

“From information pieced together from Iranian exile sources and intelligence analysts, it appears that the pattern of cooperation between the Khomeini people and circles nominally in Reagan’s camp began approximately six to eight weeks ago, at the height of President Carter’s efforts to secure an arms-for-hostages deal with Teheran.

“Carter’s failure to secure that deal, which a number of observers believe cost him the Nov. 4 election, apparently resulted from an intervention in Teheran by pro-Reagan British intelligence circles and the Kissinger faction. ‘Remember the walkout of a certain hardline faction of the Iranian clergy?’ said one source. ‘That was no accident. It was orchestrated with the Fedayeen-e Islam by the Reagan people.’ The walkout postponed the Iranian majlis’s (parliament) acceptance of the Carter offer until it was too late to affect the outcome of the election.”

Jimmy Carter’s signal

On April 26, 1991, former President Jimmy Carter told the *Wall Street Journal* that he found the October Surprise allegations “almost nauseating” and wanted a full inquiry immediately. Sources close to the Democratic National Committee had previously told *EIR* that such a statement by Carter would be a signal for congressional Democrats to push hard for the October Surprise probe.

By April 30, Speaker of the House Thomas Foley (D-Wash.) was acknowledging that he was “exploring informally” the mechanisms for a congressional probe of the November 1980 election scandal. House Judiciary Committee chairman Jack Brooks (D-Tex.) is considering a probe, and on May 2, House Foreign Affairs subcommittee chairmen met with Gary Sick to review evidence that he had compiled. Rep. Butler Derrick (D-S.C.) has begun circulating a petition among fellow congressmen calling on Speaker Foley to appoint a “nonpartisan commission of private citizens” to investigate. That idea was originally floated in a *New York Times* column by former Carter State Department official Leslie Gelb on April 16, 1991.

The situation has not yet reached anywhere near the proportions of the Watergate scandal that ousted President Nixon. However, the knives are out, and Bush is a man with many skeletons in his closet. The targeting of LaRouche on the issue of the Palme assassination—whether or not the libel was commissioned by the President’s men—may be a signal that the real scandal that has White House aides and the President losing sleep is not the events of October 1980, but rather the often bloody coverup of the later scandals of the Iran-Contra debacle. In the case of Irangate—including the Irangate-motivated Palme murder—LaRouche and *EIR* were way out in front of the story, and anyone who wants to get to the bottom of the foreign policy disasters of the 1980s would do well to study the *EIR* archives.

Maybe that’s what they are doing at the Old Executive Office Building tonight.

Book Review

Post-industrial Buffalo: Who killed a great city?

by Denise Ham

City on the Lake, History and the Challenge of Change in Buffalo, New York

by Mark Goldman

Prometheus Books, Buffalo, N.Y., 1990
324 pages, paperbound, \$15.95

Buffalo is a case study of what went wrong with America, and Mark Goldman’s book celebrates this tragedy of collapse and decay. Written as a social history, Goldman recounts the de-industrialization, de-education, and transformation of what was one of the greatest cities in America. Goldman, an insider to this process, promotes the post-industrial collapse.

Anyone trying to figure out why the United States is bankrupt today, must study the last 25 years of our bad economic policy. After the assassination of John F. Kennedy in 1963, the nation’s cities went through a social upheaval. Every major industrial city in America became the hunting ground for the CIA-trained social fascists. Using the ancient method of “divide and conquer,” whites were pitted against their black neighbors in the workplaces and in the schools. Applying the psychological warfare methods of the wartime Office of Strategic Services against the enemy, CIA-run think tanks did psychological profiles on U.S. cities to determine their weak points, so they could more efficiently be destroyed. No bombs were needed in this effort; instead, the job of the think tanks—Ford Foundation, RAND Corp., Rockefeller Foundation, etc.—was to figure out how to brainwash the mostly ethnic and black industrial work force, ultimately, to impose zero growth, post-industrial economics upon itself.

The most efficient method of controlling people is to prey upon their backward, pluralistic tendencies. Tavistock Institute, the premier psychological warfare/counterinsurgency outfit, took the point in 1966 in a report targeting the threat the NASA Apollo Program posed to the de-industrializers’ efforts, not just because it generated a 14:1 spinoff in high-technology industries, but *because it fostered cultural and scientific optimism* in the citizenry as a whole. By Tavistock criteria, advanced technology and scientific advance-

ment were bad; but hope, excitement, and optimism about advancing mankind was insupportable.

The way to detect the counterinsurgent organizers in your neighborhood, is to watch how they ingratiate themselves toward an existing prejudice. Buffalo was an easy target: With the mix of ethnic Irish, Italian, and Polish working class, in an economy that was already decaying, the hostilities among these groups reached a frenzied pitch when black people demanded equal rights. A fertile field for the counterinsurgent, whose job is to enter the community halls, unions, and religious institutions, and pit everyone against each other. This method rarely succeeds in an economic climate of healthy industrial growth, but Buffalo was beginning to suffer from unemployment and increasing poverty.

Saul Alinsky, counterinsurgent de-schooler

One of the top social controllers in the late 1960s was counterinsurgency specialist Saul Alinsky. Alinsky's henchmen traveled from Chicago to other industrial cities to foment paranoia and fear of outsiders. Goldman gives us a classic example in the chapter on "New Schools for a Changing City":

"BUILD [an acronym for Build Unity, Independence, Liberty, and Dignity] had been created in 1967 when a group of white and African-American churches and community organizations brought Saul Alinsky, Chicago's community organizer, to Buffalo to organize the black East side. . . . BUILD began a study of the Buffalo public schools and early in 1968 issued a report it called 'Black Paper No. 1.' Citing the 'murderous conditions in ghetto schools,' the paper called for the creation of a 'ghetto academy' that would stress parent involvement. . . . the report concluded: 'We have got to take back the schools. We have got to make them community schools. Public schools are run by people who don't understand black people, our history, our culture. In fact, most of the people who run and teach in our schools are afraid of black people, afraid of black children. . . . What distinguished the BUILD academy from all the other schools in Buffalo was its dedication to strong and effective parent and community participation in school affairs.'

This farce was exposed by Lyndon H. LaRouche and his associates as the heart of racism. In 1975, in an article entitled, "What Happened to Integration?" LaRouche exposed the CIA nexus which created what was unabashedly called "de-schooling," and today is identified as "political correctness":

"The principal reason for the rapid deterioration of classroom instruction was economic. The object of the takeover [by Alinskyite counterinsurgents] was to fund a local community school apparatus under circumstances of declining real public revenue allocations per pupil. The attempted shift of funds to create porkbarrels for the 'community control' project itself was intended to come principally from teachers' salaries. This porkbarrel fund was sought therefore by policies for hiring less-qualified teachers at lower salaries, and then attempting to rationalize the result as 'improved educa-

tion' on the premise that the instructor was non-union and black or Hispanic and by the ruse of packaged 'animal training' classroom drill programs such as those aimed at producing improved literacy test scores without increasing the pupil's cognitive reading abilities. . . ."

By the mid-1970s, Buffalo's local control apparatus was in place, ready to further the task of destroying education. In the chapter "New Schools for a Changing City," Goldman explains:

"BUILD was articulating a philosophy of community control and parent involvement that *appealed* to [parent Elizabeth Burgos], and she joined the organization. . . . Her husband worked at Bethlehem Steel and had barely survived the massive layoffs of 1977. . . . Burgos knew that the days of heavy industry were numbered and was concerned about developing what she called a 'real-life curriculum' at her old neighborhood school that would adequately prepare the children of the Fruit Belt [Buffalo's black ghetto] for the future."

As the story unfolds, Burgos hears that School 37 is scheduled to be closed. Horrified, she and others in the community fight to keep it open. Evelyn Cooper, "the board's most effective 'advance person,'" is deployed to sell the idea of a "Futures Academy" to Judge Curtin. Liberal Judge Curtin okays the idea, and Cooper visits "businesses, companies, and institutions throughout the metropolitan area," securing the commitment "of newspapers and television stations, banks and utility companies, colleges and the university to become 'partners of the Futures Academy.'"

"Cooper wanted their participation, she said, not their money, their involvement with the school as *advisers* to the teachers and *mentors* to the students. She wanted to create a 'town' in one of the large empty rooms on the school's third floor, where all the functions and operations of a working community would be replicated. In the 'town'—in the 'bank,' the 'supermarket,' the 'civic center,' the 'post office' and the 'movie theater'—the children, from kindergarten through eighth grade, would learn about the skills and responsibilities required by the world of work in an increasingly service-oriented economy. . . ."

Brave new world in Buffalo

In the next chapter, Goldman plays with statistics in order to prove that these new "magnet" schools helped further education:

"Buffalo's public schools improved as they integrated. In 1988 Buffalo students earned 165 New York State Regents Scholarships, twice the number won in 1977. . . . Eight of the city's schools, more than in any city in the nation, received presidential citations for excellence. . . . People began to flock to Buffalo from all over the country and from Europe and Japan to see for themselves how this down-in-the-dumps industrial city in the heart of the Rust Belt had done what Boston, Cleveland, Chicago, and New York had been unable to do."

However, in a later chapter, "Race, Class, and Ethnicity in Contemporary Buffalo," he describes "the impact of the loss of industrial jobs," and how it devastated the black community, as well as "the blue-collar middle class" which "has been shrinking all over the city." Those who couldn't join the exodus from the collapsing city had this to face:

"Poverty gnaws away at other neighborhoods throughout the city, the old ethnic neighborhoods which used to symbolize family, stability and right-living to their inhabitants. . . . The public schools in these neighborhoods are filled with the children of the poor. In fact, according to Superintendent Reville, over 60% of the children in the city's schools in early 1989 came from families that lived in poverty. Reville arrived at the number by dividing the number of children in the system into the number of those who qualified for free lunches. While that figure may be somewhat exaggerated to justify large spending requests, public education in Buffalo is saddled with crippling problems of poverty. Buffalo is poor in comparison to most urban areas. Buffalo's average 1985 personal income of \$8,840 placed it 66th among 75 cities in the country and almost \$3,000 below the national average. . . . While among the lowest in per capita income, Buffalo is among the highest in percentage of people receiving public assistance. . . . The City Mission has been serving more meals than ever before. . . . The Friends of the Night People, meanwhile, was serving 2,000 meals per month to working people. . . . Poverty then, was a critical debilitating problem for teachers and administrators in schools in the city's poorest neighborhoods. 'Some of these kids,' says Marilyn Reich, a kindergarten teacher at School 31 on Stanton Street, 'deserve awards just for getting to school.' . . . By the end of the 1980s, many began to sense that schools in these neighborhoods had become dumping grounds for the poor. The best and the brightest kids in the neighborhood schools, unfortunately labeled 'generic schools,' were being skimmed off by the magnet schools, creating a growing division along class lines within the public school system that had never before existed."

An industrial dynamo

In order to fully understand the horrors of this situation, you must know what Buffalo was before the dawn of the "New Age." Goldman, if inadvertently, shows how powerful an industrial center Buffalo was in his chapter on "The Vanishing Industrial Economy." In July 1951, *Fortune* magazine published an article on Buffalo, complete with 12 pages of "stunning photographs portraying the industrial diversity of a great city." Here is a picture of Buffalo, exactly 40 years ago:

"As recorded in *Fortune*, Buffalo was the 11th largest industrial center in the country in 1951, the third largest producer of steel, the largest inland water port, the second largest railroad center, and the 'first city in the world' in flour milling—Buffalo produced enough flour to supply every family in the country with half a loaf of bread every day. The

city had 12 railroad freight terminals that served 45,000 trains a year. And with more than half a million people living in the city itself and a million and a half in the metropolitan area, Buffalo was the 15th largest city in the country. Its five iron and steel plants employed close to 30,000 workers, one-eighth of the city's total local labor force. . . . Buffalo's American Brass was the 'number-one fabricator of copper and brass sheet, strip, and tubing'; Chevrolet's Tonawanda Plant produced a third of all Chevy engines. The city hosted heavy industries like Lake Erie Engineering, Eastman Machine, Buffalo Forge, and Worthington Pump. . . . Sylvania, Westinghouse and Western Electric. . . . Carborundum, Hooker and Vanadium. . . ."

Why the decline, then? While Goldman points his finger at foreign competition opened up by the St. Lawrence Seaway, and economic "overheating" from the Vietnam War, his real target is the same Kennedy program that produced the manned space effort—in this case, the 1962 Investment Tax Credit. His chief complaint, like the Tavistock attack on NASA, is that it fostered rises in productivity through technological advances:

"In 1960 the city's six milling companies—General Mills, Pillsbury, Peavey, Standard Milling, International Milling, and George Upton—were so productive that more than a third of the population of the United States used flour or flour products milled in Buffalo. But by the mid-1960s Buffalo's grain business began to hurt. In 1966 alone five flour mills were shut. . . . Such was the legacy of the St. Lawrence Seaway. Industry, however, was booming in the mid-1960s, spurred on by an economy overheated by spending on the Vietnam War. Other factors also played a role. Beginning in 1962 the federal government offered industry generous incentives ('investment tax credits') for the purchase of modern equipment. By 1964 Bethlehem Steel and Republic Steel, the two largest steel companies in Buffalo, had installed state-of-the-art basic oxygen furnaces able to produce as much steel in one hour as the old open-hearth furnaces produced in six."

The Investment Tax Credit policy was the right policy for a government wishing to promote industrial expansion. Unfortunately, after Kennedy's death, and with Johnson's misnamed "Great Society" programs, the American people became increasingly stupid, electing one fool after another, each promising some version of a "get rich quick" scheme. Worse, many people accepted the post-industrial economy; and many simply turned their backs on high technology, buying the line that we were destroying the environment and whining "besides, there are too many people anyway!"

The godfather of community control

The logical conclusion of this ideology was to have formerly industrial cities become centers for drugs and sports. This is exactly what happened in Buffalo. In the chapter "A New Economy for the Changing City," Goldman mentions

Richard Rich—of Rich Products, maker of the well-known soybean-based coffee creamer—as one of the “Group of Eighteen” that runs the city. Rich is described as one of the big promoters of Buffalo through his interest in sports. The home of the Buffalo Bills is Rich Stadium. Rich is currently “spearheading the effort to attract a major league” baseball team to the city. Goldman says that Rich “has unquestionably been successful in creating a new and different image for the city, one based more on sports and recreation than industry and work. . . .”

One of the baseball teams that Rich tried to bring to Buffalo was a team from Canada that is owned by the Bronfmans, of 1930s bootlegger fame, and today financial backers of the drug-mob-linked Anti-Defamation League. The deal didn't come off. Another very famous element in the Group of Eighteen is the Jacobs family, also backers of the ADL. Goldman nearly trips over his own feet in his salute of Jeremy Jacobs:

“Jeremy Jacobs, who has played an important but far more private role in the life of the local economy, is the president of Delaware North Companies. With its 205 affiliates, it has annual sales in excess of a billion dollars. It is one of the largest privately owned companies in the country. The owner of the Boston Bruins and Boston Garden, Delaware North also holds concession contracts for 14 professional baseball, hockey, football, and basketball teams, including the Detroit Tigers, the Milwaukee Brewers, the St. Louis Cardinals, the Cincinnati Reds, the Chicago White Sox, the Boston Bruins, the Chicago Blackhawks, the Buffalo Sabres, the Boston Celtics, the Phoenix Suns, the Chicago Bulls, and the Cincinnati Bengals. Delaware North is also the nation's largest parimutuel company, owning two horse-racing tracks, three dog tracks, and two jai-alai frontons. Twenty-five percent of Delaware North's business is parking—it is one of the largest owners of public parking in the country—and in 1986 Jacobs bought the Dairy Farm company, a Hong Kong food service business with contracts at six airports in Asia.

“Delaware North . . . was alleged to have links to the underworld (in 1972 *Sports Illustrated* did a cover story on the company, then known as Emprise, in which Louis Jacobs was referred to as the ‘Godfather of Sports’) but under Jeremy's management the company shed much of its questionable taint. . . .”

Author Goldman, however, neglected to mention the 1976 murder of investigative reporter Don Bolles, which nearly toppled the empire. The bestselling exposé book *Dope, Inc.*, first issued in 1978, devoted a chapter to “The Jacobs Family's Emprise: Sports and Crime,” starting from the Bolles murder and showing how the Jacobs sports concessions have provided a perfect channel for the laundering of illicit profits, including from drugs. By the time of *Dope, Inc.*'s second edition in 1986, the *EIR* investigators who wrote the book were able to document a far larger empire than the one described by Goldman—who also fails to mention that the Buffalo-based Marine Midland Bank was taken

over by the Hongkong and Shanghai Banking Corp., the flagship bank for international drug-money laundering since the Opium Wars. Among Jeremy Jacobs's close business associates, it was Paul Schoelkopf who spearheaded the local campaign for the banks' merger. (In fact, the book *Dope, Inc.* was first commissioned to combat the takeover of U.S. banks by what was then \$200 billion in offshore drug-money-laundering operations.)

The book's “careful analysis” is really a duplicitous apology for fascism in America. Yet while Goldman lauds the success of the community controllers in creating better schools and, in general, gives the impression that the revitalization of the economy is on the horizon, the truth of what Rich, Jacobs, and the other sports moguls and their CIA accomplices have done to Buffalo slips out:

“As in African-American neighborhoods all over the country, whole communities are plagued by a pervasive and insidious social disintegration that gets worse every day. Although still lower than in other cities of similar and larger size, drug-related crime is growing at a rate that is frightening to people throughout the community. . . . Recently, Buffalo has become a major distribution center for heroin, cocaine and marijuana leaving and entering the country across the Peace Bridge. It is a tradition that goes back to Prohibition.”

Who Killed Olof Palme?

A Classical KGB Disinformation Campaign:

NBC-TV and the Soviet military daily *Krasnaya Zvezda* both blame LaRouche. . . .

Swedish Police Chief Hans Holmér suppresses major lines of inquiry, becomes a laughingstock. . . .

Twelve Stockholm investigators resign from the case, in protest against Holmér's cover-up. . . .

The British press breaks the story of Emma Rothschild's love affair with Palme—and the possibility that her father is a Soviet spy. . . .

What's the real story?

Read *EIR*'s Special Report,
available for \$100 from *EIR* News Service,
P.O. Box 17390, Washington, D.C. 20041-0390.
