'Debt-for-nature' policy targets seized S&L assets

by H. Graham Lowry

Republican Gov. Pete Wilson of California is demanding that "environmentally significant" assets seized by the federal government from bankrupt thrift institutions be turned into enforced wilderness. The brainchild of the top-level genocidalists of the environmentalist movement, the so-called "debt-for-nature" swaps, have already been endorsed by the Bush administration for Third World countries, notably Ibero-America. Wilson's move now puts the scheme on the domestic agenda of the new world order as well.

At the end of March, California's new secretary of resources, Douglas Wheeler, asked the federal government's Resolution Trust Corp. to release properties of bankrupt S&Ls across the nation which environmentalists think need "protecting." Instead of being auctioned off to the highest bidder, they would be sold to state resource agencies and "public interest groups" at a fraction of their market value and be converted to "ecological reserves." California officials estimate that the plan could apply to at least 15% of the current roster of 41,000 seized assets—including corporate paper and junk bonds held by the defunct S&Ls, which could be exchanged for private landholdings!

With funding from major foundations and corporations of the liberal establishment, American environmentalists pulled off the first "debt-for-nature" swap as a private project in 1987, using Bolivia as a guinea pig. For $100,000, they bought up an uncollectible $650,000 that Bolivia owed to Citicorp, and then agreed to write it off, in return for the Bolivian government's promise to set aside a 3.7 million-acre buffer around its "Beni Biosphere Reserve" and to spend $250,000 to keep it out of development.

Since then, the same swindle using private channels for debt-enforced blackmail has been employed in 14 other cases, resulting in locking up huge tracts of wilderness in Ecuador, Costa Rica, the Philippines, Madagascar, Zambia, the Dominican Republic, and Poland. The global policy emanates from the paganist World Wildlife Fund of Britain's Prince Philip, and has been most actively promoted in the United States by the Nature Conservancy.

With a goal of massively reducing the world's population, these circles have always sought government enforcement of prohibitions against economic development, since private efforts cannot operate on a sufficient scale. As John Sawhill, the head of the Nature Conservancy, recently put it, the overall effect of charitable donations is "peanuts."

The emerging U.S. policy

The World Wildlife Fund lobbied intensively for U.S. adoption of its "debt-for-nature" policy during the 1988 presidential campaign. George Bush's election raised the Skull and Bones banner over the White House, and moved William Reilly from the World Wildlife Fund to direct the Environmental Protection Agency. Reilly has been the leading voice in the administration for trading debt owed the United States for debtor countries' imposing restrictions on their own growth.

In June 1990, President Bush incorporated the policy as a central feature of his genocidal Enterprise for the Americas initiative, and is now planning to extend the debt swaps to loans made by the Agency for International Development, as well as Export-Import Bank and Commodity Credit Corporation loans originally issued to promote U.S. exports. On condition that the debtor countries meet the demands of the International Monetary Fund and World Bank, and open their borders to "free trade," the Treasury would write off 50% of their debt to the United States, and convert it to local currency for deposit in "national environmental funds."

A domestic version of the policy, using the Resolution Trust Corp. as the club, was actually worked out in 1989, through a preliminary agreement with the U.S. Fish and Wildlife Service to identify and *preserve* "environmentally fragile" lands in the RTC's vast portfolio of seized properties. But in the face of the political uproar over the staggering cost of the savings and loan bailouts, the initial scheme was scrapped in January 1990, when the RTC Oversight Board reminded the agency of "its statutory obligation to maximize proceeds from its disposition of properties."

The Nature Conservancy, operating in all 50 states, continued the pressure, however; it also continued to buy up all the properties it could, to take them out of productive activity. From 1987 through 1989, private foundations bankrolled it to the tune of $28 million, on top of corporate contributions which in 1990 totaled over $5 million from oil multinationals alone. The Nature Conservancy bought the RTC's data base and sent lists of seized properties to all of its offices for environmental targeting.

Something rotten in California

Long the breeding ground for the most deranged environmentalist cults, California was the predictable venue for this latest push for an explicit federal policy of debt-for-nature swaps for domestic use. Governor Wilson's address for the recent Earth Day rituals invoked both Theodore Roosevelt and arch-pagan John Muir—two of George Bush's favorites—as the models for "Republican conservationism."

The first debt-for-nature swap in the United States was pulled off in California, with an agreement in 1988 whereby the Bank of America turned over 40,000 acres of "environmentally significant" land to settle a 13-year-old lawsuit against it by the state. The agreement was designed by the Nature Conservancy and implemented by state Controller Gray Davis, a rabid environmentalist. One of the properties acquired in the deal—a stand of redwoods in Santa Cruz County—is now managed by the Nature Conservancy.

In March, Governor Wilson signed an agreement approved by the courts based on another variation of the land-grabbing scheme, this time trading off the threat of prosecution. Charges were dropped against Unocal Corp., one of the oil companies accused in a state anti-trust suit of conspiring to cheat the city of Long Beach, by holding down prices of crude oil pumped from its tidelands. Unocal agreed to make partial payment by turning over title to "hawk and kite habitats" in Contra Costa County, "vanishing chapparal land" on the Burton Mesa of Santa Barbara County, and "rare dunes" along a creek in San Luis Obispo County.

"Debt-for-nature exchanges are clearly the wave of the future," Controller Davis said recently. "In a decade of limited public funds, it may be the best way to acquire important environmental properties." Resource Secretary Douglas Wheeler, a former official of the Sierra Club, says of the scheme, "Here is a chance for the public to derive some real benefit from the savings and loan crisis. This is really quite an extraordinary conservation opportunity."

As for the RTC's obligation to "minimize losses for the taxpayer" in disposing of seized properties, Wheeler argues that "protection of environmentally sensitive assets is every bit as much in the public interest as would be the sale of those assets. We have to enhance our arsenal and increase the attack if we are going to preserve land which is still undeveloped for future generations."

The plain fact of the matter, however, is that the swap arrangement is an assault on the taxpayers' pockets, designed to have them pick up the tab for an environmentalist program of shutting down productive industry and agriculture.

The revealing case of Pacific Lumber

The tipoff to the swindle involved in California's plan, is that the specific swap which Wheeler has proposed to the RTC, involves junk bonds floated by Pacific Lumber Co., owned by notorious Wall Street raider Charles Hurwitz's Maxxam Corp. As *EIR* has documented (June 8, 1990), Pacific Lumber was the intended beneficiary of a $910 million taxpayers' buyout of its 3,000-acre Headwaters Forest of old-growth redwoods, through bond issues proposed in the environmentalist referenda "Big Green" and "Forests Forever" rejected last November.

Had they passed, asset-stripper Hurwitz would have pocketed more than he paid for the entire operation, acquired in a leveraged buyout with $660 million in junk bonds. Pacific Lumber's holdings include another *175,000 acres* of prime second-growth timberland. Hurwitz has treated the company like a cash-cow, intending to squeeze it dry, take the money, and run.

Recently, the RTC seized Columbia Savings and Loan of Beverly Hills, and the assets acquired include $55 million worth of junk bonds issued by Pacific Lumber. Wheeler is negotiating with the RTC to acquire the bonds at a deep discount, and then swap them with Hurwitz in exchange for turning part of Headwaters Forest into an environmental preserve—eliminating another chunk of California's vital timber industry. Some reports circulating in California suggest that, as part of the deal, the state would also free the company from a web of environmentalist lawsuits seeking to block it from logging its other lands.

Meanwhile, Governor Wilson is making it a high priority to see that the state acquires all of Headwaters Forest—and that Charles Hurwitz gets a few hundred million dollars more. Despite the state's record $12.6 billion budget deficit, Wilson proposed a major "conservation" program on April 22, to be financed by a $628 million bond issue, with the taxpayers footing the bill. The major component? You guessed it: $300 million to purchase old-growth redwoods, owned by Pacific Lumber Co.