



# Polemicist

*A journal must have polemic, if it is to struggle. —Karl Marx*

## A UT professor's ties to an S&L scandal

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Students are expected to meet course prerequisites. Failure to meet the stated prerequisites may result in the student being dropped from the course.

In addition to regularly scheduled classes, night examinations lasting from one to three hours may be held at times to be announced in advance through the class syllabus which the instructor must furnish within the first week of regularly scheduled classes.

Finance - FIN

Real Estate - R E

Risk Management and Insurance - RMI

FIN 354 ✓ MONEY/BANKING/ECON CONDITIONS

UPPER-DIVISION STANDING REQUIRED. FIN 354 AND ECO 322 MAY NOT BOTH BE COUNTED. PREREQUISITE: ECO 302 AND 303 AND ACC 311.

- 02365 TTH 930 -1100 UTC 4.110 **METTLEN**
- 02370 TTH 1100 -1230P UTC 4.112 WOLF
- 02375 MWF 1200 - 100P UTC 2.112A YOUNG
- 02380 TTH 1230 - 200P UTC 2.112A WOLF
- 02385 MWF 100 - 200P UTC 2.112A YOUNG
- 02390 TTH 330 - 500P CAL 100 WOLF

*UT Course Schedule*



# We Hereby Chastise...

## Robert Jeffrey, Dean, Communications

In April, Dean Jeffrey assailed the academic freedom of journalism department chair Max McCombs by threatening to strip McCombs of his chairmanship if he testified against a major Communications-school donor. Recently, Jeffrey's attacks on academic freedom have extended to journalism assistant professor Mercedes de Uriarte and the students who produce *Tejas*.

Dean Jeffrey announced on Friday June 22 that as long as *Tejas* receives UT funding, it can no longer distribute outside the College of Communications complex. *Tejas*, which is funded by the Mexican-American Studies Center, had drawn the ire of campus right-wingers with a cuttingly accurate critique of outgoing associate liberal-arts dean Joe Horn, a man who tortures rats to "prove" race-based differences in intelligence. In response, a band of Horn groupies known as Students Advocating a Valid Education—a spinoff of the Young Conservatives of Texas—attempted to use a Texas law intended to keep state-funded organs from endorsing political candidates to strip *Tejas* of its funding.

Dean Jeffrey initially backed *Tejas* in the dispute, telling *The Daily Texan* on June 4 that "I don't think *Tejas* is in violation of that law at all."

By June 7, however, his attitude toward the magazine had hardened drastically. Discussing a UT policy that any publication receiving UT funding must fall under UT control, he told *The Texan* that "Without this policy, any professor on campus with a political interest could gather students, offer them an independent study course and produce a paper expressing his views ... Obviously, we can't have 100 papers like that on campus without any University control."

First, the magazine is under UT control—as de Uriarte has pointed out, it's "produced in collaboration with the Mexican-American Studies Department and the Journalism department," and it's responsible to a UT professor.

Next, de Uriarte didn't "gather students"—students approached her to create the magazine. If she had refused, they would have found another way to do it. Jeffrey's statement amounts to an attack on the right of those students to work with the professor of their choice, and to research and publish what they want.

And finally, why is it "obvious" that "we can't have 100 papers like that on campus without any University control"? Does the dean want to place *Polemicist* under UT control? Look what that control has done to *The Texan*.

By limiting the area in which *Tejas* can distribute, Jeffrey imposes a physical, spatial limitation on these students' free speech rights. Last semester Jeffrey suspended the speech rights of the Journalism Department chair to protect the economic interests of a major donor. This summer he's suspending speech rights for students in deference to a right wing dean and his student boosters.

We would hope that the dean of Communications would use his position to open up the University's restrictive speech policies. This dean, however, acts shamefully to apologize for them or even tighten them. We don't know who forced Dean Jeffrey to change his stance. But we do know that his position assaults the very foundations of academic freedom.

## The Institute for Advanced Technology

After spending over \$120 million in the eighties to upgrade the Balcones Research Center, the University finally earned the honor of housing the U.S. Army's newest national weapons laboratory. Despite these massive expenditures, however—which have come at the expense of hiring more teachers and building teaching facilities—the University must still fund the construction and staffing costs of the national lab.

The lab will build on UT's Star Wars research—it will refine the UT-developed "rail gun," the first substantive advance in gun technology since the invention of gunpowder. Developers of the new gun like Center for Electromechanics director William Weldon say the gun theoretically could fire projectiles at 30 miles per second, and accurately bomb targets on the moon. Researchers have never explained why we would want to bomb targets on the moon.

Not surprisingly, President Bill Cunningham, Provost Gerhard Fonken and Chancellor Hans Mark all lobbied actively for three years for the privilege of subsidizing the Army with UT tax and tuition dollars to develop this technology, all the while telling students and faculty that there just isn't enough money to support teaching.

With the Cold War in collapse, even the federal government plans to cut back expenditures to the Army. Whether from ideology or vested interest, though, UT administrators still pump millions into military projects, even as the teaching atmosphere at the University suffers from lack of funds.

## Susan Hays Co-Director, Texas Student Lobby

While declaring herself "suspicious" of how UT spends its money, UT students' only liaison to the state legislature announced in the June 20 *Texan* that she would support tuition hikes to fund financial aid and faculty hiring. First, let's confirm a few of Hays' suspicions.

In 1983 the University committed \$50 million to lure the Microelectronics and Computer Technology Center to the Balcones Research Center (BRC). That same year the regents approved \$62 million to build seven new R&D buildings at the BRC.

In 1985 it spent \$20 million to purchase a Cray supercomputer. In 1987 UT began a \$43 million project to build three high-tech research facilities at BRC, including a \$22 million "clean room" whose sole purpose is to develop new products and processes for the chip industry. In 1988 the UT-System spent \$12.3 million to lure Sematech to Austin, and pawned off \$38 million more in bond debt to state taxpayers.

UT recently announced its plans to spend \$75 million over seven years to fund a Molecular Biology program. And as noted above, UT will pay for the facilities for the new Army weapons lab. In addition, the April 1989 *Development Plan for the Balcones Research Center* lists \$116 million more in planned expenditures at BRC over the next ten years.

None of these figures include the cost of hiring faculty to staff these facilities, which comes straight out of budgeted funds for faculty. All told, the annual UT-Austin budget more than doubled over the eighties, from \$149 million in 1979 to \$328 million in 1989. Adjusted for inflation, that's a 63 percent increase. Do these numbers confirm Hays' suspicions?

As a bargaining position, it's bad politics for our chief legislative liaison to concede a tuition hike before the battle has even started. But in the face of these staggering expenditures, it's insane to call on students to compensate for their administrator's extravagant subsidies to industry and the military—especially when tuition increased ten-fold in ten years. UT's funding doesn't need to be increased, just dramatically reprioritized.

President Cunningham and his deans, with their advocacy of doubling graduate student tuition, appear to be maneuvering for a hike in undergraduate tuition as well. It's disgraceful that the Texas Student Lobby has been coopted into their efforts.

## Ben Crenshaw Pro golfer, Barton Creek developer

Ben Crenshaw has lent his name and credibility to the effort to develop Barton Creek—a development that would almost certainly destroy the creek forever. In an open letter to Mayor Lee Cooke published as an advertisement in the *Austin-American Statesman*, Crenshaw defended the "professionalism and integrity" of the developers, and declared that the development would take place "so that the area will maintain its beauty and also be environmentally sound so that people can live in concert with nature."

Crenshaw neglects to report to the mayor and the city his own vested interests in the deal. Crenshaw, along with UT President Cunningham and UT Special Assistant to the President and former football coach Darrell Royal, sits as a paid member of the Barton Creek Country Club Policy Committee, which has lobbied extensively for the deal. Crenshaw will also design the three new golf courses for the country club.

More damning, Crenshaw owns a turf company north of town that will supply the grass for the new golf courses.

In this light, Crenshaw's advocacy of this environmentally destructive development seems much more self-serving. He hails the "international credibility" of the two companies, but his own credibility should certainly be called into question. He lauds the jobs the development will supposedly create, and claims the project will promote "community involvement." But how involved can the "community" be when memberships to the country club cost over \$18,000 up front, and the developers want to build homes in the "over \$200,000 market"?

In a column printed in the Chamber of Commerce rag *The Austin Weekly*, Crenshaw's friend and advocate Paul Pryor lamented that the Barton Creek flap might harm Crenshaw's performance at the U.S. Open. Confirming Pryor's fears, Crenshaw failed to make the cut. Perhaps he was thinking about all the money his turf company might lose if the project doesn't go through.

# The UT-Freeport Connection

## How corporations pervert academic freedom: a case study

by Tom Philpott  
and Scott Henson

Whether or not Freeport McMoRan and ClubCorp. succeed in developing Barton Creek, the incident sheds light on UT administrators' panderings to the two companies.

- Associate Chair of Geology Mark Cloos calls UT's geological survey for Freeport's Indonesia subsidiary "just basic science," claiming "there may be no practical applications that come out of our work." Cloos serves as a principal investigator for the project. But the research proposal, signed by Cloos, states that the project "will serve as a basis for regional exploration in Irian Jaya and similar settings in the rest of Southeast Asia by Freeport, Indonesia, Inc." And as Cloos told a reporter for the UT News and Information Service last year, "Our understanding of the relationship between the deformation and ore deposit formation will give us the background information needed to find the next ore deposit."
- Dean of Natural Sciences Robert Boyer said in April he was "personally grateful" for a "most generous gift" of \$2 million by Moffett to his college. As director of the UT-Freeport Indonesia geological survey, he personally controls \$398,000 of the project's \$1 million phase-one budget. When Jim Bob Moffett was in college, Boyer supervised his senior thesis. And when Moffett endowed the Robert E. Boyer Centennial Professorship in geology with \$255,000 in 1982, Boyer was appointed to fill the chair. Less than two months after Moffett's gift to the college in April, Boyer declared he saw no conflict between Cloos' statement that the project isn't applied research and the research proposal bearing Boyer's signature that claims it is.
- UT President and Freeport McMoRan director Bill Cunningham refused to grant an interview to *The Daily Texan* on June 5 concerning the Barton Creek PUD, issuing only a short prepared statement. On June 7, the day of the City Council meeting, Cunningham along with ClubCorp CEO Robert Dedman personally lobbied at least one City Council member to vote for the PUD.



President Cunningham lobbied at least one City Councilmember to approve a massive development upstream from Barton Springs. Cunningham serves on the Board of Directors for the developer, Freeport McMoRan.

When the story broke concerning Cunningham's involvement on the board of Freeport McMoRan and on the policy committee of Dedman's country club, UT vice president for administration Ed Sharpe told *The Texan* that "Dr. Cunningham serves on the board as an individual and that's not related to his position at the University."

But how many administrators will lie or lobby for the company before this becomes an institutional issue?

Both Freeport CEO Jim Bob Moffett and ClubCorp's Robert Dedman are major donors to the University. Moffett sits on the UT-System Chancellor's Council, the UT-Austin Development board and the UT-Austin President's Associates. After two large donations to the University in April, Cunningham even offered to request that the regents name a building after Moffett and his wife.

Robert Dedman, when not busy with his real-estate developments, serves as chairman of the Highway Commission—the Highway department gives UT several million dollars in R&D contracts every year.

Dedman also donated \$10 million to the University recently to establish scholarships for elite honors students.

### UT, Freeport and Academic Freedom

In the course of the campaign against the Barton Creek development, Freeport McMoRan's environmental record came under fire. Not only is Freeport the number one dumper of toxic chemicals into the nation's waterways, but for 16 years its copper mining operations in Indonesia have dumped raw mine tailings into a local river system.

UT geologists last summer began a ten year study of orebodies in Indonesia, funded by Freeport and beginning in an area covered by Freeport's mining contract with the Indonesian government. The project, headed by Natural Sciences Dean Robert Boyer, brings up fundamental questions concerning corporate-sponsored research and academic freedom.

Freeport Vice President for State Government Relations/Environmental Affairs D.J. Miller in a letter to the *Austin Chronicle* (see the June 28 issue) claims the UT project is "basic scientific research" because it will be published in scientific journals. But the letter agreement between Freeport and UT dated April 18, 1989 and signed by the same D.J. Miller reveals the truth:

"The University shall keep confidential any proprietary information obtained from Freeport Indonesia, which, where feasible, will be reduced to writing, subject to standard exceptions of public knowledge, prior knowledge, rightful third party disclosure and that which is required to be disclosed by law or other applicable regulation.

"Subject to the confidentiality restrictions hereinabove, the University shall have the right to publish the results of the Project, subject to consultation with Freeport Indonesia as to timing and inclusion of Freeport Indonesia generated information, and subject to considerations of patentability and impact of publication on the operations of Freeport Indonesia and its affiliates."

This clause in the research contract clearly violates traditional principles of academic freedom. Instead of having freedom to publish whatever information their investigation turns up in the academic tradition, UT scientists must clear all published items with their corporate sponsors at Freeport. The content of their publications aren't simply limited by the

see *Freeport*, page 11

What are these men hiding? *Polemics* has decided to examine the relationships between UT and the companies that would develop the Barton Creek PUD.

# The S&L Crisis at Home

## How a UT finance prof helped drive an S&L into the ground

by Tom Philpott  
and Scott Henson

The following is the first in a series of articles concerning the roles of various UT administrators in the S&L crisis.

"I get blamed for lots of society's problems that aren't my fault," said President Bill Cunningham at a Meet the President Forum with liberal arts students last fall. "Some people want to blame me for the S&L crisis, but that's not my fault either." Perhaps not. But if not, then at least some current or past members of the UT administration were involved.

One of the most prominent UT figures involved in a major S&L scandal was Dr. Robert Mettlen, the Lamar Savings Association Centennial Professor of Finance, former federal S&L regulator and former board member at the now-defunct Lamar Savings. *Polemicist* has decided to probe into some of Lamar's financial dealings and misdealings while Mettlen served on the board.

### Background

Mettlen served on the board of Lamar's holding company, Lamar Financial Corp. from March 1981 through July 1985. Mettlen also served as a director of Lamar Savings, the S&L itself, from January 1983 through July 1985, and as an advisory director from July through October in 1985.

Mettlen found himself in the convenient position of both sitting on the board of Lamar Savings, while at the same time serving as the region's chief thrift regulator. In 1982 he was appointed to serve as Chairman of the Board of Directors of the Federal Home Loan Bank Board (FHLBB) in Little Rock, the Southwest's regional branch of the federal regulatory/central banking agency for S&L's that serves the same function as the Federal Reserve Board does for banks. In 1983 Mettlen engineered a move of board's regional headquarters from Little Rock to Dallas. Mettlen received a reappointment to the

Chair's position in 1985, and eventually left without finishing his term after 1987.

Throughout this period, Mettlen didn't limit his influence to just banking circles. He also held administrative positions at the University of Texas. Mettlen began his UT administrative service in 1970, with a hiatus between 1973 and 1979. In the eighties, he served as Executive Assistant to President Peter Flawn (79-81), Vice President for Administration (82-84), and Vice President for Planning and Special Projects (84-86). Since

1975 he has co-directed and lectured in the "Texas Savings & Loan School," an executive development program at UT-Austin. Since 1985 he has co-directed the "Graduate School of Savings Institutions Management," a new executive training program also at UT-Austin.

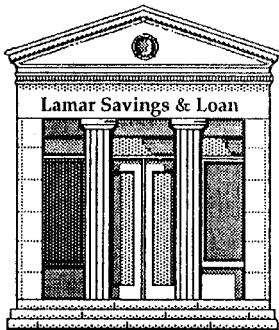
Mettlen also held leadership positions in local business and government circles. He served on the board of directors of the Austin Chamber of Commerce from 1983-1985 and participated on the Comprehensive Plan Steering Committee (1986-1987) for the City of Austin. He even served on the Executive Committee of the "Forming the Future" Citizens project for the Austin Independent School District.

The following accounts of Lamar's shady loans, land deals and stock schemes have been extracted from the FSLIC's lawsuit and accounts from the state media. The FSLIC's accusations stem from information gleaned from Lamar's own

financial records, minutes from board meetings, and other information obtained when the thrift went into receivership. This is by no means a definitive list of the thrift's transgressions—that would fill volumes. But it does give insights into the breadth and depth of the Lamar's federally backed defrauding of U.S. taxpayers.

Mettlen eventually settled his portion of the lawsuit out of court, paying only reimbursement for the "December 1985 Stock Repurchase Scheme" cited below. Yet with all of his academic, professional,

and community responsibilities—especially considering his position as the region's chief thrift regulator—Mettlen plainly either knew or should have known about the excessive and grandiose measures that led to the crash of Lamar Savings, one of the most scandal-ridden S&L's in the industry's history.



### Running from Regulators

According to the initial complaint of the lawsuit filed by Lamar Financial Corporation (LFC) and the Federal Savings and Loan Insurance Corporation (FSLIC) against its former directors under the Racketeer Influenced and Corrupt Organizations Act (RICO), Lamar Savings' demise resulted from a series of fraudulent and conspiratorial attempts by its directors and some borrowers to push up Lamar's net worth to assets ratio above the federally required minimum.

The lawsuit states that in 1981—the year Mettlen joined the board at Lamar Financial—various economic and regulatory changes in the late 1970s and early

1980s caused Lamar Savings to report a loss for the first time. It reported a disastrous drop in its net worth to assets ratio, from 4.0 percent (above the regulatory minimum of 3.0 percent), as of December 31, 1980, to 2.05 percent as of December 31, 1981.

Previously, like all pre-deregulation S&Ls, Lamar Savings' loan portfolio had consisted largely of single family mortgages.

But as a result of the company's declining net worth, according to the lawsuit, Lamar's "management at the time began to embark on a conscious program of investing its funds in larger, more speculative commercial real estate loans and direct investments in real estate and other ventures, a program which required a rapid growth in deposits in order to generate the funds necessary to participate in such activities."

By 1983, the year Mettlen joined the board of Lamar Savings (he remained on the board of the holding company), LFC chairman Stanley Adams, Lamar's officers, and the board of directors could no longer maintain the savings and loan's net worth to assets ratio above the federal mandate.

The lawsuit alleges that Adams and the other defendants "began a scheme and course of conduct which had as its primary purpose and objective the disguising and hiding, from regulatory authorities and non-conspiratorial directors and shareholders, the negative impact of these risky loans and investments upon the regulatory net worth of Lamar Savings and the general financial condition of both Lamar Savings and Lamar Financial."

### Funny Money

Like many other troubled thrifts, Lamar attempted to hide its falling net worth to assets ratio from regulators by "pumping up" its net worth just prior to the end of each quarter. During the first five months of 1985, for example, Lamar



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closed a total of 21 commercial loans with a total value of \$89,000,000, averaging about four closings a month at just over \$4,000,000 per loan closing.

But then LFC received a stern letter from Carol Ondrake of the FHLBB in Dallas dated June 19, 1985 threatening to place a supervisory agreement on Lamar if the net worth were not increased above regulatory minimums.

Mettlen, who was FHLBB chairman of the board at the time, evidently failed to inform his fellow FHLBB regulator of the Lamar directors' questionable response to that letter.

According to the lawsuit, "after the receipt of the Ondrake Letter, over the three-day period of June 27, 28 and 29, 1985 (immediately prior to the close of a quarter-year regulatory reporting period) the [defendants]... closed or caused to be closed through Lamar seven additional loans totalling in excess of \$132,000,000, for an average loan amount of almost \$19,000,000."

The lawsuit goes on to allege that: "For the quarter ending June, 1985, as a result of the foregoing transactions and other net worth 'pump up' measures, Lamar reported to the regulators a resulting increase in its regulatory net worth in an amount approaching \$5,000,000."

During the next two months Lamar closed twenty more commercial loans with a total value of \$143,000,000. During this period Mettlen left the board of the holding company and limited his involvement with Lamar Savings to that of an "advisory director."

In September, just before Mettlen left his post as advisory director, "an additional twenty commercial loans with a total loan value in excess of \$150,000,000 were closed. All but one of these loans, or in excess of \$127,000,000 of such loans, were closed within the last two weeks of the quarter-end, of which fifteen loans, totalling in excess of \$75,000,000, were closed within the last four days of the quarter-end..."

"For the quarter ending September, 1985, as a result of the foregoing transaction and other 'pump up' measures, RICO-Defendants reported to the regulators a resulting increase in Lamar's regulatory net worth in an amount exceeding \$14,000,000 and an improvement in its net worth to assets ratio from 2.10 percent to 2.81 percent. Although these figures were almost up to the minimum 3 percent level and although they ostensibly constituted a dramatic turnaround over a four-month period, the figures had no basis in reality." Loans are recorded on the books as asset, and increase the company's net worth.

These "pump up" loans often were insufficiently backed by collateral or weren't supplemented with capital from the borrower. But Lamar recorded them as gains in its net worth anyway, without respect for financial regulations or tradi-

tional lending practices. Examples of such exorbitant and irresponsible loans follow.

**De Soto Financings**

In 1984 Robert Mettlen became the Lamar Savings Centennial Professor in Finance. He was also on the board of both the holding company, Lamar Financial, and of the S&L itself, as well as chairman of the Dallas FHLBB. At the time he was also UT vice president for administration. In a 4-8-84 article, Mettlen explained to the *American Statesman* that donors of endowed chairs don't influence who receives them. "The donor does not name a recipient," said Mettlen. "If he gives a million dollars to a chair, that doesn't give that person the right to choose a half brother from Oshkosh to fill the Joe Doaks chair in truth and wisdom." Perhaps it's a coincidence that it was a chairman of the Dallas FHLBB and Lamar board member that received the benefit of Lamar's endowment. Or, perhaps it was just what it appears—an explicit quid pro quo. Whatever the case, it is certain that Mettlen remained silent concerning Lamar's financial antics in the coming months.

For example, one of the major loans made at the end of June 1985 was to Louis G. Reese, Inc. in the amount of \$37 million. According to the FSLIC lawsuit, "At the closing of the loan, a total of \$28,717,448 in cash disbursements were made to various parties and affiliates of the borrower without proper documentation" as required by federal law. About \$6.5 million of these disbursements went to the Berkshire Realty Company to purchase properties on which Lamar had foreclosed, and which were dragging down the thrift's net worth.

Over \$4.1 million went to Berkshire to make the down payment on property in Houston known as the "Witte Property." The lawsuit goes on to say that "Additionally, Lamar made a loan of \$13,250,000 to Berkshire Realty Company in order to facilitate the purchase of the Witte Property from Lamar. The Witte Property loan was made despite the fact that Lamar did not obtain a required appraisal of the property until after the closing of the loan." The loan was made on a non-recourse basis. This means Berkshire would not be required to repay the loan if it sold the property—i.e., the new owner must assume the debt.

Another \$2.3 million of the proceeds of the De Soto loan were used by Berkshire as a down payment on the Ponderosa Ranch, then also owned by Lamar. The thrift made another \$1.7 million loan to facilitate that deal.

The lawsuit says that "Lamar recognized a gain and booked an increase in its net worth in the amount of \$1,510,808 on the sale of the Witte Property to Berkshire. Lamar also recognized as income loan origination fees in the amount of \$265,000. Both the gain on the sale as well as the loan origination fees were paid out of loan proceeds and illegally booked to income. Additionally, the sum of \$116,044 was recognized as income by Lamar on the sale of the Ponderosa Ranch

to Berkshire."

In other words, Lamar's board risked on the land and eventually sold it for about \$20 million. Thus, there was an apparent loss of \$38 million on the deal." Khashoggi walked away with \$12 million on the deal. Mainland Savings went into federal receivership and taxpayers picked up the tab.

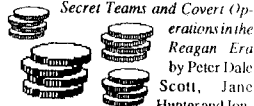
**An Iran-Contra Connection?**

One of the stranger bad loan deals by Lamar Savings involved another Houston thrift, Mainland Savings, and billionaire Saudi arms dealer and Iran-Contra middleman Adnan Khashoggi. According to the suit against Lamar, Lamar and Mainland had in 1984 exchanged some \$96 million delinquent loans on a "trash for trash basis" in an attempt to get scheduled items off the books. The suit says that "although the effect of the deals was to temporarily avoid the regulators' wrath, these loans and participations ultimately caused substantial losses."

Thus, the two thrifts had already established an untoward relationship when the Khashoggi deal came down. According to Pete Brewten and Greg Seay of *The Houston Post* (8-7-88), Lamar loaned a Khashoggi company \$46 million on a non-recourse basis to purchase a 21-acre tract south of the Galleria in Houston. "In 1985," the *Post* states, "a Mainland subsidiary bought the 21-acre tract south of the Galleria from a Khashoggi company for \$22 million, subject to existing debt of \$46 million to Lamar Savings. In exchange, the Khashoggi company bought \$10 million of Mainland preferred stock.

"The FSLIC eventually foreclosed on the land and recently sold it for about \$20 million. Thus, there was an apparent loss of \$38 million on the deal." Khashoggi walked away with \$12 million on the deal. Mainland Savings went into federal receivership and taxpayers picked up the tab.

Khashoggi during this period also worked as an agent of the Israeli government on many projects, including a go-between for the United States and the Iranians in their infamous arms deals. According to *The Iran-Contra Connection:*



*Secret Teams and Covert Operations in the Reagan Era* by Peter Dale Scott, Jane Hunter and Jonathan Marshall, Khashoggi "introduced Israeli officials, including [then-defense minister Ariel] Sharon, to Sudanese president Nimeiri in the early 1980s, paving the way for the airlift of Falasha Jews from Ethiopia. His London-based lawyer was involved with several Israelis in some gigantic arms deals with Iran, said to have the approval of Prime Minister Shimon Peres. He arranged the sale of Egyptian arms to Israel for resale to South Africa... Khashoggi was hardly able to manipulate the Israelis; he was simply their agent."

Perhaps not coincidentally, the book goes on to state that "An 'Undated Memorandum' discovered in Oliver North's office mentioned \$12 million from an arms sale to Iran that would be used to

see S&L, page 9

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# American Poison in Peru: Spiking Coca

by Paul Kvinta

During a trip to Peru recently, I spoke with a United States embassy official about America's addiction to cocaine. He told me coca crop eradication in the Andean Mountains is the only way to win the "drug war" in the United States. He said he favored crop substitution programs for peasant farmers only with the simultaneous destruction of coca crops by the United States.

"If we're going to give these people a carrot, then there's got to be a stick attached to it," he said.

The stick amounts to chemical warfare in Peru's backyard. In March, U.S. officials completed a year-long analysis of an aerial application of the highly toxic herbicide "Spike" (tebuthurion) on Peru's upper Huallaga Valley. The valley is home to 65 percent of the world's coca crop. The results, according to State Department's Catherine Shaw, show that "Spike successfully kills coca and lets other plants flourish." Environmentalists, however, and even government narcotics experts have warned against using the herbicide in the delicate rainforests of the Upper Huallaga. They say Spike's use on crop land and against coca, two applications it was not designed for, will cause serious soil erosion in the jungle and lay waste to numerous plant and fish species.

Spike's current manufacturer is DowElanco, a subsidiary of Dow Chemical Company. Dow was the second largest supplier of Agent Orange to the U.S. government for aerial use against rainforests and North Vietnamese crops during the 1960s. Eli Lilly Corporation, Spike's original creator, refused to sell the product to the government in 1988 for environmental reasons. The State Department now says Dow might possibly sell large quantities of Spike to the government for a coca eradication program in Peru.

A chemical attack on South America will only provide a quick fix in George Bush's "drug war" and ignore the social problems imbedded in the cocaine economy. The war's biggest losers will be Peruvian rainforests and peasant, and ultimately, the American public.

## A Toxic Jungle

Spraying Spike in the Upper Huallaga Valley would devastate a rainforest already severely damaged by drug lords. Located between the eastern Andean slopes and the dense Amazon jungle, the valley's steep incline, high altitude, and heavy alkaline soil content make it perfect for growing two things—coffee and coca. Enterprising growers have chosen the latter. While estimates vary, experts figure total coca cultivation in the valley anywhere from 300,000 to 900,000 acres.

Adding Spike to this jungle equation would be toying with environmental dis-

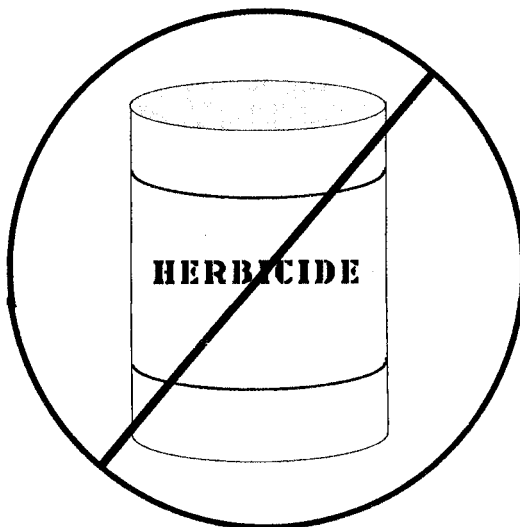
aster. Unlike defoliants, tebuthurion attacks root systems and proceeds to foul-up photosynthesis. North American farmers use Spike to remove mesquite and other rugged brush from flat rangeland in the arid Southwest. The Upper Huallaga is neither flat nor arid, and the valley supports hundreds of delicate plant species, not just the sturdy coca bush. Yet in 1987, the State Department's Bureau of International Narcotics Matters began applying Spike by hand to small experimental coca plots in the valley. Pleased with the destructive results, officials saw and end to their tedious and inefficient hand eradication program and planned serial testing of Spike for 1988.

Scores of people protested the testing. Walter Gentner, the top U.S. techni-

signed for use on coca and insisted on guarantees against possible medical or environmental lawsuits, something the government would not give. The State Department conducted its March 1989 aerial testing with Spike it had in reserve.

In October of 1989, Lilly sold its agricultural arm, Elanco, to Dow Chemical, forming DowElanco. Ted McKinney, a Dow spokesperson, recently said the company did not support Spike's use on coca. But the State Department's Shaw, in an interview, said the government could purchase Spike from Dow when specific eradication plans had been made.

"We do have an ability to talk to Dow Chemical about Spike," she said. "The door is definitely not closed."



## The Human Factors:

### Peru and the Cocaine Economy

Besides destroying the rainforest, Spike would threaten the Peruvian people, especially Andean farmers. President-elect Alberto Fujimori inherits a country that experienced 2,775 percent inflation in 1989, the highest in the world. Real wages simultaneously fell 60 percent, the foreign reserves ran out, and the country's international debt rose to 17 billion dollars. This year Peru has lost 125,000 hectares of legal crops to the worst drought in 10 years.

Coca is the most successful thing going in Peru. As the country's largest growth industry, it employs 300,000 people, earns 1.2 billion dollars annually (30 percent of the value of all Peruvian exports), and generates the most foreign exchange. Coca dollars arm the thousands of money changers that fill Lima's streets daily, selling the U.S. currency an insurance against inflation. In the Upper

cal advisor on narcotic eradication, was demoted in June of 1988 and later resigned after speaking out against Spike.

"There are at least 350 species of plants in the areas where coca grows," he said at the time. "What about the reaction of each of these to the residual tebuthurion that may be in the ground? We have data showing that Spike applied to wet soil can travel great distances."

Scientists of the Environmental Protection Agency said Spike can leach into ground water and not only contaminate river sources, but ruin land for future crops. Peruvian ecologist Edgardo Machado pointed out the non-coca farms at the lower end of the valley which would be affected by residual Spike. Most devastating, ecologists warned that coca barons would flee the toxic dusting by moving further into the rainforest and clearing more jungle for new crops.

Responding to outcry, Eli Lilly refused to sell the herbicide to U.S. officials. Lilly said its product was not de-

Huallaga Valley, peasants can earn 10 times as much money harvesting coca rather than coffee. With no alternative industry, development, or crops, farmers have turned to the magical bush in order to live. They did not create the tremendous demand and prices for cocaine—North Americans did.

Peru's cocaine economy has steadily expanded as its legal economy has dwindled. An example of this inverse relationship is obvious with the 1990 coffee crop. According to the April issue of *The Andean Report*, "poor prices, drought, and the overvalued unit threaten to turn the coffee harvest...into a financial disaster for growers and their cooperatives. The only beneficiary is likely to be the cocaine industry, with many coffee growers saying that they are prepared to plant coca instead." Coffee prices fell to a 50-year low from 127 dollars per 100 pounds to 70 dollars per 100 pounds in 1990. Instead of waiting the three or so years for international coffee prices to bounce back, farmers will simply plant coca, a crop very similar to coffee and much more profitable. As long as a demand for cocaine exists in North America, hungry Peruvians will grow coca, and eradication becomes an impossible fantasy.

It is ironic that George Bush wants to destroy Peru's fastest growing business sector and still demands the country pay its foreign debts. Instead of helping doctor Peru's legal economy, he has chosen to smash its illegal one for his own purposes. But coca eradication is taboo in Peru. Presidential candidates hardly discussed the issue during the recent campaign. Coca production made the Bolivian "economic miracle" of 1985 possible as hundreds of thousands of peasants joined the cocaine economy to survive harsh International Monetary Fund austerity measures. Peru relies on such a cushion as well, and rapid eradication would make survival for many people very difficult.

## Dow Chemical

According to the book *Agent Orange on Trial*, Peter Schuck says officials at Dow Chemical knew of the hazardous dioxin TCDD in their defoliant Agent Orange in 1964. Despite the potential health hazards, Dow proceeded to sell the product to the U.S. government for defoliation of Vietnamese jungles and destruction of specific crops. Arthur Galston, a Yale biologist, would later report in 1979 that a mixture of just one drop of TCDD per four million gallons of water could lead to cancer in laboratory animals. Thousands of affected American soldiers sued Dow for damages after the Vietnam War. Peruvian peasants won't have the luxury of using our legal system. If Dow has even the slightest notion that

see *Spiked Coca*, p. 11

## Interview:

# Fighting for Lives in Occupied Central America

Interview by Donna Hoffman

Translations from Spanish by Deaneen Newell of Global Exchange and Austin activist Kathleen Stockwell

*"As I listened to Gilda speaking, I thought, We are fighting for our lives. Because we love our lives. And we love Central America. But there is something working for death, in the name of democracy, oppressing the people and creating a spirit of death: the Bush Administration."*

— Manuel Ku

Human rights activists Manuel Ku, from Panama and Gilda Rivera, from Honduras visited Austin, Texas in early May during a tour of 25 U.S. cities sponsored by Global Exchange, based in San Francisco. Gilda Rivera, feminist organizer, psychologist and educator works within the peace and social justice movement in Honduras. She lives in Tegucigalpa where she is Coordinator for the Latin American Committee for the Defense of Women's Rights. An interview with Manuel Ku will appear in the next *Polemicist*.

\* \* \* \* \*

**Donna:** Honduras has not been at war, per se, but the United States has used your country as a staging ground for its dirty work in Central America. Would you tell us about the U.S. military buildup and operations of the past ten years?

**Gilda:** During the last ten years, the Honduran people have been witness to the process of militarization that has been forced upon our country by the United States and the Armed Forces of Honduras. There have been approximately 150,000 U.S. soldiers through Honduras on maneuvers and between 1,200 and 1,500 U.S. soldiers are permanently stationed in Honduras. There are about 19 U.S. military installations that have been built across the country which are under the control of the United States. This includes two, high-powered radar stations, and many airports that now have landing strips that can land the highest-powered airplanes that the United States has. They have built roads for military objectives.

The aid that comes from the United States has been basically for the military. This has been at the cost of humanitarian aid which has diminished.

The Honduran Army has grown so that now there are about 28,000. And, on top of that, the United States has been able to place the Nicaraguan counter-revolutionaries in our country. The contras have turned our country into their staging ground from which they attack the Nicaraguans. And it's been very obvious that, on an international political level, the positions taken by the Honduran government have been very connected to the interests of the United States. This has become very evident in front of organizations such as the OAS (Organization of American States), the UN, and Contadora (independent Latin America peace making process involving Colombia, Mexico, Panama, and Venezuela). In the case that Honduras has made unilateral decisions, they have changed their tune as soon as a little pressure it put on.

**D:** How does the U.S. occupation effect the overall socio-economic situation in Honduras and how do

the troops' presence effect the everyday lives of the Honduran people?

**G:** I don't believe you can separate the general situation from everyday life. In a country where a majority of the resources are spent for military objectives in a country as poor as Honduras, that effects the economy in general, but in turn effects daily life. The Honduran government has bought from the United States a lot of expensive, high-technology equipment as if they were a country at war, when this money could better be used for social projects.

On top of that, with the arrival of the U.S. troops in Honduras, you see an increase in prostitution around the areas where U.S. troops are stationed. We're not just talking about the prostitution of women, we're also talking about the prostitution of small boys. Many of the women have been savagely treated by the U.S. soldiers. There are cases of young women having to be hospitalized. And if you're talking of daily life, there are many communities that have had to organize against the U.S. troops because they can no longer be peaceful little communities. The troops have come in and converted them into brothels.

If we're talking about ecology, in order to build all of these bases they've had to level great sections of our forests. And this is the destruction of our forests but also of our resources.

Also speaking of daily life, the physical presence of the soldiers has to effect the people. They are so in terror. And we're also talking about the right of a state to be a sovereign state.

In a state that is militarized, you also see the militarization of family life. You see the forced recruitment of young boys. Sometimes they'll stop buses and just take them off. There's been an upsurge in the death squads. It's been very widely denounced. They get their funding from the United States and they're responsible for the disappearance, the murder, and the capture of hundreds of Hondurans. Now, in the country, just to feel in opposition to what's going on, you can wind up dead or captured. Many of these death squads, many of these acts are carried out by the Honduran military, but we still maintain that the Honduran military is a product of the United States military.

**D:** In 1982, the death squads disappeared you and held you for 10 days in a clandestine jail. What was your work at that time and did they give some reason for capturing you?

**G:** At this time, I was working with the University Student Movement and also out in the communities. I was in my final year as a psychology student.

And to answer the second part of your question about what reason they gave, they never give you a reason. They take you, they can kill you or they can let you go. When they're interrogating you or when they're torturing you, they tried to make you admit to stuff like that you're a guerrilla, with the FMLN or with the Sandinistas. But they never accuse you of anything concrete. In the jail, there are never any charges brought against you. And you're in no place to demand.

**D:** How has the Popular Movement developed and responded to the U.S. and Honduran military buildup?



Gilda Rivera

**G:** The Honduran Popular Movement is a movement has been around for a long time now. Its been taking stands about better economic conditions and against the authoritarian powers in the country. With the triumph of the Sandinistas, the Popular Movement in Honduras began to grow and to try to exert more power because that brought a lot of hope that situations could change. But then, with the arrival of the Contra in the early eighties and the arrival of the U.S. troops in 1982, we began to see this profound growth in the Honduran Army. Then, the Popular Movement began to demand as part of the struggle that the process of militarization in our country stop, that the U.S. troops leave, that the Contras leave. Because at that time in Honduras they began to feel much more the effects of the economic crisis. So during the last ten years, the Honduran Popular Movement has been demanding that the Contra leave and that the U.S. troops leave. The Popular Movement is demanding that the Honduran government take a more dignified position internationally. And that at a national level that they would put into practice economic measures that would mean a betterment of life for their people.

Taking these positions has meant that people are being threatened, exiled, disappeared, and killed. Even until today, these repressive measures are still happening. Although the Honduran Popular Movement has taken this stand, it is a movement that is weak and battered and it has been unable to assume a very strong position.

**D:** Right now you are the Coordinator for CLADEM, the Latin American Committee for the Defense of Women's Rights. When and how did CLADEM begin and what are your goals and programs?

**G:** CLADEM started a year and a half ago as part of an initiative at the Latin American level. The initiative has as its major goals to defend women's rights, to understand and utilize the law for women's benefit, and to push for changes in certain laws. And to help raise women's consciousness and sense of dignity. And also to denounce violence against women.

see Gilda Rivera, p. 11

# Violence Escalates in El Salvador as International Spotlight Turns Away

by Charley MacMartin

June 1 marked the one-year anniversary of the government of Alfredo Cristiani. The ARENA party president, to celebrate the occasion, proclaimed 1990 to be "a year of peace" for the country of El Salvador.

That afternoon, government helicopters rocketed the community of Zamora in the eastern province of Usulután. Both crops and buildings were destroyed as part of a military campaign which one community leader termed "the fiercest since November of last year".

The morning Cristiani spoke, the tortured body of an unidentified man was found in the western city of Santa Ana, with stab wounds in the neck, eyes, face, shoulder, and abdomen.

The next day, June 2, Professor Antonio Dimas Alvarengo of the Central American University (UCA) in San Salvador disappeared from a street near his home. Two days later, his body was found on the UCA campus with bullet wounds to the head.

As June unfolded, residents of San Salvador explained that this month closely resembled the violence of the early 1980's, when hundreds of tortured bodies appeared weekly.

## Illusion of Progress

At first glance, conditions seemed to have improved in El Salvador, where over ten years of civil war have left 75,000 dead and more than 20% of the population as refugees. On June 19, PMLN leaders and government representatives began a new round of peace talks in Mexico City. Earlier this spring, Cristiani lifted the "state-of-seige" legislation which had previously given security forces free rein in disappearing and interrogating community organizers. In the capital, the ARENA government allowed the main campus of national University of El Salvador to reopen on June 4.

Scraping below the surface, though, a curious correlation is discovered. As one political observer in El Salvador notes: "The level of political repression this year has had little to do with formal legislation passed or withdrawn in the Salvadoran National Legislature. Instead, the death squads keep a closer eye on activity in the United States Congress."

During the second half of May, when the U.S. Congress was debating whether aid to El Salvador should be cut as part of the Supplemental Appropriations Bill for 1990, the Salvadoran Army cut back on blatant abuses of human rights. Even still, violations persisted. For example, on May 20, Salvadoran Bishop Gregorio Rosa Chavez denounced the abduction of Ce-

sare Sommariva, an Italian priest, and of lay worker, Luis Montiel, by paramilitary forces in San Salvador.

By early June, with the U.S. Congress temporarily silent on the question of El Salvador, repression escalated. Incidents included overt acts as those described above as well as the publishing of names "for later retribution". For example, Chris Norton, reporter for the *Christian Science Monitor*, was named by the Salvadoran Armed Forces Press Service (COPREFA) as responsible for a recent report by the Arms Control and Foreign Policy Caucus (ACFPC) which criticized ranking Salvadoran officers for human rights violations.

"Making insinuations about someone in this country can cause serious problems," Norton said. "Often journalists can't report happy news, but we are not inventing these things."

## CDHES Issues Report

Foreign reporters and religious persons are, of course, not the only ones subjected to the increased wave of repression. Rank and file Salvadorans must confront the repression daily. The non-governmental Human Rights Commission of El Salvador (CDHES) produced a report in June on the first year under Cristiani.

Violations—assassinations, captures, and disappearances—increased during the first year of the ARENA government. The government assassinated 2,791 people and captured 1,119. In addition, the Salvadoran Army conducted fifty-nine "arbitrary searches" of offices of grassroots organizations, according to the CDHES report.

By contrast, the CDHES attributed 38 killed, 48 wounded, and 135 captured to the rebel forces of the FMLN.

The terror of repression spread beyond the borders of the country. Salvadoran social democratic leader, Hector Quicoli, was killed while changing planes in Guatemala. Salvadoran solidarity organizers in Los Angeles have been captured and tortured death-squad style.

And on May 29, the Washington, D.C. office of the Committee of Mothers and Relatives of Political Prisoners and the Disappeared of El Salvador (COMADRES) reported receiving a handwritten note claiming the office and several COMADRES members were under personal and electronic surveillance by the FBI and the Intelligence Division of the D.C. Metropolitan Police Department.

**July to Produce Renewed Debate on FY 1991 Aid to El Salvador**

The summer will bring a new round of debate on aid to El Salvador. The Fiscal

Year (FY) 1991 appropriations bill passed the U.S. House of Representatives Foreign Operations Subcommittee the week of June 11 with a provision to withhold 50% of the military aid to El Salvador, or about \$45 million. The mark-up in the full Appropriations Committee was scheduled for Wednesday, June 20. It is likely to go forward on that day, and likely to re-affirm the 50% withholding language. The full House is scheduled to vote on the full appropriations bill in July, although debate may postpone a final decision until after the July recess.

Secretary of State Baker returned from his meetings with Central American presidents during their summit in June with a potentially powerful weapon: a call from the presidents of the region to the FMLN to disarm. He may well use this to attempt to pressure Congress into abandoning their challenge to Administration policy, arguing that they are acting counter to the "mandate from the region".

It is difficult to predict whether proponents of a change in policy will maintain the position of a cut in military aid, especially if the Bush Administration offers a compromise, instead of simply opposing the Democrats' initiative as they did in the case of the Moakley-Murtha

amendment (50% cut) to the 1990 Supplemental Appropriations Bill. A compromise could be, for example, a smaller cut in aid, or a postponement of some kind.

A useful vehicle which House members should be encouraged to sign on to is the "Dear Colleague" letter by Rep. Gerry Sikorski. It calls for a cut-off of "all military-related funding" to the Salvadoran government, and will be delivered to members starting early Tuesday morning for their signature. The goal is to get 60-70 signers as soon as possible, in order to pressure the Democratic leadership leading up the Appropriations vote in July.

Still, dear colleague letters are not legislation. A strong position against continued aid is demanded of U.S. Representatives from Texas who have received ample information on current conditions in El Salvador. Austin CISPES is working for a complete cut in aid to the government of El Salvador because of the persistent and systematic violations of human rights by the security forces. In the short term, "rapid action response" and delegations are being increased to meet the new demands upon the international solidarity. For more information, contact Austin CISPES at 474-5845.

**The 1991 House of Representatives' appropriations bill will be voted on in the House on June 27. The proposal would send \$333 million more in fiscal 1991 to El Salvador.**

**Call Pickle's office and say NO AID to El Salvador to fund rape, torture, and murder.**

**J. J. "Jake" Pickle  
(512) 482-5921**

**General Meeting for CISPES  
Everyone welcome**

**Tuesday • July 3 • 7:30 pm  
Women's Peace House  
1305 E. 1st Street  
474-5845**



# S&L,

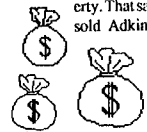
continued from page 5

purchase supplies for the contras. When questioned, North said he had obtained the figure from the Israelis, who would disburse the funds." Although merely conjecture, with Israelis and Israeli agents exercising control over the money transaction between the U.S. and Iran, the money could really have come from anywhere, including Texas S&Ls. Pete Brewton of *The Houston Post* has documented cases when money from Texas S&Ls was funneled to the contras. Why else would a billionaire international arms dealer be hitting up small, scandal-ridden Texas thrifts for loans, if not to generate funds untraceable to any government or its officials?

## The Meyerland Shopping Center Deal

Pete Brewton and Greg Seay report in the 12-4-1988 *Houston Post* that Lamar apparently helped use Meyerland Shopping Center in Houston as a conduit to funnel loans to offshore (non-U.S.) companies that have been involved with drug money laundering. In 1984, when the transaction occurred, Mettlen was on the board of both Lamar Savings and the holding company Lamar Financial, as well as Chairman of the Dallas-FHLBB.

According to the *Post*, the value of the Meyerland property was inflated from \$35 million to more than \$100 million in one day. Meyer family matriarch Leota Hess told the *Post* that Michael Adkinson, a Houston real estate developer, approached her claiming he represented Vorvodas Investments, one of the offshore firms. Adkinson paid Hess \$35 million without even looking at the property. That same day, Vorvodas sold Adkinson the shopping center for the \$70 million. Of the \$70 million, Lamar loaned Adkinson \$58 million, secured only by the east 40 acres of the center—less than half the land involved in the original deal.



Hess says the property wasn't even worth \$35 million. She told the *Post* that other developers were interested in buying the property, but weren't willing to pay her \$35 million.

According to county property records, reports the *Post*, in the two years following the purchase of the Meyerland properties, more than \$150 million in loans were issued against the property. Of this, according to the *Post*, some \$42.7 million were bogus loans from the two offshore money-laundering companies, Vorvodas Investments and Sandscend Financial. The rest of the loans came from federally insured S&Ls including Lamar. If the notes from the offshore companies were indeed bogus, then Meyerland would have been channelling federally insured monies to these offshore firms.

All of the money was lost; Lamar had to foreclose on the property, the value of which couldn't come close to covering the loan. Adkinson, for his part, went bankrupt. According to the *Post* article, "His bankruptcy papers list as assets a Chevrolet pickup, a gun, less than \$200 in cash, and the body of an Italian sports car worth \$10,000. He lists liabilities of \$169 million."

Lamar later sued Adkinson over these transactions, but the *Post* says observers close to the matter including federal officials think the lawsuits are "smokescreens to try to camouflage the possibility that [Lamar was a] more than willing participant in the deals. But even if Lamar didn't knowingly finance offshore money-laundering schemes, its directors should still be faulted for making substantial loans backed only by property worth a fraction of the amount of the loan.



## The December 1985 Stock Repurchase Scheme

Month's after he left the board, Mettlen was still embroiled in Lamar's internal scandals. In fact, when Mettlen settled his part of the lawsuit out of court, the only retribution he had to pay was \$3,020, for his role in the "December 1985 Stock Repurchase Scheme."

The scheme involved current and former Lamar Financial boardmembers, including Mettlen, conspiring to help embattled Lamar chair Stanley Adams preserve his control over the company. By November of 1985, the lawsuit alleges, Lamar chairman Stanley Adams faced "stepped-up regulatory pressure to terminate [his] control and domination over" Lamar. In part, the suit continues, this pressure included a "proposed spinoff of City Savings [a San Angelo thrift owned by LFC] from Lamar Financial, under which Defendants Adams and Mrs. Adams would be entirely divested of title to their legal ownership of Lamar Financial stock."

To thwart that proposal, the suit charges, Adams "conveyed the stock previously held by Adams as custodian to his children in an amount sufficient to give the children 47 percent of all Lamar Financial stock issued and outstanding after the proposed spin-off of City Savings," thus making the children the independent owners of the stock. To give the Adams children a controlling interest in Lamar Financial, the suit alleges, certain defendants, including Mettlen, sold a total of \$14,452,000 in Lamar Financial stock at "the grossly excessive price of as high as \$20 per share."

"Significantly," the suit continues, "Lamar Financial did not approve of the repurchase of such shares nor did it notify all of its shareholders of its tender offer." The defendants, the suit alleges, "either knew or should have known that the stock of Lamar Financial ... had no value or, al-



ternatively, value far less than \$20 per share."

## The Aftermath, or not

Although no one knows yet how much money Lamar Savings cost American taxpayers while Mettlen was on the board, but we do know that Robert Mettlen himself probably won't be held accountable. Mettlen did pay, as noted above, \$3,020 to settle his share of the civil suit against Lamar—prosecutors couldn't prove he'd made any other direct profit from Lamar's activities. But does that make up for the damage done at the thrift while the chair of the Dallas FHLBB sat idly by?

The statute of limitations for most of the crimes described herein is five years.

But at the rate the federal government currently pursues prosecuting S&L criminals, Mettlen and the other Lamar directors may be free and clear by the time anyone can indict them. Rep. Charles Schumer (D-NY) has gathered evidence that the federal Justice Department has willfully squelched efforts to prosecute S&L crime. He notes that the FBI has asked for a total of 425 agents to investigate financial institution fraud, but the Justice Department has allocated money to fund only 202 agents, or 47 percent of the number requested. The U.S. Attorney's office requested 231 new lawyers in March 1989 to prosecute financial fraud, but the Justice Department has allocated money to pay only 118 attorneys, or 51 percent of the number requested. As of March 1989 the Justice Department hadn't acted at all on more than 2,300 cases of financial fraud.

U.S. Attorney General Dick Thornburgh told Congress in 1989 that "We'd be fooling ourselves to think that any substantial portion of these [stolen] assets is going to be recovered. Yet at the recent Congressional hearings on the looting of Silverado Savings and Loan in Colorado, one representative noted that the federal

government makes anywhere from \$4 to \$7 for every dollar it spends prosecuting financial fraud. Surely a return rate like that demands increased investment.

Not only has Mettlen avoided federal prosecution, he has also managed to keep his name out of the local press. When Lamar went into federal receivership, the *Dallas Times-Herald*, *The Houston Post*, and other state papers ran stories with Mettlen's name in the headline, playing up the significance of the looting of a thrift while the Dallas FHLBB chair sat on the board. In the *Austin-American Statesman* article announcing the event, Mettlen's name wasn't even mentioned until well after the article jumped to a back page, and then only in a list of defendants in the civil case.

While Mettlen stepped down from his UT administrative duties—except as co-director of the Graduate School of Savings Institutions Management—he remains on the finance faculty and will teach a Fin 354 Money and Banking class in the fall. Since federal prosecutors and the local press have given Mettlen a free ride, it's up to students in his Money and Banking class to ask pungent questions of him concerning his role in the Lamar Savings debacle. Feel free to contact *Polemicist* editors for more information on Lamar, or to pass on information gleaned from Mettlen's responses.



# • L E T T E R S •

*"For what cause, O man, chargest thou me thy daily complaint?" —Beecham*

## J-Prof responds to February article

Some of your readers still have the incorrect impression that I am not qualified (or ethical) to teach journalism, as was suggested by the reference to me in the February *Polemicalist* ("Those who can't do, teach: Fear and loathing in the journalism school", p. 11).

Your story said I worked 30 years ago in public relations for Chicago's Mayor Daley but the story did not mention and the writers did not talk to me about the fact that I was fired from that job in public information because I advocated an adversary relationship between the government and the press (which you support); and ironically, I moved into a minority community (with no alternative press) on Chicago's West Side around Hull-House, not radically different from some aspects of the Blackland neighbors vs. UT, which you reported in the same issue.

I was battling for an advocacy press, for minorities, and against the inhuman redevelopment policies of Daley and liberal federal bureaucrats long before Daley et al were dropped in 1968 as darlings of the Kennedy Democrats and national media. I was working for media criticism, recruiting minority faculty at UT, creating courses for minorities, etc. long before they became more popular agenda items.

The old faculty media experience your article criticized may not always be useless in helping to understand the present. I have survived newspaper jobs in Houston, Kansas City, Albuquerque, Michigan, and suburban Chicago and Los Angeles, plus more than 25 years teaching in six U.S. journalism schools. I have shared that experience with students. What's wrong with living history and fighting battles and sharing that with students? Is that not preferable to teaching with no experience in the world we seek to improve?

*Gene Burd, Ph.D.  
Assoc. Professor of Journalism*

## Polemicalist responds:

*The article in question did indeed misrepresent Burd's role on Mayor Daley's staff, and for this we repent. Polemicalist would have run the letter in the last issue, but our complex filing system—i.e., piles of paper on the living room floor—prevented us from finding it at press time. Polemicalist regrets the misrepresentation, and the delay.*

## Polemicalist errs

The information you printed in your May 1990 issue ("We Hereby Chastise...", p. 2) concerning the Classics Department is completely inaccurate. Almost all members of the faculty signed Dean Meacham's petition (copy enclosed), as was clear from the list of names subsequently printed in the *Daily Texan*. I can't speak to the second petition because I was out of town that week. I can categorically assure you, however, that no petition was torn down.

When it comes to progressive hiring, we do more than sign petitions. We are one of the few departments that were able to successfully recruit a minority faculty member for the next year. There are less than a dozen minority classicists, and we are proud to be the only major classics department to have one on our staff. Furthermore, I have assisted in the SHARE recruitment program for minority students and have a strong record of identifying minority students for the Melton Fellowships in the Humanities.

Even a polemicalist has got to check the facts. It was grossly irresponsible of you not to do so and I demand that you print an appropriate correction, if not my letter, in your next issue.

*Karl Galinsky  
Chairman, Classics Dept.*

## Polemicalist responds:

*Galinsky is correct in stating that all members of the classics department signed Dean Meacham's petition concerning the fraternities involved in racist acts. Our error resulted from a misunderstanding with a reliable source, and we regret it. But we were correct in writing that no one in the department had signed the other petition, created by the Black Student Alliance. That petition called for substantial reform in UT curriculum.*

## An open letter to Hal Box, Dean of Architecture

Dear Hal:

Regarding my meeting with you on May 3, several issues demand attention. As you pointed out and as my article stands corrected, Lorraine Rogers was not a friend of yours before she appointed you Dean of the School of Architecture. Thus, you insisted, your appointment and the work you do at the University are not "political."

The clarification of this fact, though, does not negate the political nature of your function. Your work could be defined strictly politically. For instance, the official position you presented to President Cunningham regarding the future of Anna Hiss Gymnasium included a short list of the names of architects whom you would recommend to design the new Molecular Biology Building erected in Anna Hiss's place. To the overwhelming majority of the students and faculty of your school who emotionally demand that Anna Hiss Gym be spared from destruction by U.T. research policy and preserved intact as it now functions, your position is a slap in the face. What is your motive for such a position, knowing that it hurts your integrity within your college?

Probably, your motivation and mode of operation have always agreed with official Administration policy. With its agreement, you achieved the physical transformation of the School of Architecture, costing over \$20 million. By its policy, you approved the doubling of graduate students' tuition in April. Can your work be anything but political? On the issues most important to students, you have rejected their needs and demands in favor of U.T. System policy. The historical background of former-Dean Taniguchi underlines the political nature of your appointment, only six years after his pressured resignation.

And in 1988, you were re-appointed by President Cunningham after you had resigned and been thrown a farewell party, including presents. To the Dean Search Committee that researched your replacement for one year, your unannounced acceptance of reappointment was a breach of faith. Their participation meant nothing to the Administration.

When graduate students attempt to participate in the allotment of their doubled tuition, you say that students should "trust us" to spend it as appropriately as the original tuition. They cannot, however, since you approved the tuition hike that will make their education more difficult.

Taken outside of academia, your apolitical posturing is just as misleading. Do you really believe that, as

a principal architect in a name hall, you have not benefited millions of clients? What is the point of being a principal architect if you do not benefit the clients? You have not. Any architect who fails to benefit his clients is not embraced by patron and client in a relationship; a pawn. She or he will not end on a high note for posterity, but profits for speculators.

*Mark May, Jr.  
author of "The politics of campus planning"  
Polemicalist, May 1990  
UT Graduate, Spring 1990, Architecture*

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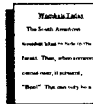
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# Freeport.

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academic integrity of the authors, but by "considerations of patentability and impact of publication on the operations of Freeport Indonesia and its affiliates."

This phenomenon manifested itself when the editors of *Polemicist* obtained a copy of the research proposal and contract under the Texas Open Records Act and found that fully 10 percent of the 55-page document had been deleted. UT claims these sections aren't subject to public exposure for "proprietary" reasons.

The contract also states that "The University shall have full ownership of all information and data, whether or not patentable or copyrightable, generated during the course of the project." But the contract goes on to state that "Regardless of any patent, copyright or other type of intellectual property protection obtained by the University thereon, Freeport Indonesia will have a non-exclusive, worldwide, royalty-free right to use any and all such Project Data ... [I]f any venture or joint venture of Freeport Indonesia or any of Freeport Indonesia's affiliates."

Thus, the agreement takes information generated by state-employed UT professors and gives the University a financial interest in withholding that information from the public unless they can afford to pay. But Freeport gets it royalty-free.

The contract renders absurd Bill Cunningham's prattle about how UT directs its corporate-sponsored research with "public service" in mind. In this case, UT directs its research toward the profit motives of an individual corporation, without any evident consideration for "public service."

What, then, are these men hiding? They're hiding the fact that their relationships with Freeport have perverted the academic process almost beyond recognition. These men are employees of the state, paid by tuition and tax dollars, but they function like employees of a multinational corporation. In his role as director of Freeport, in fact, Cunningham by federal law must work to maximize the profits of that company.

When the academic freedom of UT faculty conflicts with corporate profit motives, profits, apparently, take priority. P

# Spiked Coca, Gilda Rivera

continued from page 6

Spike could harm Peruvian peasants or Peruvian rainforests, the company should refuse to sell its product to the U.S. government.

George Bush has pledged \$423 million to help fight drugs in Peru. One American military base already exists in Santa Lucia in the Upper Ruaga Valley, complete with Green Berets and assault helicopters. Meanwhile, only 13 percent of 10.6 million chemically dependent Americans currently receives drug treatment. Blighted inner-city areas desperately need money to start businesses and programs that could offer kids hope and opportunity. The trumpeter of free enterprise doesn't realize he has a demand problem, not a supply problem. Both Peruvians and Americans could benefit if the administration chooses not to incorporate Spike into its "war on drugs."

Paul Watzlavick and Maria Lourdes Fernandez-Dávila contributed to this article P

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We are developing educational workshops on four subjects: women and their rights, women's sexuality and their reproductive rights, women and domestic violence, and women and work.

Unfortunately, we are unable to extend our work right now to legal and psychological counseling which is one of our long term goals. Aside from the workshops, we are also denouncing violence against women. Also, we have begun researching various problems of

women because we have seen in general that it is an area about which little is known or has been studied. Domestic violence has been hidden and yet occurs at a very high rate.

Our commitment is to work with women in poor sectors of Tegucigalpa. We're working with women who we call promoters in other organizations who we hope will be able to go back to their own organizations and reproduce the experience of our workshops. We are only in Tegucigalpa right now because all our work is volunteer and we can't afford to go elsewhere. P

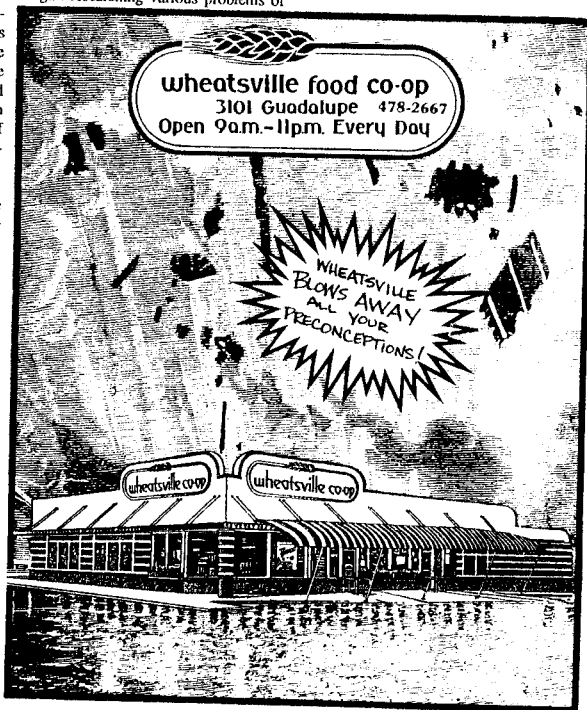


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