

Budget amendment defeat slows Conservative Revolution

by H. Graham Lowry

The dramatic defeat in the U.S. Senate of the Balanced Budget Amendment on March 2 was a major blow to the Gramm-Gingrich gang's attempted juggernaut against the constitutional government of the United States. Though repulsed by the slenderest margin of only one vote, the Conservative Revolutionists may have lost far more by baring their fangs in the face of defeat—and exposing the fascist nature of their “Contract on America” for the entire nation to see.

The Balanced Budget Amendment, which would destroy the Constitution under the guise of amending it, is the acknowledged centerpiece of the Contract with America. The failure of the Contract's pushers to ram it through the Senate has stalled them at a point where the entire package might be defeated in detail, despite a string of victories in the House. Senate Majority Leader Robert Dole (R-Kan.) has threatened to bring the amendment back up for another vote any time he thinks he can win, but his strongarm tactics during the first round left many Democrats far less willing to collaborate.

A political explosion was touched off on the evening of Feb. 28, when the Senate resumed its meeting for the scheduled vote on the Balanced Budget Amendment, concluding a month-long debate. Dole revealed that its backers were still one vote short of the required two-thirds majority, and declared he would force a recess overnight to continue their arm-twisting to get it. An irate Robert Byrd (D-W.V.) was permitted to speak without objection to the stunned chamber, before Dole could move for adjournment.

‘Sleazy’ tactics backfire

“If we had known that we were going to reach this kind of travesty, this senator would never have agreed to that unanimous consent agreement” on the vote, Byrd declared. “And it may be harder to enter into agreement hereafter. . . .

We're tampering with the Constitution of the United States. This is no place for deal-making, backroom huddles.” He denounced the “sleazy, tawdry” maneuver to postpone the vote “so that additional pressures can be made on some poor member in the effort to get this vote.” Though visibly shaken by Byrd's attack, Dole wrapped himself in the pollsters' claims that “80% of the American people” want the amendment passed, and forced the Senate into adjournment anyway—leaving “a lot of blood on the floor,” as Joseph Biden (D-Del.) later put it.

Matters went from bad to worse for the Conservative Revolutionists on the morning of March 1, when two of the key targeted Democrats called a press conference before the Senate could even reconvene. Kent Conrad and Byron Dorgan of North Dakota had declared they would only support an amendment with a guarantee that the Social Security Trust Fund would not be looted to balance the budget. During the Senate debate, Republican leaders had repeatedly rolled their eyes heavenward and declared they would never dream of doing such a thing.

Conrad revealed, however, that in “discussions” with them the previous evening, “the first suggestion was, ‘Well, we will stop using the Social Security Trust Fund surpluses in the year 2012. Does that satisfy you?’ ” When Conrad replied, “certainly not,” they asked, “how about if we stopped . . . by the year 2008?” Even as the dust from this bombshell was still settling, House Speaker Newt Gingrich (R-Ga.) was lying to reporters in the House wing of the Capitol that “we're prepared to guarantee Social Security's not going to be touched, period.” The jig was up.

The Republicans' duplicity on Social Security had been blown, and the refusal by North Dakota's senators to sign on to the deal left the amendment still one vote short of passage.



House Speaker Newt Gingrich at a recent press conference. The defeat of the Balanced Budget Amendment, a centerpiece of his and Phil Gramm's "Contract on America," was accomplished by exposing the unbalanced thinking of their Conservative Revolution.

Dole delayed one more day, reconvened the Senate in a bitter rage, and watched the amendment go down by a vote of 66-34. The final tally was recorded as 65-35, when Dole switched his vote to the minority column, so that he would be permitted under Senate rules to move for reconsideration without debate in the future.

Broader concerns for the country

President Clinton declared in a statement following the vote, "The Balanced Budget Amendment has been defeated because Republicans could not provide enough Democratic senators with the simple guarantee that Social Security would be protected in any balanced budget amendment procedures." Though that issue was the publicly exploitable flank, opposition to the measure had clearly taken on a more fundamental character, grounded in much deeper concerns.

Conrad had elaborated during an interview on March 1 on Fox-TV's local "Morning News" program that "my principal concern is that we not loot the Social Security Trust Fund to balance the budget." But by "the plain language of the amendment," it is very clear that the entire fund "will be used, every penny of it." His other major concern, however, was that there was no "special provision in the case of economic emergency, so that we don't put the country at risk." He noted that cutting spending and balancing the budget "was exactly the wrong policy 60 years ago in the midst of the Depression."

President Clinton had sounded the same theme in blasting

the amendment during his weekly radio address on Feb. 25. "That kind of extreme fiscal policy makes a small recession worse. In its most exaggerated form, it's what helped to turn the economic slowdown of the 1920s into the Great Depression of the 1930s." The previous day he had dispatched four top administration officials to deliver a special briefing at the White House, where the amendment was denounced as "potentially dangerous" and "horrendous economic policy." National Economic Council Chairman Laura D'Andrea Tyson warned, "People who are voting for a balanced budget amendment should project themselves back in history and think about Herbert Hoover. He was well-intentioned. He wanted to have a balanced budget, and all of the studies suggest that his attempts to have a balanced budget made the Depression considerably worse."

The 'Revolution' unmasked

During the week prior to the Senate vote, it also became much more broadly apparent that the Gramm-Gingrich gang were anything but well-intentioned. The would-be pirate king, Sen. Phil Gramm himself (R-Tex.), declared for President of the United States on Feb. 24 at a Nuremberg-style rally at Texas A&M University. Welfare recipients have to "get out of the wagon and help the rest of us pull," he ranted. "I want to stop building prisons like Holiday Inns. I want to make prisoners work. . . . And if I have to string barbed wire on every closed military base in America, I'm going to put these people in jail and keep them there," he bellowed. "In

the postwar period we have been like a little rich kid in the middle of a slum with a cake. . . . But what we have to share with a hungry world is not our cake, but the recipe we use to bake that cake. That recipe is private property, free enterprise, and individual freedom! And in a Gramm administration we will keep the cake and share the recipe."

During that same week, Gingrich and his fellow privateers in the House churned out subcommittee recommendations to slash \$17 billion from programs to help the nation's poor. The carnage included the proposed elimination of the federally funded school-lunch program (which provides many poor children with their only meal of the day), and turning it over to the states under block grants with no strings attached. Those grants would be pegged, for the next five years, at funding levels of less than *half* the rate of increase authorized during 1989-94. Low-income housing funds would also be cut by \$7.2 billion; another \$1.3 billion would be slashed by terminating summer youth programs already authorized for 1995 and 1996.

The Conservative Revolution's slave-labor program, being marked up in the name of "welfare reform" in the House Ways and Means Committee, was also revised to require the states to move 50% of their welfare caseloads (up from 20%) into "work or related programs" by the year 2003. Gingrich continued his own surfing along the Third Wave, publicly revealing a scheme to chop unemployment benefits and workmen's compensation, in favor of "retraining" for low-wage jobs.

The glassy-eyed worshippers of the "Contract on America" have settled into so many seats in the House, that they may still be able to pass substantial excretions of their stinking agenda. But the Senate fight over the Balanced Budget Amendment put the entire scheme under much closer scrutiny, and clearly undercut the prospects of Senate concurrence with whatever the House might attempt to force into law. The American people also saw much deeper behind the mask of the Conservative Revolution, and may soon wonder at Phil Gramm's claim that "I begin this race in a stronger position than any candidate has ever begun a race for the presidency."

American economist and statesman Lyndon LaRouche, in his radio interview with "EIR Talks" on March 1, denounced "the populist nuts of America who have been campaigning to have a balanced budget amendment." The complete collapse of Britain's Barings Bank had just reconfirmed his ninth economic forecast. "The only thing that could be done to keep the United States and other nations from plunging into the depths of the worst depression in perhaps the past 500-odd years," LaRouche said, "would be the United States using its power of debt to replace a *new* financial system to reorganize the system which it's put into bankruptcy, to keep us going." The proposed amendment "would prevent that, and prevent a number of other things," he said. "If this amendment goes through, the United States is virtually a gone bunny as a nation."

Russian lawmakers say IMF 'reforms' are dead

by Jeffrey Steinberg

Three leaders of the emerging political institutions in Russia have called upon the United States to abandon its support for monetarist policies and help Russia steer a new, post-communist course more in line with the national school of political-economy associated with America's 19th-century economic boom, and best represented today by Lyndon LaRouche.

Adrian G. Puzanovsky, deputy chairman of the Committee on Economic Policy in the Russian Duma (parliament); Nikolai A. Chukanov, also a member of the Duma and co-chairman of the Regions of Russia Association; and Gennadi Sklyar, a member of the Council of the Public Chamber attached to the office of the President of the Russian Federation, spoke to the Washington press corps at the National Press Club on March 2. They delivered their frank assessment of the political and economic crisis in Russia, and expressed their concerns about the judicial railroad of Lyndon LaRouche. The three were in Washington for a week of meetings sponsored by the Schiller Institute.

Monetarism is killing Russia

Puzanovsky delivered an assessment of what 10 years of perestroika has done to Russia: The country is now deindustrialized, science and education have been degraded, and worst of all, Russia is being depopulated. "Never in modern Russian history has the population fallen. We have gone 30 years backward in standard of living. It can only be compared to Africa," he stated. Puzanovsky attributed this crisis to Russia's "naive and uncritical acceptance of monetarism, our one-sided belief in the open market."

Now, however, Russian parliamentarians and intellectuals, convinced of the bankruptcy of monetarism, are studying alternate economic models. Puzanovsky cited U.S. President Franklin Roosevelt's New Deal program, the theoretical heritage of the national school of political-economy, and the recent writings of Lyndon LaRouche as "intellectual resources" that are being tapped in the effort to forge a new direction for the reform process. Puzanovsky co-chaired hearings in February in the Duma on the defense of domestic markets, during which a policy statement by LaRouche on the Russian economy was presented on LaRouche's behalf.

Puzanovsky identified LaRouche and Alvin Toffler as two Americans whose contending ideas are being hotly debated among the Russian intelligentsia today. In response to