

beyond those imposed thus far in health care, which have closed emergency rooms and trauma centers throughout the state, while looting of pension funds will escalate, along with cuts in public schools, the state college system, and law enforcement.

One of the reasons given by Shultz and Wilson for backing Arnie in the first place was that they believed he “had the stomach” to make the “tough decisions.” They were counting on Schwarzenegger, the son of an Austrian Nazi, to happily play their game, destroying people’s lives while grinning like a fool, soaking up the adulation of frustrated, frightened suburbanites as he whipped them into a frenzy in the food courts of shopping centers, to demand an end to the government’s legitimate role in protecting the poor, the sick, and the elderly.

A team of investigators from *EIR* and LaRouche PAC will be looking into this California budget swindle, in light of the reports by John Perkins in his book, *Confessions of an Economic Hit Man* (see the *Feature* story in this issue), of how synarchist financiers target nations for destruction, using methods which parallel what is being done to California under Schwarzenegger.

### **Arnold for President**

Perhaps if Arnie serves his masters well, he could be the next President of the United States! Sen. Orrin Hatch (R-Utah) already has introduced an amendment to the U.S. Constitution which would allow a foreign-born citizen, such as Schwarzenegger, to run for President. A campaign of media ads and petitions has been prepared to back Hatch’s amendment.

Schwarzenegger signaled his approval of this scenario in an interview on CBS’s “60 Minutes” on Oct. 31, when a star-struck Morley Safer gushingly asked him if he backed the Hatch amendment. “Yes. Absolutely,” he responded, adding, “With my way of thinking, you always shoot for the top.”

Earlier, he explained why he left Hollywood to run for Governor: “I realized that, you know, I’ve done this. I’ve gotten to the top. . . . So I said to myself, you know, ‘I’m tired of the same things’ . . . eventually it gets old.”

Shultz and others will be watching closely to see if their Hollywood front-man is capable of pushing through fascist looting policies on California. If so, they are ready to unleash him on the only juicier target there is: the United States. Schwarzenegger is ready to leave. California Treasurer Phil Angelides told the *Los Angeles Times*, “He appears to want adulation more than he wants the long-term well-being of the state.”

One of the prescient slogans of the LYM’s campaign to defeat Schwarzenegger last October was, “One Imported Austrian Dictator Was Already Too Many.” Given the push to make Arnold President, one leading national Democrat said this week, “Maybe it’s time to recall this fascist SOB now, before it’s too late.”

## **Congress Passes a War And Austerity Budget**

by Carl Osgood

For the eighth time in ten years, the U.S. Congress has wrapped up the annual appropriations process with an omnibus spending bill written behind closed doors, and completed in the middle of the night. As has become the custom, the process guaranteed that members of the House and Senate were confronted with a bill that all but a few of them had had little chance to read; that had provisions removed which had been passed by both the House and the Senate; and other provisions added that had never been considered by either House. Nor were members, in spite of all of the unconsidered changes, able to offer amendments.

The \$388 billion bill that the House and Senate passed on Nov. 20 during their “lame duck” session, therefore, was the product of an increasingly dysfunctional Congress which is characterized by the collapse of the normal Congressional process.

Democrats did not hesitate to point out this problem. Rep. David Obey (D-Wisc.) called the bill “a poster child for institutional failure” that is “totally inadequate to meet the nation’s needs in education, health care, and the environment. It falls so far short from meeting our investment obligations for the future that it could only be brought to the floor by the majority party after the election.”

Sen. Robert Byrd (D-W.Va.), the foremost defender of the Constitutional prerogatives of the Senate, noted that putting omnibus bills together at the end of the session inevitably brings the White House into the process. He said that the normal process of passing 13 annual appropriations is the only way to protect Congress’s power of the purse. “That is the way to protect the American people” and “respect Members’ rights to debate important legislation.” Byrd added, “Omnibus bills allow the White House to set arbitrary ceilings on spending [and] preclude Members’ rights to debate significant issues.” Sen. Russ Feingold (D-Wisc.), following up on Byrd’s remarks, told the Senate that those who crafted the bill as a conference report were “of course, fully aware that this bill would be completely shielded, and as a result they were free to include numerous provisions that would certainly have generated amendments were they to come in an amendable vehicle.”

Two very significant provisions were removed from the bill by the GOP negotiators, even though both had been passed by both Houses. One would have prevented the Labor Depart-

ment from spending any funds to enforce its new overtime regulations, which significantly weaken access to overtime pay for millions of workers. Sen. Edward M. Kennedy (D-Mass.) noted the bipartisan support for that provision, and yet “The Republican leadership keeps refusing to accept the will of the Congress and the will of the American people.” The second provision would have toughened the rules for the outsourcing of government work, called A-76, requiring the Bush Administration to include Federal workers whose jobs are threatened with being privatized in A-76 competitions. Its removal “will put Federal employees at greater risk” Obey said.

### **Debt Is Our Most Important Product**

Both provisions, with others which disappeared after having passed both Houses, were removed in order to please the White House, which had threatened a veto of either if the two provisions remained in the bill.

All of this had been preceded by a vote to increase the statutory debt ceiling by \$800 billion. This was the third time since President Bush took office that the debt ceiling has been increased. In January 2001, the limit was at \$5.6 trillion. After the House and Senate votes on Nov. 17 and 18, the limit is now set at \$8.18 trillion. The total national debt at the time of the House vote was somewhere over \$7.4 trillion.

Rep. Kevin Brady (R-Tex.) attributed the problem to the 9/11 attacks and the wars that the United States has been fighting ever since. He insisted that Republicans are committed to holding the line on deficit spending, and called on the Democrats to join the GOP in that effort. In response, Rep. Sander Levin (D-Mich.) blasted the GOP for blaming the deficits on everything but their own policies. “It is time you stood up to the bitter fruits of your policies,” Levin said. “This country’s families are now being asked by you for a tax increase on every family of America,” a tax he calculated as \$25,255 for every person in America.

The close vote in both Houses showed the divisiveness of the issue. The Senate voted 52-44 and the House 208-204 for the debt-limit increase.

### **Austerity Rules the Day**

While a number of high-profile agencies and programs got sizeable increases in their budgets for Fiscal 2005, austerity is now the name of the game, especially for programs that have some social or infrastructural impact. The Republicans are “holding the line” on domestic spending in the name of “fiscal responsibility.” As House Appropriations Committee chairman Bill Young (R-Fla.) reported, there is no growth in the discretionary domestic spending in the bill, and the spending increases in the bill are paid for by an across-the-board 0.83% cut from the top lines of every agency covered by the bill. Exemplary of the problem is the Veterans Affairs-Housing and Urban Development appropriations, which

includes NASA and other independent agencies.

As recounted by Sen. Barbara Mikulski (D-Md.), the VA-HUD appropriations subcommittee was instructed by the GOP leadership to add \$1.2 billion for veterans medical care to Bush’s budget request, fund NASA at \$16.2 billion, and provide enough money for the “Section 8” low-income housing program to renew it for one more year. Mikulski said that she has always strongly supported these programs, but “in order to fund these priorities, we had to cut \$3 billion from other programs. This is a shell game.” Those cuts included \$26 million from housing for the elderly and \$10 million from housing for the disabled. The Community Development Block Grant Program was cut by \$200 million, and the Clean Water State Revolving Fund, which lends money to communities to improve their water and sewer systems, was cut by \$250 million compared to the Fiscal 2004 funding level.

The National Science Foundation’s budget of \$5.5 billion, which is also part of the VA-HUD bill, is \$62 million less than last year’s. The irony here is that while the Congress has doubled the budget for the National Institutes of Health over the past five years, the NIH depends heavily on basic initial research funded by the NSF, which is being cut. “This is the most Luddite provision in the bill,” said Obey.

Also taking hits are education programs. Overall, the Department of Education gets \$57 billion in the omnibus bill, an increase of \$1.4 billion over last year, but several programs will be getting less than the Bush Administration asked for. Special education grants will get \$415 million below the request, though this is still \$607 million more than last year. Title I programs, which provide aid to states and school districts to help educationally disadvantaged children, gets \$500 million less than the budget request, and after-school programs are reduced by \$25 million. The Pell Grant program, which helps undergraduate students working towards a bachelor’s or professional degree, gets \$468 million less than the request.

The programs of the Federal transportation bill are cut below FY 2004 levels, in spite of the fact that much of the transportation system, especially air travel, is in a state of collapse. The Transportation Department budget of \$89.9 billion is \$495 million less than last year’s. The \$13.6 billion provided to the Federal Aviation Administration is \$219 million less than last year. Amtrak is funded at a level of \$1.217 billion, which is slightly less than Fiscal 2004’s \$1.2177 billion, and guarantees further cuts in routes and operations. Highway programs are funded at a level of \$35.5 billion, an increase of \$1.9 billion over last year, but those programs can only continue existing projects because a new six-year transportation authorization bill has yet to be passed. Those programs have been sustained by temporary extensions since October 2003.

Even programs that got increases are still not being funded

enough to meet baseline needs. The well-known and widely used Low Income Home Energy Assistance Program (LIHEAP), which helps poor families pay their Winter heating bills, is funded at \$2.2 billion, 4% million more than last year. However, fuel costs have risen far more than that since last Winter. According to a study by the Center on Budget and Policy Priorities, heating oil alone is expected to be 38% more expensive than last year. When natural gas and propane are calculated into the mix, overall home-heating costs are expected to have jumped 24% in a year.

Veterans' health care is funded at a level of \$30.3 billion, \$1.9 billion more than last year and \$1.2 billion more than the Bush Administration request—offset by other cuts, as Representative Mikulski protested. However, House Democrats had actually called for an increase of \$2.5 billion, because of the additional burden of new veterans of the wars in Iraq and Afghanistan, and the 500,000 veterans who are unable to get VA health care under present circumstances. Also, the increase is partially offset by reductions of about \$500 million from medical facilities and medical administration. Prosthetic research is funded at the FY2004 level of \$405 million, which may effectively become a budget cut, given the hundreds of new amputees being produced by the war in Iraq.

## Wars' Growing Financial Burden

None of this, of course, includes the growing costs of the Iraq and Afghanistan wars and ongoing military security operations in the United States. According to a report compiled by the Democratic staff of the House Budget Committee, the Congress has already appropriated a total of \$231 billion for all three operations. Of that total, nearly \$160 billion is for Iraq alone, where monthly costs for military operations are approaching \$5 billion per month. Afghanistan adds another \$750 million per month, or so. The Defense appropriations bill, passed in August, provided \$25 billion, passed as a stopgap to carry operations over into Fiscal 2005; but the Pentagon began spending it immediately, because of the "unexpectedly" high level of hostilities. The Bush Administration is expected to send up another supplemental request to cover war costs, amounting to \$55-70 billion.

As for future costs, the report projects—based on a scenario used by the Congressional Budget Office—that the current troop level in Iraq will be maintained for two years, and then ramping down steadily to a level of 55,000, with a few thousand in Afghanistan, for an indefinite period—a combined future cost of \$324 billion through 2014. Added to the money already appropriated, the cost of Afghanistan and the Iraq invasion and occupation is forecast at \$555 billion. Since all of that is borrowed money, the interest costs must also be added, which could be as much as \$240 billion through 2014, bringing the total cost of Dick Cheney's perpetual wars to about \$800 billion.

# Rep. Waxman Demands Halliburton Hearings

*The letter excerpted below was sent on Nov. 10 to Rep. Tom Davis (Va.), Republican Chairman of the House Committee on Government Reform, by the ranking Democrat on the Committee, Rep. Henry Waxman (Calif.). So far, there has been no response—and little-to-no coverage in the media of this initiative.*

*Although it is unsaid in the letter, the Halliburton contract issue goes directly to the corruption of Vice President Dick Cheney, the former CEO of that company, among others.*

Dear Mr. Chairman:

I am writing to request additional hearings on Halliburton's \$7 billion no-bid contract to restore Iraq's oil infrastructure.

Documents that the Committee recently received from the State Department reveal that senior Administration officials, including the U.S. Ambassador to Kuwait, intervened to direct a lucrative fuel contract to a favored Kuwaiti subcontractor. The documents also disclose that the State Department received reports in June and August 2003 that Halliburton officials demand "kickbacks," "solicit bribes openly," and "are on the take." The implications these new disclosures should be thoroughly investigated.

On July 9, 2004, we jointly requested copies of communications from the U.S. embassy in Kuwait regarding the Altanmia Commercial Marketing Company, the Halliburton subcontractor responsible for importing fuels into Iraq from Kuwait. On October 8, the State Department produced over 400 documents in response to this request. These documents appear to undermine months of claims by Administration officials that the Halliburton contracts and subcontracts were awarded without political interference and without knowledge of allegations of corruption.

Beginning in October 2003, Rep. John Dingell and I wrote a series of letters to Administration officials raising concerns about the extraordinarily high prices that Halliburton and its KBR subsidiary were charging to import gasoline from Kuwait into Iraq. Our correspondence revealed that KBR and its Kuwaiti subcontractor, Altanmia, charged the taxpayer \$1.64 per gallon to import gasoline into Iraq, which was more than double what it cost others to provide the same fuel. Our concerns were validated on December 11, 2003, when the Defense Contract Audit Agency (DCAA) disclosed a draft audit that estimated that KBR and Altanmia had overcharged the