

## Bill to tax speculation exposes Ridge's crimes

by Nancy Spannaus

A bill to create a "Securities Transfer Tax" was introduced into the Pennsylvania House of Representatives on June 27 by Democrat and Black Caucus leader Harold James (Philadelphia). House Bill 2833, which has four co-sponsors, calls for a two-tenths of 1% tax "on the sale or transfer of any bond, stock, security, future, option, swap or derivative." Because the bill was introduced immediately before the legislature closed down for the summer, there is not yet a schedule for hearings on it.

Preliminary estimates are that the tax could raise at least \$10 billion, thus exposing as a blatant lie the argument by Pennsylvania Gov. Tom Ridge, and his Republican colleagues, that they have to slash the safety net for poor and working people in order to "balance the budget."

Governor Ridge is already the target of an impeachment effort, initiated by the LaRouche Presidential campaign in mid-May. The impeachment resolution is backed up by a 24-page pamphlet being circulated by the LaRouche Exploratory Committee (LEC), which documents the fact that the governor "knew or should have known" that his health care cuts for low-income families would increase the death rate for those families, and therefore qualify as "Nazi-style crimes against humanity," for which Nazis were hung at Nuremberg.

In a memo to all House members, primary sponsor Representative James said that "the proposed tax has the potential to generate substantial revenues for the Commonwealth, because of the massive volume of trading in financial markets today. This proposed tax will also allow the Commonwealth to meet its responsibilities to our working poor and disabled citizens, and to restore budget cuts which threaten the health and lives of our constituents."

Governor Ridge now has to decide whether he wants to

meet those responsibilities, or pursue his totally unnecessary Gingrich-style program of budget cuts.

### A model tax bill

The Security Transfer Tax is proposed as an amendment to the 1971 Tax Reform Code of Pennsylvania. Its stated legislative purpose is to "provide a disincentive to financial speculative activity destructive to the economic well-being of this Commonwealth and its citizens; to encourage stable investment and job creation; and to enhance Commonwealth revenues without harm to the lives and health of the people."

The tax of 0.2% would be imposed on the sale or transfer of any bond, stock, security, future, option, swap or derivative, and be payable by the seller or transferer. Clearly, those who speculate, i.e., carry out many short-term transactions, would pay significantly more tax than long-term investors.

The idea of imposing such a tax on speculation has been circulating in U.S. policy circles for many years, but with increasing prominence since 1993. Former Speaker of the House Jim Wright (D-Tex.) proposed a 1% tax on financial transactions in 1987, and in 1990, then-Sen. Lloyd Bentsen (D-Tex.) proposed a similar tax. In 1993, Presidential candidate Lyndon LaRouche initiated a proposal for a tax on speculation by derivatives, at the level of 0.1% on the nominal value of the instrument, arguing that such an approach would not only raise immediate monies, but would serve to shrink up the cancerous growth in speculation.

In a Feb. 28, 1996 report, entitled "Scrambling to Pay the Bills: Building Allies for America's Working Families," by Sen. Jeff Bingaman (D-N.M.) to Senate Minority Leader Tom Daschle (D-S.D.), a proposal to tax speculation was floated. The tax "would impose a small and diminishing

securities transfer excise tax (STET) on broad-based security sales made less than two years after purchase,” the report read.

Then, LaRouche, in an April 4 press conference in Philadelphia—soon after Governor Ridge’s first round of murderous health care cuts were defeated—proposed a similar approach for Pennsylvania.

With the introduction of the Securities Transfer Tax in Pennsylvania, a precedent has been set for dealing with the draconian budget cuts which are being implemented all around the country, as well as in Washington, D.C. The proposed tax rate on speculation would be considerably less than the sales tax paid by the majority of the population, yet, given the enormous turnover, would easily yield sufficient income to fill budget gaps.

### **LaRouche’s campaign**

Presidential candidate LaRouche gave a press conference in Harrisburg on July 3, to announce the release of the campaign’s pamphlet against Ridge (see photo, p. 65). Two hundred thousand copies were printed in the first run, and the LaRouche Exploratory Committee has indicated its intention to circulate at least 600,000 copies before the Democratic National Convention in late August.

In his opening statement, LaRouche explained that he has targeted Governor Ridge as the “lead duck” of a flock of politicians who are advocating fascist austerity policies in the United States. He explained it as follows:

“There are many people, particularly those associated with the Contract with America, who are pushing the same thing. There are people who say, that, in order to balance the budget or protect our posterity from debt, we must cut medical care and do other things which, in effect, we should all know will lead to increases in the death rate and cause comparable suffering. In this case, of course, it’s an established fact that what the governor has already done will cause, within six months, an estimated 3,000 or more deaths. That’s a crime against humanity.”

He then promised to continue the campaign after the Democratic Convention.

LaRouche’s press conference on the anti-Ridge campaign, in contrast to his other campaign events during the primary season, drew a fair amount of press coverage, from the Harrisburg daily paper, to Pennsylvania cable TV, to a statewide AP wire. This publicity comes after LEC spokesmen had presented the impeachment campaign in more than 30 county seats throughout the state.

But this is only the beginning. The LEC has booked 23 half-hour television spots to be aired throughout Pennsylvania in the Aug. 1-11 period. The advertisement to be shown will tell Pennsylvanians why they must impeach their governor for Nazi-style crimes against humanity. As LaRouche put it in his July 3 press conference:

“The charge we’re making against Governor Ridge is not

a case of first impression. We’ve indicted and convicted members of the German government and professionals at Nuremberg for doing exactly what the governor is doing. No difference. We are not calling him a Nazi. We are saying he is committing a crime against humanity for which Nazis were previously convicted.”

### **Why the campaign must spread**

What Governor Ridge, until recently a “moderate” Republican, is doing, is not unique throughout the country, of course. The same rationale is being used in state after state, to throw the working poor off health insurance and welfare programs, with the claim that they are “too lazy” to work for an income. In Pennsylvania, 220,000 of the working poor will be affected; in other states, there will be many more.

The LaRouche campaign’s calculation that over 3,000 people are likely to die from Ridge’s policy within six months, is based on a study on the effects of the elimination of state medical assistance, which was published in the *New England Journal of Medicine* in 1984, with a follow-up study in 1986.

The state in question was California, which eliminated state health protection for about 270,000 people in 1982. A group of doctors at the University of Southern California (Los Angeles) studied 186 people who were eliminated from the program. They were evaluated six months after their removal, and their conditions were compared with 109 people who were not cut off.

By taking their blood pressure and conducting other tests, the doctors found that the general health of the study patients eliminated from the program, had worsened, and estimated that the relative risk of dying for those with high blood pressure had increased by 40%.

Most importantly, five people in the test group died, while no one in the comparison group died. After interviewing the families, the doctors concluded that at least three of the deaths were directly due to lack of access to medical care, because of the cuts. One person, for example, who was vomiting blood, delayed going to the hospital for fear he could not pay. This person died of a perforated ulcer.

The calculations amounted to 3 out of 186, or 1.6%, and 1.6% of the 220,000 affected in Pennsylvania is 3,542. This is the campaign’s estimate as to how many of those Ridge is cutting off medical assistance, will die in the first six months.

Poor people are already beginning to be cut off in Pennsylvania; it is even possible people have begun to die. So far, the state government has refused to make the names of the 220,000 people slated to be removed from the medical assistance program, available to the public, or even to state legislators for the districts they live in. Thus, Ridge’s administration apparently hopes that the human consequences of its crime can be covered up.

To be sure, the LaRouche Presidential campaign, and the thousands of people who are being activated around the country, will not let this occur. And the campaign will spread.