

National News

Wilson's welfare reforms a bonanza for privateers

California Gov. Pete Wilson's welfare reform plan, now pending in the state legislature, would open the door to a takeover of state welfare services by such corporate privateers as Maximus and Electronic Data Systems. Wilson's proposal is among the most sweeping in the nation, and promises billions of dollars in potential profit to any company winning state contracts to run welfare programs.

Opposition is reportedly strong from labor unions and advocates for the poor; and the legislature, where the Democrats won control in November, is unlikely to allow it to go through untouched. Wilson's proposal would also decentralize the administration of welfare, requiring counties to design their own programs to help welfare recipients find work, and to share the financial penalties if they fail. "Counties will have full responsibility for meeting all the federal requirements, with no assurance we will have the tools to succeed," said Frank Mecca, executive director of the California County Welfare Directors Association, as quoted by the Jan. 28 *Washington Post*.

Former OMB head demands privatization

James Miller III, former director of the Office of Management and Budget (OMB) under President Reagan, brayed for a balanced-budget amendment and further privatization of government, at a forum in Washington Jan. 28. Miller boasted at the Heritage Foundation-sponsored event that his mentor was Milton Friedman, the devotee of the very British liberal economics adopted by Hitler.

Miller then rattled off his hit list of government functions to be privatized: the U.S. Weather Service, Amtrak, the Tennessee Valley Authority, the National Institutes of Health, U.S. Postal Service, Naval Petroleum Reserve, among others. Miller, a fre-

quent darling of the Conservative Revolution circuit, is associated with Citizens for a Sound Economy, and is working to impose a balanced-budget amendment on the U.S. Constitution.

Accompanying Miller on the panel was Rick May, the majority staff director of the House Budget Committee, and chief adviser to its Republican chairman, John Kasich of Ohio. "The only book I care about is my checkbook," puffed May. He explained that the strategy which will be used against the "Democrats' wasteful government programs, is 'good intentions vs. data.'" Claiming that virtually no data exist on the efficiency of government programs, May said that careful studies and precise data will ensure they can not be kept alive by good intentions. "The only way you can fight good intentions, is with the facts, to prove that these programs don't work."

Clinton reaffirms stand vs. budget amendment

At a White House press conference Jan. 28, President Clinton emphasized his continuing opposition to a balanced-budget amendment. Conservative Revolutionaries in the 105th Congress, accompanied by heavy drumrolls from London, have again put this nation-wrecking scheme at the head of their agenda.

"When you amend the Constitution, you do it forever," the President said. "No one can foresee the circumstances that will come a generation from now, or 50 years from now, or even 10 years from now. And the way I read the amendment, it would almost certainly require, after a budget is passed, if the economic estimates turn out to be wrong, the Executive branch—the President, the Treasury Department—to impound Social Security checks, or to turn it over to courts to decide what is to be done."

In a letter the same day to Senate Minority Leader Tom Daschle (D-S.D.), the President added, "No subsequent implementing legislation could protect Social Security with certainty, because a constitutional amendment overrides statutory law. . . . In

addition, we should not lock into the Constitution a form of budgeting that simply may not be appropriate at another time. . . . We must give future generations the freedom to formulate the Federal budget in ways they deem most appropriate."

Fla. crop damage laid to Weather Service cutbacks

The failure by the U.S. Weather Service, to forecast sufficient warning of the hard freeze which hit Florida Jan. 17-20, was a major factor in the destruction of 50% of its winter vegetable crop, according to farmers and state agricultural officials. "A \$3 million budget-cut in weather service may have cost the U.S. a \$300 million loss" in vegetables and fruits, Tom Kirby, a spokesman for the Dade County Farm Bureau, told *EIR* on Jan. 27.

Two Florida Republican Congressmen, Charles Canady and Mark Foley, have asked the National Oceanic and Atmospheric Administration, which oversees the National Weather Service, to analyze why forecasts were 10° off in south Florida, leaving farmers without adequate time to take protective measures against the crop-killing freeze. Florida Agricultural Commissioner Bob Crawford has also called for the reinstatement of the national agricultural forecast, which was eliminated last year. The cold temperatures were the worst to hit Florida since December 1989. But, at that time, there was still a warning system provided by the National Weather Service.

On Oct. 1, 1995, under pressure from Conservative Revolutionaries and Vice President Al Gore's campaign to "reinvent government," the Commerce Department eliminated the agriculture weather service. The rest of the casualty list included weather warnings of fire threats provided for non-federal agencies; the distribution of weather charts to marine radio-facsimile broadcast stations; and the National Weather Service Summary, which also freely provided the public and the media with flood and tornado warnings. Some of the services, traditionally provided for the public good, were privatized for "profit."

Florida produces between 50% and 75% of all of America's winter vegetables, including green beans, peas, yellow squash, zucchini, hot and sweet peppers, sweet corn, and eggplant. During the first week after the frost, prices shot up by as much as 33% inside Florida. Fresh produce distributors, many of them London-based cartels, figure on raising prices at the checkout by 50%. At supermarkets in the East and Midwest, some prices have already doubled.

Deregulation won't lower rates, utilities admit

A survey of electric utility executives, conducted by the International Energy Group and released in Washington on Jan. 9, revealed that only 12% of them believed that "competition" will significantly reduce the average family's electric bill. Nearly 70% of the 537 officials surveyed believe there will be large-scale consolidation, with only 80 of the current 250 private utility companies surviving, according to some estimates.

Over the past five years, there has been an accelerating move to eliminate the regulation of private utilities, and sell off the assets of the federal power authorities. Promoted as the way to lower electric rates, deregulation has instead provided a \$200 billion per year pot of gold for financial interests to loot. House Republicans intend to push for further deregulation of utilities this year, but serious concerns are being raised about the consequences.

The stakes involved were spelled out by Franklin D. Roosevelt during the Great Depression. The January 1997 newsletter issued by a South Dakota electric-power cooperative, features an editorial by Alan H. Richardson, executive director of the American Public Power Association, invoking a speech FDR delivered in Portland, Oregon. According to Richardson, Roosevelt tore into the huge energy conglomerates which had been allowed "to get around the common law, capitalize themselves without regard to actual investment . . . pyramid capital through holding companies and . . . sell billions of dollars of securities which the public

has been falsely led into believing were properly supervised by the government."

Richardson adds, "Roosevelt would have no time for 'privatizers' who argue that restructuring the industry must include auctioning off publicly owned water-power projects to the highest bidder—a move that would raise consumer rates and provide no benefit to the U.S. Treasury." In his Portland speech, FDR said, "The water power of the states should belong to all the people. The title to this power must rest forever in the people," and should remain "forever a national yardstick to prevent extortion against the public, and to encourage the wider use of that servant of the people—electric power."

Rep. Brown offers plan to boost economic growth

Rep. George Brown (D-Calif.), the ranking Democrat on the House Science Committee, declared Jan. 22 that "it makes no sense to provide our nation with a balanced budget, if we do it by killing the programs that create new jobs, rebuild our decaying bridges and roads, and educate the leaders and workers of tomorrow."

According to his press release, Brown's plan would place a priority on Federal investments in research and development; physical capital; and ground, air, and water transportation systems. Brown proposes, however, that the investments be offset "through changes in entitlement programs, such as adjustments in the Consumer Price Index and curbing growth in non-investment discretionary programs." He argues that overall economic growth, resulting from investment in R&D and infrastructure, will offset reductions in entitlement payments.

Brown is preparing a budget resolution, to ensure significant funding for the R&D programs of NASA, the National Science Foundation, the departments of Energy, Agriculture, and Defense, the National Institute of Standards and Technology, and the National Oceanic and Atmospheric Administration. Transportation, education, training, and employment programs would also be emphasized.

THE AFL-CIO has filed a class-action suit, on behalf of at least 120,000 unemployed workers in California, who have been denied a total of \$230 million in unemployment insurance. An anachronistic state law, which excludes recent earnings in calculating benefits, has led to lengthy delays or even denial of unemployment benefits. As a result, nearly 30,000 workers have been forced onto the welfare rolls.

'DIRTY DICK' MORRIS is at it again. During a recent tour to promote his book, *Behind the Oval Office*, Morris told reporters in Pennsylvania that Nazi-like Gov. Tom Ridge "is just the kind of candidate the Republicans should be looking for to run for President in 2000." Morris continued, "He's tremendously impressive, he's got just the right background."

MASSACHUSETTS Gov. William Weld is backing a plan to certify patients with some medical conditions as "legitimate users" of marijuana, under a 1996 state law. Since the federal government has refused to supply the state with medical-grade marijuana, Massachusetts is seeking permission to "grow its own." State officials expect some certified users will get the dope illegally, until the federal government agrees to become the official dealer.

MADELEINE ALBRIGHT, during her first press conference as secretary of state on Jan. 24, announced that "this morning my first phone call from a foreign leader was with [British Foreign Minister] Malcolm Rifkind—very appropriate given our special relationship."

LORD REES-MOGG'S newsletter, *Strategic Investment*, claims in its February issue that Henry Kissinger was a prime mover behind Madeleine Albright's campaign to become secretary of state. Kissinger reportedly told one senator, while lobbying him on the phone, "Madeleine and I have at least three things in common. We both were born in Europe, we both have doctorates, and we're both men."