of the block grants and the arbitrary five-year time limit were the heart of the bill, as well as all the cuts in the other programs, which were just a kind of ugly frosting on a very bad cake.

Has anything changed? The administration has done a limited number of things to ameliorate the impact of the bill. They've gotten Congress to restore SSI [Supplemental Security Income, monthly payments to people who are 65 or older, or blind, or have a disability and who are indigent] benefits to people who were in the country at the time the bill was signed and were already elderly or already disabled—very limited restoration, which has gotten more publicity than it really deserves to have.

They got CHIP passed, which is important, and is, among other things, helpful in terms of mothers going to work and

having health coverage for their children. (CHIP is a children's medical coverage program that supplements Medicaid for children and families that have incomes a bit higher than Medicaid contemplates, makes available to states \$24 billion over a five-year period, in quite a flexible way, to make choices about how to provide that coverage, including extending Medicaid, but also by having separate insurance mechanisms that they create.) They got a welfare-to-work program in the Labor Department passed, which is modestly helpful on jobs programs.

But they've done *nothing* about the so-called welfare reform itself, which is at the heart of the legislation, and which the President seems to continue to believe is good policy.

EIR: Lyndon LaRouche, the founder of *EIR*, also protested Clinton's signing of PRWORA. He warned that it would lead to a virtual slave-labor policy for welfare recipients, particularly as the financial crisis deepens, as it has. As a Presidential candidate, he recently warned that the growing use of prisoners and others, as virtual slave labor, has grown. Do you concur with this, or what is your view?

Edelman: I do not concur with that. That is, I'm very concerned about those places in the country which have chosen to use so-called workfare programs, which I think put people to work in ways that don't adequately help them make a transition to private-sector work, that don't provide extra preparation, but I would not call it slave labor.

EIR: What would you like to see occur in the debate in the Presidential primaries around this question?

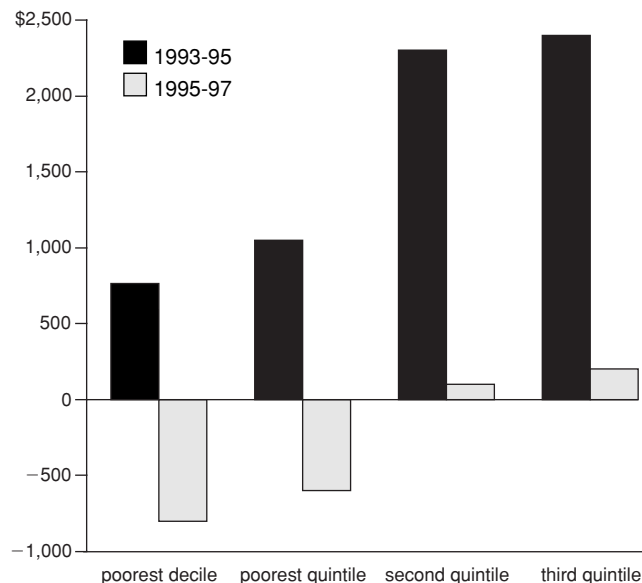
Edelman: I think it would be useful to have a constructive debate. Senator Bradley, as you know, voted against the legislation when it was passed, and he has talked about it and I'm sure will continue to talk about it. People who are running who have concerns and criticisms, I think they need to express them and I would hope there would be a debate. I must say, I don't know that the country is listening as carefully as I would like, and I don't see enough people speaking about it in a critical way.

EIR: Sen. Paul Wellstone (D-Minn.) recently pointed to what he called 4.5 million "disappeared" women and children, who have been removed from the welfare rolls. In an Aug. 11 letter to the *Washington Post*, you asked, "Who is worrying about the children?" What do you see happening with these women and children?

Edelman: We don't precisely know; that's what concerns Senator Wellstone and me, and some others, because it is very hard to study what happens to someone who has been removed from the rolls and does not show up, therefore, on any other public record. Some of the children are on Medicaid, some of them continue to be on foodstamps, they're here and there on various other public records. But it's difficult to study what happens to them, and Senator Wellstone has pointed out, and I agree, that there's not a lot of official interest in

FIGURE 1

Changes in disposable income among single-mother families with children



Source: Center on Budget and Policy Priorities, Washington, D.C.

studying what happens to them. He, as you know probably, has proposed legislation that they should be followed more carefully.

What has happened, is a number of things, which essentially add up to a net loss in income for people at the bottom. They've lost cash benefits. Some of them are in extended families that help them out. Some of them probably had some work that we didn't know about. Some of them get married. But I think that if you look at the Census poverty data for 1996 and 1997 and at the recent study that Wendell Primus did [see **Figure 1**], you have to conclude that a large number of them and their children simply lost income, that the benefits they lost are not offset by any earnings that they have, and at the very bottom, of course, many of them don't have earnings at all. So we see, for example, that the lowest 10% of single mothers have lost about 15% of their income during that two-year period.

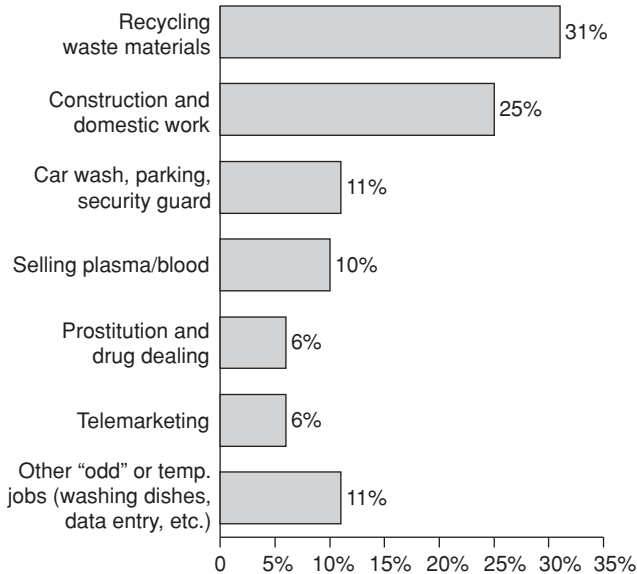
EIR: We reported on that study [*EIR*, Sept. 17, 1999].

Edelman: Yes, I know you have. But that's really the answer to your question. The best answer to your question is in these national figures and what they must represent.

EIR: A recent study at the University of California at Los Angeles, on which we reported [*EIR*, June 25, 1999], showed that 6% of former welfare recipients in Los Angeles are now making a living by crime, including drug-dealing and prostitution [**Figure 2**]. This is the first such study we've seen. A national leader of the American Federation of State, County

FIGURE 2

Types of current jobs, former general relief recipients, Los Angeles County



Source: UCLA School of Policy and Public Research, Ailee Moon, Ph.D. and Rebecca Hawes, MSW, April 1999.

and Municipal Employees (AFSCME) told us that he believes the fall in welfare rolls is directly related to a rising incarceration rate, especially among minorities. Do you have any comment on that?

Edelman: I think a lot of us believe that over a period of time, we will see continued increases in the use of soup kitchens and food pantries and in crime and incarceration rates and other negative social indicators. It's always hard to be precise about cause and effect, because there are so many variables in all this. But, unfortunately, it stands to reason that when you massively affect the income situation of that many people, that there are going to be some negative outcomes. And I think we're seeing them.

What we need to understand, and what I and others said at the beginning, is that it's not a one-to-one effect. . . .

EIR: My last question is two-fold. What are you doing now with respect to the welfare policy, and what do you think should be done?

Edelman: What I'm doing is speaking out about it and writing about it and in various little ways that I can to get attention for my views. I had an op-ed in the *New York Times* earlier this summer and a letter to the *Washington Post* and on television occasionally and give public speeches fairly regularly. That's what I'm doing. And talking to various decision-makers, in the Congress and elsewhere, to try to be helpful.

What do I think should be done? I think that, basically, again, I could talk to you for a week about what should be

done. We're going to be coming up to a reauthorization process, the debate about which will begin, I think, in earnest in the next Congress in the year 2001. I think that everyone who is concerned needs to be thinking about what the next version of this legislation should look like.

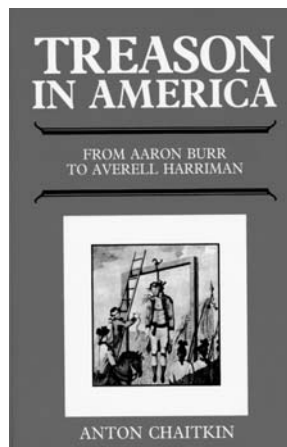
I myself would change the framework considerably, to create some provisions that keep the worst states from being as punitive as they are, while retaining great flexibility, and are more forceful in promoting states to have good policies to help people find and keep jobs, and to have a real safety net for children, at the same time that I actually do believe in a work-oriented welfare policy, but one that's genuine about that and that does protect children.

If we have to keep the framework, if the politics end up being that we have to keep basically this framework that we have, there are all kinds of things one can do to improve it. One can have exceptions to time limits for people who have small children, so that we aren't pushing women out into the labor force when the children are twelve weeks old. We can have exceptions for people who live in places that are in regional recession. We can have exceptions for policies that supplement, through the welfare process, supplement the earnings of people from work. There's a whole long list of things that we can do—put more funding out there for child care and more encouragement to use it in the right way, improve transportation, drug treatment, literacy skills, and so on. That's why I say I could talk to you for a week.

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