

residents were looking for work last month (and thus were officially unemployed), an increase of 200,000 over December a year ago.

The tale is the same in the other major states with the highest unemployment rates. Michigan, at 9.1%, had a \$1 billion deficit last year, in a \$7.4 billion budget. Gov. John Engler cut \$300 million in social services, eliminating General Assistance for 83,000 single adults. The deficit for the coming year is already estimated at \$270 million.

Next is Massachusetts, at 8.4% unemployment, where Gov. William Weld is already planning another \$1.6 billion cutback in the state work force and social services, in a budget of \$13 billion. Since 1989, the number of two-parent families on welfare has increased by nearly 200%. Last year, Weld announced a "workfare" program to force two-thirds of the state's welfare recipients into minimum wage jobs, or lose their benefits. Among the groups targeted are the same two-parent families who went on welfare after exhausting their unemployment benefits.

New York has the fourth worst official unemployment among the major states, at 8.1%, and lost more than half a million jobs last year. With a current deficit of \$875 million, Gov. Mario Cuomo reportedly plans to cut \$400 million more, including the elimination of 14,000 jobs, and to borrow the rest. He wants to cut \$1 billion in Medicaid costs, and still projects a deficit of \$3.6 billion next year.

A suicidal strategy

The absurd policy of covering deficits by "cutting off at the bottom" is reaching the point where the cut is being made at the neck—especially in the formerly industrial states. On Jan. 9, Maryland's Gov. William Donald Schaefer announced \$700 million in new taxes and \$500 million in further budget cuts to cover a projected deficit of \$1.2 billion for fiscal 1993. The state has already proposed a 30% welfare cut, the elimination of 25% of General Assistance recipients from the rolls, and the termination of its Emergency Assistance program. Disability relief would also be withheld until the victim had been "officially disabled" for at least one year.

In Virginia, Gov. Douglas Wilder, now a presidential dropout, called Jan. 8 for cutting state agencies' budgets as much as 25%, eliminating 2,700 state jobs, and raising tuition at state colleges and universities as much as 24% over the next two years. Medicaid cuts of \$68 million would be covered by levying that amount in new taxes on hospitals, nursing homes, and pharmacies.

A similar swindle in health care financing was proposed the same day by Gov. Jim Edgar of Illinois. Besides \$350 million in emergency budget cuts, Edgar would "borrow" \$500 million from taxes to be collected from health care providers—to help pay the same providers \$596 million the state already owes them in Medicaid reimbursements. Yet Edgar acknowledges that the Illinois economy may continue to worsen, in which case none of these measures will work.

Washington's in for a 'Dukakis' disaster

by Leo F. Scanlon

On Feb. 7 Mayor Sharon Pratt Kelly of Washington, D.C. is expected to announce a series of budget cuts, service cutbacks, and employee firings which will far surpass any austerity ever imposed on the nation's capital. According to advance reports, the plan will include strategies for privatization of key city services including street repair, trash removal, and elements of the prison system, and will depend on heavy intervention by the FBI and federal prosecutors from the Department of Justice to suppress the drug-based social problems and violence which now absorb almost one-third of the city's budget. The scheme is the showcase for the policies the Democratic Party hierarchy intends to peddle in urban areas nationwide, and is being run by a cadre of the "masters of disaster" from the Dukakis administration.

The Bush administration is supporting the austerity budget by providing FBI training for the city's police force (decimated by a hiring freeze during the Barry years, the department confronts a mature drug culture with the largest number of rookie officers in its history) and promises of an FBI campaign to suppress violent youth gangs. The dubious benefits of federalizing local law enforcement is the only "service" the Bush administration is likely to offer to cash strapped state and city governments.

The Dukakis machine moves in

According to the *Washington Post*, the city administration which is drawing up the budget is in the hands of the people who destroyed Massachusetts with austerity policies. In August, the mayor awarded a bond counsel contract to the law firm of Patton, Boggs and Blow, which has no experience in the area, but does sport Democratic National Committee (DNC) chairman Ron Brown as a partner. Brown is a partner with Kelly's new husband, James R. Kelly III, in a group that owns Washington radio station WKYS-FM. The group, which includes her brother-in-law, Fletcher Wiley, bought the radio station after failing in a controversial attempt to purchase the San Antonio Spurs basketball team in 1988.

In September the mayor appointed Laura Murphy Lee to a \$76,000 a year job as her special assistant for tourism. Lee was formerly chief of staff for California Assembly Speaker Willie L. Brown Jr., and is the wife of Bertram Lee, who is also a partner with James Kelly and Brown in Kellee Communications Group Inc.

Kelly was introduced to her current husband by Fletcher

“Flash” Wiley, a Boston attorney who is national chairman of the Black Entertainment and Sports Lawyers Association. The mayor turned to Wiley and his wife for political support when no local D.C. politicians would rally to her campaign for office. Wiley, who was a political adviser to Michael Dukakis’s presidential campaign, says, “I hope to help Sharon make Washington one of the entertainment centers of the country.” He is also serving as the conduit for former Dukakis officials who are being placed throughout the city government.

The *Post* reports the cohort includes Betty Francis, director of the Public Works Department, who was deputy commissioner of public works under Dukakis, and Rick Murphy, director of administrative services, also a Dukakis aide. Deputy Mayor for Finance Ellen O’Connor was former state budget director under Dukakis, and Communications Director Paul Costello was former press secretary to Kitty Dukakis. The draconian service cuts envisaged by this group will accompany a showdown with the unionized workers, who currently provide the services for the capital. Federal and local government employment is one of the few jobs which offer steady pay to the District residents; as this “employer of last resort” gets hit, the depression will deepen its grip on the city.

The *Washington Times* and others who think that ex-Mayor Marion Barry invented handing out city contracts to political cronies, are proposing that Kelly clean up her act by running basic services on the basis of “user fees” charged to citizens. Even the Kelly administration knows that a citizenry too poor to pay taxes can’t fund its own trash removal. Kelly could soothe the fears of local Republicans by pointing to the Massachusetts model, where Dukakis’s law partner, William Weld, is now governor, and is “fighting corruption” by eliminating local governments. Most relevant to the District is Weld’s policy of amalgamating underfunded local police agencies into regional structures under state control.

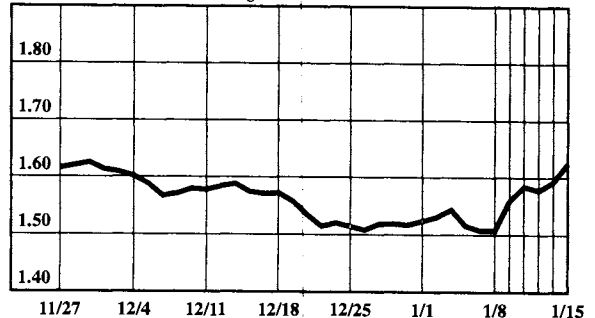
The federalization of local law enforcement agencies will soon look attractive to bankrupt cities. Washington, where Police Chief Isaac Fullwood has asked the FBI to take over training his entire department, is the showcase for the policy which is a top priority at Justice. Attorney General William Barr recently announced that the FBI counterintelligence apparatus would be revamped in order to free up 300 agents for “anti-gang” work in urban areas. The project is based on field studies conducted by the Office of Justice Policy in Los Angeles, Dallas, and Chicago, and is utilizing the social theories developed by University of Chicago criminologist Norval Morris, notorious for his role in creating the archetypal street gang of the 1970s, the Black P-Stone Nation in Chicago.

Imprisoned ex-mayor Marion Barry had announced plans to run for city council, but is out of the political picture after being accused by two fellow inmates of violating prison rules by engaging in sexual contact with a female visitor. Barry was moved from Virginia to a stricter facility in Pennsylvania.

Currency Rates

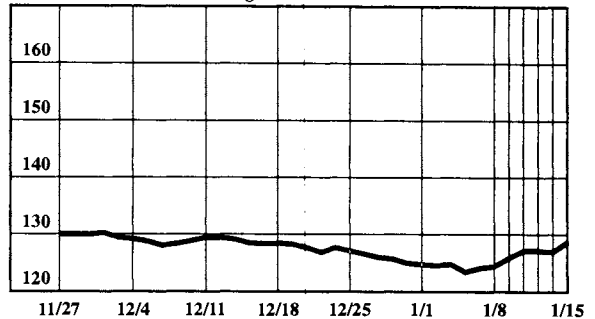
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New York late afternoon fixing



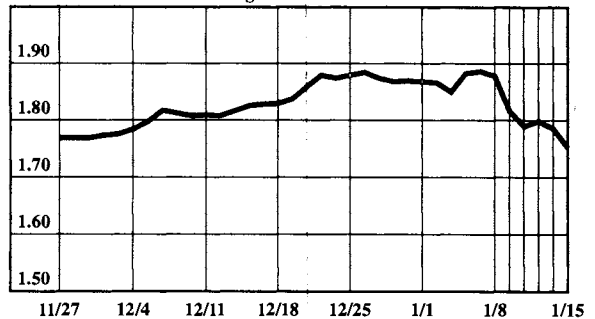
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

