

FY 1986, \$283.1 billion; FY 1987, \$222.4 billion; FY 1988, \$252.9 billion; FY 1989, \$276.0 billion; FY 1990, \$341.6 billion; FY 1991, \$386.4 billion.

Instead of a mandatory balanced budget, because of its flawed methodology, Gramm-Rudman-Hollings generated a nearly \$400 billion deficit.

- Budget process revisions. It established a new, accelerated timetable for Presidential submission of budgets and approval of budget resolutions, reconciliation (deficit reduction) measures, and appropriate legislation.

Reconciliation instructions and budget resolutions had the effect of requiring committees to recommend changes in laws under their jurisdiction, so as to achieve savings assumed by the budget resolution. In appropriations bills, Congress was to decide how much might be spent in a given year for a federal program.

- It established a special procedure under which the Senate Budget Committee could initiate a partial or full affirmation of a sequester order under procedures similar to those used for budget reconciliation. The Senate Budget Committee could require other Senate committees to submit legislative proposals to alter the order, and if a committee failed to submit the required alternatives, the Senate Budget Committee could draft the legislation itself.

- It set the amount by which program spending could be reduced in health programs, including: Medicare, veterans health, Indian health, community and migrant health centers. These programs could be reduced by no more than 1% in fiscal 1986, and by no more than 2% thereafter. Programs such as Medicaid, Aid to Families with Dependent Children, Supplemental Security Income, Food Stamps, and Child Nutrition were supposedly not to be cut.

- If, in fiscal years 1987-90, the CBO-OMB-GAO report projected a deficit exceeding the level specified for the upcoming fiscal year by \$10 billion or more, it required the President to issue an emergency "sequester" order reducing federal spending, with certain exemptions, by a uniform percentage, as spelled out in the report.

- It designated as "out of order" a series of actions that would normally be taken by both houses of Congress. Once ruled out of order, these matters could not be brought up until three-fifths of the members of the House voted to allow it to be so ruled. The three-fifths level is a difficult level to achieve.

Between fiscal years 1986 and 1991, Gramm-Rudman carried out massive cuts in federal programs, but it produced a deficit of nearly \$400 billion in FY 1991.

The GRH put the heaviest emphasis on cutting discretionary programs, including defense, education, some agriculture programs, and most transportation and housing programs. GRH was the coup de grâce for the defense industry: It triggered the process of massive shutdown. GRH cut some entitlement programs, but by lesser amounts. Gramm and Gingrich, this time around, plan to permanently eliminate every entitlement program, while cutting discretionary programs.

NTU: weapon against the United States

by Anthony K. Wikrent

According to the *Congressional Quarterly's 1979 Chronology of The Federal Budget*: "The balanced budget, an idea that appeared on the verge of losing its political sanctity, was resurrected during President Carter's term as an expression of the anti-spending, anti-Washington temper of the times. The chief promoter of the balanced budget movement [was] the National Taxpayers Union."

It does not require close examination to see that the National Taxpayers Union (NTU) is a foreign entity controlled top-down from London. Its founder and president, James Dale Davidson, is a business partner of Lord William Rees-Mogg, former editor of the London *Times*, the mouthpiece of the British monarchy-led Club of the Isles. Davidson and Rees-Mogg publish *Strategic Investment*, a newsletter which has been leading the many spurious attacks on President Clinton, such as Troopergate, Whitewatergate, and over the Vincent Foster suicide.

Grooming of an oligarchical stooge

Davidson was educated at the University of Maryland, where he supposedly set up the NTU as a young Republican disillusioned with President Richard Nixon's failure to attack "big government." This profile of a young American, who, though appearing to be "straight," was interested in tearing down his own government, no doubt attracted the attention of the British intelligence services. Davidson went on to Pembroke College, Oxford, England, for "graduate study."

In 1980, Davidson began popularizing the oligarchical economic outlook, writing *The Squeeze*, a primer on the "overall economic decline of America." For anyone conversant with the basic principles of Christian humanism that led Gottfried Leibniz to establish the foundations of modern physical economy, *The Squeeze* is clearly intended to steer the populist rage engendered by the post-industrial collapse of the U.S. physical economy, into channels the oligarchy could use to assault the U.S. government, specifically, and republican governments in general.

Davidson begins by arguing that the U.S. middle class is being driven into despair by a failure of "progress," the belief that "the future will almost necessarily be better than the present." At this point, there would be no ground on which to object to Davidson. But as he begins to define the *sources* of



The National Taxpayers Union and Friends of the Earth held a press conference in Washington, D.C. with Rep. Scott Klug (R-Wisc.) on Jan. 31, 1995, to release a report on what they claim are federal programs that damage the environment and cost the taxpayers billions of dollars. Left to right: Anna Aurilio, U.S. Public Interest Research Group; Ralph De Gennaro, director, appropriations project, Friends of the Earth (at podium); Jill Lancelot, NTU; Representative Klug.

progress, the mask of civility is dropped, and Davidson's leering oligarchical countenance is revealed. The "development that made gradual material advancement possible," Davidson asserts, is "*the accumulation of capital*" (emphasis in original). Davidson thus rejects the true source of capital, indeed, of all wealth, namely, the creative mentation that all human beings have been endowed with by their Creator—the basis of the crucial Renaissance idea of *imago viva Dei*, that man is created in the image of God. Davidson argues that there is "an inherent antagonism between religion and progress," and that the "accumulation of capital" became possible only after "the decline of Christian faith" over the past few hundred years.

Davidson distinguishes among three types of capital: productive, static, and transcendental. "Productive capital," as Davidson defines it, "includes any investment which has as its object the creation of additional goods and services for sale in the marketplace." Static capital "includes any tangible item of value which is not employed in the production of additional goods and services," such as a "diamond, a rare stamp, a Honus Wagner 1913 baseball card, a bar of gold."

Lastly, there is transcendental capital, which "is not capital at all in the conventional sense, it is merely a substitute by which an individual enjoys returns on the capital owned by someone else." The example used by Davidson is quite illustrative: a judge, imposed on the Tellina Valley of northern Italy in 1512 by the conquering Raetian Republic, "who passed an arbitrary death sentence on anyone who appeared

before him, for whatever reason." This judge amassed a vast fortune in just 15 months, thanks to "the catalyzing effect of fear on human generosity."

Rather than outright call this "stealing," "theft," or "looting," Davidson simply observes that "by far the most profitable method of accumulating wealth these days is in the form of transcendental capital." He adds, "*The increasing value of transcendental claims reduces the net worth of every productive asset, drawing away and consuming hundreds of billions of dollars annually*" (emphasis in original).

An intriguing statement, because it echoes the attacks U.S. physical economist Lyndon LaRouche has repeatedly made against the Wall Street and City of London financiers and usurers who have destroyed so much of the world economy in the past three decades. But, Davidson is not about to attack his mentors and controllers. Rather, he launches into diatribes against "millions of persons directly dependent upon government for their livelihoods, [and] millions of others [who] have their current income enhanced or guaranteed by a transcendental-capital claim."

Just in case his reader hasn't grasped the essence of the matter yet, Davidson writes: "Among the more depressing transcendental-capital claims are those which are, in effect, subsidies for the incompetent or the incapacitated. They include such familiar expenditures as welfare payments, unemployment compensation, and a wide variety of income-transfer programs which have come to include federal disability pay for just about any form of hurt."

Assault on duties of citizenship

This assault on the nation-state and on the general welfare clause of the U. S. Constitution's Preamble, is a campaign that Davidson and his controller, Lord Rees-Mogg, have kept up for over a decade. Their campaign puts the attack on entitlements in the forefront in order to appeal to populist rage. For example, in the Aug. 31, 1995 London *Times*, under the headline "The End of Nations: In the Next 30 Years, the Cyber-Economy Will Overtake Conventional States," Rees-Mogg wrote: "The monolithic 20th-century nation-state has been built on the ability, developed in two world wars, to tax, and spend up to half the national income for state purposes, basically war and welfare. The communications of 2025 will have long since taken many, and perhaps most, of these taxable transactions into cyberspace. That is a country with no taxes, the greatest tax haven of them all, Bermuda in the sky with diamonds."

Taxation has been a primary bugabear for Davidson and Rees-Mogg, and their agitation is slyly designed to subvert the citizen's duty to provide for the maintenance of government. Davidson was very explicit in the final chapter of *The Squeeze*, "What You Can Do," in which he instructs his readers: "Another possibility for you to entertain is outright tax resistance, or what *The Economist* calls 'the private guerrilla warfare of tax avoidance.' Even if you determine after study that the risks are too great to break the law yourself, you should at least extend warm support to those who do."

For his efforts, in 1983, Davidson was made business partner with Rees-Mogg, in publishing *Strategic Investment*. From 1967 to 1981, Rees-Mogg served as editor of the *Times*, one of the most important public profile positions in the Club of the Isles apparatus; the function of the *Times* has been described as providing policy guidance to the British permanent bureaucracy, particularly the Foreign Office, especially when "official" statements of oligarchical policy would be, at best, impolitic. Rees-Mogg was knighted upon leaving the *Times*, and was made vice chairman of the board of governors of the British Broadcasting Corp. (1981-86), which is indistinguishable from the Foreign Office and its intelligence services. Because of his years at the center of the British establishment and his close relationship to former Prime Minister Margaret Thatcher, Rees-Mogg was made a Life Peer, or Baron, in 1988. In the promotional material for *Strategic Investment*, the boast is made that Rees-Mogg serves as financial adviser to some of the wealthiest families in Europe, including the Rothschilds.

Slavery in the 'Information Age'

Within four years of establishing their "partnership," Rees-Mogg and Davidson published *Blood in the Streets: Investment Profits in a World Gone Mad*, which pronounced that an unstoppable decline of U.S. world power makes a financial apocalypse imminent and inevitable, but that those in the know can make a killing by buying investments at

panic prices.

In 1991, Davidson and Rees-Mogg co-authored *The Great Reckoning, How the World Will Change in the Depression of the 1990s*, with much the same theme. But this time they were a bit too carried away over the possibility of new computer technologies radically reordering society along more oligarchical lines. "In time, the microchip will destroy the nation-state," they wrote. "It will give small groups and even individuals the capacity to employ violence in ways that could overturn governments and destroy large organizations. . . ."

"Advances in miniaturization and computer technology not only imply the replacement of raw materials with information, they also promise in time to give humans control of nature at the molecular level. . . ."

"Molecular computers would make possible the construction of numerically controlled assemblers for manipulating matter at the atomic level—what is known as nanotechnology. . . . Invisible machines programmed through Artificial Intelligence, could literally force anyone to behave any way the ultimate programmer wished. It would no longer be necessary to put a gun to someone's head to force obedience. You could program the desire to obey directly by altering the genetic programming of the brain on the molecular level. It could be possible to manipulate humans at the molecular level so thoroughly as to turn them to pillars of salt like Lot's wife. . . . When molecular assemblers are unleashed, the distinction between living organisms and other forms of matter would be thoroughly muddled. You could have robots with human characteristics collecting garbage. Or humans with robot characteristics. They could be programmed to love garbage and derive great happiness from dusting antique window sills. . . ."

"Slavery could return. . . . Slaves will be anyone without control of nanotechnology, and they will do anything that might have been asked by Aladdin when he rubbed his lamp. . . . The megapolitics of nanotechnology points clearly to total rule, not just by the few, but by one person, who would have godlike power. . . . He could stabilize his own power by making everyone else too stupid to comprehend nanotechnological secrets. In effect, a new god would cast humans out of the Garden of Eden. . . . In the future, to borrow German philosopher Immanuel Kant's phrase, there could be a new 'perfect freedom,' in the sense most of us would not recognize. The human will would be made to coincide with the will of those programming the replicators. . . . Human population will either be much changed or much diminished in numbers."

Rees-Mogg has more recently reiterated his desire for a return to an oligarchically organized form of society, in a Jan. 5, 1995 op-ed in the London *Times*. The title of the article is summary enough: "It's the Elite Who Matter—In Future Britain Must Concentrate On Educating the Top Five Percent, on Whose Success We Shall All Depend."

True to oligarchical form, Rees-Mogg and Davidson are

unabashedly Hobbesian and Darwinian in their social outlook. Elaborating the theory of “megapolitics” first put forward in *Blood in the Streets*, they explain in *The Great Reckoning*: “According to this theory, historic changes in the way that societies organize are largely determined by the physical limits on the exercise of power. In essence, we imagine how the world would change if there were no laws or constitutions, and human affairs fluctuated solely according to the changing dictates of physical force. . . . In our view, what philosophers used to call ‘the state of nature’ is always with us. . . .”

“The ultimate law is the law of the jungle. The law of the desert. The law of the dark alley in the inner city. It is the law that says that what is yours by right and justice is yours only so long as you—or someone—can protect it.”

Davidson’s “transcendental capital” from *The Squeeze* is reformulated in *The Great Reckoning*, thusly: “To be a loser, a victim, is now an asset that can be utilized to get payoffs from the larger society. And in some ways, the more irrational the claims by the victim, the more effective they are. Irrationality makes the implied shakedown more threatening. The breakdown of law enforcement has further compounded the incentive traps of the welfare state by increasing the returns for antisocial behavior. Crime pays, especially for black criminals, whose misbehavior is rationalized as never before.

“As a consequence, the underclass has gone from a tiny subculture in inner cities during the 1960s to become a dominant culture in many urban areas today.”

Opposition to scientific progress

Despite all his categorizing in *The Squeeze*, Davidson has no real affinity for “productive capital.” His National Taxpayers Union has repeatedly taken the lead in opposing scientific and technological progress, by attacking large-scale science projects, which, being far too risky to attract funding from private enterprise, are funded by the government. In its 1994 annual report, the NTU boasted that it helped lead the charge that led to defunding of the Supersonic Transport in the late 1970s. The result: The United States never developed the technology, while Britain and France did. But, today, the Anglo-French SST is now 25 years old, and has a range that limits it to cross-Atlantic operations only. Thus, crossing the Pacific still takes 12 hours or more, just as it did when the first commercial jetliners began flying in the early 1960s.

Next, the NTU fought alongside the environmentalists against the Clinch River Fast Breeder Reactor, which was finally terminated when the Reagan administration decided the project should be completed as a private enterprise. Predictably, no “entrepreneurs” ventured forth to complete the reactor. The result: The United States has lost all capability to build a breeder reactor, while Britain, France, India, and Japan have brought breeder reactors on line.

The NTU has also been leading opposition to the Integral Fast Reactor, which is designed to use spent nuclear fuel and plutonium waste, at Argonne National Laboratory in Illinois,

In January 1995, the NTU shocked many American conservatives by forming a coalition with a radical environmentalist group, the Friends of the Earth, to issue a report entitled “The Green Scissors Report: Cutting Wasteful and Environmentally Harmful Spending and Subsidies.” The coalition is called Citizens United to Terminate Subsidies (CUT\$), and is campaigning for completely eliminating federal government funding for leading-edge scientific projects, such as:

- the \$1.8 billion National Ignition Facility at Lawrence Livermore National Laboratory in California, which is using lasers to ignite deuterium and tritium fuel in a self-sustaining fusion reaction;
- the \$2.6 billion Gas Turbine-Modular Helium Reactor, which would generate electricity by using plutonium fuel, helping to dispose of unwanted plutonium stockpiles.
- \$200 million in subsidies for the development of Advanced Light Water Reactors;
- \$320 million for the Yucca Mountain High-Level Nuclear Waste Repository;
- \$2.2 billion for the Tokamak fusion reactor experiments in Princeton, New Jersey;
- an unspecified amount of money for the Atomic Vapor Laser Isotope Separator (AVLIS) at Lawrence Livermore National Laboratory;
- \$9.1 billion for the Advanced Neutron Source at Oak Ridge, Tennessee, which the “Green Scissors” report itself notes, “would boast the greatest number of neutrons per unit area per second. This would enable certain research to be conducted for the first time . . . [including] materials research and to produce isotopes for research and medical use.”

In addition, the NTU and the Friends of the Earth are targeting a number of coal projects and hydroelectric plants. About the only fuel source the NTU and Friends of the Earth do not attack, is oil and gas—which Davidson pushes as a “safe” investment. In a 1993 promotional booklet, *The Plague of the Black Debt: How To Survive the Coming Depression*, which was reissued in 1994 under at least three different titles, Davidson tells readers that a great investment would be Lakehead Pipeline LP, which “owns the 1,100-mile-long U.S. portion of the oil and gas pipeline which runs 2,300 miles from western Canada to eastern Canada. . . . *This is the only pipeline that transports crude oil from western to eastern Canada.* . . . Come inflation or depression, the folks in eastern Canada will still need oil. It’s a sure bet. . . . This one is so safe,” adds Davidson, “I bought it for my mother” (emphasis in original).

It should also be noted that the Club of the Isles apparatus has historically included the top oligarchical oil companies, which have provided massive funding to the environmentalist “movement.” The present chairman of Shell Transport and Trading, Sir Peter Fenwick Holmes, serves as a trustee of Prince Philip’s World Wide Fund for Nature. The late John H. Loudoun, chairman of Shell during the oil hoaxes of the 1970s, was a cofounder of the 1001 Club (the primary funding mechanism for the WWF) and also served as president of the

World Wildlife Fund. Shell Oil U.S. is a major funder of the Reason Foundation, which shares many directors with the NTU.

Other stooges of note

The members of the advisory board of the NTU is rife with the politico-economic storm troopers of the Club of the Isles, who have numerous cross-links to other subversive organizations, such as the pro-drug-legalization Reason Foundation:

Jerry L. Jordan. President, Federal Reserve Bank of Cleveland. Advisory board, Reason Foundation. Cato Institute, adjunct scholar.

Prof. Allan H. Meltzer. Professor at Carnegie-Mellon University. Director, Sarah Scaife Foundation. Governor, Federal Deposit Insurance Corp. Visiting scholar, American Enterprise Institute.

Robert W. Poole, Jr. President and trustee, Reason Foundation. Member, Young Americans for Freedom. Former head, Radicals for Capitalism.

Dr. Alvin Rabushka. Hoover Institute, and key author and proponent of the "flat tax."

Dr. Anna J. Schwartz. Advisory board, National Bureau for Economic Research. Co-author with Milton Friedman, *A Monetary History of the United States*.

Prof. Gordon Tullock. Professor of economics, George Mason University's Center for the Study of Public Choice. Member, Mont Pelerin Society. Author, with James M. Buchanan, *The Calculus of Consent: Logical Foundations of Constitutional Democracy* (1962). Tullock "has always been a central figure in the effort to revitalize old-style political anarchism as a new brand of libertarianism," according to the book *Great Economists Since Keynes*.

Walter E. Williams. Trustee, Reason Foundation. Heritage Foundation distinguished scholar. Cato Institute adjunct scholar. John M. Olin distinguished professor of economics. Board chairman, Center for Market Processes, George Mason University. Member, Virginia Gov. George Allen's commission for states' rights. Fill-in talk show host for Rush Limbaugh.

Paul S. Hewitt. Vice president for research, NTU. Founder and former president, Citizens for Generational Equity. Adjunct fellow, Hudson Institute. Author of NTU's notorious 1993 study which asserted that the program of the American Association of Retired Persons would "bankrupt America."

Neil Howe. Chief economist of NTU. Former director of research, Citizens for Generational Equity. Former managing editor, the *American Spectator*. Co-author with Peter G. Peterson of *On Borrowed Time: How the Growth of Entitlement Spending Threatens America's Future* (1990).

James M. Buchanan. Former president (1984-86) of the Mont Pelerin Society, the secretive cult of theorists and spokesmen for the oligarchical outlook in the economics profession. Founder of the libertarian Center for the Study of

Public Choice at George Mason University, 1969. Nobel Prize in economics, 1986.

In September 1995, Buchanan was interviewed by *The Region*, a quarterly publication of the Federal Reserve Bank of Minneapolis. After boasting that he has been advocating a balanced budget amendment, and a flat, one-rate income tax since the 1960s, Buchanan was asked about his part-time avocation as a farmer. Buchanan corrected his interlocutor by explaining that, though he was raised on a farm, he "didn't have any real nostalgia for the farm." Buchanan's explanation of why he owns farmland, reveals the rabid hatred of people and technology typically harbored by an oligarch. "When I came back to Blacksburg, in the Virginia mountains," Buchanan said, "I began searching around for some privacy. I like space around me. I bought this century-old log cabin and started fixing it up and added to it and so forth. I kept buying more land, more land, more land. I found out that every step I took toward genuine self-subsistence really gives me a big charge. If I can build a fire in my wood stove and don't need to depend on electric heat if there's a power outage, then I'm that much happier. Or if I can go across the street to the spring and get a bucket of water as opposed to having an electric pump to the well, that gives me a charge. Or if I grow my own vegetables or pick my own berries."

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