

National News

New Medicare plan would double patient premiums

According to the Aug. 12 *Washington Post*, the staff of the House Ways and Means Committee has prepared a new assault on health care benefits for the elderly, aimed at slashing \$270 billion from Medicare over the next seven years. The plan would more than double the monthly premium paid for Medicare recipients, from the current \$46.10 per person to almost \$100 a month. The annual deductible for physicians' fees would also be raised from \$100 to as much as \$250.

The budget-cutting scheme would scrap provisions in existing legislation which would have reduced monthly Medicare premiums in coming years. The new version also cuts Medicare payments to hospitals for training interns and residents by more than one-third, and for hospital capital costs by 10-15%.

The plan leaked to the *Post* goes beyond House Speaker Newt Gingrich's (R-Ga.) previous proposals, by giving effective control of Medicare to the health maintenance organizations and insurance companies. They would not be required to provide the same services as the government program.

U.S. prisons now hold 1.5 million people

A comprehensive Justice Department report on the U.S. prison system puts the number of persons now in federal, state, and local jails and prisons at 1.5 million, compared to half a million in 1980. With about 3.5 million persons on probation or parole, there are nearly 5 million Americans under the control of the criminal justice system, the *New York Times* reported Aug. 10.

Last year alone, the overall number of inmates rose nationally by 8.6%, according to the Justice Department's figures. For the state of Texas, which is becoming a virtual penal colony, the total rose by 28.5%. Earlier this year, Texas officials boasted that the state's massive prison-construction pro-

gram had created the largest prison system "in the free world."

Jerome G. Miller, director of the National Center on Institutions and Alternatives, told the *Times* that "the percentage of Americans going in and out of jails is phenomenal," and that the system is turning the majority of the impoverished minorities in the inner cities into criminals. Miller said that 75% of all new admissions to prisons are now black or Hispanic, and that a "majority of all African-American males between age 18 and 40" will be "in prisons and camps" by the year 2010, if present trends continue.

Alleged suicide attempt doubted in ADM scandal

The Aug. 15 *Chicago Tribune* raised substantial doubts concerning reports that Mark Whitacre, the Archer Daniels Midland vice-president who reported the company's illegal price-fixing to the FBI, had attempted suicide the previous week. The *Wall Street Journal* alleged on Aug. 14 that Whitacre, then in a Chicago hospital, had made the attempt after ADM officials went to the Justice Department, with a claim that Whitacre had stolen perhaps \$5 million from the company.

The *Journal's* lead story, headlined "ADM Informant Faces Widening Allegations; He Attempts Suicide," also alleged that FBI agents, with whom Whitacre had worked on the price-fixing probe since December 1992, had threatened to lift his immunity as a result of ADM's charges.

According to the *Tribune*, however, ADM executive-turned-informant Whitacre had the phone service at his house cut on Aug. 1. Early the following week, moving trucks were seen loading all of the family's furniture, "leading to unconfirmed reports that the couple and their four children have been spirited from Decatur and placed in a witness-protection program. Whitacre had complained of receiving death threats."

Friends of Whitacre told the paper they strongly doubted that the 38-year-old executive would try to take his own life—despite the fact that he was under tremendous pressure from ADM, from the media, and from

the government.

Just before his alleged suicide attempt, Whitacre wrote a letter to the *Wall Street Journal* accusing ADM of setting up senior employees for possible blackmail or prosecution should they turn on the company. The letter read, in part: "Regarding overseas accounts and kick-backs; and overseas payments to some employees, Dig deep. It's there! They give it; then use it against you when you are their enemy. . . . The threats, the slandering, the defamation of character etc. are unbelievable. . . . It's terrible, especially for the wife and kids. I would have never imagined."

According to the *Tribune* story, the Sept. 4 issue of *Fortune* magazine will include a first-person account by Whitacre of his nearly three years as an undercover spy for the Justice Department and FBI. The article reportedly details how ADM executives in early 1992 initiated the creation of a "lysine producers' association"—a polite term for an industry cartel. The article also quotes Michael Andreas, son of the company's head Dwayne Andreas, as saying, "the competitor is our friend and the customer is our enemy."

N.Y. City solicits bids to 'privatize' its jails

The orgy of budget-cutting, unleashed by the nation's economic collapse, may soon turn New York City's abominable jails into absolute hell-holes. City officials are already looking for ways to turn over its 17 jails, and more than 18,000 prisoners, to one of roughly 200 companies offering brutal cost-control measures with their "privatized" services.

"It would be the biggest privatization in the country," Randy Levine, the city's Commissioner of Labor Relations, told the *New York Times* Aug. 12. Nonbinding "requests for expression of interest" were sent out Aug. 10, in the city's first effort to turn over an entire category of public operations to private enterprise.

The administration of Mayor Rudolph Giuliani claims the scheme could "save" part of the \$746.3 million the city now spends, to pay the 11,000 employees of the

Department of Corrections who run the system. Private companies would employ non-union guards at lower wages. If the entire system were privatized, the city would still own the jails and related facilities, but would no longer have to pay the guards, cooks, drivers, and other workers who staff them.

The number of inmates, in the New York City jail system, is larger than the entire prison population of 40 of the nation's states. With America's inmate population having doubled in the last 10 years, more than 20 private firms now manage prisons around the country—a phenomenon described by the *Times* as a “burgeoning, \$250-million-a-year industry.” The largest private prison corporation in the world is the Corrections Corporation of America, based in Nashville, Tennessee, whose “director of strategic planning” is J. Michael Quinlan, former head of the U.S. Bureau of Prisons under President George Bush.

IBP cartel rigs polls as well as beef prices

Iowa Beef Processors (IBP), the target of a recently announced federal investigation for price-fixing, has also indulged in poll-rigging for Sen. Phil Gramm's (R-Tex.) sagging presidential campaign, the *Wall Street Journal* claimed Aug. 15. The *Journal* published an IBP internal memo, informing employees from their Iowa, Nebraska, and Illinois plants, that IBP would provide them with tickets and transportation to the Republican presidential poll event in Ames, Iowa on Aug. 19.

The photo reproduction of the IBP memo states, “IBP is encouraging its management employees to attend and participate in this grand event. Tickets and bus transportation will be provided by the Phil Gramm for President Campaign.” Anyone with a \$25 ticket to the event was eligible to vote in the poll.

Mrs. Wendy Lee Gramm, as well as Phil Gramm's presidential campaign finance chairman, Alec Courtelis, serve on IBP's board of directors and compensation committee. Wendy Gramm, the former head of the Commodity Futures Trading Commis-

sion, now also heads the Natural Resources, Agriculture, and Energy Policy Council for the Republican National Policy Forum. Courtelis is a south Florida-based shopping-center developer and horse racer, who raised hefty sums for the 1988 and 1992 Bush campaigns.

Still controlled under Armand Hammer's Occidental Petroleum, IBP has given \$5,000 through its political action committee to the Gramm campaign, and supplied soft money amounting to \$31,000 to the National Republican Senatorial Committee in 1991-94, while Gramm was its chair. Controlling one-third of U.S. beef slaughter, IBP has driven down prices paid to cattle ranchers, while its workers' inflation-adjusted pay has plummeted 40% since 1981.

Trouble in paradise: Hawaii hits the skids

The myth that tourism, luxury hotels, and real estate speculation can sustain an economy took another beating earlier this month, when Hawaii Gov. Ben Cayetano announced, “Hawaii faces its worst fiscal crisis in its history.”

Cayetano announced that there is a projected \$400 million shortfall in the state's current two-year budget, and called for eliminating ten state programs and 606 jobs, in order to “save” \$140 million over the next year. In the Department of Health, for example, 198 workers will be fired, and another 202 vacancies will go unfilled, wiping out a total of 400 health care positions.

Hawaii's economy is winding down, along with its tax base. According to local press reports, the state has lost jobs in each of the past three years, including nearly 10,000 non-agricultural positions since 1992. The number of commercial and residential mortgage foreclosures more than doubled between 1990 and 1994, from 680 to 1,590, and the rate is still climbing.

For states and localities nationally, soaring budget deficits and collapsing revenues have further pushed the level of total indebtedness to a staggering \$1.2 trillion. That figure is more than one-third of the total outstanding debt of the federal government (\$3.2 trillion) in 1990.

Briefly

● **THE BARBARIC** disregard among New Age Republicans, for justice and the sacredness of human life, has produced another legislative abomination—this time in a congressional bill to eliminate attorneys for indigent death-row inmates. The measure would wipe out all funding for 20 law centers across the country, which provide a chance for prisoners without financial resources to appeal their sentences to die.

● **SEN. DANIEL MOYNIHAN** (D-N.Y.) has fallen in step with the Conservative Revolution's march to break up the Union. In a new book he has co-authored, *The Federal Government and the States*, he wails about the alleged power of the small states over the large ones. The remedy, he says, is to break up the large states to multiply their influence, or to change the country's “intolerable” constitutional framework.

● **MARIANNE GINGRICH**, Newt's current wife, has intimated to *Vanity Fair* that his closet may be overstuffed with skeletons. “I don't want him to be President, and I don't think he should be. He can't do it without me. I told him, if I'm not in agreement, fine, it's easy—I just go on the air the next day, and I undermine everything.”

● **NEW YORK POST** columnist John Crudele warned Aug. 14 against investigating who was behind gun-running and drug-smuggling operations out of Mena, Arkansas: “It could prove that Republicans in the White House, in their zeal during the 1980s to help Latin American rebels, were willing to break all kinds of laws.” It could also prove, as *EIR* has charged, that the operation involved George Bush and Oliver North.

● **SEN. BILL BRADLEY** (D-N.J.) said Aug. 16 that he will not seek reelection in 1996. He claims he has lost faith in both major political parties, and is reportedly trying to set up a third-party presidential ticket, with former Chairman of the Joint Chiefs of Staff Colin Powell.