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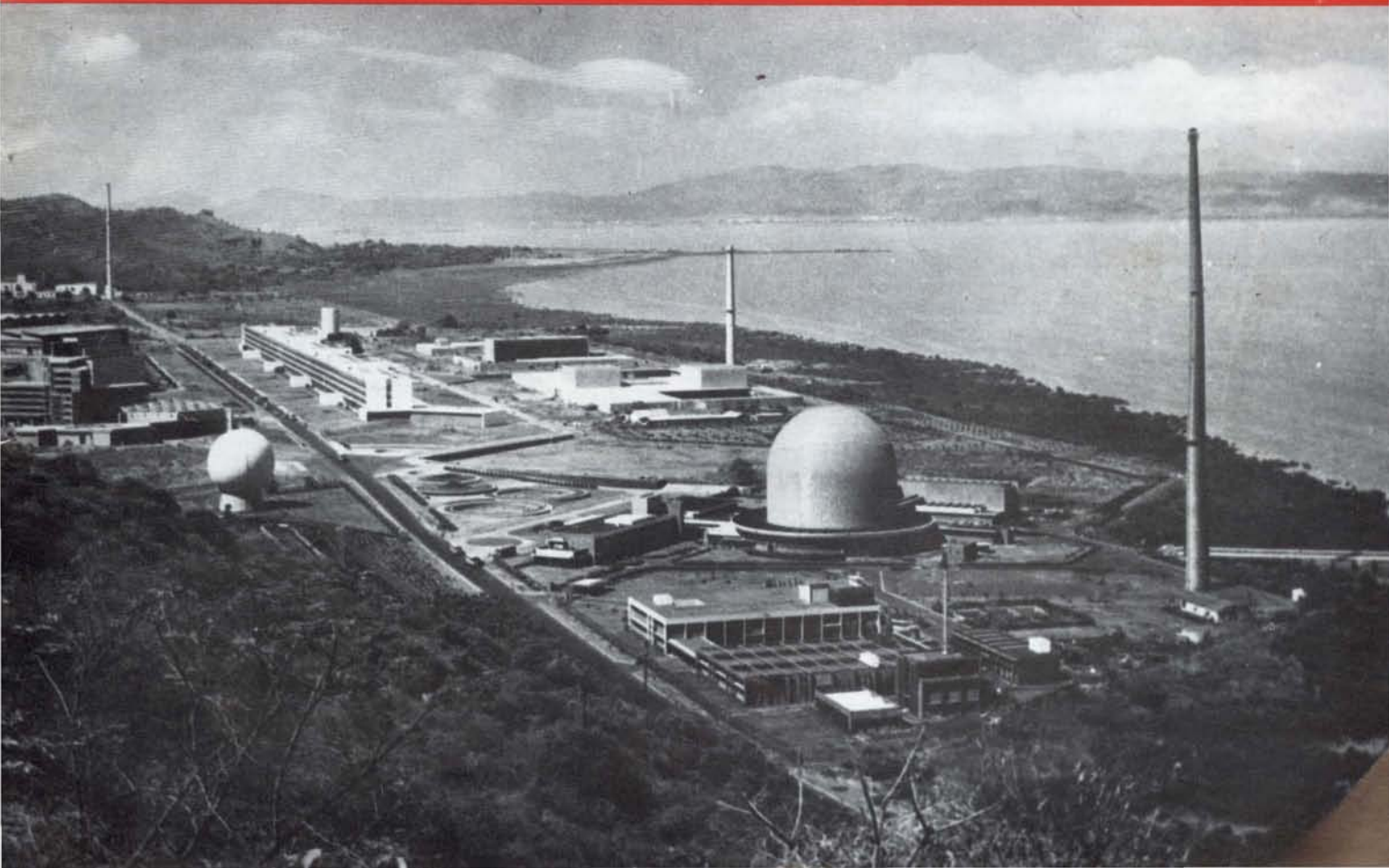
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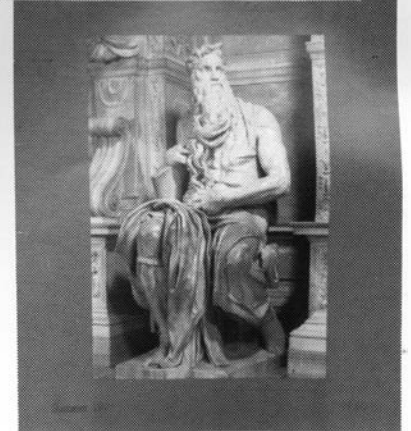
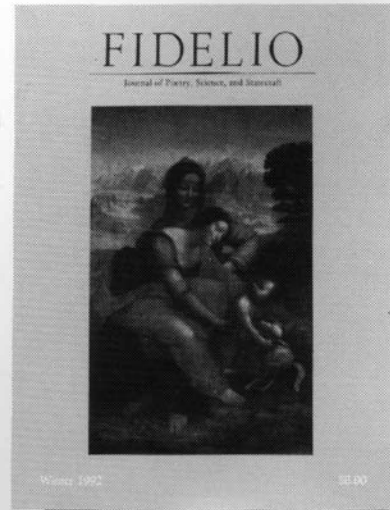
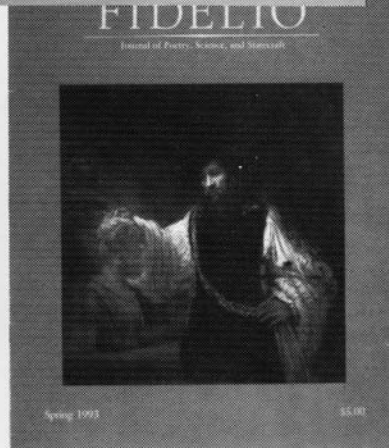
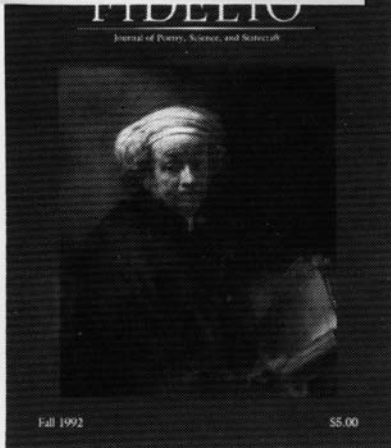
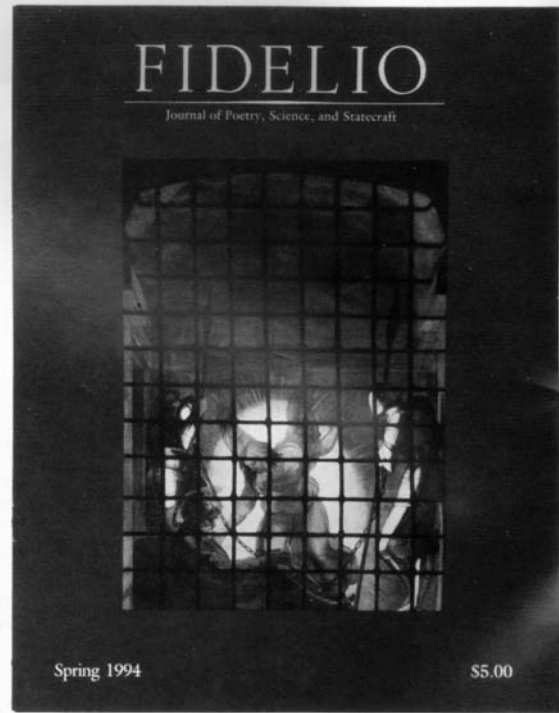
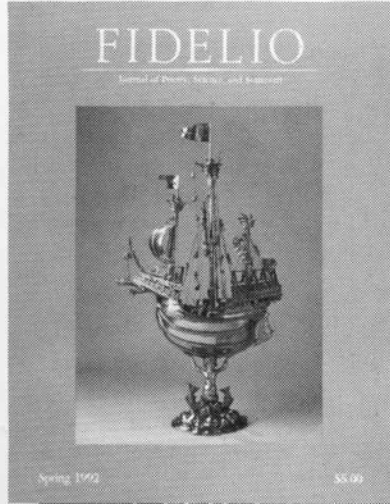
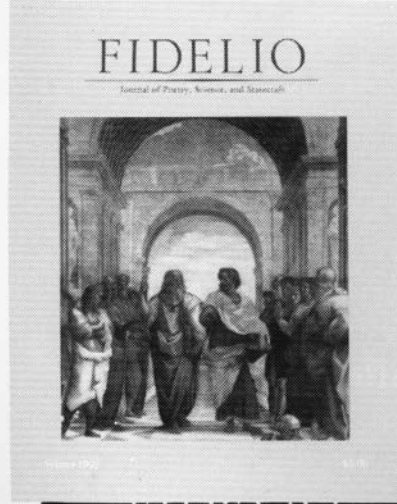
London demands dismemberment of Bosnia
Perminex ties revealed to JFK murder
Essen summit to push infrastructure projects

Asia must go nuclear!



"I hope to convince you that, in order to solve the political problem in experience, one must take the path through the aesthetical, because it is through Beauty that one proceeds to Freedom."

— Friedrich Schiller



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From the Editor

As we near the end of our publication year, *EIR* is also about to mark off two decades of producing a weekly intelligence report for an ever-growing audience. This week we offer a cross-section of the features which have been the hallmark of the *Executive Intelligence Review* ever since NSIPS News Service, the original publisher, started putting out a weekly packet from the intelligence service founded by Lyndon H. LaRouche, Jr.—back in 1974.

First, the cover story: “Asia Must Go Nuclear.” *EIR* has consistently defended nuclear fission power and demanded the rapid development of nuclear fusion power as the indispensable basis for a leap in economic potential for the world economy as a whole. Today, at a moment when the “one-world” crowd, abetted by some would-be neo-isolationists in the newly elected Congress, is pushing for nuclear non-proliferation, Ramtanu Maitra and Susan Maitra from New Delhi provides a country-by-country survey proving that Asian nations must develop nuclear energy for their own survival and world peace.

Second, our *Documentation* section, which is going to be a regular item in 1995, reflects a second strength which has marked *EIR* from the early days: LaRouche’s method applied to counterintelligence. Back in 1978, *EIR*’s editors were involved in the first edition of the book *Dope, Inc.*, which exposed Permindex, the “assassination bureau.” This week our investigative reporters close the circle linking Permindex back to the British royal family and the World Wildlife Fund, Prince Philip’s SS.

Third, the lead article in *International*, by Michael Liebig, an executive director of EIR Nachrichtenagentur, our sister intelligence service in Europe, manifests the quality of independent strategic analysis which has won *EIR* worldwide respect. Liebig, who has traveled frequently and again recently to the Balkans for a first-hand appreciation, cuts through media lies to show how Bosnia will win the war if the British don’t impose their evil solution first.

Fourth—and most important—is the perspective of a world economic recovery through infrastructural development on a grand scale. In *Economics*, you will read about this as presented by LaRouche himself to a Washington conference, and as refracted through proposals before the European Union.

Nora Hamerman

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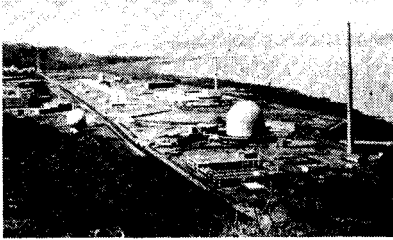
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Essen summit to give go-ahead to infrastructure projects

by William Engdahl

The Dec. 9-10 summit of European Union (EU) heads of state in Essen, in the heart of Germany's steel region, will be a decisive moment for Europe and for much of the world's economic perspective. A major item on the agenda will be the submission of a requested final report presenting what is now a list of 14 "priority" Trans-European Network (TEN) infrastructure projects. A preliminary proposal and a list of 11 such projects were tentatively approved in June at the Corfu, Greece summit of EU heads of state, with instructions to the Brussels-based European Commission to firm up the specifics, as well as add any new elements which meet the overall aim of the project. EU Economics Commissioner Henning Christophersen, from Denmark, was appointed to head a task force made up of national experts and EU officials to work on the final plan over the past six months.

While the projects are expected to get the go-ahead, problems of financing the projects and speeding up their implementation, as well as major problems in bringing eastern Europe into grid, remain to be overcome.

The TEN infrastructure concept, which emphasizes a series of priority high-speed rail projects linking the major industrial centers of western Europe, grew out of the December 1993 White Paper on "Growth, Competitiveness, Employment" of European Commission President Jacques Delors. That paper, addressing emergency ways to combat the recent growth of unemployment, now 12-18% in EU states, focuses on a bold plan of investment in public infrastructure which, in crucial respects, echoes the concept of American economist Lyndon LaRouche's 1990 Paris-Berlin-Vienna "Productive Triangle" proposal to link Warsaw, Moscow, and other cities in Europe, Africa, Asia, and the Middle East to the economic core of Europe in a high-speed rail grid. The thrust of the Delors proposal is to rebuild the

rotted industrial economies of Europe, west and east, and with it to provide a "technology driver" to boost urgently needed world infrastructure investment.

The TEN strategy

The specific projects of Europe-wide TEN are aimed at linking up various national high-speed rail networks into an integrated Europe-wide infrastructure grid.

The political catalyst for advancing the ambitious TEN trans-European rail network has been the alarming recent explosion in chronic unemployment across Europe, as industries restructure, "down-size," and source out their manufacturing to cheap-labor regions in eastern Europe, Ibero-America, or Asia, leaving in their wake over the past several years a major new unemployment burden within Europe.

For every person whom EU governments can get off unemployment and back into the productive economy, it is estimated to benefit state tax revenues some \$75,000 per year, both in terms of saved outlays for unemployment and new tax revenue from employed citizens.

This is the forgotten "secret" of government infrastructure projects. If done properly, such projects repay the economy by a factor of 5-10 times their initial cost over their effective life, in terms of stimulating new enterprises along the transport corridors. By 1999, the EU estimates that activity on the 14 new infrastructure projects alone will generate at least 15 million new jobs, a significant impact on the EU's unemployment, as well as on state budgets.

The key projects

By concentrating the public works on projects which will add a qualitative boost to the economic productivity and efficiency of the European economy, the EU states have laid

the basis for an economic locomotive which could possibly outperform most of the rest of the world in the early years of the next century.

The 14 projects have been carefully chosen, each to add a "Europe-wide" dimension to efficient infrastructure from existing national rail and other transport programs. Among the 14 priority TEN projects are:

- High-speed rail-combined transport north-south: Verona, Italy, through the Brenner Pass to Munich, Germany, and on to Erfurt and Berlin. This will link the industrial heart of northern Italy to the rapidly developing eastern part of Germany.

- High-speed rail line Paris-Brussels-Cologne, Germany-Amsterdam-London: This project will link the industrial heart of northern France to the German Ruhr industrial heartland as well as to Dutch and Belgian industrial areas.

- High-speed rail south: from Madrid-Barcelona to Perpignan, France, and from Madrid to Vitoria-Dax, France, which will integrate Spain's industrial centers into the central European industrial region.

- High-speed rail east: from Paris to Strasbourg, into Karlsruhe and the center of the south German chemicals industry, as well as a link into Luxembourg.

- High-speed rail France-Italy: from Lyon, France to the center of the Italian motor industry in Turin, this rail line creates a new economic zone between France's second industrial region and its nearest neighboring country to the east.

Since the June Corfu summit, the Christophersen task force, in consultation with member-states, added three more projects to arrive at the present 14 projects on the list. These include a so-called "Nordic Triangle" project, connecting Oslo-Stockholm-Copenhagen in Scandinavia to continental European TEN rail lines, and a high-speed rail line linking Glasgow, Scotland to southern England and the Channel Tunnel.

On Nov. 14, after years of wrangling and an adamant refusal by the "free market"-oriented government of former British Prime Minister Margaret Thatcher to allocate 1¢ for public works, the Channel Tunnel, linking England with the northeast of France, opened for commercial high-speed rail traffic. The Channel Tunnel brings Ireland and Scotland and other parts of England into closer economic relations with continental Europe. Some of the more optimistic continental Europeans hope that this might help to end England's "Island Fortress" obstructionism to most European undertakings. While that remains to be seen, the London-Paris rail line has brought travel time between the two cities down to three hours, which is competitive with air travel.

The crucial issue of financing

Predictably, most of the dispute around the TEN has centered around how to pay for what is estimated by the EU to be a \$560 billion network of infrastructure investment across the 15 states of the EU over the coming 15 years. Of

this \$560 billion, fully \$300 billion is slated for high-speed rail infrastructure.

Some days prior to the Essen summit, Delors proposed to create a new Brussels public authority, under the direct control of the EU Commission, which would be able, among other things, to issue public bonds in its own name for such projects as the TEN. On Nov. 8, in a pre-meeting for the Essen summit, the finance ministers of the 12 EU member-states met in Brussels to discuss the "Delors' Bond" proposal, and, led by British Chancellor of Exchequer Kenneth Clarke, the ministers indicated their disapproval of the scheme.

According to a senior German government official close to the Essen deliberations, "It was not the issue in this case of whether or not to go ahead with the TEN projects. That has already been agreed in principle. The more subtle issue of turning over sovereign national bond-issuing powers to yet a new bureaucracy in Brussels, independent of the nations of the EU, was more the issue."

According to this source, the financing will be drawn from three major sources. "The bulk of the financing is to come from the direct budgets of the member states on whose territory that stretch of rail of the TEN lays, what we call, 'where it lays, the state pays.' The second source will be out of EU normal budget allocations in various programs. The third major source of finance will come from the European Investment Bank" (EIB).

The EIB itself, a little-known, long-term financing bank, was created in 1958 as part of the Treaty of Rome which founded the European Economic Community. At the time, it was intended to provide long-term credit for the industrialization of Italy's impoverished Mezzogiorno. With a legal borrowing capacity of some \$200 billion, the EIB is a major financial institution, comparable to the World Bank in size. Since 1989, when the Berlin Wall collapsed and the East opened, the EIB has extended some \$28 billion in loans for infrastructure development in western and, in part, in eastern Europe.

Under the mandate of the Corfu summit, the role of the EIB is to be greatly enhanced in this TEN infrastructure financing plan. One reason is that EIB borrowing does not further impact the heavily indebted national budgets of EU member states.

"At this point," EIB spokesman Adam McDonough stated to *EIR*, "financing is not the greatest problem of the TEN projects; rather, it is one of harmonizing the different transport regulatory regimes, and getting sufficient coordination across borders on design standards."

Going east

But even as the western European high-speed rail infrastructure is finally moving ahead, the extension of vital high-speed rail infrastructure into the newly emerging economies of eastern Europe is moving at a dangerously slow pace. At

the same meeting on Nov. 8 of EU finance ministers in Brussels where the "Delors' Bond" scheme was vetoed, requests for greatly accelerated EU support for vital east-west rail infrastructure were postponed for later.

Road border crossings today between Germany and Poland, as well as with the Czech Republic, are so overloaded by truck traffic that delays often take 2-14 hours. Current rail links are totally inadequate. Trade flows for the past 40 years have been within the East, not east-west. Nonetheless, there are tentative first steps in this direction which show at least some appreciation of the problem.

The German government and the Berlin Senate have been active in developing the role of Berlin as the future high-speed transport crossroads north-south as well as east-west. "Berlin will become the new high-speed rail crossroads of Europe," noted a senior Bonn government official involved in the transport developments. "Not only between Scandinavia and southern Europe, but also between western Europe to Holland, and, even now, Britain toward Warsaw and points as far as Moscow."

Main corridors agreed upon

This past March, the transport ministers of European countries met with the EU Commission and the U.N. Economic Commission for Europe in Crete, where they outlined the concept for extending the TEN into a "Pan-European" transport network. Nine "main corridors" linking eastern with western Europe were agreed upon. Of these, one-third pass through Berlin, including the potentially most important Berlin-Warsaw-Minsk-Moscow link.

Later in December, representatives of the governments of Germany, Poland, Belarus, and Russia will gather in Berlin to sign the official inter-state agreement to jointly develop the combined Berlin-Moscow transport corridor by the end of the century. Work has already begun on upgrading the rail track from Berlin to Warsaw to handle trains traveling up to 160 kilometers per hour, a major improvement in the present antiquated, slow system. The German high-speed ICE trains will then be able to travel as far as Warsaw by 1996.

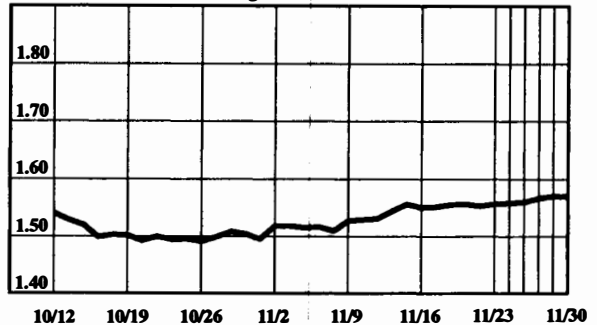
Because the rail gauge in Russia is wider than the rest of Europe, the crossing to Poland at Brest is notorious as a bottleneck, sometimes stalling rail cars for days while they are unloaded and reloaded. The new accord will incorporate a fully automated switching system of rail cabins or boxes from the Russian gauge to the Polish gauge, similar to one in use between France and Spain, enhancing trade flows enormously.

But for now, given the political chaos in Russia and the lack of capital from the EU and the West, the Warsaw-Moscow part of high-speed linkage remains a bold dream. Failure in the West to find a solution to this could come to haunt the West as Russia disintegrates into chaos, which appears to be what at least the British would wish at present.

Currency Rates

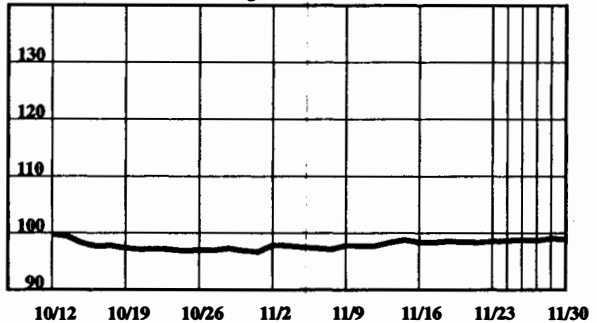
The dollar in deutschemarks

New York late afternoon fixing



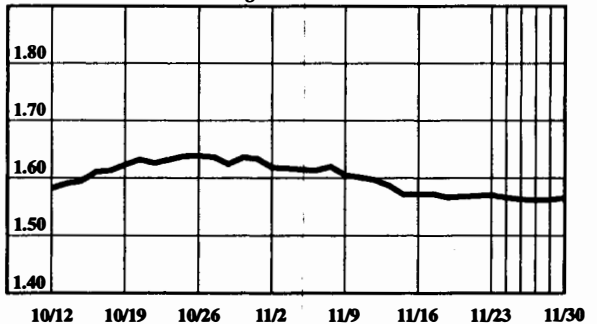
The dollar in yen

New York late afternoon fixing



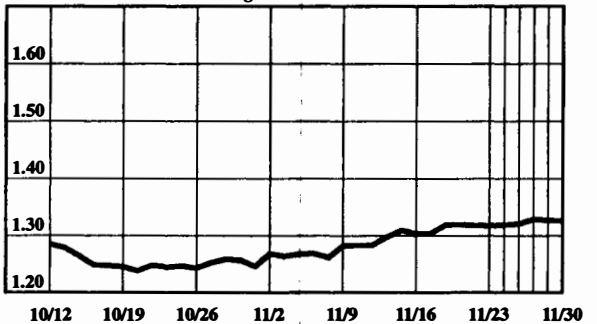
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



LaRouches initiate international fight for economic development

by William Jones

At an all-day conference sponsored by the Schiller Institute in Washington, D.C. on Nov. 30 attended by over 100 representatives of foreign embassies and civil rights organizations, trade unions, and other constituent groups, Lyndon LaRouche and Helga Zepp-LaRouche initiated the first in a series to be held worldwide under the rubric, "Development Is the New Name for Peace."

In the keynote address, Lyndon LaRouche pointed to the "inconclusive" mid-term congressional elections, which have seen the rise of key proponents of the "Conservative Revolution" like Sen. Phil Gramm (R-Tex.) and Rep. Newt Gingrich (R-Ga.). LaRouche pointed out that the "Conservative Revolution" has its roots in that same philosophical school of Armin Mohler in the 1930s which spawned the Nazi movement. "What bought the fascist vote out," LaRouche said, "was the economic crisis. . . . Government over the recent period hasn't worked. It has been a failure. . . . The voters didn't vote for Gingrich and his friends, they voted against those who were in office."

LaRouche painted a picture of the rise and decline of "dynastic cycles" as an example of how the present period must be viewed. "We are reaching the end of an era," he said. "The dominant civilization is collapsing." From the 1950s until the death of Kennedy, the predominant culture was geared toward the idea of development. "The policy of the United Nations and other organizations was the policy of Roosevelt," he said, "the policy that nations have a right to develop." It was this predominating climate which led returning World War II veterans like himself to support the courageous efforts of the civil rights movement in the 1960s to win the full rights of citizenship for black Americans.

LaRouche pointed to the Golden Renaissance of the 1450s as creating the basis for human society, bringing in its wake the establishment of modern science and the political form of the sovereign nation-state. As a result of the imminent financial collapse, "most probably within the next two years before the next general election," and the fact that "the forces which opposed the Renaissance have gained the greater power," LaRouche explained, "entire nations are in the process of being eliminated from the political map." He called for the creation of a new Renaissance in order to bring humanity out of the present crisis. "What motivates us is that which we can do for mankind," LaRouche said. "This is what inspired the

Renaissance. . . . Those who take pleasure in doing good will look back at the Renaissance and try to relive it."

LaRouche outlined the type of infrastructure projects which must be launched in order to reverse 25 years of accumulated economic decay. Utilizing the powers of the U.S. Constitution, the U.S. government could establish a line of credit of \$1-2 trillion, to be lent to federal agencies, municipalities, and utilities for certain kinds of infrastructure projects, he explained. These in turn would issue credit to sub-contractors to initiate the needed projects.

Cairo conference was a branching point

In the afternoon session, Helga Zepp-LaRouche, who had personally mobilized the forces in the states of the former Soviet Union and in many countries in Africa and Ibero-America around her husband's development program, pointed to the U.N. Conference on Population and Development in Cairo last Sept. 5-13 as a "branching point" in the attempt by the London-centered financial oligarchy and Prince Philip's World Wide Fund for Nature (WWF) to impose their policy of genocide on the world population. We must create, Zepp-LaRouche said, "a worldwide movement of people who believe that the worldwide reconstruction of the planet is the way to peace. . . . In each country there are people who studied this program and believe that this is the way to go."

In Cairo, Zepp-LaRouche noted, "the oligarchy showed its ugly face as never before. . . . They want to impose worldwide control over who should live and who should die." And, she said, they intend "to reduce the present population of 5.5 billion people to 2.5 billion and less."

"It was clear to two people that Cairo was a branching point," she said: "Lyndon LaRouche and Pope John Paul II." LaRouche had immediately mobilized his forces to defeat Cairo, Zepp-LaRouche said. "And the pope realized that if the Cairo criteria were accepted, it would destroy all religion and launch a 'cult of death.'"

Zepp-LaRouche outlined the role her husband had played in developing the proposal for a European "Productive Triangle" when the Berlin Wall came down, a development he himself had foreseen. "Lyn had a vision in jail of the 'Productive Triangle' as a way of integrating and developing these countries," Zepp-LaRouche said. (The "Productive Trian-



Lyndon LaRouche addresses the Schiller Institute's conference in Washington: "We are reaching the end of an era."

gle" is the industrial region roughly encompassed by Paris, Berlin, and Vienna as the vertices of a triangle.) Although the industries in Bohemia and Saxony in the East were not of an international standard, they were productive, she said. It was the genius of her husband to have seen that integrating them as a part of an overall productive apparatus in Central Europe would create the preconditions for producing that which was needed for the economic reconstruction of Russia, Ukraine, and other areas of the former Soviet Union. "If German Chancellor Helmut Kohl had made a Christmas address on this issue, it would have quickly become reality."

In addition, British geopoliticians, fearful of a united Germany as a threat to their political and economic power, launched a campaign depicting Germany as a "Fourth Reich." "The British line," Zepp-LaRouche said, "was that if you develop the productive economies of eastern Europe, they would become more productive than the West," and thus constitute a threat.

Although the Kohl government did not go with the "Productive Triangle" program, the support for it has been building in the countries of eastern Europe and the former Soviet Union, Zepp-LaRouche said. The Schiller Institute, and which addresses political, economic, and cultural affairs, which she founded, was recently invited to the Sejm, the Polish parliament, to discuss LaRouche's economic ideas. "There is a similar situation in Hungary," she said. "Many scientists in Russia study physical economy." LaRouche was well-received by them and was made a member of the prestigious Ecological Academy for his achievements in economic theory, she noted. "We must build a movement for worldwide reconstruction. . . . We can survive only if oligarchism

is eliminated once and for all."

Chris White, *EIR* economics editor, then used charts and graphs to compare five countries—the United States, West Germany, Japan, India, and China—to examine the economic and demographic parameters that determine economic growth. The charts gave a stark picture of developments during 1969-90. For India and China, rural labor has remained at the same level during the entire period, and encompasses a large percentage of their labor forces in the peasant economy, thereby keeping these nations in conditions of poverty. But developments in the industrial world have not been much better. In West Germany and in the United States during that period, there has been a massive decline in non-rural productive labor, with a growth of overhead costs in all five countries. "We are failing to meet the costs of reproducing our labor power everywhere," White said.

White showed how fuel utilization per square kilometer increased in Japan and West Germany, but remained stagnant in the United States. In India and China, "the ratio doesn't change over time," he observed. More disastrous was the deterioration in rail transportation infrastructure, with a decline in all the industrial countries and no improvement in India and China. "If we're serious about the task of reconstruction, there must be a massive increase in the magnitude of infrastructure of India and China," he said. "We've got to do this or else we are in effect saying, as do the oligarchs, that these countries are expendable."

Great projects and the oligarchy

In the evening, more detail was presented on the various infrastructure projects globally which are awaiting imple-

mentation. Marcia Merry, *EIR* agriculture editor, gave a graphic overview of some of the major infrastructure projects now on the drawing boards. These included traversing the African continent with railroads, water projects for bringing the seas into the desert, and replenishing lakes which have dried up, such as diverting the Zaire River into Lake Chad and expanding that water basin.

Merry focused on the various development projects proposed by LaRouche for the Middle East in the 1970s as part of his "Oasis Plan" to bring lasting peace between Israel and the Arab nations. Using charts from the Oasis Program as well as new material recently presented by the Israeli government at the Casablanca conference on Middle East-North Africa development, Merry showed how a variety of canals, nuclear-centered desalination facilities, and power plants would change the nature of that arid region, providing fresh water and electricity for the development of agriculture and industry in the area.

Linda de Hoyos, the Asia editor of *EIR*, gave a graphic picture of another blighted, but potentially extremely productive area of the world—the India-Pacific basin. In a series of slides and overheads, de Hoyos showed how the area could be totally transformed by the creation of a land-bridge to Asia through the old Silk Road from China through Central Asia to the West, and through the construction of northern rail links and completing the idea of Russian Count Sergei Witte of extending the Trans-Siberian Railroad into China and Japan. This would be complemented by the construction of an internal rail net into the Chinese interior and along China's extensive coast. "The present rail network in China is only a fraction of that envisioned by Sun Yat-sen," de Hoyos noted, referring to the founder of modern China, who laid out a plan for the industrialization of China well over a half-century ago.

Jeffrey Steinberg, *EIR* counterintelligence director, outlined some of the opposition facing anyone intent on realizing these development projects: the international oligarchical grouping around Britain's Prince Philip and his WWF. Steinberg outlined how Prince Philip and the WWF had set aside "game preserves" to ostensibly "protect" wildlife, but in reality which serve as private hunting preserves for Philip and his friends. More significantly, these areas were used as "international territory," effectively under British control, for destabilization operations against many of the African nations in which they were located. Steinberg explained that the recent genocidal warfare in Rwanda, one of the countries with the highest mortality rates in Africa, was launched from one of these protected areas.

Discussion after the panels showed awareness of the tremendous potential which a "new development decade" holds for the future of humanity, and awareness of the responsibility on each to realize that potential. One participant commented, "We know now what has to be done. Now we just have to get about doing it."

India's reforms bring no relief, as Rao looks to 'grim' election

by Ramtanu Maitra and Susan Maitra

Speaking at the meeting here in India of the World Economic Forum (WEF), Indian Minister of Finance Dr. Manmohan Singh assured foreign investors that the economic reform program, launched by him with Prime Minister P.V. Narasimha Rao in 1991, was "truly irreversible." While the statement is a mere reiteration of assurances made periodically by both the prime minister and finance minister, it is interesting that the finance minister found it necessary to say it again loudly more than three years since the reform was launched.

The reform program has included measures such as lowered import tariffs, restricted investments in industry and infrastructure, and liberalization of the financial markets in order to attract foreign currency.

One of the reasons that Dr. Singh chose the WEF forum is that there is a growing concern, particularly among the hard-core backers of India's economic liberalization process, that the outcome in the coming state assembly elections in Andhra Pradesh (Prime Minister Rao's home state) and Karnataka may pose a crisis to the Rao government during the remaining 18 months or so of its existence, before new parliamentary elections are held. The Andhra Pradesh and Karnataka elections are to be held early in December and, if the opinion polls are to be trusted, the ruling Congress Party may end up losing both states, encouraging visible dissension among its top and mid-level leaders in the country. Since the Rao government is campaigning on the merits of the economic reforms, the defeat of the ruling Congress Party in the state assembly polls in Andhra Pradesh and Karnataka may be construed as a rejection of the Rao government's economic policies.

It is evident that the reforms have failed to make any positive impact on the average or poor family, while the budget cuts have deteriorated the general infrastructure, health, and education sectors in particular. It is also widely known that some of the more ambitious congressmen, and those who are desperately trying to stay in power, may blame an electoral defeat on the Rao government's economic reforms and sing paeans to the old-style, state-controlled planned economy.

However, it is not these Congress leaders whom Dr. Singh was addressing in his speech. To begin with, Singh was responding to the statement made a day earlier by the

senior adviser to the WEF, and reportedly the person who made a significant input into the Indian economic reform programs, Claude Smadja. Smadja, in no uncertain terms, made it evident that although the Indian economic reform is credible, the pace of it is sadly lacking.

Smadja, who favors quickening the liberalization process, said Prime Minister Rao is taking his time to institute reforms and "he has no intention of being pushed either by the IMF [International Monetary Fund] or the World Bank, or even by the impatience of a segment of the business community" of India.

Smadja questioned how far such a cautious approach would continue to be an asset. Pointing to the upcoming elections, Smadja said that much would now depend on politics and it might result in a relaxation of fiscal discipline through giveaways to buy votes, but this would affect the target of containing the budget deficit at 6% of Gross Domestic Product next year.

What worries Smadja is that the Rao government, whose economic performance will do little to win votes, may fall back into fiscal indiscipline, and thus set back the economic reform process of the last three years. Smadja also mentioned the possibility of a coalition government coming to power in Delhi and said, "if the possibilities of a coalition exist, then it is much more difficult to manage reform."

This is perhaps the first indication—and an important one, because the WEF is one of the major backers and alleged adviser of Singh's perceived economic reform process—that despite the much-vaunted economic success, the Rao government remains vulnerable in the polls precisely because the economic liberalization has brought little relief to the people in general. In a recent election meeting, Prime Minister Rao said the election is "very crucial and grim" because the entire economic agenda of the country depends on the outcome of the polls, because the foreign investors are watching anxiously.

Low growth rate

A similar outcome has also been projected from one of India's top economists, Amartya Sen, professor of economics and philosophy at Harvard and president of the American Economic Association. An individual who is respected widely in and outside of India, Dr. Sen told an audience at the Johns Hopkins University School of Advanced International Studies that India's growth rate has not picked up following liberalization and the economic potential of the country was far from being realized with the kind of policies being followed.

Without naming who, exactly, is spreading the wrong news, Sen said, "The story that India's growth rate has picked up is wrong." He pointed out that during the Seventh Five Year Plan (1985-89), the growth rate was higher, at around 5%, but had since faltered at 2-3%, and sometimes none at all.

Dr. Sen made it clear—and the mandarins of Delhi's North Block may take note of it—that to reduce poverty in India, the productive base of the economy has to be expanded. Sen was explicit in stating that while foreign investment is useful, no matter how large the foreign investment to India becomes, it would still be woefully inadequate.

Weak infrastructure

A subtle criticism of the direction in which the Indian economic reform is moving came also from an unexpected quarter. U.S. Undersecretary of Commerce Jeffrey Garten visited India to prepare for the upcoming high-profile visit of his boss, Commerce Secretary Ron Brown, along with 90 leading U.S. businessmen, in January 1995. Garten made a few keen observations which, in fact, agree largely with Dr. Sen's observations and are quite in contrast with the Rao government's political campaign projecting India's economic reforms as a success story already, while skipping over the continuing, and growing weaknesses of the physical economy.

During his interaction with Indian businessmen in Bombay, Garten listened to the American corporate representatives' complaints about India's poor infrastructure. He called it "woefully inadequate" and said it would be one of the pitfalls in India's efforts to keep up with competing economies in the region. He also pointed out that if India improves its infrastructure, it would attract large sums of foreign investments.

The U.S. official's comments could not have come at a more opportune time. The Rao government, goaded by the Finance Ministry, is pushing for increasing cuts in the plan allocations slotted for the infrastructural sector. The Finance Ministry, under pressure from the IMF-World Bank, and those Indian economists who belong to the same school of thought, to keep the budget deficit down to 6% at the end of this fiscal year, has opened up the infrastructural sector to the private sector for investment in core areas such as power, roads, and other areas.

Those who are critical of the government's benign neglect of India's physical economy, point out that the Indian investors do not have the capital to invest in an area which is highly capital-intensive and slow to produce returns. Moreover, years of slow growth have taken a toll on investors, and the poor response to the invitation to invest in the power sector is a clear indication that the private sector is nothing more than an "also ran" in a race where the public sector will have to be by far the larger investor.

The Finance Ministry's explanation is that this is merely a ploy to cut budget financing to reduce the fiscal deficit—a requirement dictated by the IMF-World Bank, some point out. Large public sector investments in India have often in the past turned into political payoffs to one or another power group by the powers-that-be and have been a major source of inflation.

China's prime minister warns of new world financial crash

by Mary Burdman

Prime Minister Li Peng of China has become the first head of any government to make the danger of a new "Black Friday" financial crash a matter of open diplomacy. Li Peng met with chairman Peter Kann and the board of directors of the American Dow Jones and Co., publishers of the *Wall Street Journal*, in Beijing on Nov. 21 at Zhongnanhai, the official reception hall of China's government. When he was asked if China would make its currency convertible any time soon, Li Peng replied: "If our currency is convertible, another Black Friday crash in the U.S. would hurt China. So I do not think it [convertible currency] will happen very soon," the *Wall Street Journal Europe* reported in an exclusive article on the meeting on Nov. 22.

Li Peng's statement is the strongest indication to date, that China's leaders are committed to preserving the nation from its deadly enemy—Great Britain. Those economists and scholars who recognize the extent of the economic crisis in China, are also fully aware of the industrial and financial disaster in the "advanced" nations. The collapse of Russia and Ukraine under the weight of International Monetary Fund-dictated shock therapy was only the final proof, to one group of Chinese leaders, that the nation would have to take measures to protect China's core assets at the same time that it had to find means to build desperately needed infrastructure.

Since 1993, China has been attempting to break out of the course charted for it by London and its assets. On Sept. 26, the official *China Daily* noted that the measures taken to curb real estate speculation and increase taxes last year, had been effective. "Investment" from Hongkong, Taiwan, and Macao had declined, but U.S., European, and Japanese companies had "demonstrated greater interest in China's machinery, electronics, and chemical sectors. . . . The sharp reduction in speculative real estate projects, versus steady growth in basic industries and infrastructure, suits the Chinese government's new industrial strategy to sustain a long-term economic development."

Li Peng's statement is only one example. Beijing is also showing resistance about submission to the "free-trade" regime of the General Agreement on Tariffs and Trade (GATT), and has thrown all sorts of western speculators, hovering at the brink of bankruptcy, into a frenzy of anxiety, while throwing their Chinese assets into jail.

Many of Beijing's actions are opportunistic bargaining,

which could fail utterly. But the world situation is so tenuous, that one recent commentary even warned that China's recalcitrance on free trade could bring down the entire world trading system! There is truth to this warning, despite the terrible weaknesses of the Chinese economy. A determined national leadership could collapse the international financial house of cards.

In his meeting with Dow Jones, Li Peng publicly noted other problems that China, along with other developing economies, faces. He stated that China's large borrowings from Japan, mostly from the early 1980s, were made when the yen was 360 to the dollar; now they must be repaid at nearly triple the original value in dollar terms, due to the rise in the yen to almost 100 to the dollar. Last month, the Japanese *Nihon Keizai Shimbun* reported that a group of 31 banks, of which 24 are Japanese, had petitioned Executive Prime Minister Zhu Rongji to help them recover \$600 million in loans made to Chinese state industry in the early 1980s. The Japanese banks have a total of \$1.8 billion in loans outstanding to China; total Japanese lending to China is in the range of \$25 billion.

Li Peng also emphasized that China's stock markets were "still at a trial stage," and that the government has a "cautious attitude" toward developing these markets. He cited market scandals in China itself in 1992-93, and the more recent debacle of the MMM Joint Stock Co. in Russia, to show the fragility of the "emerging" financial markets—those markets which have been the targets of the most ruthless international speculators, including George Soros, in the past two years. The Hongkong market itself has been plunging ever since January.

Chinese officials have been stating China's differences with prevailing international policy on GATT and free trade. China had been a founder of GATT, but the communist government pulled out in 1949. Now China wants to rejoin as a founding member of the World Trade Organization in January, but U.S. Trade Representative Mickey Kantor is maintaining U.S. insistence that China enter GATT as a "developed" nation, which would eliminate all protection of its agriculture and industry. China, a nation where 75% of the 1.2 billion population are still peasants, would be destroyed in the process.

The vultures of world finance want to repeat the 19th-century "Opium War" strategy, when the British Empire, with nothing to offer the world except opium grown in con-

quered India, waged war to forcibly create a "market" in China. One set of shysters, typified by Bankers Trust's William Overholt, penetrated China by promoting the mirage of an economic "superpower"; another set, including *Time* magazine's Richard Hornick, now at the East-West Institute, the Trilateral Commission's think-tank in Hawaii, is promoting a "China crash," another facet of the British International Institute of Strategic Studies "divide and conquer" policy.

Frontal assault

Since mid-November, Lehman Brothers, J.P. Morgan, Merrill Lynch, Crédit Lyonnais, well publicized by the *Wall Street Journal* and London *Financial Times*, have been in a frontal assault against China. The reason? Since mid-1993, Beijing has been attempting to shift foreign investment out of dangerous speculation, which the City of London and Wall Street cannot tolerate. At the same time, China has caught international banks red-handed, luring Chinese into huge speculative operations on the markets with multimillion-dollar credit lines. The inevitable losses could drain China of desperately needed foreign exchange. Beijing has taken steps.

In June, the official *People's Daily* announced that the Chinese government will "strictly control futures trading outside its borders. . . . Blind speculation on international exchanges has led to huge outflow of foreign exchange" from China, much of it government funds. Foreigners who had already violated regulations in their home countries of the United States, Singapore, Hongkong, and Taiwan, were "taking advantage" of Beijing's still-primitive legal system to set up business in China.

The government also officially denounced China's top stock-market official Liu Hongru, for colluding with international investment banks, especially the U.S.-based Goldman Sachs and Co., Merrill Lynch and Co., and Morgan Stanley Group Inc., to list all the most profitable Chinese companies on foreign stock markets—meaning Hongkong and New York—rather than Chinese stock markets. His machinations with Wall Street left debt-laden state-run industries on the domestic stock markets, forcing them to compete with the central government for vitally needed domestic capital.

This was followed up on Nov. 7, when a government circular issued by four agencies, including the China Securities Regulatory Commission and the Ministry for Public Security, announced a crackdown on illicit futures trading of foreign exchanges. Some Chinese firms had not only conducted unsanctioned futures trading abroad, but "even did deals with [unspecified] unlawful overseas groups to defraud customers of their capital." The operations caused "financial disorder and led to a drain of foreign exchange." Both sides involved in unapproved trading will not be protected by the law, the circular states.

Lehman Brothers was the first to react, resorting to suing China's three largest trading companies for \$100 million,

because those companies, Lehman Brothers claims, failed to pay for debts to that amount incurred while engaging in foreign exchange and swap trading under Lehman Brothers' guidance from May to August of this year, the *Financial Times* reported on Nov. 17. China United Petroleum Chemicals (Unipecc), International Non-Ferrous Metals Trading, and China National Metals and Minerals Export and Import were given 30 days to appear in U.S. court in New York to answer Lehman Brothers' claims.

In addition, the Shanghai subsidiary of the government-controlled China International Trust and Investment Corp. has reportedly defaulted on \$30-50 million in obligations from futures trading on the London Metals Exchange earlier this year. CITIC headquarters has so far refused to take responsibility for the default, because the operations of the Shanghai house were unauthorized and illegal.

This has caused great consternation. If the Chinese government-controlled banks fail to pay for their losses on western exchanges, "the potential international repercussions are extremely serious," the chairman of the London Metals Exchange Raj Bagri told the *Wall Street Journal Europe* in an interview on Nov. 24. "It would be a dangerous precedent if organizations controlled by foreign governments believe that they can play on international markets and negotiate their way out of settling debts." CITIC officials say that the traders acted in violation of Chinese law by taking huge speculative "positions" on the exchange. The head of the Shanghai branch, Gao Kongliang, has been jailed for committing China in huge speculation operations in copper futures in London "in a criminal way," and two traders have also been arrested. They incurred debts worth \$40 million. Gao, a former shipyard welder, launched his operations after attending a seminar on futures trading run by the Chicago Board of Trade in 1992. By the end of 1993, CITIC Shanghai had become the biggest copper-futures trader in the world, and it is estimated that, before his downfall, CITIC Shanghai had amassed nearly \$700 million on the London Metals Exchange.

While maintaining that the issue of CITIC's responsibility for the debts is an issue of Chinese law, officials have reportedly offered to negotiate a settlement with London, but the offer has been rejected as "dangerous" by the exchange chairman. "If they don't settle, metals firms will become even more cautious about scrutinizing the credit of customers. The result will be a loss of business for the exchanges and for China," he said.

Zhu Rongji is "extremely angry" about the international investment banks' operations, a Chinese official told the *Wall Street Journal Europe* on Nov. 24. Zhu Rongji blames the investment banks for arranging big credit lines for the Chinese firms, and assuming that these firms were acting on behalf of Beijing. Zhu does not want to pay out precious hard currency reserves for the debts, which were incurred from speculation never approved by Beijing.

In addition to Lehman Brothers, Merrill Lynch, Goldman Sachs, Crédit Lyonnais Rouse, Prudential Bache, and others have been attacking China for "welshing" on what they estimate to be hundreds of millions in debts from Chinese firms incurred in swap and other speculative trading. As the *Wall Street Journal* quoted one "Lehman executive" in an editorial on Nov. 21, if China wants to borrow on world markets, "It can't go around stiffing people like this."

Stop infrastructure investment

In addition to lawsuits, international financiers are using China's refusal to pay as reason to limit infrastructure investment. Even Hongkong's richest financier, Li Ka-shing, who claims great friendship for China, announced on Nov. 24 at a trade seminar in Hongkong that frequently changing policies, a confused tax structure, and restricted returns on infrastructure projects are "cause for concern." Li, Beijing's liaison to the government in Hongkong, said that restrictions on the returns foreign investors can expect from infrastructure investments should be relaxed, and Li called for reform of China's legal and taxation system.

Earlier in the month, World Bank President Lewis Preston had "warned" Chinese officials that they would drive away foreign capital if they insisted on limited rates of return. Since 1992, Prime Minister Li Peng had attempted to set a cap of 12-15% on profit that foreign investors could earn, in contrast to 18-22% in other Asian nations. As a result, capital went elsewhere. China limits foreign share in strategic power plants to 30%, while keeping the grid system and other infrastructure under "unified state management."

The *Financial Times*, mouthpiece of the City of London, warned on Nov. 24: "China's rash of troubles with western creditors over unpaid debts is casting a pall over plans for heavy foreign investment in Chinese infrastructure, particularly in the power sector. Western bankers also report signs of nervousness in international debt markets over China's exposure." China's foreign debt is approaching \$100 billion. The bankers were particularly not amused by Beijing's attempt to cap rates of return, something Beijing has not reversed, despite the pressure.

Make China knuckle under

China's vulnerability is its determination to become a founding member of the World Trade Organization, a desire western free traders want to exploit to the hilt, as a commentary in the *International Herald Tribune* on Nov. 18 shows. "The West must stay firm with China," it stated, and not miss its "once-only chance to propel China along the road to economic reform and induce it to become a constructive player in the world economy. It is vital that the West—and above all the United States—not let this huge prize slip away." The West must use China's "fervent ambition" to become a founding member of the WTO, to enforce on China

"cast-iron commitments to open up the country's still largely centrally planned economy, the most protectionist of any major country," the commentary said. "If China is allowed to continue on its current mercantilist path, it will disrupt the world trading system and undermine plans for an Asia-Pacific free trade area by 2020," which was the conclusion of the Asia-Pacific Economic Cooperation (APEC) summit in Jakarta, Indonesia in mid-November. "Fortunately, the urgency of Beijing's desire to join the WTO gives the West enormous leverage," it said.

"The real problem is that China is still trying to evade paying the full entry price, which means accepting the capitalist free-market principles which have governed the western-dominated world trading system since World War II." But China must "not be allowed to hide behind phony claims of developing-country status," the commentary states. The *International Herald Tribune* quoted a report from the Washington Economic Strategy Institute, warning that "if China is permitted to gain the benefits of membership, while persisting with mercantilist practices, it will make a mockery of the WTO's free-trade principles and threaten the entire world trading system. Western economies could be devastated by exports from a protectionist, state-directed economy possessing enormous pools of low-cost labor."

But Beijing is also playing hardball. Chinese officials dismiss the claims by the International Monetary Fund and World Bank, that China is the "third largest" economy in the world, as an attempt by these institutions to force much harsher conditions on China. In 1993, Finance Minister Liu Zhongli dismissed the IMF's contention as misleading manipulation of statistics, and State Statistical Bureau spokesman Zhang Zhongyi said that China's statistical accounting is too backward for its economy even to be measured by the IMF's methods. Per capita income in China is only \$400 per year, he said, although Gross Domestic Product reached \$458.6 billion, the 10th largest in the world. But industrial output amounted to only 27.2% of GDP, 14% below world average. The food production structure, literacy, education, and per capita living space all put China as a low-income nation.

In July, Foreign Trade Minister Wu Yi told visiting U.S. trade official Jeffrey Garten that "China will not restore its GATT contracting status at any cost. China will seek a principle of balance between rights and obligations, and will not trade off the state's fundamental interests for the sake of re-entry." On Nov. 28, China's chief trade negotiator Long Yongtu announced at the GATT negotiations in Geneva that China "really can do without GATT." China's leaders "at the highest possible level," he said, had set a deadline of the end of 1994 for concluding substantive negotiations on the issue, although technical negotiations could go on. Long said that the U.S. is using China's desire to join GATT as "a lever to squeeze us."

Business Briefs

Dope, Inc.

Amex fined in biggest drug money case ever

American Express Bank International, which recently gave out \$70,000 in prizes for essays pushing derivatives and free trade, settled a U.S. drug money-laundering case for \$36 million, the largest penalty ever, the *Wall Street Journal* reported on Nov. 22.

The settlement was reached after two former bank directors were convicted in June of helping Ricardo Aguirre-Villagomez of the Juan García Abrego gang (known as the Gulf Cartel) to launder about \$30 million through the bank's Beverly Hills, California branch office to the Cayman Islands. The bank agreed to "forfeit" \$25 million in laundered money, pay a \$7 million penalty, and spend \$3 million to improve its money-transfer reporting program.

Gaynelle Griffin Jones, U.S. Attorney for the Southern District of Texas where the bank executives were prosecuted, said that the size of the fine was partly due to the lack of cooperation by Amex. "We were very concerned about the lack of cooperation we received from American Express during the investigation. We had fairly high-level people involved in laundering money at a company that was unable to detect the problem. That is very serious. But American Express took the position that there was no criminal wrongdoing" by its employees. She said that Amex's compliance program for reporting cash transactions "existed only on paper."

Debt

Mexico's bad loans pose threat to banks

Mexico's non-performing domestic debt is increasing rapidly, the Nov. 17 *Los Angeles Times* reported. The 14% rate of bad loans "threatens the stability of the recently privatized banking system and could trigger a wave of insolvency comparable to the savings and loan crisis in the United States," the daily warned. All but one of the 18 banks which the Salinas government sold to private investors

have suffered increases in non-performing loans this year, and the industry-wide average is nearing 10% of outstanding debt.

According to Roberto Hernández, chairman of the Mexican Bankers Association, part of the problem is the economic downturn which has put many borrowers out of work. Another factor is the "conflicting pressures unleashed by the free-market reforms" of the Salinas government.

The six U.S. Federal Reserve interest rate hikes since February, and the dollar's devaluation relative to the German mark and the Japanese yen, have increased payments on Mexican foreign public debt by \$977 million this year, to \$5.6 billion, an increase of 23%, the daily *El Financiero* reported on Nov. 16. Mexico's Finance Ministry estimates that between January and September of this year, \$4.13 billion has been paid in interest, 9.1% more than last year. During that same period, Mexico contracted \$3.12 billion in new debt. According to a report by the ministry, interest on the foreign private debt will also increase by \$500 million.

Demography

Germans try to stop birthrate decline

The eastern German state of Brandenburg has announced that it will pay parents \$650 for every new child, on top of health insurance and the monthly child allowance, the Nov. 25 *New York Times* reported. Nicholas Eberstadt, a demographer at the American Enterprise Institute, said that "eastern Germany's adults appear to have come as close to a temporary suspension of childbearing as any large population in the human experience."

The drop in births, from 38,000 births in 1989 to 12,000 in 1993, is attributed to "economic uncertainty." Wolfgang Jähmer, who directs social welfare programs in Schwerin, said, "We have some fears that the tree of life may be falling." In eastern Germany, the marriage rate has also dropped, and there has been more than a tenfold increase in sterilizations since 1989.

Brandenburg government spokesman Manfred Krohn said, "All over Germany, people are feeling insecure, especially young peo-

ple. They're thinking about studying and working, not about families. Naturally you see this more in the east, but it has spread westward and is now a serious national problem. We have to confront it."

Infrastructure

China begins work on water-diversion project

China is beginning preliminary work on a massive water-diversion project to transfer 5% of the flow of the Yangtze River to the Yellow River, in order to relieve the drought in China's north and northwest, *China Daily* reported on Nov. 17. This project is part of the national South-North Water Diversion Project.

While 80% of China's water resources are in the south of the country, only 36% of arable land is there.

There are three separate projects involved—two to divert water from the upper and middle reaches of the Yangtze into the Yellow River, and the third to divert water from the lower Yangtze into the Grand Canal, to reach the Beijing-Tianjin area.

However, international financiers are using China's refusal to pay debts incurred by individual firms involved in speculation, to limit infrastructure investment. The Nov. 25 *International Herald Tribune* quoted bankers involved in China, that China must "confront" some "fundamental issues" if it wants to avoid higher costs of financing for its huge development needs.

Finance

Leuschel repeats warning of coming 'salami crash'

Roland Leuschel, the chief strategist for Banque Bruxelles Lambert, repeated his warning that world financial markets are facing a "salami crash," in an interview with the German daily *Süddeutsche Zeitung* published on Nov. 26. Leuschel said this crash will come soon, and it will be a much more violent than ones in the past, due to the speculative money

Briefly

● **FIRST BOSTON**, Morgan Grenfell, and the Overseas Private Investment Corp. were attacked by *Moskovsky Komsomolets* for attempting to gain "total control" of the Russian industrial sector, buying stock in privatized companies through third parties for 1% of market price, Radio Free Europe reported on Nov. 22.

● **BULGARIAN** Prime Minister Zhelu Zhelev told French TV in Paris on Nov. 21 that a Marshall Plan for economic development is needed in the Balkans. The military activity of the West cannot conceal that there is no comprehensive policy for the region, he said.

● **INDIA** is facing conditions perfect for dengue hemorrhagic fever to break out, because the aedes mosquito, the vector of the disease, is proliferating in New Delhi's filth, V. Ramalingaswamy, former director general of the Indian Council for Medical Research, said at a press conference. "If malaria did not get you, dengue fever will."

● **THE RUSSIAN** government is virtually bankrupt, and needs help from the International Monetary Fund, Finance Minister Vladimir Pankov told the Duma on Nov. 25. Pankov said \$12.7 billion is needed to cover the deficit; IMF experts are conditioning another \$5 billion loan on cuts in the military, farm sector, and state industries.

● **THE ORGANIZATION** of Petroleum Exporting Countries is considering a freeze on the oil production ceiling for up to one year. The basket of crudes averaged \$16.97 in the week to Nov. 11; its target is \$21.

● **THE GERMAN** language "is undergoing a remarkable renaissance" in eastern Europe, the Nov. 25 *Richmond Times-Dispatch* reported. Two-thirds of the 20 million people learning German worldwide are in eastern Europe and the former republics of the Soviet Union.

that was introduced into the markets since 1991, through the use of derivatives in particular.

Leuschel said that the Dow Jones could fall toward 2,200 points in a rapid collapse, or undergo a "salami crash," i.e., in smaller steps. The danger for the financial markets was primarily caused by the U.S. Federal Reserve, he said, which in the early 1990s created a huge amount of liquidity with its low short-term interest rates. Now we are facing the biggest financial bubble in world history, he said. With increasing interest rates and a dollar losing its credibility, this bubble is about to burst. For the real economy, the crash will have a beneficial effect, he said.

Middle East

Speed-up in aid to Palestinians is urged

Several political leaders said in November that the delivery of economic aid to the Palestinians must be speeded up in order to ensure the success of the Mideast peace process. Of the \$700 million in aid for FY 1994 pledged after Israel and the Palestine Liberation Organization signed a peace agreement, only \$150-200 million has been transferred. Reuters reported on Nov. 27. Marwan Karafani, an aide to PLO Chairman Yasser Arafat, argued that "there should be a new mechanism or a new life in this mechanism in order to speed up the aid coming to the Palestinian economy."

Uri Savir, the director general of the Israeli Foreign Ministry, warned during a visit to London, "Either Gaza improves or the peace process erodes. . . . Something more dramatic needs to be done," the Nov. 16 London *Guardian* reported. Savir warned that the situation in Gaza, where there is 50% unemployment, is so grim that donors should drop their insistence on the creation of a proper Palestinian tax system, and finance immediate projects to create employment. The Israelis are said to agree with Arafat that lack of financial aid is making it harder for him to deal with the opposition.

On Nov. 16, Egyptian President Hosni Mubarak said the violence could spread to Europe if the Palestinians "don't start feeling the results of peace," Associated Press reported.

Delays in aid will make the West Bank and Gaza "fertile ground for Hamas and the Islamic Jihad. . . . Palestine will be a new, tougher Afghanistan. . . . The whole area, including the Europeans, the Arabs, everyone will be affected."

On Nov. 21, President Clinton, at the White House with Israeli Prime Minister Yitzhak Rabin, said, "I do think we should speed it [aid] up. There will be a meeting next week, a donors meeting, in Brussels. We're going to try to move about \$125 million out in a hurry. I do believe that the donors must work to get the assistance out quickly to enable the people in the areas to receive and to feel some benefits of the peace. I think that's critically important."

Banking

French bank head attacks 'Anglo-Saxon' speculation

Jean Peyrelevade, head of Cr dit Lyonnais, attacked "Anglo-Saxon" speculation, at a meeting organized by the German Society for Foreign Politics in Frankfurt in late November.

Anglo-Saxon countries have gone too far with the deregulation of financial markets, resulting in increasing volatility, speculative assaults, and system risks, he charged, endangering the currency policies of France and Germany, which are oriented toward stability. Therefore, he said, "we have to start again to regulate . . . although I know that this is a minority opinion." Perhaps we first need a "catastrophe of the system" before we have an adequate approach toward the risks posed by derivatives in Europe, he said.

Peyrelevade contrasted continental banking, characterized (at least in former times) by the "long-term, stable partnership between industry and capital," with the high-risk financial innovations coming out of England and the United States. Today, these countries are more and more controlling interest rates and exchange rates on the continent with their huge liquidity. However, he said, "we should not play the London card." Banking in Great Britain, he said, is not comparable with the situation in Germany or France: "This is another world."

Asian nations must go nuclear for the 21st century

by Ramtanu Maitra

“No power is more expensive than no power.”

—Dr. Homi Bhabha, founder of India’s nuclear power program

In the negotiations between the United States and North Korea on the dismantlement of North Korea’s alleged bomb-making capabilities, the Clinton administration—in contrast to the strong anti-nuclear stance coming from Washington in the last two decades—agreed to guarantee to North Korea the construction of two light-water nuclear reactors totaling 2,000 megawatts to replace Pyongyang’s two plutonium-producing reactors. Implied in the agreement is Washington’s acknowledgment that North Korea is right in its assessment that its economic survival depends on nuclear energy.

A nuclear-energy capability is not only a requirement for North Korea, but an urgent necessity for every country in Asia—a fact more and more governments in the region are coming to recognize. Without nuclear energy, Asian countries cannot break the barriers that currently place severe constraints on their capacity to industrialize and raise the standard of living of their populations. Conversely, those countries (Japan, South Korea, and Taiwan) that have built up a strong nuclear power sector, have produced and sustained growing industrial economies. As **Table 2** (p. 28) shows, the energy consumption of most Asian countries is at least a full order of magnitude below the levels consumed by industrial Taiwan, South Korea, and Japan.

Asia today is home to more than 3 billion people. Over 2.1 billion of those people (69%) live in rural areas, most of them engaged in low-technology subsistence farming. The households and farms of most of those 2.1 billion rural dwellers are without any electricity at all. Of the 31% of the population that is “urbanized,” many of these are unemployed or underemployed, brought to the cities out of desperation. In China, this “floating population” of itinerant labor exceeds 200 million. Lack of cheap energy has prohibited the growth of industry that can absorb the growing labor force. Without nuclear energy to bring about a reversal of the current



A technician sterilizes medical products at Bhabha Atomic Research Center in Trombay, India. Facilities like the BARC foster the benefits of nuclear technology in many fields, including medicine and agriculture.

economic trend, countries such as China, Thailand, India, Pakistan, and the Philippines face breakdown crises.

Asia cannot avert such a breakdown crisis and enter the twenty-first century without nuclear energy. Why? Although some of the larger nations of Asia (China, India, and Indonesia) are well endowed with some or all of the conventional power generation sources, such as coal, oil, natural gas, and hydropower, the full utilization of these resources carries with it many additional and prohibitive costs. First are the transport costs for bringing coal, natural gas, or water to where it is required. In China and India, over 50% of the rail system is tied up in hauling coal for power generation from one section of the country to another.

In some Asian countries, topographical characteristics permit no easy use of conventional power generation resources. In India, the hydropower potential is estimated at close to 90 gigawatts, not a huge amount considering the long-term requirement of this perennially power-short country. To utilize even this amount of hydropower potential requires harnessing such mammoth rivers as the Ganges and Brahmaputra, and their equally large tributaries—an extremely complex and long-term project. In addition, most of India's hydropower potential is located in the north, generated by water carriers coming down the southern face of the Himalayas. Power generated in the northern rivers must be carried thousands of kilometers south to meet the shortfall in the southern grid system—a highly wasteful enterprise. Even in countries that have easy access to hydropower, hydroelectric power stations require on the order of 10 to 20 times more

material for their construction than nuclear plants.

Current reliance in most Asian countries on conventional power sources is also producing high levels of air and ground-water pollution. The cause of this pollution is the use of low-technology-based manufacturing processes, and indiscriminate use of coal for bulk generation. Countries without nuclear capabilities also deprive themselves of the benefits of nuclear technology in many fields, including medicine and agriculture. Nuclear desalination—as proposed in the Palestine Liberation Organization-Israeli accords—is only one area in which nuclear energy is the cheapest method to solve a problem. Nuplexes (nuclear-powered agro-industrial complexes) as proposed by the Oak Ridge National Laboratory in Tennessee, are the fastest route to building new cities whose output both raises agricultural productivity and absorbs labor in high-technology production.

Most significant, as Jonathan Tennenbaum pointed out in the *Emergency Plan for China* designed by *EIR* (see Feb. 11, 1994 issue), “the power density of coal (and other conventional fossil-fuel technology) imposes . . . a low level of productivity. . . . Per unit of thermal (or electric) power generated, a present-day nuclear power plant requires approximately 60,000 times less fuel by weight than a power plant using coal, oil, or gas. This fact reflects the vastly larger energy flux-density intrinsic to nuclear reactions as compared with processes of chemical combustion.”

Given the monumental and urgent job of transforming the economies of Asia, the efficiencies and high-technology spin-offs of nuclear energy are the *only* way that Asia can go.

Nuplexes: technology for the 21st century

by Ramtanu Maitra

In the 1960s, Dr. Vikram Sarabhai, then chairman of the Atomic Energy Commission in India and a leading scientist, was concerned about India's small national electrical grid and the money and time that were needed to string the entire nation with transmission lines. His concern was not only the cost and logistical complexities of establishing a national grid, but also the large amount of power loss such long transmissions could be expected to incur. "One has to change one's approach to the problem of establishing electricity-generating stations," Dr. Sarabhai said. "Traditionally, one forecasts the growth of loads and establishes generating capacity to meet the load. Take a different approach," he suggested.

In 1968, Prime Minister Indira Gandhi further defined this "different approach." She said: "The breakthrough which has occurred in the cost of generating electrical power by using nuclear energy on a large scale is reflected in the current forecast that more than 50% of the new generating capacity which will be added in the world during the 1970s will be based on atomic energy. Moreover, large agro-industrial complexes established around low-cost energy centers can permit developing areas to utilize these advantages even though the capacity of the grids is small."

This "different approach" is the concept of the nuplex, the agro-industrial complex established around a nuclear power station, which was originally conceptualized by scientists at the Oak Ridge National Laboratory in the United States at a time when the "Atoms for Peace" program envisioned the large-scale transfer of nuclear technology to developing countries, to help build up their national economies. During Dr. Sarabhai's time, two feasibility studies for agro-industrial complexes for Uttar Pradesh and Saurashtra were carried out.

The idea of the nuplex is to maximize utilization of a large nuclear power station, including both the electricity and heat energy it produces, in conjunction with local raw materials and agricultural and industrial potentials, to create a cultural and economic development center—a new city. During the 1960s, feasibility studies for two such complexes—one in the Kutch of Gujarat and another in western Uttar Pradesh—were carried out by the U.S. Atomic Energy Agency and Oak Ridge National Laboratory. The Kutch site, in an area classified as semi-desert and generally lacking in resources, water, and population, was conceived as an

industrial complex, emphasizing industries producing aluminum from the high-grade bauxite that exists in Gujarat, petrochemicals using the natural gas available in Gujarat, and cement plants using gypsum that exists in Kutch and Halar, and the calcium oxide also available in the area.

By contrast, in the nuplex in western Uttar Pradesh, the emphasis is on the agricultural side of the agro-industrial complex. Production of fertilizers and pumping of sub-surface water for irrigation of 3.8 million acres form the basis of the complex, in addition to manufacture of cement and steel. A third nuplex has been suggested (but no feasibility study has been done) for Madhya Pradesh, where rich deposits of bauxite are complemented by deposits of coal in the form of lignites and iron ore. Currently, lack of electrical power prevents the manufacture of aluminum in large quantity. **Table 1** summarizes the economic and social results of power production and application for each of the three proposed nuplex sites.

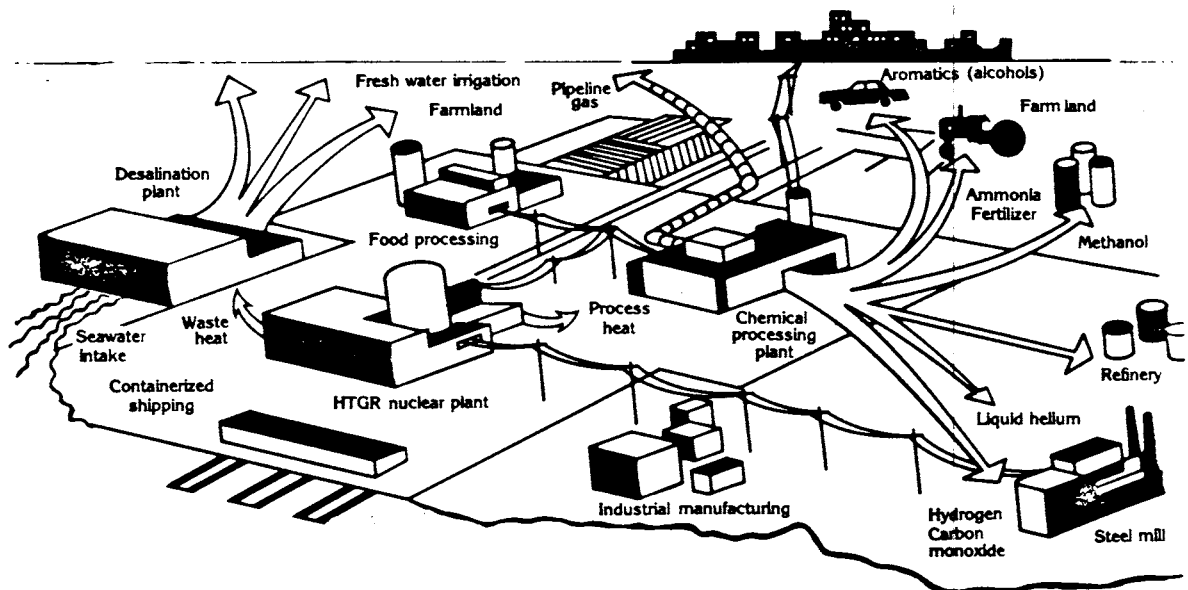
Oak Ridge originates the 'nuplex'

In the mid-'60s, U.S. Oak Ridge National Laboratory in Tennessee conducted extended studies of large seaside and other industrial and agro-industrial complexes integrating a

TABLE 1
How nuplexes would affect production

Commodity	Production	Power capacity consumed
1. Kutch, Gujarat		
Ammonia	3,000 tons per day	100 MWe
Aromatics	13,000 bbl* per day	100 MWe
Methanol	3,000 tons per day	60 MWe
Aluminum	1,500 tons per day	650 MWe
Cement	1,000 tons per day	500 MWe
Grid electricity		500 MWe
Desalination	1,000 mgd**	100 MWe
2. Western Uttar Pradesh		
Ammonia	3,000 tons per day	100 MWe
Chlorine	1,000 tons per day	100 MWe
Liquid H ₂	100 tons per day	50 MWe
Finished Steel	3 million tons per year	300 MWe
Phosphate	700 tons per day	150 MWe
Pumping water	1.5 million acre-feet	150 MWe
Cement	1,000 tons per day	500 MWe
Grid electricity		650 MWe
3. Madhya Pradesh		
Aluminum	2,000 tons per day	900 MWe
Finished steel	4 million tons per year	450 MWe
Ammonia	3,000 tons per day	100 MWe
Phosphate	700 tons per day	150 MWe
Grid electricity		400 MWe

* bbl = billion barrels; ** mgd = million gallons per day



An artist's conception of a nuplex, this one centered around a high-temperature gas-cooled reactor (HTGR), with a desalination plant providing water for irrigation and consumption.

variety of energy-consuming processes with low-cost energy centers. It called these energy centers "nuplexes"—the shortened nomenclature for a nuclear-based agro-industrial complex.

One study designed a large industrial complex centered around a 1,000 MWe (3,800 MW thermal) reactor. Such a nuplex, the study showed, could produce about 250 tons a day of elemental phosphorous, chlorine, and caustic soda, and 550 tons a day of oxygen, and still have a surplus of 100 MW of electricity. On the same basis, an agro-industrial complex centered around a 2,000 MWe reactor and a desalination plant with a capacity of 500 million gallons per day (mgd) could produce a variety of crops on about 240,000 acres of surrounding desert, and various industrial products as well.

In the latter half of the 1960s and early '70s, a great deal of enthusiasm existed for building such large nuclear-centered, agro-industrial complexes to speed up economic development. Feasibility studies for large agro-industrial complexes in India, Israel, and Egypt appeared in bulletins of the International Atomic Energy Agency and were under discussion at the highest government levels in many countries.

The nuclear power plants recommended for nuplexes are dual-purpose high-temperature reactors (HTRs). These reactors will produce both high-temperature process heat and also electricity.

One of the major objectives of a nuplex is to utilize the process heat for industrial applications. Process heat can be used in the paper pulp industry and also in the production of metals, chemicals, fertilizers, cement, glass, petroleum, and

rubber products. Low-heat process steam (90-120°C), which is available with the present generation of nuclear reactors, has significant use for space heating and in the food-processing industry.

Agriculture is also a potential user of waste heat. Irrigation with heated water can promote winter seed germination and growth, and extend the growing season in cold countries. Hothouses could be used to grow tropical or subtropical crops in more temperate regions of the country. Although warm-water irrigation is a viable alternative, it is neither a year-round nor round-the-clock requirement. However, one promising potential use of condenser discharge water is in aquaculture. Marine and freshwater organisms may be cultured and grown in channels and ponds fed with heated water. For example, it may be possible to grow commercially valuable oysters in areas where they cannot normally reproduce or survive due to low water temperature.

Advantages of nuplexes

The advantages of the nuplex are many. First, most developing nations do not possess an adequate grid system that can distribute electricity reliably and with minimum losses. This poses an immediate and serious obstacle to expanding energy generation and consumption. Besides being highly expensive and time-consuming to install, long transmission lines also cause a great deal of line loss. In the nuplex, the power is consumed locally, thus eliminating the large transmission expense and waste associated with line loss.

Second, the process steam or "waste steam" produced by the plant is used directly, "on the spot" so to speak, in many essential industrial processes. This is a further, vital aspect

of the optimum utilization of power plant output that defines the nuplex.

Where power economy is concerned, good sense thus requires that the attempt be made to exploit existing oil fields more intensively. The oil industry is developing methods for tapping the oil deposits in oil sands, and also the remnants of oil in already-exploited deposits. Steam, which is blown in under pressure and can be supplied by fossil-fired plants or by nuclear reactors, lowers the viscosity of these oil reserves and increases the pressure in the deposit. In this way, it is possible to extract even the heaviest oils from oil sands, or remove much more oil from existing sources than has been done hitherto. The most economically viable and ecologically compatible method of steam generation would be to employ nuclear power plants. In addition, this would contribute to saving the valuable fossil fuels for other purposes. This is why the German firm KWU is working on the design, for this special purpose, of nuclear power plants with light-water reactors. Oil shale deposits, which can contain up to 33% organic substances, can in the future probably also be better exploited with the aid of process steam than, for example, conventional retorting processes.

The nuclear power plant situated beside the oil field can thus fulfill three functions simultaneously: the generation of process steam for improving the exploitation of oil deposits, supplying process steam for oil-processing plants and refineries, and producing electric power.

Third, the idea of building nuplexes is not simply to develop agricultural and industrial belts, but to build cities. Besides power, water, transportation, and communications, the basic infrastructure for a city includes primary and higher educational facilities, vocational training centers and engineering institutions, research centers, cultural centers such as halls, theaters, and auditoriums, as well as sports facilities, trade and commerce centers, and so forth.

Here the nuplex offers further efficiencies. For example, process steam or heated water from the nuclear plant serving the new city might be used for space heating or cooling, or for water renovation, in addition to industrial applications. Similarly, we are finding increasing usage for radioisotopes in various aspects of our everyday life. It is expected that the demand will increase, and yet more and better uses for radioisotopes will be found. Provisions for obtaining a copious supply of radioisotopes can be built into the nuplex.

The importance of desalination

Nuplexes are also crucial for large-scale desalination, the manufacture of freshwater by removal of salt from sea water. This technology is especially important for the Middle East, where provision of adequate freshwater is essential for resolving the Israeli-Palestinian conflict.

Many different types of distillation processes have been proposed and explored to determine which is the most effective. Desalting of water by distillation is both an energy-

intensive and a capital-intensive process, and it is essential to minimize the cost of energy required and the capital investment overall. In a typical case, where a desalination plant of 1 billion gallons per day capacity is integrated with a 2,000 MW power plant, sufficient water would be available to irrigate 300,000 or more acres under intensive agriculture. Chemicals produced in the process would be ample to provide fertilizer at optimum conditions to this newly cultivated area, as well as for an additional 1-2 million acres. The total food production of such an agro-industrial complex, not including that obtained through the use of fertilizers outside the newly cultivated area, is enough to feed a population of 4 million people with a daily intake of 2,500 calories. These parameters are indicative of the enormous potentials in this area.

One such project was given serious consideration for construction in the United States: the Bolsa Island Project, a dual-purpose nuclear station in southern California, would have eventually generated 1,800 MW of electricity and distilled 150 mgd of freshwater for irrigation or other uses. But, as was the fate of many large infrastructure projects in recent decades, this project fell through due to lack of will and determination. However, a limited version of the nuplex appeared in the state of Michigan. There, the Midland Nuclear Cogeneration Plant of Consumers Power is in the process of setting up two 2,452 MW thermal light-water reactors (LWRs), which will supply 4 million pounds per hour of steam to Dow Chemical Co.'s Midland complex.

Most of the Asian countries involved in the development of nuclear power for commercial use have high annual rainfall. Countries located east of 70° longitude experience a great deal of rain, and this is why these are the major paddy-growing countries in the world. These countries have lagged behind in water management. When attended to using full measures, the utilization of rainfall in these countries makes them the cornucopia of the future. Nonetheless, northern China, a good part of Pakistan, and even western India have low rainfall. Of these, western India is coastal and can be effectively developed using desalination.

In addition, one must take into consideration the local benefit that desalination can bring. Countries like India, China, and Pakistan, in particular, and a galaxy of small islands in the Philippines and Indonesian archipelagos, could easily be made habitable and highly productive with the introduction of nuclear power-based desalination processes. The entire approach should be in line with the nuclear-based industrial complex, where desalination of seawater will be the key to economic success. As the pressure for building new cities is increasing by the day—as one Indian economist said recently, to make a real dent on Indian poverty, India requires “hundreds of Bangalores” (a booming high-technology-oriented city in southern India)—desalination is destined to play a crucial role in the coming years, breaking out, finally, from the straitjacket put on it by petty accountants masquerading as economists, planners, and policymakers in Asia.

Asia's potential for nuclear power: where things stand today

by Ramtanu Maitra and Susan Maitra

The following comprehensive review of the state of the nuclear industry in Asia demonstrates that the nations of the continent have little choice but to go nuclear.

Philippines: Will the phoenix rise?

The first nuclear reactor in the Philippines, a 605 MWe pressurized water reactor (PWR) at Napot Point near the city of Morong on the Bataan peninsula of Luzon island, sits idle, while in the increasingly impoverished cities of the archipelago, the number-one, high-ticket, hot-selling item is a diesel generator which can light up the home and provide for perhaps one ceiling fan. Such is the state of affairs in the Philippines, which was perhaps the most infrastructurally developed Asian country in the 1950s, outside of Japan. Today, the Philippines is lagging behind the five other member nations of the Association of Southeast Asian Nations—Indonesia, Thailand, Malaysia, Singapore, and Brunei. What happened to the Philippines Nuclear Power Plant 1 (PNPP 1) is what has happened to the country as a whole in the past ten years or so.

The PNPP 1 has been a victim of a massive anti-nuclear campaign that drew strength from the United States during the environmentalist-infested days of the Carter administration. The anti-nuclear *démarches* issued from Washington became enmeshed with Washington's obsession to get rid of the alleged dictator, then President of the Philippines, Ferdinand Marcos, and his allegedly dictatorial policies. The advent of the Reagan administration in 1981 did not change U.S. policy toward Manila. Earlier, the Carter administration had identified President Marcos as the brain behind building the PNPP 1. Rabid environmentalists joined anti-Marcos dissidents living within a stone's throw from the U.S. State Department. In 1986, President Marcos was physically removed from the Philippines and the PNPP 1 has gone into hibernation since.

A concert of howling wolves

The siting of the nuclear power plant in the first place had come under attack from the anti-Marcos dissidents residing in Washington. The PNPP 1 was designed and constructed according to the same codes and standards enforced by the

U.S. Nuclear Regulatory Commission, which overruled the less stringent regulatory requirements suggested by the Philippines Atomic Energy Committee (PAEC). Some of these measures, implemented arbitrarily while the plant was under construction and when most of the safety and regulatory equipment had already been fabricated, delayed the construction further, stretching the construction time by eight years and increasing the cost by \$1.1 billion.

In 1958, the Philippines government ratified the statutes of the International Atomic Energy Agency, and in the same year, the PAEC was established. In 1960, the Philippines government requested the IAEA to undertake a survey of the prospects for nuclear power in the Philippines, particularly the "economic and technical aspects of a nuclear power plant."

The IAEA report concluded that a nuclear power plant could be added to the Luzon power grid. In 1962, the Philippines government, aided by the United Nations Special Fund, commissioned the IAEA to do a feasibility study for setting up a plant on Luzon island. The report, submitted in 1965, recommended building nuclear power plants by the early 1970s. In 1968 the Atomic Regulatory and Liability Act was enacted and the Philippines government entered into a new international agreement with the U.S. government, which included building two nuclear power plants and the long-term supply of enriched reactor-grade uranium. Over the next decade, various studies were conducted to determine the optimal sites for nuclear facilities.

The Philippines government's decision to opt for nuclear power was spurred by its lack of energy resources, and further by the 1973 oil crisis. At that time, the Philippines depended on imported oil for 95% of its commercial energy consumption, and most of the oil came from the Arabian peninsula. Almost all electricity was generated by oil-burning power plants. It was estimated that a 600 MWe nuclear power plant would allow the National Power Corp. (NPC) to divert 6 million barrels of oil annually to meet the needs of other areas of the economy. NPC estimates also showed that using nuclear instead of coal would save the country \$12.3 million annually.

Today, the PNPP 1 sits like a huge albatross around the neck of the Philippines economy. Recently, Westinghouse Electric and Burns and Roe Associates, the principal builders and designers, were cleared by a U.S. federal court in Newark, New Jersey, of civil bribery and conspiracy charges in

connection with the building of PNPP 1. The suit was brought by the Philippines government under then-President Corazon Aquino. Current President Fidel Ramos had compromised all along with the same people who virulently opposed nuclear power, and pointed the finger at President Marcos as the source of all problems in the Philippines.

Pakistan: a reprieve

Like many other developing nations, Pakistan suffers acutely from a shortage of electrical power. Most of the cities in Pakistan undergo hours of power cuts affecting industries as well as commercial enterprises. Per capita electricity consumption in Pakistan is close to 150 kwh, which is about one one-hundredth of electricity consumption in the western countries and Japan. Since Pakistan does not have much coal, although it has rich reserves of natural gas, and since it has exploited most of its hydropower potential, there is no way that the country can survive without nuclear power.

Perhaps no other nuclear program in Asia was so influenced by the geopolitics of the Cold War days as Pakistan's. Twice the French had offered Pakistan nuclear reactors, and twice they went back on their word. The first offer was made by President Valéry Giscard d'Estaing to Pakistani Prime Minister Zulfikar Ali Bhutto in the 1970s. Subsequently, Giscard was armtwisted by U.S. Secretary of State Henry Kissinger to drop the offer. Later, during the first term of Prime Minister Benazir Bhutto, in 1989, French President François Mitterrand made a public speech committing to Pakistan two 900 MWe nuclear reactors, a promise which he later abandoned with much less fanfare.

In 1977, while in jail waiting to be hanged by a military general, Zulfikar Ali Bhutto wrote that Henry Kissinger had personally threatened him because of the Pakistani leader's efforts to obtain a fuel-reprocessing plant from the French.

Finally, after decades of inviting tenders to no avail,

Pakistan has been offered a 300 MWe PWR by China. The China Zhongyun Engineering Corp., which is the builder on behalf of the China National Nuclear Corp., has begun civil works for the plant at Chashma. The CZEC has announced that it will supply the pressure vessel and is making arrangements for other components, following the ban by western suppliers on exports of key components to Pakistan.

Pakistan's only existing nuclear power plant, the Karachi Nuclear Power Plant (Kanupp), a 137 MWe CANDU pressurized heavy-water reactor set up from Canada in the early 1970s, long before computerization became part of design requirements, went through constant ups and downs. The normal upgrading of the plant could not take place, because the Canadians withdrew all support in 1976. As a result, Pakistan was forced to carry out all work on the plant by itself, and the lack of high-technology infrastructure in the country limited the work to maintenance and development of small systems. Now the plant has reached a point when serious and full-fledged technological upgrading is an absolute necessity. Kanupp was put under IAEA safeguards, as distinct from full-scope safeguards, in February 1983. Safeguards include the presence of cameras and computers to monitor fuel bundle insertion and withdrawal. According to available reports, Kanupp has been running at a very low efficiency.

Pakistan's troubles with nuclear suppliers started soon after India carried out its first peaceful nuclear explosion in 1974. Evidence has piled up that Pakistan has acquired the capability to produce nuclear weapons through smuggling in centrifuges for the purpose of enriching uranium to the weapons-grade level, provoking western nations to harden their hostile stance toward Pakistan's nuclear program. Western nations are showing no sign of climbing down from their ban of nuclear technology to Pakistan, a nonsignatory of the Nuclear Non-Proliferation Treaty, and Japan is contemplating withholding all economic aid unless Pakistan dismantles its nuclear weapons program.

But Pakistan has also found other uses for its nuclear program. It uses radiotherapy for cancer treatment and radioisotopes for diagnostics work in the health sector. Two new nuclear medical centers, in Lahore and Islamabad, opened during the 1980s. In the field of agriculture, Pakistan has utilized radiation to develop new crop strains, increasing agricultural yields significantly. Two nuclear centers, one at Faisalabad and the other at Tando Jam in Sindh, have been set up by the Pakistan Atomic Energy Commission to develop mutants of important cash crops using radiation technology.

China: positive on nuclear power

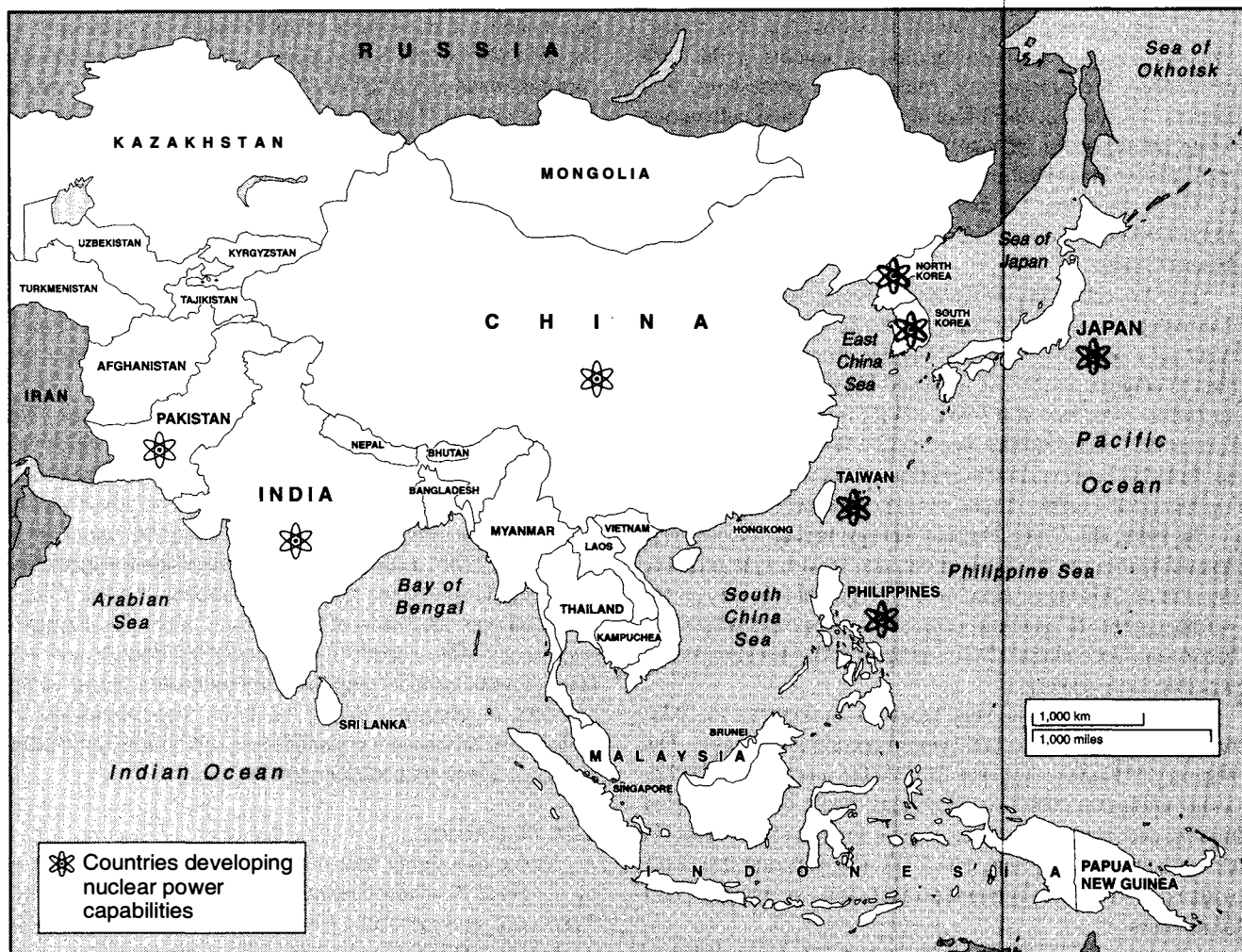
After years of deep slumber, the People's Republic of China is finally waking up to the necessity of establishing nuclear power as a major energy source for the future.

Today, China faces a serious energy crisis. Without nuclear power development, China faces a breakdown crisis. The

Glossary

ABWR: advanced boiling water reactor
APWR: advanced pressurized water reactor
ATR: advanced thermal reactor
BWR: boiling light water reactor
FBR: fast breeder reactor
HTR: high-temperature reactor
NHR: nuclear heating reactor
PHWR: pressurized heavy water reactor
PWR: pressurized water reactor
SGHWR: steam-generating heavy water reactor

Asia needs nuclear power



hectic economic activities of the Deng Xiaoping era are consuming crude oil at a rapid pace. China, the fourth largest producer of crude oil, has stopped exporting crude altogether, and, in 1993, was forced to import crude to meet domestic demand.

As of 1992, China had installed a generating capacity of 165 GWe, a sevenfold jump from 1970. Out of this 165 GWe, 0.3 GWe comes from nuclear, while hydropower contributes 40 GWe, and thermal, which is exclusively coal based, contributes the remaining 125 GWe.

But China faces serious problems in both the thermal and the hydroelectric subsectors. China's coal reserves are estimated at 967 billion metric tons. China already mines 1.1 billion metric tons annually. About 80% of the coal reserves are in the north, northeast, and northwest, and most are remote from population centers. Further exploitation of coal, besides the pollution factor, which is already serious, requires a drastic improvement of the country's rail infrastruc-

ture to transport it. Even to cope with the existing coal demand, China is negotiating with Australia for coal imports.

China's hydroelectric resources are also difficult to exploit and distribute. Estimated generation potential in the hydroelectric subsector is close to 380 GWe, of which China has exploited about 10%. The overwhelming bulk of the hydroelectric potential is located in the southwest in Tibet, far from population centers. China intends to increase capacity from 38 GWe to about 70 GWe by the year 2000. This will include the biggest hydroelectric station in the world, at Three Gorges on the Yangtze River, with a planned capacity of 17.86 GWe. The project, when completed, is slated to supply electricity to central and east China.

On the other hand, China has extensive deposits of uranium in seven regions throughout the country, totaling 57,000 tons. As a result, China is planning to base its nuclear program on uranium as fuel. Reports indicate that China has uranium deposits large enough to support its nuclear program and pro-

vide uranium for enriching purposes for export as well.

But until recently, China has not taken advantage of this resource to meet its energy needs.

In 1964, China first exploded an atomic bomb and joined the privileged group of the nuclear weapons club. In so doing, China also acquired some technological benefits, in the form of uranium ore prospecting, mining, and processing, fuel element fabrication, spent fuel reprocessing, and radioactive waste management. It also developed nuclear technology applications in agriculture, medicine, and industry. However, China went that far and no farther. Nuclear power for commercial use remained derailed by the economic follies of Maoist China.

In 1976, following the Cultural Revolution, which almost decimated the country's entire scientific community, China drew up a plan for a civilian nuclear program, including a plan to acquire a series of imported PWRs. Chinese leaders agreed to order two 900 MWe PWRs from Framatome, the French firm then building reactors as a Westinghouse licensee. In 1979, however, facing serious problems in accumulating foreign exchange, China cancelled the order.

In 1980, the China Nuclear Energy Industry Corp. was formed within the Ministry of Nuclear Industry, to promote the sale of Chinese uranium and enrichment services on the world market. It also sold research reactors and offered to take spent fuel elements from foreign utilities for storage and possible reprocessing.

The first civilian nuclear program, announced in 1978, had two strategies and both were kept alive officially. The Ministry of Nuclear Industry favored the promotion of indigenous nuclear industry development, while the Ministry of Energy and Water Resources was for foreign involvement in China's nuclear program. The 1978 program compromised, with a call for two indigenous projects and two using imported reactors.

The two indigenous projects were a 300 MWe PWR to be located at Qinshan, and a 125 MWe heavy water reactor to be located in Henan province. The projects to be imported involved discussion between the Jiangsu provincial authorities and Framatome for two 900 MWe PWRs for Sunan and separate discussions between the Guangdong provincial authorities and GEC/NNC (U.K.) for two 900 MWe PWRs for Daya Bay, close to Hongkong.

At a 1981 meeting of the Chinese Society of Electrical Engineering in Suzhou city, Wang Ganchang, an academic, suggested that China could build nuclear power stations with capacities of 2,000 to 4,000 MWe by 1990, and 15,000 MWe by the end of the century. To reach this capacity would require the installation of two to four reactors of 1,000 MWe each over the next nine years, and another 11 to 13 to be completed within the following decade.

Wang's speech gave the impression that China was in the process of developing large nuclear reactors of a 1,000 MWe capacity. This, however, contradicted what Cao Banxi, deputy director of the Ministry of Nuclear Industry, had told

Japanese reporters in 1980. Cao Banxi had said that China was developing two kinds of reactors, a pressurized reactor with an output of 300 MWe (the kind China has decided to supply to Pakistan) to be built in Shanghai in three to five years, and a heavy-water reactor which has remained on the drawing board. Subsequently, the Chinese authorities commissioned a 300 MWe PWR at Qinshan on the coast at Hangzhou Bay, 126 km southwest of Shanghai in Haiyan county, Zhejiang. The reactor went critical in October 1991; it was connected to the East China Power Network on Dec. 15, 1991, and reached full power in July 1992.

In 1984, a Nuclear Power Leadership Group was formed, under the chairmanship of then-Vice Premier Li Peng, to coordinate the activities of the Ministry of Nuclear Industry and the Ministry of Water Resources and Electric Power involved with nuclear power and the various bureaus and committees that had been set up.

In 1986, the nuclear power program was recast. The Ministry of Water Resources and Electric Power, which was dragged into the program because of its foreign experience, formally handed over its responsibilities for civilian nuclear power construction to the Ministry of Nuclear Industry. In September 1988, a further reorganization saw the formation of a state corporation, the China National Nuclear Corp., which incorporated most of the Ministry of Nuclear Energy's nuclear activities, while the Ministry of Energy and Resources transferred its responsibility on nuclear power to the Ministry of Electric Power. All these reorganizations are believed to represent a consolidation of Chinese indigenous efforts to develop its nuclear power program.

The beginning

Under the eighth and ninth five-year plans, drawn up by the State Planning Commission, the Ministry of Energy Resources, and the China National Nuclear Corp. (CNNC), it was estimated that by the year 2000, China will have some 6,500 MWe of nuclear-based commercial power generation capacity, and that a further 8,000 MWe would be under construction at that time. However, due to a paucity of funds and other factors, only Qinshan 1 (300 MWe and operating), and two more units in Qinshan (each 600 MWe), and Guangdong I and II (each 900 MWe) at Daya Bay (Guangdong I is already hooked into the grid system), totaling 3,300 MWe, will be in operation by the year 2000. CNNC projects that another 8,000 MWe of additional nuclear power generation will come from among the planned stations listed in **Table 1**.

Reports indicate that the CNNC has already identified a site for the Guangdong 2, which eventually will house four 1,000 MWe units and is often referred to as the Dongping site. These nuclear plants will be imported from abroad, and it has been reported that Framatome and a Westinghouse/Mitsubishi Heavy Industries consortium have already been contacted. The Liaoning plants are expected to house two 1,000 MWe Russian VVERs from Atomash, based upon the

TABLE 1

Nuclear plants under commission, under construction, and ordered as of January 1994.

Philippines PNPP 1, 620 MWe (to be commissioned in 1995)	Taiwan (con't.) Kuosehng 1, one 985 MWe unit, northern Taiwan Kuosehng 2, one 985 MWe unit, northern Taiwan Maanshan 1, one 951 MWe unit, southern Taiwan Maanshan 2, one 951 MWe unit, southern Taiwan Yenliao 1, one 1,000 MWe unit, under construction Yenliao 2, one 1,000 MWe unit, under construction; a proposal for four 1,000 MWe units has been cleared	Japan (con't.) Tsuruga 1, 341 MWe Tsuruga 2, 1115 MWe Mihama 1, 320 MWe Mihama 2, 470 MWe Mihama 3, 780 MWe Takahama 1, 780 MWe Takahama 2, 780 MWe Takahama 3, 830 MWe Takahama 4, 830 MWe Ohi 1, 1120 MWe Ohi 2, 1120 MWe Ohi 3, 1127 MWe Ohi 4, 1127 MWe Genkai 1, 529 MWe Genkai 2, 529 MWe Gankai 3, 1127 MWe Genkai 4, 1127 MWe (to be commissioned in 1997) Sendai 1, 846 MWe Sendai 2, 846 MWe Fugen ATR, 148 MWe Monju 280 MWe (only commissioned for a liquid metal fast breeder reactor as of now) Ikata 1, 538 MWe Ikata 2, 538 MWe Ikata 3, 538 MWe (to be commissioned in 1995) Onugawa 1, 497 MWe Onugawa 2, 796 MWe (to be commissioned in 1995) Fukushima Daiichi 1, 436 MWe Fukushima Daiichi 2, 760 MWe Fukushima Daiichi 3, 760 MWe Fukushima Daiichi 4, 760 MWe Fukushima Daiichi 4, 760 MWe Fukushima Daiichi 6, 1,067 MWe Fukushima Daini 1, 1,067 MWe Fukushima Daini 2, 1,067 MWe Fukushima Daini 3, 1,067 MWe Fukushima Daini 4, 1,067 MWe Kashiwazaki Kariwa 2, 1,067 MWe Kashiwazaki Kariwa 3, 1,067 MWe Kashiwazaki Kariwa 4, 1,067 MWe (to be commissioned in 1994) Kashiwazaki Kariwa 5, 1,067 MWe (to be commissioned in 1994) Kashiwazaki Kariwa 6, 1,067 MWe (to be commissioned in 1996) Kashiwazaki Kariwa 7, 1,315 MWe (to be commissioned in 1997)
Pakistan Kanupp 1, 137 MWe, near Karachi Chasnupp 1, 300 MWe, at Chashma (under construction)	India Tarapur 1, 160 MWe Tarapur 2, 160 MWe Tarapur 3, 470 MWe (to be commissioned in 2000) Tarapur 4, 470 MWe (to be commissioned in 2001) Rajasthan 1, 207 MWe Rajasthan 2, 207 MWe Rajasthan 3, 220 MWe (to be commissioned in 1997) Rajasthan 4, 200 MWe (to be commissioned in 1997) Madras 1, 220 MWe Madras 2, 220 MWe Narora 1, 220 MWe Narora 2, 220 MWe Kakrapar 1, 220 MWe Kakrapar 2, 220 MWe Kaiga 1, 220 MWe (to be commissioned in 1996) Kaiga 2, 220 MWe (to be commissioned in 1996)	
China Guangdong 1, 900 MWe in Daya Bay Guangdong 2, 900 MWe in Daya Bay (to be commissioned) Planned: Guangdong (two 1,000 MWe units) Liaoning (two 1,000 MWe units) Sanmen (two 1,000 MWe units) Fujian (two 600 MWe units; or two 1,000 MWe units) Jiangxi (two 300 MWe units) Qinshan 3, (two 600 MWe units) Qinshan 1, 300 MWe in Zhejiang province (to be commissioned)		
Korea KNU 1, 565 MWe at Kori KNU 2, 605 MWe at Kori KNU 3, 630 MWe at Wolsung KNU 5, 900 MWe at Kori KNU 6, 900 MWe at Kori KNU 7, 950 MWe at Yeonggwang KNU 8, 950 MWe at Yeonggwang KNU 9, 920 MWe at Uljin KNU 10, 920 MWe at Uljin KNU 11, 950 MWe at Yeonggwang (to be commissioned in 1995) KNU 12, 950 MWe at Yeonggwang (to be commissioned in 1996) KNU 13, 663 MWe at Wolsung (to be commissioned in 1997) KNU 14, 950 MWe at Uljin (to be commissioned in 1998) KNU 15, 950 MWe at Uljin (to be commissioned in 1999) KNU 16, 663 MWe at Wolsung, ordered	Japan Hamaoka 1, 515 MWe Hamaoka 2, 806 MWe Hamaoka 3, 1056 MWe Hamaoka 4, 1092 MWe Shimane 1, 439 MWe Shimane 2, 790 MWe Tomari 1, 550 MWe Tomari 2, 550 MWe Shika 1, 513 MWe Tokai 1, 159 MWe Tokai 2, 1080 MWe	
Taiwan Chinshan 1, one 636 MWe unit, northern Taiwan Chinshan 2, one 636 MWe unit, northern Taiwan		

December 1992 agreement between the two countries. The Liaoning project is expected to be a turnkey project, carried out by Atomenergoexport of Russia and paid for by exports from China after the station starts operating.

Additionally, a conference in Hangzhou in December 1992 unfolded a plan for a "nuclear island." Maotou Island in Sanmen Bay, 65 km north of Jiantiao in Zhejiang province, has reportedly been selected as the site. The nuclear island will accommodate 10,000 MWe of nuclear power-generation capacity.

The Shanghai Nuclear Research and Design Institute has

reportedly been performing feasibility studies on two possible sites in Jiangxi province, and it was reported that a site at Maozidingshan, Pengze county, in the northern part of the province, has been selected.

At the same time, China is taking the lead internationally in the field of the gas-cooled "pebble-bed" high temperature reactor (HTR), pursuing a program of reactor construction and technology development which is practically unique in the world today. Modular HTR plants, which can produce high-temperature process heat for industrial use as well as electricity, are destined to play a crucial role in coming appli-

cations of nuclear energy throughout the developing sector. As a high-priority project of the government's advanced technologies program, an experimental 10 MW HTR module is being built at the Qinghua University Nuclear Research Center near Beijing. This unit, based on the German "pebble-bed" HTR technology, is scheduled to begin operation in 1998. Facilities are now under construction for fabrication of the spherical fuel elements for this and future larger HTR reactors. In addition, the Qinghua Center has developed a low-temperature nuclear heating reactor (NHR) technology, for district heating, desalination, and other applications. A 5 MW test version has been successfully operated and work is going ahead to develop a 200 MW version for domestic use and export.

In the area of the fuel cycle—mining and processing, enrichment, fuel fabrication, reprocessing, and waste management—China is well developed. The enrichment plant at Lanzhou, in Gansu province, was decided upon back in the 1950s. The plant has since been enlarged, but it does not meet the amount of China's exports annually. Unofficial reports indicate that China has set up other enrichment plants in Sichuan and Shaanxi provinces. There are also reports that the CNNC is developing a gaseous centrifuge plant and is negotiating with Russia to buy a 200,000 SWU/year centrifuge enrichment plant the same size as that of the Lanzhou plant.

India: Bhabha's vision derailed

After years of preparation, the Indian nuclear program is retreating, at a time when the country is reeling due to lack of power. For all practical purposes, the nuclear program has been shoved into a corner, starved of funds. While this anti-nuclear policy has been quietly carried out, reports indicate that by the turn of the century, India's peak power demand will be about 50% more than the grids can supply.

There is no good reason that things should have come to such a pass. India's nuclear power development efforts began in the 1950s when Dr. Homi Bhabha, the first head of India's Atomic Energy Commission and the motor behind building up infrastructure for future nuclear power generation, outlined a three-phase program for India. Bhabha's outline encompassed development and application of natural uranium-fueled heavy water reactor technology on the model of the CANDU, mastery of reprocessing technology, and development of breeder reactor technology, using plutonium as the fuel initially, and a thorium-based fuel system later.

At the heart of the Indian program was the aim of indigenization of nuclear power projects. Dr. Bhabha's direction of the atomic energy community was guided by his conviction that achieving self-reliance in all aspects of the technology was essential. In 1957, the Electronics Corporation of India Ltd. was set up with the know-how developed at the Tata Institute of Fundamental Research, a premier research

center established in 1945, and at the Bhabha Atomic Research Center, Trombay. Development of know-how in mining and refining of uranium ore led to the establishment of the Uranium Corporation of India Ltd. in 1967.

Three research reactors, the Apsara, Cirus, and Zerlina, were developed by 1962. Besides providing data which gave nuclear physicists a clearer idea about the controlled nuclear reaction, the research reactors facilitated the development of highly skilled scientific manpower. The successive research reactors became training grounds for generating qualified scientific and technical manpower, as well as facilities for conducting research in the frontier areas of basic science. Later, India developed three other research reactors: Purnima, a zero-energy fast reactor commissioned in 1972 for studies in fast reactor physics; R5, a high-flux reactor; and a natural uranium heavy-water moderated 100 MW reactor for production of isotopes for special applications, and also for development of power technology. Perhaps the most important research reactor for India was Purnima 2, which went critical in 1984 with about 500 grams of uranium-233.

Uranium-233 is a man-made fissile isotope of uranium produced by irradiation of thorium-232 in a reactor. It is chemically separated, just as plutonium-239 is produced from uranium-238. This material was produced using the CIRUS research reactor. The Purnima 2 reactor is unique from two standpoints. First, it is the first such reactor to exist in the world, and, second, the long-range program for nuclear power in India is to be based upon conversion of thorium-232 to uranium-233, for use in thermal or breeder reactors. The Bhabha Atomic Research Center research program concentrated on problems associated with the fabrication, irradiation, and reprocessing of thorium, and the experimental neutronics associated with the use of uranium-233 in reactor systems.

The Indian program, based on thorium, will exhibit in the coming years power demonstration using thorium-232, plutonium-239, and uranium-233. Instead of building a reactor to exhibit this, it will be achieved through partial loading of thorium in an existing reactor. Analysis has shown that it is possible to achieve a self-sustaining thorium-uranium-233 fuel cycle in a pressurized heavy-water reactor. For the power demonstration, about 40 channels of a pressurized heavy-water reactor will be loaded first with thorium-plutonium mixed oxide, and later with thorium-uranium-233 mixed oxide fuel. The fuel will be analyzed for actual breeding.

Despite India's scientific achievements, the transfer of nuclear power into broad use for industrialization has stagnated, not only because of inadequate funds, but also because of fuel problems. Total available natural uranium reserves are small. Reasonably assured resources amount to about 29,000 tons, while additional estimates account for another 24,000 tons. This ore is low grade, and with low uranium content (only half of the average uranium content of ores exploited around the world). But, at the same time, India possesses the world's largest thorium deposits, in the form

of monazite, in the beach sands of Kerala on the southwestern coast. Monazite makes up about 1.5-3.5% of these beach sands, and thorium makes up about 9% of the monazite. Easily extractable resources of thorium amount to at least 320,000 tons. India has already demonstrated that uranium-233 can be produced from the Kerala beach sands.

In opting for pressurized heavy-water reactors, and not the commonly used pressurized or boiling light-water reactors, the fuel consideration played a major role for India.

The other important aspect of India's overall nuclear program is developing the fast breeder reactor. In the mid-1980s, the Fast Breeder Test Reactor was commissioned at Kalpakam, in the southern state of Tamil Nadu. The reactor has a capacity to generate 40 MW of thermal power, equivalent to 13 MW of electricity. The FBTR's design was based on the original design of the French fast reactor Rapsodie. Following FBTR, it is expected that the focus will shift to the development of a 500 MWe Prototype Fast Breeder Reactor. The original program suggested that the PFBR would be ready by the year 2000, but this target will not be met.

Although the Indian program called for building pressurized heavy water reactors, the first two nuclear reactors that were commissioned for commercial use in India were boiling light water reactors (BWRs), using enriched uranium as fuel. India negotiated the purchase of these reactors from General Electric in the 1960s. In 1964, work began on the Tarapur Atomic Power Plants (TAPP 1 and TAPP 2), which consisted of two 220 MWe boiling water reactors. The plants went into operation in 1969, becoming the first commercial nuclear power generators in Asia and in the developing world. The plant was built as a turnkey project, though there was a significant involvement of Indian personnel in designing, constructing, and commissioning the project.

In 1961, India and Canada jointly undertook a study to build commercial power plants using CANDU-type reactors. The first CANDU heavy-water-moderated pressurized water reactor was then being built in Canada. In 1962, Indian authorities decided to build two 235 MWe PHWRs of the CANDU type, fueled by natural uranium. India then entered into an agreement with Canada on the construction of the power plants, with the premise that Canada would transfer technology in the process.

In 1964, with Canadian help, the construction of the Rajasthan Atomic Power Plant 1 (RAPP 1) started, and three years later RAPP 2 began. Poor industrial infrastructure within India and the unproven commercial quality of the PHWR caused immense delays. Finally, in 1973, RAPP 1 was commissioned. But long before many problems were solved, the Canadians walked out of the project, in protest against India's nuclear test in 1974. Although RAPP 2 was commissioned in 1979, its many technical problems have made it an unreliable power source.

Since RAPP 2, which was about 70% indigenous as concerns its capital cost expenses, India has commissioned six more 235 MWe PHWRs. Today almost 95% of the PHWRs

are indigenous. India has also succeeded in closing a Fuel Complex TAPP 2, and also fabricates natural uranium fuel for all PHWRs. Heavy water required for moderation in the CANDU-type PHWRs that India builds is now manufactured indigenously. India has four heavy-water manufacturing plants, and latest reports indicate that South Korea has contacted India for the purchase of heavy water. The Indian surplus is due to the slowdown of its nuclear program.

On the downstream end, India built a power reactor fuel-reprocessing plant at Tarapur in 1977. It was designed to reprocess oxide fuels from the TAPP and RAPP plants and has a capacity of 100 tons of uranium per year. Because of the refusal of the United States to sanction reprocessing of the TAPP fuel, India has not reprocessed it. However, the 30-year contract has come to an end, and it is likely that agreement on the TAPP fuel will be reached between Washington and New Delhi.

Despite India's pioneer role in nuclear development in underdeveloped countries, the nuclear program today is in the grip of a bureaucracy whose commitment to India's industrialization is questionable. The private sector, whose contribution to the nuclear power plants does not go beyond supply of non-strategic items, is also less than enthusiastic about setting up nuclear plants. The government's unaccountable secrecy and lack of will to build nuclear power plants has made the people vulnerable to the gossip and rumors spread widely and effectively by various anti-nuclear groups at home and abroad.

In fact, the opposition to nuclear power is growing, and the Kaiga nuclear power plant, which is now under construction in the state of Karnataka and is being starved of funds, has become the target of environmentalist demonstrations.

There were also innumerable attempts made by the western powers to slow down, if not abort, India's nuclear power program, through restriction of technology transfer. The Canadians' 1974 walkout, without transferring the reactor technology as promised by contract, caused a great deal of difficulty in meeting the schedule for installation of nuclear plants. Even today, non-governmental organizations abroad issue reports claiming that Indian nuclear power plants are run shoddily and have been health hazards. These NGOs are supported within India by such organizations as Kalpvriksh and Narmada Bachao Andolan, which campaign against development projects and are trying to build political movements around anti-dam, anti-nuclear, and such other issues. The failure of the government at every level to counter these irrational and rabble-rousing campaigns has pushed the nuclear program to a corner—to the tremendous detriment of the Indian economy.

Taiwan: slowing down perceptibly

Among the Pacific Rim countries in Asia, Taiwan is a major nuclear power reactor customer. However, after an

TABLE 2
Profile of Asian nations

Country	Total population (in millions) 1992	Percent of labor force in industry 1990	Per capita energy consumption (kg oil equivalent) 1991	Urban population as a percent of total population 1992	Percent contribution of nuclear energy to total electricity generation 1992
Pakistan	124.9	20	243	33	1
Sri Lanka	17.7	21	177	22	0
India	880.1	11	337	26	4
Nepal	20.6	1	22	12	0
Bangladesh	119.5	13	57	18	0
Bhutan	1.6	3	15	5	0
Myanmar	43.7	9	—	25	0
Thailand	56.1	11	438	23	0
Vietnam	69.5	12	—	20	0
Laos	4.5	7	42	20	0
Cambodia	8.8	7	—	12	0
Indonesia	191.2	14	279	30	0
Philippines	65.2	16	218	44	0
Singapore	2.8	35	6,180	98	0
Malaysia	18.8	28	1,070	45	0
China	1,187.4	14	602	28	1
North Korea	22.6	30	—	59	—
South Korea	44.1	36	1,940	74	60
Taiwan	20.7	32	—	74	45
Japan	124.5	34	3,550	77	24

Sources: UNDP; Statistical Yearbook of the Republic of China

initial burst, its nuclear power development program has been dormant for almost a decade.

Taiwan has three operating nuclear plants, with two units in each plant with a generating capacity of 5100 MWe. Taipower, the constructor and operator of the country's nuclear plants, has completed a reorganization of its nuclear management in preparation for the construction of two 950-1350 MWe PWRs at Yenliao, now called the Lungmen project. Bids were invited for the nuclear island and initial fuel, although the government has not yet given its approval.

Taiwan's nuclear reactors are all imported from the United States. The first four reactors were BWRs. The third plant, Manshaan, has PWRs. Although the reactors were supplied by Westinghouse Electric Corp., the plants are considered to be the product of a team effort. Taipower handled most of the plant construction, with Sinotech Engineering Consultants, Inc. the contractor on site during the basic construction period.

Despite the head start Taiwan had in nuclear power development, the program did not take off as projected in the late 1970s. In 1982, the plan to build the fourth plant was set aside with the claim that slow economic growth would lower demand for electrical power. However, figures for the first six months of 1982 showed that electrical power consumption had surged ahead at a 6-7% rate. At that point, there were hopes that the plant would be revived and Taipower would tender the postponed units. In 1984, Taipower had

also urged mandating eight more reactors by the year 2000. At that time, it was envisaged that the seventh unit would be commissioned in 1993, with a similar-capacity reactor unit commissioned each year thereafter through the year 2000. But Taipower and pro-nuclear forces met with strong opposition. Taiwan's dilly-dallying in expanding nuclear power-generating capacity is reflected in the growing criticism of Taipower for its alleged poor handling of the nuclear units. There are rumors that Taipower will now be privatized.

Indonesia: nuclear power revived

Indonesia does not have a nuclear reactor generating commercial power, and there is no nuclear power plant under construction. The good news is that after decades of soul-searching, the Indonesian government has finally decided to back President Suharto's 1984 statement during the inauguration of the 30 MW research and training reactor center at Serpang, near the capital city of Jakarta, that Indonesia had "no other alternative but to go nuclear." A feasibility study by the Japanese firm Newjtec, working for BATAN, the Indonesian National Atomic Energy Agency, has been completed, with the conclusion that work on a nuclear power plant could begin in 2004. The site identified is the Muria peninsula, on the island of Java. On paper, at least, there is a full-fledged nuclear power generation program, which proposes

a chain of 12 nuclear power stations over the next 25 years. These time-frames can be highly deceptive; in 1982, the Indonesian government promised to have the first nuclear power station in operation by 1996! The latest report indicates that at the earliest Indonesia can have its first nuclear reactor in operation by 2010.

Indonesia is actively developing its power sector. Under its 1994-99 development plan, Indonesia aims to increase the state-owned power utility Perusahaan Umum Listrik Negara's 13,000 MWe capacity by 11,700 MWe, or 90%. One-third of this is to be privately financed. Its Paitan power complex, where eight coal-fired generating plants are to be built with a generating capacity of 4,000 MWe, is as large as they come anywhere in the world. Two-thirds of the complex is to be built and paid for by private consortia that will sell their electricity to the national grid.

Nuclear power has been under consideration since 1968, but in an archipelago of 12,000 islands floating on oil, nuclear power was not the obvious route.

A feasibility study for the first nuclear power plant indicated that coal-fired plants using coal from Bakit Asam, Indonesia's premier coal field, would generate electricity at about 10% higher cost than a CANDU-type pressurized heavy-water reactor. The report, decidedly favorable to going nuclear, was submitted to the government in 1980, and the Energy Resources Technical Committee made its recommendation to the Energy Board at the end of that year. But in 1981, the board decided to scrap the plan and postpone construction of Indonesia's first nuclear power plant indefinitely.

Since then, however, Indonesia has poured money into coal-fired power plants and gas-fired plants, the latter for medium-term solutions. Indonesia, which used to export gas and was earning about \$4 billion annually in recent years, was using liquefied natural gas domestically in such industries as steel, fertilizers, and cement plants. But exploding demand for electricity and Jakarta's inability to opt for nuclear power forced Indonesia to use the gas fired in northeast Java for power generation. In Java alone, there are an estimated 5 trillion cubic feet of recoverable resources in offshore fields. This is enough to generate about 5,500 MW of combined-cycle power plants for 20 years.

Meanwhile, the coal lobby in Indonesia is pushing ahead with large coal-fired plants. Citing the Paitan project, they claim that coal will meet Indonesia's long-term fuel needs. There is plenty of coal: an estimated 34 billion tons, mostly in Sumatra and Kalimantan.

The present feasibility report recommending nuclear power development has come under attack from the environmentalists. The country's largest greenie group, Walhi, is protesting the location of the first nuclear plant, proposed near an inactive volcano on the northern coast of central Java. Walhi's campaign draws sustenance from geological experts who cite the case of Mount Pinatubo, a volcano in the Philippines which remained inactive for almost 700 years, before erupting in 1992. Mount Muria, the central Java volcano, has

been inactive for 340,000 years. The Indonesia Atomic Energy Authority also pointed out that nuclear is the only way the enormous energy requirements of the Java Bali grid, where 70% of Indonesia's 180 million people live, can be met.

South Korea: Nuclear program shows strength

South Korea and Japan, both Pacific nations, belong to a different league altogether. With a large industrial economy to support and little power generation resources available, the policymakers in those two countries realized years ago that options for power generation were limited and a transition to nuclear-based power generation was an absolute necessity. Were it not for nuclear power, the future of both these countries would be very bleak indeed.

According to the Asian Development Bank's Energy Planning Unit, South Korea has a gross theoretical capability to generate 3,000 MW of hydropower, of which 2,232 MW of capacity has already been installed, and a meager reserve of 751 million tons of recoverable coal. South Korea continues to import oil and burn a substantial amount of it, along with domestic coal, to produce electricity. However, the unsustainability of a long-term electricity-generating program based on coal and oil propelled policymakers toward nuclear.

As a result, Korea will soon be the Asian nation which has the fastest-growing nuclear power installation program. According to available reports, in the second half of this decade, South Korea will start up seven new units, three of them are 700 MWe CANDU PHWRs and four are 1,000 MWe PWRs. South Korean authorities also plan to install six more 1000 MWe PWRs and one more CANDU, and all of these will be operating by 2010.

South Korea's program was not smooth sailing, however. Its nuclear power plants were charged with having "significant safety flaws" in 1982 by a confidential World Bank report, the "Levy Report." The report was triggered by the fact that South Korea had run up a \$40 billion foreign debt and yet, to the dismay of the World Bank and the International Monetary Fund, showed no signs of changing its nuclear course. The World Bank demanded that South Korea slow down its growth rate and lower its power generation target; the Levy Report succeeded in putting the brakes on the development of nuclear power. South Korean authorities have scaled back the original program in the post-2000 period, which would have seen eight PWRs and three CANDUs go on line in the first decade of the next century.

Korea is now pursuing an indigenization program. The process has been slow and carried out primarily through technology-transfer programs. The Korea Electric and Power Co. (KEPCO), the agency in charge of power generation, transmission, and distribution throughout South Korea, built a fuel fabrication plant in the 1980s and is moving to create

an indigenous capability in manufacturing power plant equipment. The Korea Heavy Industries Corp. plant, located at a sheltered anchorage in Masan Bay, is presently manufacturing heavy components such as primary circuit vessels and generator stators.

But Korea's efforts to develop a complete nuclear fuel cycle have not met with success. The principal blame lies not with KEPCO or any other agency, but with the geopolitics of the Cold War. Vowing to keep Pacific and Pacific Rim countries free of plutonium, the United States has acted consistently as a barrier to South Korea's fuel cycle plans. When Kori 1 started operating commercially in 1978, the Carter administration, committed to opposing nuclear power development, imposed a reprocessing embargo on all enriched uranium shipped from the United States. South Korean engineers took the embargo as a serious threat to their program. Insisting that the fuel cycle be closed, and that reprocessing be allowed as a consequence, Korean atomic energy authorities moved away from their U.S. suppliers, and placed orders for KNU 9 and KNU 10 with the French reactor manufacturer Framatome. But this did not help the Koreans to close the fuel cycle. Since the late 1980s, Korea has focused on two reactor types, ABB CE's System 80 and AECL's CANDU, and with successive contracts, Korean suppliers have contributed a greater proportion of the work. KEPCO has signed contracts with India's Department of Atomic Energy for the supply of heavy water for its CANDU plants.

South Korea's track record on nuclear non-proliferation is immaculate. It had joined the International Atomic Energy Agency by 1957. In 1975, South Korea ratified the Nuclear Non-Proliferation Treaty, and in the same year reached an agreement with the IAEA for the application of safeguards as recommended in the treaty.

Japan: from strength to strength

Japan now has the world's largest nuclear power construction program, and considering its growing power requirements and the competitiveness of its products, nuclear power has come to be the bread and butter of Japan's future power program.

In 1992, the 41 commercial nuclear power reactors operated at an average capacity factor of 73.6%. The same year, Ohi 4 (1,180 MWe PWR) started commercial operation, fuel loading began at Hamaoka 4 (1,137 MWe BWR) and Shilka 1 (540 MWe BWR), and construction started on Kashiwazaki Kariwa 7 (1,356 MWe ABWR), and Tokai 2 (1,100 MWe BWR). Plans were announced by Tohoku Electric for Onagawa 3 (825 MWe BWR), by Chogoku Electric for Shimane 3, and by Kyushu Electric for six more 1,100 MWe reactors, two at Sendai and four at a new site at Kushima. The local municipality approved Japan Atomic Power's plans to build two 1,350 MWe advanced pressurized water reactors (APWRs) at the Tsuruga site. Tokyo

Electric Power, Toshiba, Hitachi, and General Electric have sped up their "post ABWR" to meet the target date of operation by 2010. Mitsubishi demonstrated a full working prototype of an advanced PWR control room.

In the present-day context, these figures might seem to indicate that Japan has really sped up its nuclear power development program, but in reality this is not so. Close to 7,000 MWe of new nuclear capacity will be added to the Japanese grid before the next century, but this represents something of a slowdown for the Japanese program: In the previous ten years, 20 new units went into commercial operation, adding close to 13,000 MWe to the grid.

In 1955, when the country's Atomic Energy Act went into force, the emphasis was to start research immediately for the development and utilization of atomic energy for generation of electrical power, agricultural development, medicine, and industry. Ravaged by war, and the victim of two atomic bomb strikes, Japan realized that in order to revive as an economic power, it must have plentiful energy at a low cost. The clean nature of nuclear power was taken into consideration in calculating the cost of construction and recurring maintenance cost of the environment. Since the country was bereft of coal or oil, Japan's business and government leaders began as early as 1953 to formulate a program to develop nuclear power.

With the Atomic Energy Act in place, the government established three pivotal organizations to carry out its vision. The Atomic Energy Commission was established in 1956, as one of the advisory organizations for the prime minister, for the purpose of carrying out the national policy of atomic energy research, development, and utilization. The Science and Technology Agency (STA) was established in May of the same year as an extraministerial bureau of the Prime Minister's Office, with the purpose of encouraging science and technology. The Atomic Energy Bureau was formed soon after to accelerate R&D and the utilization of nuclear energy; and the Nuclear Safety Bureau was formed to administer safety matters as a sub-organization within the STA.

The third most important organization, the Japan Atomic Energy Research Institute, was established in June 1956. Today, JAERI's responsibility is not limited to research and development; it also runs the Takasaki Radiation Chemistry Research Establishment in Gumma Prefecture and the Osaka Laboratory for Radiation Chemistry in Osaka Prefecture.

But the real motor force behind Japan's earlier nuclear power development came from the Ministry of International Trade and Industry (MITI) and Keidanren, Japan's business federation, as Japan's business leaders saw the benefit that the nation's industrial sector would reap if such an advanced technology were implemented.

Once the commitment was made, Japanese authorities forged ahead. Although a well-coordinated environmentalist movement did curb their efforts to a certain extent, the authorities countered the anti-nuclear lobby with a well-organized educational program, which saw thousands of engi-

neers and technicians, loaded with literature and pamphlets explaining the nature of nuclear power, spending years roaming around the interior of Japan and holding village meetings.

The success of nuclear power, besides the nature of the technology itself, was due to the stress on constant improvement laid down by JAERI. Japan has already pioneered the "advanced" boiling water and pressurized water reactors. An advanced boiling water reactor (ABWR) design team comprised of Hitachi and Toshiba Atom (Sweden) and AMN (Italy) formed the basis for the ABWR development. Six Japanese BWR-using utilities headed by the Tokyo Electric Power Company, the single largest power-generating company in the world, together with GE, Hitachi, and Toshiba, set up the necessary framework for developing the technology, as well as carrying out a parallel research program in the early 1980s. Kashiwazaki Kariwa 6, which is expected to be installed in 1996, is the first ABWR, with a generating capacity of 1,315 MWe. A number of ABWRs are also in the pipeline. Among the main features of the ABWRs are: increased rated power output (1,300 MWe-plus) to facilitate maximum utilization of Japan's restricted land area; improved core and fuel design; use of internal recirculation pumps; use of electrically operated (as opposed to hydraulically operated) fine-motion control rod drives, and use of pre-stressed concrete primary containment vessels.

The advanced pressurized water reactors (APWRs) have completed the research and developmental stage, which began with the formation of a conglomerate of Japanese utilities along with Westinghouse of the United States. The basic aims were to enhance the continuous operation period (make it longer than 12 months), shorten periodic inspection times, provide improved control and protection systems, reduce occupational exposures, reduce radioactive waste volume, and, generally improve power output availability and reliability. Among the primary features of the Japanese APWR design is its large capacity (1,350 MWe-plus) using a lower power density core. This will enable 18 months of continuous operation at 75% load factor (equivalent to 13.5 months at 100% load factor). Other features include the use of water moderator displacement rods to attain a saving in both uranium and fuel cycle costs of about 20%, according to available estimates. The first two APWRs, 1,420 MWe each, are being built by Mitsubishi Heavy Industries in collaboration with Westinghouse. These APWRs will be built at Tsuruga, where two nuclear units (one of 341 MWe and the other of 1,115 MWe) already exist.

Another type of power reactor, which the Power Reactor Nuclear Fuel Development Corp. is developing in parallel with the fast breeder reactor in Japan, is the heavy-water-moderated boiling light-water advanced thermal reactor (ATR). The purpose of the ATR is to utilize depleted uranium and recovered plutonium efficiently, to conserve natural uranium. The 165 MWe FUGEN (prototype reactor) was set up in March 1979 for study. Subsequently, it has been announced that the Electric Power Development Corp. is going

to build a 606 MWe ATR near Ohma. This will be a scaled-up version of the FUGEN reactor.

The ATR is, in essence, very close to the SGHWR, designed as a plutonium burner, and the initial core will have MOX (mixed oxides of uranium and plutonium) with a plutonium content of 2.5%. Reload fuel will have a plutonium content of 3.1%. As this MOX fuel can use recycled uranium without enrichment, as well as plutonium reprocessed from light-water reactor spent fuel, the ATR conserves uranium and takes care of plutonium produced in the light-water reactors.

The Ohma reactor is a national project and the components will be manufactured jointly by the main Japanese reactor vendors. At present, site preparation has been completed and construction has begun.

JAERI has also designed a high-temperature gas-cooled reactor using prismatic fuel elements (similar to the U.S. General Atomic design). A 30 MW demonstration reactor is now under construction at the Oarai Research Establishment and is scheduled to go critical in 1998.

While emphasizing the ABWR, APWR, and ATR, Japan has virtually turned its back on the FBRs. Japan's 280 MWe MONJU prototype FBR went critical in the early 1990s, but a start on the construction of the second experimental FBR was delayed until 2005. Among the reasons given for the delay were cost, other countries' decision to stop studying the FBR, and public concern about plutonium.

Although the enriched uranium supply in the world is abundant and is expected to remain so for a few more decades, Japan's decision to move to a plutonium economy is as much a decision to make good use of the nuclear fuel generated in the country as it is a decision to resolve the ticklish plutonium issue.

Japan has planned to create an independent nuclear fuel cycle by the early years of the twenty-first century. The country's energy plan has specified the use of mixed oxide fuel. In an interview with the journal of Japan's Power Reactor and Nuclear Fuel Development Corp. (PNC), Sabaro Kikuchi, who heads the company's Policy Planning Division, stressed that "MOX and not plutonium is PNC's true fuel for the future." The benefits of using MOX fuel are many, Kikuchi said, but the most important is the fact that it delivers more energy for less cost. "Using mixed oxide fuel, U-238 combined with Pu-239 in a fission reactor, we can produce 60 times as much energy as by using U-235." MOX is also presently in consideration in a number of other countries.

The development of nuclear power in Japan is ultimately centered around Japan's willingness to make available reactors to developing countries. *Nihon Keizai Shimbun*, a daily, reported recently that Japan is planning to develop safe, low-cost, electricity-generating nuclear reactors for Chi, Toshiba, and Mitsubishi, among others, for the development of such light-water reactors. Tokyo's plan is to counter Russian reactors, which are easy to use for the production of nuclear weapons.

London urges partition of Bosnia-Herzegovina

by Michael Liebig

The brutal Serbian attack on Bihac signals the beginning of a new phase of the war in former Yugoslavia. The decisive issue will not be whether Bihac, like the Croatian city of Vukovar in November 1991, is totally conquered by the Serbs: It is likely that Bihac will be made into a second Gorazde. But even if Bihac were "only" encircled, the Bosnian government would lose all control over this strategically important city.

The Serbian attack on Bihac has two direct military-logistical objectives. First, the aim is to consolidate the Serbian land corridor along the Belgrade-Brcko-Gradacac-Banja Luka-Bihac-Knin line, which links Serbia to its conquered territories in Bosnia and Croatia, in which the railway from Knin to Banja Luka has special significance. Second, the attack on the "U.N.-protected zone" of Bihac, without any serious interference from the United Nations or NATO, creates a precedent for the other Muslim enclaves (Gorazde, Zepa, Srebrenica) in eastern Bosnia, which, like Bihac, are "U.N.-protected zones." These Muslim enclaves still stand in the way of a contiguous Serbian occupied zone in Bosnia-Herzegovina. The Serbian leadership has decided on the liquidation of these enclaves—by military and/or "political-diplomatic" means. In the course of their military operations against Bihac, the Serbian leadership sees itself as having obtained a decisive piece of this objective.

Serbia and the 'Triple Alliance'

There are, in fact, certain tactical differences between the Serbian leadership in Belgrade around President Slobodan Milosevic, the Serbian leadership in Pale around Radovan Karadzic ("Bosnian Serbs"), and the Serbian leadership in Knin ("Krajina Serbs"). However, the Serbian military operations against Bihac show the true extent of the political-

military *integration* of the Serbian camp. The main strategic goal of this Greater Serbian leadership in Bosnia-Herzegovina remains the elimination of this internationally recognized sovereign state, which is to be chopped into three parts. The bulk of Bosnian territory would become Serbian and attached to the "Serbian motherland." Croatia must be "satisfied" with a major part of Herzegovina, while for the Muslim Bosnians there remains an economically and politically unviable "reservation" made up of the leftovers. In this Greater Serbian objective, which Lord David Owen most clearly expressed to the world public, nothing has changed since the war began in April 1992.

This Greater Serbian Plan of Action is at the same time the operational basis of British, French, and Russian policy toward former Yugoslavia. This was manifested concretely in the Serbian attack on Bihac. Prior to the major Serbian offensive, the French Unprofor troops were withdrawn from the "U.N.-protected zone" in Bihac and replaced by a poorly equipped and scantily armed contingent from Bangladesh. When the Serbian troops overran the Muslim "protected zone," Unprofor commander Gen. Sir Michael Rose refused to call for NATO air attacks, so as "not to endanger the civilian population." Bosnian Vice President Ejub Ganic observed in this regard, "People who are sitting in tanks and shooting on the civilian population in Bihac, are hardly to be designated as 'endangered civilians.' Such persons should be the target of NATO air strikes. We should remember how General Rose waited at first until the Serbian tanks had reached the outskirts of the city of Gorazde. Then Rose rejected NATO air strikes, because they would put the civilian population in danger. The same trick is being repeated in Bihac."

We ought to add that not one of the few air strikes which

have been carried out so far against the Serbians, was “real” in the military sense. The Serbians were constantly informed in advance by Unprofor, and requested to withdraw soldiers and modern military matériel out of the battle zone. What got bombed was old, unmanned matériel of the Serbians which had been put into place as a convenient target.

The attitude of the London and Paris governments, of “mediators” Lord Carrington or Lord Owen, General Rose, and U.N. Secretary General Boutros Boutros-Ghali is determined by this policy of dismembering Bosnia-Herzegovina right down to the details. The endless diplomatic tactics and maneuvers over alleged “negotiated solutions” are less and less able to camouflage the actual direction and thrust of British Balkans policy. The British-French-Russian “Triple Entente” in the Balkans aims at the maximum weakening of Bosnia. This nation must be so ground down, by all political-military means, that the Bosnian leadership finds itself ready for capitulation and surrender. The policy of the arms embargo against the Bosnian government is exclusively a matter of keeping Bosnia down militarily, while everything else is transparently diplomatic deception tactics. The presence of British and French Unprofor troops in Bosnia has served for the last two years for no other purpose than as a means of limiting the military and political maneuvering room of the Bosnian government on the ground, and imposing an “equivalence” between Serbian aggressors and Bosnian victims of aggression.

Bihac: a battle lost, not a war

The dismemberment strategy of the British-steered Triple Entente against Bosnia had now reached a decisive point with the attack on Bihac. British diplomacy wants, by means of this military operation of the Serbs, to produce the impression in world public opinion that the Bosnian war is militarily “conclusively decided,” that there is no way out of the Serbian-created “fait accompli” in Bosnia, that the Bosnian Army is “definitively too weak” to force a shift against the Serbians in battle, and that “it’s not worth it” to risk a breach in NATO and to endanger relations with Moscow over a “lost cause.” Statements by U.S. Secretary of Defense William Perry on Nov. 28, which could be interpreted in that sense, were massively played up in the international news media.

Now, according to the thrust of the British-led Triple Entente, a “negotiated solution” should be imposed by the combined pressures of the “contact group” (Britain, France, Russia, Germany, and the United States) which would take into account these alleged “military realities” in Bosnia. Likewise, the arms embargo against Bosnia will now be strictly upheld, because lifting it would only help to prolong an “already lost” war. By the same token, further threats of NATO air strikes are completely “senseless,” because these are “ineffective” against the “victorious” Serbians, and only give the Bosnians “false hopes.” At bottom, what the Triple Alliance wants, is for the Bosnian government to finally own



British support for the Serbs is coming under increasing international attack. Here, members of the Bosnia Support Committee picket the British Embassy in Washington on Nov. 30, in front of a statue of Winston Churchill. The group is protesting British opposition to air strikes on Bosnia and a lifting of the arms embargo.

up to its irreversible downfall and yield at last to its fate. In practice, this means that Bosnia-Herzegovina is chopped into three parts. Bosnia would have to accept its fate as an unviable Muslim rump “state” under Serbian overlordship. Serbia would then be the unchallenged hegemonic power in south-eastern Europe.

The American position is decisive

The second prong of the British-led Triple Entente is aimed against the United States. In February 1993, the U.S. government dealt a heavy blow to British Balkans strategy with its “Washington Accord,” in which the Clinton administration brought the absurd fratricidal war between Muslims and Croats in Bosnia-Herzegovina to an end. A Muslim-Croatian Federation in Bosnia-Herzegovina was set up, with the participation of Serbs loyal to the nation. The United States thereby stood up against the partition of the Bosnian state by criteria of “nationality.” At the same time, the United

States succeeded in getting Croatia and Bosnia-Herzegovina to agree to collaborate closely in political, economic, and military matters.

Undermining this Croatian-Bosnian "Washington Accord" became a high priority of British diplomacy. London knew, and knows perfectly well, that already in the medium term, an effective military alliance between Croats and Muslims spells serious military trouble for Serbia. An effective Bosnian-Croat military alliance, with sufficient arms supplies (with or without the formal lifting of the arms embargo) would be in a position to roll back the Serbian attackers and militarily liberate its national territory.

British diplomacy aims therefore at thoroughly weakening the forces within the Clinton administration and within the U.S. political class which are standing firm behind the "Washington Accord." British diplomacy, for example, relies on the incoming Speaker of the House of Representatives, Newt Gingrich, who, like George Bush before him, has asserted that the Bosnian conflict is a "purely European affair," which has no meaning for the United States. In addition, elements inside the Clinton administration consider the war in Bosnia to be a "civil war," which is not "worth" risking the unity of NATO over. Against these voices, the Republican Majority Leader in the Senate, Robert Dole (Kan.), has clearly stated what is really at stake in Bosnia. Dole said during his last visits to London and Brussels that:

- 1) Great Britain and France have supported Serbia's aims from the outset;
- 2) Great Britain and France have done everything to prevent NATO from showing Serbia what the limits are with effective air strikes;
- 3) Great Britain and France have used the United Nations to maintain the weapons embargo against Bosnia, even though 90 nations are ready to help Bosnia.

Therefore, Dole demanded, the arms embargo must be lifted and the withdrawal of Unprofor troops must begin. Dole backed the "Washington Accords" and said, "The last thing we need now is another change in the U.S. position toward Bosnia."

Franjo Tudjman's intrigues

With the intention of torpedoing the "Washington Accord," British diplomacy has been exerting enormous pressure on the government of Croatian President Franjo Tudjman. This British influence, which has been rounded out by economic and financial pressures from the International Monetary Fund, led Tudjman to sabotage any effective military cooperation with the Bosnian government. Even though Tudjman had signed the "Washington Accord," he kept the agreements from being put into force. That was shown with particular drama during the Serbian offensive against Bihac, which was launched from the Croatian region in Krajina. Military units of "Krajina Serbs" make up a high proportion of the Serbian forces which are attacking Bihac.

Tudjman's passivity is all the more strange, since the best Serbian units were transferred in early November out of Krajina toward northwestern Bosnia, and the occupied zone is thus militarily exposed. In Zagreb it had been expected that Tudjman would have at least undertaken *limited* military advances into Krajina, so as to reconquer parts of this region and to demonstrate at least minimal support for the Fifth Corps of the Bosnian Army in Bihac. But even such an action, in a "cabinet warfare" sense, seems unlikely.

Tudjman's two-faced policy seems to aim at striking an arrangement with Slobodan Milosevic in Belgrade. Secret negotiations between Zagreb and Belgrade have been carried out by Tudjman practically since Croatian independence in the summer of 1991. Tudjman seems to be hoping for a diplomatic arrangement with Milosevic, in which he would get the return of *some* of the Serbian-occupied regions in Croatia, for example western Slavonia. As for the other occupied regions of Croatia, he seems to want to write them off *de facto*, as long as diplomatic formulas can preserve the abstract legal titles to them on Croatia's side. It goes without saying that the British-steered "Triple Entente" is vigorously backing up Tudjman in this—all the more so, because the intended threefold partition of Bosnia-Herzegovina is being presented to Tudjman as a territorial "compensation" for the loss of parts of the Croatian state.

The Croatian opposition movement

The majority of the Croatian people, however, and the extremely important Catholic Church of Croatia is against such a deal with Serbia at the cost of Bosnia-Herzegovina and of their own national interests. In the course of 1994, the Croatian opposition movement *Libertas* has been constantly growing in importance (see *EIR*, May 13, 1994, p. 55, and July 15, 1994, p. 46).

Libertas is constantly pointing out that such an arrangement with Milosevic will make Croatia into a satrapy of Serbia which is only apparently independent. The British-steered Triple Entente's intention to set up Serbia as the hegemonic state in the Balkans would thus be assured. Such a "neo-Yugoslavian" solution would put the economic potential of Croatia at the service of Serbia. The Croatian opposition, which stands for the unqualified fulfillment of the Washington Accord and especially for an effective Croatian-Bosnian military alliance, constantly points to the objective strategic weakness of Serbia, which over the medium term will become evident. The British leadership knows these objective factors of weakness of Serbia. Precisely for this reason, the Triple Entente is pushing now with all its might to put the dismemberment of Bosnia-Herzegovina "on the negotiating table."

General Spigelj's military-strategic analysis

A leading representative of the Croatian opposition is the former Croatian Defense Minister Martin Spigelj, who in

the autumn and winter of 1991 played the key role in thwarting the Serbian attempt to militarily crush independent Croatia. In an article for the Croatian newspaper *Posavski Glasnik*, General Spegelj wrote:

"We stand at the threshold of the third year of war in Bosnia-Herzegovina. Serbia has fixed major war objectives for itself. It first sought to realize these aims with the aid of the former Yugoslavian People's Army and with the direct support of Great Britain, France, and the ultra-secret but momentous support of Russia. But the war objectives it set for itself were unrealistic. Serbia bit off more than it could chew, and is now in danger of choking on it. With its policy of aggression, Serbia has made all its neighbors into enemies. It must deploy large military forces into southern Serbia in the direction of Kosovo, Macedonia, and Bulgaria; and Vojvodina is also not secure. In its westward aggression, Serbia has pushed up to 300 kilometers beyond its own borders. The occupied zones are very chopped up, and have an extraordinarily fragile front over 2,000 kilometers long. It is impossible in the long run to defend, let alone to actually control, the entire region.

"If we analyze the zones in Bosnia-Herzegovina and Croatia which have been occupied for a long time, we see that this zone is not viable in its present condition. It is not tenable from the military-strategic standpoint, and is extraordinarily un-self-sufficient economically. Furthermore, Serbia's demographic potential is exhausted; the negative birth rate of the Serbian population is well known. In Bosnia-Herzegovina, the Serbian aggressor can put at most 70,000 soldiers into the field, together with 250 tanks and about 600 heavy-caliber artillery weapons. The combined armed forces of Bosnia-Herzegovina and the Croatian units total about 230,000 men. The victim of the aggression—the internationally recognized nation of Bosnia-Herzegovina—has no other choice but to defend itself by all means and to free the country from the aggressor. As in Croatia, the aggressor was (and continues to be) extraordinarily brutal. He has conducted the entire war with war criminals' methods: genocide, ethnic cleansing, rapes, annihilation of open cities and settlements. All of this has created a lasting determination in the victims that the aggressor must be stopped and punished.

"It must be admitted that the Bosnia-Herzegovinian Army, despite unconceivable difficulties, has created the basis for solving the most important questions of the military struggle. With the Washington Accords, the senseless war between Bosnia and Croatia was ended. It is necessary that a real military alliance be created, which will pose the aggressor with unsolvable problems, and in time, vanquish him. The Army of Bosnia-Herzegovina has meanwhile achieved major advances. I would like first to emphasize the discipline, which is the first and unalterable condition for military effectiveness. The tactics, the operational leadership, and the military strategy have changed. They were going into most of the battles with the tactic of statically holding their posi-

tions. But now, more and more, mobile warfare is being conducted. They are seeking out and attacking the Serbs in weakly defended positions and weakly controlled zones. Part of the forces remain in the defense of important positions, but the larger part of the forces is advancing with guerrilla methods. These are larger military operations, and not just isolated diversions. We can see that the battle is being engaged where the enemy least expects it.

"Bosnia-Herzegovina's war technology industry has been moved into protected and secret zones, and is supplying the Army with increasing amounts of modern light weaponry and munitions. That was a gigantic effort, but it has been achieved. We must be cautious, because these are the first steps and the first beginnings of a shift. The aggressor can still win battles here and there, and there can also be important setbacks and crises, but the process of changing the military relations of forces is objectively unstoppable and will lead in the end to the defeat of the aggressor and the liberation of the nation as whole. Insofar as the Washington Accords are quickly and effectively fulfilled, this process will come about faster. In that regard, we must be very alert to the fact that certain forces continue to negotiate a partition of Bosnia-Herzegovina, even though it is obvious to everyone that this would mean the overthrow not just of the Croats in Herzegovina, but also of Croatia as a state.

Britain, France, Russia exposed

"Another characteristic of the present situation lies in the fact that the pro-Serbian policy of Great Britain, France, and Russia is finally totally exposed to the public. They have had to unmask themselves as the protectors of the aggressor, who began and continues to wage one of the most brutal wars in military history. These great powers, which are no longer such, have remained silent, or have indirectly supported the rise of Greater Serbia, erroneously believing that such a Serbia will serve as their own gendarme in the Balkans, with whose help they—just as in other periods—can provoke instability in the southeast of Europe and spread it throughout Europe. This is no doubt their anti-German policy to confine Germany's considerable economic power. This is why the British lobby has been intervening constantly and ever more vigorously into the U.N. and even into American institutions. In reality what these powers, and their policy, are up to, is assuring the creation of Greater Serbia over the victims of the aggression, and wielding it against central Europe, especially against Germany, but also against the United States. A "peace" which is based on the partition of Bosnia-Herzegovina, only means the continuation of the war to the benefit of the aggressor. I am an optimist, and repeat that a shift in the relation of forces to the benefit of the victim of aggression is unstoppable, even if there will be setbacks. That is something which neither the aggressor nor its international allies can prevent, without themselves being forced to become actively involved in the war."

New role for the 'Northern Route,' as EU gets three more members

by Ulf Sandmark

The European Union (EU) is expanding as a vehicle for European economic and political cooperation. After the referendums in Austria, Finland, Sweden, and Norway, the smoke has cleared, and the results can be seen: Austria, Finland, and Sweden have joined, while Norway stays out. These four countries, together with Switzerland and Iceland, were holdovers from the British-led European Free Trade Area (EFTA), which was formed as a less-centralized alternative to the European Economic Community, the predecessor of today's European Union (EU).

The postwar Yalta arrangements forced Finland and Austria to remain neutral countries after World War II. Sweden has maintained its neutrality since the 19th century, while Norway became a member of NATO. For Finland and Austria, integration into the EU was only made possible with the end of the Yalta-designed Cold War system. In 1990, when German reunification became a reality, the EU, under the influence of German Chancellor Helmut Kohl, decided to actively recruit new member nations and use this as the first step in developing a new security policy for all Europe, under the rubric of "common security." The process was interrupted with the signing of the Maastricht Treaty, when the EU embarked on an internal integration policy in order to form an economic, political, and security union.

A missed opportunity

A great opportunity was missed. The leading nations of Europe concentrated on domestic problems at a time when history had provided the chance to develop cooperative structures and rebuild the newly opened East. This self-imposed isolation by the EU nations was a strategic blunder, making it possible for the British and their co-thinkers to introduce devastating "shock therapy" into eastern Europe and Russia.

However, the EFTA countries were asked to apply for membership as early as 1990, so as to be ready to join by Jan. 1, 1995, after the first round of the Maastricht negotiations had been completed. This has been accomplished with Austria, Finland, and Sweden joining the EU. The integration of the East European nations of Poland, the Czech Republic, Slovakia, Hungary, Romania, and Bulgaria, is now on the agenda. European Commission President Jacques

Delors's plan for infrastructure development, with the backing of the Clinton administration, can strengthen that policy direction. Time, however, is short. The next round of Maastricht Treaty negotiations starts next year. If the British government succeeds in delaying the Delors plan just a few months, it can have devastating consequences (see article, p. 4).

Overriding security concerns

With the Finnish decision in the referendum on Oct. 16 to join the EU, a border of 1,200 kilometers between the EU and Russia was established. Finland's proximity to Russia was directly relevant to the outcome of the referendum in that country. Improved security was the overriding concern for Finland, which has used the window of opportunity after the Berlin Wall came down, to steadily arrange closer connections with the West. Besides its application to join the EU, Finland also has applied for membership in the Western European Union (WEU) military alliance.

Four weeks after the Finns, the Swedes also voted "yes" to join the EU in their referendum on Nov. 13. The Swedish voters were decisively influenced by the Finnish vote. However, Sweden has decided to maintain its policy of neutrality and only apply for observer status in the WEU. But the Finnish policy of seeking alliance with the West, will also shield Sweden, and in reality will also bring in Sweden into security cooperation with the West. One week after the Swedish referendum, the biggest Swedish daily newspaper, *Expressen*, intersected this development and started a campaign for Sweden to fully join NATO.

Finland has taken the initiative over Sweden to break with the old, traditionally Swedish-dominated mode of "Nordic cooperation." Matti Klinge, a history professor at Helsinki University, clearly defined the Finnish orientation as not "Nordic," but rather toward the "Baltic Sea," and directly oriented toward Germany. Interviewed by the daily *Svenska Dagbladet* of Nov. 1, he said: "We Finns have no negative feelings toward Germany, quite the contrary. Germany is our best friend, on one condition: that it does not create any problems vis-à-vis Russia. Germany and Russia must be on good terms and live in peace with each other and together

generate economic progress. In the 19th century, St. Petersburg was to a great extent a German city. It could become a new center of gravitation.”

Klinge thus expressed a clear and realistic peace policy, similar to that of other central European nations—i.e., no experiments, but peace through security and economic development.

For NATO member Norway, these security concerns, so important to Central Europe and Finland, had no importance in the political debate before the referendum of Nov. 28. The different security concerns were probably the most decisive factor, given the small vote margins, that explains why the Norwegians did not follow Austria, Finland, and Sweden into the EU.

A hornet's nest

Although the integration of Scandinavia into EU has been very much sponsored by many EU politicians, EU policy toward northern Europe is almost nonexistent. Soon it will be decided, whether the old Northern Route—across Scandinavia into Russia—will be brought to bear in efforts by the EU to develop Russia, or whether it will continue to be a channel for destruction of the productive capacities of Russia with aggressive shock therapy and radical environmentalist policies.

A closer look at the Swedish EU referendum debate, and the role played in it by the environmentalists, could give one the impression that Sweden's strategic reason for joining the EU was similar to that behind Viking invasions. The oligarchy of Constantinople sponsored the Vikings—Nordic mercenaries trained by the Roman legions—in order to attack the Carolingian state. Today's barbarians are being trained by the oligarchy's ecology movement.

The Swedish ecology movement campaigned for joining the EU to “strengthen the EU's environmental policy.” Three “peace activists” from Sweden, Norway, and Finland wanted to form a Nordic faction in the European Commission, controlling enough votes—27, together with the United Kingdom—to veto any decision.

The Swedish financial and banking sector also opted for influence within the European Commission. The head of the Church of Sweden, Archbishop Gunnar Weman, together with Bishops Jonas Jonsson and Henrik Svennungsson, wrote, in *Dagens Nyheter* on Nov. 3, that they wanted to join the EU in order to make an alliance with the Anglican Church to counter Catholic influence. Even the Swedish nomenklatura joined the queue, desperately hungry for the 1,000 new high-paying jobs which will now open up in the bureaucracy at European Union headquarters in Brussels.

The result of the Scandinavian referendums were very narrow. In Sweden, it was 52% for and 47% against, while in Norway, the exact opposite was true. It was only in the more populous urban areas that the supporters of the referendum carried a majority. Most of the territory in each country

carried a “no” majority, certainly all northern areas. The negotiated deals between the EU and each nation had been tailored to recruit the voters to say “yes” at a minimum cost to the EU.

The main issue that carried the “yes” campaigns, was to increase the export markets for industry, saying that this would give jobs to the unemployed. Swedish farmers got a better deal, much better than the Swedish free-market farm policy offers them, and this recruited the big farm organization to campaign for the “yes” side. In Finland and Norway, on the other hand, a farmers' revolt joined the “no” side.

In the last week of the Swedish election campaign, when the polls showed a slight lead for the “no” side, the European Commission also threw in a big infrastructure program to create jobs for Swedes. They decided to make the Nordic Triangle the 12th project in the Delors plan for infrastructure development in Europe, which means economic support to build high-speed railways and motorways among the capitals Copenhagen, Oslo, and Stockholm, with a connection to Helsinki.

For Norway, the infrastructure programs would only affect the very southeastern part of the country. For the other regions, much more support for farming and regional development comes from national sources. Norway has a strong economy from oil and fishing, resources that the Norwegians found no reason to share with the other nations of the European Union. Therefore, the question of national sovereignty and the totalitarian features of the Maastricht Treaty became the most successful arguments for the “no” side in Norway.

Will the integration succeed?

With all this popular resistance and all the oligarchical counteroperations, the success of the EU infrastructure projects in Scandinavia will be the determining factor not only for transport, but for broader policies as well. It will serve as a rallying point to organize the Scandinavian populations to make participation in the European Union, and the Northern Route to the East, oriented to a constructive “development for peace” perspective.

Finland has again taken a lead, assuming its role as a direct physical bridge to Russia. The Finnish road authority has already decided to invest \$700 million to build a 580-kilometer four-lane highway from Abo across Finland, and then to St. Petersburg, Russia by year 2010. The sum includes support from the EU.

The fight over the financing of the projects could turn the European states away from British monetarist policies into a more dirigist direction, which would be of great benefit to the nations of Europe. Also, the almost half of the Scandinavian population who voted “no” out of protectionist sentiments or opposition to the Maastricht Treaty, could be recruited to support such a dirigist economic policy, centered around the expansion of agricultural production, regional development programs, and high-technology infrastructure projects.

Samper leads Colombia into surrender to narco-terrorists

by Javier Almario

The narco-terrorists of the Colombian Revolutionary Armed Forces (FARC), the National Liberation Army (ELN), and the People's Liberation Army (EPL) won a major victory without firing a shot, when President Ernesto Samper Pizano announced that he would lead Colombia down the same "peace" path that turned El Salvador into a colony under the thumb of a supranational United Nations dictatorship.

On Nov. 17, Samper announced in the southern city of Popayán that his government would hold peace talks with these narco-terrorists, even while they continue their murderous rampages, because, according to Samper, the war will go on for a long time—practically indefinitely—and therefore it is necessary to "humanize" it. No deadlines will be set on the talks, nor will the Samper government demand a unilateral cease-fire on the part of the terrorists. Further, the government is proposing to hold quasi-secret talks with the terrorists abroad, behind the backs of the public.

Samper has already practically accepted all the "conditions" the narco-terrorists have demanded prior to negotiations. In his speech, Samper promised to open "human rights oversight offices" at every military post, pledged that human rights issues would be included in all teaching in the Armed Forces, and that all the norms contained within Protocol II of the Geneva Convention would be fully complied with.

That protocol was approved in the United Nations to regulate civil wars in the early 1970s, supposedly to force respect for the rights of the civilian or non-combatant population on the part of the parties in conflict. The protocol was specifically designed to oversee the conflict in Angola, where an East-West war was being fought out by proxy.

The Colombian Congress docilely approved the law ratifying Protocol II, and the Constitutional Court, with unprecedented speed, declared it constitutional. The law obliges the Armed Forces to submit to oversight by an army of non-governmental organizations (NGOs), which have disproportionate influence through the international media. It does not oblige the narco-terrorists in any way, because they can convert from "belligerent" to "civilian"—and back again—whenever it is convenient.

The ELN and FARC narco-terrorists, who have nothing

to lose, gave their blessing to Samper's proposal. As always, they intend to use the peace "dialogue" as a means of garnering publicity abroad while their militants continue to paint city walls with the slogan, "We don't fight to negotiate, but to win."

It has already been proven that the NGOs function as virtual spies in the service of the narco-terrorists, and their involvement in the barracks as human rights overseers is equivalent to the government deliberately financing the sabotage of its own Armed Forces.

The London school of appeasement

Only days before announcing his "peace plan," Samper met with Amnesty International, the British intelligence deployment which operates behind the facade of defending human rights. Pierre Sane, Amnesty's secretary general, met with Samper during his tour of Colombia, and also with Vice President Humberto de la Calle, a leading Mason in Colombia; Government Minister Horacio Serpa Uribe; civilian Defense Minister Fernando Botero Zea; and various government intelligence agents. Sane insisted that Colombia create a "truth commission" modeled on the one foisted upon El Salvador.

In El Salvador, the United Nations began as the "mediator" of a peace process, to which the Salvadoran government was forced to yield by a combination of the U.N.'s supranational apparatus and political and economic pressure from the United States, the European Commission, and the "four friends" of El Salvador—Spain, Colombia, Mexico, and Venezuela. First there was a treaty on "human rights." But human rights are only a convenient pretext for the United Nations to eliminate the sovereign rights of the nation-state and to impose a malthusian world empire. The El Salvador Truth Commission concluded that 85% of the human rights violations in the country had been committed by the Salvadoran Army, while the rest had been "legitimate actions" by the guerrillas in the context of an "armed conflict."

As President-elect of Colombia, Samper visited London and met first with the directors of Amnesty International. Samper's predecessor, César Gaviria Trujillo, now secretary

general of the Organization of American States (thanks to the sponsorship of the United States and Canada), had done precisely the same thing in his turn.

In London, Samper invited Sane to set up a permanent Amnesty International office in Colombia, whose costs would be underwritten by the Colombian government. "It is the first time in our history that a government has offered us such an arrangement," crowed Sane.

Guerrillas given diplomatic posts

Samper went even further, naming several "former guerrillas" to key diplomatic posts, whose purpose would be to serve as liaisons between the Colombian government and the various human rights NGOs in Europe. Eduardo Chávez, Gustavo Petro, Aníbal Palacios, Vera Grabe, and Bernardo Gutiérrez, all defeated candidates from the "legalized" terrorist organization M-19, were rewarded for their unpopularity in the last elections with posts as first secretaries at several European embassies. "The nomination is based on [our] working to promote human rights and everything to do with that," said the satanist-gnostic Vera Grabe. Their real work will involve defaming the Colombian Armed Forces abroad. "I think that Amnesty International is a serious entity," said Aníbal Palacios, who will be Colombia's secretary at its London embassy.

That Samper chose Popayán, the capital city of Cauca department, to announce his peace plan, is no accident. It is the region where the M-19 maintains its armed wing—supposedly a split-off of the M-19 which rejected amnesty and legalization, and which was reactivated as the Jaime Bateman Commando (Bateman was a founder of the M-19) immediately following the smashing defeat handed to the M-19 in last March's elections, during which the group lost all of its congressional seats.

On Nov. 13, the M-19 "split-off" kidnapped the popular television comedian Alfonso Lizaraso. The kidnappers demanded as his ransom that the government come up with a peace plan. Four days later Samper complied, and within hours Lizaraso was freed, amid a flood of publicity and innumerable press interviews with hooded members of the non-legalized M-19 group.

Cauca is also the center of illegal poppy cultivation, used to produce heroin and other opium derivatives, as well as the area where a large number of Indians are being manipulated to reproduce "a Chiapas in Colombia," that is, a movement of indigenist separatism. "Many of the 85 Indian tribes of Colombia are already talking about arming themselves and taking back the land" taken from them by the Spaniards 500 years ago, "indigenist" Sen. Lorenzo Muelas declared on Nov. 20. Muelas was referring to the government's rejection of a plan presented by the Indians in which any territory inhabited or claimed by the Indians would be defined as "indigenous territories" subject to laws different from those of the rest of the nation.

Strangely enough, the activities of these "indigenous peoples" against the "European immigrants," who are today supposedly squatting in Colombia, are financed by the European Union. "Indigenism" is thus used in this way as a means of eliminating Colombian sovereignty over its own territory.

Running cover for the cartels

Samper is also doing everything in his power to cover for the Rodríguez Orejuela brothers, the heads of the so-called Cali drug cartel. A variety of evidence has been garnered to show that Samper received multimillion-dollar payoffs from Gilberto and Miguel Rodríguez Orejuela, as prominent officials of the U.S. Drug Enforcement Administration and others have indicated. The Samper government has already attempted—albeit unsuccessfully, thus far—to suspend aerial eradication of coca and poppy crops, after the FARC narco-terrorists organized "peasant" and "Indian" marches to protest the fumigation of their narco-crops.

And, further, on Nov. 22 the Colombian Senate approved a law decriminalizing "fronting," that is, the drug traffickers' use of frontmen to purchase property, make investments, etc. Also decriminalized was "illicit enrichment," that is, the acquisition of wealth whose source cannot be accounted for. The laws against "fronting" and "illicit enrichment" were the only enforceable financial crime laws on the books, and even those, as the Drug Enforcement Administration has pointed out (see p. 41), were almost never enforced against the drug traffickers.

Although the government made a public show of rejecting the Senate actions, Samper has privately acknowledged that the changes are "inconvenient" at the present time, because of the international suspicion that Samper was elected by drug money, and that 70% of the Congress is owned by the cartels.

Despite 13 years of interminable "peace dialogue" with the narco-terrorists, Colombia has seen a dramatic increase in crime statistics each year. According to the Center of Criminological Investigations of the national police, terrorist actions in the first 10 months of 1994 increased by 100% over the previous period. Kidnapping, an important source of revenue for the narco-terrorists, grew by 23% over the comparable period in 1993.

However, despite the fact that many Colombians are demoralized by the impunity with which the drug cartels are allowed to act and by the inability of the judicial system to protect citizens' rights, and tend to fall into the syndrome of "seeking justice by one's own hand," the great majority of Colombians are well aware that in neighboring Peru, where authority is exercised from the standpoint of defending national sovereignty, the narco-terrorist Shining Path has been nearly defeated. There have already been a number of calls for Colombia to follow the Peruvian model, and the Ibero-American Solidarity Movement (see next page) has taken the lead in resisting this narco-terrorist occupation of the nation.

Colombian leaders outline way to peace

The following is the text of a nationwide television broadcast in Colombia on Nov. 17 by Ibero-American Solidarity Movement (MSIA) leaders Maximiliano Londoño and Javier Almarío.

Londoño: Good evening fellow citizens. My name is Maximiliano Londoño Penilla and I head the Ibero-American Solidarity Movement. Today we are going to talk about how to consolidate a scientific peace in our country, as Rafael Nuñez and Miguel Antonio Cano did in the last century, by consolidating the principle of authority and industrializing the country so that there will be productive employment for all Colombians.

The Colombian Armed Forces have the necessary ability and training to militarily defeat the narco-guerrillas; the problem is that the political leadership of the country doesn't want this to happen. . . . There has not been the political will to put an end to the guerrillas.

It may seem attractive in principle that the hostilities finally come to an end, and that peace and public tranquility be consolidated. However, what is taking place is the complete opposite. What the Samper administration is doing is to continue the policy of dismantling the Armed Forces that was pushed in our country by former President César Gaviria Trujillo.

After the fall of the Berlin Wall, groups like the Inter-American Dialogue, which defend Anglo-American interests in seeking to eliminate the concept of the sovereign nation-state and to turn the U.N. into the seed-crystal of a new world federalist empire, have emphasized the urgency of liquidating the armed forces of Third World countries, on the pretext that "communism is finished." What is happening is that the oligarchic financial circles which control the International Monetary Fund and World Bank are very worried about the imminent collapse of their international monetary and financial system. . . . To prevent a civil-military process from emerging, like that which [President Alberto] Fujimori headed in Peru, the international financiers prefer to get rid of the military first.

It comes as no surprise to many that dismantling the Armed Forces and co-ruling with narco-terrorists is the common agenda of the Samper government, the Guerrilla Coordinator [the guerrilla movements' umbrella group], the U.S. State Department, and the British government. That is what happened in Panama after the armed U.S. invasion destroyed the Panamanian Army. That is what happened in El Salvador,

under the aegis of the United Nations. . . . That is what is occurring in Haiti, again through U.S. armed intervention and under the pretext of a "collective defense of democracy."

Less than three months after Samper Pizano took office as President, we are witness to a major juridical and legislative offensive against the military forces. In the Congress there are numerous bills, all with impressive titles, designed to liquidate the armed forces: One is a bill on "forced disappearances"; another approves Protocol II of the Geneva Convention; another would reform the military penal code, and so on. . . .

So, what dominates is the law of the jungle. . . . But to achieve the peace, it is not enough to simply reestablish authority. The nation must be economically developed. And that is what MSIA Vice President Javier Almarío will now address.

Peace based on development

Almarío: Although more than 50% of Colombians live in poverty, the country is not a poor one. Nonetheless, we have allowed ourselves to be treated as a colony. For example, it is well known that the plains and the Amazon have oil that is being explored and exploited primarily by British companies like Shell and British Petroleum. We also know that there are productive wells like Cusiana, Cupiagua, and Volcanera, and periodically new oil discoveries are announced, but little publicity is given to these announcements, so that we Colombians do not demand that the oil be used for national development. . . .

The plan of the British and of the International Monetary Fund is that the oil money not be used in the nation, but rather deposited in bank accounts abroad to provide liquidity for the bankrupt international monetary system while leaving the country in a state of division and without means of communication, because there are no serviceable highways, railways, or waterways to unify our nation; we are facing new electricity blackouts in the coming months because of lack of infrastructure investment.

The oil income must be sown to reap a scientific peace based on truly productive employment in the construction of the Atrato-Truando inter-oceanic canal; the construction of a national railroad system using magnetic levitation (maglev) trains; the construction of a highway system with four-lane roads, at least, which uses tunnels and bridges to rapidly traverse all our mountain chains; making the necessary improvements in our rivers to transport passengers and cargo; investing in electricity generation; and investing in the development of a cadre of scientists who would allow us to achieve scientific and technical sovereignty. To achieve these proposals, both the National Planning Department and the Central Bank—truly enclaves of the International Monetary Fund inside the country—must be nationalized; and it is necessary to have a solid Armed Forces to defend our national sovereignty.

DEA says free-market reforms led to drug takeover of Colombia's economy

In September, the financial unit of the strategic intelligence division of the U.S. Drug Enforcement Administration (DEA) published a document entitled "Colombian Economic Reform: The Impact on Drug Money-Laundering within the Colombian Economy."

The document, while careful not to "name names," nonetheless is a devastating indictment of, in particular, the César Gaviria administration (1990-94), which enacted the free-market reforms that opened the Colombian economy to takeover by the drug cartels. The immediate result of delivering such enormous financial power to the drug cartels was this year's election to the Colombian presidency of Ernesto Samper Pizano, a longtime advocate of drug legalization who is considered in many intelligence and law-enforcement circles to be on the drug cartels' payroll. Gaviria himself was boosted, *with the direct sponsorship of the former George Bush administration*, into the post of secretary general of the Organization of American States (OAS).

Since the publication of this DEA document, another report by that agency has been issued which identifies Colombian lawyer Angela Cuevas Gamboa as the architect of the Cali drug cartel's 25-nation money-laundering apparatus. Cuevas is reported to have been close to many high-level officials in the Colombian Central Bank, and Finance and Planning ministries, of the Gaviria government. In 1993, Cuevas served as an important financial adviser to Gaviria's National Planning Department. Her nephew, Mauricio Guzmán Cuevas, was just elected mayor of the city of Cali, home base of the Cali drug cartel.

The following are excerpts from the DEA report on Colombian economic reform and drug money-laundering:

DEA Executive Summary

The Colombian *Apertura* ("opening") program, initiated in 1990, features a movement toward privatizing major state-owned companies and liberalizing Colombia's economy in an effort to attract and generate capital. Prior to 1990, Colombia and many other South American nations prohibited the importation of certain goods from other nations to protect domestic industries from foreign competition. Recently, a combination of financial, labor, tax and trade reforms have paved the way for Colombia to compete more effectively in the global economy.

However, as the country's economic reforms proceed, Colombian drug kingpins have taken advantage of the government's reforms and capitalized on the benefits of a more open and liberal economy. Reform has created more opportunities and provided drug kingpins easier access to launder and safeguard their illicit wealth within Colombia. The privatization of major Colombian banks, combined with the placement of the foreign exchange markets in the hands of private financiers, has made it possible for Colombian drug kingpins covertly to influence policies and operations of certain Colombian banks.

In addition, the revenue generated from the drug trafficking industry has permeated every facet of Colombian society. Consequently, the country's increasing reliance on the proceeds of this criminal activity has caused serious concern among government officials in Colombia and in the United States. . . .

As each dollar enters the kingpins' accounts, the political and economic influence they exert on the government increases. This establishes a dangerous precedent for the region. Drug kingpins are able to influence the structure of financial and banking regulations in order to launder, legitimize, and safeguard their illicit wealth with ease and without legal repercussions. Without the implementation and enforcement of money-laundering laws and the enactment of an extradition treaty with the United States, the present economic reforms in Colombia will increase the difficulty for the U.S. and Colombian governments to combat drug trafficking effectively.

Effects of the 'Apertura' program

The Colombian *Apertura* ("opening") program has stimulated and increased growth in the country's financial sector and has had the collateral effect of broadening the array of instruments available to Colombian drug traffickers to legitimize their illicit monies. The liberalization program has led the Colombian government to privatize many state-owned banks, utilities (such as electric and telecommunications companies), and port facilities. The government also has established a private pension fund system to increase investments in both the stock and bond markets. . . .

The government and private financial sectors in Colombia are modernizing their automated banking-financial and telecommunication-transaction systems. These upgraded systems provide banks in Colombia with on-line access to



Former Colombian President César Gaviria, whose free-market reforms opened up the economy to the drug cartels.

international banking and other financial services, and enable instantaneous transactions with major financial markets. . . .

Throughout 1992 and 1993, Colombia's stock exchanges experienced strong growth following the Central Bank of Colombia's approval of a resolution authorizing the private sector to establish futures and options markets for commodities. These markets also allow for the trading of foreign currencies, bonds, and other financial instruments. The reforms opened up trading to foreign brokerage houses and other financial institutions. . . . Furthermore, the foreign exchange markets, including the import and export sectors, now are being placed entirely in the hands of the private financial sector. These reforms lack the necessary regulations and monitors to prevent illicit money laundering. Consequently, the privatization of the financial sector enables drug kingpins to safeguard their illicit assets. . . .

Ironically, a large percentage of the foreign currency reserves that are flooding the Colombian government's international reserves accounts (especially the majority of U.S. dollars) are believed to stem from the repatriation of drug proceeds from U.S. and European drug markets. The revenue generated by the influx of drug proceeds into the economy has provided the Colombian government with funds for debt payments and national infrastructure development. Furthermore, through the purchase of government-issued securities, Colombian drug kingpins are investing in their country's future economic development.

Privatization of banks

A significant danger to economic security in Colombia is the purchase of financial institutions by Colombian drug organizations. The privatization of major banks in Colombia, combined with the placement of the foreign exchange markets in the hands of private financiers, has provided Colombian drug kingpins with the ability to influence covertly the

policies and operations of certain banks in Colombia. There are now 16 banks owned by private Colombian investors, 9 owned and controlled by foreign banks, and 3 owned by the Colombian government.

U.S. and Colombian government authorities have evidence of drug proceeds being deposited in every major bank in Colombia. . . .

Integration of Colombian and Venezuelan financial industries

Liberalization of economic policies in Latin America has led to the integration of Colombia's and Venezuela's financial sectors. This is of grave concern to U.S. and Colombian justice officials. Cross-border debt and equity flows between the two countries have increased over the past two years and they are expected to climb to record amounts in 1994. As these flows increase, it will become easier to camouflage cross-border drug currency flows. . . . Privatization has allowed non-Colombians to purchase previously state-owned banks.

In a series of law enforcement raids by the Venezuelan *Guardia Nacional* in western Venezuela in October 1993, evidence revealed a major money-laundering organization using Colombian, U.S., and Venezuelan banks, in addition to *casas de cambio* (currency exchange houses). Analysis of documents seized in the Venezuelan raids indicates that billions of Colombian pesos, Venezuelan bolivars, and hundreds of millions of U.S. dollars were laundered through Venezuelan en route to Colombia. . . .

It is suspected that the shutdown of that particular money-laundering organization may have had a direct or indirect effect on the collapse of Venezuela's Banco Latino in January 1994, and placed the entire Venezuelan banking system in a major crisis. . . . Although the Colombian banking system is healthy, it currently is susceptible to such a crisis as corruption and drug money laundering activities continue to spread throughout the banking sector. . . . There are currently no money-laundering laws in Colombia. The only type of financial criminal law that is enforceable in Colombia is the "illicit enrichment" law and few have been penalized for violating this law.

The economic impact of drug money-laundering in Colombia

The Colombian government is becoming dependent on the drug-trafficking industry for a significant portion of its gross domestic and national product. Some sectors of the economy, such as the construction sector, already have become highly dependent on this illicit source. The construction of business offices, hotels, condominiums, and housing has boomed in Bogotá. Information from various sources indicates that the construction boom has been financed primarily by large investments using drug proceeds. Not only is the construction industry an ideal means for drug traffickers

to launder and legitimize their illicit wealth, investing in it is also a hedge against inflation. . . .

Macro-economic perspective

On a macro-economic level, the amount of drug money entering Colombia has affected the monetary and fiscal policies currently being pursued by the government. Prior to 1992, Colombian citizens were not authorized to hold U.S. dollar accounts, and the only exceptions to this rule were import-export businesses. However, in January 1991, as a result of the *Apertura* program, the government liberalized and/or eliminated many foreign exchange controls. Currently, Colombian citizens and all types of businesses are authorized to hold U.S. dollar accounts. Consequently, hundreds of millions of dollars worth of drug-related U.S. currency has been flowing into Colombia. . . .

Drug money from cocaine markets overseas has been entering the country disguised as foreign investments. Foreign businesses and/or private institutions established by Colombian cartels or their associates, have been "legitimately" investing drug profits in the public and private sectors of Colombia's economy. Most economic activities from infrastructure development to stock market investment have been tainted by the proceeds of drug sales from all over the world. . . .

Conclusion

If the government of Colombia continues to allow exports to decrease, a major source of the country's legitimate revenue will decrease. At the same time, if the government of Colombia continues to allow the substitution of export revenue with revenue from illicit sources, and does not address its attention to the influx of illicit proceeds, Colombia's entire economy will become vulnerable to volatile changes in the drug industry. Colombia may be the first country to become economically dependent upon the drug-trafficking industry. Although the injection of drug money into the economy may have a short-run positive effect, in the long run, economic dependency on this illicit source of income will have a serious detrimental effect on the social, economic and political sectors of the nation and will weaken regional stability. As drug-generated proceeds become the primary source of revenue, the country will become increasingly susceptible to the influence of criminal elements.

Ultimately, the criminal kingpins in Colombia will have, if they do not already, significant influence on the Colombian government's decision-making process. Critical economic and legislative decisions will be affected in favor of protecting and increasing the assets of the drug kingpins, regardless of the implications these pose to the country. Unless the Colombian government enacts and strictly enforces money-laundering and asset-forfeiture laws, the drug kingpins' activities and influence will spread throughout the region and elsewhere, threatening to destabilize the Colombian government and other governments throughout the region.

Prince Philip's mob begins new offensive

by Mark Burdman

On Nov. 28, a major fundraising event for Prince Philip's World Wide Fund for Nature and its fundraising arm, the 1001 Nature Trust, took place in Geneva, Switzerland. All proceeds from a concert at Geneva's Victoria Hall, which featured the Royal Philharmonic Orchestra conducted by Vladimir Ashkenazy and an audience of some 1,500, were donated to the WWF (formerly the World Wildlife Fund). Co-patrons of the concert were the British Royal Consort, who is international president of the WWF, and Otto Stich, president of the Swiss federal government. Later, a gala dinner of 500 guests was held at Geneva's Foyer du Grand Théâtre, with Prince Philip presiding. Some of the leading banks and financial institutions helped sponsor the day's events.

Meanwhile, leading figures in the British "wildlife lobby" launched a mobilization in the U.K. to promote their policy of reducing non-white populations in favor of "wildlife." These individuals have been identified in the *EIR* Oct. 28 *Special Report*, "The Coming Fall of the House of Windsor," as key operatives of the British Crown's "conservationist international." The *EIR* report exposes the British Crown's use of "conservation" and "nature reserves" as vehicles for carrying out genocide around the world.

On Nov. 26, Dr. Richard Leakey, who was chairman of the Kenya Wildlife Services until 1992, gave a speech to the Royal Geographical Society in London. The meeting was organized by Britain's "Friends of Conservation" group. Leakey spoke of "the conflict between wildlife conservation and economic development," warning that governments in many African countries were coming under increased pressure to allow agricultural expansion and economic development that have harmful effects for wildlife. Measures have to be taken to ensure that wildlife and "wildlife tourism" were seen to be benefitting "local people," he said.

On Nov. 27, John Aspinall, a gambling casino magnate who has liberally funded "wildlife-zoological" movements, wrote a letter to the London *Observer*, defending himself against charges that he preferred animals to human beings. Aspinall has become the center of a storm of controversy, following an incident in which one of the tigers at his private zoo mauled and killed its trainer. Aspinall explained the event thusly: "There are a million humans for every tiger. . . . One of the rarest animals in the world is a great keeper and Trevor [Smith, the trainer who was mauled by the tiger Balkash] was one of those. His life had a high value, but he knew . . . that

wild species must come first, though, and indeed because, the bulk of the rest of humanity thinks otherwise.”

Aspinall described his philosophy: “Unlike Vice President Al Gore, I stand by what I said long ago about the grotesque overpopulation of the world. When I wrote *The Best of Friends* more than 20 years ago, ‘the vast human overburden’ stood at 3.5 billion. This ‘redundant biomass’ has now swollen to approaching 6 billion. By 2050, demographers foresee a population of 9-10 billion.” He quoted the late Sir Julian Huxley, who founded the WWF on behalf of Prince Philip in 1961: “If an intelligence viewed this planet from the outer cosmos he would regard man’s uncontrolled growth as cancerous and all-consuming.”

Further defending himself against the charge of being “prehistoric,” Aspinall quoted the late gnostic-pagan psychoanalyst Carl Gustav Jung: “We are not made by the present, least of all by the future, but by the past and the remote past at that.” Continued Aspinall: “Prehistory encompasses 99.9% of all human experience, is the seat of instinct, the womb of experience and the fount of memory.”

He further stressed: “I love my animal friends and intimates in the same manner and in the same intensity that I love my human friends. . . . My fortune, such that it is, was built upon the success of human relationships and then deployed in the protection of wild species.”

Aspinall is an intimate of the Anglo-French operator Sir James Goldsmith. The *EIR Special Report* section entitled “Who’s Who in Prince Philip’s Allgemeine SS,” exposes him as a financier of the Friends of the Earth ecologist group and as a founding member of Survival International, the group which presumes to defend “primitive peoples” like the Stone Age Yanomami tribe in Brazil.

Over the same Nov. 26-27 weekend, Sir Laurens van der Post, spiritual guru to Prince Charles and a promoter of the ideas of C.G. Jung in Britain, launched a new campaign from London, to “protect the world’s wildernesses.” He has founded a group called “The Wilderness Trust.”

The effects of an exposé

This conservationist offensive might be more a defensive reaction to the effects of the *EIR* exposé. Sources have reported that the *EIR* report has been intensively read and studied by several hundred elites in and around the “Club of the Isles,” the powerful oligarchical organization in which the British monarchy plays the role of “primate among parasites.”

One Scottish source said that the report has hit a raw nerve among Britons who have read it, with many saying that Lyndon LaRouche’s comments on the institutional-historical crisis erupting around the British monarchy are on the mark. Others said the *EIR* report had exposed sensitive British operations that the British secret services would have preferred be kept out of the public eye. He said the report could have repercussions in catalyzing a renewed scrutiny of British intelligence operations in various nations.

Pope: ‘Science must serve human life’

by Paolo Raimondi

“Respect for human life has rational motivations which explain universal agreement on the fundamental human right to life. Indeed, for man, it is not *one* among others, but rather *the* basic right.” With these words, Pope John Paul II concluded a three-day conference dedicated to the fight for and protection of human life. The conference, held at the Vatican over Nov. 24-26, brought together 2,000 people from over 100 countries. It was organized by the Pontifical Council for Pastoral Assistance to Health Care Workers, with the theme, “Homo Vivens Est Gloria Dei: To Know, Love and Serve Life.” (The Latin translates: Living Man Is the Glory of God.)

Cardinal Fiorenzo Angelini, president of the Pontifical Council, made clear during every session that the conference themes were inspired by the pope to carry forward an offensive against every type of neo-malthusianism, in the wake of exposing the genocide plans drawn up by the United Nations at its Cairo conference on population in September.

Science and faith as allies

Pope John Paul II centered his remarks on proving that science and faith do not contradict each other, but, on the contrary, are the strongest of allies in the defense of life. “The questions dealt with in the course of this conference,” he said, “have further confirmed that the extraordinary results obtained by science, such as the progressive discovery of a genetic map and increasingly precise information on the sequence of the genome, not only do not contradict, but rather support the church’s doctrine on the sacredness, inviolability, and grandeur of human life. The church, for her part, invites us to look confidently at the most lofty mission of science and encourages every form of research which is respectful of man’s dignity, for she sees in what we could term the inexhaustible capacities of intelligence the reflection and imprint of the intelligence of God. At a time when human life is experiencing such serious and dramatic aggressions, the church, by virtue of her pastoral mission, feels the duty to support scientific research in the awareness that faith and science interface in that wisdom wherein God’s design fully unfolds.

“Science and faith do not exhaust their relationship in the realm of the ‘abstract knowledge’ of the mystery of life,”

he continued, "but introduce the intelligence and the heart into the 'experiential knowledge' of all the values which cluster around the reality of living. . . . From this integrally human knowledge there flows 'love for life,' which is the first, most intense, most universal, and most widely shared form of love granted to man. Progress in the field of science and technology translates into an impassioned commitment of service to life in every human being, particularly if just conceived or nearing death. . . . Serving life is a basic measure of justice among men."

The same theme was struck by Cardinal Joseph Ratzinger, prefect of the Congregation for the Doctrine of the Faith, in his opening speech. "Where man is no longer seen as one who is under the particular protection of God, there begins the barbarism which tramples on humanity. Where the sense of the singular dignity of each person, in the light of God's design, is lost, there the project of mankind is horribly deformed, and his freedom, devoid of rule, becomes monstrous," he said. Contesting the premises of the Cairo conference, he wondered whether there were still room for a project of mankind if we acknowledge that God's project is over human life. He then denounced the radical counterposition established by Max Weber, between the ethics of conviction and principles and the ethics of responsibility. To accept this counterposition, he warned, means to agree that man's freedom is truly real only if a design of God, which regulates and limits it, does not exist. And when one realizes that everything can depend on the might of the strongest, who is bound by no rules and can impose his will, then there is reason for fear. In escaping from "lawless freedom," one ends up with a "freedomless law." Cardinal Ratzinger concluded: "In this way, every intervention by man is seen as a threat. . . . Every human project to exploit resources is seen as an arrogant interference, loaded with destruction. The starting point of this degeneration which leads man to fear his freedom and to renounce any project, is exactly that attitude which sees the creation only as the product of accident and necessity, and thereby loses the idea that there really is a plan of God with which to freely collaborate."

New York's Cardinal John O'Connor charged that a true "war against life" is being waged. "Being aware of the final draft of the Preparatory Conference [for the Cairo population conference] held at the U.N. headquarters in New York, in April of this year, I can testify that if the dispositions of that document would have been accepted and realized by the nations of the world," he stressed, "we could have seen, in the next decade, the biggest massacre of unborn human beings in the history of the world. The conference which was called to solve the complex questions on population and development, has been transformed into a conference dedicated primarily to the control of population with a minimal attention to development." He recalled the pope's personal role in mobilizing the world against the draft U.N.

document, when he announced the Vatican's intention to boycott the document, and addressed personal letters to all world governments to join him in protesting its plans, which would have jeopardized the survival and well-being of the human race. The cardinal introduced an appeal for an international movement of conscientious objection against the culture of death, to be inspired by the civil rights movement of Martin Luther King. Then he reported on the disastrous situation in the United States where the culture of death is rampant, warning against the expanding euthanasia movement following Oregon's support for so-called mercy killing, and warning against irrational manifestations of some pro-life activists who feel authorized to "defend" life by taking the lives of pro-abortion doctors.

Over 70 speakers addressed the different panels, packed with attentive listeners, reporting on the role of science in discovering and protecting life and on the ethical foundations upon which science and society must be based to serve life. The audience was shocked by reports on the two most advanced cases, Holland and Russia.

Dr. Van Berckel, a Dutch physician, and Joannes Petrus Lelkens, professor of physiology at the marriage and family institute in Rolduc, the Netherlands, revealed the results of a Dutch government study examining the anonymous answers of hundreds of doctors to a questionnaire from the Erasmus University in Rotterdam. In 1993, some 25,000 persons died by euthanasia, one-fifth of all the deaths in the country. Out of these, 13,000 were killed by "passive euthanasia," when all medications were suspended; for unconscious sick persons the doctors suspended food and water. For 45% of these cases, the decision was taken without the patient's or even the family's knowledge. In 1993, moreover, 1,474 "fully conscious" patients were killed by doctors without any consultation. The motivations are "low quality of life, no hope of improvement, inadequate family situation." The cases of "active euthanasia"—administering mortal doses of medicine—were 12,000. In half of them the patients did not ask to die. When the patient's request to die was considered justified, in 60% of the cases the mortal dose was administered in 24 hours and in 11% in less than one hour, to avoid having the patient reconsider his decision, which usually results from a moment of severe pain and depression. The speakers reported that many old people no longer report their health problems, fearing that hospitalization will lead to certain euthanasia.

Dr. Galina Serjakova, founder of the Center for Life in Moscow, reported that Russia has for too long been the victim of the worst materialist, anti-human dictatorship. There are 3 million abortions per year. Since 1920, when the Soviet Union became the first country to legalize abortion, there have been twice as many abortions as the present Russian population. She said that in Moscow alone there are at least 2,000 late abortions, in the eighth month of pregnancy, each year.

The road to dialogue, peace, and democracy in Algeria

Professor Dr. Abdelhamid Brahimi is a former prime minister of Algeria (1984-88). He resides in London, where he fled following an assassination attempt in Algeria; he is now seeking political asylum in Great Britain. A member of the National Liberation Front (FLN), he served as an officer in the National Liberation Army during the Liberation War of Algeria (1956-62). He has held several positions, including president of Sonatrach Inc. (the American subsidiary of the Algerian national oil and gas company) and minister of planning (1979-84). He is now director general of the London-based Maghreb Center for Islamic Studies, founded recently by himself and other leading Islamic scholars and political figures. He was interviewed on Nov. 23.

EIR: Do the so-called hardliners have enough support within Algeria to succeed?

Brahimi: The current situation in Algeria is very grave and very complex. The Algerian people have been hurt in their dignity since the coup d'état of January 1992: mass and arbitrary arrests of innocent people, including teachers, engineers, doctors, lawyers, merchants, and students; people sent without trial to internment camps or thrown into prison in inhuman conditions of detention. Furthermore, young Algerians are killed every day without any evident reason by death squads, only because they represent a potential danger for the regime.

On the other hand, the hardliners have been attacking for two years the dearest symbols of Algeria, such as: national unity; annulling the law relating to the use of the Arabic language; voicing bitter criticism of the War of Liberation against French colonialism; and justifying by the press the existence of corruption. The putschist generals of the "Party of France," representative of a political class that had become rotten and corrupt, will stop at nothing to maintain their regime, because they are afraid of losing power and their illegitimate privileges in the event the Islamists and nationalists democratically win the legislative elections. They have neither political nor economic programs. Their policy relies on repression. That is why the situation has dramatically deteriorated since the coup of 1992.

The aggravation of social injustice and of the economic crisis; the lack of public freedoms, especially the freedom of expression; and the violation of the fundamental human rights, including the right to life, contributed to increased popular hostility toward the present illegitimate regime. The putschists of the "Party of France" are supported in Algeria by a marginal minority who are democrats on the surface and for show, and who, besides, were all eliminated by the popular verdict during the legislative elections in December 1991. They are isolated from the masses and the credible political parties and are lacking any legitimacy. In such a context, one cannot see by what miracle they would succeed.

EIR: Who is supporting the military from outside Algeria?

Brahimi: It is a tautology to say that the putschists of the "Party of France" are backed by the French government. It is worth recalling that François Mitterrand, the present French President, was minister of the interior in November 1954 when he declared that the only way to negotiate with the FLN was "war by every means," and that Charles Pasqua, the present minister of the interior, was involved in our National Liberation War as a parachutist in the French Army. His special adviser for Algeria now is Jean-Claude Marchiani, a former parachutist who fought against the liberation of Algeria. He is now assisted by the French *pieds noirs*, former active members of the Secret Armed Organization (OAS), famous for its crimes against innocent Algerians and for its destructive activities on the eve of the independence of Algeria in 1962. This French group, at the top of the French administration, is trying to have their revenge and to perform, through the putschist generals in Algeria, the dirty job they could not achieve themselves during our National Liberation War.

That is why the French government is pouring heavy military assistance and very sophisticated arms into Algeria, supporting their partners in the Algerian Army to fight against the Islamists. In fact, the present regime, supported by France, is fighting against the Algerian people for its survival and for the *francophonie* that has now become a new ideology in France, to reconquer lost colonies. Since Nov. 1, 1994,

repression has become more ferocious. Between 400 and 500 innocent Algerians are killed every week, i.e., 1,600 to 2,000 every month. The present regime sought relentlessly to attack Islam, and even its outward manifestations, for example, the firing of female state employees wearing the veil and male employees sporting beards or practicing prayer. Things went even further than this. Mosques were searched, soldiers were even seen trampling the Koran underfoot, dozens of mosques were recently ordered to be demolished. Such hateful and detestable practices are completely foreign to the traditions and customs of Algerians.

EIR: What is the role of France? Is there a consensus within France on an Algerian policy?

Brahimi: Most Algerians today have the impression that what is happening in Algeria is the continuation of the National Liberation War. Everybody in Algeria knows that the putschist generals constitute the extension of France in their country. France has three main objectives toward Algeria. Politically and culturally, France's dream is to bring Algeria back under its influence, to be a member of the *francophonie* club. *Francophonie* has become an ideology, the new substitute for French colonialism. France is trying to strengthen its relations with Algeria (with the present regime, not with the Algerian people) under the cover of the French culture. The French authorities declare themselves tutelar authority on Algeria by saying that they will never accept an Islamic government, even if the Algerian people decide democratically to do so. Their pretentious arguments to justify their interventions in our domestic affairs on any occasion are just inadmissible. They claim that historical links allow them nowadays to be so close to Algeria. But history teaches us that military, political, economic, and cultural repression undertaken by French colonialism for 132 years was bloody, ferocious, and inhuman, and was followed by a savage war against the Algerian people which lasted almost eight years (1954-62).

Such a colonial mentality can never succeed politically. The fact is that the Algerian people are profoundly attached to Islam. Islam has always been actively associated with nationalism in Algeria and has constituted the cement of national unity for the last 12 centuries. The French should admit once and for all that Algeria is different from France in every respect. The Algerians should be left alone to settle their problems democratically, far from any foreign intervention.

Economically, France considers Algeria as a captive market. It is not quite true. Algeria succeeded in diversifying its foreign trade in the 1970s and 1980s, where France came in second place with 17% of Algerian imports and exports. But in the 1990s, France occupies first place, with 34% of Algeria's external trade.

Algeria suffers substantial losses through certain repeti-

tive and juicy operations. This is due to the existence of French networks of interests in the Algerian administration and alongside certain Algerian economic actors which act behind the scenes. Let me cite two examples to illustrate this.

Algeria covers almost all its pharmaceutical needs by importing from France, at prices much higher than those on the world market, medicines which are often past their sell-by date. There were always, in a cyclical fashion, hushed-up scandals in this domain over 1970-94. The loss suffered by Algeria was double. First, extremely large quantities of medicines were obsolete or had to be destroyed; second, the massive importation of cereals from France over the last few years has carried with it an extra cost which may amount to, or even exceed, 30%. The extra cost is the result of the combination of a price higher than that of the world market (absence of competition) and of the very high financial conditions attached to the commercial credits granted to this end.

One can therefore better understand why certain milieux in Algeria and in France are against democracy and openness. For the advent of democracy, and regular changes of government which would follow from it, and the emergence of new, patriotic, honest and competent leaders, would make it possible to put an end to unjustified excess prices and to illegitimate privileges which are to the detriment of the general interest. The French parties, whatever their political affiliations, now have the same position toward Algeria as they did during the first three years of the National Liberation War.

So, as Algerians, we are not looking for any change from France on their Algerian policy. We are only asking for a better understanding of the real and profound origins of Algeria's multiple crisis. The Algerian crisis can be solved only by the Algerians themselves. It is first an Algero-Algerian problem.

EIR: Are the hardliners getting support from neighboring countries such as Morocco or Tunisia?

Brahimi: In Tunisia, many public statements show that the government is strongly supporting the Algerian putschist generals.

Morocco has a more cautious and subtle policy toward Algeria. It is clear from King Hassan's reproaches to President Bendjedid Chadli in 1989 on the creation of the FIS [Islamic Salvation Front] that Morocco does not want to have an Islamic state on its borders. So Morocco will enjoy any situation that contributes to weakening the Islamist movement in Algeria to prevent them from coming to power, even democratically. The Moroccan decision to restore visas with Algeria last summer reveals a high level of coordination between Morocco and France to contain the Islamists in Algeria under an inhuman and ferocious repression, even if there is no direct cooperation between the Moroccan and Algerian governments in this matter.

EIR: The Clinton administration has called for dialogue between the government and the FIS; how do you assess this?

Brahimi: The American position toward Algeria has changed in a positive way in 1994. The public call by the Clinton administration for a dialogue between the Algerian government and all parties including the FIS is very encouraging. The Clinton administration understood the very nature of the Algerian crisis. There is no way to stop the bloodshed and to have civil peace and political stability except by returning to the democratic process through dialogue and consultation.

EIR: How do you assess British policy toward Algeria?

Brahimi: The British policy toward Algeria is very cautious. The British interests with France and Europe are stronger than with Algeria. But I think that the British government could have its own assessment on the Algerian crisis and be more involved politically, economically, and culturally in Algeria and in the whole Maghreb.

Algeria should break out of the political and economic tête-à-tête with France which is damaging our interests. Great Britain, Germany, Italy, Spain, the United States, and Japan could play a greater role in Algeria and in the Maghreb in the interests of all.

EIR: Some of the press has pointed to the possibility of a U.N. role in the crisis, along the lines of Haiti. Is this being seriously discussed?

Brahimi: It is difficult to believe such rumors. Algeria is not Haiti. The Haitian solution cannot be applied to Algeria. What is needed in the Algerian case is only to leave the Algerians to settle their problems democratically without French intervention in Algerian affairs. French intervention is harmful and very damaging to the Algerian people. Only national dialogue followed by free, genuine, and clean general elections will be able to put an end to the present dramatic situation and to change democratically an illegitimate regime.

EIR: How would you propose getting things on course toward a solution?

Brahimi: I think that it is still possible for Algeria to escape from the current catastrophic situation and avoid the worst. The only way to restore civil peace, stability, and confidence between the governors and the governed, consists of resuming the democratic process.

The overwhelming majority of Algerians desire to choose their President, their MPs, and their government through genuine and clean elections. A crisis which is essentially political requires political solutions. This can arise in three directions:

Measures to restore peace. Some measures need to be taken to restore peace, such as lifting the state of emergency and the curfew, freeing all political prisoners, and repealing

all exceptional legislation that is repressive in character.

Measures to normalize political life. These measures involve guaranteeing a return to respecting the Constitution and its ground rules; assuring public freedoms, including freedom of expression and of access to the media to all without discrimination; and authorizing the FIS to resume its legal political activities. The application of such measures will create a new political climate conducive to dialogue and consultation.

The national dialogue. Only dialogue, consultation, national reconciliation, and tolerance, all of which are favored by the overwhelming majority of Algerians, can get Algeria out of the catastrophic impasse into which it has been led

The national dialogue, without excluding any political party, should create the conditions for the return to the democratic process. Discussion with responsibility, openness, and serenity will facilitate an agreement on a political agenda by fixing a date—the earliest possible—for presidential and legislative elections, by forming a new government to manage the period of transition until the elections, and by accepting the verdict of the people and the principle of regular change of power by the path of democracy and legality.

The advent of democracy, the change in nature of the present political regime, and the emergence of newly elected office-holders of competence and integrity and who are mindful of the general interest, will constitute many serious advantages when it comes to returning to national harmony, reconstruction of the country, and restoring order to the economy and getting it off the ground again.

The democratic alternative is the best guarantee to restore confidence in institutions and in elected office-holders, and to recover social cohesion and political stability.

EIR: The economic crisis has been caused by the collapse in gas prices and a crushing foreign debt. How has this affected the crisis?

Brahimi: Indeed, the fall of oil and gas prices from 1986 onwards hurt Algeria severely and was followed by social disturbances in the large towns such as Algiers, Constantine, Oran, and Sétif. But the view that the drastic reduction in Algeria's external earnings was the only factor between 1986 and 1988 responsible for the political, economic, and social trauma constitutes an inadequate and superficial explanation. Certainly no one can deny the considerable damage done to Algeria by the fall in the prices of oil and gas. In fact, the problem is a profound one and has been gestating for a very long time. The Algerian crisis has not only economic aspects, but political, social, and moral ones as well.

1) The political crisis has its origin in the very nature of the regime. The fact is that the Algerian regime, from 1962 onwards, has been essentially *dirigiste*, statist, arbitrary, and paternalistic, despite the differences of style or method which have characterized the four periods of 1962-65, 1965-78, 1979-91, and 1992-94.

The dominant class has always been arrogant, sole possessor of the truth, excluding all democratic debate.

The insistent monopoly and monologue, the self-satisfaction and opportunism characteristic of the ruling class, all of which led to the collapse of public respect for, and the authority of the state, reached their culmination at the end of the 1980s and the beginning of the 1990s. Algeria could be saved only by an honest and competent government through the democratic process.

2) The social crisis has been aggravated since 1990 by the increase in social inequalities and social tensions, which have been fueled in particular by such factors as inflation and unjust distribution of income and wealth. This has been accompanied by the aggravation of the gap between a wealthy minority (whose fortunes have often been illicitly acquired) and a majority floundering in unemployment, poverty, and destitution. The middle class, which was very significant up until 1986-87 and was the guarantee of social cohesion, began to be eroded and vanished altogether through its impoverishment in 1993-94.

3) The moral crisis contributed also to erode social cohesion. Corruption, embezzlement, illicit enrichment, bureaucratic red tape (often leading to corrupt practices), illegitimate favors (in defiance of the law and justice), nepotism, the accumulation of wealth (not by honest efforts but by fiddles organized by a minority), as well as other forms of injustice, all combined to weaken social cohesion and solidarity and to generate, first, popular indifference and apathy, then popular hostility toward the public authorities, whom ordinary people held responsible for the deterioration of their economic and social conditions.

The FIS fully understood this and quickly capitalized on popular discontent by highlighting Islamic values, notably social justice and the struggle against corruption and poverty.

4) The economic crisis has its origins not only in the fall of oil and gas prices in 1986, but in the nature of the development model adopted by Algeria and implemented from the beginning of the 1970s. This economic model was based on massive industrialization at the expense of agriculture and of public works and construction sectors. The industrial investments represented up to 60% of total investments for a long period of time (1968-80). The intensification of industrial investments led to a growing recourse to the international financial market in view of the scale of the need for capital. The cumulative effect of the debt thus contracted aggravated Algeria's indebtedness within only a few years. The burden of total debt thus rose from \$3.3 billion (29% of GDP) in 1974 to \$16.2 billion (56% of GDP) in 1979. It was multiplied by 4.8 times in six years.

Thus, the constant and growing call on foreign credits was not accompanied by the generation, after the deduction of debt repayment, of a net foreign currency surplus, as was expected, but Algeria was dragged into a process of cumulative indebtedness. The unfavorable international en-

vironment, but above all the failings of the industrial sector, which was not only badly managed but unable to cope with domestic demand, and was characterized by a very low rate of utilization of productive capacity and by a very high marginal coefficient of capital, estimated at 11.2 (meaning that \$1 increase in industrial output requires \$11.2 of additional investment), contributed to this process.

Instead of generating wealth and foreign currency, the industrial public enterprises were becoming an extremely heavy financial burden for the state. Thus, most national corporations were running at a loss. In 1978, the global outstanding debt (internal and external) of public enterprises as a whole was nearly 179 billion dinars (or more than twice the value of GDP, then 86.8 billion dinars) and today it stands at 500 billion dinars.

But after a period of reduction of the real external debt, in which the total debt fell from \$16.2 billion in 1979 to \$12.7 billion in 1984 and stabilized during 1985, the crisis in foreign currency holdings induced by the brutal fall in hydrocarbon prices in 1986 plunged Algeria into the vicious circle of foreign indebtedness. Thus, Algeria's debt increased from this date, following recourse to short-term (6- to 12-month) commercial credits to finance the irreducible minimum of food imports, spare parts, and semi-finished goods normally paid for in cash out of the hydrocarbons receipts. The harshness of the credit conditions and the very curtailed reimbursement periods (6- to 12-months) altered the profile of the foreign debt and helped deliver Algeria up to a cumulative process of indebtedness. All these factors contributed to aggravate the economic crisis in the 1990s: reduction of investments, fall of production of goods and services, growth of shortages, rise in unemployment, and extension of poverty. The government was unable to cope with the increasing economic problems. An increased tension in political life, a growth in insecurity, and economic crisis, social tensions, and corruption all contributed to isolate more and more the rotten present regime.

EIR: Sources point to the possibility of a military coup by nationalist officers willing to share power with the opposition. Is there any truth to this?

Brahimi: The present situation is very grave. Algeria is on the edge of the abyss. Anything could happen. But, I am still convinced that only national dialogue and consultation, and the resumption of the democratic process, can get Algeria out of its catastrophic situation. Only free and genuine elections can allow for the emergence of honest and competent new office-holders, restore civil peace, and provide for lasting stability, necessary not only for the Algerians to rebuild their country in order, fraternity, and solidarity, but for the future of the Maghreb and the Mediterranean region as a whole. If it commits itself to this path, Algeria can overcome its multiple crises and can be a serious partner of Europe, the United States, and other nations.

When will Germany finally grow up?

Trying not to risk trouble with either side, a nation's foreign policy is collapsing.

The conduct of London's diplomacy, seconded by Paris and Moscow, in the new Balkans War has helped to sharpen awareness in Germany of the strategic problems posed by British geopolitics. But it has also helped to expose the fact that the German political establishment which grew out of the Allied-controlled reeducation of the Germans after World War II, lacks the moral backbone to develop a genuine foreign and economic policy—one that would pose an alternative to the geopolitical shambles that has been misnamed "peacemaking" in Bosnia.

There are a few exceptions in the German policymaking establishment: One of these is Christian Schwarz-Schilling, who resigned as minister of postal affairs in December 1992, in protest against Chancellor Helmut Kohl's inaction on the Bosnian drama. Most media and his fellow Christian Democrats waved this spectacular act aside, referring to the fact that Schwarz-Schilling would not have survived the cabinet reshuffle announced by Chancellor Kohl for early 1993, so that his pro-Bosnian views were "fairly irrelevant."

Schwarz-Schilling has remained active on the Bosnia issue for the past two years, and his critics of late 1993 belong to that majority faction in the establishment that does not like being reminded of the unresolved issue.

Schwarz-Schilling played a catalyst's role behind a resolution calling for an end to the unprincipled international "peacemaking" policy and for concrete humanitarian, political, and

military action on Bihac. The resolution was passed by the delegates of the national Christian Democratic Union party convention in Bonn on Nov. 28, proving that commitment to the right cause can rally broad support even in Germany where the establishment prefers not to commit itself.

The resolution stated that the genocidal practices documented by the Serbs in the battle over Bihac, can no longer be tolerated by the community of civilized nations. It called for a clear-cut ultimatum to the Serbs to cease all fire on the Bosnian city and withdraw their troops and equipment instantly, or risk "air attacks on the artillery positions around Bihac and in nearby Croatia [Serbian-occupied Krajina region], as well as on the battle tanks that are attacking."

The resolution invoked a "lifting of the arms embargo" against Bosnia, as a step to "repair the military imbalance between aggressor and victim of the aggression." Finally, it demanded humanitarian emergency relief measures like repairing the water and energy supply system of Bihac, bringing food and medical goods into the city, and funding relief measures for the "several hundred thousand refugees" among the Bosnian civilians from the Serbian aggression since 1992.

The resolution also contained a delicate formulation recalling that Chancellor Kohl had called for lifting the arms embargo against Bosnia at the Copenhagen summit of the European Union in June 1993.

Exactly there, in Kohl's European

Union policy, lies the crux: Bonn's foreign policy practice is—to use a formulation repeated over and over in recent weeks by Foreign Minister Klaus Kinkel—"to agree with the Americans as far as the principles are concerned but at the same time act in concert with the European partners." Kinkel also said after meetings in Bonn with Russia's pro-Serbian Foreign Minister Andrei Kozyrev on Nov. 25, that "the Russian point of view has to be taken into consideration as well."

This means that Bonn is paying lip-service to the Americans and the Bosnian cry for help, but acts together with the British, French, and Russians on the "Bosnian problem," i.e., avoiding anything that would embarrass the Serbs seriously.

But Kinkel is only the foreign minister; what does Kohl think? At the Nov. 28 CDU convention—the same that supported Schwarz-Schilling's resolution on Bosnia—Kohl called the escalation around Bihac a "shame of Europe." But in his first parliamentary address since the Oct. 16 elections, Kohl said on Nov. 23 that "for the first time in history" the Germans could be proud of having "excellent relations with Washington, Paris, London, and Moscow. We are living in concord with all our neighbors."

It remains a riddle how the Kohl government, which after all represents one of the bigger nations with 80 million citizens, plans to play a role in world politics while trying not to have a policy of its own but always stating its sympathy with the next neighbor that knocks on Bonn's door.

At a time of deepening tensions between the Clinton administration and the British, who are seconded by an influential faction of France and Russia, this "dancing at all wedding parties" will lead to disaster for Germany.

A new 'special relationship'?

U.S. Defense Secretary Perry's efforts to commit Brazil to a Bush-style "new world order" ran into a snag on the Amazon.

In 1975, then-Brazilian President Gen. Ernesto Geisel broke the "special military relationship" which Brazil had maintained with the United States for decades. Geisel was responding to the Carter administration's sabotage of the nuclear energy agreements signed between Brazil and Germany.

In November of this year, U.S. Defense Secretary William Perry traveled to Brazil with the clear intention of reestablishing that special relationship. He did so on the eve of the Dec. 9-11 Miami summit of Ibero-American and Caribbean heads of state with President Bill Clinton, a summit which could serve to define whether hemispheric relations will find a new basis of understanding, or whether the inheritance of George Bush and his new world order will continue to hold sway.

Perry did little to change the Bush policy guidelines regarding Brazil: The only concrete offer the defense secretary made conformed to the rotten agenda of the Inter-American Dialogue for new security relations between the United States and its neighbors. The Dialogue is an Anglo-philic policy grouping that promotes drug legalization and demilitarization.

In a conference with high-level military officials held on Nov. 18 in Brasilia, whose theme was repeated in his remarks to the Foreign Ministry, Perry in effect welcomed the policy of technological apartheid that has been imposed on Brazil from abroad as a means of paralyzing such high-technology programs as nuclear energy. He observed that Brazil's "adhesion to non-proliferation is decisive and a

real sign of global leadership." He then mentioned that he hoped Brazil would also abandon its aerospace program and adopt the Missile Technology Control Regime (MTCR).

The American defense secretary also emphasized that he would like Brazil as an ally of the United States in one-worldist operations under the command of the United Nations: "To the extent that Brazilian world economic interests grow, so too should its interests with regard to security." The United States, stated Perry, would like to see Brazil participate in joint peacekeeping operations, in helping victims of natural disasters, and in promoting international humanitarian aid efforts. He also invited the Brazilian Armed Forces to undertake police functions in fighting the drug trade—one of the Inter-American Dialogue's campaigns.

Perry did not hesitate to put forth all the arguments used for dismantling the Armed Forces, including suggesting the creation of a Defense Ministry headed by a civilian. "The United States wants to hold periodic meetings with all the defense ministers of Latin America," he said.

Secretary Perry and the one-worldist bureaucracy at the Brazilian Foreign Ministry have been cooking up a new Brazil-U.S. military pact, and everything indicates that this will be one of the key initiatives toward the Armed Forces on the part of the next President, Fernando Henrique Cardoso, a founding member of the Inter-American Dialogue with whom Perry had a warm meeting.

In essence, Perry's offer was that if Brazil wants a place as a permanent

member of the U.N. Security Council, as the Foreign Ministry has proposed, Brazil will have to comply with all of the above. "Brazil should assume new commitments toward maintaining world security; from a regional power, Brazil is becoming a global power," Perry stated before the audience of military officials.

To give continuity to his "good will" rhetoric, Perry became the first U.S. defense secretary in several years to visit the Brazilian Amazon. He visited the Amazon city of Manaus, and was at the jungle warfare training center, where he backed efforts to limit Brazilian sovereignty over the Amazon—George Bush's policy!

According to the daily *Correio Brasiliense* on Nov. 16, Perry's agenda included an appeal to the Brazilian government to demarcate the Amazon lands of the Yanomami Indians, since President Clinton was being pressured by several senators on the matter. The Yanomami reserve was decreed, in violation of national sovereignty, during the corrupt presidency of Fernando Collor de Mello.

When Bush, in his day, threatened Brazil over the Amazon question, a great movement of civil-military resistance began to emerge; Perry was quick to discover that re-opening the issue would prove his first diplomatic setback.

While Perry was still in Brazil, President Itamar Franco gave one of his strongest speeches ever to a meeting of the National Council of the Amazon, which includes 16 cabinet ministers and 9 governors. Franco denounced those who would meddle in the Amazon: "Interests foreign to the Amazon community have always tried, are still trying, and will probably continue to try to turn the wealth of that territory into a kind of reserve for their exclusive future use."

International Intelligence

French institutions face 'implosion'

French institutions are threatened with "implosion," wrote editor Jean-Marie Colombiani in the French daily *Le Monde* on Nov. 15. He warned that French politics has come to resemble a "shadow theater." The country's vast problems and challenges are being ignored by the leaders of both left and right: massive corruption, growing unemployment, the splitting of the western alliance over Bosnia, the debates over the future of Europe, the civil war in Algeria.

It is understandable, he wrote, that the politicians are concerning themselves mainly with the presidential elections, but they seem to ignore the fact that if they keep up their quarreling, they risk "having no future any more."

The country is faced with an "institutional crisis," as the long regime of President François Mitterrand comes to an end, Colombiani added.

He commented that, "at first glance, the republic is functioning," with "solid institutions" at the helm. Yet "it appears distant from daily concerns, as well as detached from the urgent situations: in short, remote from the people."

Italy's Berlusconi under investigation

The Milan "Clean Hands" prosecution team notified Italian Prime Minister Silvio Berlusconi on Nov. 21 that he is under investigation for allegedly bribing police officers in 1991 and 1992. The officers, from the Financial Police, had been assigned to audit accounts in two of Berlusconi's firms, Mondadori and Mediolanum insurance company, to look for evidence of tax evasion.

The Milan prosecutors had prepared the warrant long ago, but decided to await the result of local elections on Nov. 20, which saw a defeat of Berlusconi's party, "Forza Italia" ("Go Italy"). The party suffered average losses of 6% compared to its results in the previous elections, and gains were made

by the National Alliance, the leftists, and the Northern League. Observers say that the dissolution of Forza Italia is becoming more and more likely in the near future, with a rapid polarization of the Italian political scene between the National Alliance and the leftists.

What is behind the judicial assault on Berlusconi? It may be Italy's role in the Balkan crisis, according to a Vatican-connected journalistic source, who pointed out that "Clinton has saved Berlusconi twice already," and the Berlusconi government would tend to support Clinton's policy in Bosnia. Any mission into Bosnia, be it aerial or naval, must rely on Italian bases.

Berlusconi is also very sensitive to the Vatican position, given that his government depends largely on Catholic Church support. The "Polish group" inside the Curia, including the pope and his secretary, inspired recent newspaper articles critical of the way the Milan investigation is being used politically against the government. "The pope is very worried about Bosnia, and Secretary of State Sodano shares his worries." Our source continued, the presence in Rome of newly elevated Cardinal Vinco Puljic of Sarajevo "these days has enormously strengthened the pope's position."

WWF targets depressed areas of Germany

The World Wide Fund for Nature's (WWF) campaign to set aside nature parks in Germany is targeting regions that are losing population anyway. The environmentalist propaganda against alleged "over-industrialization" in the eastern and northern parts of Germany is aimed to preserve chronic underdevelopment in those regions, which have been hard-hit by unemployment as a result of the deindustrialization policy of the Berlin Treuhand agency.

Four out of five eastern states of Germany top the list in a new report produced by the German Statistical Office, on the regions with the least land-use for public transportation infrastructure and urban development:

Mecklenburg-Prepomerania, 5.8%; Brandenburg, 7.4%; Thuringia, 7.9%; Saxe-Anhalt, 9.1%.

Two other German regions that are prominent on the WWF map of desired nature parks—the coastal states of Schleswig-Holstein and Lower Saxony—show land-use for such purposes of 10.5% and 11.7%. Even less land is used for infrastructure and urban projects in the southern state of Bavaria (9.1%) and the eastern state of Saxony (9.9%).

Rabin upholds agreement with Syria on Golan

Israeli Prime Minister Yitzhak Rabin, in remarks in Washington on Nov. 21, denounced opposition Likud party representatives who have come to the United States to lobby against the deployment of U.S. troops to the Golan Heights. He said they were out to sabotage his peace moves with Syria. "Heed not the stupid, empty words being heard today as if out of concern for the Americans, [but] which emerge from a desire to sabotage the chance of peace," he said, according to Israel Radio.

"It's Israelis who are irresponsible in a criminal way," Rabin said at the Israeli embassy in Washington. "To come and say today that this is unacceptable if and when we reach a peace treaty with Syria is not only stupidity, it's the embodiment of hypocrisy."

Threat against MSIA activist in Mexico

Pianist Patricia Ortiz, a founding member of the Ibero-American Solidarity Movement (MSIA), emerged from mass at the church of Villafontana in Mexicali, Baja California on Nov. 20, to find an eviscerated black cat on the windshield of her car, according to a statement released by the MSIA in Mexico City.

The MSIA believes the dead cat signaled a death threat against its members from the Zapatista National Liberation Army (EZLN), Cuauhtémoc Cárdenas's PRD party, and EZLN commander Samuel Ruiz, the

Briefly

bishop of San Cristóbal de las Casas, Chiapas. Shining Path, the Peruvian terrorist counterpart of the EZLN, typically sends eviscerated animals to its potential victims.

There have been several recent death threats phoned into the MSIA during the past four months by the followers of Ruiz and the EZLN, according to the statement.

The latest incident took place after a successful series of Classical music concerts featuring the MSIA's bel canto chorus in Mexicali, Tijuana, and Obregón. Ortiz is the chorus's accompanist.

The MSIA recently conducted a 20-day tour of 13 of Mexico's most important cities, including a group of rural producers from Chiapas and leaders of the MSIA, who presented the truth about the EZLN's crimes. Marivilia Carrasco, the MSIA's national leader, detailed the links between Britain's Prince Philip, his World Wide Fund for Nature, and the EZLN. Through the WWF, the House of Windsor controls a worldwide network of nature parks and ecological reserves where the narco-terrorist organizations are trained, including Shining Path and the EZLN.

British MP blasts appeasement of Serbs

Revealing a split in the British Tory party, former Defense Secretary Sir John Nott on Nov. 27 attacked his own party and Foreign Secretary Douglas Hurd for appeasing the Serbs, who were assaulting the Bihac "safe area" in Bosnia. According to Reuters, Nott told the BBC that "the British, principal appeasers in this thing led by Douglas Hurd and the Foreign Office, should detach ourselves from the French and Russians and try to get back together with the Americans and come to some serious Anglo-American solution to this problem."

Only the United States, he said, "has the military strength and the moral conscience to act. This rift between the British and Americans is a catastrophe for Europe and the rest of the world."

Nott, who was defense secretary during the 1982 Malvinas War between Britain and

Argentina, warned that there could be no diplomatic solution to the Bosnian conflict. "We have given these diplomats, these committees . . . two and a half years to bring about peace, and they have failed." He argued that the American position of lifting the arms embargo on Bosnia was correct. "It is only a military balance now in that part of the world that can restore stability."

Guatemalan terrorists demand split of nation

The *Latin American Newsletter*, published in London, reported on Nov. 24 that the terrorist Guatemalan National Revolutionary Union (URNG) is demanding as a condition for any final peace plan, that the national Constitution be rewritten, to turn the country into a "pluri-cultural and multilingual state." Nobel Peace Prize laureate Rigoberta Menchú has long been a member of the steering committee of the URNG.

This is a dangerous precedent for the region: The talks are overseen by the United Nations, as a continuation of the Salvadoran "peace" accord, which Colombia is being pushed to follow. The Zapatista war with Mexico is closely related as well. The London newsletter notes that Bolivia and Ecuador may soon follow Guatemala in this "Indian" project.

The Coordinator of Mayan Peoples' Organizations of Guatemala, which works with the URNG, is demanding that all "major" Indian languages (they say there are 24 of them) be given equal standing with Spanish; that Indian rights to communal land be recognized; that Indians be registered to vote, not as Guatemalan citizens, but as Indians, so that all local authorities can be chosen by "traditional custom" and ruled by "Mayan law," rather than by national legislation.

The "indigenist" activists are now debating which groups qualify to be an "ethnic people" that needs representation. In addition to the Mayans, there are Garifunas and *ladinos*, the latter the Guatemalan name for *mestizos*—i.e., those of mixed blood. In reality, that is most of the population.

● **ISRAELI** Deputy Foreign Minister Yossi Beilin called Iraq's recognition of Kuwait's sovereignty "a very important development." He said that once Iraq complies with the other international demands, he felt "there would be no inhibition on our side to talk with the Iraqis about the possibility of having normal relations."

● **POPE JOHN PAUL II** will visit Sri Lanka on Jan. 20, his first visit to the country. Over half a million people are expected to be present at the open-air mass where the pope will beatify a 17th-century missionary. Catholics and bishops from southern India will also be in attendance. Up to 10,000 Tamils are also expected to come for the mass from Jaffna, where most of the country's Catholics live.

● **THE SCHILLER** Institute held a concert in Obregón, Sonora, Mexico on Nov. 19, in memory of Diana Laura de Colòsio, the widow of recently assassinated Mexican presidential candidate Luis Donald Colòsio. Mrs. Colòsio died of cancer. The concert featured pianist Emilio Hernández and violinist Rodolfo Galván performing such works as Schubert's Sonata in G minor, D. 408 and Brahms's Sonata #2, Op. 100.

● **JORDAN AND ISRAEL** issued a communiqué on Nov. 27, paving the way for exchanging ambassadors and opening embassies in Amman and Tel Aviv by Dec. 10. King Hussein has chosen Marwan Muasher, Jordan's former Middle East peace team spokesman, as Jordan's first envoy to Israel.

● **GERMANY'S** Tübingen University has awarded the schismatic bishop of San Cristóbal, Mexico, Samuel Ruiz, an *Honoris Causa* degree, in recognition of "his passionate defense of the rights of Indian peoples and his extraordinary contributions to the building of a prophetic local church with an Indian image," the Mexican daily *Excelsior* reported on Nov. 18.

Permindex ties revealed to JFK murder, 1001 Club

by Joseph Brewda and Jeffrey Steinberg

Last month marked the 31st anniversary of the assassination of President John F. Kennedy in Dallas, Texas on Nov. 22, 1963. Three decades after the "crime of the century," the Kennedy assassination is still shrouded in mystery and controversy. In 1993, in response to a public clamor for full disclosure triggered by Oliver Stone's movie "JFK," President Clinton appointed a Blue Ribbon Commission to review the millions of pages of still-classified documents from the files of the FBI, the CIA, the Pentagon, the Warren Commission, and the U.S. Congress. The majority of those documents are yet to be released to the public.

However, *EIR*'s own continuing investigation into the JFK murder recently turned up startling new evidence that not only strongly supports the late New Orleans District Attorney Jim Garrison's charges that there was a conspiracy to kill President Kennedy, and that New Orleans businessman Clay Shaw was guilty as charged of participating in the murder plot. The new documents reveal that the Permindex organization identified by Garrison as the "assassination cabal" behind the JFK killing was never dismantled. Many of the culprits caught in Garrison's investigation, as well as parallel 1960s assassination probes by French and Italian authorities, later surfaced as members of a shadowy organization called the "1001 Club," founded by Prince Philip Mountbatten, the Duke of Edinburgh, and Prince Bernhard of the Netherlands in 1971.

The 1001 Club, a by-invitation-only organization, was nominally founded as a "Nature Trust" whose primary goal was to fund the World Wildlife Fund (WWF), now known as the World Wide Fund for Nature. However, as *EIR* reported in the Oct. 28, 1994 issue, the WWF-1001 apparatus is a

vast secret intelligence apparatus engaged for the past 33 years in a war of genocide against the population of Africa and other continents to further the political goals of the British House of Windsor and the Club of the Isles.

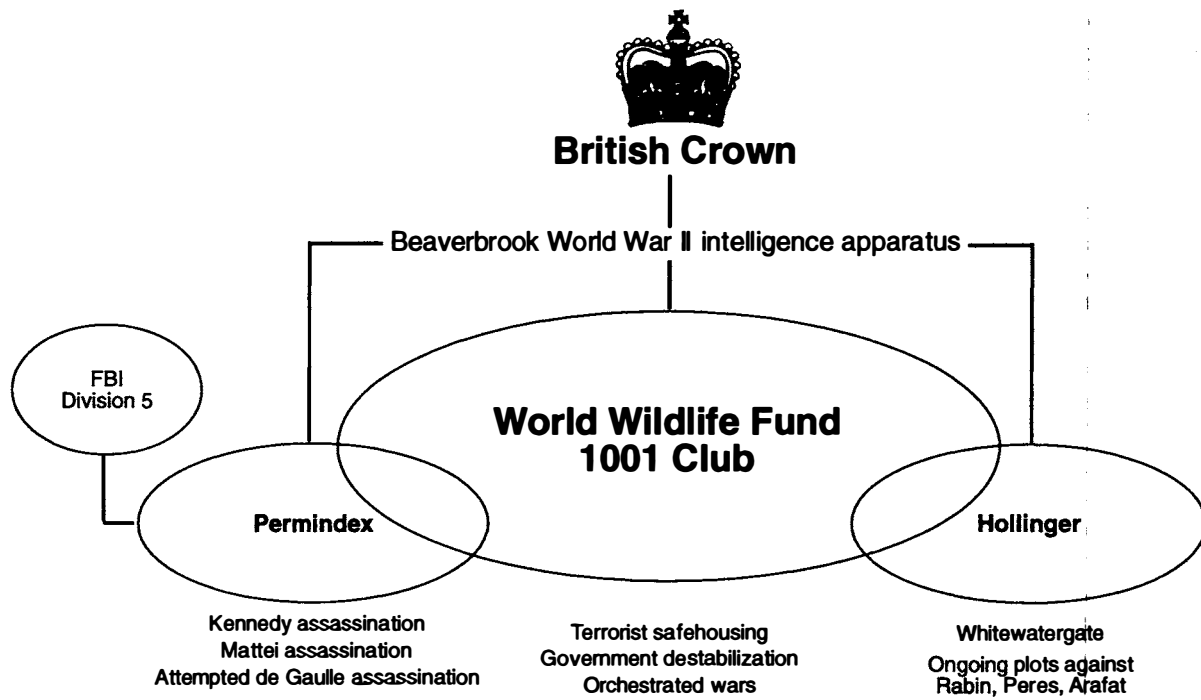
The idea that lurking under the WWF's well-known Panda logo is a contemporary Permindex assassination bureau is not only a chilling prospect. It has immediate implications for the security of world leaders who have come forward with policy initiatives that challenge the power of the Windsors and the Club. High on this list of current potential targets are: President Clinton, Pope John Paul II, Israeli Prime Minister Yitzhak Rabin, Israeli Foreign Minister Shimon Peres, and Palestine Liberation Organization Chairman Yasser Arafat. Already, President Clinton has been the target of assassination threats that have been traced back to the British Crown's own media cartel, the Hollinger Corp. (see last week's *EIR* for an in-depth report).

The report that follows is aimed at providing our readership with previously unpublished documentation that should lead to further investigations.

Part I: Shaw could have been convicted

On March 1, 1967, New Orleans District Attorney Jim Garrison filed an arrest warrant against local businessman Clay Shaw, charging him with conspiracy to assassinate President John F. Kennedy in Dallas on Nov. 22, 1963. Shaw was tried on these charges and acquitted. Yet, but for a legal technicality, Shaw would have been found guilty and his conviction would have led the investigation of the Kennedy murder directly to the door of Maj. Louis Mortimer Bloomfield, who helped found Permindex, shattering the Warren

The British Crown's assassination command



Commission "lone assassin" coverup and tying the greatest political crime of the second half of the 20th century to a conspiracy of unheard-of scale.

Almost immediately after the assassination of JFK, Garrison had opened a quiet probe of the "New Orleans" angle on the killing. Lee Harvey Oswald had been living in New Orleans on and off during the year leading up to the assassination in Dallas. Following his arrest, Oswald had been initially referred to New Orleans attorney Dean Andrews by a man using the name "Clay Bertrand." Garrison's investigation had established that "Clay Bertrand" was actually Clay Shaw.

The probe placed Shaw, the director of the New Orleans International Trade Mart and a board member of Permindex, in the orbit of Oswald, former FBI Division Five official Guy Banister, and David Ferrie. In the spring and summer of 1963, all these men had been in and out of Banister's private detective office at 544 Camp Street. That office had served as a covert operations center for the training and arming of Cuban exile mercenaries who continued to carry out military raids against Cuba after the failure of the Bay of Pigs invasion.

Oswald was a regular visitor to Banister's office. The former U.S. Marine who had "defected" to the Soviet Union and returned unimpeded to the United States had used Banister's office as the address for a local chapter of the Fair Play for Cuba Committee, a pro-Castro outfit that was clearly out of sync with Banister's anti-communist crusade. Neverthe-

less, according to Banister's personal secretary Delphine Roberts, Banister had described Oswald as a part of the covert operation: "He's with us, he's associated with the office," he told Roberts, according to author Tony Summers.

A trail of corpses

By the time Garrison filed the arrest warrant against Clay Shaw, Oswald, Banister, and Ferrie were all dead. Oswald had been shot inside the Dallas police headquarters by local mobster Jack Ruby. Back in the 1950s in Chicago, Banister had been the Special Agent in Charge of the FBI office, and Ruby had been one of his informants. Banister apparently died of natural causes, but Ferrie's death was a mystery, ostensibly a suicide.

The opening statements in the trial against Shaw began on Feb. 6, 1969, following lengthy jury selection. Ultimately, the case came down to the question of whether it could be proven beyond a reasonable doubt that Clay Shaw was indeed the "Clay Bertrand" who had arranged the New Orleans lawyer to represent Oswald moments after his arrest in Dallas.

Although a number of witnesses testified for the prosecution that they had seen Oswald, Ferrie, and Shaw together during 1963, and one witness, Perry Russo, had claimed he had been at a party where Ferrie and Shaw had discussed details of a plot to assassinate JFK, the Garrison case nevertheless lacked hard proof to convince the jury beyond a reasonable doubt that Shaw and Ferrie had been associates. Two crucial pieces of evidence, either one of which would have

provided the “smoking gun,” were never presented to the jury.

The first was the booking form that was filled out at New Orleans police headquarters the day Shaw was arrested. Police officer Aloysius Habighorst, a decorated veteran of the police department, had booked Shaw on March 1, 1967. When Habighorst asked Shaw if he ever used an alias, Shaw carelessly responded, “Clay Bertrand.” However, for reasons that still remain murky, trial judge Edward Haggerty refused to allow the booking form to be presented to the jury, and he blocked Habighorst from testifying.

The other piece of hard evidence was a pair of photographs apparently taken at a 1949 house party for supporters of WDSU radio station, showing Clay Shaw and David Ferrie clowning around together. The pictures had been published in the May 1967 issue of *The Councillor*, a right-wing newsletter from Shreveport, Louisiana. Ironically, a reporter covering the Shaw trial had copies of the pictures in his briefcase in the courtroom, but the incriminating photos were never presented by Garrison’s prosecution team. At the close of the defense case, Clay Shaw had taken the witness stand and lied repeatedly, under oath, that he had never met David Ferrie.

What would the jury have done had Garrison countered Shaw’s denials by producing the pictures of him and Ferrie? Other witnesses had already testified that Ferrie had described Shaw as an “old friend.” Old enough friends to have been partying together in 1949? In the wee hours of March 1, 1969—two years to the day after Clay Shaw’s arrest and two years and one week to the day after David Ferrie’s body was discovered at his dingy apartment—Judge Haggerty charged the jury. One hour later, they returned with their verdict: not guilty.

Interviewed after the acquittal, the majority of jurors had said that they had been convinced by Garrison’s evidence that President Kennedy had been killed as the result of a conspiracy. However, they had not been convinced beyond a reasonable doubt that Shaw was part of the conspiracy with Banister, Oswald, Ferrie, and others. Shortly before his death, Judge Haggerty told WLAE-TV reporter Stephen Tyler that he was convinced that Shaw had committed perjury. “Shaw lied through his teeth,” he had told the reporter. Shaw “pulled a con job on the jury.”

Garrison himself was undeterred by the jury verdict. Shortly after the acquittal, Garrison indicted Clay Shaw again, on charges of perjury. Garrison had a damning case against Shaw. However, in a rare move, the U.S. District Court ruled that Garrison could not go ahead with the perjury prosecution, on the grounds that it constituted double jeopardy and was therefore unconstitutional.

Imagine the consequences of a Shaw conviction on March 1, 1969. An international spotlight would have been cast on New Orleans, and every facet of Shaw’s life would have come under scrutiny. The day of his arrest, police had hauled off a collection of sado-masochistic paraphernalia,

evidence of Shaw’s bizarre homosexual lifestyle (yet another thing he shared in common with David Ferrie).

But the aspect of Shaw’s life that would have drawn the greatest amount of attention was his relationship to Maj. Louis Mortimer Bloomfield and the Permindex outfit that Bloomfield established in Montreal and in Rome, Italy in the mid-1950s. On March 16, 1967, shortly after Clay Shaw’s arrest, the Montreal daily *Le Devoir* published an exposé of Permindex, linking the company to a 1962 assassination plot against French President Charles de Gaulle. Two Italian daily newspapers, *Paese Sera* and *Corriere della Sera*, had also covered the Permindex scandal, with *Paese Sera* running a six-part series on March 4, 11, 12, 14, 16, and 18, 1967.

Part II: Oswald and J. Edgar Hoover

Had the Shaw-Bloomfield connection to the JFK assassination become a subject of wide scrutiny in 1969 as the result of a conviction of Clay Shaw, another element of the coverup would have been exposed: Lee Harvey Oswald’s relationship to FBI Director J. Edgar Hoover, particularly during the days leading up to Nov. 22, 1963.

“Defector” Oswald was allowed to return home to the United States in the summer of 1962 with his Soviet-born wife, Marina. Despite the fact that FBI Director J. Edgar Hoover had ordered a massive expansion of the Bureau’s Security Index, its tracking of suspected subversives, Lee Harvey Oswald’s name never appeared on the index.

That is not to say that the Bureau had not taken an interest in Oswald. Not only had “retired” Division Five official Guy Banister brought Oswald into the 544 Camp Street apparatus, but Dallas FBI Special Agent James P. Hosty, Jr. had been assigned to keep in touch with him, apparently as part of Oswald’s understanding with the FBI that he would provide information about subversives. Some books on the Kennedy assassination have alleged that Oswald was a paid FBI informant during the period prior to the JFK murder.

On approximately Nov. 9, 1963, Lee Harvey Oswald paid a visit to the FBI’s Dallas office, asking to speak with Special Agent Hosty. Hosty was not in the office, and Oswald left a handwritten note. According to the FBI version of the story, the note contained a threat against Hosty, demanding that he stop harassing his wife. However, other versions of the story suggest that Oswald’s note contained a warning that there was a plot to assassinate the President. After his visit to the FBI office, Oswald fired off a telegram to J. Edgar Hoover in Washington, reportedly repeating his warning about a plot to kill the President.

Had Oswald begun to figure out that he might be being set up as a patsy in a presidential assassination? If Oswald were the assassin, he would not likely have paid a visit to the FBI just weeks before the killing, a visit certain to draw FBI attention to him.

The content of Oswald’s note to Hosty and the telegram to Hoover will never be known. Within two hours of Oswald’s



This crucial photo of David Ferrie (left) and Clay Shaw (third from left, in wig), together at a party in New Orleans Parish, was never presented to the jury in the Clay Shaw trial. New Orleans DA Jim Garrison had discovered Shaw's links to "patsy" Lee Harvey Oswald, and to Ferrie, but was unable to break Shaw's perjured testimony.

assassination, Hosty was called into the office of Special Agent in Charge J. Gordon Shanklin and ordered to destroy the note and a memorandum that Hosty had prepared on Oswald right after his arrest in Dallas on the afternoon of Nov. 22. Shanklin told Hosty: "Oswald's dead and there can't be a trial now." Hosty flushed the incriminating note down the toilet.

J. Edgar Hoover had suspended Hosty for 30 days without pay in 1964, charging him with "negligence" for failing to adequately monitor Oswald's activities in Dallas. Hosty was later transferred to Kansas City. In 1975, when Hosty tipped off reporters to the destroyed note, Rep. Don Edwards (D-Calif.) held House Judiciary Committee hearings on Oswald's relationship to the FBI. By that point, however, Hoover was dead, and all the relevant FBI files and notes had been long since destroyed.

Part III: Major Bloomfield, Permindex, and WWF

The late Maj. Louis Mortimer Bloomfield, the boss of Clay Shaw, oversaw the planning and direction of the murder of top targets of the British royal family in the postwar period. Permindex was a de facto subsidiary of Prince Philip's World Wildlife Fund, operating in collusion with J. Edgar Hoover. The Hollinger Corp., which owns the London *Sunday Telegraph*, the hub of the media scandal-mongering against President and Mrs. Clinton, is another WWF subsidiary.

Bloomfield's career begins in World War II when, as a

major in the Royal Canadian Service Corps, he was detailed to the FBI to serve as the contract (recruitment) agent of its counterespionage division, Division Five. This curious arrangement, whereby a British subject could occupy a highly sensitive position in U.S. intelligence, was made possible by Churchill's personal emissary Sir William Stephenson, another Canadian. Stephenson oversaw the merging of certain limited wartime operations of British intelligence with the FBI and elements of U.S. military intelligence. Through such conniving the British effectively took over whole sections of U.S. intelligence and law enforcement, especially in the FBI, which had been set up under strong British influence in the first place just prior to World War I.

Stephenson oversaw all British Secret Intelligence Service operations in the Western Hemisphere from his base in New York City; Bloomfield was one of his agents. Stephenson had been part of Prime Minister Winston Churchill's pre-war circle, and a protégé of Lord Beaverbrook, a fellow Canadian who became the British Minister of War Supply and Churchill's key adviser on propaganda and intelligence. This Beaverbrook apparatus is the mother of Permindex, the World Wildlife Fund, and Hollinger Corp.

Following World War II, Bloomfield returned to Montreal to resume his law practice, but he continued to be Division Five's recruitment agent. His law firm, Philips and Vineberg, managed the Bronfman organized crime interests which emerged into prominence during Prohibition. The Bronfman syndicate has always functioned as a covert capability of

British intelligence. The story of the Bronfman family's role in North American organized crime on behalf of the British Crown is detailed in the bestselling book *Dope, Inc.*, by the editors of *EIR*.

To facilitate his operations, Bloomfield became the chairman of the Canadian subsidiary of *Crédit Suisse* (a bank which Oliver North later used for the Reagan-Bush administration's Iran-Contra operations), and the representative of such corporations as Israeli Continental Corp. and Heineken Breweries. He also became the consul general for Liberia and director of the Israeli-Canadian Maritime League.

In 1952, Bloomfield became an executive in the International Law Association, a British oligarchical intelligence apparatus whose leading families, the Wilberforces, Buxtons, and Cadburys, played an instrumental role in the creation of the WWF. Bloomfield used his position as chairman of its piracy and hijacking committee, and his emergence as a U.N.-linked expert in counter-terrorism, to build his network.

Bloomfield's WWF friends

Prince Philip created the World Wildlife Fund in 1961 to provide an umbrella for diverse privatized intelligence capabilities operating under the British royal family. According to his obituaries, Bloomfield was the co-founder of the WWF in Canada, and served as its vice president from 1970 to 1978, and as a director from 1978 until his death in 1984. Bloomfield was also a member of the 1001 Club, an organization created in 1971 to fund the WWF. The 1001 members of the club include Indian maharajas, Caribbean narcotics bankers, and dozens of European counts and princes. The common characteristic of its members is that they are either officers of the British royal family or of European oligarchical families acting in collusion with the British royal family. This is the international capability which provided backup to Bloomfield's assassination bureau.

Although the Permindex corporate front of Bloomfield was shut down before the end of the 1960s, the capability for organizing and covering up such high-level terrorism as the assassination of a popular American President was not dismantled along with the temporary corporate address. In fact, many of the pivotal players in Bloomfield's assassination bureau showed up in the early 1970s as charter members of the 1001 Club—along with Bloomfield himself. It is no stretch of the truth to say that the 1001 Club represents one line of continuity from Bloomfield's Permindex to the current generation of British Crown assassins.

Here are some of the most egregious cases of Permindex-1001 Club overlap.

- **David Ogilvy:** Founder of the advertising firm Ogilvy Mather, who worked out of Stephenson's New York City office as the British SOE (Special Operations Executive) liaison to OSS during the war. Ogilvy and Stephenson later established the British American Canadian Corp. It was out

of that firm that Permindex was spawned.

Ogilvy was the cousin of the Angus Ogilvy, the patron and partner of Tiny Rowland in Lonrho (London-Rhodesia Ltd.), the British intelligence proprietary responsible for orchestrating numerous civil wars in Africa in collusion with the WWF. Angus Ogilvy's wife, Princess Alexandra, is the cousin of the Queen. Princess Alexandra recently succeeded Prince Philip as president of WWF-U.K. Some of the WWF's first staff were drawn from Ogilvy and Mather.

- **Jean Riboud:** Chairman of Schlumberger Ltd. Schlumberger is owned by Dominique Schlumberger de Menil of Houston, Texas. Her husband, Jean de Menil, was a Permindex board member and a close collaborator of Bloomfield since the war. Involved in oil diagnostics, the firm served as a cover for Permindex operations internationally. During World War II, de Menil had been the head of de Gaulle's Free French forces in Venezuela together with Jacques Soustelle. Soustelle later formed the OAS (Secret Army Organization) unit that attempted to kill de Gaulle.

- **James S. Schlesinger:** Schlesinger was the owner of the only South African firm listed in the Permindex's internal phone directory (which is now in *EIR*'s possession). In 1962, President Charles de Gaulle forced the Swiss and Italian governments to expel Permindex after it was caught orchestrating a failed attempt to kill him that year. Permindex moved to Johannesburg, South Africa. Schlesinger's firm was financed by, and was a partner with, Hambros Bank, the WWF bank.

- **Sir Max Aitken:** Aitken was the son of Lord Beaverbrook, Stephenson's mentor. Beaverbrook's nephew, Howard Aitken, was one of Bloomfield's closest associates in the postwar period. He shared an office building with Bloomfield in Montreal.

- **Baron Alain de Gunzberg:** The French husband of Minda Bronfman, sister of Seagram Corp. chairman Edgar Bronfman. Bloomfield was the Bronfman family's attorney from the pre-World War II period until his death.

- **Sir Brian Mountain:** Chairman of Eagle Star Insurance, which has been the financial patron of the Bronfman interests for much of the postwar period. It has had more members of Britain's titled aristocracy on its board than any other British firm. Eagle Star was a majority owner of Edper, a Bronfman flagship firm. Mountain was also a partner with Schlesinger in South Africa Eagle.

- **Edward Plunkett Taylor:** The founder of Argus Corp. (later the Hollinger Corp.), which had been formed as a postwar spinoff of the Beaverbrook/Sir William Stephenson network. The Hollinger apparatus and the Bloomfield network share personnel. For example, Hollinger Corp. has the Bronfman syndicate on its board: Peter Bronfman, and Bronfman operatives Peter Reichmann, a leading real-estate speculator, and former Canadian ambassador to the United States, Alan Gottlieb.

Daniel K. Ludwig, a partner of Taylor in real-estate ven-



Permindex inaugurates its buildings in Rome in May 1959. Permindex was involved in an assassination plot against French President Charles de Gaulle, and its link to the Kennedy assassination is now confirmed.

tures and horse racing, was another 1001 Club member. Ludwig ran the "Great Lakes navy" that shipped Bronfman whiskey to Moe Dalitz's Purple Gang during Prohibition. Dalitz was involved in the Kennedy assassination according to some investigations.

- Conrad Black: Chairman of Hollinger and son of the Taylor subordinate who formed Argus/Hollinger. Black is currently coordinating the scandals against Clinton.

- Edmond Safra: The money man whose wife now sits on the WWF-International Board of Trustees, and who is part of the general Bronfman apparatus. Safra, one of the world's biggest dirty money managers, is the heir to the networks of 1001 Club member Tibor Rosenbaum, the first head of Israeli intelligence's financial department, who had been a heavy investor in Permindex. Rosenbaum's Banque de Crédit International was used to launder Permindex money to finance the assassination of de Gaulle.

Part IV: How Permindex was created

In 1945, in the aftermath of World War II, the British monarchy ordered the privatization of several wartime intelligence agencies and networks. The purpose of this privatization was to obscure the British oligarchy's far-flung capabilities while facilitating its penetration of the corporate and oligarchical elite of the United States. Permindex was created as a stepchild of a combination of several of these privatized capabilities established in the immediate postwar period.

In May 1945, just a few days after the end of the war

in Europe, Sir William Stephenson incorporated the British American Canadian Corp. in Panama, but with offices in New York. The firm was soon renamed the World Commerce Corp. According to Stephenson's wartime aide David Ogilvy, the purpose of the firm was to "form a profitable company of merchant adventurers" composed of British intelligence veterans. Ogilvy drafted the corporate papers and became vice president. John Pepper, the head of Stephenson's wartime staff in Washington, became the firm's president.

Stephenson's founding partners in the World Commerce Corp. included former SOE director Sir Charles Hambro, and Sir Rex Benson, who had been the resident British intelligence liaison to Washington during the war. Benson put up much of the money for the firm. Both had worked closely with Stephenson during the war. He was assisted by Col. Louis Franck, the banker who had been Hambro's wartime deputy.

Both Benson and Hambro later became as founder-trustees of the WWF. Officials of their family banks, Kleinwort Benson and Hambros, have always served as WWF trustees since its creation. As for Franck: He became WWF treasurer.

It was out of the World Commerce Corp. that Permindex was formed.

In order to provide himself a secure base of operations for this sensitive project, Stephenson moved to the British Crown Colony of Jamaica in 1946. He pioneered a property development in Montego Bay, which soon attracted several of his wartime colleagues as residents. Among these col-



Inauguration ceremonies of Permindex facilities in Rome. British Ambassador Sir Ashley Clark is seated in the front row, the first male on right. Permindex was a de facto subsidiary of the World Wildlife Fund of British Royal Consort Prince Philip.

leagues were Lord Beaverbrook; Ian Fleming, the famous “James Bond” spy novelist and SOE spy whose family later helped form the WWF; and Sir William Wiseman, the World War I British intelligence boss in New York whose networks had been taken over by Stephenson. Beaverbrook and Fleming were both closely associated with Stephenson’s new firm.

From its inception, the World Commerce Corp. worked closely with the World Trade Mart of New Orleans, nominally to promote world trade. The founder and chairman of the World Trade Mart was Col. Clay Shaw, who had first hooked up with the British in World War II when he was an OSS liaison officer to Winston Churchill’s headquarters. Shaw had considered renouncing his U.S. citizenship and remaining in London, but in 1945, he returned to the United States to establish the World Trade Mart.

Shortly after he had overseen the first phase of this privatization, Stephenson transformed his Jamaican property into the curiously named “Tryall Club.” The elite British club became a watering hole for de Menil, Bloomfield, and others implicated in the JFK conspiracy.

While Stephenson and Shaw were establishing the World Commerce Corp. and the World Trade Mart, Edward Plunkett Taylor was setting up yet another firm dedicated to world trade. Taylor had been Winston Churchill’s personal secret representative in wartime Washington. He had been detailed to the United States from Toronto in 1940 to obtain

war supplies for Britain at a time when such purchases were still illegal under the U.S. Neutrality Act. Taylor worked directly under fellow Canadian Lord Beaverbrook in close coordination with Stephenson.

In 1945, Taylor was ordered to form Argus Corp. as a private, postwar continuation of his wartime procurement and intelligence staff. The firm, since renamed Hollinger Corp., grew rapidly, perhaps through funds acquired outside legal channels during the war, and certainly through British oligarchical patronage. Among Hollinger’s key figures today are Rupert Hambro from the SOE banking family; Sir James Goldsmith, a top British intelligence officer and leading controller of the World Wildlife Fund; and Henry Keswick whose Hongkong banking family has always played a dominant role in the WWF.

Simultaneously, Stephenson’s agent, Major Bloomfield, was detailed back to Montreal to oversee the postwar expansion of the Bronfman syndicate.

In 1956, Bloomfield incorporated Permanent Industrial Expositions, Inc., Permindex, merging the capabilities of the World Commerce Corp. (which soon formally dissolved) and Clay Shaw’s World Trade Mart. In 1959, Permindex formed the Centro Mondiale Commerciale, the World Commerce Center, in Rome, as its subsidiary.

In 1962, the Secret Army Organization of Permindex board member Jacques Soustelle, a decades-long partner of Permindex board member Jean de Menil, oversaw an

assassination attempt against French President Charles de Gaulle financed by Clay Shaw's FBI crony Guy Banister. De Gaulle forced Switzerland and Italy to expel Perminindex's offices from their territories as a result. In 1962, the Perminindex networks were implicated in the sudden death, in a mysterious plane crash, of Italian state oil industrialist Enrico Mattei, who was working on a political track parallel to de Gaulle's.

Among Bloomfield's founding partners in the firm were Shaw, Jean de Menil, and Hans Seligman from the prominent banking family.

The firm also included several representatives of the continental European oligarchical families in alliance with the British royal family. Among these representatives were Carlo d'Amelio, the attorney of the former Italian royal family, the House of Savoy, and Count Gutierrez di Spadafora, the former Mussolini minister of agriculture.

The firm also included on its board two prominent representatives of a violent, British-directed faction of the Zionist movement which is still active today against the PLO-Israeli peace process. The two were Italian attorney Giorgio Mantello, and Israeli "businessman" Dov Begun.

Giorgio Mantello had been an operative of the Irgun, the Zionist terrorist organization formed by secret British agent Vladimir Jabotinsky. Jabotinsky's successor organization, the Likud bloc, is led today by Gen. Ariel Sharon,

who has publicly called for the Israeli military to disobey orders, and who leads the fanatical Jewish settlers' movement on the West Bank, which produced the February 1994 Hebron massacre of 50 Muslim worshippers.

Dov Begun, the other Perminindex board member from this Zionist-terrorist nexus, was an Israeli businessman living in New York who had married into the Warburg banking family, one of Britain's wealthiest. At the time of his recruitment to Perminindex, Begun was nominally a U.S. representative of the Labor Zionist party, while covertly serving as an Israeli intelligence officer. His closest associate, Amnon Barness, was an Israeli intelligence officer stationed in Los Angeles. Begun and Barness were among Perminindex's most successful fundraisers, who particularly courted the wealthy U.S. Zionist community.

In 1960, Barness formed Daylin Co., a Los Angeles pharmaceutical house. The firm later employed the former chief of Mossad operations in Europe, Rafi Eytan, who subsequently became head of the specialized Israeli intelligence agency "Terror against Terror." Eytan is Sharon's main dirty trickster today and continues to oversee the Jewish Defense League and related gangs that are now working with sections of the Israeli Army to set up the potential assassinations of Israeli Prime Minister Yitzhak Rabin, Foreign Minister Shimon Peres, and Palestine Liberation Organization Chairman Yasser Arafat.

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by **Amelia Platts Boynton Robinson**

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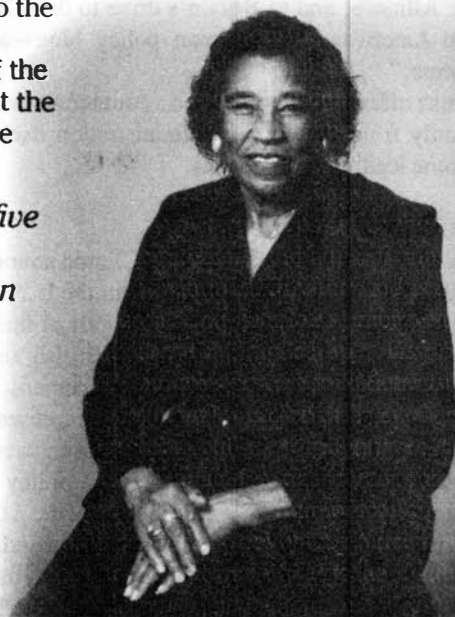
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President Clinton counters British policy offensive

by Jeffrey Steinberg

The British Crown has once again dramatically escalated its assault against the U.S. presidency. Hoping to exploit the Nov. 8 Republican Party congressional victories, London's assets in the American media and among the George Bush and neo-conservative factions of the Republican Party and the U.S. intelligence community have revived the "Whitewater" offensive that they launched one year ago.

And in the Balkans, the British have thrown their weight behind Serbian genocide, in a surrogate attack against Clinton administration foreign policy. Since late November, the British Crown's propaganda machinery has been targeting the Clinton administration for its adamant opposition to the British sellout of Bosnia, to British efforts to further fracture the Atlantic Alliance, and to Britain's drive to draw Russia into an anti-American, anti-German policy bloc—a new "Triple Entente."

The British offensive has provoked a counterattack, however—not only from the Clinton administration itself, but also from some leading Republicans.

Clinton's Bosnia initiative

One day after the elections, President Clinton announced that the United States was withdrawing from the U.N. arms embargo against the Bosnian government. Part of the U.S. pullout involved the withholding from the British and the U.N. of intelligence on arms supplies to the Bosnians.

This caused a furor in London, in that it represented a further substantial escalation in the Clinton administration's ongoing policy break with London. Since that policy shift, British-influenced news agencies on both sides of the Atlantic have been cranking out stories about America abandoning the NATO alliance, about foreign policy waffling on the part of the Clinton White House, about a backdown of Clinton

support for the Bosnian government, etc. The common denominator of all of these stories has been their total lack of truthfulness.

On Nov. 29, the *Washington Post* and the *New York Times* ran front-page headlines proclaiming that the Clinton White House had abandoned its commitments to support the Bosnian regime: "Clinton Aides Favor Concessions to Serbs" (the *Post*) and "U.S. in Shift Gives Up Talk of Tough Action Against Serbs" (the *Times*).

Hours later, White House spokesman Dee Dee Myers set the record straight, telling reporters that a National Security Council meeting the previous day had unequivocally endorsed a continuation of the "U.S. engagement in Bosnia. . . . It is our policy to remain engaged as we have been." Myers reiterated the Clinton administration's opposition to any kind of federation between Serbia and the Serbian sections of Bosnia, a move that would be tantamount to a cave-in to British and French appeasement. She stated that the United States favored the use of NATO air strikes against Serb positions where appropriate.

The growing chasm between actual Clinton policy and the media version of the administration's stance on the Balkan crisis prompted Democratic Party presidential pre-candidate Lyndon LaRouche to issue the following warning on Dec. 1: "As official statements from the White House have now proven, the international news media have been conducting a massive hoax against the people of Europe and the United States, falsely asserting that President Clinton had capitulated to Serbia's de facto London and Paris allies on Balkan policy. This demonstrates, once again, that the international leading news media are not to be believed on any subject; on all important matters, the leading international news media, including virtually all the major news media

of the United States, lie nearly all of the time. After this experience, anyone who cites major news media as authority on facts, is to be regarded with pity as either a political illiterate or perhaps suffering mental illness.”

Dole slams the British

If anything, Great Britain’s outrageous behavior toward Washington is showing signs of triggering a broader outcry against “Perfidious Albion” on both sides of the congressional aisle. On the eve of a trip to London and then to NATO headquarters in Brussels, Sen. Bob Dole (R-Kan.), the incoming Majority Leader, told NBC-TV’s Tim Russert on Nov. 27: “We have a complete breakdown of NATO. We have U.N. vetoing of targets—driven by the British and the French, I must say—primarily the British. . . . It may be time to get the United Nations Protection Forces out of there, redeploy them somewhere. They’re not doing their job. . . . Let’s get them out of the way. Let’s lift the arms embargo. And let’s at least let the Bosnians defend themselves.”

On Nov. 30, following his meeting with British Prime Minister John Major and other senior British officials, Dole told reporters in London, “Britain’s policy on Bosnia is wrong.” Asked about the U.N. record there, he snapped “Abysmal. What record?” The next day, the London *Times* banner headline reported, “U.S. Senate Leader’s Bosnia Attack Infuriates Britain.”

The State Department made it clear that Senator Dole’s trip to London and Brussels was being coordinated with the Clinton White House and State Department, and that “he is a person that we expect to be working very, very closely with in a wide range of foreign policy issues.”

On Nov. 26, the London *Guardian*, in an article by Jonathan Steele, admitted that the real issue behind the escalating war of words between Washington and London was the Clinton administration’s rejection of supranationalism and geopolitical crisis management. Referring to the dispute over NATO and the U.N.’s role in Bosnia, Steele wrote: “This harmful mixture of discrepant missions has been compounded by a broader political problem: the Clinton administration’s unwillingness to submit U.S. forces to any kind of supranational United Nations command, even in the post-cold war world where Washington has no rivals. Its ‘Policy on Reforming Multilateral Peace Operations,’ known as PDD 25, and released in May, says that American forces in U.N. operations ‘will always remain under the command of the President.’

“These two ancient American instincts, of unilateralism and a preference for military rather than politico-diplomatic reactions to crises, have exploded in Bosnia. The one-sided U.S. withdrawal from naval supervision of the arms embargo and the well-founded reports of covert American training for Bosnian Muslim forces suggest that the United States has abandoned the last pretense of neutrality in the conflict. It is hardly surprising that Britain and France . . . are angry.”

Whitewatergate, take two

The same British Crown/Hollinger Corp. apparatus that one year ago launched the assault against the U.S. presidency via the “Whitewatergate” scandal, wasted little time reviving that destabilization after the November elections. Kenneth Starr, the highly partisan ex-Bush administration solicitor general who is the current Whitewater special prosecutor, has been leaking stories to newspapers for several weeks about the activities of his supposedly secret grand jury. The *Los Angeles Times* and then the *Washington Times* began publicizing grand jury details about a pending indictment against former deputy attorney general and longtime Clinton friend Webster Hubbell.

By Dec. 1, the *Washington Times* was flaunting the fact that there was a “December rerun” of the 1993 media assault against the Clinton presidency. Noting that President Clinton is planning to deliver some important policy speeches in December, the *Times* gloated:

“Mr. Clinton followed a similar path last year when he tried to use the December congressional recess to focus on family values. But that effort was derailed when the *Los Angeles Times* and the *American Spectator* detailed allegations from Arkansas state troopers that they had helped arrange sexual trysts for him when he was governor of Arkansas. . . . The recent Whitewater reports detailing various investigations into the failed Arkansas land deal in which the Clintons were partners threatens to derail White House success.”

Right on cue, Sen. Alfonse D’Amato (R-N.Y.), a leading congressional Clinton-basher, called upon Kenneth Starr to expand his probe to include White House aides George Stephanopoulos and Harold Ickle. Already, the media leaks from Starr’s office say that key White House aide Bruce Lindsey is under grand jury scrutiny.

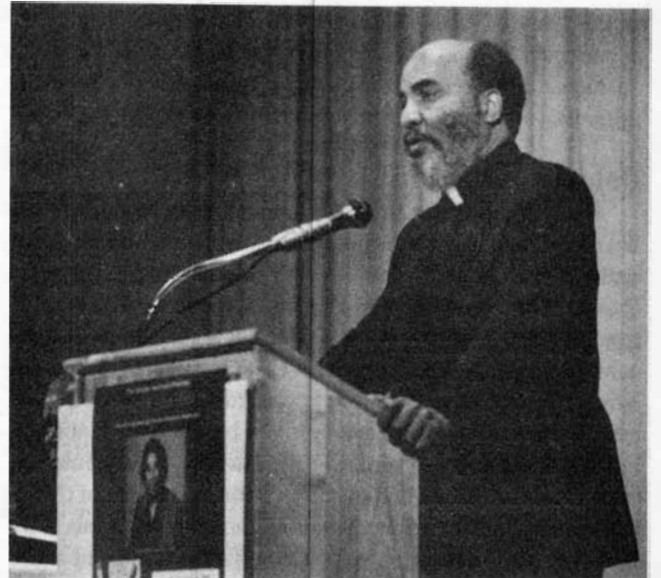
Ongoing assassination threat

This spring, when the Hollinger Corp.’s Whitewatergate offensive petered out, one key Clinton-accuser, former Arkansas state employee Larry Nichols, began waving around guns in front of populist audiences calling for Clinton’s elimination (see last week’s *EIR*). The President has been the target of more death threats and assassination tries than any President since John F. Kennedy.

The Dec. 1 *Washington Times* revealed that there is a growing concern among federal law enforcement and military investigators that these threats are escalating, fueled by the virulent anti-Clinton propaganda. The Naval Investigative Service, according to the *Times* story, is probing an appearance at one of these anti-Clinton rallies by an active duty Air Force counterintelligence officer, and is also investigating a militia group that has been circulating leaflets calling upon active duty military personnel to take action against “all enemies, foreign and domestic.” The first name on the leaflet’s “enemies list”: Bill Clinton.

'Through the Years' project under way in Washington, D.C.

Rev. James Bevel, 1992 vice-presidential candidate and running-mate with Lyndon LaRouche, gives the invocation for the Nov. 26, 1994 performance of scenes from the play "Through the Years," which uses spirituals to tell the story of one man's journey from slavery to freedom. The originator together with LaRouche of "Exhibit A," a project to revive literacy in the nation's capital, Bevel was introduced as "the man Martin Luther King relied upon" in Birmingham in 1963 to head the street organizing of the movement, while King sat in jail. The Birmingham Children's March, conceived and executed by Bevel, brought the movement into the conscience of the world's citizenry.



"Through the Years" author Amelia Platts Boynton Robinson signs the play's program for one of the 1,000 participants in the day's events, at Washington, D.C.'s Eastern High School. Robinson also autographed scores of copies of her autobiography, Bridge Across Jordan. She is currently collaborating on an oral documentary of the civil rights movement, particularly its development in Alabama.

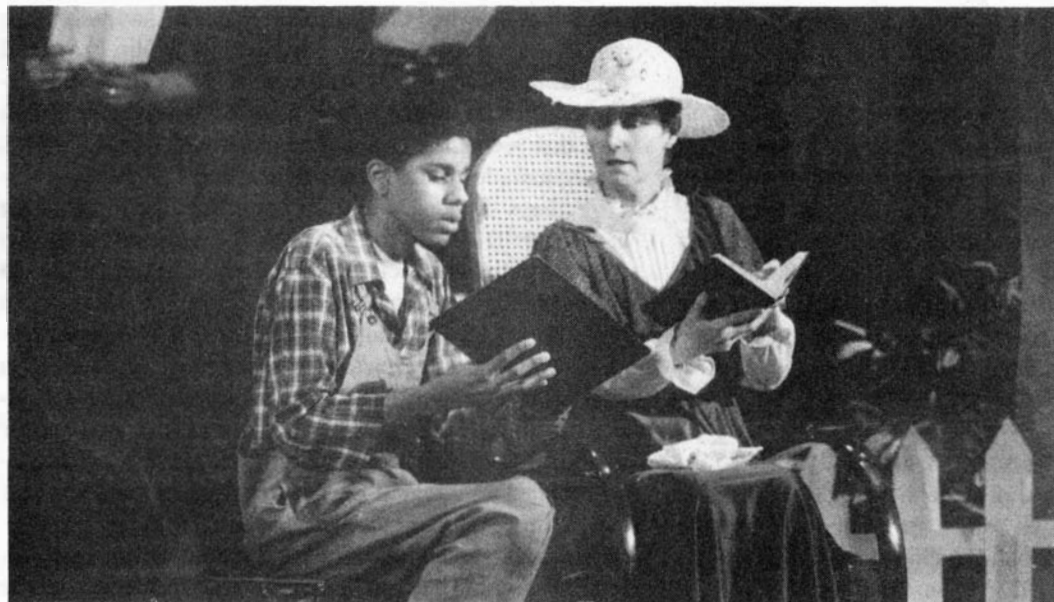
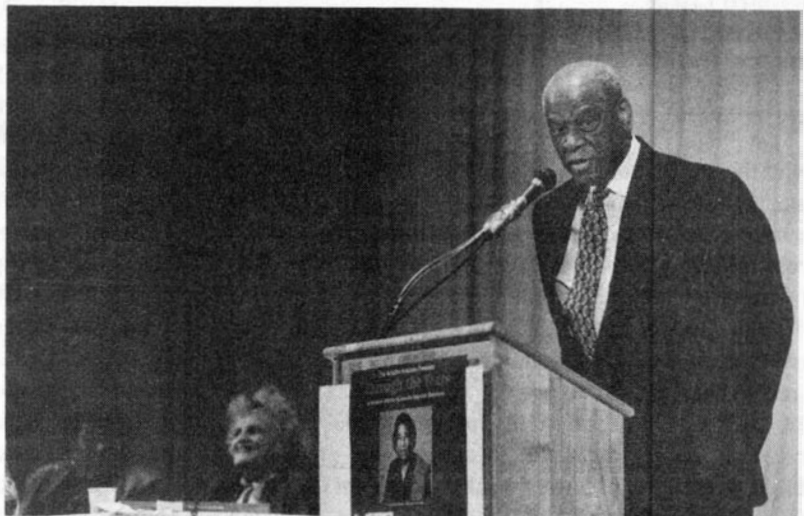
Mrs. Robinson joins the audience in thanking the actors for their "maiden voyage" effort to carry out mass education through drama, in the footsteps of the poet Friedrich Schiller. "All that has been done by those that have fought and died for us, is rendered more lasting by our efforts. In the image of their ultimate triumph, we come to understand that so may we also triumph."





Members of the youth chorus, in which D.C. youngsters were joined by members of the Schiller Institute Youth Chorus from nearby Leesburg, Virginia in singing spirituals.

Baritone William Warfield and pianist and vocal coach Sylvia Olden Lee, two of America's leading musicians, participated in the morning lecture-demonstration on the classical art of the African-American spiritual. Here Warfield indulges in one of his favorite pastimes—telling jokes. Next to him on the dais is Mrs. Lee.



In this scene from the play, slave Joshua Terrell, the main character, is secretly taught to read by the plantation owner's wife Miss Priscilla.

Book Reviews

Al D'Amato and the true evil of the Conservative Revolution

by Doug Mallouk

Senator Pothole: The Unauthorized Biography of Al D'Amato

by Leonard Lurie

Carol Publishing Group, New York, 1994

546 pages, hardbound, \$24.50

To get at the essence of the so-called Conservative Revolution manifest in the landslide mid-term election of 1994, it is not necessary to read the turgid theoretical tracts of the oligarchy's Mont Pelerin Society or similar "right-wing" outfits. Just take a heady whiff of the aroma surrounding U.S. Sen. Alfonse D'Amato (R-N.Y.), now set to be anointed as the new Senate Banking Committee chairman when Congress reconvenes.

The prospect of born-again anti-corruption crusader Chairman Al leading the effort to exhume the great non-scandal of Whitewater to further weaken President Clinton is akin to having Oliver North, Mr. Cocaine Contra, deliver a pious lecture on the evils of drug abuse. The fact is, that D'Amato, like most of his conservative co-revolutionaries, is as corrupt as they come, and not quite in the way that author Lurie thinks.

Journalist Leonard Lurie spent eight years compiling *Senator Pothole*. The book is an unrelenting, non-stop assault on D'Amato, for whose career Lurie has the most profound contempt. Nonetheless, the piece manages to almost entirely miss the true menace that D'Amato represents. This is certainly not for any lack of effort by the author, but because the liberal Lurie, ironically enough, shares the same underlying misconception of what constitutes political corruption and evil as do many of those enraged little people who voted for the Conservative Revolution on Nov. 8.

The crimes of Al D'Amato: a short list

The most damning bill of indictment against D'Amato can be summarized in two words: Roy Cohn. As Rogelio Maduro and Gretchen Small developed in *EIR* (July 29, 1988, "Alfonse D'Amato: Dope, Inc. mob behind New York

Senator"), D'Amato was picked up by Cohn's New York City political machine right after his 1980 election as senator. The degenerate lawyer and fixer for the Gambino and Salerno crime families, Cohn had his law partner Tom Bolan installed as freshman Senator D'Amato's go-between to the Reagan administration, even though the two men had barely met.

D'Amato's two new patrons were no workaday practitioners of defending organized crime: They had advanced the art to a political theory, embodied in the Conservative Party of New York, of which they, along with William Buckley, were founders. This was not at all the kind of "conservatism" many well-meaning but small-minded American patriots adhere to, that is, a traditionalist revulsion to the outrages of the rock-drugs-sex counterculture, radical environmentalism, etc. On the contrary, the homosexual Cohn, at least, had no qualms about "alternative life-styles," which became public when he died of AIDS; and Buckley openly bragged of his own pot smoking, while championing drug legalization.

Their outlook was rather that of British-Venetian agents Thomas Hobbes and John Locke—the bestial "each against all, everything is permitted" view of the Conservative Revolution that spawned Nazism, Communism, and today, the murderous approach of eco-pagan Prince Philip to "global population reduction." D'Amato's decision to make a Faustian bargain (mediated by the devil's advocate Roy Cohn) with that *politically* criminal machine is the key to all his subsequent, despicable behavior in office.

Perhaps the lowest level of his crimes are those which have made D'Amato the most spectacularly infamous: his repeated political-judicial interventions on behalf of a whole slew of outright Mafiosi. In 1989, former U.S. Attorney in New York Rudolph Giuliani revealed that D'Amato, blatantly violating the Senate rule prohibiting members from interfering in ongoing litigation, had begged him to reconsider prosecuting Gambino family godfather Paul Castellano for murder in 1985, just before the gangland slaying of Castellano supplied a morbid closure to the case; and that one year earlier, the senator had pleaded with him for a sentence reduction for loan-shark Mario Gigante, brother of Genovese godfather Vincent "The Chin" Gigante. When that reduction was



"Mr. Ethics" Alfonse D'Amato cozies up to the late mob-lawyer Roy Cohn, who is receiving a B' nai B' rith award in this 1983 photo.

granted, despite Giuliani's vociferous objection, "The Chin" had three cash payments totalling \$175,000 delivered directly to Cohn's law office.

Other beneficiaries of D'Amato's "constituency services" included Philip Basile, a rock band manager and Long Island nightclub owner who was convicted of a drug-related conspiracy with the Luchese crime family despite D'Amato's court appearance as the only character witness on his behalf; Carlo Gambino's godson and convicted embezzler Nicky Sands (a.k.a. Nicky Santiago), whom D'Amato proposed to head up a \$3 million project to build, of all things, a new customs clearing house for the Pittsburgh airport; and at least half a dozen smaller thugs and extortionists from the senator's Nassau County political base. Just by coincidence, all were heavy contributors to his campaign war-chest.

D'Amato exerted even greater efforts on behalf of a different, higher set of thieves. After all, the ones wearing pinstripe suits and button-down collars can steal (and pay out) a lot more than the black-shirt-and-carnation set. For example, after accepting more than \$200,000 from the now-bankrupt Drexel Burnham Lambert junk bond pirates (who also raised nearly a million dollars more for him through their financier contacts), D'Amato led the fight in 1985 in the Securities Subcommittee of the Senate Banking Committee, which he chaired, to prevent any restrictions on allowing desperate savings and loan executives to hang themselves with ventures in high-risk junk bonds. And after receiving below-market-rate loans both for campaigns and private business ventures from the Bank of New York, the senator volun-

teered his name in a friend of the court brief supporting BONY's lawsuit to prohibit restrictions on interstate banking, whereby the New York money-center banks hoped to feast on the carcasses of the regional banks and savings institutions. The result of these kinds of depredations on the part of D'Amato and like-minded "deregulation" swindlers was a tidy \$500 billion tab for U.S. taxpayers when the S&Ls collapsed.

By 1986, the D'Amato list of major contributors looked like a Who's Who of Wall Street: E.F. Hutton, Dillon Reed, First Boston Corp., L.F. Rothschild, Salomon Brothers, and Shearson Lehman were among his backers, and even David Rockefeller was a big fundraiser. The senator actually boasted that he deserved the dough, because, like any good elected leader, he had championed "his people's" interests. Indeed!

A particularly odious case in point: In 1981, top E.F. Hutton executive John Shad, who had just become a D'Amato financial angel, made a bid to become chairman of the Securities and Exchange Commission. Oversight responsibility for SEC appointments resides in a Senate Banking subcommittee which was chaired by—Alfonse D'Amato. With D'Amato's timely shift in his favor, Shad got the post, wisely deciding to continue his monetary support for the helpful senator even after assuming the chair. Some five years later, with huge "insider trading" scandals rocking Wall Street, public watchdog Shad was faced with the task of disciplining Ivan Boesky, the notorious corporate raider caught using illegal information from his investment bankers at Drexel Burnham Lambert to boost his looting capabilities.

Incredibly, Shad allowed Boesky one last scam: He agreed not to announce Boesky's crimes or his sentence until *after* Boesky had disposed of over \$400 million in stocks whose value would plummet the minute the word got out! Shortly thereafter, Shad resigned, only to turn up in March 1989 as the newly appointed chairman of the soon-to-be-indicted firm of Drexel Burnham Lambert!

Potshots miss the target

Many of the above particulars are amply documented in *Senator Pothole*. But Lurie thoroughly obfuscates their significance, and omits other major D'Amato crimes altogether, because the thrust of his book is to charge the senator with the same "malfeasance" of which every elected official in the universe is guilty: Doing political favors for constituents and supporters. The key to Al D'Amato's reeking immorality is that he makes no distinction between, say, giving a break to allow your high-school chum's Aunt Sophie an early entry into a government-subsidized nursing home, and conniving to enable the collapsing "Dope, Inc." financial giants of Wall Street to further plunder the U.S. Treasury.

And neither does Lurie, as even his choice of title makes clear. Close to 200 pages of the book are spent raking D'Amato (and his early patron, Nassau County Republican boss Joe Margiotta) over the coals for the "crime" of using a 1% salary kickback to the GOP as a criteria for hiring and advancement of county workers. Lurie is oblivious to the fact that the dirtiest players in the criminal trial and later class-action civil suit were the prosecutors themselves: the Organized Crime Strike Force of the U.S. Justice Department, perpetrators of the "sting" operations known as Abscam and Brilab.

Designed by social engineers, Abscam-Brilab sent assorted drug-pushers, con-men, and assassins who had been "turned," as infiltrators into urban political machines and labor unions, not to uncover corruption, but to *solicit* and *create* it, or the appearance thereof. The purpose was to break those constituency-based organizations and their potential resistance to the combined package of deregulation and austerity that was in the pipeline, as *EIR* documented over 1980-81.

Manifesting his disorientation, Lurie heaps praise on Abscam prosecutor Thomas Puccio, while denouncing sting victim Harrison Williams (D-N.J.), who was forced out of his U.S. Senate seat, as the epitome of corruption. In fact, Williams was provably innocent, and was targeted to be removed as Senate Labor Committee chairman, even though not one scintilla of evidence existed beforehand indicating his proclivity for bribery, much less that he had accepted any bribe.

The same is undoubtedly not true of D'Amato mentor Margiotta. Nonetheless, when this supposed big villain of Lurie's narrative asks why he's being prosecuted for doing what every machine boss in America has done from time

immemorial, the reader can only sympathize. And even Lurie admits that the Racketeering Influenced and Corrupt Organization (RICO) law under which Margiotta and the GOP were sued—sold to the public as an anti-Mafia tool—has only been used 10% of the time against organized crime, and has mainly been employed to crush otherwise-legitimate political formations simply for being based on the old-as-the-hills concept of patronage.

If Lurie has any awareness at all of the police-state potential of these methods (regardless of the worthiness of any particular target), he certainly never shows it. And he spends another 100 pages detailing D'Amato's role in controlling the Housing and Urban Development subcommittee, grabbing a disproportionate share of HUD funds for his developer-buddies, boosting his nondescript brother's law firm into a medium-sized influence-peddling machine, etc. It's all very slimy, and the way in which D'Amato managed to dodge censure by the Senate Ethics Committee or outright indictment even after his brother goes down for him is nothing short of amazing. But it is really petty larceny compared to his murderous role as a hitman deployed by the Cohn machine for the Wall Street-London financial axis—which rates about ten pages in the entire book!

Major political crimes

And that is about ten pages more than some of D'Amato's other major political felonies get. Left out of *Senator Pothole* is D'Amato's role in:

- Promoting political assassination and drug-trafficking in Panama. In May 1988, as the Bush-men in the Reagan administration began beating the drums for an invasion of Panama, it was Al D'Amato who stepped forward on national television to propose staging a shootout with Panamanian Defense Forces commander Gen. Manuel Noriega in order to kill him, since, "unfortunately," there was no basis for a criminal charge that could lead to his execution (see *Maduro and Small*.)

This brazen call to rip up all norms of international law was even more remarkable in light of what *EIR* readers knew back then, but what every American should realize by now: The drug kingpin in Panama was not General Noriega, but the Cali Cartel puppet installed by Bush and Company 18 months later as Panama's President—Guillermo "Porky" Endara, who repealed the bank transparency laws put through personally by Noriega to combat money-laundering, and who managed to more than double drug-trafficking in Panama over its pre-invasion level, according to the U.S. Drug Enforcement Administration. Lewis Galindo, a major Noriega opponent and longtime business associate of ex-Colombian President and cocaine cartel defender Alfonso López Michelsen, sat on the board of directors of a cross-ithmus pipeline construction company controlled by top D'Amato fundraiser Harold Bernstein and his Northville Corp. And while "the Bush boys" did not succeed in killing General Noriega—

now a prisoner of war in a Miami federal prison—they did murder untold thousands of innocent civilians in the Stealth fighter firebombing of El Chorillo neighborhood.

● Gang-countergang race riot operations. Lurie does describe how in 1986, D'Amato struck up an ugly deal with the Brooklyn-based poverty pimp, Rev. Al Sharpton. D'Amato finagled a \$500,000 HUD grant to Sharpton's National Youth Movement, and Sharpton, who had previously denounced racist remarks attributed to the senator, suddenly became a big D'Amato supporter. Five years later, an apparently accidental car fatality in the mixed black-Hasidic Jewish neighborhood of Crown Heights, Brooklyn touched off several days of rioting, including the revenge killing of a Hasidic bystander.

In October 1992, when the jury verdict in favor of the accused assailant sent the large New York Jewish community into turmoil, Al D'Amato, immediately struck a pose as the great champion of the aggrieved Hasidim, leading a rally of thousands two days before the 1992 general election. He won a narrow, come-from-behind re-election victory, largely based on the Jewish vote.

No one, including Lurie, has bothered to point out that the "black" side of the gang-countergang riot operation was skillfully led by none other than D'Amato-backer Al Sharpton!

● The biggest crime: standard-bearer for the new world order. D'Amato was an early and enthusiastic supporter of George Bush's set-up Persian Gulf war and the genocidal sanctions against Iraq that followed; of the International Monetary Fund generally and the insane "shock therapy" policies in the former Soviet bloc in particular; and, naturally, of Clinton-gate, the British-directed operation to cripple or assassinate the first President since John Kennedy to buck Her Majesty's Empire on important policy issues.

More recently, as a devout, if unschooled, convert to the ideology of the Conservative Revolution, the senator proposed on national TV the very bold step of privatizing the Federal Aviation Administration. As if the black magic of the marketplace hadn't done enough to destroy the deregulation-wracked airline industry, perhaps D'Amato intends to give new meaning to traders' terms like "crash" and "plunge" for the nation's nervous flight passengers, who can only hope they'll be buoyed up by some invisible hand.

The evil of 'littleness'

In the concluding section of *EIR*'s groundbreaking Oct. 28 *Special Report* on "The Coming Fall of the House of Windsor," Lyndon LaRouche succinctly identifies the fundamental problem that prevents a banalized American population from accurately distinguishing good from evil in the great political battle that faces this nation:

"The person who is morally degraded from a person of ideas into a mere 'practical man' of 'my personal experience,' flees from his or her continuing responsibility for the

outcome of human history, for the general welfare of our posterity. He or she flees into the virtual reality worshipped by the fan of 'soap opera.' For him or her, everything is a matter of an empiricist's pairwise interactions among persons in the 'here and now.' The empiricist's preoccupation with his or her personal affairs, rules him. He is too busy with such pairwise interactions in his pitifully tiny here and now to assume moral accountability for his generation's having lived. He flees from the big issues into the microscopic realm of what he calls 'my affairs' and 'my personal morality.' He can tolerate any great crime against humanity with self-assured moral self-satisfaction, as long as he is not caught in such personal offenses in the very small as stealing or adultery. Thus, do such immoral persons smugly and obscenely call themselves 'Christians' while endorsing Adam Smith's thieving, mass-murderous dogma of 'free trade.' "

It is precisely the miserable outlook of these little men and women that the Conservative Revolution appeals to in its anti-republican assault on constitutional government in America. Ignorant of, indifferent to, the 600-year struggle between the evil heirs of oligarchic Venice and the proponents of a new Golden Renaissance, whose outcome will determine the fate of civilization, those small minds are nonetheless passionately worked up over their pet peeves. By offering to meet those "sincerely felt" needs, and fill the right little political potholes, the Al D'Amatos obtain the license to perpetrate their destructive policies in the "macro" realm of international finance and politics. Would-be D'Amato-slayer Leonard Lurie makes the fatal mistake of attacking his foe from the same micro-moral soap-opera vantage point that in fact must be soundly defeated, if America is to escape a trip into hell.

Books Received

Treason in the Blood: St. John Philby, Kim Philby, and the Spy Case of the Century, by Anthony Cave Brown, Houghton Mifflin, New York, 1994, 677 pages, hardbound, \$29.95

Hugo Black: A Biography, by Roger K. Newman, Random House, New York, 1994, 741 pages, hardbound, \$30

Civil Wars: From L.A. to Bosnia, by Hans Magnus Enzensberger, The New Press, New York, 1994, 144 pages, hardbound, \$18

A Death in Jerusalem, by Kati Marton, Pantheon Press, New York, 1994, 321 pages, \$25

Secret Operation: Mossad, by Victor Ostrovsky, HarperCollins, New York, 1994, 315 pages, hardbound, \$24

National News

Virginia plans armed officers inside prisons

Ronald Angelone, the new director of the Virginia Department of Corrections, is planning to arm key officers inside the three new maximum-security prisons that will be built over the next several years, according to an interview that appeared in the Nov. 20 *Richmond Times-Dispatch*.

In most state and all federal prisons, armed guards are found only in towers and along the perimeters, to prevent escapes. Angelone told the daily that he will be borrowing this and other programs, such as work camps from the Nevada prison system, where he previously worked. Nevada's system relies heavily on the use of so-called conservation camps for the least dangerous inmates, similar to the work camps Angelone and Virginia Gov. George Allen are building in Virginia now. Angelone plans seven Virginia work camps to open by next summer, and, more ambitious, are plans for three new maximum-security prisons to be built by 1998, called the Red Onion, Sussex, and Eastern Shore. As currently envisioned, they will hold about 3,000 of the most dangerous inmates, who can work their way to less severe custody only through good behavior.

On Nov. 19, the *Times-Dispatch* wrote that the private, for-profit company Corrections Corp. of America, is scouting locations across Southwest Virginia to build a \$40 million medium-security prison for up to 1,500 inmates.

Earth First! declares war on nuclear plant

More than 300 Earth First! activists came to the town of Monroe, Michigan over Sept. 30-Oct. 2 to demonstrate against the Fermi 2 nuclear plant and its operator, Edison. Edison had announced it would restart the plant on Oct. 1, which has been shut down since a suspicious explosion and fire damaged a turbine-generator on Dec. 25, 1993. A basement radioactive-waste processing room

filled with water as a result of the explosion.

Earth First! and other environmentalist groups organized a "Grassroots National Action Festival," which culminated in actions against the nuclear power plant. On Sept. 30, Earth First! held a rally at Edison's Detroit headquarters, demanding that Edison stop all repairs to Fermi 2 and shut down the plant forever. The next day it demanded that Edison stop negotiating with the Mescalero Tribal Council to build a temporary nuclear waste storage facility.

On Oct. 2, Earth First! blockaded the Fermi site. With military precision, the terrorists set up two tripods with members seated on top, some 12 feet up, on the road leading to Fermi's two secondary gates, while another squad dropped three cement-filled barrels on the road leading to Fermi's main gate. Some of the terrorists locked themselves to the barrels. The confrontation became violent when the police tried to remove them. Sixteen eco-terrorists were arrested and charged with felony assault.

Thanksgiving 1994: Hunger on the rise

Reports from food relief services around the United States leading into the Thanksgiving holiday showed the high level of dependence by millions of Americans on government and private food assistance, the former a target of "Contract with America" budget-cutters, new House Majority Leader Newt Gingrich (R-Ga.) and Sen. Phil Gramm (R-Tex.).

One prime example is the "Meals-on-Wheels" program in Detroit, a supplementary food program for elderly shut-ins. The "Meals-on-Wheels" program in greater Detroit subsists on federal and private food donations, and provides home delivery of meals and provisions through a team of paid and volunteer drivers. The program does not have enough food to meet current needs, because the Michigan poverty rate has risen so high.

The federal coordinator of supplementary food for the elderly, Fernando Toris-Gill, told a national news broadcast on Nov. 23 that unmet food needs for the elderly have resulted in a measurable increase in the

death rate from minor seasonal viral infections, because the senior citizens are becoming weakened by malnutrition. This alarm was also made the same day by the Detroit local government director for aid to the aging, Mr. Bridgewater, who said the situation is in crisis. A local Detroit Meals-on-Wheels delivery driver, Bill Robinson, reported that most of the people he sees would die without the daily food relief.

APS: Smithsonian exhibit attacks science

The Council of the American Physical Society (APS) on Nov. 6 asked its president, Burton Richter, "to convey its profound dismay" to the secretary of the Smithsonian Institution, I. Michael Heyman, over a new permanent exhibit at the Museum of American History in Washington, D.C. The exhibit, "Science in American Life," is called in the letter "a portrayal of science that trivializes its accomplishments and exaggerates any negative consequences."

According to the APS newsletter, the exhibit tour guide tells viewers: "In the 1920s, we thought scientists were gods. Now we know they're the source of our biggest problems." The exhibit reproduces the chemistry lab where saccharine was discovered in 1879, and in which talking mannequins argue over who should get credit for the discovery. The exhibit also attacks nuclear power under the guise of attacking the science behind nuclear weapons; the pesticide DDT, which saved millions of lives; and the chlorofluorocarbon refrigerants, which allegedly deplete the ozone layer.

Michel to Gingrich: Don't claw at power

Retiring Republican House Minority Leader Robert Michel (Ill.) warned incoming Speaker of the House Newt Gingrich not to let his ambitions in the wake of the GOP sweep of the mid-term elections go out of control, in an interview with the *Chicago*

Briefly

● **ANTI-DEFAMATION** League National Director Abe Foxman met with Moral Majority founder Jerry Falwell and Christian Coalition head Ralph Reed on Nov. 29. Jewish sources have reported that the ADL has lost many of its financial backers.

● **PROPOSITION 187** has already claimed the lives of two immigrants in California. Twelve-year-old Julio Cano died of a bacterial infection which went untreated until the last minute. Cano suffered from an undiagnosed, but treatable, case of leukemia. On Nov. 23, a 59-year-old Chinese immigrant, who delayed seeking treatment for leukemia until she was blind in her left eye, also died.

● **NEWT GINGRICH'S** plans to set up orphanages for illegitimate children of poor mothers, send "shivers" of apprehension through childcare workers, wrote the Nov. 27 *Baltimore Sun*, "because the idea collides with the principal tenet that has guided their profession for nearly a century: that children are raised better in families, even imperfect or incomplete families, than in institutions."

● **ONE IN SIX NEW YORKERS** lives in extreme poverty, according to the *New York Times* editorial on Nov. 27. The editorial cited this year's report on poverty by the Community Service Society of New York, which used as a measurement a family of four living on less than \$10,751 a year. The report indicated that 45.5% of the city's poor were without public assistance in 1992-93.

● **MAYOR RICHARD DALEY** of Chicago and School Board President Sharon Grant want to turn some of the city's public schools over to the private Edison Project of Chris Whittle, according to the November issue of *Catalyst*, a community newsletter. Whittle recently had to divest himself of much of his communications empire amid allegations of fraud and mismanagement (see *EIR*, Nov. 25, p. 59).

Tribune on Nov. 26. "There's always a danger in clawing at power because power corrupts, and absolute power corrupts absolutely," Michel said, objecting to Gingrich's plan to personally choose and control committee chairmen. "Overplaying your hand in the majority can lend itself to the minority in justifying itself in really sticking it to you." Michel criticized the congressional Republicans' planned "Contract with America" legislative package, saying fulfillment, which is planned for the first 100 days of the next Congress, could plunge the country deeper into debt.

He also assailed what he called the 1994 elections' "nationalized campaign of antagonism. . . . That was one whale of a negative campaign against the President," he said. Michel also reflected on "rage radio" and the pathological state of the population: "Listen to those people's venom," he recalled telling his wife. "Ye gods, that's what people are listening to. I'm thinking, 'Jeepers, creepers, if that's what's motivating the people out there.' "

Opponents make up with OBE brainwashers

Robert Simonds, a prominent opponent of New Age "outcome-based education" curriculum reform in the public schools, has reached an understanding with William Spady, the national standardbearer for OBE. Simonds is president of Citizens for Excellence in Education, which led the fight for school vouchers in California, undercutting public education. He and Spady held a conflict resolution session in Vail, Colorado last summer, according to a recent report in the *Associated School Boards of South Dakota Bulletin*.

They left the posh resort town with a gentlemen's agreement to seek common ground and put a halt to what one participant called the "tremendous political warfare" over OBE. Previously, Simonds had been one of the most vociferous opponents of OBE, and described it as something that would destroy education. After the Vail meeting with Spady, Simonds claimed that his desire is no longer to win that fight.

Now it appears that the two never had any fundamental disagreement. Simonds addressed Spady's curriculum writers and developers at a conference in mid-July. After four preliminary gatherings, the formal meeting with Spady's High Success network occurred. They released a statement announcing substantial areas of agreement "between outspoken national critics and major advocates of outcome-based education." Simonds says OBE is essential, "the problem is the specific outcomes."

'Bell Curve' sources have eugenics pedigree

Two exposés of the new book *The Bell Curve*, by ABC News and the *New York Review of Books*, have detailed the eugenics pedigrees of many of its sources, tracing them back to the Pioneer Fund and *Mankind Quarterly*. The book, by Charles Murray and the late Richard Herrnstein, purports to prove that intelligence is racially linked, by statistically showing that blacks score lowest on intelligence tests.

A Nov. 22 "American Agenda" segment for ABC showed that the Pioneer Fund, founded as part of the 1920s eugenics movement by Harry Laughlin, has provided financing for many of the studies and sources cited in the Murray-Herrnstein book. Laughlin, ABC reported, "wanted the lowest 10% of Americans sterilized. . . . By 1931, thirty states had sterilization laws." Laughlin joined with "textile magnate" Wickliffe Draper and "forged links" with pseudo-scientists in Nazi Germany who advocated a doctrine of racial superiority. "In 1936, the year before they set up the Pioneer Fund, the two men distributed one of Hitler's propaganda films to American high schools." The film is quoted: "You find an especially high percentage of mentally ill among the Jewish population."

In the *New York Review*, author Charles Lane reported that 17 researchers cited in the *Bell Curve* were contributors to the *Mankind Quarterly*, which Lane called "a notorious journal of 'racial history' founded, and funded, by men who believe in the genetic superiority of the white race."

Editorial

Buy, buy, buy

The Christmas season is upon us and the Big Question appears to be whether Americans will go on a manic buying spree this year. At least that is the question according to television commentators who are trying to convince us not to worry about the real state of the physical economy, but to participate in the grand illusion of prosperity.

Leaving aside for the moment the ugliness within our culture which degrades a holy day intended to celebrate the birth of Jesus, to a mere matter of spending, the situation is still ludicrous. At a time when many Americans have a spouse or a parent, or other household member out of work, what is this talk of a recovery which is supposed to fuel an orgy of consumer spending? It is a cynical lie.

Of course there are economic analysts who do not go along with the current "recovery" line, but, with the exception of Lyndon LaRouche and his co-thinkers, they accept the fallacious premise that such analysis can be competently grounded in a study of financial data. Making or losing money are not irrelevant concerns: After all, money in the pocket puts food on the table—or does it? If there is no food to be bought because of transportation breakdowns, or because not enough has been grown, then your family will go hungry. This is the situation facing many people in Russia and elsewhere around the world this Christmas.

It is a sign of collective insanity to suppose that the monetary and financial system can be decoupled from the real physical economy, but it is the delusion rampant today, even among the more realistic analysts who recognize dangers inherent in the present speculative bubble.

Christmas should remind us of the God-given creative potential which is the birthright of every child. Christmas should be a time for reaffirming the family and a time of charity to the less fortunate, but also a time when we reflect upon the condition of humanity. At such a time it is useful to examine the axiomatic assumptions which have guided our daily life. Too many of us have been content to turn our eyes away from the larger problems which we feel are beyond our

ability to solve; rather than locating those resources within ourselves which will allow us to rise to the challenge before us.

It is not more toys and games and videos which our children need, but rigorous and strict education, so that they can meet the challenges of the future—and the same is true for most of the adult population. It is not just skills in counting and measuring, much less financial wizardry (the method taught by modern economics) which are needed, but an understanding of Leibnizian science and education (LaRouche's method) which we must master.

Nor is real economics merely the study of the production of physical items. To the contrary, what we must measure in economics is the effect of a unique creative discovery by one particular individual, in transforming the potentials for all mankind today and into the future. Such a discovery can be within the domain of science or its application to technology, or in the arts, but it will affect the potential of the entire culture.

Think about the time two centuries before the birth of Christ, when the Greek astronomer Eratosthenes accurately estimated the size of the Earth by measuring the distance along a great circle from the city of Alexandria to Rome, by determining the line of sight to a star. Relive with Johannes Kepler his joy in imagining what the Earth would look like when viewed from the vantage point of the Moon. Then relive man's first steps on the Moon in 1969.

None of these discoveries could have been made by individuals who were content to accept the relatively trivial, sense-certainty perceptions of daily life. Rather they were concerned to expand man's inner vision so all of us might better probe the beauties of God's universe and thus transform ourselves for the better.

To be part of this process by which true knowledge is acquired; to play a role oneself in that process of creative discovery, which has time and again transformed the entire basis of human existence, is the birthright of every child. Is this not what we should celebrate when we commemorate that unique historical moment of the birth of the Christ child?

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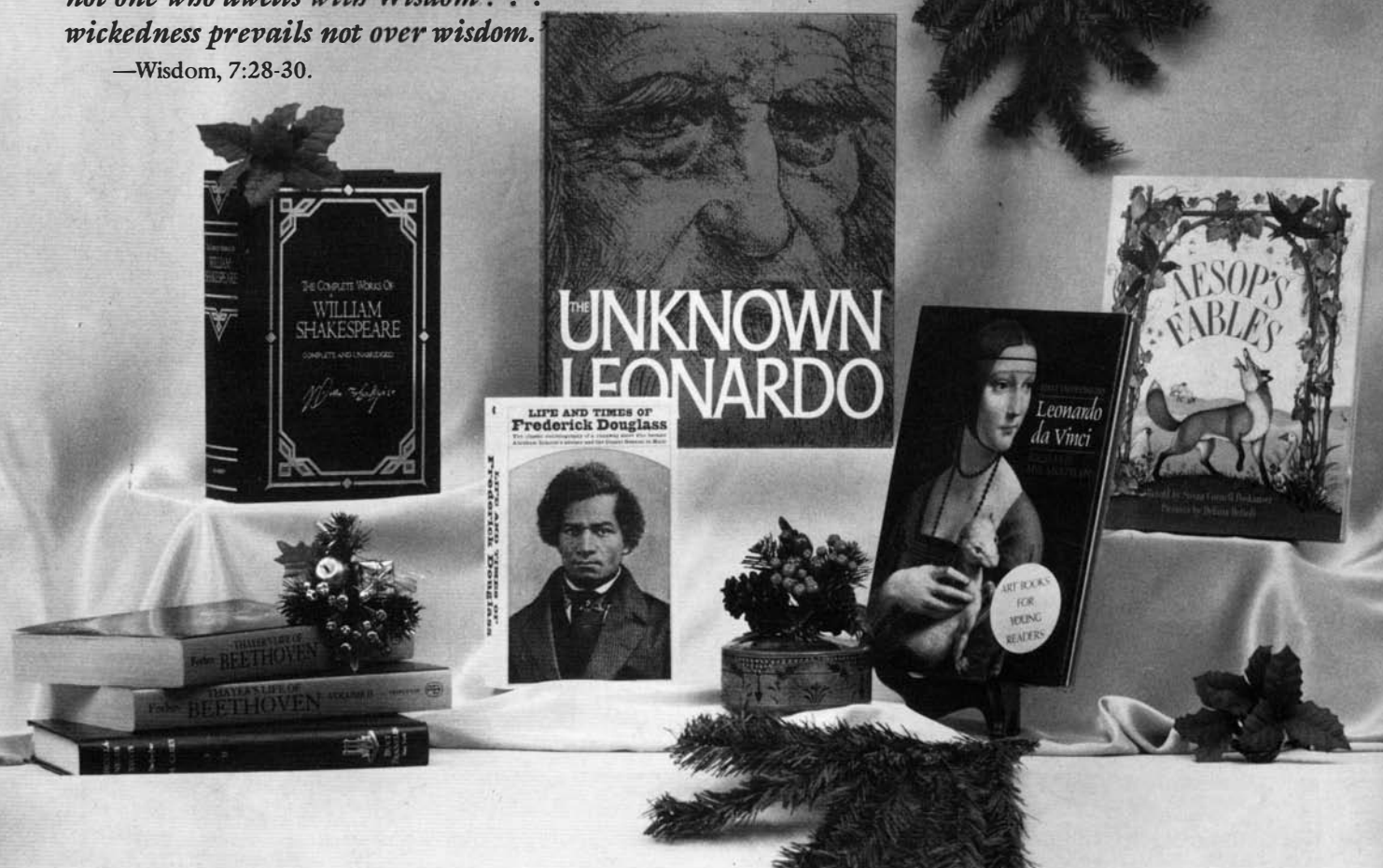
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