State Budgets In Crisis, Need FDR Approach

by Arthur Ticknor

Shedding crocodile tears while blaming financial "constraints," Tennessee Gov. Phil Bredesen announced on Jan. 10 that he was eliminating health-care coverage for 320,000 of the state's sickest, uninsurable citizens. Widespread medical hardship is in the offing, as half of the adults are being dropped from TennCare, Tennessee's Medicaid managed care program that provides health care benfits to about 22% of the state population. The same budget axe is falling on essentials all over America, as after two years of the George W. Bush's "Hoover recovery," state budgets remain wrecked, from New York's and California's $6-10 billion deficits, to Colorado's 16% drop in tax revenues since 2002.

More than covering the poor and disabled of Tennessee, TennCare has also provided coverage to the uninsured, people with catastrophic illnesses that would rapidly bankrupt them without state coverage, and those whose chronic illnesses mean that no company would insure them. These groups—together with about 38,000 elderly people who rely on Tenn Care for their prescription drugs—are now, in effect, to be relegated to leading "lives not worthy to be lived." Bredesen met with the Bush Administration's Centers for Medicare and Medicaid Services chief Mark McClellan, to get the "green light" to consign these citizens to the junk heap.

Meanwhile, Florida Gov. Jeb Bush laid out his plan Jan. 11—four days after discussing it with Health and Human Services Secretary Tommy Thompson in Washington—to rip up the state's 40-year-old healthcare safety net for the poor and disabled, by calling for HMO-run privatization of the state's Medicaid program. Such a fascist policy, he argued, was needed to save money, because Florida Medicaid is in danger of complete collapse because of rising costs.

Under Jeb's proposal, private insurance companies and health maintenance organizations, rather than the government, would set limits on care and coverage—even when, in many cases, they refuse to provide such needed benefits.

The Time for a 'Super-TVA'

In the Midwest rust-belt, Detroit Mayor Kwame Kilpatrick threatened on Jan. 12 a state takeover of the once-mighty industrial city's finances, unless officials immediately slash costs to meet a projected $230 million deficit. Kilpatrick called for municipal employee lay-offs, pay cuts, and tax increases.

These are not isolated cases, but responses to the unprecedented, multi-billion dollar budget crises facing state and local governments across the nation, as they convene their beginning-of-year sessions. Using scare tactics not unlike the Administration's pretext for implementing the Pinochet model for Social Security privatization, drastic cuts are being pushed by the financier interest, typified by George Shultz's control of Governator Arnie Schwarzenegger's bloody budget-cut team in California. In order to prop up their hopelessly bankrupt financial system, the Shultzes and Rohatyns demand looting of the most vulnerable citizens. The survival of the republic hinges on mobilizing citizens to defend the principle of the general welfare, as former President Franklin Roosevelt did.

Lyndon LaRouche outlined the solution, in an international webcast Jan. 5. "And unless we have a government that says, 'George Shultz, you're wrong, the Mont Pelerin Society is wrong, and we've got to go back to a Franklin Roosevelt way of thinking about the nation,' unless we do that, California is doomed and the rest of the nation is doomed."

The budget crises do reflect the ongoing breakdown, under free-market mania and post-industrial lunacy, of what had been the world's leading producer economy. Elected officials, facing falling tax revenues and shrinking city populations, must be freed from swimming in the goldfish bowl of austerity, and instead start to realize, "It takes an economy, stupid. . . ."

Bredesen's plan also hits the state's health providers, such as doctors and hospitals, which will no longer receive payments for treating these patients—likely forcing the shutdowns of some rural hospitals and physicians' offices. "This is worse than any natural disaster that has ever befallen our state," warned Gordon Bonnyman, an attorney with the Tennessee Justice Center, referring to Bredesen's cuts.

Some other budget crises include:

- Ohio. A deficit as high as $5 billion is projected for the state's Fiscal 2006 budget. Lawmakers' "penny" sales tax, enacted two years ago as a quick-fix revenue recourse, expires this June. The "talk" focusses on how to cut Medicaid, fund education, and so on. In particular, Cleveland school officials agreed to slash $30 million by closing 14 schools, lay-offs, elimination of extracurricular programs, and even a proposal to go to a four-day school week.
- Indiana. A $600 million deficit in the state budget faces the legislature. Proposals are in the air, to find ways to cut Medicaid and other mandatory services; and, the state owes $710 million in back payments to schools, universities, and local governments.
- Mississippi. Some 50,000 low-income, elderly, and disabled patients are scheduled to lose Medicaid benefits at the end of January, in order to help close a $268 million deficit in the program.
- New York. A $6 billion deficit looms; Gov. George Pataki has plans to reduce Medicaid services.