

## Outrage grows as voters read George Bush's lips

by William Jones

A burst of voter outrage has greeted what was hoped to be a low-key announcement by President Bush on June 26 that in spite of his repeated pledges of "Read my lips—no new taxes" during the 1988 election campaign, he was now prepared to raise taxes as part of a budget-gouging program which was being worked out by White House and congressional negotiators.

The move has made it official that when it comes to economic policy, there is only one political party in the United States: the party of the U.S.'s international creditors and their spokesmen in the Anglo-American liberal establishment, which has been squeezing Bush to raise taxes since before he took office in January 1989. As *EIR* has warned for over a year, tax hikes and other draconian measures, in a worsening economic picture, will increase pressure for the outbreak of the kind of mass resistance in the United States that has been seen over the last year in China, Eastern Europe, and most recently in Britain.

### Miscalculation

In a short statement issued to the press on June 26, President Bush said that he had met with congressional budget negotiators in the morning and that it was clear to him that the following measures would be required: "entitlement and mandatory program reform, tax revenue increases, growth incentives, discretionary spending reductions, orderly reductions in defense expenditures, and budget process reform." No press conference was held and all interviews were refused. Key White House officials were carefully kept away from the press for the first few days—under the assumption that the uproar would die down in 24 hours.

The *New York Post* on June 27 carried a front-page article with a picture of a worried Bush and the headline "Read my lips . . . I lied!" The *New York Daily News* ran the headline "Bush's lips say the 'T' word." On radio talk shows throughout the country, President Bush was portrayed as a political

Joe Isuzu, the smiling prevaricator of TV commercials fame.

Senior congressional leaders endorsed the President's statement, but Republican legislators, many of whom have to face the voters again this year, were troubled by the President's about-face. Ninety GOP conservatives signed a letter to Bush telling him that any tax increase was "unacceptable," and Rep. Robert Walker (R-Pa.) calling Bush's announcement a "dumb trial balloon."

When it was obvious that the outcry would not die down within the projected 24 hours, White House spokesmen began to put their own "spin" on the President's statement. Marlin Fitzwater said that the announcement did not represent any reversal of the President's position, since he had already said, at the beginning of the "budget summit" with leaders of Congress, that everything was on the table. Finally, on June 29, President Bush himself held a press conference.

Bush tried to drape himself in the mantle of Abraham Lincoln, who also had to reverse his position when faced with new circumstances, he said. He also attempted to use the pretext of the "confidentiality during the budget summit" to avoid commenting on precisely what he meant by "tax revenue increases."

### Under fire from all sides

Bush shot himself in the foot after the Democrats refused to continue with the budget summit barring some high-profile move by the President indicating his willingness to raise taxes. The budget talks had become deadlocked. New budget cuts proposed by Office of Management and the Budget director Richard Darman—\$51 billion, which would be taken primarily from domestic programs—were rejected by the Democratic negotiators. Although they were wholly prepared to gouge the budget and raise taxes, they were not prepared to pay the political price of being the ones to make the proposals. Meanwhile the White House had to revise its

forecasts of the costs of the S&L debacle, a revision which required \$100 billion in cuts in other areas, in order to stay within the deficit limits mandated by the Gramm-Rudman law.

The President, terrorized by the onrush of a major financial collapse, was willing to eat crow in order to break the stalemate. The months of financial manipulations by the Federal Reserve were no longer sufficient to keep the speculative bubble from bursting. The growing cost of the cleanup of the thrift sector, now estimated at roughly \$300 billion over the next 10 years, and the collapse of the junk bond market, the last-ditch attempt to pour high-risk liquidity into faltering U.S. financial markets, led to warnings by President Bush earlier this year that he was concerned about the danger of a "recession"—in spite of administration rhetoric about "90 months of continual economic growth."

The other major factor which obviously led to the President's decision was the need to convince the Japanese (now in the midst of trade negotiations with the U.S.) that Bush was prepared to deal with the budget deficit. Without the flow of Japanese capital into the United States, the U.S. financial markets would have collapsed a long time ago.

### **The austerity to come**

Bush undoubtedly hopes to achieve the consensus with the Democrats necessary to carry through a brutal austerity policy. The other elements of the program, announced together with the "tax revenue increases" indicated what was in store. "Entitlement and mandatory program reform" essentially means gutting of social programs which have been the only means of staving off starvation for the growing mass of people living at or near poverty levels in this country. Medical assistance to new and expectant mothers is being drastically cut. In the nation's capital, public funds to shelters for the homeless are being slashed, and city workers are being given mandatory furloughs in order to cut their working hours.

In a further move to indicate the President's willingness to parley, the White House also announced on June 26 that it is shooting for \$25 billion more in budget cuts, some of which was to come from defense.

Meanwhile, the rage of the population at the enormity of the crisis is being redirected to scapegoats like S&L executives, who are being branded as scoundrels and criminals, and whom Bush vowed to throw into jail. What congressional candidate Lyndon LaRouche, himself a victim of the Justice Department's system of vindictive prosecution, characterized as "administrative fascism," is rapidly becoming a reality.

### **No real disagreement at the top**

The lame reaction to the Bush announcement by the Democratic leadership, as well as the words of praise showered on the President by the Establishment media such as the

*Washington Post* and the *New York Times*, indicate that there is a consensus at the top about the envisioned austerity program. "The President has concluded that tax increases are necessary, along with other changes as specified in the statement, and we share the President's view," commented Senate Majority Leader George J. Mitchell (D-Me.). Sen. Jim Sasser (D-Tenn.), chairman of the Senate Budget Committee, said with regard to the President's statement, "We decided we're not going to stand around and beat him on the head and shoulders. He made the pledge, and now he's rethought it." Democrats are trying to be "even-handed," said Sasser.

The *Washington Post* thought that Bush "did the right thing," while the *New York Times* felt that he had "crossed the verbal threshold to sane policy."

### **The honeymoon is over**

Now that the President has revealed his true colors, as one commentator remarked, "The honeymoon is over." As the "kinder, gentler" rhetoric of the Trilateral President turns sour in the light of his switch on the tax issue and the ever more brutal expression of his administrative fascist regime, popular anger is growing. As LaRouche, whose uncomfortable presence for the regime has been making itself felt in almost daily campaign radio ads on the Washington, D.C. all-news station, has stated, "What better should determine the outcome of the fall elections than the economic mess which Mr. Bush has bequeathed the nation, including the collapse of the banking system which Mr. Bush and his friends have vigorously supported? . . . It is Bush and his friends who supported similar Wall Street policies which have ruined the country."

Although there is a consensus at the top between the Trilateral President and the congressional leadership, there is a growing polarization between the Washington administration and the rest of the country—a fact not lost on Democratic or Republican congressmen, who must prove their credibility in elections this year. Rep. Beryl Anthony (D-Ark.) said bluntly, "I'm chairman of the campaign committee and we'll make it a political issue."

The White House "spin doctors" are going to find it difficult to control the firestorm of outrage unleashed by the hypocrisy of the Bush regime. This is partially reflected in the results of a Republican Party poll, published in the *Washington Times* on June 24—before the President's public shift on the tax issue—which found the "largest confidence disparity we have ever tested" between a President's approval rating (71%) and the number of people who think the country is heading in the right direction (36%). Only 22% of those polled expressed "strong support" for Bush. Sixty-eight percent do not believe the country is on the right track, and 60% think the country is definitely "off on the wrong track" (the most pessimistic reading in two and a half years). Only 7% think the economy is improving, and 46% think it is definitely getting worse.