

## The federal budget: Belshazzar's smorgasbord

by Webster G. Tarpley

The Moving Finger writes; and, having writ  
Moves on: nor all your Piety nor Wit  
Shall lure it back to cancel half a line  
Nor all your Tears wash out a Word of it.  
—Fitzgerald's *Omar Khayyam*

Connoisseurs of the apocalyptic books of the Old Testament are familiar with the account in the book of Daniel of the feast organized in the sixth century B.C. by Belshazzar, the King of Babylon. This feast was attended by a thousand oligarchs, including Belshazzar's wives and concubines. In his drunken enthusiasm, Belshazzar brought in the golden and silver vessels which his father Nebuchadnezzar had taken from the temple in Jerusalem, and invited his guests to drink from them. As the account in Daniel relates, "They drank wine, and praised the gods of gold, and of silver, of brass, of iron, of wood, and of stone." At the height of the carousing, the fingers of a man's hand appeared and wrote a message on the plaster of the wall of Belshazzar's palace. None of the magi could decipher the inscription. Belshazzar's queen suggested that he call in Daniel, who was offered the number-three post in the kingdom for a translation. Daniel's interpretation:

"And this is the writing that was written, *Mene, Mene, Tekel Upharsin*. This is the interpretation of the thing: *Mene*—God hath numbered thy kingdom, and finished it. *Tekel*—Thou art weighed in the balances, and art found wanting. *Peres*—Thy kingdom is divided, and given to the Medes and Persians."—Daniel 5:25

Daniel says that Belshazzar was assassinated that same night, and that "Darius the Mede" seized Babylon. Actually, Babylon was conquered in 539 B.C. by King Cyrus II of Persia.

The Belshazzar story has fascinated writers from Xeno-

phon to Omar Khayyam to Heinrich Heine. This interest derives from the portrayal of a ruler's willful violation of natural law, for which the process of reality itself exacts the terrible penalty of sudden death and the collapse of empire. Belshazzar was guilty of blasphemy and idolatry, and his gods Baal and Marduk were unable to save him. Violators of natural law act at their own peril.

All this elucidates the current maneuvering in Washington involving the threatened "train wreck" of the U.S. federal government. The train wreck might occur on Oct. 1 or later in the autumn due to failure by President Clinton and the Congress to agree on more than a dozen bills that make up the yearly federal budget. The U.S. fiscal year ends on the last day of September, so parts of the government could begin shutting down on Oct. 1.

The train wreck ploy has been put into circulation by the Newt Gingrich-Dick Armey clique in the House of Representatives, incited in their adolescent vandalism by such schemers as Stephen Moore of the arch-Thatcherite Cato Institute. Newt has commented that he will close down federal operations in order to pursue his ideological chimeras. After all, "it's their government, not ours," says Newt.

### A deeper insanity

But there is a deeper insanity here. The White House and the Republican leaders are at odds on whether the U.S. federal budget should be balanced in seven years or ten years. Sen. Pete Dominici (R-N.M.) is negotiating with White House Chief of Staff Leon Panetta on balancing the budget in eight or nine years—a "separate peace" already denounced by the Cato extremists. When it comes to Medicare, Clinton and the GOP agree that under current law the Hospital Insurance Trust Fund will run out of money in 2002. And so on.

The great problem is that these forecasts are based on the impossible and discredited axioms of the past 30 years of the post-industrial society—free trade, deregulation, radical ecologism, downsizing, derivatives, and usury. After ten years of Gramm-Rudman (the original planned train wreck), followed by the “son of Gramm-Rudman” 1990 budget monstrosity with its “triple rolling sequester,” followed by the 1993 austerity pact that lost the Democrats their control of Congress, it is clear that budget cuts will never create a balanced budget. Federal spending hovers at about \$1.5 trillion, about one-quarter of what establishment economists call the GNP. Substantial cuts in federal spending lower the overall level of economic activity, shrink the tax base, and lower revenues in the next cycle, leading directly to a larger future deficit. Balancing the federal budget would involve restoring the tax base through the creation of about 6 million capital-intensive productive jobs. And that is not on the table, as Panetta and Rivlin would say.

More immediately, the world economy is trying to pay debt service and dividends on a paper bubble of more than a quadrillion dollars out of the proceeds from less than ten trillion dollars in yearly industrial, agricultural, and other production. In 1994, we had the worst bond crisis since the Treaty of Versailles, followed by the Orange County bankruptcy, the Mexican blow-out, the Barings collapse, dollar instability, and the Japanese banking panic. There is every reason to expect new collapse phases this autumn.

Democratic presidential candidate Lyndon LaRouche has pointed to this eerie quality in the train wreck brouhaha. Official Washington is disputing the seating protocol, floral arrangements, and menu at Belshazzar’s feast, but is ignoring the handwriting on the wall. The tax revenues that are the basis of the budget forecasts will never be collected under current policies. Notice also that all budget discussions revolve around dollars, Federal Reserve notes. The U.S. banking system and the Fed itself are insolvent to the point of physical implosion. No sane person could guess what a dollar might be worth in a year, much less in 2002. If the coming disintegration turns out to be hyperinflationary, the dollar may beat the record established by the Hungarian pengo. By 1946, it took 1.4 nonillion pengoes to buy what 1 pengo bought in 1938. How many pengozed dollars will it take to fund entitlements? Where would they put all the zeros?

Gingrich, as noted, would be happy to act as engineer for the train wreck. He says “there is not going to be a compromise,” because his Young Turks, the House freshmen, will not allow it. At an hysterical meeting of the GOP of both houses, Newt raved that the next 60 to 90 days would show whether his party is “worthy of being truly historic.” Poor Bob Dole is ill at ease. In August he assured the public that he was not an “‘in your face, it’s got to be my way or no way’ kind of conservative.” But, fearing Gramm and Buchanan, Dole now says that “this will not be an autumn of compromise.” There are a score of Republican senators

who dread a trainwreck. Many are also uneasy about abetting the ideological cruelty of Gingrich and Gramm: 20 Republicans joined all the Democrats to defeat by a 66-34 margin a fascist measure that would have denied additional payments to welfare mothers who have babies.

Clinton has scored points by counseling moderation, arguing that education cuts are “penny-wise and pound-foolish,” and accusing the GOP of mugging Medicare to fund tax cuts for countryclub fatcats. So far, Congress has not sent Clinton any of the 13 appropriations bills, but the White House is signalling that six of them will not be acceptable in their present form. Clinton’s objections address cuts in discretionary spending, but also policy directives that have been attached as riders to the bills. What is likely to emerge is a continuing resolution, a stopgap measure to keep the government functioning for two to three weeks. But some Republicans say that spending could continue only at the lower of the levels set by House or Senate, meaning in general the House level. That would mean that entire agencies and programs would cease to exist.

If Oct. 1 arrives without any agreement, the Antideficiency Act would maintain only spending necessary to “the safety of human life or the protection of property” and other emergencies.

### **The fight over the debt ceiling**

The need to raise the permanent debt ceiling for borrowing by the U.S. Treasury brings the greatest dangers. At the current rate, it is likely that the permanent U.S. public debt ceiling of \$4.9 trillion will be reached by late October. If the ceiling were not raised, the U.S. government would default for the first time in history on its debt and interest obligations. Treasury bonds would go to junk. Social security and government workers’ pay would stop. All this might provide the detonator for financial panic.

The trick is that the GOP wants to use the debt ceiling to extort Clinton’s signature on the budget reconciliation bill that will have to be passed about the same time. Debt ceiling and reconciliation would be in the same bill. The reconciliation must contain the GOP’s entitlement cuts and tax changes. The GOP would gouge Medicare by \$270 billion to provide \$250 billion to cut the capital gains tax for derivatives swindlers. The GOP is hiding the grisly details of its Medicare plan, hoping to pass it in the dead of night.

The gutting of Medicaid, food stamps, welfare, civil service and military retirement, student loans, farm price supports, all go into the reconciliation bill. Clinton will have to resist. Some 150 House Republicans have signed the Nick Smith-Chris Shays letter that they will block a raise in the debt ceiling until “legislation is enacted ensuring a balanced budget by 2002 or sooner.” To ram this through, the GOP is courting what Sen. Robert Byrd (D-W.V.) has described as “an earthquake on Wall Street, one that would rattle your eye-teeth and curl your hair.”