

'Green' referenda a \$900 million swindle

by H. Graham Lowry

The first week of June marked the beginning of a planned, three-month wave of protests, disruptions, and threatened sabotage aimed at shutting down most of northern California's timber industry. Billed as a new "Mississippi Summer" under the slogan, "Only Mother Earth has rights," the environmentalist onslaught's primary target is the Pacific Lumber Company, owner of some of the largest and historically most productive old-growth forests in the region.

Led by the terrorist organization Earth First!, the organizers have declared their objective is to "slow the timber companies down now" until "voter initiatives" on the state's November ballot can put an end to up to 80% of the area's lumber production. What they don't publicize is that those same ballot measures would fork over \$900 million of the taxpayers' money to Pacific Lumber—a company which since 1986 has been in the clutches of the notorious Wall Street raider Charles Hurwitz.

Forests targeted by corporate raider

Suspicious are widespread in the timber industry that Hurwitz views Pacific Lumber as just another "cash cow" to be milked as quickly as possible for the maximum yield—and then abandoned. In financial circles, insiders point to his long trail of worthless junk bonds, and his unusual dealings with such figures as Carl Lindner and Marc Rich, the crony of Henry Kissinger who is now a tax-fugitive in Switzerland. Hurwitz and his Houston-based Maxxam Corp. have been the subject of investigations by both the Securities and Exchange Commission and a committee of the U.S. Congress.

Maxxam seized Pacific Lumber through a leveraged buyout financed with \$660 million in junk bonds, out of a total purchase price reportedly around \$850 million. According to sources familiar with the company, Maxxam proceeded to sell off a Pacific Lumber welding subsidiary for \$400 million, looted nearly \$60 million in cash from the company's pension fund, and jacked up profits by nearly tripling the lumber cut the first year. For over a century before that, the company had operated on a sustained-cut management basis, ensuring they could cut timber forever. Maxxam also sold off Pacific Lumber's office building in San Francisco for another \$30

million. Then, in 1989, using \$24.6 million of Pacific Lumber profits in another leveraged buyout, Maxxam took over Kaiser-Tech Ltd. (formerly Kaiser Aluminum), and began selling off some of its assets as well.

Environmentalists allied with raiders?

The environmentalists' war against the lumber industry has all the trappings of bitter antagonism: violent anti-industrial and anti-Wall Street rhetoric, deceitful huckstering about ecological disaster from state Attorney General John Van de Kamp and would-be "eco-czar" Tom Hayden, and printed appeals for "eco-kamikazes" willing to end it all in high-explosive attacks on Pacific Lumber targets. But if Charles Hurwitz simply intends to loot the company and leave an industry in ruins, he could hardly have found more valuable partners than among the well-placed and well-financed directors of the so-called environmentalist movement.

The first signs of environmentalist help for the corporate raiders appeared with the design in 1987 of an enforced wilderness plan for Humboldt County, where Pacific Lumber's timberlands are located, at the northernmost end of California. The scheme was advanced in January 1988 under the auspices of Earth First! as a proposal for a "Headwaters Forest Wilderness Complex," citing "the crisis situation precipitated by the hostile takeover of the major corporate landholder within these watersheds—the Pacific Lumber Company. . . . Most of the forested area proposed for wilderness designation, including virtually all of the old growth, belongs to PALCO," the Pacific Lumber Co. Earth First!'s proposal notes that by eminent domain, government can take over the company's timberlands for "the fair market value." To pay for the deal, the report recommends, "A method to obtain the necessary funds is that of a state bond issue."

There are two referenda on California's November ballot authorizing state bond issues to purchase private timberland: Big Green and Forests Forever. The first, jointly sponsored by Van de Kamp and Tom Hayden, would establish a virtual eco-fascist dictatorship over industry and agriculture, under an "eco-czar" for which Hayden is the self-anointed candidate. It would also direct \$200 million into the purchase of 3,000 acres of old-growth forest in Humboldt County. All 3,000 acres are owned by Maxxam's Pacific Lumber.

The second initiative, Forests Forever, would have the taxpayers pick up the tab for another \$710 million for a similar private forest takeover by the state. The advisory council for Forests Forever includes David Brower, founder of the Soviet-linked Earth Island Institute, and Dave Foreman, the founder of Earth First!, jailed in 1989 for conspiracy to blow up power lines in three states. The acreage targeted for purchase is almost entirely owned by Maxxam.

If the voters fall for it, Charles Hurwitz, notorious asset-stripper and junk-bond wheeler-dealer, will walk off with close to \$900 million—more than he paid for the entire Pacific Lumber operation!