depression. Eysymontt is scheduled to present the Olszewski government's official economic program this coming March.

Gabriel Janowski, the new agriculture minister, has taken a similar stand. Two years ago, as chairman of the Rural Solidarity party, he campaigned for energetic support for farmers, and his party, along with the Christian National Union, was among the sharpest critics of the Balcerowicz plan. Now that he is a minister, hopefully he will have the opportunity to realize his ideas. The first measures he has called for, include the issuance of credit to farmers at preferential rates, protective tariffs against cheap agricultural imports, and a guaranteed floor on producer prices. These steps are in fact urgently necessary, since at this point Polish farmers are earning on an average 63% of what an industrial worker earns—and that is the equivalent of $150 to $220 a month. One must also especially consider, that 28% of the Polish population is sustained directly from agriculture, and that about 30% of industrial is also directly dependent on agriculture. Merely consider the example of last year's bankrupting of the Ursus tractor factory, whose Warsaw plant alone is capable of churning out 60,000 tractors each year—assuming the farmers could afford to invest in new machinery.

Janowski has become a special target of the neo-liberals, whom he derisively describes as Balcerowicz's "spoiled children."

The new finance minister, Karol Lutkowski, has likewise announced a turn away from the program of his predecessor.

Christian economy gains strength

A few months ago, even before the Polish elections in October, *EIR* had issued the optimistic prognosis that just as Poland had become the first formerly communist country to embark on the mistaken course of liberal shock therapy, so it would also be the first country to abandon it. Our reason for expressing that hope, had been the revolutionary spirit which was spreading in the wake of the visit of Pope John Paul II to Poland in June, and the publication of his encyclical *Centesimus Annus*. And in fact, one of Poland's greatest strengths has turned out to be that here, in contrast to many other European countries, Christianity possesses a bastion of undiminished strength. The influence of Poland's third strongest party, the Christian National Union, can be felt in many areas besides economic policy. For example, as his first act in office, the new interior minister, Macierewicz, set a clear tone by announcing a drive to outlaw abortion and pornography.

On the whole, we can wish Poland's new government the best of success in its work, and we can hope that over the coming months these signals from Poland will have beneficial effect in the rest of Europe. And we can hope that what one Polish observer said back in November of last year, will turn out to be true: "When Olszewski becomes head of the government, this will mean that [Lyndon LaRouche's] 'Productive Triangle' plan will be put through in Poland."

State budgets shrink, jobless lines grow

by H. Graham Lowry

With nearly half the nation's states facing major deficits for the coming fiscal year, many are already announcing a new wave of budget cuts which will only intensify the depression conditions. Worse yet, the brunt of the cuts will fall on the helpless poor, especially on welfare and Medicaid recipients.

This obscene strategy ignores the fact that hundreds of thousands of people added to the welfare and Medicaid rolls each month were lately counted among the unemployed. While allowing ruinous economic policies to continue, state governments let their tax bases dwindle, with each week's appearance of nearly half a million more workers on the unemployment lines. At current rates of collapse, today's unemployed skilled workers are tomorrow's "welfare bums," whose very means of existence is threatened by each new round of cuts in social programs.

On Jan. 9, California's Gov. Pete Wilson, presenting a budget for the next 18 months, declared that California can no longer afford to be the nation's "welfare magnet," and proposed to slash welfare by 25%, while spending most of the "savings" on education. Last year, he tried to *cut* state aid to education by $500 million. California already projects a deficit for the coming fiscal year of $6.1 billion. Its tax base collapsed with the loss of 414,000 jobs during 1991. Unemployment jumped to 7.7% in December, with over 400,000 jobless in the Los Angeles area alone. Yet Wilson's budget proposal assumes that the state economy will *grow* by 4.7%—and still requires borrowing $6 billion and carrying a $1.3 billion deficit into the next fiscal year! If unemployment continues to rise, the resulting revenue collapse—and increased welfare caseload—will produce a deficit beyond any budgetary remedies.

The cost of unemployment

In Illinois, which declared itself "technically bankrupt" on Jan. 2, the latest unemployment figures indicate why. December's jobless rate soared to 9.3%, nearly a full percentage point higher than November's figure, and the highest rate among the nation's 11 most populous states. Except for an increase in retail employment for the holiday season, Ilinois's jobs in manufacturing, construction, transportation, government, and services all declined. More than 565,000 Illinois residents were looking for work last month (and thus were officially unemployed), an increase of 200,000 over December a year ago.

The tale is the same in the other major states with the highest unemployment rates. Michigan, at 9.1%, had a $1 billion deficit last year, in a $7.4 billion budget. Gov. John Engler cut $300 million in social services, eliminating General Assistance for 83,000 single adults. The deficit for the coming year is already estimated at $270 million.

Next is Massachusetts, at 8.4% unemployment, where Gov. William Weld is already planning another $1.6 billion cutback in the state work force and social services, in a budget of $13 billion. Since 1989, the number of two-parent families on welfare has increased by nearly 200%. Last year, Weld announced a "workfare" program to force two-thirds of the state's welfare recipients into minimum wage jobs, or lose their benefits. Among the groups targeted are the same two-parent families who went on welfare after exhausting their unemployment benefits.

New York has the fourth worst official unemployment among the major states, at 8.1%, and lost more than half a million jobs last year. With a current deficit of $875 million, Gov. Mario Cuomo reportedly plans to cut $400 million more, including the elimination of 14,000 jobs, and to borrow the rest. He wants to cut $1 billion in Medicaid costs, and still projects a deficit of $3.6 billion next year.

A suicidal strategy

The absurd policy of covering deficits by "cutting off at the bottom" is reaching the point where the cut is being made at the neck—especially in the formerly industrial states. On Jan. 9, Maryland's Gov. William Donald Schaefer announced $700 million in new taxes and $500 million in further budget cuts to cover a projected deficit of $1.2 billion for fiscal 1993. The state has already proposed a 30% welfare cut, the elimination of 25% of General Assistance recipients from the rolls, and the termination of its Emergency Assistance program. Disability relief would also be withheld until the victim had been "officially disabled" for at least one year.

In Virginia, Gov. Douglas Wilder, now a presidential dropout, called Jan. 8 for cutting state agencies' budgets as much as 25%, eliminating 2,700 state jobs, and raising tuition at state colleges and universities as much as 24% over the next two years. Medicaid cuts of $68 million would be covered by levying that amount in new taxes on hospitals, nursing homes, and pharmacies.

A similar swindle in health care financing was proposed the same day by Gov. Jim Edgar of Illinois. Besides $350 million in emergency budget cuts, Edgar would "borrow" $500 million from taxes to be collected from health care providers—to help pay the same providers $596 million the state already owes them in Medicaid reimbursements. Yet Edgar acknowledges that the Illinois economy may continue to worsen, in which case none of these measures will work.

Washington's in for a 'Dukakis' disaster

by Leo F. Scanlon

On Feb. 7 Mayor Sharon Pratt Kelly of Washington, D.C. is expected to announce a series of budget cuts, service cutbacks, and employee firings which will far surpass any austerity ever imposed on the nation's capital. According to advance reports, the plan will include strategies for privatization of key city services including street repair, trash removal, and elements of the prison system, and will depend on heavy intervention by the FBI and federal prosecutors from the Department of Justice to suppress the drug-based social problems and violence which now absorb almost one-third of the city's budget. The scheme is the showcase for the policies the Democratic Party hierarchy intends to peddle in urban areas nationwide, and is being run by a cadre of the "masters of disaster" from the Dukakis administration.

The Bush administration is supporting the austerity budget by providing FBI training for the city's police force (decimated by a hiring freeze during the Barry years, the department confronts a mature drug culture with the largest number of rookie officers in its history) and promises of an FBI campaign to suppress violent youth gangs. The dubious benefits of federalizing local law enforcement is the only "service" the Bush administration is likely to offer to cash strapped state and city governments.

The Dukakis machine moves in

According to the *Washington Post*, the city administration which is drawing up the budget is in the hands of the people who destroyed Massachusetts with austerity policies. In August, the mayor awarded a bond counsel contract to the law firm of Patton, Boggs and Blow, which has no experience in the area, but does sport Democratic National Committee (DNC) chairman Ron Brown as a partner. Brown is a partner with Kelly's new husband, James R. Kelly III, in a group that owns Washington radio station WKYS-FM. The group, which includes her brother-in-law, Fletcher Wiley, bought the radio station after failing in a controversial attempt to purchase the San Antonio Spurs basketball team in 1988.

In September the mayor appointed Laura Murphy Lee to a $76,000 a year job as her special assistant for tourism. Lee was formerly chief of staff for California Assembly Speaker Willie L. Brown Jr., and is the wife of Bertram Lee, who is also a partner with James Kelly and Brown in Kellee Communications Group Inc.

Kelly was introduced to her current husband by Fletcher