

## It was really Don Regan's State of the Union

by Kathleen Klenetsky

In the first week of February, the U.S. Congress heard "the President's" State of the Union address, and also received "the President's" proposed budget for fiscal year 1987, and "the President's" *Economic Report to the Congress*. Actually, these three documents represent the product of the White House Palace Guard, issued in the name of the President.

The reports now in the hands of Congress, and the State of the Union address, bear the indelible stamp of White House Chief of Staff Donald Regan, and the New York banking constituency which he represents inside the White House. They give Donald Regan's and his cronies' views of the current state of the union and economy.

What they spell is disaster.

They prescribe exactly the kind of "slash and burn" austerity which the International Monetary Fund has been imposing on the United States for the past few years, and which was formally imposed on the United States, with the blessing of Treasury Secretary James Baker, at the IMF's Interim Committee meeting last April. And they provide one of the purest examples of the "free market" economics justly condemned as immoral by the recent Extraordinary Synod of Bishops convened by Pope John Paul II.

### Captive of the Palace Guard

The President now appears to be almost entirely the captive of the crew centered around Regan and Baker, who are determined to guarantee payment of the Treasury's debt service in full, destroying America to do it. The President has been put into a patently schizophrenic position, as reflected in his State of the Union message, largely crafted by Regan's staff. While on the one hand, the President staunchly reaffirmed his commitment to exploring space, and to developing an anti-missile shield to protect the United States and its allies, on the other, Regan's staff not only had him firmly

endorse the "budget-balancing" insanity of the Gramm-Rudman-Hollings amendment, but go a step further to call for a balanced-budget amendment to the Constitution and line-item veto powers for the President—both patently unconstitutional, serving to elevate servicing of federal debt to the first constitutional principle of the nation.

Of course, "balancing the budget," along the lines that Regan and friends, and the irresponsible fools in Congress, have suggested, will not only make a manned space station and a Strategic Defense Initiative impossible, but will produce a depression paling any in this century.

Regan's speech was "as a whole, a mishmash," commented economist Lyndon H. LaRouche after reviewing the address. LaRouche, a candidate for the 1988 Democratic presidential nomination, said that, while there were some elements in the speech which were realistic, particularly the President's statements on the American space program and the necessity for a strong defense, the views Reagan expressed on economics, tax policy, and foreign trade had "no correspondence with reality."

LaRouche stressed: "If there had been a recovery," as Reagan insists, "we would not see the kind of budget deficit we have now"—a budget deficit that is far more likely to reach \$300 billion this year than the \$220 billion the administration is projecting.

### Some 'recovery'

The contradictions between the claim that there is an economic recovery and the reality of deepening depression were everywhere evident in the State of the Union address. For example, the President announced that he has called upon his Domestic Council to set up a task force to recommend overhauling the country's welfare system.

According to reliable reports, the thrust of the task force

is already determined: Its two key goals will be to justify the gouging of \$60 billion from the welfare budget, and to create a nationwide slave-labor "workfare" system which will not only keep welfare recipients in penury, but will also drive down wage rates for employed workers. Don Regan's staff even had the President call this a "pro-family" position. In truth, it means genocide.

A second example of the Regan and his banking constituency's program for genocide is the State of the Union's call for adding a catastrophic medical insurance component to Medicaid and Medicare. Although this is being sold as a means by which Americans could avoid financial ruin because of a serious illness, it was actually cooked up by the President's pro-euthanasia Health and Human Services Secretary, Dr. Otis Bowen, in order to justify a doubling of Medicare premiums—which many of the elderly will simply be unable to afford.

On top of this, Regan and friends seek a \$70 billion cut in Medicare and Medicaid over the next five years, also announced in the President's State of the Union address.

How do such proposals, which will kill people just as surely as the plague, square with the existence of a "recovery," or with the President's reaffirmation, in his State of the Union speech, of the "right to life"?

How, under conditions of "recovery," does the administration also believe that the most it can ask for from Congress for defense this year is a 3% real increase—a totally inadequate amount, as Defense Secretary Caspar Weinberger himself acknowledges?

If there were indeed a recovery, the federal budget unveiled Feb. 4 would provide increased spending for education, to ensure that the country has an ample supply of trained, skilled workers, scientists, engineers, teachers, doctors, etc. It would include a rising rate of expenditures for medical and other services to the elderly—the fastest growing segment of the population. It would provide ample funds for replacing the Challenger shuttle, and for acceleration in America's conquest of space. It would provide enough money for the United States to match the Soviet military buildup, and to build the SDI as quickly as possible. And it would do more.

Instead, it proposes to do just the opposite, promoting policies that are far more in tune with an economy in uncontrolled collapse.

The \$994 billion budget calls for cutbacks in a broad range of domestic programs, and the elimination of many others, including the Small Business Administration, Amtrak subsidies, the Export-Import Bank, Urban Action Grants, and the Appalachian Regional Commission, to name a few. In addition, it calls for "privatizing" a host of federal programs, including the Electrical Power Marketing Administration and the Naval Petroleum Reserve, on the grounds that "market forces" can do a better job of protecting national security.

Ironically, for all the bowing and scraping before the

"free market" altar, most of the "privatization" proposals were lifted straight from a Heritage Foundation document—written by British Fabian Society member Stuart Butler.

Other programs are to be slashed beyond recognition: Out of the total \$38.2 billion in cuts the budget calls for, in order to meet the Gramm-Rudman deficit-reduction targets, the farm sector, already on the verge of bankruptcy, will be hit by a whopping 24% in reductions; federal aid to transportation will be slashed by 23%, the Department of Education will lose 10%; and similar reductions will be gouged out of federal housing assistance, highway funding, and community development.

"The need to cut unnecessary federal spending and improve management of necessary programs must be made a compelling guide to our policy choices," the President asserted in a message accompanying the budget, claiming, in the face of all the evidence, "Despite the overall fiscal restraint, this budget preserves vital national security, health, safety, and other services that benefit the aged, the needy, and the general public."

### Political pickle

It is generally acknowledged that this budget will never be bought by the Congress. Democrats and Republicans alike are in open revolt—not because they oppose austerity, they just want to see it done differently, and in a way that's less likely to hurt their own political hide.

In the main, members of both parties are announcing at every opportunity that the "the President" must accept a "compromise," one based on deep cuts in military spending, new taxes, and restoration of some domestic spending cuts. But not one has offered a responsible alternative that would provide for real economic expansion.

Thus far, the President has insisted that he will accept no compromise, that the budget is fair and must be enacted. But there is little reason to think that he won't back down on the defense question. He did last year.

Although Secretary Weinberger is fighting valiantly to protect defense, his own vulnerability on the question of economics puts him in the situation of having to argue for cutting back domestic spending to pay for defense, when what really needs to be slashed is payment on the federal debt.

In his budget message to Congress this week, Don Regan stated, through the mouth of the President: "I realize it will be difficult for elected officials to make the hard choices envisioned in this budget, but we must find the political will to face up to our responsibilities and resist the pleadings of special interests."

Is the IMF the only "special interest" which America's elected leaders are permitted to listen to? Apparently, yes, and as long as that remains so, the Donald Regan and his New York banking constituency's "recovery" will continue to send us all to hell.