

State budget blowouts flatten recovery hoax

by H. Graham Lowry

From coast to coast, the absurd claim by the Bush administration that the nation's economy is recovering is being blown to bits. State budget deficits continue to skyrocket out of control, despite massive rounds of spending cuts and tax increases implemented just three months ago.

For the fifth time in 13 months, Maryland Gov. William Donald Schaefer ordered major cuts in Maryland's budget on Oct. 1, as revenues continue to collapse with the economy. The latest round totals \$450 million, on top of \$650 million already slashed during the fiscal year which ended in June. Next year's deficit is already projected at up to \$800 million. Besides the mass layoff of more than 1,700 state employees, Schaefer ordered the elimination of the state's general assistance and medical assistance programs for poor and disabled persons without children, cutting off more than 24,000 persons from all state aid. The governor also slashed state support of most local health programs by more than 25%, leading to the elimination of more than 1,000 health care workers.

Schaefer also ordered a 2.5% reduction in grants under Aid to Families with Dependent Children, leaving families of three with an average of less than \$400 a month to live on. Maryland's welfare rolls are already at a 10-year high, and 215,000 people are expected to be on public assistance by the end of the year. Bankruptcies during the past fiscal year ending in June hit 12,751, up nearly 40% over the previous year's level. With state unemployment claims increasing weekly, the current budget deficit projection is certain to fall well short of the mark. The legislature is still scrambling to soften the blow of some of the devastating cuts aimed at the poor, but the alternatives initially presented are largely mere tradeoffs, such as a proposed additional \$100 million cutback in education.

California's huge September shortfall

The situation in California is even more dramatic. In July the state imposed massive austerity to cover a projected \$14.3 billion deficit for the current fiscal year, nearly 25% of the total budget. Despite a record \$7.3 billion tax increase, California's revenues for September fell \$245 million below the anticipated collections, with the biggest dropoff in personal income and corporate tax receipts. The state had earlier esti-

mated that 35,000 jobs would be lost during the "recession" which the Bush administration says is over, but the latest figures show California lost close to a *quarter of a million*—nearly seven times what its economic "experts" had projected.

Despite major cuts in welfare payment levels and in medical assistance to the poor, California's welfare costs have continued to rise, as caseloads increased in July and August at rates over 50% faster than projected. A state hiring freeze has already produced over 21,000 job vacancies, yet Gov. Pete Wilson is still demanding that state workers accept a 5% wage cut, on top of another 3,000 planned layoffs. State officials and many lawmakers are already predicting another major fight over further budget cuts and tax increases when the legislature reconvenes in January.

Across the country, brutal cuts in programs for the poor, the sick, and the elderly have simply confirmed the bankruptcy of prevailing economic policies. State assistance to employable adults without children has already been eliminated in Michigan, Arkansas, West Virginia, Texas, Tennessee, Oklahoma, and Louisiana. In Michigan, the cutoff went into effect last week for 90,000 people—many of them widows or newly divorced women without employment skills, and most of them threatened with homelessness. Any job prospects are slim at best, as Michigan is one of six states with the worst official unemployment rates in the country. No matter, Republican State Rep. David Jaye told the press. "They can move to sunny California, to stylish New York; if they like winter sports, to Minnesota. If they don't like winter, they can move to Arizona."

Growing anger at depression conditions

The nation's policymakers' continuing resort to nothing but more austerity as a "solution" is pushing their victims past tolerance. More than 75,000 angry demonstrators surrounded the State Capitol Building in Hartford, Connecticut. Oct. 5, protesting the new state income tax which went into effect that week. It was the largest political gathering in Connecticut history, and came just one day after Gov. Lowell Weicker ordered another 1,277 layoffs of state workers, on top of 2,300 jobs eliminated earlier this year. Rejecting a union offer to trade off future raises in return for a pledge of no more layoffs, Weicker demanded \$345 million in wage and benefit concessions, and the return of a \$47 million pay raise which went into effect July 1.

Chanting "ax the tax," the demonstrators carried signs calling for impeaching the governor and lynching him and his budget officers, and proceeded to hang Weicker in effigy. A gigantic sign headlined "The Wall of Shame" listed every state lawmaker who had voted for the 4.5% income tax. Months of legislative opposition to the tax was effectively broken following Weicker's declaration of a state of emergency in July, shutting down all but vital services and paralyzing government functions.