organizations representing the poorest and most vulnerable strata of the population targeted by the Oregon plan, could muster virtually no opposition to the "compelling reasoning" for the plan, and thus offered little resistance to President Bush's granting the Medicaid waivers necessary for its enactment (see page 6).

As Baker emphasized, the current system *already* is rationing health care, because hundreds of thousands in Oregon alone have no insurance coverage, while Medicaid covers only those with incomes more than 50% below the poverty line. "It is an incredibly irrational system of ration," said Baker. "It rations people, not resources." Since rationality must be the core of rationing, he argues, the beauty of Oregon's proposal is that it would "ration resources, not people," with a priority list of approved pairs of conditions and treatments, and the line drawn at a point determined by the availability of funds. "Ration resources, not people" was the theme Baker and Wiener repeated over and over again.

For those who were uneasy with this idea, Baker pointed out that in contrast to countries like Britain which ration services without public debate, the great thing about the Oregon plan is "the publicity principle," in which decisions on the "rationing of resources" are all debated publicly. Ultimately, the "democratic process" "openly" decides where to draw the line. "You've got to accept and trust political processes. It's a very democratic plan in that way. And what this says is that if you're going to deny access to a treatment, you're going to say so, it's not going to be done behind closed doors."

The sophistry of murder

The sophistry of Baker's argument was given away in two rather revealing remarks. At the outset, he invoked Plato as an advocate of rationing, citing Book I of *The Republic* in which the philosopher seemingly destroys the notion of egalitarian distribution of food because it results in too little for athletes and too much for more sedentary poets. As this reporter pointed out to him, this ignores the entire further development of *The Republic*, in which such "common sense" reasoning is superseded by more advanced ideas of society's role in providing for its citizens.

Baker brazenly defended the right of the privileged and powerful to avoid any rationing scheme. In response to a question on why health care should be rationed for the poor but not for the wealthy, Baker rebuked the questioner: "The British tried . . . and it lasted for all of three years. You cannot prevent the more powerful and the wealthier people in a society from exercising their privileges, and every attempt to do so has failed."

The fundamental flaw in this debate is acceptance of the U.S. depression. If one accepts "limited resources" within "budgetary constraints" instead of a crash program to make health care available for all, then Brookings's rationing is indeed more "fair" than what exists now. The problem is, it'll murder millions of Americans.

Real estate giant in technical default

Just one day after Olympia & York told an April 13 meeting of its bankers in Toronto, Canada that the company was worth $4.7 billion and that the situation was under control, the real estate giant let the grace period expire on a $62 million interest payment due March 25, throwing an $800 million Eurobond issue into technical default. The bond issue is secured by Tower B of Manhattan's World Financial Center, one of the crown jewels of the O&Y empire.

O&Y has missed several payments lately, including a $100 million principal payment on a $355 million mortgage on its One Liberty Plaza property in New York City, and a payment on its $378 million mortgage on Scotia Plaza in Toronto. It even skipped a $250,000 mortgage payment on its Olympia Place office building in Orlando, Florida. These defaults give a more accurate picture of O&Y's financial condition than do the phony statistics they paraded before bankers and the press.

The $4.7 billion net worth proclaimed by O&Y is as ficticious as the balance sheets of Citicorp and the other money center banks, being based upon the alleged "long-term fair value" of the company's real estate holdings, under conditions of a strong economic recovery. The banks, who use the same tricks to paper over the holes in their financial statements, aren't falling for it.

While the company claims its assets are worth $24 billion against debts of $19 billion, outside sources have placed the debts as high as $25-47 billion.

The troubles do not stop with O&Y. EdPer Enterprises, the $87 billion conglomerate of Canada's Edward and Peter Bronfman, is rumored to be in serious trouble. EdPer is the majority owner of Trizec, a $12 billion real estate company of which O&Y's Reichmann brothers own one-third. O&Y reportedly pledged its interest in Trizec as collateral on a Eurobond issue—possibly the one which just went into default.

"Canada is a strange place," a European financier told *EIR*. "It's securities regulations and disclosure requirements for companies are minimal. There are levels of corporate concentration and cross-ownership which exceed even Japan. When a big part of the structure goes, as you have now with Olympia & York, the whole edifice is threatened. This is why the Canadian government immediately rushed to the O&Y case. But this is too big even for the Canadian government to handle."—*John Hoefle*