

Elephants and Donkeys by Kathleen Klenetsky

When the IMF talks, Fritz listens

In what the Liberal Establishment press is hailing as a remarkable display of political courage, Walter Mondale unveiled an economic proposal on Sept. 10 which would drive American living standards through the floor, bankrupt more U.S. farmers, reduce defense spending to dangerously low levels, and deprive millions of elderly Americans of adequate medical care—all in the name of “balancing the federal budget.”

The Democratic presidential candidate disclosed his deficit-reduction package at a press briefing in Philadelphia which garnered front-page headlines in the major media.

Calling the federal deficit a “hydrogen bomb issue” which is destroying the economy and driving up interest rates, Mondale claimed he could reduce the nation’s deficit by two-thirds by 1989 through the following measures:

- Raising taxes—including personal income taxes paid by working- and lower-middle-class families—by a whopping \$85 billion.

- Gutting federal agricultural programs, mainly commodity price supports, by \$4 billion.

- Gouging \$12 billion out of federal spending on health-care.

- Slashing defense spending by \$25 billion.

Mondale isn’t interested in balancing the budget, no matter what he may say. After all, Paul Volcker, the man who sent the budget deficit soaring by hiking interest rates to 21%, was a Carter-Mondale appointee, and Mondale has continued to defend Volcker and his deficit-ballooning, high interest rate policies to the present day.

What Mondale is doing under the rubric of balancing the budget is serving as a mouthpiece for an international financial and political faction which wants to reduce the United States to a third-rate power, industrially and militarily.

There was no accident involved in the fact that Mondale’s budget-cutting blueprint conforms in every important respect to a major speech given in Innsbruck, Austria, on Aug. 27 by International Monetary Fund (IMF) director Jacques de Larosière.

In fact, chunks of Mondale’s presentation were taken almost verbatim from de Larosière’s address, in which the IMF czar said that the only way to solve the government debt crisis in the United States is through the same austerity conditions that the IMF has already imposed with killing effect on the Third World. De Larosière specified higher taxes and huge reductions in government spending on entitlement programs (social security, welfare, medical programs)—just what Fritz proposed two weeks later. In plain English, Mondale’s plan and the IMF’s are one and the same.

This is borne out by Mondale’s proposals for cutting the defense budget. His plan not only calls for limiting military-spending increases to a paltry 3-4% a year; it specifically advocates eliminating all funds for the MX missile, the B-1 bomber, and, most important of all, the Strategic Defense Initiative, President Reagan’s space defense program.

These are precisely the weapons systems which the Soviet leadership is demanding that the United States give up as a precondition for fulfilling their “New Yalta” deal with the Western elites—the same faction which de Larosière represents.

Fritz is lying when he says his

budget plan won’t hurt the working and middle classes. In fact, Mondale revealed for the first time that he will hike taxes on precisely these Americans, increasing taxes for families of four earning \$25,000 to \$35,000 a year by at least \$95 annually.

His health cuts are aimed at reducing the quality and quantity of Medicare-funded medical care for the average American senior citizen. And the \$4 billion he wants to gouge from agricultural programs will hit hardest at the family farmer—the backbone of U.S. agriculture, which Mondale’s string pullers in the grain cartels have already devastated. So much for Mondale’s claim to be “fair.”

Pressure on Reagan

Though a Mondale defeat looks quite probable at this point, that will not necessarily mean that this deficit package plan will also be defeated. According to high-level sources, Mondale has been instructed to make the deficit a big campaign issue in order to bring maximum political pressure on a re-elected President Reagan to implement the IMF’s austerity program. Mondale has embarked on a new media effort which criticizes Reagan for failing to take the “tough steps” necessary to reduce the budget.

Mondale is by no means acting alone. For instance, on the same day he unveiled his deficit plan, the Bipartisan Budget Coalition, a group of Wall Street bankers led by ex-Commerce Secretary Peter Peterson, took out full-page ads in the major press calling on Ronald Reagan, Mondale, and members of Congress to commit themselves publicly to a budget-cutting program based on massive cuts in Social Security, Medicare, and other entitlement programs.