

will have to be made for the U.S. economy, which is now in “a crucial state of transition.” Modeled on the National Recovery Administration and the Agricultural Adjustment Act, Depression-era corporatist measures to cut back production, themselves lifted directly from Mussolini’s corporatist state, the National Council bears a remarkable resemblance to the National Economic Commission created by Congress late last year. According to Sorensen, this corporatist body would be composed of “private-sector members . . . drawn not only from industry and labor but also from finance, agriculture, education, consumer and public-interest organizations, including those representing the poor. Its public-sector members would be drawn from the Coalition Cabinet, the federal Office of Management and Budget, the Federal Reserve Board, the President’s Council of Economic Advisers, the Congress, and state and local governments.”

The most urgent task facing the new Council, said Sorensen, would be to make “deep reductions” in the federal budget deficit through raising taxes and cutting expenditures: “No one’s sacred cow or traditional pork barrel will be safe.” (Sound familiar?) The Council will have to “face the painful task of strengthening the tax base and reducing the federal tax deduction and spending programs benefiting every group represented around the table.” Sorensen listed a slew of measures the Council would likely consider: wage freezes, re-allocating tax and credit policy to fit the rapid changes in the economy, and incomes policy, import quotas, etc.

The coalition government would deal with international affairs with the same disdain for the electorate it exhibited in economic matters. The Coalition President, after discussions with Congress and after “quiet and informal talks between the two superpowers,” should initiate a series of unilateral arms control measures, including a weapons freeze, that would mean a total halt in the production testing and deployment of strategic nuclear weapons (including the MX and the B-1), the production of plutonium, and the testing of anti-satellite and other space weapons, and establishment of a “U.S.-U.S.S.R. Commission on Reduction of Tensions” to deal with issues ranging from conventional force reductions to environmental matters in the Pacific. In addition, the new President should immediately work toward reaching an agreement with Moscow that would greatly expand U.S.-East bloc economic relations.

It is no doubt tempting to dismiss Sorensen’s and Cutler’s outrageous suggestions as idle fantasies with no chance of ever being realized. But, unfortunately, that would be a big mistake. The handwriting has been on the wall for some time: The U.S. Establishment has rejected all sane options for rebuilding the economy and strengthening U.S. defenses, in favor of a craven appeasement policy toward the Soviets, and economic fascism at home. They are now casting wildly about for the means to do so. With two total zeroes vying for the presidency, the possibility of government by committee looms large. As one Washington insider put it, “The stakes are so high now, that anything goes.”

Drive to impose fascist austerity

by Kathleen Klenetsky

The “bipartisan consensus” on economic policy which the Council on Foreign Relations and other elite institutions are forging, will lead to utter disaster for the United States. That is apparent from the way the issue is dealt with by Henry Kissinger and Cyrus Vance in their *Foreign Affairs* article (see page 30). Speaking on behalf of the Establishment, the two call for a regime of painful austerity at home—“shifting from a consumption to a savings society,” is the favorite euphemism—through a combination of deep spending cuts and steep tax hikes, and a radical diminution of American strategic power abroad.

Although Kissinger and Vance present these proposals as both inevitable and essential, they are neither. The United States doesn’t need austerity; it needs a technologically vectored economic boom, fostered by a combination of government tax and credit incentives, and international monetary reform. Were such an approach adopted, the United States would be able to afford the economic and military measures needed to maintain its presence abroad, and keep the Soviet Union in check.

Despite their fundamental insanity, the proposals suggested by Vance and Kissinger represent a clear Establishment consensus. With frighteningly few exceptions, the country’s political leadership in both parties has already embraced the substance of these policies, which, it should be stressed, are already well on their way to implementation.

That a political agreement to put the country through a period of grinding austerity has already been struck, was underscored in June, when the House of Representatives voted down Rep. Claude Pepper’s bill to secure long-term health care for the nation’s elderly. The most politically significant feature of the affair, was the instrumental role which liberal Democrats, including such prominent ones as Rep. John Dingell (D-Mich.), played in defeating the Pepper measure. The vote was hailed by such Establishment outlets as the *Washington Post*, as a watershed event in U.S. politics, a sign that the “Pepper era” was over, and that Congress was finally beginning to develop the “guts” to say no to the country’s senior citizens and their allegedly insatiable demands

for more and more public funds.

To build the consensus and brainwashing environment to implement this program, the Establishment has set up a number of organizations which are playing key roles in implementing the bipartisan consensus for economic fascism. Among the most important are: the National Economic Commission, American Agenda, the Bipartisan Budget Appeal, and the Cuomo Commission. We will review the program of these organizations one by one.

National Economic Commission

The National Economic Commission, set up by Congress last December, was charged with developing a deficit reduction plan by the beginning of the incoming President's term. The NEC bears a striking resemblance to the National Council of Economic Cooperation and Coordination outlined by Ted Sorensen in his book calling for the creation of a "government of national unity."

The product of discussions between leading political exponents of "root canal economics"—notably, Sen. Daniel Patrick Moynihan (D-N.Y.), New York Democratic Gov. Mario Cuomo, and Sen. Robert Dole (R-Kan.), and top representatives of the financial community, such as Lazard Frères Felix Rohatyn, architect of New York's Big MAC bankers' dictatorship and a key economics adviser to Michael Dukakis—the Commission is being touted as the most promising vehicle for forcing through "hard choices" and "economic sacrifice."

Both Rohatyn and Moynihan have been named to the NEC, which is chaired by Republican Drew Lewis and Democrat Robert Strauss. Drawn predominantly from the private sector, members of the 12-person group include AFL-CIO President Lane Kirkland, Chrysler's Lee Iacocca, former Defense Secretary Caspar Weinberger, and House Budget Committee chairman Rep. Bill Gray (D-PA.).

Enthusiasm for the NEC runs high, especially among the more rabid pro-austerity types. Dr. Robert Holland, head of Wall Street's Committee for Economic Development, calls the Commission, "the singlemost important development for getting the budget under control." Holland has "high expectations" that the group "will not only be able to produce a package of painful economic sacrifices, but will also be able to build a popular consensus that will enable these measures to be put into effect."

New York lawyer Richard Gardner, co-chairman of an Aspen Institute project which maintains that the United States should be subject to International Monetary Fund policing, sees the NEC as a golden opportunity for slashing consumption. He believes the Commission is particularly promising, because so few of its members are elected officials, and therefore, the group will not have to answer to constituents when Social Security and Medicare benefits get axed. "It's extremely difficult for any politician or elected official to tell voters that they're going to have to tighten their belts for



The nation's elderly will be the first targets of the bipartisan consensus for budget-cutting.

awhile. That's why the Commission idea is so necessary."

Other political observers say the NEC is the logical next step after Gramm-Rudman-Hollings, which began the process of separating economic decision-making from the political process, as recommended by Lloyd Cutler and Sorensen.

According to sources on Capitol Hill, the NEC will most likely recommend a package that will call for cutting Social Security benefits; increasing out-of-pocket payments for Medicare beneficiaries; slashing farm support; hiking interest rates and taxes; and dramatically cutting defense spending, by terminating entire programs, including the SDI, and sharply reducing the American military presence in Europe and elsewhere.

American Agenda

Set up in May 1988, this bipartisan group says it will attempt to define a "considered agenda" of the five or six most serious issues which will confront President Reagan's successor. Funded by the Times-Mirror Co., the organization's purpose, according to a prospectus, is to "help create for the next President and for the nation a summary agenda of where we as a nation are, where we want to go, and what we must do to get there." The group makes no secret of the fact that it fully intends to tell the next President what to do.

Its prospectus observes that neither party's nominee "will have the time or opportunity or the responsibility" during the campaign to think about policy; thus, presumably, the need for a gang of unelected "experts" to script the next President's policy initiatives, personnel choices, etc.

Co-chaired by former Presidents Jimmy Carter and Gerald Ford, the group is jointly directed by Stuart Eizenstat, a former top Carter administration functionary, and James M. Cannon, who previously served as an adviser to Nelson Rockefeller, Gerald Ford, and Howard Baker.

Henry Kissinger, former National Security Adviser (and current George Bush adviser) Brent Scowcroft, Bob Strauss of the NEC, and American Express CEO James Robinson are just a few of the luminaries American Agenda has enlisted to its executive committee.

While American Agenda has not yet issued any public pronouncements, a broad hint of where it is heading came from directors Eizenstat and Cannon. Addressing a Washington forum June 8—just one day before the defeat of Claude Pepper's bill—the two men made it clear that the nation's elderly will be the first target of the "bipartisan" austerity onslaught.

They told the forum that far too great a proportion of the nation's resources was being siphoned off by those over 65. "We've got to change the political emphasis by shifting some of the money that keeps going to the elderly," said Cannon, while Eizenstat specified that the United States is spending a "disproportionate amount of our money on health care for the elderly."

What that means in practice, is outright genocide against America's aging, along the lines already proposed by euthanasia advocates like Daniel Callahan, founder of the New York-based Hastings Center on Bioethics. In a book published last year on *Setting Limits: Medical Goals in an Aging Society*, Callahan insisted that dwindling resources made it necessary to deny all life-extending medical treatment to those in their seventies or older.

The Bipartisan Budget Appeal

The oldest of the economic commissions is the Bipartisan Budget Appeal. Established in 1987 by former Commerce Secretary Peter Peterson, a Wall Street banker who currently acts as chairman of the board of the Council on Foreign Relations, this organization is made up of prominent bankers, CEOs, and former public officials. It has spent a bundle on newspaper advertisements calling for sharp cuts in entitlement programs, including Social Security, and defense spending to "solve" the budget deficit, and runs a well-oiled lobbying effort which helped defeat the Pepper bill, among other measures.

In a lengthy feature in the October 1987 issue of *The Atlantic Monthly*, entitled "The Morning After," Peterson castigated the "national preference for consumption over investment," which he called the "root malady" of America's

economic decline. He proposed a program that would lead to "a decline in real consumption," which would mean "a perceptible fall in real after-tax employee compensation, combined with a similar decline, in real government spending—both in benefit payments and in defense spending." This would be accomplished by such measures as reducing the cost-of-living adjustment for Social Security and other entitlement programs; cutting back on civil-service and military retirement programs; and acting "decisively to put a lid on America's excessive and wasteful consumption of health care," especially by the elderly—i.e., kill people more quickly.

The Cuomo Commission

Established by National Economic Commission architect Mario Cuomo last year to advise him on domestic and international economics, the Cuomo Commission on Trade and Competitiveness included Roger Altman of Peter Peterson's investment organization, the Blackstone Group; Lewis Preston, chairman of the board of Morgan Guaranty Trust; Robert Rubin, general partner of the Wall Street investment house Goldman Sachs; no-growth economists Lester Thurow and Lawrence Klein; and several labor leaders, including Lynn Williams of the United Steelworkers.

The Commission's final recommendations, issued in late June 1988, urged the next President to "strive for a new balance built on controlling consumption while increasing output and the competitiveness of our products," i.e., a sharp cut in living standards combined with speed-up on the job. The report recommended a variety of standard corporatist methods, including "pain-sharing operations" and "worker participation" to try to make its prescriptions more politically palatable, but its real orientation comes through, especially in the preface Cuomo wrote praising Peter Peterson's budget-balancing proposals. In an interview with William Greider, Cuomo Commission member Roger Altman emphasized that there is little substantive difference between the Commission's agenda and that of his boss, Peterson. "Pete's done some brilliant research. . . . We do need to get investment up as a percentage of the gross national product, and that's hard to do without cutting consumption."

That same emphasis on slashing consumption was recently enunciated in a report commissioned by Kodak chairman Colby Chandler. "Bringing federal budget deficits under control should be the overriding priority of national economic policy. . . . This will require consideration of spending cuts in previously sacrosanct budget areas, including Social Security, as well as a significant increase in federal tax collections. . . . For the long run, serious consideration should be given to new national consumption taxes."

One of the three authors of the report was Lawrence Summers, a top adviser to Michael Dukakis, and a protégé of George Bush's economic adviser, former CEA head Martin Feldstein.