

Heritage Foundation readies an economic terror attack

by Anton Chaitkin and Richard Freeman

The British-run think-tanks which have guided the Conservative Revolutionaries, have issued an updated battle plan for the forces of House Speaker Newt Gingrich (R-Ga.) and Sen. Phil Gramm (R-Tex.). A Heritage Foundation "government reorganization" program to wreck and plunder the U.S. economy was released on April 17, in a gear-up for the reopening of Congress on May 1.

The new, more radical plan follows upon the failure of the Gingrich-Gramm forces to put through their "Contract with America" in the first Congressional session. Facing the prospect that the public will turn against their Dark Age policies by the next election, their London sponsors seem to have adopted the attitude of their British Army predecessors when the United States resisted them in the War of 1812: Burn Washington, and steal what you can.

The reorganization program is the product of an integrated complex of U.S.-based fronts for the British crown's Mont Pelerin Society. These sub-groups include the **Heritage Foundation, Cato Institute, Reason Foundation, National Taxpayers Union, Progress and Freedom Foundation, and the American Legislative Exchange Council.** With an interchangeable leadership, the complex conducts campaigns for various New Age and gangster objectives, such as legalized narcotics, commercialized sex perversion, wide-open casino gambling, and deregulated hot-money banking. For public relations purposes, the Heritage Foundation wing of the complex has responsibility to market certain of the group's products under a "conservative" label.

Heritage Foundation work on the national reorganization plan was directed by its vice president, Stuart M. Butler, a British subject who is also on the board of the Reason Foundation and a member of the **British Fabian Society.** As Butler outlined it in an April 17 press statement, the plan calls

for cancelling U.S. support for technological development, selling off publicly owned infrastructure to the highest bidder, and surrendering any chance that the United States could ever recover from the looming economic meltdown.

Specific proposals include:

- Abolishing the Department of Agriculture and the Agricultural Extension Service, prohibiting government support for agricultural science development, and prohibiting any market interference against the tyranny of commodity cartels and speculators over farmers;
- Selling to speculators and cartels the nation's hydroelectric dams, the Postal Service, the Weather Service, the national strategic reserves of petroleum and other materials, Amtrak, the Air Traffic Control System, and government-owned real estate;
- Closing down river control and inland waterway operations of the Army Corps of Engineers, closing the Rural Electrification Administration, closing the Small Business Administration, closing the Bureau of Mines and the Geological Survey, ending U.S. promotion of technological development in aerospace and advanced energy systems, prohibiting federal funding for all development of infrastructure including high-speed rail lines, and prohibiting U.S. backing for exports of U.S. products;
- Slashing health care for the elderly (as the Heritage Foundation quips, "Medicare . . . would undergo major surgery").

As the international financial bubble explodes, enactment of such an insane plan would demolish the tax base, and would guarantee the maximum conceivable economic collapse and societal chaos. Yet, the Heritage Foundation deadpans that it would eliminate the federal budget deficit within five years!

The economy as carrion

Who would advocate selling Hoover Dam, or the Missouri River—and who would buy them?

The privatization scheme was shaped by Stuart Butler's other U.S. group, the Reason Foundation. Its president, Robert W. Poole, Jr. first consulted with the law firm of Skadden, Arps, Slate, Meagher and Flom—experts in junk bonds, leveraged buyouts, and pillaging and asset-stripping of companies. Late in 1991, Poole and John Girardo of Skadden, Arps began meeting with U.S. Vice President Dan Quayle and his staff. Poole, Girardo, and Quayle then worked out a strategy to sell off and break up the government.

President George Bush's White House counsel, C. Boyden Gray, was next consulted about concocting a legal cover for the scheme. Gray was a principal heir to the R.J. Reynolds tobacco fortune. The British tobacco trust had given control of the Reynolds empire to his grandfather; his father, Gordon Gray, was a leading ally of British intelligence within the U.S. intelligence community. C. Boyden Gray may have been the greatest single beneficiary of the 1989 junk bond leveraged buyout of RJR-Nabisco by George Bush's crony Henry Kravis—worth \$13 billion to stockholders.

On April 30, 1992, Bush released Executive Order 12803, on "Infrastructure Privatization." It was a procedure to set a price, or to enable competitive bidding, to sell off the nation's federal infrastructure or government service assets to private financiers, and to encourage state and local governments to sell their infrastructure.

The election of Bill Clinton slowed down the onslaught of this swindle. But the British think-tank complex—now aided by C. Boyden Gray as chairman of Citizens for a Sound Economy—is still frantically working to pull it off.

The stakes are astronomical. Bankrupt, panicky financiers want to buy up government infrastructure and financial assets, such as social security funds, at a fraction of their \$7-10 trillion value.

The Heritage Foundation's promotional pamphlet, "Crafting a Budget to Reform the Federal Government," cites "renowned management expert Peter Drucker" as the authority on "Really Reinventing Government"—the title of his February 1995 piece in *Atlantic Monthly*. The Austrian-born Drucker is a certified expert in these matters, having been an economist for London bankers, an American-based adviser for British banks, and an American correspondent for British newspapers. To be sure, Drucker's methods have been employed in buyout and restructuring schemes on U.S. companies, under the slogan of rendering the corporate targets "lean and mean." This signifies that a business is asset-stripped and shrunk, not expanded, while financiers suck value out through inflated stock prices.

But the direct model for Stuart Butler and Robert Poole, is former British Prime Minister Margaret Thatcher's liquidation of government assets, such as state-owned electric utilit-

ies. Thatcher's promotion of usury, financial swindles, and crush-the-poor austerity, is what has turned the British economy into a post-industrial garbage heap.

Robert Poole calculates that about 100,000 pieces of essential infrastructure, including airports, electric and water utilities, highways, and bridges, can be auctioned off for around \$2.27 million each. Since this figure is a small fraction of the current replacement cost of these assets, how is it justified?

Poole simply copies the criminally low prices that Margaret Thatcher used in selling off the infrastructure of Great Britain to speculator financiers and private family investment trusts. For example, the state-owned electricity industries, which were sold for a total of \$21.7 billion, served 55.78 million people in the United Kingdom. Thus, Poole reckons, "the investors were paying \$389 per person in the service area for the electricity industry." Poole just multiplies this \$389 per person figure times the number of people (42.87 million) serviced by the municipally owned electric utilities that the British think-tanks want Americans to sell off, and so comes up with a combined U.S. electric utilities sale figure of \$16.7 billion.

Beyond the asset plunder, the Heritage plan would devastate the American economy by ending such government functions as flood control, science research, and technical assistance to farmers. There will be no Michael Milken or Skadden, Arps to take the government's place in these matters. Whose "conservative" plan is this?

Earlier this year, a self-styled Green Scissors Coalition surfaced with a proposal to "save tax money" by "axing Federal programs that waste billions and harm the environment." This coalition's Green Scissors report was written jointly by the National Taxpayers Union, one of the British Mont Pelerin front groups, and the radical environmentalist organization **Friends of the Earth**. The Green Scissors report demanded an end to hydroelectric and irrigation projects, highway construction, agriculture development programs, federal disaster insurance, mining programs, nuclear fission and fusion research, coal research, and the entire waterway management program of the Army Corps of Engineers.

National Taxpayers Union chairman James Dale Davidson is a business partner of London *Times* writer and feudalist master-spokesman Lord William Rees-Mogg. Davidson and Rees-Mogg jointly publish a widely circulated *Strategic Investment* newsletter, which last month warned America's armed populist groups that "Generalissimo Janet Reno" was planning to seize all their guns on March 25 and then declare martial law. In response, several "militia" groups actually turned out on March 25 to await confrontation or slaughter, but were disappointed.

Congress would be well advised to avoid "top-to-bottom" reorganization of our government according to the specifications of these "conservative" gentlemen.