

George Bush fiddles while the economy burns

by H. Graham Lowry

In the face of a national crisis, President George Herbert "Hoover" Bush continues to fiddle while the economy burns. His official oracles studied the entrails of the Third Quarter and again declared that the "recession" is over, but neither reality nor the perceptions of the American people concur. New unemployment claims shot up nearly 7% in the week ending Oct. 12, to a staggering 452,000. In the latest national polls, 66% rated the economy "very bad" or "fairly bad," and only 47% said they would vote for Bush for President next year.

On Capitol Hill, Democrats had a field day when Senate Republicans upheld Bush's self-Hooverizing veto of extended unemployment relief. The bill to provide benefits for up to 20 additional weeks was to have been funded off-budget as an economic emergency measure, but Bush denies that any emergency exists. When House Democrats on Oct. 22 put forth an alternative for just 13 weeks to be funded by new revenues, the White House announced the next day that Bush would veto that bill as well. The bill would "deter growth" and "have a negative effect on financial markets," the President's spokesman declared! There was no comment on the effect on the more than 3 million unemployed whose benefits will have run out by the end of this year.

Even the Bushmen, however, could figure out that congressional criticism and plummeting poll ratings required some gesture of concern. By the end of October, negotiations were under way between the White House and Capitol Hill on a compromise package providing as much as 13 weeks of extended benefits for some of the states worst hit by unemployment. On the crucial issue of presenting an emergency program for actual emergency economic reconstruction, however, the ghost of Herbert Hoover looks more and more like the current occupant of the White House.

Bush: 'Maybe I'll think of something'

Earlier rumblings that Bush would present a "growth package" have died to a whisper. His spokesman announced on Oct. 22: "There is no timetable. We're still reviewing the whole issue. . . . How soon we'll have decisions is not clear yet." In a national press conference on Oct. 25, Bush acknowledged only that "the economy has been sluggish." Whatever is done, "let's do it without busting the budget agreement," Bush said. "I'll look at the processes. I will keep in mind whether they bust the budget agreement or not, and then I'll make some determination and might well come out with something—a new combination of what I think best. Maybe I should do that."

Do you want this man at the helm of a sinking ship?

Despite budget cuts and budget caps, coming out of last year's "deficit reduction" orgy, the Bush administration on Oct. 29 announced the biggest federal budget deficit in history—\$268.7 billion for the 1991 fiscal year that ended Sept. 30. Less than two years ago, the Bush projection for this year's deficit was only \$25.1 billion. This year's income tax revenues came in \$14.1 billion less than had been projected this July, when the figure was drastically revised downwards from earlier estimates. The Congressional Budget Office already projects the deficit for fiscal 1992 at \$362 billion!

Worsening crisis for the states

The deepening depression continues to wipe out revenues for the states as well, compounding their deficits no matter how much brutal austerity is imposed. The National Governors' Association (NGA) released a report on Oct. 29 showing that tax receipts for the current fiscal year are plunging at a rate which will make next year's budgetary bloodletting

even worse than this year's record carnage.

Overall, the states raised taxes by \$15 billion for fiscal 1992, on top of a \$10 billion increase in 1991. Another \$10.2 billion in outright budget cuts was imposed, bringing the total austerity crunch to more than \$25 billion in a single year. Despite the record tax hikes, the revenue shortfall for the current year is already \$18 billion below projections, just four months after most states began their fiscal year July 1. "It's a grim picture," said Raymond Scheppach, the NGA's executive director.

State budget deficits are also being driven out of control by federally mandated spending for Medicaid and prison construction—costs which were dumped from the federal budget during the Reagan and Bush administrations. Under conditions of rampant poverty and unemployment, Medicaid and general welfare costs continue to increase; while revenues drop further with the collapsing tax base. This vicious circle will only worsen under current policies. Medicaid and prison costs already exceed the states' total spending for Aid to Families with Dependent Children—the major welfare program. Meanwhile, the share of current state spending for elementary and secondary education is at a five-year low (see article, page 58).

More bloodletting for New York

In New York State, the crisis is already so severe that Gov. Mario Cuomo announced on Oct. 30 that he will convene a special session of the legislature to deal with a new \$689 million deficit in the current budget. Cuomo ordered state agencies to cut their budgets by another 4%, and will seek \$450 million in additional cuts and tax increases from the legislature. When the budget was passed in April, Cuomo extorted \$4.5 billion in cuts and \$1.5 billion in tax increases to cover the entire projected deficit. Cuomo promised at the time that there would be no mid-year revisions of the budget like the \$900 million gap that had to be plugged late last year.

The new shortfall is attributed largely to declining tax revenues and rising Medicaid costs. New York's anticipated tax receipts have already dropped \$311 million, while Medicaid payments have exceeded projections by \$232 million. During the period from April through September, the number of Medicaid recipients rose almost 9% over the same period last year; and the number of welfare recipients increased by nearly 10%.

New York City, already an economic rubblefield dotted with shantytowns—makeshift shelters for the homeless—also announced Oct. 30 that it has reached an additional deficit of \$250 million. The city lost 225,000 jobs from September 1989 to September 1991, and projects that another 150,000 will disappear by the end of December. Its welfare caseload has increased by 17% over the last two years, to its highest level since 1977—when the city was put through the wringer by investment banker Felix Rohatyn's "pain and agony" program under Big MAC.

Rohatyn still chairs Big MAC, and greeted the new deficit report with demands that the city eliminate another 30,000 to 35,000 jobs—and impose a two-year wage freeze on workers who refuse to accept speed-up and new "efficiency" rules. The financier from Lazard Freres also wants at minimum a two-year *tax freeze*, to maintain "New York City as the financial capital of the world, with all the support services this entails." This Bush-like outburst of Roman imperial delusion, delivered to the Citizens Budget Commission Oct. 30, included the threat that if not enough blood sacrifices were made at the altar, the State Financial Control Board would impose "more stringent monitoring and control capabilities."

California sinking fast

The rapid disintegration of the California economy has also forced a new budget crisis, just four months after the state enacted record tax increases, along with massive budget cuts, to cover a deficit then projected at \$15 billion for the current fiscal year. Gov. Pete Wilson reported on Oct. 24 that the state already faces a further deficit of \$3 billion, and warned that the legislature will "have to make some very unpleasant choices." He is threatening further layoffs of state workers comparable cuts are not made. Like his main supporter, President Bush, Wilson's standing in the polls is plunging, and recently ranked lower at this point in his term than any governor of the past quarter-century.

New figures released by the California Commission on Finance put the number of jobs already lost this year at 380,000, in a state which boasts about one-eighth of the nation's jobs. Last month's official unemployment rate was 7.7%. Tax revenues declined \$344 million during July, August, and September, and are now projected at \$2.3 billion less than anticipated for the remainder of the fiscal year. Again, the worsening depression has driven costs for health and welfare programs for the poor beyond projections by \$800 million.

Depression in New England

The terrible misery which Bush so blandly belittles has spread to all parts of the nation. In New England, where the destruction of industry made it one of the first regions to slip into depression conditions, poverty is increasing at an alarming rate. Welfare caseloads have shot up more than 35% since 1989, and by a staggering 111% in New Hampshire. Even the number of two-parent families on welfare has soared. In Massachusetts, the number of such families increased by 182%; in Connecticut, which lost 93,000 jobs over that period, the number quadrupled.

And all this time, now over 1,000 days, Lyndon LaRouche, the one presidential candidate who was right about what was happening to the U.S. economy, and the one man who knows what to do about it, has been confined in prison by George Bush—the only competitor whom Bush feared enough to put there.