
Book Review

The 'free enterprise' route to genocide

by Nancy Spannaus

A Response to Global 2000

edited by Julian I. Simon and Herman Kahn

Basil Blackwell, Inc. 1984

New York and Oxford, 1984, \$19.95

In criticizing *The Limits to Growth*, the Club of Rome tract which was the precursor of the Carter administration's *Global 2000*, leading economist Lyndon H. LaRouche, Jr. identified two glaring errors: 1) outright factual stupidities about the availability of world resources; and 2) methodological errors based on the acceptance of linear trend projections. *The Resourceful Earth* corrects the first of these problems, but not the second. Worse, it seeks to cover up the inevitable consequences of leaving the world economy in the hands of the international bankers and the IMF, who are now driving it into the ground.

The Resourceful Earth is a collection of essays by "experts" in various fields of physical science, all of whom are committed to debunking the scare projections of *Global 2000*. The book's statement of purpose and faith begins from an admirable standpoint. Right from the beginning, the editors say: "We are confident that the nature of the physical world permits continued improvement in humankind's economic lot in the long run, indefinitely." (p.3)

From this standpoint, the essayists offer a plethora of useful facts countering the pessimism of *Global 2000* in areas such as land use, water, fishing, and forestation. The book also takes an unequivocal stand against the call for depopulation by *Global 2000*, a call which demanded that the world's population be reduced by 2 billion people from what it had been projected to be. Simon and Kahn oppose population "stabilization" for both the United States and the Third World, noting that "recommendations to other countries—and even more so, pressure upon them—to institute and carry out policies with respect to their population growth rates are not warranted by any facts about resources and population, and they constitute unjustifiable interference in the activities of other countries, because such policies must necessarily rest upon value judgments."

The Resourceful Earth also makes a strong pitch for nu-

clear power, including fusion power, and exposes the detractors of nuclear energy as ignorant and damaging to the environment.

But the editors and their financial sponsors at the Heritage Foundation have a broader, a less benign purpose in mind than simply spreading optimism about the future. They are devoted to preventing any government intervention that might save the world from the unprecedented holocaust which it is currently facing.

In the view of Simon and Kahn, the weaknesses of *Global 2000* rest on the fact that it was a government-sponsored report, and that its primary recommendations are to greatly enhance the power and funding of the government to evaluate and make recommendations on the use of "scarce resources." There is no question but that the Carter administration created a huge, destructive bureaucracy around its zero-growth perspective. But the problem did not lie in the fact of government sponsorship, but rather in the venality of the individuals from the genocide lobby who were running the study. It was their Malthusian premises which determined the outcome.

Simon and Kahn disagree. They declare from the outset that it is the intervention of the world's governments into the question of resources that has choked economic progress. Then, to underline their point, the editors give an illustration of what they consider "inappropriate" government intervention—the food situation in Africa!

What a cynical fraud! Twenty-four countries in Africa are currently on the verge of extinction due to their inability to either buy the necessary imports, or invest in the agricultural and transport infrastructure projects which would allow these countries to feed themselves. Agricultural productivity in Africa has not been hindered by the current governments, but by the supranational institutions such as the IMF and the World Bank which have implemented a policy of systematic credit cut-off to this area of the world.

The Africa example is the key to exposing the hidden agenda of *The Resourceful Earth*. For not only do Simon and Kahn totally misrepresent the cause for the accelerating famine in Africa, but they essentially deny the existence of that famine, and the threat it represents to more than 100 million people.

According to Simon and Kahn, "The food supply has been improving since at least World War II," and such a historical trend can be expected to continue. "World food prices have been trending lower for decades and centuries . . . and there is strong reason to believe that this trend will continue," they argue—in contrast to the prediction by *Global 2000* that real prices for food would double. But then they let loose with the giveaway to the fact that they are indifferent to the current massive starvation in Africa and elsewhere. "If a problem exists for the U.S., it is a problem caused by abundance."

In fact, there is no problem of abundance in the United States or elsewhere. World food production is being massively reduced by collusion between the grain cartels and the IMF, putting famine on the agenda for the United States as well as the Third World within a matter of months.

Simon and Kahn systematically ignore the fact that there has been a shift in policy orientation toward the developing sector, with the intention of implementing the predictions of *Global 2000*. By extending the period on which they calculate the "historical trend," to 30 years rather than 10-15, they attempt to obscure the decision made by leading financial oligarchs to wipe out the nations of Africa. The rate of decline in food production in Africa, and in the willingness of outside agencies or countries to aid the Africans, has been the result of a deliberate policy commitment by these forces. To "average out" this decline, with the previous increase in per capita food supply, is a fallacious coverup of the IMF's genocidal intent.

Unfortunately, this method of "analysis" is pervasive in *The Resourceful Earth*. Whenever the authors do not want to accept the predictions of *Global 2000*, they reach far enough back in time to show an "average" which represents an improvement. Thus, sharp shifts in policy, the actual intent of genocide, are smoothed out and obscured.

It is also clear that the editors are operating off the view that it is the free market, or "invisible hand," that will ultimately "fix" the match of resources with the need for those resources. Could someone with as much political experience as the late Herman Kahn actually fail to understand that the invisible hand is nothing other than the pickpocketing fingers of the financial oligarchy? I doubt it. Kahn was close enough to policymaking circles internationally to understand that the determination of economic policy is not a matter of chance; it's either determined by governments or by private interests; but there are real human beings governing the actions of those hands.

Thus, the attack on the overabundance of American food stocks is nothing but a declaration of intent to let millions of nonwhite people die. One has to be a cynical "free enterpriser" indeed to call for a reduction in food stocks in the midst of one of the worst acknowledged holocausts in modern history.

Methodological flaws

So far, we have taken on the Kahn-Simon thesis on the basis of its policy difference with those like us who are committed to establishing an economic order consistent with the morality of providing every human being, no matter what his or her color or residence, with food, shelter, and a living standard as high as that of people in the industrialized nations. But there is a deeper incompetence here.

Kahn and Simon proudly declare that they, unlike *Global 2000*'s sponsors, rely heavily on trend data. Putting aside for the moment that some of the trends they refer to are such meaningless figures as the standard figures for Gross National Product, which accounts the sales of gambling stocks the same as it does production of steel, reliance on linear trend lines represents the height of idiocy. It is just this kind of idiocy which has allowed the United States and the rest of the world to fall into the worst depression since the 1930s, while the professional economists have been predicting endless prosperity.

The central trend which the editors cite is the trend of reduction of prices of raw materials, in particular energy-related raw materials such as oil and coal. Implicit in this argument is the central assumption that the advanced sector can continue to loot the Third World by underpricing raw materials production for the indefinite future.

There is no evidence that the real cost of raw materials to producers has been reduced significantly over the recent period. What has been reduced is rather the cost to the consumer, primarily due to the fact that the marketers and consumers have exercised a total monopoly over distribution of the products. Take coffee, for example. Over the past year the price for this commodity on the international markets has dropped a full 22%. Does this mean that there has been a 22% increase in efficiency and productivity in the coffee-producing nations of Africa and Ibero-America? By no means. It means that the dictates of the commodity cartels have forced those countries to loot themselves in order to sell more coffee at a net loss.

According to the Adam Smith economics of Kahn and Simon, all's fair in the arena of the marketplace. When the counties which are being looted, collapse as economies, they will chalk it up to "survival of the fittest," with nary a sigh.

Such underpayment, however, cannot go on indefinitely. It contravenes the reality that, with a given mode of technology the social cost of producing raw materials will inevitably increase. The only way of maintaining the "trend" of reduction of prices is to constantly improve the technology, and then eventually to shift away from the resource itself.

This point is most aptly demonstrated by the development of energy resources from reliance on wood, to reliance on fossil fuels, to the discovery of nuclear fuel. Each new technology not only increased the available supply of the potential energy sources, but also massively reduced its real social cost.

Breakthrough set

by William Engdahl

A small energy company in Oklahoma has teamed up with a national research laboratory to launch what could become one of the most significant technological developments in recent decades for recovery of heavy crude oil and tar deposits.

Deploying the physics of electromagnetic radiation at the radio frequency end of the spectrum, the Uentech Corporation of Tulsa appears to have made the breakthrough. Preliminary computer simulation of one producing well of Venezuelan heavy oil using the new method took production from previous rates of 35 barrels per day (bpd) up to 90 bpd after 30 days, and 165 bpd after six months—an increase of almost 500%.

While the principles of physics employed are the subject of a wide-ranging series of advanced experiments, such as that going on at the Princeton Plasma Physics Laboratory to investigate the radio frequency heating of plasmas, the Uentech breakthrough, the result of years of laboratory and field research, is actually in the process of commercial application in two projects in Oklahoma.

Crude oil deposits range in grade from very light, such as found in the Middle East, to heavy. The lighter grades, those with an American Petroleum Institute (API) gravity index of 25° API up to about 38° API, flow easily at well-reservoir temperatures. But there are vast reserves throughout the world of heavy crudes (below 21° API) which are highly viscous, do not flow easily, and, therefore, are often uneconomical to tap. With refineries forced to use increasing amounts of these heavy crude grades in recent years, the industry faced the problem of making it economical to recover this oil. Uentech, a subsidiary of Universal Energy Corporation working jointly with the Illinois Institute of Technology Research Institute of Chicago (IITRI), a non-profit institute affiliated with the Illinois Institute of Technology, is confident it has solved this problem.

If the field tests now underway in southern Oklahoma prove as promising as laboratory simulations indicate, the

Kahn and Simon agree with the desirability of moving to nuclear power, but they neglect to underline the principle which makes it necessary. One of their contributors, Bernard L. Cohen of the University of Pittsburgh, does understand, however. Appended to *The Resourceful Earth* is a Statement of Dissent by physics professor Cohen, which makes the following cogent point:

“As a scientist I see no barriers to a bright future for America and for mankind. Irrespective of present trends, many minerals will eventually become more scarce and expensive. But we can develop substitutes for them. Food supply and environmental difficulties may well develop, but they can be solved. The only thing we need to handle these problems is an abundant and everlasting supply of cheap energy, and it is readily available in nuclear reactors, including the breeder. Given a rational and supportive public policy, science and technology can provide not only for the twenty-first century, but forever. . . .”

Cohen cites the success of uninformed “public opinion” in sabotaging nuclear power, and states:

“Unless solutions can be found to this problem I believe that the United States will enter the twenty-first century declining in wealth, power, and influence, and within the next century will become an impoverished nation. I therefore find it difficult to share in the optimism that characterizes this report. That does not mean that I sympathize with *Global 2000*; indeed, some of those who were most influential in its preparation have been among the leading perpetrators of the policies that are ruining us. The coming debacle I foresee is not due to the problems they describe, but to the policies they advocate.”

Dr. Cohen is, if anything, understating the case. Economic catastrophe in the form of famine, epidemics, and a rise in infant mortality rate is already striking whole continents. Food shortages are looming not only in the Third World, but also in the United States, due to deliberate policies to take land out of production, and to loot the U.S. farmer. The transportation infrastructure, key to the functioning of any industrialized nation, is in a state of total collapse, including in the United States.

The world needs more than optimism to handle these problems. It requires a program for putting people to work producing again, a program which is supported by a new monetary system worked out between sovereign governments and geared to funding massive new infrastructure projects, especially in the Third World. The Third World cannot be left a raw materials producer. It must not only industrialize, but leapfrog the developments in the so-called industrialized world today.

We recommend that the Reagan administration, one of the major targets of this study, and all other honest conservatives, think twice before taking the advice of *The Resourceful Earth*. The fantasy that “everything is okay” is the quickest route to disaster.