

Elephants and Donkeys by Kathleen Klenetsky

Mondale's austerity

Walter Mondale announced in his speech to the Democratic convention that, if elected, he will reduce the federal budget deficit by a whopping two thirds through raising taxes and squeezing the budget.

Although Mondale didn't spell out how he will accomplish this, reliable sources report that Fritz's economic gameplan calls for cutting military spending increases to a paltry 4% per year, slashing agricultural price supports by \$10 billion a year, hiking taxes by \$60-70 billion, and "saving" \$15 billion in medical care costs by reducing the quantity and quality of health care available.

This austerity program—which differs not one whit from the "cut-the-budget" proposals emanating from the stolid "Republican" Wall Street financial establishment—was cooked up by Fritz's economic braintrust, and handed to him at a June 22 meeting. The key members of this group include:

Felix Rohatyn: Slated to become Mondale's Federal Reserve chairman or treasury secretary, Rohatyn is a partner in Lazard Frères investment bank. He has been praised by Henry Kissinger as "one of the most original thinkers in America today." Rohatyn masterminded New York City's "Big MAC" financial dictatorship which eliminated police, firemen, sanitation, subways, libraries, and schools, to increase debt payments to the Wall Street banks.

He is now proposing a "global Big MAC" for debtor nations, and a Reconstruction Finance Corporation for the United States to direct all credit controls, under which credit would be allocated in exchange for austerity. "You could extract from the unions a

commitment to wage restraint, minority hiring, and training," he explains. "Deals could be made with the cities themselves so that physical plans would be redone in exchange for guarantees of greater austerity."

Rohatyn's favorite economic prescription: "Pain will come before pleasure." He sits on the board of the Center for National Policy, a think-tank established by Cyrus Vance and the Harrimans.

Robert Hormats: A former State Department functionary in both the Carter and Reagan administrations, Hormats currently works for Henry Kissinger at Goldman Sachs. He also serves as executive director of David Rockefeller's Commission on Western Hemispheric Debt, which advocates Kissinger's "debt-for-equity" scheme to seize Third World countries' assets, as well as Felix Rohatyn's proposal for a "global Big MAC."

Lester Thurow: An MIT-based economist, Thurow is a rabid advocate of the "post-industrial" society. He argues that steel and auto are "dying industries" and that efforts to revive them "will only prolong the pain."

Thurow told this news service recently, "The steel industry has to be shrunk down. . . . We don't need mass steel production in the U.S." He added that U.S. living standards must be slashed, and that "we have to cut the income of the middle- and upper-middle-class income groups. . . . We need public education that we all will have to make sacrifices for the next five years." Thurow has also called for a "progressive consumption tax to cut down consumption."

Thurow is best known for his 1980 book, *The Zero-Sum Society*, in which he claims that the solution to the world's economic problems "requires that some large group . . . be willing to tolerate a large reduction in real

standard of living."

Orville Freeman: Former U.S. secretary of agriculture, Freeman is now president of Business International, a specialist in "country-risk" estimates and economic warfare. He has been affiliated with Mondale for over 30 years, and started Fritz's political career by appointing him Minnesota attorney general.

Freeman has promised that if any Third World country declares a debt moratorium, it will be "turned into a black hole. It would receive no credit, no aid, from anyone. It would be completely isolated from the entire international community." He has recently proposed that all food reserves be placed under control of the International Monetary Fund, and that the family farm be completely eliminated.

Robert Reich: An "Atari Democrat," Reich's main policy thrust is contained in *The Next American Frontier*, which argues that national defense "has become a lucrative diversion from international commercial competition."

In *Time* magazine on Dec. 26, 1983, Reich said that the government should not support employment in the old "smokestack industries," but should hasten their automation and retrain their "redundant" workers. Reich also advised his fellow Democrats to distance themselves from their traditional base within blue-collar unions.

Stuart Eizenstat: Jimmy Carter's domestic policy czar, Eizenstat led the Carter-Mondale administration's fight against water projects, nuclear energy, and other infrastructure. Now practicing law in Washington, Eizenstat works for the Harriman PAC, Democrats for the '80s, and is a board member of the Harrimans' Center for National Policy—which has advocated that Davis-Bacon be repealed, strikes outlawed, and social spending reduced.