

BY A

BATTLI

KUCINICH VS. C



S Short of a Watergate, the life spans of most American political scandals are brief. Accusations are leveled, villains are denounced, and occasionally indicted. After a spell, life returns to normal.

Six months ago, the embattled mayor of Cleveland, Dennis Kucinich, was fighting for his political life—for the second time in less than a year—against the banks and businesses that have run that city since the mid-19th century. He prevailed. His combative populism won majority support in Cleveland, and persuaded many outside the city that his depictions of the banks and businesses of his city were essentially correct.

But life has returned to normal in Cleveland. Although several investigations have shown that the behavior of the city's bankers was even worse than Kucinich supposed, it is unlikely that they will ever be called to account. They may succeed in November where they failed in February.

Kucinich is still fighting for his life. He faces reelection in November, at the end of his two-year term. Already, Cleveland's powers that be, from their headquarters in the Union Club, have watched one candidate, Edward Feighan, the son-in-law of a former top official of Republic Steel, enter the lists. Kucinich beat him in the last election by 3500 votes out of a total of more than 100,000. If Feighan falls by the wayside, the bankers may have recourse to George Voinovich, a Republican and presently lieutenant governor of Ohio, who also plans to run. Supporters of Kucinich can hope that these two and others besides will run and cancel each other out, leaving Kucinich the victor.

The bankers' hatred of Kucinich is scarcely surprising—although their response, as noted before (*JTT*, Feb. 14), repays close attention by all who wish to know how a City, and the bankers in it, actually operate.

Bankers have feelings, too. When Kucinich publicly chastised Brock Weir, chairman of Cleveland Trust Co., and the other major banking executives of the city as "bloodsucking vampires," the objects of the mayor's scorn retired in dudgeon to the Union Club and vowed to screw him once and for all. The bankers' siege of the city continues, with nothing less than outright surrender demanded.

It will be recalled that Cleveland's crisis reached its apogee during the administration of Kucinich's predecessor, the illustrious Ralph J. Perk, who was mayor between 1971 and 1977. Amid his main achievements—the sale of valuable assets such as the zoo, stadium, transit system, sewer system, etc., belonging to the city—Perk made a unique contribution to

fiscal theory and practice. He threw into one big pot funds derived from a variety of sources: bond and note revenues raised for specific purposes, federal grants, tax revenues, and almost anything else he could lay his hands on. Perk's pot needed constant replenishing because the city's tax base was declining as the cost of government was rising. Thus Perk had to borrow at ever-increasing velocity to cover his deficits.

Perk's antics, symbolized by a narrow escape from self-immolation when he set fire to his hair with a blowtorch while opening a new building, were viewed by Cleveland's bankers with almost unanimous approval. Unperturbed by his boisterous rampages through the city's coffers, the bankers continued to ladle out the loans with a generous and carefree hand. "Ask not what you can do for the city so much as what the city can do for you," might have been their motto. Perk continued to sell off the city's assets. Grandiose tax abatements were handed out, allowing banks and major business to locate within the city limits in a "free trade" zone, entirely at the expense of the taxpayer. (Perk, for his part, denies any wrongdoing and has offered a \$5000 reward to anyone who can prove he misspent city funds.)

A particularly cherished objective of Cleveland's major bankers was the destruction of the already enfeebled municipal electric system (MUNY) and the acquisition of its business by the Cleveland Electric Illuminating Company (CEI), an outfit tightly interlinked with the city's big companies and banks.

Twisting in the wind.

Matters came to a head last December when Kucinich tried to refinance \$15 million of city debt held by the banks, led by Cleveland Trust. The mayor maintains that on Dec. 15 at a private meeting with Brock Weir, Cleveland Trust chairman, and George Forbes, the head of the City Council, Weir made a roll-over of the loan conditional upon the sale of MUNY Light to CEI. Kucinich refused the deal and the city went into default, where it still resides.

This was what Kucinich says happened: Weir took his time issuing a denial, because—as he told a House Banking Subcommittee last week—he was on vacation. Forbes, presently on trial for misuse of funds, takes Weir's side.

Kucinich said No to the banks, and staved off disaster by winning a referendum in February in which the citizens of Cleveland stoutly supported a tax increase and the retention of MUNY Light.

But the crisis has not lessened—despite Kucinich's victory and his acquisition of a national reputation as a gutsy young populist who had successfully defied the Cleveland establishment. The \$15 million

EXANDER COCKBURN AND JAMES RIDGEWAY

NG THE BANKS

LEVELAND TRUST: ROUND THREE

is still outstanding, and the bloodsucking bankers are letting the city twist in the wind. They naturally hope that Kucinich will go down to final defeat when he runs for reelection. Although Kucinich is presently low in the polls (he survived a recall election last August by 236 votes), Cleveland's business powers have failed so far to hit upon an appropriate opponent.

Golden locks.

This spring the Federal Reserve, charged with regulating one-bank holding companies (Cleveland Trust is one), conducted an investigation into the charges surrounding the banks' refusal to roll over \$15 million loan to the city. A House Banking Subcommittee undertook an elaborate staff probe. The Department of Justice is carrying forward an investigation into the possible antitrust violations arising from the banks' actions, and the SEC has begun serious inquiries into Perk's financial maneuverings as mayor.

CEI and other utilities of two profitable coal mines. CEI maintains four accounts at Cleveland Trust. Cleveland Trust is the trustee for the CEI Collective Investment Trust, for its pension plans which amount to \$70 million. It is the registrar for CEI stock. Finally, CEI's building is owned by First Union Real Estate Investors, a real estate investment trust that is, in turn, controlled by trustees of the major Cleveland banks, led by Cleveland Trust and the National City Bank.

In fact, the cumulative influence of Cleveland's major banks on CEI is striking. The detailed study prepared by the House Banking Subcommittee says that 1.7 million shares of CEI stock are held by the trust departments of five Cleveland banks. Cleveland Trust and National City Bank hold a total of 1.5 million of these shares, or almost 4.5 per cent of the outstanding stock of the utility—a slice that, by most normal standards, would give the banks control or some-

mittee "approved a change in the coding to indicate that the stock was considered attractive for purchase. As a consequence the Trust Department holdings of CEI stock increased from 691,568 shares as of Dec. 26, 1978 to 782,798 shares as of Feb. 7, 1979, an increase of 91,230 shares or 13 per cent."

A suspicious mind might conclude that Cleveland Trust's increase in its CEI holdings could have something to do with prevailing local political conditions, and with CEI's possible acquisition of MUNY, favored by Weir, allegedly crouching behind the Chinese Wall separating the bank's trust department from its other operations. Such unworthy suspicions might be encouraged by the timing of the buy: Dec. 26, the first business day after the City Council voted to put the issue of the sale of MUNY before the voters in a February referendum—a referendum the bankers at that time confidently expected to win.

of Dec. 15—the day of default—at a meeting of the executive committee of the bank's parent holding company CleveTrust Corporation. The minutes of this meeting, according to the Fed report, "state that the resolution adopted by the city council on the morning of December 15 calling for an income tax increase for the administration to sell MUNY Light, if signed by the mayor, would provide a basis for the temporary renewal of the notes." In addition, the minutes state that the committee discussed management's plan to renew the notes for an interim period in the event that the mayor signed the resolution. The committee concluded that Cleveland Trust's position would be improved if Kucinich signed the resolution and advised management that it did not object to its plan. Weir is, of course, head of CleveTrust, as well as the bank.

So now the Fed report adds its voice to the chorus of participants and outside press in maintaining that the sale of MUNY Light was a condition for refinancing, even though it dutifully sides with Weir in his gallant insistence that refinancing was not conditional on such a sale.

What appears to be the most detailed study of the Cleveland situation was compiled by the staff of the subcommittee on financial institutions, supervision, regulation and insurance, under the chairmanship of Rhode Island Congressman Fernand St. Germaine.

St. Germaine has held this report confidential, in apparent deference to Republican members of the subcommittee, whose banker constituents would be affronted—and embarrassed—by its reported conclusions.

The hearings themselves were not particularly illuminating—except for an exchange between John Cavanaugh, Democrat from Nebraska, and Brock Weir. Cavanaugh drew from Weir the admission that Cleveland Trust used one set of lending policies for the Perk administration and another for Kucinich's. Weir went on to explain that his attitude toward Kucinich was determined by the mayor's "lack of civility," and indeed by the latter's publicized description of him as a vampire.

It is clear, from these different studies, that the real reason for the banks' refusal to continue financing Cleveland has been their hatred of Kucinich and the policies he stands for. If anything, Kucinich's denunciations of the banks pale beside the detailed saga of their double standards and malevolence.

Altogether, an excellent illustration of how bankers run our cities, and how they do their best to dispose of anyone who gets in their way.

This article first appeared in the Village Voice.



Round one: Kucinich beats the recall.

Round two: Cleveland keeps MUNY Light.

Round three: The Banks are coming back for more.

In short, a rather large amount of analysis has by now been devoted to the financial life of the City of Cleveland.

The Federal Reserve Board published its study in March. Apart from its intrinsic interest, this study has the charm of being a bankers' brief on behalf of bankers. Cleveland's bankers were offered every opportunity to present their version of the controversial events—for very simple reasons. Willis Winn, a president of the Federal Reserve Bank of Cleveland, is a member of Cleveland's Greater Growth Association (fierce opponents of Kucinich). John A. Gelbach, chairman of the Central National Bank, which holds a portion of Cleveland's debt, is a director of the Cleveland regional office of the Fed, and Weir himself last year was a member of the Federal Reserve system's advisory council. It will be appreciated, consequently, that the Federal Reserve's inquiry was not stacked in Kucinich's favor.

Even so, the details conceded by the bankers are revealing. Two members of Cleveland Trust's board of directors are also members of the CEI board. Cleveland Trust controls 2.2 per cent of the total CEI common shares outstanding and it ranks third, if not higher, among institutional holders of the utility's stock. Cleveland Trust has loaned the utility money and is one of several banks that have helped to finance the purchase by

thing very close to it.

In addition, the subcommittee reports that four Cleveland banks have lines of credit to the utility amounting to \$72 million. Aside from the direct interests described here, the report notes that "the Cleveland banks had 79 director interlocks with 20 other corporations, which also shared one or more directors or officers with CEI."

Weir's Chinese wall.

It should be remembered that Weir has stoutly denied that he would have refused to loan the city money unless it disposed of the MUNY utility, thus leaving CEI with a monopoly. There was a "Chinese Wall" between Cleveland Trust's directors and its trust department, asserted Weir, and the bank was entirely innocent of any charges that it was controlling the game through its investment in CEI.

After recitation of Cleveland Trust's holdings in CEI, the Fed goes on to state that the common stock of CEI has appeared on Cleveland Trust's "basic list of active holdings" for many years, and for at least the three previous years has been coded as a stock "of excellent investment quality." Between March 1977 and December 1978, the aggregate holdings of CEI stock by Cleveland Trust remained relatively constant. "On December 26, 1978, however," the report continues, Cleveland Trust's trust investment com-

To make the point plain: CEI would obviously become a much more profitable and attractive investment if MUNY were eliminated, for two simple reasons: first, with MUNY out of the picture, the anti-trust suit by the city against CEI would disappear. This suit, in which the city is seeking \$300 million in damages from CEI, would of course have a heavy impact on the private utility, and beyond that, on its creditors, stockholders, and directors.

Second, with Muny disposed of, CEI would have an easier time benefiting not only the utility directly, but also its stock and bondholders—namely the trust departments of the Cleveland banks. The hikes would also benefit the fuel suppliers, some of whose debt securities are held by the banks.

We find another interesting section in the Fed report, which deals, in apologetic tones, with two occasions on which the Cleveland Trust officials discussed the sale of MUNY Light as a condition for financing the city's debt. Handwritten notes of a meeting on Aug. 31, 1978, between "certain" Cleveland Trust officials and the auditor of Cuyahoga County indicate that part of the discussion "concerned the city's need to sell certain assets to enhance its financial condition and among the options discussed were land, sewers and MUNY Light."

The second occasion came the afternoon

LETTERS

A FLORIDA TRIBUNAL

DURING THE VIETNAM WAR BERTRAND Russell, Jean-Paul Sartre, and others instituted a war crimes tribunal to investigate the U.S. Government role in Southeast Asia.

Similarly, a people's tribunal is being planned to try Governor Robert Graham of Florida and others for crimes including murder because of their invoking the death penalty. This would provide an opportunity for both proponents and opponents of the death penalty to make their cases in a public simulated trial. In addition to dramatizing this would help raise the public consciousness and sensitivity to this important issue.

Funds, suggestions, volunteers, prominent spokespersons from both sides, and general support are needed to make this event a reality. We are aiming to hold the event around November 15th in either Tallahassee or Gainesville with extensive media coverage. Please address all inquiries to Professor Thomas W. Simon or Bonnie Flassig, Department of Philosophy, University of Florida, Gainesville, Florida 32611.

-Thomas W. Simon
-Bonnie Flassig
Gainesville, Fla.

MUST A MARTYR BE A SAINT?

THE FRONT COVER OF *ITT*, JUNE 27, stated that "New evidence reveals Ethel Rosenberg was innocent" and the headline of the inside article says "Ethel was framed in atom bomb trial." Unfortunately, the implication in both cases is that, unlike his wife, Julius Rosenberg may have been "guilty"—if not of passing an admittedly non-existent "secret" about the atomic bomb to the Soviet Union, at least of belonging to some sort of vague "espionage network." This, in fact, is exactly what Stern and Radosh claim in their *New Republic* article.

Of course, no one should be surprised by such claims. Today, thanks to the efforts of the National Committee to Reopen the Rosenberg Case and others, more and more people have come to understand the true meaning of this case: that because of the anti-communist hysteria which existed in this country during the cold war, two innocent people lost their lives. Therefore, those who want to defend this monstrous frame-up today must find new, more sophisticated methods. The Radosh/Stern argument must be seen as a part of this effort.

I can understand why an incorrigible McCarthyite would welcome the Stern/Radosh article as "something valuable," but I'd think a "socialist" newspaper would label it what it is: another cold war slander against the memory of these two brave martyrs.

The truth? That was stated over twenty-five years ago by Julius and Ethel Rosenberg themselves: "We are innocent."

-Kevin K. Lindemann
Geneva, Ill.

SOMETIMES—TRASH

ILOOK FORWARD TO READING YOUR newspaper as each issue comes out. But sometimes right after reading an article I feel like putting trash where it belongs. . . in the garbage.

Two recent articles have brought me quite close to the garbage bag: Nancy Leiber's article about Portugal (*ITT*, July 11) and Robin Schulberg's article on the PUSH-SCLC attempt at alliance (*ITT*, July 18).

Several published letters to *ITT* have done an excellent job in criticizing Lieber's article, so I say no more here. The thing I object to in Schulberg's article is the complete distortion of a historical event. Jesse Jackson never cradled Rev. King in his arms. For me, Schulberg's credibility vanished immediately upon reading about this make believe cradling.

I purposely skipped Schulberg's article in the July 30 issue. That's a shame, but writing like Schulberg's (as well as Lieber's) turns me off.

-Clifford Frahan
River Grove, Ill.

HETEROSEXUALLY BIASED

I'M WRITING IN RESPONSE TO THE EXCHANGE on narcissism (*ITT*, June 27) between Lew Friedland/Stephanie Engel and John Judis. Judis attacks them for proposing that feminism is necessary in analysing narcissism; I support the position of Friedland and Engel.

Judis, in his first article (*ITT*, May 23) lists obsessions with sex therapy, midlife crisis, security, dependence, death and old age as examples of narcissism. These "obsessions" are linked with needs for security and belonging in a society with decreased social integration and a threatening economic organization. How individuals define and conceive of themselves, particularly in a stressful environment, directly relates to personality structures developed in childhood within the family. To analyze any process within the family without a feminist is equivalent to analysing capitalism without Marxism. We need a synthesis of psychoanalysis and feminism; to argue that Freud confused the socialization of women with biology and call that feminism is not enough.

Finally Friedland and Engle are attacked for sexism-baiting and arguing scripturally. Instead, Judis' style of arguing is manipulative and avoids the issues; we need to continue discussion, not end it as Judis tries to do.

Stephen Vogel
Cambridge, Mass.

BAEZ LETTER

WE SUPPORTED THE VIETNAMESE struggle against American aggression because of our belief in the right of Vietnam to self-determination. We did not base our position on a forecast of the kind of society which would emerge in Vietnam. Rather, our position was based on our implacable aversion to our own country's interference in the domestic affairs of another society.

Even with the ending of the war the effect of American interference persists. After thirty years of war by the United States and with America's continuing violation of the 1973 Peace Treaty by its refusal to grant aid to the Vietnamese government, the Vietnamese people inherit a war-torn, poor, and all but decimated society.

Nevertheless Joan Baez's letter protesting inhumane actions by the Vietnamese government has raised disquieting issues. We feel obliged as socialists to express our concern about the likelihood that such practices have in fact occurred in Vietnam. The existence of inhumane practices within any and all societies must be exposed and protested by all those who value human freedom. As Americans, though, we feel particularly concerned that criticism of the Vietnamese, however valid, not fail to point out the fundamental responsibility of the American government for the plight of the Vietnamese society.

-Lou Ferleger, Mary Hardwick, Carole Iven,
Paul Lyons, Jay Mandle, Joan Mandle
Philadelphia

TIME FOR WISDOM

YOUR EDITORIAL (*ITT*, JULY 4) REGARDING Israeli settlements on Palestinian soil is a masterpiece of political understanding and common sense. These settlements do not add one iota to the military security of Israel, create tremendous administrative problems, as the uprooting of people always does and prejudice the political position of Israel in the international arena.

Begin should learn from Bismark who was not interested in taking one inch of soil from the vanquished but made war to prove that it was more advantageous for everybody to side with Prussia than to fight against her. Israel, many times the victor in too many wars, should refrain from an expansionist policy that will cost her her friends.

In case no one else noticed, the world is going through a convulsion unlike any upheaval since the end of the Second World War. The balance of power is shifting and no one knows where it will find equilibrium again. The United States, Europe and Japan find themselves very hard pressed in their attempts to preserve an internal propriety based upon industrialization, industrialization that, for the most part, relies on oil. This is, therefore, the most inopportune time for Prime Minister Begin to play a biblical role, a mental phantasy without

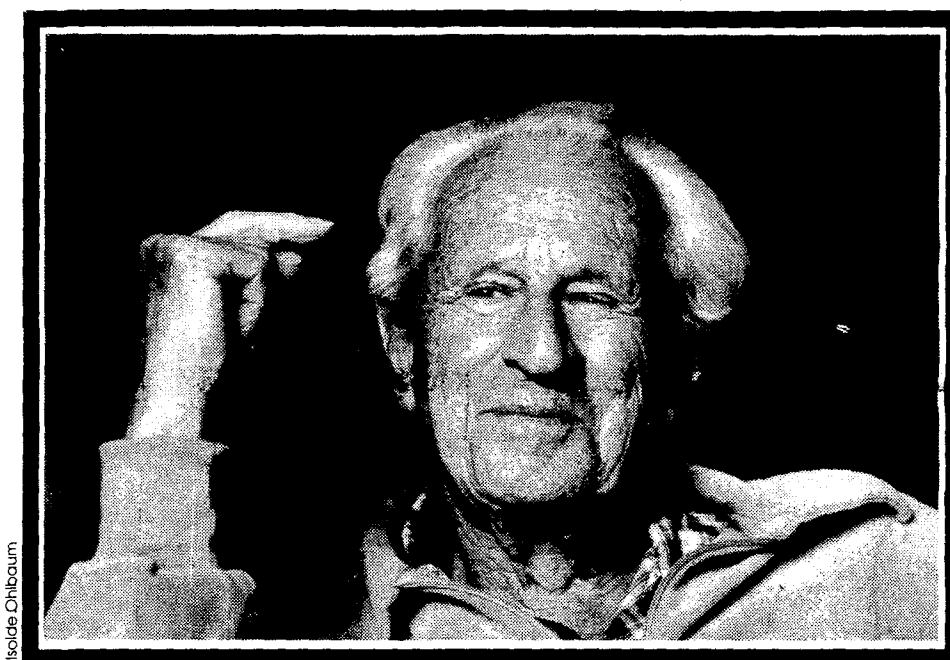
political reality.

Israel, to begin with, was carved out of Palestine mainly because of the Nazi outrage, paid for by American and Anglo-French Zionist bankers, at the expense of the Palestinian people. The argument Palestine is the Land of the Jews is one that, historically speaking, does not hold water. If we are to apply this argument elsewhere, it would follow that Miami should be turned over to the Cubans because Florida, once, belonged to Spain! This is absurd.

On the other hand, the state of Israel exists and there is no sense in talking about "driving the Israelis to the sea" and returning Palestine to their rightful owners. If devolution were to become the praxis of the epoch, mankind would be condemned to spending the remainder of history as one nomadic tribe trying to find out who belongs where and what belongs to whom!

It is time to cease this slaughter of Jews and Arabs on the most sacred soil on the face of the Earth! It is time to realize that the true heroes are not the warriors, but the men of wisdom and peace. It is time for the Israelis to rely on the strength of their character, the only true measure of national stature and remember the days when the Jews were an uprooted people, strangers in every land.

-Art Liebrez
Sepulveda, Cal.



A letter from Marcuse's family

AS MEMBERS OF HERBERT MARCUSE'S immediate family, we have been asked for our suggestions as to memorial activities for him. We thought we might best respond in the form of an open letter to Herbert's many personal and political friends, as well as to our own friends.

Herbert always felt keenly the importance of preserving and protecting the intimate sphere of the life of the individual. For this reason he had always celebrated the important private events of his life in the intimacy of his family and closest friends. For the same reason we conducted our personal mourning ceremony for him in private, deciding against a public funeral, and had his body cremated, in accordance with his wishes.

Herbert Marcuse was a German Jew who was forced out of Germany by a fascist government, and found refuge in the U.S. He became an American citizen, and always admired the diversity and acknowledged the relative political freedom that this country provided. Although he was not religious, it was important to him (and it is to us) that he was Jewish. Accordingly, we said Kaddish, the traditional Jewish words of mourning, for him when he died. The aspect of the Jewish tradition with which Herbert most strongly identified is the importance it places on the struggle for justice in this life, in this world: its insistence on the ongoing effort "to use life to help bring about a better life."

While Herbert cherished the intimate spheres of life, he also was deeply con-

vinced that human beings are, in their essence, political beings, and that it belongs to the very nature of a human being to attempt not only to understand the world but also to change it. Politically, he saw continual theoretical work as absolutely vital for an emancipatory socialist practice. He aspired to a very high standard of decency and humanity both in his personal life and in his political role, and his final words, in a political conversation, often were simply: "carry on!"

Herbert Marcuse is dead. Neither we nor anyone else can nor should attempt to speak for him. But for those who wish to undertake memorial activities in his honor, it would be our own hope that such activities take place in the tradition of intellectual work and political activity in which Herbert saw himself, which we have tried to describe briefly in this letter.

For those who wish to make contributions in his memory, gifts to any of the causes which Herbert supported in his lifetime would certainly be welcome. Most recently he was actively involved in the attempt to obtain freedom for Rudolf Bahro, the East German dissident Marxist who was imprisoned for writing the book *The Alternative*. Contributions to that cause may be sent to the Committee for Rudolf Bahro, c/o Rudi Dutschke, Heibergsgade 25, Aarhus 8200, Denmark.

-Erica Sherover Marcuse
La Jolla, Cal.
-Peter Marcuse
Waterbury, Conn.