

## The austerity agenda behind the 1992 election campaign

by Kathleen Klenetsky

If either Bill Clinton or George Bush wins the presidential election this November, it is a foregone conclusion that Americans will have to brace themselves for a horrific assault on their living standards.

Across the political spectrum, the American policy elite has come to a consensus that the galloping U.S. economic crisis—brought about by 20 years of policies of post-industrialism, speculation, and usury—demands the human sacrifice of what are considered the “non-productive” sectors of society: the elderly, the jobless, and the ill.

Since the geniuses in charge of U.S. economic policy, both Democrat and Republican, consider paying the interest on the U.S. debt (now the largest portion of the federal budget) to be sacrosanct, they have opted to slash the second largest chunk of the budget, the so-called entitlement programs, especially Medicare, the medical program for those over the age of 65.

There are already myriad plans in the hopper for achieving huge cuts in these programs over the coming several years. The differences among them are far less significant than their common purpose: to drive up the death rate among the elderly, thereby “saving” billions of dollars on health care and Social Security.

In addition, Medicaid, which provides health care to those below the poverty line, and welfare, have already been put on the chopping block, and there are new assaults on these programs planned for the immediate future. On top of this, Americans can expect to be hit with a series of new taxes, including almost certainly a big increase in energy taxes, by sometime next year.

### **Much pain, no gain**

These plans for bone-crushing austerity are “the undiscussed agenda of the presidential elections,” even though

Clinton and Bush are dancing around the issue out of pure political expediency, says Morton Abramowitz, former U.S. ambassador to Turkey and now president of the Carnegie Endowment. “These kinds of things won’t be openly discussed that much by either of the candidates,” Abramowitz recently told *EIR*, “but don’t worry, we’ve got an agreement on cutting entitlement programs and raising new taxes.”

Abramowitz made these comments following a July 22 press conference held in Washington to release a new Carnegie report that purports to be a blueprint for the United States over the coming decade.

Entitled “Changing Our Ways: America and the New World,” the report argues for balancing the federal budget by sharply raising taxes, especially on energy use, and by slashing social spending, with Social Security and Medicare topping the target list. “There is no painless solution to the deficit,” the report insists. “We will need stronger discipline over spending, including limits on entitlement programs, as well as increases in taxes.”

These taxes would include an additional \$1 per gallon gas levy and, according to commission chairman Winston Lord, a protégé of Henry Kissinger, possibly a carbon tax as well. “The report’s message is ‘No pain, no gain,’ ” declared Lord.

### **Concord coalition**

The Carnegie report figures as one of several initiatives in process that are intended to prepare the political ground for a post-January austerity onslaught.

Another is the new enterprise launched by former Democratic presidential candidate Paul Tsongas and Sen. Warren Rudman, the New Hampshire Republican who co-authored the Gramm-Rudman-Hollings act to slash the federal budget deficit.

Both have emerged as leading spokesmen for the perverse, but increasingly prevalent, view that financing a U.S. economic recovery necessitates slashing social spending so as to free up monies for investment. In simpler terms, rebuilding the country's infrastructure requires taking grandma's medical care away.

Tsongas used his presidential campaign to promote an austerity platform, and introduced a minority plank to the 1992 Democratic Party platform that called for cuts in Social Security and Medicare, plus a 50¢ per gallon gasoline tax.

Last March, Rudman raised a ruckus when he announced that he would not run for reelection, on the grounds that special interest groups, especially those representing the elderly, were making it politically impossible for the government to force through social spending cuts and other austerity measures.

Rudman repeatedly pointed to Social Security and Medicare as the major causes of the United States' economic woes, and, in an interview with the April 6 edition of *Time* magazine, went so far as to suggest that the United States consider adopting a one-party government so that it could muster the political will to deal with the entitlements crisis.

Rudman and Tsongas subsequently teamed up to form a bipartisan think-tank whose purpose would be to propagandize in favor of economic "sacrifice."

*Washington Post* columnist David Broder reported on July 26 that Rudman and Tsongas's "Concord Coalition" will get to work shortly after Labor Day. According to Broder, the coalition "will make the case that the difference between prosperity and privation in the next 20 years depends on boosting America's productivity. That requires a major increase in savings and investment, which in turn requires that the budget deficit be closed."

The Concord Coalition plans to build a national network of support for serious measures, through which it hopes to "extract more honesty from the 1992 candidates. 'I don't want to call us a truth squad,' Rudman said, 'but if the two candidates don't talk about the problem, we will,' " Broder reported.

Significantly, Tsongas and Rudman have been joined by Peter Peterson, a well-known Wall Street banker who currently runs The Blackstone Group, and who also serves as chairman of the board of the elite New York Council on Foreign Relations.

This effort is right up Peterson's alley. He's been beating the drums for making U.S. economic policy a choice between "investment" and "consumption" for at least the last 10 years. In a speech to a conference sponsored by the American Assembly in May 1991, Peterson complained bitterly that "America has demonstrated a debilitating incapacity to face and make the kind of hard trade-offs needed for progress. . . . In key areas of concern . . . we have become a 'choiceless' society, substituting denial and rhetoric for meaningful action."

He added: "The structural aspects of our entitlements must be put on the table. Without structural entitlement reform, but with greater longevity, earlier retirement, low

birthrates, and medical hyperinflation, the cost of our federal entitlements system could climb by a colossal 11.5 percentage points of GNP [Gross National Product] between now and the year 2025." The "revolution of entitlements" must come to an end, he said.

Peterson has enlisted to the Concord Coalition former House Budget Committee chairman William H. Gray, and an "array of prominent businessmen, economists, clergymen, and commentators," Broder revealed.

## Perotism without Perot

Citing Rudman as his source, Broder further reported that the coalition will offer a variety of policy recommendations, many of them similar to former candidate Ross Perot's economic program, which was published in full in the Aug. 3 issue of *U.S. News & World Report*.

That comes as no surprise, given that Rudman, Tsongas, and Peterson have all been in touch with Perot over the past months, and that one of Peterson's closest collaborators, James Sebenius of Harvard's JFK School of Government, acted as an informal adviser to Perot's campaign on the issue of, as Sebenius put it, "the trade-off between investments and entitlements."

Perot's decision to release his economic plan will undoubtedly feed into the establishment's campaign to sell austerity to the populace, and, specifically, to pressure Clinton and Bush to publicly commit themselves to tax increases, entitlement cuts, and other austerity measures.

The plan calls for: a 50¢ per gallon gasoline tax; limits on cost of living adjustments (COLAs) for Social Security and other government pension programs; and draconian changes in Medicare, which would include requiring all recipients to pay a significant portion of their own health care. The plan also proposes to eliminate the space station entirely; tax health insurance; and impose a 10% across-the-board reduction in the administrative costs of federal agencies.

Perot did not simply release his program, but also has plans to lobby for it. "We're going to do something with the plan," James Squiers, one of his top aides, disclosed July 21. "I suspect you will hear from him a great deal between now and the election on the whole economic issue."

Working in tandem with the Concord Coalition in Congress is a bipartisan group of senators, led by Clinton supporter Sam Nunn (D-Ga.) and dog-food heir John Danforth (R-Mo.), who have mapped out their own campaign to force the issue of deficit reduction via entitlement cuts and tax hikes, onto the top of the national agenda.

Their plan, which calls for about \$600 billion worth of spending cuts and tax hikes, based on a concerted attack on entitlements, recently received the enthusiastic endorsement of Vice President Dan Quayle.

Felix Rohatyn of the Lazard Frères investment bank has also proposed a similar package. He recently endorsed Bill Clinton for the presidency.