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ZEALOTRY AND 'THE SATANIC VERSES' ■ PREPPING FOR THE SAT'S

U.S. News & WORLD REPORT

FEBRUARY 27, 1989

\$1.95

THE FIRST HUMANS

Science's
new view of
who we were
and the way
we lived



Homo habilis

4 Letters to the Editor

CURRENTS

8 One Week

- 13 The unmaking of Winnie Mandela ■ The gavel of Gerhard Gesell ■ Let George (Washington) do it ■ What a life is worth to business ■ The Kirov Ballet unbound

18 Washington Whispers

U.S. NEWS

- 20 The conservative war on poverty. How far can Jack Kemp's ideas go?
- 26 A housing program that really works
- 28 Lurching toward peace in Nicaragua. Agreement takes Bush team by surprise
- 30 **Tomorrow:** The next wave of gun control is aimed at assault rifles

WORLD REPORT

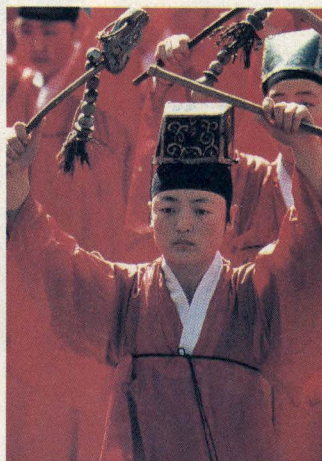
- 31 Moscow's new Mideast policy. While Washington waits, Gorbachev woos Israel and Arab moderates
- 34 In a battered provincial capital, the scent of victory divides Afghan rebels
- 35 Can South Korea play in the big leagues? A revealing look at a hard-working people with an insular past
- 43 **Worldgram:** Bonn delays on missiles; Japan's political system under fire



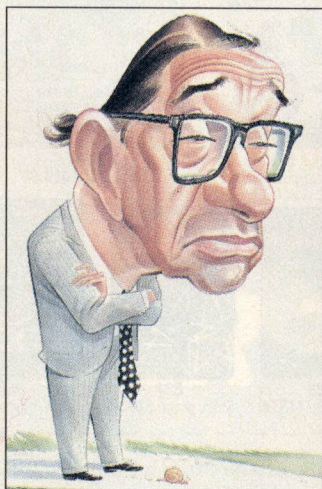
52 Man's direct ancestor *Homo habilis*



20 HUD chief Jack Kemp plans to conquer poverty



35 In South Korea, a mix of new and ancient ways



45 Chairman Greenspan leads lonely Fed fight

BUSINESS

- 45 Greenspan vs. inflation. Can he convince Bush that higher interest rates now mean prosperity later?
- 47 The coming clash over choppers. Japan's ambitious heliport project
- 51 **Economic Outlook:** Bush's stealth budget and capital-gains-tax reductions

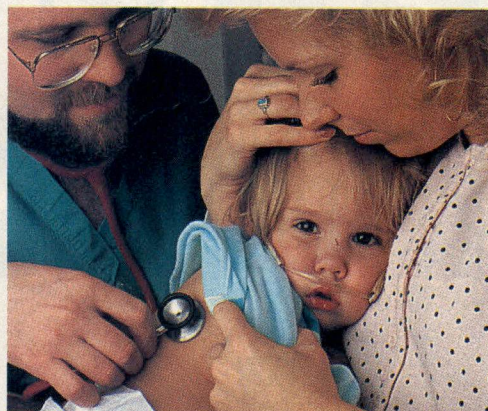
HORIZONS

COVER

- 52 The first humans. Forget the noble savage: New scientific detective work suggests that early man slept in trees and scavenged for food. But he had many uniquely human traits—among them, the ability to plan

NEWS YOU CAN USE

- 62 Health: Less pain for the littlest patients
- 65 Education: A multiple choice of SAT cram courses
- 70 **Eye on Wall Street:** Will 1989's fast start fizzle out?
- 72 Travel: Taking a powder late in the skiing season
- 75 **Vital Statistics**
- 78 **News You Can Use:** Winter baseball; small-business liability; microwave myths
- 79 **Editorial:** The facts of life



62 Stronger painkillers for children

COVER: Illustration by Brad Holland

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FEBRUARY 27, 1989

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Trial or Travesty?

TIME

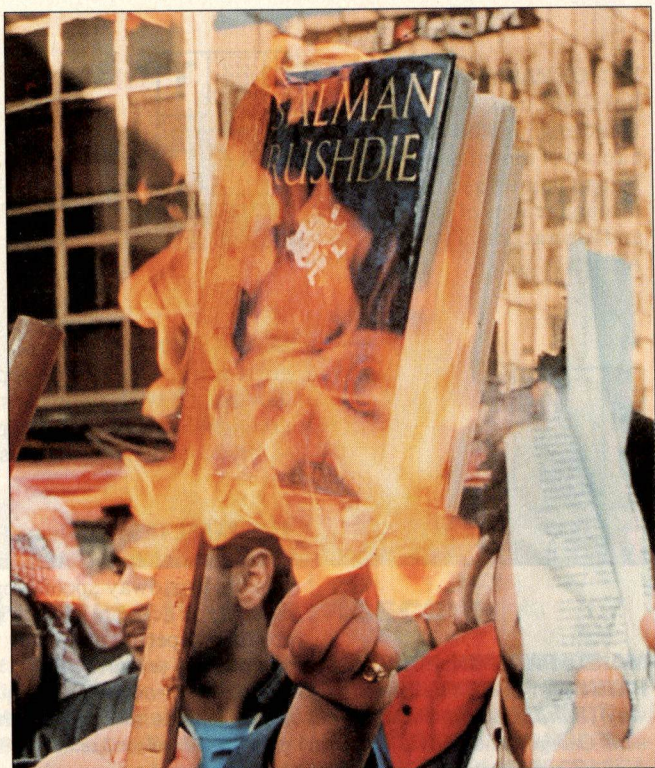
**The
Ayatullah
Orders
A Hit**

**He causes
an uproar by
sentencing author
Salman Rushdie to
death for his book
*The Satanic Verses***



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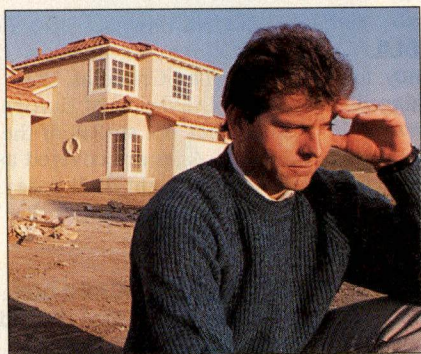
COVER: Hunted by an angry faith, novelist Salman Rushdie is at the epicenter of a storm between East and West 28

With Khomeini's death sentence hanging over his head, Rushdie issues an apology but remains reviled by millions of Muslims. It is an extraordinary controversy, stretching from the dusty streets of the Middle East to the bookstores of America. ► What Muslims find blasphemous in *The Satanic Verses*. ► Salman Rushdie, born in Bombay, educated at Cambridge, is now a man on the run.



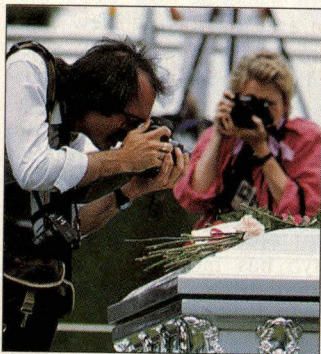
NATION: A torrent of refugees from Central America pours across the Rio Grande, creating an immigration crisis 14

With U.S. policy in disarray, Texas becomes a giant way station for the latest wave of arrivals. ► The trial of Oliver North is finally about to begin. ► Secretary of State James Baker discovers that striped pants go on one leg at a time. ► California's "Governor Moonbeam" is back in politics. ► New TIME polls: Bush is up, Tower is down, and the urge to control assault rifles is rising.



BUSINESS: Despite daunting odds, plucky first-time buyers are unlocking the front door to home ownership 50

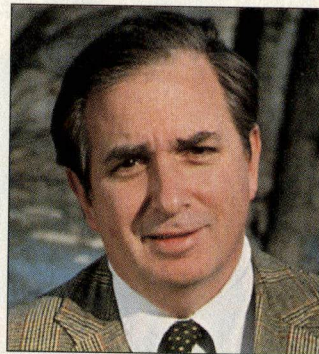
The fundamental desire of Americans to own their own property has inspired some creative ways to reclaim the dream even as prices and interest rates continue to climb. While young first-timers must often settle for less than their parents had, most are delighted to be able to afford a home. ► Cleaning up the auto-insurance mess calls for a new system: coverage by the tankful.



PRESS: When reporters knock on death's door

In covering tragedies, do journalists go too far? News professionals and critics gather to discuss one of the media's toughest assignments.

49



PROFILE: Richard Darman is Bush's deficit doctor

The new OMB Director brings idealism, pragmatism and experience in six Cabinet departments to Washington's most difficult job.

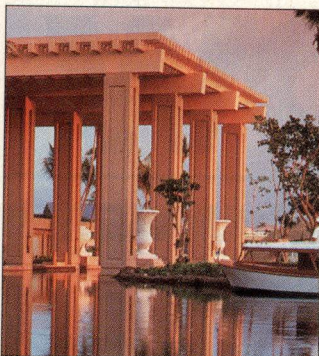
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ENVIRONMENT: Boston girds for the great rat war

The city hires a Pied Piper to take care of thousands of voracious rodents that will be rudely evicted from their subterranean homes by highway construction.

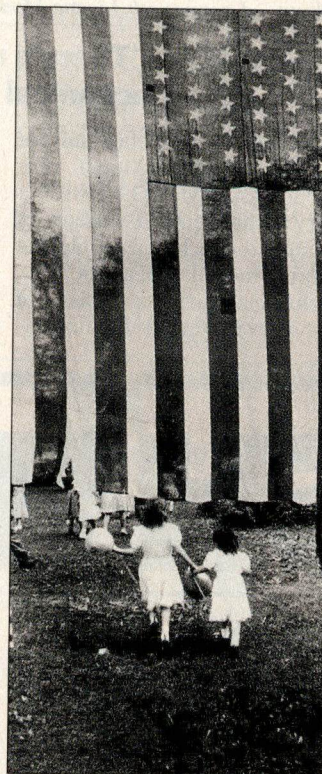
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TRAVEL: What \$360 million buys in luxury and fantasy

On Hawaii's Big Island, Hyatt offers the world's most expensive tropical playground for visitors in search of a vacation worth bragging about.

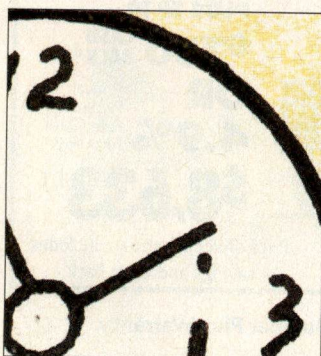
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PHOTOGRAPHY: The camera has a happy 150th birthday

To mark the event, the Museum of Fine Arts in Houston assembles a splendid survey of the greatest sights captured by a shutter, from Nadar to Walker Evans, from Western landscape to the world at war. It was a century and a half in which men and women looking through a lens remade the world in their own images.

64



BEHAVIOR: Why many poor children fare badly in school

A unique study shows that inner-city youngsters often grow up in homes where there are few daily routines. The children do not develop the sense of time that is needed in a classroom environment.

74



BOOKS: A riveting successor to *Ragtime*

E.L. Doctorow's *Billy Bathgate* is the tale of a Bronx boy who comes under the vivid tutelage of a gangster named Dutch Schultz. Combustible reading.

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Cover:
Illustration by
Mel Odom

JAPAN ENTERS A NEW ERA
Heading for Future Shock

Newsweek®

February 27, 1989 : \$2.00

'Satanic' Fury

Putting a Price on the Head
of Salman Rushdie



Tokyo Rising

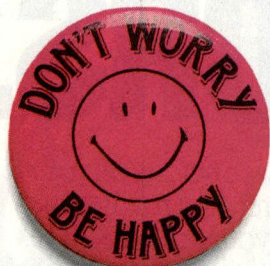
As leaders of the world converge on Tokyo to pay tribute this week to the late Emperor Hirohito, they will find a Japan that some think is already "halfway to hegemony." Does this increasingly self-confident economic Goliath have global ambitions? Or are there limits to the growth of Japanese power? **Special Report: Page 14**



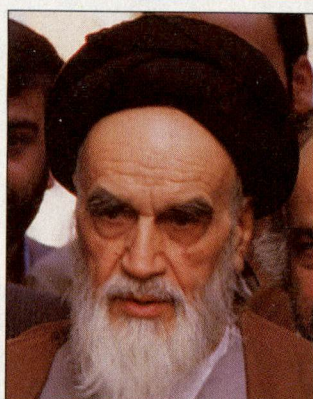
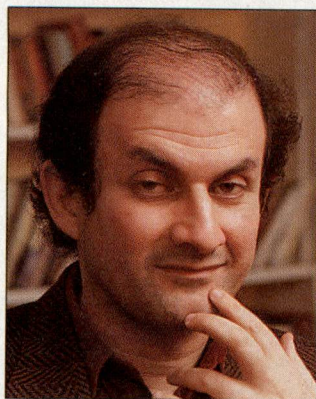
'Achieving peace': The fleet

Get Happy!

Feeling depressingly cheerful of late? Blame it on Bobby McFerrin, whose ubiquitous recording of "Don't Worry, Be Happy" has the whole world smiling. Not to mention cashing in, thanks to an epidemic of happy-time books and Smiley Face clothes. But take heart: an anti-ecstasy backlash may be building. **Lifestyle: Page 74**



Niceness triumphs: Buttons up



A work of the imagination—or the Devil? Rushdie, the ayatollah

Khomeini's 'Satanic' Fury

Last week Ayatollah Ruhollah Khomeini proved that, at 88, he still has the power to convulse the Islamic world and send shivers of fear and loathing through the West. The object of his wrath: Salman Rushdie, author of "The Satanic Verses." Khomeini denounced

the novel as blasphemy, and his followers put a price on Rushdie's head. The issue became a litmus test of Islamic morality—and in the West, where some booksellers gave in to pressure from demagogues, it became a test of a different kind. **International: Page 34**



As travelers hurry home, a homeless man gets ready for a long night

Nightmare on 42nd Street

The nation's busiest bus stop is a microcosm of society's ills. Located just blocks from some of the country's richest streets, New York's Port Authority Bus Terminal is a place where

dressed-for-success suburban commuters come face to face with the homeless and the addicted, the drunks and the hustlers, the jobless and the desperate. **National Affairs: Page 22**

Letters to the Editor should be sent to NEWSWEEK, 444 Madison Avenue, New York, N.Y. 10022, and subscription inquiries to NEWSWEEK, The NEWSWEEK Building, Livingston, N.J. 07039. NEWSWEEK (ISSN 0028-9604), February 27, 1989, Volume CXIII, No. 9, is published weekly, \$41.08 a year, by NEWSWEEK, Inc., 444 Madison Avenue, New York, N.Y. 10022. Second Class postage paid at New York, N.Y., and at additional mailing offices. POSTMASTERS: Send address changes to NEWSWEEK, The NEWSWEEK Building, Livingston, N.J. 07039.

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