

Schwarzenegger Savages California, Aims at Presidency

by Harley Schlanger

“I admired Hitler . . . because he came from being a little man with almost no formal education, up to power. And I admire him for being such a good public speaker and for his way of getting to the people and so on. . . .”

—Arnold Schwarzenegger,
in a 1977 interview with George Butler

When Lyndon LaRouche’s Presidential campaign committee used the above quote during the 2003 California Recall campaign as the lead in the now-famous anti-Schwarzenegger leaflet, “The Return of the Beast,” many Democrats protested.

“That was a young, immature Schwarzenegger who said that,” some insisted. “He didn’t know what he was saying.” Other Democrats quivered with anger and fear: “You can’t say that, that’s too inflammatory.”

It was exactly such equivocation and fear—plus a measure of sabotage by Kennedy-family-allied Democrats, such as consultant Bob Shrum—which ensured the success of the coup/recall against duly elected Gov. Gray Davis (D), and installed the Hitler-admiring action film hero as Governor in Sacramento. And it was the courageous effort by the LaRouche Youth Movement (LYM), in taking on that fear, by distributing several hundred thousands of those leaflets, which prevented Schwarzenegger from winning by a larger margin, and defeating him in Los Angeles County and the San Francisco Bay area.

Arnie the Fascist

With a finely honed image to supplement a once-sculpted body (attained, according to many body-building sources, by liberal use of steroids), Arnie was presented to voters as a

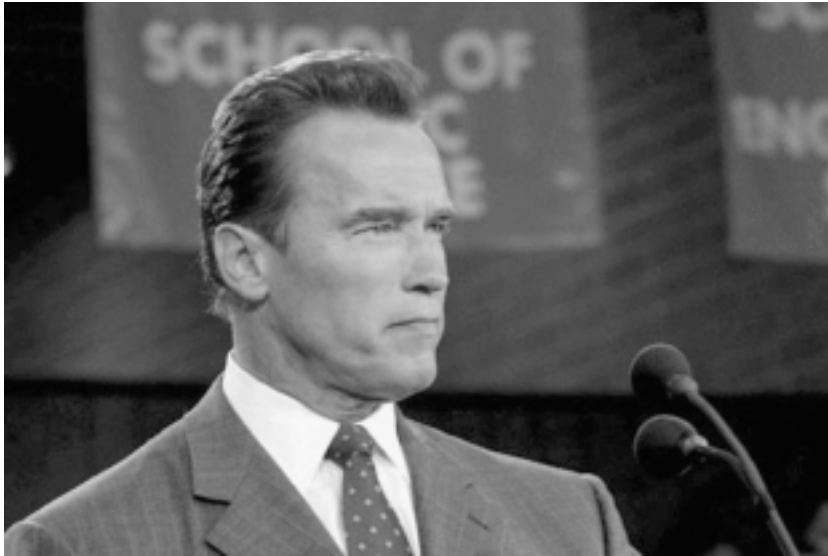
Republican who was “moderate” on social issues, and “conservative” fiscally. Using the kind of deceptive, hypocritical campaign practices which would make Bush controller Karl Rove proud, he ranted against “special interests,” i.e., labor unions and trial lawyers—while his campaign was funded by corporate interests, especially energy companies—and against “professional politicians” and their “deal-making,” even though his campaign was run by former operatives of Gov. Pete Wilson, who served as a co-chair of his campaign.

His campaign itself, with screaming, adoring, half-crazed fans cheering on his calls to “Terminate Davis,” bore a strong resemblance to the Nazi rallies in the early 1930s, and brought to mind the end of the passage in the interview quoted at the beginning of this article:

“America. . . . There is one thing I don’t like here, and that [is] people go on their own little trips too much. The unity isn’t there anymore. And I don’t think it’s too much the people’s fault. I think it’s because we don’t have a strong leader here. . . . To speak to maybe 50,000 people at one time and have them cheer, or like Hitler in the Nuremberg Stadium, and have all those people scream at you and just being in total agreement with whatever you say.”

The cinematic spectacle, however, is only part of the story. The more serious parallel with Hitler is in the economic policies for which the would-be Terminator is the front-man. Schwarzenegger is a devoted follower of Milton Friedman, of whom economist Arthur Laffer once said, “You want to prove that Milton Friedman is a fascist? It’s easy. Quote him.”

Laffer, despite his own quirky credentials as the perpetrator of the theory behind the disastrous Reagan-era tax-cutting fraud known as the “Laffer Curve,” was dead-on in his analy-



Gov. Arnold Schwarzenegger: During his first year in office, the California debt grew 54%, to a staggering \$51 billion. Arnie's controllers, such as George Shultz, are demanding brutal budget cuts in the coming year.

sis of Friedman. Known for his popularization of “free trade,” Friedman is a blatant apologist for Schachtian economics, the brutal fascist economic measures named after Hjalmar Schacht, Hitler’s Minister of Economics. Schacht was a top operative of City of London Banker Montague Norman, who helped organize the coup which put Hitler in power. Friedman, who appeared recently with an admiring Schwarzenegger, is a longtime ally of another one of Arnie’s fascist controllers, George P. Shultz.

It was a team of Anglo-Venetian financiers, headed by Lord Jacob Rothschild, Shultz, and mega-speculator Warren Buffett, which backed the coup which made Arnie the “Governor.”

Accelerating Collapse

As documented in the LaRouche in 2004 pamphlet, “Who Robbed California” (of which more than 1 million were distributed during the Recall campaign), the same gang which backed Schwarzenegger’s candidacy had been responsible for the devastating budget crisis which resulted from the deregulation of electricity in the state. The criminal enterprise formerly known as Enron, along with other energy pirates, looted the state of more than \$70 billion in 2000-01, with full protection from two oil men, President George W. Bush and Dick Cheney.

The same George Shultz who backed Schwarzenegger in 2003 had been one of the first prominent backers of “Dubya” Bush for President. Shultz put together the team for him which became known as the Vulcans, the neo-conservative clique whose lies led to the failing war against Iraq and the tax cuts

which threaten to turn the dollar into toilet paper. Not surprisingly, the same George P. Shultz had been responsible for convincing President Nixon, in August 1971, to end the post-war Bretton Woods system, then moved in 1972 at the Azores Conference to establish the presently bankrupt floating-exchange-rate world financial system.

What was behind the decision by Shultz et al. to back the efforts to throw out Gray Davis and put in a cartoonish action figure as Governor of the richest state in the United States? Obviously, with this gang of thieves, to continue the looting!

With the state heading toward record debt due to the looting by Enron and the others, Davis moved to reverse deregulation and go after the energy companies. The Recall campaign was used to not only dump Davis, but to begin Phase II of the rip-off of California.

Despite the groveling press coverage given to Governor Schwarzenegger—coverage which claims he has the state going in the right direction, offering as proof his high standing in the polls—California is plunging into a deepening crisis. The latest figures released by the legislature’s nonpartisan financial office project a minimum shortfall of \$6.7 billion for Fiscal Year 2005-06, while estimating that this will zoom to \$10 billion for 2006-07. These estimates are optimistic, as they are based on a delusional forecast of strong economic growth in the state.

Economic Hit Men?

Meanwhile, in his first year in office, the debt backed by the state general fund grew from \$33 billion to nearly \$51 billion, a 54% increase. This staggering leap was fueled by the \$15 billion bond backed by Schwarzenegger—which he pushed through as a referendum—to cover previous shortfalls.

Besides the bonanza reaped by investment houses tied to the financiers who backed Schwarzenegger’s seizure of power—namely, the synarchist bankers long associated with George Shultz, who make huge profits by marketing the new state bonds—the effect of this exploding indebtedness will be to increase demands for massive, brutal cuts in next year’s budget. Schwarzenegger backed off such cuts this year, which has enabled him to maintain an aura of popularity. However, Shultz and others are insisting that he must wield a sharp ax next year.

The only way Schwarzenegger can make deep enough cuts in the budget to satisfy the upcoming debt payments will be to destroy the social safety net. He must make cuts far

beyond those imposed thus far in health care, which have closed emergency rooms and trauma centers throughout the state, while looting of pension funds will escalate, along with cuts in public schools, the state college system, and law enforcement.

One of the reasons given by Shultz and Wilson for backing Arnie in the first place was that they believed he “had the stomach” to make the “tough decisions.” They were counting on Schwarzenegger, the son of an Austrian Nazi, to happily play their game, destroying people’s lives while grinning like a fool, soaking up the adulation of frustrated, frightened suburbanites as he whipped them into a frenzy in the food courts of shopping centers, to demand an end to the government’s legitimate role in protecting the poor, the sick, and the elderly.

A team of investigators from *EIR* and LaRouche PAC will be looking into this California budget swindle, in light of the reports by John Perkins in his book, *Confessions of an Economic Hit Man* (see the *Feature* story in this issue), of how synarchist financiers target nations for destruction, using methods which parallel what is being done to California under Schwarzenegger.

Arnold for President

Perhaps if Arnie serves his masters well, he could be the next President of the United States! Sen. Orrin Hatch (R-Utah) already has introduced an amendment to the U.S. Constitution which would allow a foreign-born citizen, such as Schwarzenegger, to run for President. A campaign of media ads and petitions has been prepared to back Hatch’s amendment.

Schwarzenegger signaled his approval of this scenario in an interview on CBS’s “60 Minutes” on Oct. 31, when a star-struck Morley Safer gushingly asked him if he backed the Hatch amendment. “Yes. Absolutely,” he responded, adding, “With my way of thinking, you always shoot for the top.”

Earlier, he explained why he left Hollywood to run for Governor: “I realized that, you know, I’ve done this. I’ve gotten to the top. . . . So I said to myself, you know, ‘I’m tired of the same things’ . . . eventually it gets old.”

Shultz and others will be watching closely to see if their Hollywood front-man is capable of pushing through fascist looting policies on California. If so, they are ready to unleash him on the only juicier target there is: the United States. Schwarzenegger is ready to leave. California Treasurer Phil Angelides told the *Los Angeles Times*, “He appears to want adulation more than he wants the long-term well-being of the state.”

One of the prescient slogans of the LYM’s campaign to defeat Schwarzenegger last October was, “One Imported Austrian Dictator Was Already Too Many.” Given the push to make Arnold President, one leading national Democrat said this week, “Maybe it’s time to recall this fascist SOB now, before it’s too late.”

Congress Passes a War And Austerity Budget

by Carl Osgood

For the eighth time in ten years, the U.S. Congress has wrapped up the annual appropriations process with an omnibus spending bill written behind closed doors, and completed in the middle of the night. As has become the custom, the process guaranteed that members of the House and Senate were confronted with a bill that all but a few of them had had little chance to read; that had provisions removed which had been passed by both the House and the Senate; and other provisions added that had never been considered by either House. Nor were members, in spite of all of the unconsidered changes, able to offer amendments.

The \$388 billion bill that the House and Senate passed on Nov. 20 during their “lame duck” session, therefore, was the product of an increasingly dysfunctional Congress which is characterized by the collapse of the normal Congressional process.

Democrats did not hesitate to point out this problem. Rep. David Obey (D-Wisc.) called the bill “a poster child for institutional failure” that is “totally inadequate to meet the nation’s needs in education, health care, and the environment. It falls so far short from meeting our investment obligations for the future that it could only be brought to the floor by the majority party after the election.”

Sen. Robert Byrd (D-W.Va.), the foremost defender of the Constitutional prerogatives of the Senate, noted that putting omnibus bills together at the end of the session inevitably brings the White House into the process. He said that the normal process of passing 13 annual appropriations is the only way to protect Congress’s power of the purse. “That is the way to protect the American people” and “respect Members’ rights to debate important legislation.” Byrd added, “Omnibus bills allow the White House to set arbitrary ceilings on spending [and] preclude Members’ rights to debate significant issues.” Sen. Russ Feingold (D-Wisc.), following up on Byrd’s remarks, told the Senate that those who crafted the bill as a conference report were “of course, fully aware that this bill would be completely shielded, and as a result they were free to include numerous provisions that would certainly have generated amendments were they to come in an amendable vehicle.”

Two very significant provisions were removed from the bill by the GOP negotiators, even though both had been passed by both Houses. One would have prevented the Labor Depart-