TELLS THE FACTS AND NAMES THE NAMES

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How the SEC Helped Madoff Steal $50 Billion and has now Covered its Tracks

First the Swindle, Now the Whitewash

By Eamonn Fingleton

If the mainstream press is to be believed, the Securities and Exchange Commission (SEC) has now made an impressively clean breast of it in the Madoff affair. The agency's apologia came earlier this month in a report by SEC Inspector General David Kotz. As characterized by Reuters, Kotz's 477-page pack of mea culpas is a "blistering" exercise in frankness.

The exact opposite is the truth. Kotz has performed one of the most skilful whitewash jobs in recent American administrative history.

If Kotz is to be believed, in repeatedly failing to catch one of the most blatant Ponzi schemes in history, SEC officials were guilty of nothing more than a concatenation of incompetence, stupidity and bad luck. At no point, allegedly, was any SEC official influenced by improper motives. Making a show of acknowledging various egregious but relatively innocent-looking bureaucratic snafus – many of which had already been widely publicized – the Kotz report has diverted attention from far more potentially damning patterns of conduct that cry out for highlighting.

All this is not to suggest that the Kotz report does not contain damaging new disclosures. Actually, it is full of them. It is just that, thanks to a variety of stratagems, Kotz has made sure they received virtually no attention. For a start, in a "literary style" that was evidently fully intentional, he consistently shies away from connecting the links in his evidentiary

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Privatizing Public Schools: Another Big Chapter in the Smash-and-Grab Saga of Neoliberalism

The Wal-Mart Model of Education Comes to Los Angeles

By Danny Weil

Listen to Obama on the topic of education and you'll soon hear him discoursing on the "charter schools as innovation" theme, urging the nation to "… create laboratories of innovation so that in the public school system we are on a race to the top as opposed to stuck in the old ways of doing things. And so we've got to experiment with ways to provide a better education experience for our kids, and some charters are doing outstanding jobs. So, the bottom line is to try to create innovation within the public school system that can potentially be scaled up, but also to make sure that we are maintaining very high standards for any charter school that's created."

The truth behind this baloney is very different. The real impetus behind charter schools is not about innovation and improving public schools but about privatizing public schools, replacing them with elaborate associations of state-subsidized charter school networks, contract schools and public vouchers, run by for-profit and nonprofit providers. It's privatization of public assets, including real estate – yet another very big chapter in the smash-and-grab saga of neoliberalism that has swept across the world since the early 1970s.

See how the smash-and-grab saga is now unfolding in Los Angeles. In what can only be described as an assault on public education, teachers, the students they teach and teachers' unions, the Los Angeles School Board voted on Tuesday, August 25, to turn over 250 L.A. schools to "outside operators" and charter groups. The plan approved by the school board, largely under mayoral control, would also turn over 50 new multimillion-dollar facilities to the new "providers." These new facilities, scheduled to be built within the next four years, will be built with bond funds approved by the voters; in other words, they will be built at taxpayers' expense. When the citizens of Los Angeles voted for the bonds to fund the 50 schools, they were told the money was needed to alleviate overcrowding in the second largest school district in the country. Now, they can watch the system try to break unions and embolden entrepreneurs, as the schools will be turned over to outside operators, also known as Educational Maintenance Organizations (EMOs).

The argument put forth by the Mayor Villaraigosa-controlled school board was nauseatingly similar to those being bandied about in Chicago (with Renaissance 2010), in New York, Washington, D.C., Houston, Florida, New Orleans and elsewhere with much success, resulting in devastation to public school funding and indeed the very existence of public education. Board member Yolie Flores Aguilar introduced the hostile takeover plan at the Tuesday night board meeting attended by 2,000 teachers, students and their parents. Commenting on the proposal, she echoed the familiar verbal assault on public education in the name of kids:

"The premise of the resolution is first and foremost to create choice and competition, and to really force and pressure the district to put forth a better educational plan."

Evidently, Ms. Aguilar had not read *Multiple Choice: Charter School*

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narrative. The result is an exceptionally dense document that requires a couple of days just to read once, and another day or more for forensic re-reading.

One of Kotz's most transparently unhelpful devices is to refer to key actors simply by title rather than name. This would be an obstructionist tactic in any context, but it is particularly so in this case, where a title like "assistant director" may refer to any of half a dozen actors. Kotz's approach to verbs is also unhelpful: he flees into the passive voice to conceal who made key Madoff-friendly decisions.

Another problem is that Kotz's "executive summary" makes virtually no reference to the compromising new disclosures strewn around his main text. Instead, it focuses largely on serving up old news, lightly garnished with some of the less controversial of the main document's new facts. Perhaps the most obvious evidence that he was actively engineering a whitewash of the SEC in the press is in the two-part way he released the report. First came the 22-page summary, then, two days later, late in the afternoon of September 4, to be exact, the full report. By no coincidence this happened to be the Friday ahead of Labor Day weekend. For officials intent on deep-sixing embarrassing revelations, about the only better time to catch the entire financial press asleep at the switch would have been Christmas Eve. [Note from *CounterPunch* editors: This is a hallowed bureaucratic tactic. In December 1997 the CIA released an Executive summary of Inspector General Fred Hitz's report on the CIA's involvement in arms and drug smuggling. This summary, exonerating the CIA, was happily gulped down by the press and regurgitated with complacent headlines in the *Washington Post*, *New York Times* and *Los Angeles Times*, saying the CIA had clean hands. The full report, utterly damning to the CIA and vindicating the late Gary Webb, was released six weeks later and read by almost no one, except for the editors of *CounterPunch* who duly reported its incriminating contents to our readers.]

In a particularly telling episode, and one that has hitherto gone almost entirely unnoticed in the mainstream press, Kotz recounts how Stewart Mayhew, an in-house SEC expert in so-called financial derivatives, was asked to assess the feasibility of Madoff's stated – and ostensibly superprofitable – investment strategy. It took the SEC's Mayhew just 20 minutes to determine that Madoff's claims were bogus. Somehow, Mayhew's analysis, which powerfully corroborated outside experts' allegations of a Ponzi scheme, was never conveyed to the investigation team. Why? Suspicion rests in the first instance on William Dale, a former top SEC economist, through whom the investigation team's inquiry seems to have been routed. Was it Dale's fault? The affair is more intriguing for the fact that Mayhew was kept in the dark on the vast scale of Madoff's purported investment activities. In testifying to Kotz, Mayhew stated that if he had been made aware of this scale, he would have been even more forthright in denouncing Madoff.

The evidence of the Kotz report is that the last thing the SEC wants is an independent inquiry. It is exactly what is needed.

Dale is far from the only one whose reputation is implicitly sideswiped in the report. Among many others who suffer similarly are Linda Thomsen, Doria Bachenheimer and Meaghan Cheung, all of the agency's enforcement division, as well as Lori Richards, John McCarthy, Eric Swanson and Mark Donohue of the Office of Compliance Inspections and Examinations. It is possible and perhaps even probable that most of these people behaved entirely appropriately. The problem is that in deploying deliberate ambiguity to save the blushes of the worst actors, Kotz casts a cloud of suspicion over the innocent as well as the guilty. A small example will illustrate the point. Kotz mentions a conference call, in which three officials in Washington, D.C., – McCarthy, Swanson and Donohue – briefed a New York-based investigation team. One of the three announced that Madoff was "a very well-connected, powerful person." This was understandably taken in New York as a signal to back off. But was it intended as such and which of the Washington three spoke the words? We are not told.

A key reason for the SEC's failures was that the investigators were not only generally young and inexperienced but had never investigated a Ponzi scheme before. Yet, the agency had no dearth of Ponzi-busting talent. Who made the personnel selections? Again, we don't know.

All this notwithstanding, one team came within a single phone call of catching Madoff. The opportunity came after he supplied them with his account number at the Depository Trust Corporation, which held independent records of his supposed trades. Somehow, the phone call was never made. Kotz characterizes this as the most "egregious" failure of all. But who was responsible? Again, we are not told.

Doria Bachenheimer, formerly one of the more senior officials in New York, evidently has much to answer for. In evidence to Kotz, she contended that Ponzi schemes are particularly difficult to check out. In reality, the opposite is the case. In fact, when Madoff turned himself in last December, the SEC's New York office had no difficulty establishing independent verification of his colossal fraud in a matter of hours. Bachenheimer also claimed that the evidence of Harry Markopolos (the former securities industry executive turned independent financial fraud investigator who wrote a damning memo to the SEC about Madoff) was useless be-

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cause it was "theoretical." In fact, much of it was extremely practical and easily checked. Most obviously, he pointed out that Madoff's auditor was a close family member.

One hint that there was more to the SEC's lapses than honest incompetence stems from the activities of Bernard Madoff's niece, Shana Madoff. She figures prominently in the report (as opposed to the summary) not only as her uncle's erstwhile "compliance" officer but as a key mover and shaker in the Securities Industry Association. A particularly glaring issue – and one that has been overlooked in the corporate press – concerns countless securities industry breakfasts she helped organize. As Kotz blandly records, Shana constantly called on SEC officials to speak at such functions. Was it a coincidence that she particularly favored officials who happened to be either investigating her uncle or at least had some regulatory oversight over him? And did such speakers receive honoraria? Again, Kotz provides no answers.

In answer to a question from *CounterPunch*, an SEC spokesman has stated that it is strictly forbidden for officials to accept honoraria. But he did not state explicitly that speakers at Shana's events always followed the rules. Meanwhile, a spokesperson for the compliance division of the Securities Industry and Fund Management Association, which is the successor organization to the Securities Industry Association, said, "No money was paid to SEC representatives for their participation in these events and, to the best of my knowledge, the SEC paid for its own travel costs." Does this resolve the matter? Perhaps. But those with an eye for legal legerdemain will note the use of the passive voice in "was paid." The question *CounterPunch* asked was whether the association or any of its members paid the speakers. The passive voice, of course, conceals who exactly did not pay.

Love and Business

In a related matter, Kotz appears to have been less than thorough in investigating the timeline of a romantic relationship that blossomed between Shana Madoff and Eric Swanson. In a saga replete with smoking guns this was surely one that demanded fierce scrutiny by watchdog Kotz. Swanson is a former SEC attorney who appears to have played an influential part in letting Bernard Madoff off the hook in 2004. Although the existence of this relationship had been mentioned in previous press coverage, little had been known other than that Swanson had consistently denied any conflict. It was up to Kotz to check the facts. In reality, at least on the evidence of his report, he did little to establish independent verification of Swanson's version. Although Shana Madoff and Swanson had known each other since 2003 (and they went on to marry in 2007), Swanson insisted that the relationship had turned romantic only in 2006. This, conveniently for all concerned, was after he had moved on from investigating her uncle.

It took the SEC's Mayhew just 20 minutes to determine that Madoff's claims were bogus. Somehow, Mayhew's analysis was never conveyed to the SEC's investigation team. Why?

The independent evidence for this exculpatory narrative is flimsy. Kotz places great faith in the testimony of "Jane Doe," a friend of Swanson's who stated she lived with him at the time he was investigating Bernard Madoff. Her testimony was corroborated by one of Swanson's SEC colleagues who, apparently, lived in the same building at the relevant time. But, even if we accept that Swanson was Doe's live-in lover at the relevant time, this would not have precluded him from conducting an away-day affair with Shana as well. That from the start there may have been something more than business to the relationship is hinted at in the fact that he seems to have been her all-time favorite breakfast speaker (as recounted by Kotz, Swanson spoke at 17 of her breakfasts – at least – in the space of just over three years).

The fact that Shana had had a previous marriage also raises questions. When did it end? This is yet another potentially relevant question that Kotz appears not to have asked. Then, there is the question of why Doe insisted on anonymity. She testified that she came within a few weeks of marrying Swanson. If this is true, then the existence of a relationship with Swanson would probably have been no secret in either her circle or his – so, what possible motive might she have for withholding her name, particularly in a matter of such consequence to the wider cause of truth? As for the wedding plans, is there any independent verification that venues were booked for the occasion? Of course, if the real relationship were somewhat different (if, for instance, she had not really been a girlfriend but rather simply a roommate), the need to keep her name out of the Kotz report would make sense all around. Confidence in the Swanson/Doe version is not boosted by the fact that Shana stonewalled Kotz's repeated requests for her to give evidence. Meanwhile, even the name of the SEC colleague who corroborated Jane Doe's account of living with Swanson has been withheld.

The questions go on and on and leap off almost every page. The SEC's success in winning acceptance for its "everyone behaved ethically" version stems in large part from the fact that so many financial

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journalists are anti-government ideologues who delight in believing that even the best intentioned government bureaucracies cannot help being ludicrously ineffectual. But this is obvious nonsense.

Think of things in a slightly different context. Suppose the institution that had dropped the ball – six times in sixteen years – had been the Food and Drug Administration, not the SEC, and, as a result, thousands had died. Would press reporters rush to absolve the FDA of all suspicion of criminal complicity? The laws of probability suggest that there is something else going on here. Indeed, the devious way the SEC stage-managed the report's publication powerfully testifies to that. Could it be that some officials, perhaps at a relatively high level, were suborned? No one is suggesting that SEC officials routinely accept bribes. But for the worldly wise, the carrot is not the only way that government officials are influenced. The stick can sometimes work a lot better. For someone like Madoff, who *really* had a lot at stake, any form of coercion short of murder (and whistleblower Markopolos did not rule out even this) would have been fair game. In particular, it is hardly unreasonable to speculate about whether he might have considered such notoriously "silent" forms of coercion as entrapment and blackmail.

Of course, if he did resort to coercion, it would be exceptionally difficult to prove. But, if you don't look for it, you assuredly won't find it. The evidence of the Kotz report is that the last thing the SEC wants is an independent inquiry. It is exactly what is needed.

Not every legislator is happy. Commenting to *CounterPunch*, U.S. Senator Byron Dorgan, a North Dakota Democrat and a prescient critic of the trend toward ever laxer financial regulation in recent decades, writes, "When it comes to investigating what went wrong and bringing those responsible to justice, we need an independent investigative body to put the citizens' interests first and conduct an investigation that is comprehensive and not afraid to tackle the tough issues."

CP

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Performance in 16 States, released in June 2009 by Stanford University, an exhaustive study of charter schools; in fact, it is the first national assessment of charter school impacts of its kind. The findings are scrupulously clear and conclude that:

"The Quality Curve results are sobering: of the 2,403 charter schools reflected on the curve, 46 per cent of charter schools have math gains that are statistically indistinguishable from the average growth among their Traditional Public School (TPS) comparisons. Charters whose math growth exceeded their TPS equivalent growth by a significant amount account for 17 per cent of the total. The remaining group, 37 per cent of charter schools, posted math gains that were significantly below what their students would have seen if they enrolled in local traditional public schools instead.

Made up to look like a purple cow, the assemblage is a self-contained software projector that is actually wheeled into classrooms where it uses electronically made jingles and cartoon videos to "deliver instruction" to students.

"The national pooled analysis of charter school impacts showed the following results:

• Charter school students on average see a decrease in their academic growth in reading of .01 standard deviations compared to their traditional school peers. In math, their learning lags by .03 standard deviations on average. While the magnitude of these effects is small, they are both statistically significant.

• The effects for charter school students are consistent across the spectrum of starting positions. In reading, charter school learning gains are smaller for all students but those whose starting scores are in the lowest or highest deciles. For math, the effect is consistent across the entire range.

• Charter students in elementary and middle-school grades have significantly higher rates of learning than their peers in traditional public schools, but students in charter high schools and charter multilevel schools have significantly worse results.

• Charter schools have different impacts on students based on their family backgrounds. For blacks and Hispanics, their learning gains are significantly worse than that of their traditional school twins. However, charter schools are found to have better academic growth results for students in poverty. English Language Learners realize significantly better learning gains in charter schools. Students in Special Education programs have about the same outcomes.

• Students do better in charter schools over time. First-year charter students on average experience a decline in learning, which may reflect a combination of mobility effects and the experience of a charter school in its early years. Second and third years in charter schools see a significant reversal to positive gains (Credo, 2009)."

Never mind the doubts; the vote of the Los Angeles School Board was 6-1.

There is little doubt that for the future "charter school operators" or "turnaround artists," as they euphemistically call themselves, the 50 new school buildings, scheduled to be built and then simply given to the new operators in the next four years, were a public gift. Ted Wallace, chief executive of the California Charter Schools Association, expressed his gratification this way:

"It's absolutely indispensable, of critical importance to us. It's a once-in-a-generation opportunity: 50 new school buildings coming online at the exact same time that a cadre of charter operators has demonstrated that it can generate unprecedented levels of student learning."

What cadre of charter operators? What demonstration of unprecedented levels of student learning? I guess Wallace did not read the CREDO report from Stanford either. Never mind, for although the school board engaged in what was described as a heated discussion, any notion of community or participatory decision making was summarily dismissed; the disdain for parents and teachers was palpable. When board member Steve Zimmer asked the board to allow union members, parents, and even high-school students to vote on decisions which would directly affect them, he was rebuffed. Collaborative decision-making is unpalatable to back-door theft. This is not how mayoral control works: you can ask New York or Chicago. The United Teachers of Los Angeles pleaded with the board to allow the democratic reform of the system through democratically run school sites based on mandatory teacher input; the bid was thwarted. The plan had already been in the oven.

Who Are the "Outside Operators"?

So, just who are the outside operators who will be clamoring to bid for the minds of L.A.'s student population and the funds that go with them? The board indicated they would be "top notch charter companies," according to the *Los Angeles Times*. There was no mention of any specific "top notch companies" at the meeting, but one can surmise that Mayor Villaraigosa's own self-interest may well come into play. The "friend of the working people," Mayor Antonio Villaraigosa, could use the new board resolution to enlarge the 11-school project, run by a nonprofit that he controls. In fact, after the board meeting, where he vivaciously spoke to the 2,000 people congregated in the board room, he stated: "We're not going to be held hostage by a small group of people. I'll let you infer who I'm talking about."

Villaraigosa was, of course, referring to teacher unions, the service worker unions, the classified unionized workers and the Service Employees International Union (SEIU) which opposed the measure. He was speaking to the working class. One can be certain that nonprofit charter school providers, such as the Knowledge Is Power Program (KIPP), Alliance Schools and Green Dot, will be in the running for the bids, if they do not already have them secured, not to mention the usual for-profit suspects like Edison Schools, Mosaica and other sundry EMOs that have made a killing off the public dole.

L.A. Unified School District's disheartening move came at a time when cities throughout the nation are moving at breathtaking speed to dismantle traditional public schools in favor of the new franchise charter school model, either managed by for-profit or nonprofit EMOs, which then contract with the private sector for everything, from cafeteria services and security to custodial services and the standardized, prepackaged curriculum, which will be inculcated as the "best practices" the new non-unionized teachers will have to follow.

According to the Education Policies Studies Laboratory, located at the College of Education at Arizona State University, an EMO is: "… an organization or firm that manages schools that receive public funds, including district and charter public schools. A contract details the terms under which executive authority to run one or more schools is given to an EMO in return for a commitment to produce measurable outcomes within a given time frame. The EMOs profiled in this report operate under the same admissions rules as regular public schools and are operated for-profit. The term 'education management organization' and the acronym 'EMO' are most commonly used to describe these private organizations that manage public schools under contract. However, other names or labels, such as 'education service providers,' are sometimes used to describe these companies. An important distinction should be made between EMOs that have executive authority over a school and service contractors that are often referred to as 'vendors.' Vendors provide specific services for fee, such as accounting, payroll and benefits, transportation, financial and legal advice, personnel recruitment, professional development and special education. EMOs vary on a number of dimensions, such as whether they have for-profit or nonprofit status, whether they work with charter schools or district schools or both, or whether they are a large regional or national franchise or a single-site operator. Historically, only a small portion of EMOs has been nonprofits. In recent years, however, nonprofit EMOs (sometimes referred to as CMOs, charter management organizations) have expanded rapidly."

EMOs can be private individuals, corporations, or nonprofit entities. In the case of for-profit EMOs, like the White Hat Management out of Ohio, or Mosaica or Academica, Inc., out of Florida (all of which seek or have national retail charter school franchises in various states), profits from the educational entrepreneurial venture are designed to accrue capital for the shareholders and CEOs, or private individuals who manage these companies. Because these for-profit EMOs owe a legal fiduciary duty to maximize profits for their shareholders, profits precede students' needs.

Just like any other business, the corporate EMO is organized and day-to-day practices of the organization carried on primarily for the profit of the stockholders or, in the case of single operators, the private venture capitalists who are looking for a return on their investment – and this means the powers and actions of the directors of these corporations are to be employed exclusively to that end. They are bottom-line businesses that run schools for profit. On the other hand, non-profit EMOs sinisterly use their tax status to privatize education by using for-profit produced supplemental educational materials (SEMs), such as Neil Bush's Ignite!Learning or William Bennett's K12, Inc., which are cashing in on virtual charters and regular charters alike with prepackaged kits, one size fits all. It's a cash cow, perhaps one of the last great economic bubbles for the well-heeled entrepreneurs and philanthropists to feed on.

Take, for instance, the Curriculum on Wheels (COWS) "product" sold by Ignite!Learning. This outfit is owned and operated by former President George W. Bush's brother, Neil Bush, and was founded in 1999, just one year before the passage of the No Child Left Behind Act. At the company's website, there is plenty of talk about Ignite!Learning's "educational products," but, noticeably, teaching is never mentioned. Instead, "easy to use delivery" are the words used to describe the prepackaged curriculum promoted by the company. While former president, George W. Bush, formulated and successfully passed the No Child Left Behind Act to promote "teaching to the tests," brother Neil is busy "selling to the tests." His curriculum promises higher test scores.

Ignite!Learning sells a "computerized learning center" with the apt acronym of COW, for Curriculum On Wheels, to school districts, charter schools, and any EMO companies or schools, wishing for a curriculum to plump up their "management package," or curriculum inventory. Made up to look like a purple cow, the assemblage is a self-contained software projector that is actually wheeled into classrooms where it uses electronically made jingles and cartoon videos to "deliver instruction" to students. The teacher, or "classroom manager," is reduced to running the COW. Each COW costs

$3,800, and at least 13 school districts in 22 states have used No Child Left Behind funding to purchase them. The funding was primarily intended to help disadvantaged kids learn reading and math, yet Neil's COWs don't teach either of these subjects. Is this what L.A. working people want?

The *Los Angeles Times* said of the triumphant resolution, which gifted the 50 schools and the management of the 250 others to the charter profiteers: "The final version included a provision that outside groups would likely contract with the school system for such services as cafeteria, custodial, maintenance, security and transportation. Some charter operators regarded this as a huge concession because they typically outsource these services to save money and say they get better attention from contractors than from the district."

But, as the *Los Angeles Times* noted, the weasel words contained in the resolution do not protect these union jobs, and a careful look at the resolution's wording offers no long-term guarantee the jobs will not be contracted out to "private vendors," as has been increasingly done in other parts of the nation. Nor was there any mention of regulating the use of SEMs, leaving the privatization door wide open. No union endorsed the resolution. Bill Lloyd, executive director of the SEIU local – which represents thousands of the district's lowest-wage workers, many of whom are district parents who will now be left to sink or swim in the double-digit free market unemployment environment – stated after the vote, "The protections didn't go far enough. Historically, we don't get a square deal because we're not teachers and we're branded as second-class citizens."

Who Wins and Who Loses?

The real agenda of the board can be inferred from the putrid pattern of increasing mayoral control over schools throughout the nation. One only has to look at Renaissance 2010 – the Chicago onslaught on public schools – or the rampages of Chancellor Rhee in Washington, D.C., to see that the eventual privatization of public schools is the real goal. This explains why, as in other cities, big business has been spearheading L.A.'s "school reform" campaign – and dispensing money into it by the fistfull. A prominent supporter of "charter school reform" is billionaire Los Angeles real estate developer Eli Broad, who is a big fan of charter schools. He has given more than $40 million dollars to charter companies – not to help educate the children but to help boost plans to open more charter schools in L.A. So, what does it all mean?

- The move is designed to cement No Child Left Behind as a testing regime, whose student scores would then be used to "rate" the new nonprofit or for-profit providers, or outside operators.
- The move is designed to privatize education, putting it in the hands of either entrepreneurs like Neil Bush and Bennett or contracting outright with for-profit and nonprofit EMOs that then could purchase, with tax payer funds, the prepackaged privatized curriculum for their "new innovative schools."

Los Angeles residents and working people should take a cue from the mounting resistance to Chicago's plan to privatize schools and close them, using the same routine.

- The resolution is aimed at breaking the backs of the teachers' and other educational unions and challenging the (increasingly unlikely) passage of the Employee Free Choice Act. Once EMOs become "providers," they are not required under charter law to hire union workers and, in fact, as in New Orleans, they could fire them all and replace them with the new reserve labor army from Teach for America, or hire noncertified teachers. This will allow the providers to control teachers' activities in the classroom, dictating to them what they must teach and how. It would also enable the providers to get rid of meddlesome teachers who support unionization, identifying them and replacing them, or forcing them to reapply for empoloyment. Finally, it will mean a loss of jobs for many teachers and public service workers, throwing them into the detritus that has become the economy of L.A., destroying benefits, stripping away health care benefits, and moving toward a Wal-Mart model of education where teachers, theoretically, could be reclassified as "associates."

The resolution would also allow for the standardization of the "best practices" by commodifying education, requiring teachers to use prepackaged curriculum – hardly a source of inspiration or innovation. A friend of mine recently told me:

"I was shocked to learn this summer from my niece, a teacher in Atlanta with Teach for America, that she is given a script which must be, literally, read and followed when "teaching" her third-grade class. Her lesson planning amounts to her learning the script each evening. She is not to deviate from it, no matter what."

At this same dinner, my nephew's girlfriend, a teacher in New Jersey, told me she is teaching math to fifth graders. Likewise, she is to stick to the lesson plan. When it comes to fractions, for example, she is to use hands on props, involving some kind of cutting and folding of paper, in order to teach multiplying of fractions.

Again, using the prepared lessons, she is supposed not to tell them how to multiply by using old-fashioned rules like multiplying the denominators. She said she teaches the script, then tells them a "secret trick" – that you can multiply the denominators to get the answer. She told me she would get in trouble for this if supervisors found out she was passing on this subversive math. Her fifth-grade class last year did very well on standardized tests compared to the other teachers' classes at her school.

We can expect the same level of frustration, surveillance, authoritarianism and disillusionment if this plan proceeds.

- The move centralizes authority, regimentation and control within the hands of a managerial elite under the canopy of mayoral control, which will run the schools – an autocracy that resembles more and more of the "best practices" of American privatized democracy.
- The resolution will work to marginalize and eventually destroy traditional public schools as more and more money is siphoned off for the new "outside operators."
- The move also is being seen as a starry-eyed way to create "islands of excellence" in a sea of squalor, that can then be used as a model for other autocratic hos-

tile takeovers of public schools in other major urban areas throughout the nation.
• Finally, the vote could signal the control and development of urban planning, gentrification and urban removal, as the 50 un-built schools targeted for charterdom will be filled by lotteries, and, in the case of KIPP schools, binding contracts with parents for mandatory parental involvement in the new schools. Who will get into these 50 schools? The rest of the kids, again, as in New Orleans, will be trapped in the dilapidated traditional school system that now must compete with the outside operators.

The vote to hand over prime taxpayer-funded real estate to the new providers and operators is the engine of the commodification effort and fits nicely with Milton Friedman's neoliberalism. The fact that the move was engineered during California's historical $26 billion dollar deficit cannot be ignored. Falling home prices, the source of much of the money used for L.A. public schools, provide an opportunity for the Bill and Melinda Gates Foundation and the Walton Family to philanthropically prime the pump to get the schools on their feet.

The mayor has been working for years to privatize education in Los Angeles, stacking the board with his minions and engineering the public school takeover. Now, with both the paltry public taxpayer funds and the largess of the new philanthropists like Gates, the ability to leverage the destruction of traditional public schools in favor of fully or partially privatized networks of retail charter school chains is in full swing. The mayor even wants Los Angeles to follow Chicago's lead and privatize parking meters and garages to stem the city's budget crisis.

What Can Be Done?

In face of the privatization efforts of the "people's representatives" and their corporate and philanthropic backers, there must now be massive organizing if Los Angeles schools are to remain public and not beholden to outside operators and slick EMOs with "best practices" and spoon-fed curricula. As a former Los Angeles Unified's teacher who taught second grade in South Central L.A. in the late 1980s, I participated in the historical strike of 1989. This type of mobilization must take place once again among teachers, parents and students, and workers, but this time it must also involve all unions within the city, for the move by the L.A. School Board is an outright and hostile takeover of public education and, if not met with resistance, will proceed unabated and attack all forms of public workers and public space.

Los Angeles residents and working people should take a cue from the mounting resistance to Chicago's plan to privatize schools and close them, using the same routine. There, community members confronted the lack of democratic decision making through angry demonstrations, testimonies at School Board meetings, vocal community hearings, and the development of a resistant group called Citywide Action to Revitalize Education, or CARE, made up of several community organizations including the SEIU. They have been successful in stopping the closure of 20 schools.

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One thing is for sure, there must be resistance to the move by the L.A. School Board, and although LAUSD union president, A.J. Duffy, threatened legal action to thwart the Flores Aguilar plan, the resistance will require far much more than a legal battle. It demands the solidarity of unions, working people, and the development of a coalition of civic-minded citizens, who do not wish to see public education eliminated in favor of a privatized scheme, hatched by business interests and deep-pocket philanthropists. If not, then look to the central administration to be the next feeding ground for the privateers, for this is what was done in New Orleans – they simply privatized the entire administration.
CP

Dr. Danny Weil is a public attorney and an educational writer. See three recent essays by him about charter schools on our *CounterPunch* website. He is soon to publish *Charter Schools* dissecting neoliberalism's plan for reforming education in America. He can be reached at weilunion@aol.com.

The Man Who Saves Cows

By P. Sainath

After a run of decent monsoons, India is seeing a bad one. The summer crop has taken a hit. There have been heavy late rains this month, but these are likely a bit too late. The yields will be poor. By June, we could see this coming, but there's no such thing as monsoon management in this country, so we're going to take a hit. There were millions of acres less of paddy sown than there should have been.

"My collections have fallen by over 50 per cent as compared to last year," says a despondent Prashant Balki in Devdhari, where we run into him patrolling the village on his motorbike. Young Balki is a collection agent for the Wani Urban Bank in Yavatmal district. His job is to collect small sums each day from villagers who join the daily savings scheme of the bank. (Some banks call these tiny deposits "pygmy" saving schemes.) "People have been badly hit by the drought and crisis," he says. "They find even small amounts hard to give."

Monsoon failure hits Vidharbha, certainly Yavatmal, at a critical time. Some things had changed in this district [in the state of Maharashtra, east from Mumbai]. A vigorous agitation, which saw hundreds of farmers incessantly beating drums outside banks, and a more receptive administration saw Yavatmal actually cross its crop loan targets for the first time in many years. "Against the target of Rs. 520 crores [c. $107 million]," says district collector Sanjay Deshmukh, "we touched Rs. 560 crores [c. $115 million]." This was impressive, and Yavatmal was the only district to do so in Vidharbha. The irony, he says, is that a drought could see the recipients of those loans turn defaulters next year. This is a genuine fear. Indebtedness, always high in this region, is again on the rise. Vidharbha's problems did not arise from a drought but will worsen with it. The next week will be the longest. There will be a tense wait for the rains.

That the pressure is already on is evident in the fall in Balki's daily savings collections and the distress sale of cattle in the villages. "People are not even tak-

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ing their cattle to sell them in the main markets," says Kishor Tiwari. "Trucks headed for the abattoir are picking them up right at the villages." His organization, the Vidharbha Jan Andolan Samiti, spearheaded the stir against the banks. "Mainly, those sold at the market under normal conditions would be for draft and milk purposes. Those sold in this situation are often headed for the slaughter house."

The collector believes 80 per cent of this season's crop can "still be saved if there are good rains within the week." He also believes that a lot can be done to secure a better rabi season. Rabi are winter crops, generally sown between October and February, usually harvested by June.

In the midst of the chaos, impending and real, we run into one of Yavatmal's truly curious characters. He's called "Lachchu Patel," but his real name is Lakshman Rao Bollenwar. He is of Telugu origin, and his people have been here for generations. Lachchu's family members are not vegetarians. He has a poor opinion of the VHP [a right-wing Hindu organization] and particularly of its gaushalas, or cow shelters. "These people are not farmers," he scoffs, "and they know little about looking after cattle." He, on the other hand, is a skilled big farmer who does know cattle. "Cows are central to farming life," he says, and he does not mean that in religious terms. "I love cows." So much so that he buys up cows bound for slaughter and cares for them. He presently shelters over a hundred such animals – apart from other livestock.

Lachchu became famous by intercepting cows due for slaughter on the roads, in the villages, "even at the butcher's." Not intercepting with violence or threats but as a buyer. And the truck drivers carting cows to the abattoirs know a good touch when they see one. They stop at his house en route, knowing," says one of his friends, "that they will get a much better rate from Lachchu than from the slaughter house. Earlier, he chased the trucks; now, they come uninvited to his place." But how on earth does he afford feeding them, big farmer though he might be? That's where his skills and acumen come in. "About a dozen of these animals aren't so bad," says Lachchu. From these, after restoring them to health, he gets 40 liters of milk or more daily, which he can sell and make up to Rs. 800 [c. $16] a day on average. Or, well over Rs. 20,000 [c. $416] a month. That still isn't enough to care for such a large herd on the scale that Lachchu does. So, he puts in the rest of the money himself.

However, we press him, you cannot endlessly acquire new head of cattle that are in bad shape? "Each year, I give away about 30 to 40 when I've got them healthy," he says. "And since that's about how many I pick up each year, the number remains roughly constant. All I ask is that the poor or needy family I give them to promises to keep the cow and not ever send it to the abattoir. It adds to their income and security. Farmers need cows. Cows need farmers."

On the highways, though, there are still vans headed for abattoirs, evidence of farms in distress, losing the cows they need.
CP

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