the elderly.

He proposes to save $242 million by withholding cost-of-living increases for both welfare recipients and the aged, blind, and disabled. This would deny, for example, a mere $29-32 monthly increase for a disabled person or welfare mother with two children, freezing their monthly stipends in the miserly range of $602-663. To save $63.9 million, Deukmejian wants to limit state payment by the In-Home Supportive Services program for the disabled and elderly, to a mere 70 hours a month—at the minimum wage. Unless localities picked up the tab, tens of thousands would be virtually condemned to death.

Perhaps most sinister, Deukmejian proposes to cut $363.9 million from the state's medically indigent program, and then create a new program that would provide "uncompensated care"—for fewer people with more stringent requirements for qualification. The funds for this would supposedly come from the federal government's illegal alien amnesty program, and from new cigarette taxes. The catch is that it may be determined that these funding sources cannot legally be applied in this manner. If that happens, localities would be forced to pay, while thousands would go without medical treatment. This could cost the overburdened hospitals in Los Angeles County alone, an impossible $100 million.

Deukmejian says that he is being forced to take these drastic steps because of a voter-approved referendum mandating substantial increases in state funds for education. But education is slated for only an 8% increase in his budget. Not only is this hardly sufficient to compensate for inflation; the California university system has imposed a 10% tuition fee hike just to tread water, with no new programs permitted by the governor.

All of this, "despite the fact that our economy is booming," in the words of Governor Deukmejian.

Dukakis's 'competence'

Gov. Michael Dukakis of Massachusetts has delivered on his erstwhile presidential campaign promise, in spades. On Jan. 12, he proposed the biggest tax increase in the state's history.

After demonstrating the managerial "competence" he advertised to the national electorate as his chief qualification, by taking out repeated short-term loans, Dukakis wants well over $1 billion of new taxes assessed over both the 1989 and 1990 fiscal years. He has already decreed more than *400* fee and fine increases to help ameliorate the state's current $636 million deficit. Although the Duke insists that the state's revenue problems are over—as he did in July—the state legislature is howling.

Democrats in Massachusetts are demanding that Dukakis make budget cuts, while their comrades in California and New York are clamoring for tax hikes. No one is addressing the real issue: how to generate real economic growth and the expansion of the revenue base.

Haggling over the price of Soviet Jews

by Scott Thompson

In mid-January, officials of the U.S.-U.S.S.R. Trade and Economic Council (USTEC) gathered with world Jewish leaders in the Manhattan apartment of whiskey baron Edgar Bronfman to map out a campaign for the direct shipment of Soviet Jews to Israel in return for lifting the 1974 Jackson-Vanik trade barriers. Bronfman, who is president of the World Jewish Congress, is a board member of USTEC, whose president, James Giffen, has publicly stated that he wants to turn the Soviet Union into an "economic superpower" through favorable trade and credit agreements. The Bronfman family is also one-third owner of E.I. DuPont de Nemours, which has been a major corporate sponsor of USTEC, also involved in trade with the Soviet Union which Giffen admits borders upon military-related technology.

Apart from Giffen and Bronfman, the other USTEC official involved in the scheme to swap Jews for expanded trade is Dwayne Andreas, the U.S. co-chairman of USTEC and chairman as well of the grain cartel firm Archer Daniels Midland (ADM). In a Dec. 26, 1986 front-page article in the *Wall Street Journal*, entitled "Gorbachov's Pal: Dwayne Andreas Gains an Apparent Position as Kremlin Favorite," the writer wondered "whether Mr. Andreas is beginning to edge out Armand Hammer, the chairman of Occidental Petroleum Co., as Moscow's favorite American businessman." It is Andreas who has recently filled Soviet grain bins with cheap American grain, despite the ongoing drought that is likely to create global shortages and push grain prices sky-high.

Ripping up the Helsinki accords

Syndicated columnists Rowland Evans and Robert Novak in a Jan. 23, 1989 article entitled, "Swap Soviet Jews for U.S. Trade?" went directly to the core of the problem posed by the Bronfman-Andreas-Giffen proposal:

" 'An ugly deal,' one former official told us. 'Jackson-Vanik is a statute with specific provisions. They say nothing about Jews and nothing about Israel.' "The 1974 Jackson-Vanik amendment imposed major restraints on trade until Soviet emigration becomes 'substantially free.' The amendment was one of the opening wedges in the human rights movement. It presupposed that all Soviet emigrants—Jewish, Pentecostal, Armenian, or other—would have freedom of choice to leave and to go where they wanted. Although it avoided target numbers for emigrants, the United States told

Moscow that 60,000 a year would be satisfactory."

The USTEC proposal not only limits the question of Jackson-Vanik's scope to Jews, but it proposes that Jews who wished to leave the U.S.S.R. would have no choice but to travel to Israel. Again, Morris Abram, departing head of the Conference of Presidents of Major Jewish Organizations, has been quoted in the Israeli newspaper *Yediot Ahronot* after the Bronfman meeting that the issue "is not an issue of human rights but the redemption of Jews as Jews. They should go to Israel."

Presently, most Soviet Jews choose to emigrate to the United States, where they have family, friends, and a more secure future. The USTEC proposal would eliminate that freedom of choice—a major pillar of the Helsinki Accords—by forcing Soviet Jews to settle first in Israel, from which it would be impossible (because of immigration quotas) to then move to the United States. This represents a cynical deal between the USTEC crowd, who are a direct continuation of the 1920s gang that guaranteed survival of the Bolshevik Revolution, with the radical Zionists in Israel who want to use Soviet Jews as cannon fodder to fulfill their vision of a Jewish-dominated "Greater Israel." Not only would Soviet Jews be virtually forced to live in new settlements within the occupied territories (a dangerous policy opposed by the United States), but they would be used as part of a racial purification policy within Israel to offset the higher Palestinian birthrate.

Return of the Montagu Norman deal?

While it is doubtful that Andreas and Giffen see the latest proposal as anything more than a cynical deal along the road to transforming the U.S.S.R. into an "economic superpower" that could engage in expanded global power-sharing agreements, one informed analyst commented that the position taken by Bronfman, Morris Abram, and other Jewish leaders involved in the deal is reminiscent of Bank of England head Montagu Norman's haggling with Adolf Hitler over the price per head for European Jews.

Since these Jewish leaders have already disavowed the human rights question—especially as it applies to non-Jews imprisoned in the U.S.S.R.—the question might legitimately be posed whether Bronfman secretly fears that Soviet Jewry is especially threatened by the rising tide of anti-Semitism within the Soviet Union, which the liberal Western media have virtually blacked out in their gushing over Mikhail Gorbachov. The truth is, not just Jews, but many of the other ethnic, religious, and national minorities within the Soviet Union are threatened to a very high degree by the Gorbachov regime, which has used the "iron fist" of the KGB and GRU to repress those who seek real freedom from imperial rule.

But, the story of this covert repression within Armenia, the Baltic states, and elsewhere in the Great Russian empire is all the more reason to uphold Jackson-Vanik within the foreseeable future.

Save the U.S. savings Edwin Gray proposal

by Lyndon H. LaRouche, Jr.

The 1983-87 chairman of the Federal Home Loan Bank Board and head of FSLIC, Edwin Gray, has some useful proposals for emergency action to save the United States Savings & Loan institutions from a catastrophe as bad or worse than that of the 1931-34 period.

As I expected, and warned during my campaign for the Democratic presidential nomination, the next U.S. financial crash to follow the October 1987 crisis, was being merely postponed until after the November 1988 election. Immediately following President Bush's inauguration, the new crisis has begun to erupt, with an open fight between President Bush and Federal Reserve chairman Greenspan, and an imminent collapse and looting of a major chunk of the U.S. savings institutions, the Savings and Loan associations.

As quoted in the Washington, D.C. leak-sheet, *Regardies,* former FSLIC chief Edwin Gray charges that former Treasury Secretary Donald Regan deliberately bankrupted the S&Ls. This is the same charge I made during the 1988 Democratic nomination campaign. Mr. Gray adds information on Treasury Secretary Regan's expressed views, which I did not have at that time.

In an *EIR* interview, Mr. Gray reports that Mr. Regan acted deliberately to "destroy the FSLIC, the Home Loan Bank Board, and the S&Ls for five years" because "he thought there is too much housing in America," and because "he wanted to give the [deposit] business to his friends on Wall Street."

I endorse adoption of Mr. Gray's recommendations:

1) Immediately reinstitute all S&L regulations, such as Regulation Q and other protective legislation.

2) Strengthen FSLIC by taxing speculative income.

Mr. Gray's proposals are useful, and urgent, but they are not sufficient. The other measures which I outlined during my campaign must be adopted, or the savings of many ordinary Americans will simply be wiped out, or nearly so.

The LaRouche measures

What I proposed, and should be done immediately, are the following:

1) Federal Reserve reform establishing a two-tier credit system.

My 1981 Federal Reserve Reform Act proposed: a) Prohibit the Federal Reserve from creation of fiat money (money