
Schwarzenegger's Budget Plan

'Starve the Beast' Kills Californians

by Harley Schlanger

California's fascist Gov. Arnold Schwarzenegger signed an executive order on July 31 which cuts wages for more than 200,000 state employees to \$6.55/hour—the Federal minimum wage—and terminates 10,300 part-time and seasonal employees. The Governor argued that he is being forced to take these actions in order to “preserve cash,” adding that the wage cuts will be reversed as soon as a new budget is passed.

In the press conference which accompanied his signing of the executive order, Arnie stated, “Our state faces a looming cash crisis,” adding, “So we have to tighten our belt; everyone has to tighten our belt.”

The state has been operating without a budget since July 1, with no breakthrough in sight: Both Democrats and Republicans are trapped in ideologically fixed positions over how to address a \$15.2 billion deficit. The Democrats are demanding increased taxes to reduce the deficit, while Republicans insist on more drastic spending cuts.

As this Kabuki theater plays out in Sacramento, Schwarzenegger points the finger of blame at both sides, using the stalemate to push his demand for “budgetary reform,” while cavorting with fellow fascist Mayor Michael Bloomberg of New York City, promoting Mussolini-style “Public-Private Partnership” programs (PPPs) to privatize the nation's infrastructure. As one astute observer, the former editor of the *Sacramento Bee*, Peter Schrag, describes it, Schwarzenegger is continuing his practice, honed over five years in office, of mugging at town-hall meetings, where he engages in “posturing, clichés and gimmickry,” in a “nearly unending staging of gubernatorial performance art.”

When this routine, in combination with some Terminator-like bullying, failed to move any of the legislators, he adopted this latest stunt, which is nothing more, in reality, than a further deconstructing of government.

It is not yet clear that Schwarzenegger's executive order will be implemented: There is strong opposition, for example, from Controller John Chiang, a Democrat, who recently stood up to the bully, and said he would not reduce the payroll checks of state employees. Arnie's complete disregard for the interests of Californians is entirely consistent with the policy of government he has followed since his fluke election in October 2003, when he became governor as the result of the recall of then-Gov. Gray Davis.

Schwarzenegger's blustering about cutting wages has triggered an aggressive mobilization of state workers and their unions against his threats. Union members have engaged in spirited demonstrations, including one outside his home, in which they attempted to present him with a symbolic pink slip (which provoked the obvious question, “Who's the ‘girlie man’ now, Governor?”).

A week after signing the executive order, the one-time steroid-popping body builder/Hollywood Beastman lashed out again, this time at the legislators, saying he would sign no bills until a budget is passed, and threatening to lock them in a room, or dock their pay. Incoming Senate president Darrell Steinberg rejected such threats as “not constructive,” adding, “We need the governor to help solve the problem—not to make threats.”

These latest threats by Schwarzenegger, designed to intimidate Democratic legislators, and force them to knuckle under to his demands for fascist austerity, show that he can still follow his director's orders. In this case, his director is the *über*-fascist of Stanford, George Shultz, who chose Arnie to become governor, because he and his allies from the University of Chicago, along with his longtime crony, ersatz Democrat Felix Rohatyn, believed that Schwarzenegger was the man “with the stomach” to make the “hard cuts” demanded by this cabal of predatory financiers: That is, to implement fascist austerity, while dismantling the state's government.

Though Schwarzenegger confuses media pundits and political science professors with his libertarian bent on so-called social issues, and his fervor for Al Gore's anti-technology, anti-human, fraudulent brand of “environmentalism”—which causes them to label him a “moderate” or “compassionate” Republican—it has been clear from the start that his assignment was to obliterate the social safety net created by President Franklin Roosevelt and his immediate successors, and



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California's celluloid Gov. Arnold Schwarzenegger, shown here at a press conference Aug. 6, is pushing a killer state budget authored by his fascist controller George Shultz. But he is running into opposition from those who would "put people first."

to destroy the very state agencies and programs which had enabled the state's economy to develop into a model of industrial and agricultural proficiency.

His "libertarianism" is nothing more than a version of Austrian fascism, with a lineage traced from Friedrich von Hayek to Shultz's "Chicago School" flunkey Milton Friedman. The son of an Austrian Nazi, Schwarzenegger embraced Friedman's anti-government mantra, telling the editorial board of the *Sacramento Bee* that, during his tenure as governor, he intended to "starve the beast," i.e., cut funds from government agencies and drastically reduce spending for social services and health care, in order to "free" the private sector from "costly and ineffective regulations."

He boasted that, in doing so, he would solve the long-term budgetary problems of the last two decades, bringing unprecedented prosperity to the state.

Instead, he has presided over an unprecedented collapse of this once-Golden state.

Making a Killing for Wall Street

Since becoming governor, Schwarzenegger has loyally served the corporate interests which backed him, cutting taxes on corporations and reducing regulations, while claiming that the now-routine budget deficits are the result of "too much spending" for "special inter-

ests." The profit bonanzas he has provided to corporate cartels in banking, finance and insurance, pharmaceutical and for-profit health firms, and large construction companies building houses and strip centers, have come at the expense of the poor, the elderly, the disabled, and employees who provide social services, such as health care and education. In Schwarzenegger's vernacular, these are the "special interests," who must be disciplined in order to attain "fiscal responsibility."

This form of "fiscal responsibility" has had deadly consequences, which have been attested to by those who administer the services he has slashed. The latest cuts—10% in payments to doctors in the Medi-Cal system, which serves 6.6 million Californians who lack health insurance—which began on July 1, will leave the most-desperate among the sick, disabled and poor, with no option but long waits in emergency rooms, as a growing percentage of doctors have no choice but to opt out of the system. Unfortunately, the same austerity regime has reduced the numbers of emergency rooms available for such care, especially in urban centers.

Further, the cuts in Medi-Cal, which is a state-federal program, are devastating rural health care. A recent survey shows that rural hospitals are threatened by unpaid bills, and will be forced to borrow, at high interest rates, to stay open, if the budget stalemate continues. For example, Charles Guenther, the CEO of the Eastern Plumas Health Care District, which runs a nursing home, a hospital, and four clinics in the Northern Sierra, described what they face as "a really desperate situation," as many of his vendors will accept only cash.

If the new budget has further cuts for health care—as Arnie is demanding—then many of these rural providers will have no option but to shut down completely.

Are There Any Democrats with Guts?

The havoc wreaked by Schwarzenegger is precisely what he was pre-programmed to unleash, even before he was sworn in, as Lyndon LaRouche has pointed out. The unanswered question in this situation has always been, "Where are the Democrats with guts, who will stand up and defend the interests of those in the lower 80% of family-income brackets?"

The Democratic Party has failed to provide leadership against Arnie's fascist policies thus far, because of the controlling role played by Wall Street "Democrats,"

such as Shultz’s partner Rohatyn—who runs Speaker of the House Nancy Pelosi—and George Soros, who, like Rohatyn, is committed to extirpating any echo of Franklin Roosevelt’s American System economics from the Democratic Party. This tendency has been bolstered by the dirty role played by the Kennedys, who have a family connection to Schwarzenegger through his wife, and has provided both overt, and covert, aid to the Schwarzenegger Project.

This treacherous faction has provided cover for Shultz’s “Republican” fascism, by insisting that the only options are tax increases or budget cuts, while denying the existence of the global, systemic crisis, which is heavily impacting California’s economy. As home foreclosures hit record levels, California banks vaporize (e.g., IndyMac), official unemployment hits 6.9% directly as a result of “globalization,” inflation soars, and revenue to the state coffers collapses, resulting in an out-of-control deficit, Arnie continues to bellow that the deficit is due to a “spending problem,” and timid Democrats counter with impotent debaters’ points.

Many Democrats in the legislature responded initially with enthusiasm last Autumn to LaRouche’s pro-

posed Home Owner and Bank Protection Act, by which the Congress would impose a moratorium on home foreclosures, and place failed and failing banks under bankruptcy reorganization. This would have had a significant effect on California, which has been center stage for the banking crisis. However, action on this legislation was stymied by Speaker Pelosi, who rejected LaRouche’s proposal in favor of a bailout of the bankrupt financial institutions, sponsored by House Banking Committee chair Rep. Barney Frank (D-Mass.), and written by lobbyists for bankrupt banks!

This latest assault by Schwarzenegger may have finally awakened at least a few Democrats, notably Controller Chiang, who reiterated, after Schwarzenegger’s press conference, that first, there is no need to cut the wages of state employees, as there is ample cash to function through September; and secondly, therefore, that he will reject the executive order, and will issue paychecks at full value.

“The State of California, the elected leadership, cannot put the important public servants . . . in harm’s way,” he stated at a rally in Los Angeles. “We put people first, we make sure we protect their interests, and that’s why I have to tell the Governor, with all due respect, I am not going to comply with this order.”

Chiang’s comments were welcomed by LaRouche, who has been a vigorous opponent of Shultz’s fascist golem from the moment he first announced his candidacy on the “Tonight Show” in August 2003.

Chiang is “doing the right thing,” LaRouche said. “This is the time for a confrontation. Break it open—this is the time to get militant, you can’t duck this fight, you welcome it. People will only wake up when they are in a fight, against an injustice, like this fascist nonsense from Schwarzenegger. It’s an arbitrary action. Maybe he should just admit he’s not competent, or maybe he should change his policies, or quit—because this is a catastrophe *he* has created.

“He wants everything his way,” LaRouche continued, “like a bad little boy, or like the son of an Austrian Nazi. He’s been coasting on the fact that he’s gotten away with murder so far. But now, we are reaching a critical point. He created this problem, now he must pay the political price for it. He was able to coast, because of the treachery of the Kennedy machine, of Pelosi. This action dumps the crisis onto Obama’s lap, and Pelosi’s lap. Do they have the guts to stand up for those who will be the next victims of Schwarzenegger’s fascist austerity?”

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