# Corporatist planners take over state budgets

by H. Graham Lowry

After four successive years of collapsing revenues despite massive tax increases, and skyrocketing deficits despite huge budget cuts, state governments across the nation are moving to impose corporatist austerity regimes. The latest survey by the National Governors' Association reports that 36 states—nearly three-quarters of the states—are restructuring their government functions on the premise that "difficult fiscal times will continue and thus permanent downsizing and government efficiency are becoming top priorities."

In most cases, that translates to handing government policymaking over to appointed commissions, empowered to control budgets, increase "productivity," and restructure major programs from education to health care. The management system currently most in vogue is a pet project of the Rockefeller Institute of Government in Albany, New York: the corporatist schemes of W. Edwards Deming, an American statistician whose methods were smuggled into a number of Japanese companies during the postwar reconstruction of Japan.

Michael Williamson, a specialist in Deming's management system at the University of Wisconsin, describes the objective as follows: "In these times of fiscal austerity, we also must carefully leverage all of our resources, including, and perhaps especially, our human ones: We need to learn to do more with less." The Rockefeller Institute boasts that dozens of states, including New York, are in the process of adopting Deming's management "philosophy."

During the mid-1970s, the Rockefeller interests openly pushed for "corporatist government" through the private Initiatives Committee for National Economic Planning (ICNEP), which in a 1975 paper plainly acknowledged, "Corporatism is fascism with a human face." ICNEP argued that the "whole point of any corporativist government will be to engineer a forceful shift of resources away from consumption into production."

## Corporatist budget-making

The 1992 *Fiscal Survey of the States,* released April 21 by the National Governors' Association and the National Association of State Budget Officers, documents the trend toward permanent reductions in living standards as the assumed function of government. The hue and cry for better "management" and less political control stems from Wall Street bankers' hysteria over out-of-control deficits, which have increasingly required emergency spending cuts *after* state budgets have been adopted.

During fiscal 1990, twenty states had to go back and rip a total of \$2.7 billion out of their budgets. As the depression deepened, revenues collapsed with mounting unemployment, while growing poverty kept health and welfare costs rising under existing entitlement programs. During 1991, the number of states reducing their existing budgets rose to 29, and by a total of \$7.5 billion.

During the current fiscal year, which ends June 30 for most states, 35 have made or are planning to make further cuts totaling \$5.7 billion; and those figures have already increased since the survey was released. To deal with current deficits, 18 states are eliminating entire programs. Eleven states have reduced or eliminated desperately needed General Relief. Fifteen states have laid off substantial numbers of public employees, and six of those are imposing unpaid "furloughs" as well. Eighteen states are reducing aid to their already cash-strapped communities.

Budget cuts already proposed for fiscal 1993 constitute an intensified assault on living standards, both of the already impoverished and of those still on state payrolls. Five states are planning absolute reductions in Aid to Families with Dependent Children, by almost 15% in the case of Maine. Nine states are cutting back by restricting eligibility, with New Jersey and Wisconsin also denying additional funds to mothers who bear children while on welfare. Further cuts in Medicaid spending have already been proposed by 15 states. Many of these are limiting services, reducing optional services, and forcing recipients into "managed care" programs.

For state employees, eight states are already proposing to reduce or eliminate previously scheduled pay increases. Cuts in employee benefits have been proposed by 23 states, generally by requiring state workers to pay more in health care premiums, deductibles, and pension contributions. Thirteen states are also planning further layoffs.

The growing push for corporatist restructuring of state governments is all the more ominous, since the argument for it is being pressed even under the fiction that the economy may still revive under current policies. The National Association of State Budget Officers emphasizes that even once a recovery is under way, a lag in revenue collections of 12 to 18 months will continue to squeeze state budgets. More than half the states report that revenues this year are continuing to fall below projections, and many of them are paying out more in income tax refunds because so many people lost their jobs last year.

Regardless of the future course of the economy, the corporatists consider this a moment of opportunity. The deputy director of the Rockefeller Institute of Government, Frank J. Mauro, told the *New York Times* April 22, "The current economic squeeze is creating an opportunity to restructure state government in ways that should have been done a long time ago."