

EIR

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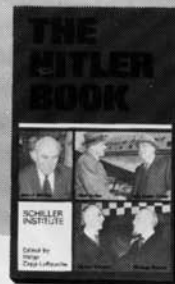
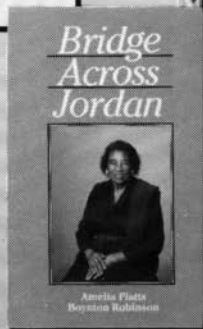
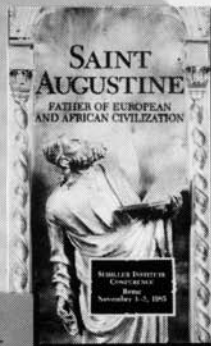
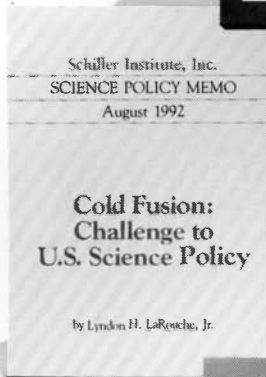
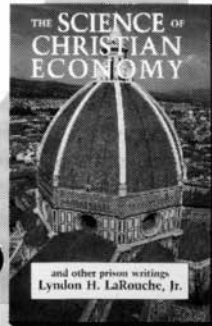
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From the Managing Editor

Lyndon LaRouche, in a speech which *EIR* published on March 15, 1991, warned that the world was heading toward a Thirty Years' War. "We're talking about a conflict in every dimension," he said, "in every level, spreading, intensifying, and ultimately reaching the point that weapons are used in conflicts among major powers—a general devastation of this planet deep into the early decades of the coming century, unless we stop this."

Some may have thought that LaRouche exaggerated. But reading the reports of our correspondents in this issue of the magazine, nearly two years later, one can see precisely the kind of barbarous, fratricidal conflicts that ripped Central Europe from 1618 to 1648:

- In India, the unified state is in the worst jeopardy since the nation won its independence from Great Britain, as sectarian mobs turn to violence.

- In Somalia, the civil war and famine provide a pretext for a neo-colonial adventure by Washington's geopoliticians, whose goals have more to do with establishing military bases than with feeding the hungry.

- In the Balkans, the Greater Serbian chauvinists have a no-longer-secret plan to extend their war to Kosova and Macedonia, which move could quickly engulf the entire Balkan peninsula and the Middle East.

The happy image on our cover is sharply counterposed to the photographs you are seeing every day on television. The desperate children of these war-torn nations have the right to a future of peace and progress. Helga Zepp-LaRouche, the founder of the Schiller Institute, has called for a mobilization this Christmas season to break our own citizens out of the apathy that has so far prevented effective action to stop the genocide in Bosnia and to provide real economic development for Somalia. We enthusiastically endorse her initiative.

Our *Feature* this week presents an elaboration of just the kind of infrastructure program that is needed: water projects. In our first issue of the New Year, as an agenda for 1993, we will present a comprehensive picture of the Great Projects for worldwide infrastructure development that LaRouche and his associates have put together over the last two decades.

Susan Welsh

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While everybody is talking about a "December Surprise" of post-election U.S. bank closings, the magnitude of the crisis is much greater than the authorities are willing to admit. The new bank capital guidelines, intended to close some bankrupt institutions before they fail, will do nothing to solve the problem.

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Plentiful fresh water can be made available to every person on this planet—provided the commitment is there to apply advanced technology. In the latest installment of *EIR*'s series on infrastructure development, Marcia Merry shows how we can get the right quantities of water to the right place, at the right time.

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The current trial of five men charged with a plot to kidnap associates of Lyndon LaRouche, is only the most recent outrage by the "Get LaRouche" task force. One of the "Kidnapers, Inc." defendants, former Virginia Sheriff's Lt. Donald Moore, has been a major player in the Commonwealth of Virginia's railroad prosecution of LaRouche supporters, which has so far meted out prison sentences of up to 77 years for "securities violations."

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FDIC to close sick banks, but can't cope with crisis

by John Hoefle

On Dec. 19, new bank capital guidelines, designed to allow federal bank regulators to close sick banks before they actually fail, will take effect. Under the new standards, which were mandated by the Federal Deposit Insurance Corp. Improvement Act of 1991 (Fdicia), regulators will be required to close within 90 days, any bank whose tangible equity capital is less than 2% of its assets, unless—and this is a large loophole indeed—regulators determine that the bank is on the road to recovery.

The theory behind the Fdicia capital requirements is that by closing doomed banks before they go completely broke, the costs to the government and, ultimately, the taxpayer, will be reduced, thereby helping to avoid a replay of the trillion-dollar savings and loan fiasco.

The ticking of this 90-day clock, combined with the Federal Deposit Insurance Corp.'s (FDIC) deliberate slowing of the pace of bank closures in the months before the election, has led to widespread speculation of a rash of bank failures in December, a so-called December Surprise.

That the FDIC has slowed the pace of failures is clear. The agency had predicted in October 1991 that banks with assets of \$86 billion would fail in 1992, but by mid-October of this year, the FDIC had closed banks with just \$29 billion in assets. That's one-third of the projected level of bank failures in over nine months, leaving two-thirds of the projected failures for the remaining two and a half months.

Federal regulators, as would be expected, have vociferously denied slowing the pace of closures.

In testimony before the Senate Banking Committee on Oct. 26, Acting FDIC Chairman Andrew Hove rejected the accusation as "simply not the case," attributing the fewer-than-expected number of closings to "lower interest rates and the ability of some troubled banks to improve their financial condition." Total bank capital increased by \$16.7 billion

during the first half of 1992, over twice the rate of increase during the same period in 1991, and the banks' average equity capital to assets ratio now stands at 7.23%, the highest level since 1966, Hove claimed.

"The FDIC has been far from idle during 1992," Hove maintained, calling the 85 banks with assets of \$29 billion resolved as of Oct. 16 "an extremely high number by historical standards."

Hove is dissembling. In October 1991, the FDIC projected that some 200 banks with assets of \$86 billion would fail in 1992. Were that forecast accurate, it would have easily topped the 127 banks with a record \$63 billion in assets which failed in 1991.

Since 1987, bank failures have indeed been at extremely high levels. In 1987, some 203 banks with assets of \$6.9 billion were closed by the FDIC. In 1988, another 220 banks failed, with a record \$35.7 billion in assets. The figures declined a bit in 1989, to 169 banks with assets of \$29.4 billion, and dropped again in 1990, to 169 banks and \$15.7 billion in assets.

Covert bailout

The government and the banks would like the public to believe that these declining levels of failures represent an improvement in the condition of the banking system, but this is not the case. The truth is that the banking system as a whole, and most of the largest banks in the country, are hopelessly insolvent. Rather than admit this unpleasant circumstance, the government has been keeping the banks open through a secret policy of covert financial aid and a virtual "no such thing as a bad loan" regulatory posture. This process will continue until an already-in-progress but far from completed restructuring and consolidation of the financial system—financed by the taxpayer—can be completed, or until

the entire house of cards collapses.

The drumbeat for this post-election consolidation escalated in October with the publication of *Banking on the Brink, The Troubled Future of American Finance*, by Cleveland State University associate professor Edward Hill and former Citibank economist Roger Vaughan. The book was published by the *Washington Post*, which has embarked upon a mission of forcing the consolidation through limited public exposure of the crisis.

The Hill-Vaughan study, which consists of 366 pages of text and data, represents the bleakest assessment to date in the so-called major press, about the condition of the U.S. banking system.

"Nearly 1,500 banks are in deep trouble," the study found. "Together, these ailing banks manage assets with book assets of more than \$1 trillion. The list of invalids includes 14 of the nation's 57 largest bank holding companies. . . . Perhaps 1,150 banks are now insolvent—and would be shuttered if their books reflected the true value of their assets."

The study found that only two of the 57 bank holding companies with assets exceeding \$10 billion, and only 30 of the 207 bank holding companies with assets between \$1 billion and \$10 billion, had appropriate levels of capitalization.

"Fifty of these holding companies, with total assets exceeding \$682 billion, have real net worths that appear to have fallen below zero," the study found. "In other words, they would be declared insolvent if their books reflected the true value of their assets."

The fourteen \$10 billion-plus bank holding companies on Hill-Vaughan's "deep trouble" list at the end of 1991 included Citicorp, Chase Manhattan Corp., and Marine Midland banks of New York; Security Pacific Corp. and Wells Fargo & Co. of California; Midlantic Corp. and UJB Financial Corp. of New Jersey; Shawmut National Corp. of Connecticut; MNC Financial Inc. of Maryland; Michigan National Corp. of Michigan; Valley National Corp. of Arizona; Barnett Banks Inc. of Florida; the Bank of Boston Corp. of Massachusetts; and C&S/Sovran Corp. of Virginia. Together, these 14 holding companies had \$668.7 billion in book-value assets at the end of 1991.

Some of these doomed banks have already disappeared via mergers into allegedly healthy banks. BankAmerica Corp. has acquired Security Pacific, NCNB bought C&S/Sovran and renamed itself NationsBank, and Banc One of Ohio is in the process of acquiring Valley National.

Had the government closed all of the 1,179 banks which were effectively insolvent at the end of 1991, the Hill-Vaughan study reported, it would have cost the FDIC \$50 billion; by August 1992, that cost had risen to an estimated \$75 billion. "If all the bank closings and mergers that are now inevitable are stretched out over an unnecessarily long period of time, the total cost might easily be twice that," the study said. "Beyond this, surviving banks might need as much as \$150 billion to rebuild their depleted capital."

Thus, according to Hill-Vaughan's figures, the commercial banking system will need a bailout of as much as \$300 billion, or 10 times the original projected cost of \$30 billion for the S&L bailout.

Fear of runs

Fearing that such news could trigger depositor runs which would quickly overwhelm the government's covert bailout operation, federal regulators held an extraordinary press conference on Oct. 23 to rebut the book and insist that the banking system is fundamentally sound. Acting FDIC Chairman Hove accused the authors of "some poor, sloppy computational methods" and of adopting an "end of the world syndrome." Federal Reserve Board governor John LaWare cited the \$7.9 billion in profits claimed by the banks in the second quarter, saying, "the banking industry has improved significantly in 1992."

Three days later, on Oct. 26, LaWare, Hove, and Acting Comptroller of the Currency Stephen Steinbrink repeated this "hear no bankruptcy, see no bankruptcy, speak no bankruptcy" routine.

"There is no basis for assertions that there are large, unreported problems in the banking system," insisted Steinbrink. "Problems with non-performing real estate loans will continue to be a drag on earnings. But . . . they do not pose a serious threat to the overall health of the national banking system."

Where do we go from here?

The question of what to do about the bankrupt U.S. banking system is a political question rather than a financial one. By any honest accounting standards, the U.S. banking system as a whole is insolvent, and any attempt to save it is both futile and an immoral waste of resources that are badly needed to begin the process of rebuilding the physical economy.

During the presidential campaign, President-elect Bill Clinton explicitly defended the Federal Reserve, and his appointment of Goldman, Sachs vice chairman Robert Rubin as his economic czar is an indication that the economic policy of the Clinton administration will be dominated by Wall Street financial interests, just as his predecessors have been (see article, page 62).

In plain terms, that means a continuation of the evil policy of letting the financial vampires deplete the shrinking human and capital resources remaining, throwing the United States and the world deeper into depression.

Were the Clinton administration forced by public pressure to break with this insane policy, to abolish the Federal Reserve, and to return to a national bank as provided for by the U.S. Constitution and called for by Lyndon LaRouche, in which the welfare of the population was paramount, then this situation could be reversed.

Absent that dramatic policy shift, the United States is headed into an economic black hole. Against that, the question of a "December Surprise" is irrelevant.

'Derivatives' devour the financial markets

by Anthony K. Wikrent

The U.S. public appears to believe that the preeminent financial market in the United States is the New York Stock Exchange. Every day, radio and television newscasters begin or end their "business" news with the most recent quotes on the Dow Jones Industrial Average, an index of the NYSE that is comprised of the stocks of 30 large companies, plus a roundup of the most lively "gainers" or "losers."

On the average trading day, about \$6 billion of stocks changes hands on the NYSE. That's a big market—\$1.520 trillion in 1991, or about one-quarter of the Gross National Product. But it's not nearly as large as the market for U.S. corporate bonds, where \$23.329 billion in bonds changed hands every trading day in 1991.

But, the corporate bond market is not as large as the market for U.S. government securities, where an average of \$127.405 billion in Treasury bills, notes, and bonds were traded each day in the first four months of 1991.

Almost three times bigger still are the currency markets, where \$1 trillion a day in different currencies changes hands around the world. About one-fifth of that takes place in the United States; London remains the world's largest center of currency trading, accounting for about one-third of the total.

But the largest market, by far, is the futures markets. Statistics for the dollar volume of futures trading in the United States are not available from anyone—not from the Commodity Futures Trading Commission, the Chicago Board of Trade, the Chicago Mercantile Exchange, the U.S. Department of the Treasury, the U.S. Department of Commerce, or the U.S. Federal Reserve System, or its member banks. The only data available are for the number of contracts sold.

Rough dollar volumes are known for a couple of contracts. In a speech given to the National Planning Association on May 1, 1992, Henry Kaufman, the former chief economist of Salomon Brothers, who has been described as the most prominent spokesman for the bond markets, noted that "measured in terms of the dollar value of the underlying shares traded, the average daily trading volume in the Standard & Poors futures contract is nearly double the daily turnover on the New York Stock Exchange."

The Standard & Poor's 500 futures contract—known as

a stock index future, or an equity index—is traded on the Chicago Mercantile Exchange, and costs \$500 multiplied by the index. As of the middle of 1991, about 75% of all money invested in indexing was tied to this contract. The other major stock index future is the Major Market Index, based on 20 underlying stocks, which trades on the Chicago Board of Trade. Since 1987, there have been persistent reports that purchases of these two futures contracts have been used by the U.S. government to stabilize the increasingly fragile New York Stock Exchange. On Aug. 26, 1992, *New York Post* business columnist John Crudele revealed that Norman Bailey, the chief economist of the National Security Council during the Reagan administration, had confirmed that such intervention had "given the stock market a helping hand at least once this year," as well as in 1987 and 1989.

In the *New York Times* on Aug. 18, 1992, columnist Floyd Norris wrote, "On the average day, traders now exchange futures that control \$285 billion in underlying government bonds." There are about half a dozen futures contracts based on U.S. government bonds. By contrast, there are over a hundred different futures contracts traded on U.S. exchanges. The major types are interest rate futures; agricultural commodities; energy products; foreign currencies and foreign currency indexes; equity indices (such as the S&P 500); precious metals; and non-precious metals.

A \$150 trillion crap game

Based on a review of the prices of futures contracts of each of these types, *EIR*'s economics staff selected an average price that was multiplied by the data available for the number of contracts traded. These average prices selected were little more than informed guesses. For example, for the type of futures with the largest dollar volume—interest rate futures—*EIR* used an average price of \$1 million for the 123.4 million such contracts traded in 1990. Some contracts cost less, such as a futures contract for a five-year Treasury Note, which carries a price of \$100,000.

According to this crude estimate, the total dollar volume of futures trading in the United States in 1990 was an incredible \$152.717 trillion—two orders of magnitude larger than the New York Stock Exchange, and almost 30 times larger than the GNP in 1990, which was \$5.519 trillion.

Given what is known about just half a dozen of the 100-plus futures contracts traded, this figure is probably in the right ballpark. The \$285 billion figure used by Norris in the *New York Times* comes to \$72.105 trillion when multiplied by 253 business days. The \$152.717 trillion figure arrived at by *EIR* is, therefore, if anything, probably too low. The total dollar volume may well actually be twice that.

A cautionary note is in order here. Futures contracts are highly leveraged. The major players, such as the money center banks and the Wall Street investment houses, may have to post a margin that is as low as 2.25%. Other less influential players have to deal with margins of around

5-10%. This past June, for example, the Chicago Mercantile Exchange cut the margin required to buy a S&P 500 futures contract by 45%, to only \$12,000, or just 5.9% of the \$203,300 value of the contract. Thus, a dollar volume of \$300 trillion does not mean that \$300 trillion is actually changing hands; what it does mean is that control of *underlying* financial instruments with a total value of \$300 trillion, is changing hands. Assuming an average margin of 5%, total dollar volumes of \$150-300 trillion a year mean that the actual amount of money changing hands is \$7.5-15 trillion each year.

Which value should be used for accounting purposes—the margin of cash actually put up, or the much larger face value of the futures contract—has proven to be a vexing question for securities and banking regulators, who have become increasingly concerned at the sheer magnitude of trading that is now taking place.

Do these financial instruments actually help companies which produce real, tangible goods, to hedge their risks, as the traders and other market maniacs argue? In a recent survey, the U.S. monthly magazine *Institutional Investor* found that only 29.4% of chief financial officers (CFOs) used exchange-listed interest rate (e.g., T-bond) futures and options; 11.0% used listed foreign exchange (currency) futures and options; 10.1% used listed equity (stock index) futures; and 13.8% used over-the-counter (not traded on the exchanges, but contracted directly with a counter-party) interest rate futures and options. The survey also found that futures and options derivatives of all types appear in only about one-fifth of corporate investment portfolios, and less than a third of pension fund portfolios.

The most used derivatives were interest rate swaps, employed by 78.9% of CFOs responding, followed by foreign exchange forwards (64.2%) and foreign exchange options (40.4%).

The major reason CFOs used these instruments was to protect their companies against swings in floating-rate bank debt (52.7% of CFOs responding); to access lower cost fixed rate debt not otherwise available without the use of derivatives (43.8%); to better manage strategic liabilities (40.2%); to protect their companies' overseas investments against currency value fluctuations (36.6%); and to access lower cost floating rate debt (35.7%).

What are the prospects that the incoming Clinton administration will stop these immense shell games? Given that the chief of the new National Economic Council is Robert E. Rubin, co-chairman of Goldman Sachs—the last large, privately held investment house on Wall Street—the answer must be: practically none. Like every other major bank—investment or commercial—Goldman Sachs now relies on trading for its own account for one-third to two-thirds of its profit. The *Wall Street Journal* on Nov. 9 profiled the “small but highly lucrative J. Aron & Co. commodities unit,” which Goldman Sachs acquired in 1981. About 300 people work in

J. Aron, compared to 6,451 for all of Goldman Sachs. But, of the \$1.15 billion in profits reported by Goldman Sachs in 1991, more than \$300 million came from J. Aron & Co. During just two days of currency trading during the collapse of the European Exchange Rate Mechanism last month, J. Aron traders reportedly made \$100-200 million.

What are derivatives?

Derivatives are financial instruments, the price or value of which is derived from the price or value of an underlying financial instrument. There are three basic types of derivatives: futures contracts, swaps, and options.

A **futures contract** is a contractual agreement to buy or sell, on a specified future date, a standardized amount of some commodity at a price determined at the time that the futures contract is bought or sold. Not all futures contracts are derivatives. Futures for precious metals, petroleum, or agricultural commodities, for example, are not derivatives. Futures contracts for financial instruments did not exist before the 1970s, but in less than two decades, they have come to completely dominate the futures markets, accounting for around three-quarters of all contracts traded.

Swaps were largely legitimized in the early 1980s, and have thousands of permutations. The most widely used are **currency swaps** and **interest rate swaps**. In the latter, for example, a company with investments in Germany, which prefers to have interest paid in dollars rather than deutschmarks, agrees to swap interest payments with a company that has investments in the U.S., but prefers deutschmarks.

Options confer on the buyer the right, but not the obligation, to buy or sell the underlying financial instrument, thus providing somewhat more flexibility than a futures contract. In the U.S., trading in agricultural options was banned in 1936, following an attempt in 1933 to manipulate the wheat futures market using options. In the 1970s, trading of options tied to London commodity futures contracts became popular, but two large scandals led to an almost total ban in the U.S. by the Commodity Futures Trading Commission. As part of the deregulation craze under the Reagan regime, options trading in gold, Treasury bonds, and sugar was allowed beginning Oct. 1, 1982. Options trading is the smallest type of derivative, with a dollar volume in 1990 roughly estimated by *EIR* to be \$701 billion.

Philippines Congress seeks to reclaim sovereignty from IMF

by Lydia Cherry

Faced with electric power shutdowns of 6-8 hours a day throughout the country and severely debilitating debt service payments, the Congress of the Philippines is attempting to enact legislation to pull the country back from the brink of economic collapse. In outlining the awesome task, Sen. Arturo Tolentino told *EIR*: "For every peso that is paid by taxpayers, one-half of that goes to debt servicing. That is why I don't know how our economy can improve as long as we have this situation. The facts show that the IMF [International Monetary Fund] system has failed. It is failing here; it is failing everywhere." Senator Tolentino described the conclusions of a recent survey conducted by a religious order that concluded that "there is no country under IMF mandate that ever got out of the hole of poverty." The Philippines' foreign debt is estimated at \$30 billion.

In 1986, the World Bank had assured Filipino leaders that if the country carried out all "conditionalities," it would experience total economic recovery by 1990. Of course, this has not happened.

Fidel Ramos, now President, was the Philippine leader of the U.S. military coup against President Ferdinand Marcos in 1986, and has extremely close ties to the U.S. embassy. Currently, President Ramos is threatening to veto any legislation that would question debt payments. Thus, members of the House and Senate are attempting several different tacks simultaneously. One, they are attempting to place a debt service cap, whereby debt service payments would not exceed 10% of Philippines income from exports, and second, they are attempting to repeal the automatic debt appropriation law of former President Marcos, by which the amount for payment of debts is automatically appropriated without any oversight by Congress (see interview). Senator Tolentino, a spokesman for the need to rescue the country from being a "vassal of the IMF," made clear that the legislative attempts are based on a growing popular sentiment against the policy of putting debt payments first.

Orders from the United States

Following President Ramos's inauguration, U.S. Ambassador to the Philippines Richard Solomon parroted the marching orders: "For the Philippines government, economic reforms are the order of the day." Solomon urged investors to watch for crucial signs of Ramos's commitment, including higher rates of taxation, privatization of state industries,

banking reform, and petroleum deregulation.

The IMF has recently insisted that the country import more, and thus, "Mr. Ramos has issued orders liberalizing imports," Senator Tolentino reported. Furthermore, following the prescription of the international cabal pushing "reform" on the country, the privatization thrust, which began gradually in 1987, has increased in momentum. Ramos recently gave the go-ahead for the sale to the private sector of the two state-owned firms—the Philippine National Oil Co. (PNOC) and the National Power Corporation. Ramos also approved the eventual deregulation of the local oil industry. The energy deregulation plan will be submitted in December to the World Bank and International Monetary Fund as one of the requirements for the energy sector loan the Ramos government is seeking from the two financial institutions, the *Manila Standard* reported on Nov. 18. Thus, the energy sector will be at the mercy of the "free market," where the criterion will be that of profit, rather than concern for the country's economic growth.

In a related move, Ramos has also begun calling for reinstatement of the death penalty for smugglers, those committing offenses involving the use of unlicensed firearms, and other "economic saboteurs"—a call that put him immediately at odds with, among others, the Roman Catholic community. (The Philippines is 86% Catholic.) During the last week in November, Ramos launched "Population and Development" week, in which he mimicked malthusian claims that the country's economic problems are caused by its population growth. "It is not a coincidence that, while we have one of the highest population growth rates in Asia, we also have one of the lowest economic growth rates, resulting in our shrinking per capita income," asserted Ramos.

Ramos's population reduction push received a boost from a recent study by the United Nations Population Fund which concluded that population growth is outstripping food production increases (2.3% compared to 1%), destroying the environment and draining the "limited resources of the sluggish Philippine economy."

Economic disintegration

Central bank data released the first week in November include the statistics that import transactions for the first three quarters of 1992 grew 25.7% to \$8.364 billion, up from \$6.654 billion. It noted, however, that the increase in imports

was not an indication of improving economic activity, because the bulk of purchases constitutes non-capital equipment. Specifically, it was determined that the largest category of imported equipment was “for contingencies to cope with the power shortage and other emergencies,” such as power generating and other specialized equipment, the Manila daily *Business World* reported on Nov. 10.

Many of the energy problems are the result of a breakdown in infrastructure. Reuters reported last June that the Malaya thermal plant near the capital had been in operation for only five days when it broke down, and that two oil-fired power plants which underwent regular maintenance failed to start because of problems in the plant’s turbine engine.

Antonio Valdes, a Makati businessman, recounted statements to *EIR*, apparently made in all seriousness, by a top Ramos administration economist (who held a similar position in the previous Cory Aquino government). While acknowledging that it was expected that the Philippines will have 8-10 hours of “brown-outs” per day by next year, the economist projected a 4% growth rate for the economy. Asked about the contradiction, he explained that companies and industries would be forced to buy their own generators, and that in time through this process, there would be enough energy and the economy would grow. Valdes quipped: “It’s like saying that next year we will not be able to afford to buy automobiles anymore, and we will all be walking; but we will grow because our leg muscles will be better.”

Other Philippine government economists are predicting that the country’s GNP will grow by less than 1%, instead of the earlier target of 2.5%, because of the energy outages.

Interview: Arturo Tolentino

Facts show that the IMF system has failed

Arturo Tolentino, a member of the National People’s Coalition and former minister of state for foreign affairs in the Ferdinand Marcos government, is a senator in the Congress of the Philippines. The following are excerpts of a telephone interview conducted by Lydia Cherry on Dec. 8.

EIR: Is there increased momentum toward some kind of a cap on debt payments?

Tolentino: With respect to the debt cap bill, there is a strong sentiment in favor of it in the House of Representatives. The bill has been signed by 128 congressmen; there are about 200 congressmen in the House and, therefore, there is already a majority who are sponsors of the bill. But the President is all

set against that bill, and he has already stated, personally and through the secretary of finance, that if that bill is passed, he would veto it. So we do not know what the fate of that bill is going to be. They are going to start debate on that bill in the House as a committee of the whole this afternoon. . . .

EIR: How high a cap is this legislation calling for?

Tolentino: It provides that our debt service payments should not exceed 10% of our income from exports. So this will depend on how much money we get from our exports. . . . Our exports now are quite low; our balance of payments are against us. We have more imports than exports. Our exports are quite low because, in the first place, they have been affected by the appreciation of the peso against the dollar. We get fewer pesos now per dollar than before, and so exporters are discouraged because they will get dollars, and then that is converted into pesos at a lower rate than before. There has been a decline in our exports lately.

EIR: What is happening to the country’s infrastructure?

Tolentino: There has been a decline in our country’s economy since the Aquino administration—after Marcos. I think that our basic difficulty now, in our economy, is that we are undergoing a very severe power shortage. We have brown-outs that last at least 5-6 hours *a day*. You can imagine what effect that has upon our factories, our business establishments, and so on. Even Filipinos, our own businessmen, who are engaged in industry, are closing shop. And those investors whom we want to come here feel that they cannot get anywhere without power-supply security. We have been going backwards instead of forwards. I do not know how the power shortages can be remedied. We have been told that we can expect power shortages until the latter part of *next year*. That means over a year. And, of course, there is no assurance that that is going to be a correct prophesy.

It seems to be a matter of money. I understand that the plants of our agency, the National Power Corporation, are already old, and they are out of repair most of the time. That has been the principal cause of our lack of power on a daily basis. How much money will be needed in order to put all of these plants into a state of good working condition—that has never been told to us.

Our nuclear plant here from Westinghouse is useless. . . . From a popular standpoint, the Filipinos are afraid of the present nuclear plant. Westinghouse itself has admitted that the plant is defective and that it would require millions of dollars to make it safe. In other words, Westinghouse sold us a plant that it knew was defective and now it wants to make it safe by charging us more. The Filipino people just don’t want to stand for it. Many of us believe that if we were able to get a better plant that is safe, nuclear power is a good answer to our difficulties. Nuclear power is *not* out of the question; it is the present nuclear plant that is out of the question. Many of us would certainly want to have nuclear power.

EIR: Your central bank governor, José Cuisia, has complained about congressional discussion on diverting funds from debt service into infrastructure projects, claiming that such diversion “would bloat money supply and spark inflation.”

Tolentino: For one thing, there is a lot of demand for more money in order to service our government hospitals. The government hospitals are in very bad shape; not only the structures themselves, but even the service. There is not enough money for medicine. . . . People are sometimes dying because of lack of medicine.

“There is a movement to reexamine the amount we are paying [for debt] every year. Under the presidential decree that was issued by President Marcos back in 1977, the amount for payment of debts is automatically appropriated. In other words, Congress does not have anything to do in determining how much will be paid every year. Congress is not even notified by the financial authorities of how much is going to be paid every year. . . . There is a move now in Congress to repeal that automatic appropriation law of Mr. Marcos, so that Congress can examine what amounts are going to be paid and for what debts they are going to be paid. . . .”

EIR: Is there concern about what would happen to the Philippines if you didn’t go along with International Monetary Fund prescriptions?

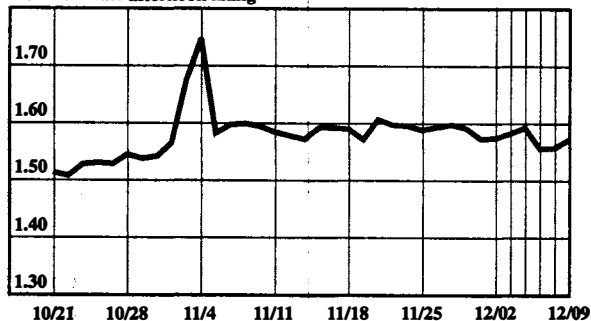
Tolentino: It’s not just that we don’t go along with the IMF; it’s that we may stand firm on not following some of the IMF suggestions, because we feel that it may not be good for the country. Look at one of the IMF suggestions—import liberalization. This means that we must import more. Well, we are already having a bad balance of payments problems—our exports are less than our imports. If you have to import more, then that means more dollars going out of the country, and at the same time, many of the industries here in the Philippines which are struggling to survive, may be wiped out because of imports. Now something like this is very hard to agree to, but we are forced by the IMF to agree. And so Mr. Ramos has issued orders liberalizing imports. . . .

I don’t know how we, or any of us, will ever pay our debt. Right now, many loans that we get are for the payment of interest. So how do we get out of the principal? We are just getting other loans in order to pay interest. We will never get out of this. . . . There is a big debate here. The administration here, Ramos and the cabinet, they stand very firm; they say, go on paying the debts as they fall due, follow the IMF. But there is a strong popular sentiment against it now. It is very strong. . . . Do you know how much we pay for our debt servicing? It’s around 40% of our national budget. For every peso that is paid by taxpayers, one-half of that goes to debt servicing. That is why I don’t know how our economy can improve as long as we have this situation. . . . The facts show that the IMF system has failed. It is failing here. It is failing everywhere. . . .

Currency Rates

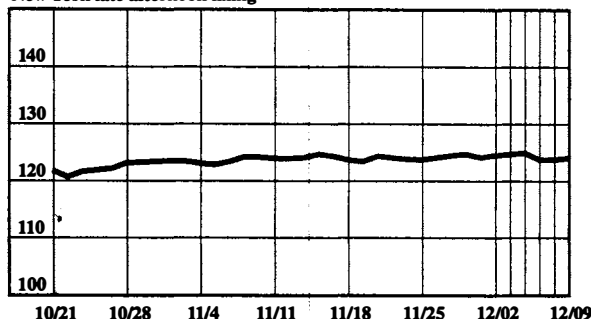
The dollar in deutschemarks

New York late afternoon fixing



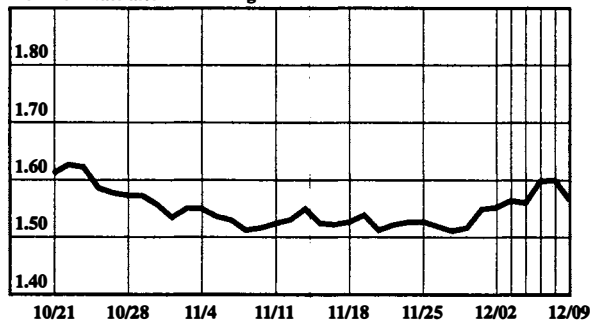
The dollar in yen

New York late afternoon fixing



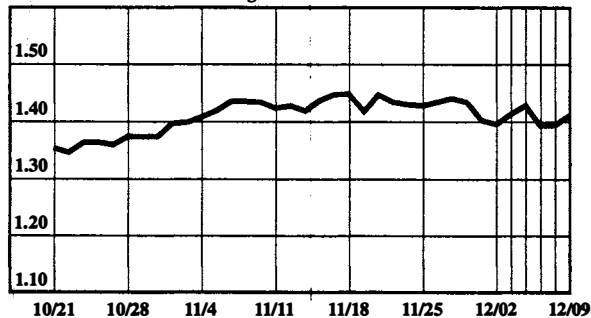
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Casino gamblers prey on depression collapse

by H. Graham Lowry

As in the last Great Depression, organized crime's gambling interests in the United States are preying on an increasingly despairing population, addicting more and more of them to the black magic of betting on the infinitesimal prospect of "the big payoff." This time, however, the gamblers are fleecing people with the full backing of federal and state laws, especially targeting areas hit with rampant poverty and unemployment levels.

On top of state lotteries proliferating like one-armed bandits, private casinos are mushrooming across the land, blessed by state officials invoking the chimeras of "job creation" and "new revenues." Since the passage of the 1988 Indian Gaming Regulatory Act, a favorite swindle has been to set up casinos on Indian reservations through the U.S. Department of Interior and its Bureau of Indian Affairs (BIA).

The added appeal of this procedure to the gambling interests is that casinos can be set up even in defiance of state and local laws. A recent travesty proposed for the city of Detroit, groaning under the nation's highest urban unemployment rate, is a case in point. Two commercial "developers" in Detroit's Greektown section filed papers in November with the BIA, seeking approval to donate seven-tenths of an acre downtown to the Sault Ste. Marie tribe of Chippewa Indians of Michigan's Upper Peninsula—who already operate two casinos there.

By placing this parcel of city land in the trust of an Indian tribe, which under federal law constitutes a "sovereign nation," the casino backers would be exempt from local prohibitions on gambling. Detroit's voters have rejected proposals to allow casino gambling on three different occasions. The developers plan to demolish a vacant warehouse on the lot and construct a three-story, privately financed, \$40 million casino by next summer, to be jointly managed with the tribe. The supposed selling point is the developers' claim that the casino will provide 4,200 jobs. Auto plant closings already announced in Michigan by General Motors will eliminate 23,000 jobs.

Floating crap games

Many states have long since overcome any scruples about legalized gambling. New Jersey, which touted the economic "boon" of legalizing casinos in Atlantic City in the 1970s, has watched many of them go bankrupt, while crime rates soared faster than revenues from gaming taxes. The state's

mounting budget deficits have forced thousands of layoffs and brutal cuts in welfare programs, with no help from its "Casino Revenue Fund." The unemployment rate jumped from 8.1% to 8.7% in November, and another 2,200 auto workers will lose their jobs next year with the closing of GM's Inland Fisher Guide plant in Ewing.

Depression-wracked Illinois is virtually awash in casinos. The state gaming commission has authorized 10 licenses for riverboat gambling operations; five are already in business, and four others have been approved. Floating casinos are now operating at Alton and Moline along the Illinois stretch of the Mississippi River; at Peoria on the Illinois River; at Joliet on the Chicago Ship Canal; and soon will be at East St. Louis on the Mississippi and Aurora on the Illinois. Earlier this year, five riverboat casinos were plying the Iowa side of the Mississippi, until two of them steamed off to take advantage of the unrestricted opportunities on the river offered by the state of Mississippi.

Not to be outdone, Chicago Mayor Richard M. Daley has been lobbying for state approval of a \$2 billion, land-based casino, hotel, and "theme park" complex in the downtown South Loop—also in the name of job creation and increased revenues. Ownership would be placed in the hands of some of the biggest operators in Las Vegas: Caesar's World, Circus Circus Enterprises, and Hilton Hotel Corp.

Daley's plan hit a snag, however, after hearings before the state legislature in Springfield on Nov. 19. State Police Director Terry Gainer produced evidence that the scheme could simply invite organized crime to expand its drug money-laundering operations. Gainer testified that investigations are under way into drug money-laundering aboard several of the five riverboat casinos already operating in Illinois. "In the cases we've worked so far, we deduce that it's drug money that's brought in, and they try to pass the dirty money through the banks at the riverboats and get clean money back."

Spokesmen for the casino companies countered by portraying Las Vegas, a gambling hell-hole, as a virtually crime-free paradise and a model for the economy's future. "If Chicago and Illinois want the gold medal in the 21st century's greatest industry, here it is," gushed Glenn Schaeffer of Circus Circus Enterprises. Terry Brunner of the Better Government Association noted, however, that Chicago would have to imprison 300,000 people to match the percentage of Las Vegas' population currently in jail.

At a press conference on Dec. 2, Daley announced he was postponing efforts to gain legislative approval until next spring. "One thing I know is that they're going to be looking for revenue next year," Daley declared. The same day Daley opted to delay, representatives of the three casino companies met with a top aide to Gov. Jim Edgar to discuss a "compromise" on the Chicago plan. If given approval for a "world-class" entertainment complex downtown, they might accept confining the gambling end of it to four new floating casinos in Chicago.

Business Briefs

Drug Trafficking

Europe ignoring narcotics threat, says DEA head

Western Europe is being flooded with narcotics and European leaders are ignoring the threat, stated Robert Bonner, head of the U.S. Drug Enforcement Administration, in a speech at London's Royal Institute of International Affairs (Chatham House) on Dec. 1.

"Most of the European Community seems oblivious to the fact that western Europe has become a major export market for cocaine," said Bonner. An estimated 200 tons of cocaine were exported by the Colombian drug cartels into Europe last year. While drugs were mainly entering through various western European routes, drugs were also coming in "through the back door" via eastern Europe, especially Czechoslovakia and, to a lesser extent, Poland.

Bonner called on western governments to make fighting narcotics a primary foreign policy objective. He added, "I believe that the time is ripe for a third international conference this century on opium and heroin." The previous two conferences were held in 1907 and 1912.

It was curious and ironic that Bonner would make this proposal at Chatham House, which, historically, has been the in-house planning institute of the "Dope, Inc." crowd in Britain, the same circles who earlier in this century used international agencies and meetings to formalize the British imperial pro-drug strategy worldwide.

Demographics

Japanese birth rate shows negative growth

Japan's birth rate has fallen to a new low of negative growth, according to a mid-November report by the Economic Planning Agency, the London *Guardian* reported in late November.

The replacement rate (i.e., zero population growth) is 2.08 children per woman, and Japanese women are only having 1.35 children each—a significant level below replacement.

At this rate, Japan's population of 123 million will fall to 70 million by the end of the 21st century, the report states.

As early as 2020, the elderly, who now comprise about 12% of the population, will comprise 25% of the Japanese population.

Mercantilism

Europe must choose List, says French industrialist

Europe must choose the path of Friedrich List, rather than that of David Ricardo, if it wants to effectively counter the General Agreement on Tariffs and Trade (GATT), wrote Alain Gomez, president of the French electronics conglomerate Thomson-SA/Thomson-CSF, in an article in the Nov. 28 Paris daily *Le Monde* entitled "GATT Must Die."

Gomez argued that List is preferable if one believes in trade between *nations*, and must be based on "educative" protectionism. "One hundred and sixty years ago, in founding the Zollverein [Customs Union], Prussia chose List, which allowed for the emergence of Germany. Japan (later) did the same, which permitted it to become the leading world economic power. Europe will not exist if it does not take the same route: constitute itself as a commercial bloc, reserve its market to its founding members, then to those who aspire to rise to its level (Central Europe), then to those whose underdevelopment is also its problem (from North Africa to the Middle East)."

The free market theory, Gomez indicated, was concocted for the greater glory of the British Empire: "A theory is a tool which one uses or constructs to justify one's own ends, themselves determined by one's own interests. This was the case of the classical [economic] theory of the end of the 18th century which established the ideological, intellectual second coming of England as a first world power."

Gomez charged that the United States was historically protectionist, and only began championing "free trade" after the Second World War, when American supremacy was assured. Now, he said, it is time for Europe to "write the rules" that govern international trading relationships.

Central Asia

Economies face production problems, says Qichen

The current economic problems of the Central Asian republics lie in "how to adjust their old industrial structures to satisfy the daily needs of their peoples . . . not in privatization or the market economy," Chinese Foreign Minister Qian Qichen said in Moscow, the *China Daily* reported Nov. 28.

Qian, who had just completed a trip to Uzbekistan, Kyrgyzstan, and Kazakhstan before visiting Moscow, said that Chinese-Central Asian trade is hampered mainly by the lack of transport. Also, "the old economic systems set up under the economic plan of the former Soviet Union on the economic division of labor with Russia are not easy to change."

"Russia is in a different situation from that of the three Central Asian republics. Russians do not agree among themselves about the speed and ways of reform and are searching for better solutions," he said.

Foreign Debt

Nigeria business sector says payments must be cut

The business sector in Nigeria is insisting that foreign debt service payments be drastically cut. "External debt servicing remains the single largest expenditure item, and a major drain on the scarce foreign exchange resources," the Nigerian Association of Chambers of Commerce, Industry, Mines, and Agriculture (Naccima) said in a recent memorandum on the 1993 national budget.

"Such a high level of debt servicing is not healthy for the economy and cannot be sustained," it said. "Government should intensify its external debt management efforts to reduce the nation's debt service ratio to a maximum of 25% during the 1993 fiscal year." The 1992 budget pegged debt servicing at 30% of official foreign exchange earnings, but payments reached 43.5% by May.

Naccima director Lawrence Adekunle said that use of so much of Nigeria's hard cur-

rency earnings to repay debts denies it the means to mend its ailing economy. "You can kill the patient by not allowing him to have enough money to buy the drugs," he told Reuters on Nov. 4.

Russia

Khasbulatov attacks 'neo-liberal' monetarism

A scathing attack on the "neo-liberal" monetarist model of capitalism was delivered to the Seventh Russian Congress of People's Deputies by Ruslan Khasbulatov, head of the standing parliament, or Supreme Soviet, in a speech on Dec. 1.

Khasbulatov said that there were two broad directions for capitalism to take, one being the neo-liberal model and the other a socially oriented model, the latter having state sectors, a role for planning and state protection in the social sphere, and with private ownership, as opposed to "a tendency to privatize everything."

"Most European countries, Scandinavia, Israel, and Canada, as well as China and South Korea," and most of Ibero-America and the Middle East, all have a socially oriented model, Khasbulatov said. "It would be naive to try and ignore this tendency and Americanize our economy. . . . The most important task before this Congress is to choose between these two models of economic development."

Khasbulatov reported on discussions in the Supreme Soviet on getting Russia out of its current economic crisis, including proceeding "not from macro-economic stabilization . . . but from the need to improve the working and living conditions of the people," reversing the slump in production, incentives for reforms from below, priority development of the agricultural sector of the economy, including the regulation of food prices. Khasbulatov emphasized that "there is no developed country in the world that would abandon the policy of regulating prices in agriculture. . . . Thirty-two percent of the budget of the European Community is spent on regulating agricultural production." He also called for the development of small businesses, a working relationship between the President, the parliament, and the

government, and "precedence of national interests."

The speech was an indication of a growing consensus against Thatcherite monetarism and International Monetary Fund-style shock therapy.

On Dec. 2, Moscow Radio covered Tatiana Koryagina, a deputy from the anti-shock therapy bloc, who denounced the economic policies of the past year. The same destructive policies had been applied to the United States, and "because of these policies, Bush was defeated in the elections," she said.

Infrastructure

China inaugurates new Eurasian 'land bridge'

The People's Republic of China officially inaugurated a new "Eurasian land bridge" by sending the first freight train from the Yellow Sea port of Lianyungang on Dec. 1, to begin a 6,700-mile journey to Rotterdam in the Netherlands, Xinhua press agency reported.

The cargo train will be the first to make the full journey from the Pacific Coast of China to the Atlantic Coast of Europe. It will cross through the Alatau Pass over the new Chinese railroad connecting Urumqi in the Chinese region of Xinjiang with Alma Alta in Kazakhstan, which was finally officially opened in July after decades of delay. The rail route crosses Russia, Belarus, Poland, Germany, and Holland.

The land route from the Pacific to the Atlantic will reduce transport distance at least 4,900 miles compared to the sea route around Southeast Asia. "Economists said the line has provided an easy and fast transport passage for the two continents, and will greatly promote the exchange of economic and technical cooperation between East and West," Xinhua commented.

Another rail route through Central Asia to Constantinople is awaiting completion of a vital Iran-Turkmenistan link, to avoid the war-torn Caucasus region. The construction of one or more of several possible Eurasian land bridges has been featured in *EIR* (see July 17, p. 20 and Oct. 9, p. 34).

Briefly

● **THE QUEBEC** government has decided to inoculate 1.65 million residents between the ages of six months and 20 years against meningitis, at a cost of \$16 million, the Dec. 3 *Toronto Globe and Mail* reported. Health Minister Marc-Yvan Cote said that it is the largest vaccination program any single government in the world has ever undertaken.

● **FOUR AFRICAN NATIONS**, Zimbabwe, Botswana, Malawi, and Namibia, are seeking to resume limited trading in ivory, Reuters reported Dec. 1. The Convention on International Trade in Endangered Species refused to lift a ban in March. Because of conservation programs, the countries have a surplus of elephants which they want to cull.

● **MONGOLIA** had only about four days' worth of diesel fuel left on Dec. 4, having failed to get additional foreign aid to fund fuel purchases. "There is no possibility to further decrease fuel consumption," said I. Dashkhagva, an official with the Petroleum Import and Supply Company, Reuters reported.

● **JAPAN**, under U.S. pressure, has agreed to buy four AWACS aircraft from Boeing, the daily *Yomiuri* reported on Dec. 5. Two years ago, Japan canceled a plan to buy four E-3A Sentry AWACS, based on the Boeing 707 airliner, because the manufacturer had doubled the price to about \$262 million.

● **FEMALE INMATES** in U.S. state and federal prisons tripled in number in the 1980s, from about 16,500 to over 48,000. If local and county jails are included, the number is closer to 90,000, the Nov. 30 *New York Times* reported.

● **SEX TOURS** are "suicide tours" because of AIDS, Thai minister Mechai Viravaidya told the BBC on Nov. 30. Instead of coming to Thailand for sex, "men should stay home and take rat poison," he said.

Fresh water is never too expensive

by Marcia Merry

Think of a glass of water. If you consider where it comes from, and how it gets there, you have an overview on what is required to provide enough water per person, per household, and per area, and at what cost.

Every day you need to drink about eight glasses of water, which is more or less two liters (about half a gallon). Without water, there is no life. The body of an average size adult male consists of 65% water. You can subsist without food for much longer than you can without water.

Secondly, drinking water must be safe. It must not contain, beyond a certain quantity per volume of water, foreign substances—salts, micro-organisms, debris. Otherwise, sickness and death results. Safe water is also needed for other personal uses—hygiene, cooking, dishwashing, etc. A total amount of about 140-200 liters (40-60 gallons) a day per person is needed on average for household functions. (See **Table 1** for conversion factors.)

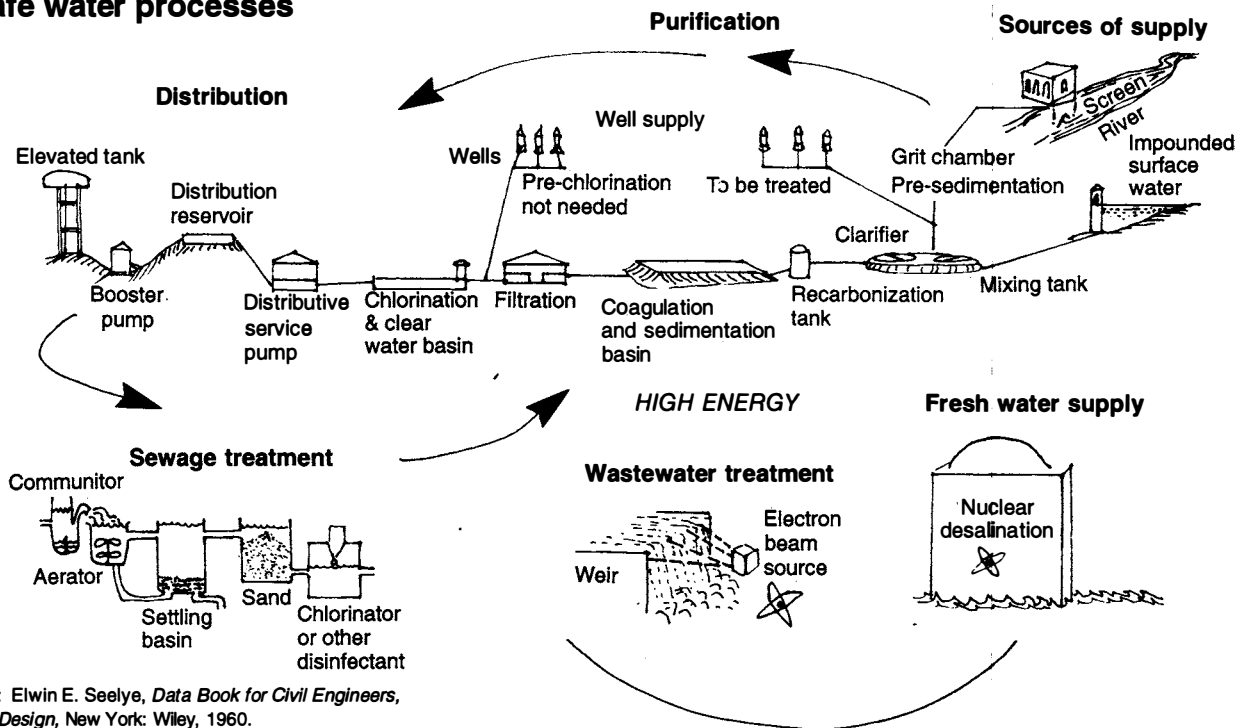
Beyond that, water of lesser quality, but in greater amounts, is needed to supply the food, material needs (shelter, transport), and social services (health care, schooling) required to maintain each person in the society, and the potential for future societies.

Table 2 shows the annual water usage standards for the United States, in amounts used per person, per thousand households, and per unit of urban area.¹

While the highest-quality water is needed for household uses, water for industrial use can vary widely in quality, ranging from pure water needed for electronics processing, to low-quality water for automobile manufacturing. Agriculture can also use a wide range of water quality, depending on whether it is going for livestock, grains, truck gardening, or hydroponics. Power generation requires only low-quality coolant water.

Therefore, if you start with drinking water, and consider what costs are involved in supplying the quantities and qualities required, you will at the same time have an overview of what it takes to supply all the categories of water needed to

FIGURE 1
Safe water processes



Source: Elwin E. Seelye, *Data Book for Civil Engineers*, Vol. I—Design, New York: Wiley, 1960.

support a productive society. We begin with conventional, modern water treatment.

Local water treatment

Figure 1 is adapted from the standard civil engineering handbook.² It depicts what is involved in providing safe drinking water from the local vantage-point, disregarding national or continental considerations. Wherever lower standards of water are usable—for example, in agriculture or some manufacturing processes—treating the water is even less complicated and cheaper.

The diagram begins at the top right, going counterclockwise, and indicates the requirements of taking water from its source, to purification, to distribution, to sewage treatment, which are the standard steps. Also shown are the high-energy forms of wastewater treatment and desalination which are possible today.

The following summarizes the processes involved, and how they figure in the costs of a conventional modern system.

Sources of supply

The steps involved in acquiring the water are relatively straightforward, given the type of supply. Engineering design and operating costs involve preventing algae and other biotic life from clogging the works in the still water, preventing debris from entering the works from stream flow,

and dealing with sediment. Well water and spring water must be monitored for quality, and the reliability of the supply is a constant issue. The need to dig deeper wells, construct new reservoirs, and repair and replace water tunnels, all show up in costs.

Purification

The extent of treatment of water required to bring it to acceptable standards for use, depends on how contaminated it is with bacteria, and its turbidity and other characteristics. Some locations may have water requiring no treatment at all, or minimum treatment with chlorine or an equivalent disinfectant process, in order to bring the bacteria count down to safe levels. Other water supplies may need “the works”—prolonged sedimentary storage, filtration through sand or another medium, disinfection, etc.

Thus, the costs vary with the condition of the water supply, and with the energy needed to clean it up. However, with distilled water from desalination processes, little or no additional purification may be required. Recommended standards for water quality are set by many national and international health agencies; Table 3 gives the World Health Organization standards for drinking water.

The history of the introduction of modern water treatment processes shows a spectacular fall in death rates. Figure 2 shows the drop in deaths per 100,000 population from typhoid fever after filtration was begun in the water systems of the cities shown. The drop in the Ohio River Valley cities

TABLE 1
Conversion factors used in this article

Unit	Equivalent
Volume:	
1 U.S. gallon	3.785 liters
1 cubic meter (m ³)	264.2 U.S. gallons 1,000 liters
1 liter	0.2642 U.S. gallons
1 acre-foot	3.259 × 10 ⁵ U.S. gallons 1,234 cubic meters
Flow rate:	
1 U.S. gallon per minute (gpm)	0.0631 liters/second (l/s) 5.42 cubic meters/day
1 million U.S. gallons per day (mgd)	43.7 l/s 3,785 m ³ /day
1 cubic foot per second (cfs)	449 gpm 28.3 l/s
1 cubic meter per second (m ³ /s)	22.8 mgd 35.3 cfs

TABLE 2
U.S. water usage standards
(million m³/year)

	Per person	Per 1,000 households	Per urban residential km ² public use*
Public use: municipal*		0.54	0.86
Residential: single	0.0001	0.32	0.50116
Residential: multi	0.00008		
Public use**	0.000039	0.124	0.195
Schools	0.00009	0.068	0.113
Hospitals/bed	0.0008	0.018	0.031
Factories: sanitary	0.00002	0.0035	0.0058
Manufacturing/employee	0.005	0.879	1.465
Agriculture: irrigation/km ²	0.69	2.7	4.5
Commercial/hectare	0.0016	0.012	0.02
Electrical generation/kwh	0.00015	3.6	6
Total		7.78	12.8

*The sum of residential, public use, schools, hospitals and commercial.
**For street cleaning, fire department services, and so forth.

(Pittsburgh, Cincinnati, and Columbus) was dramatic.

Distribution

As shown in Figure 1, the elements involved in delivering water to its destination for use, are commonly a reservoir or holding tank, the pipes for delivery, elevated tanks, and booster stations. A key consideration is the pressure, which,

TABLE 3
International standards for drinking water

Tentative limits for toxic substances in drinking water:

Substance	Upper limit of concentration (mg/l)
Arsenic (as As)	0.05
Cadmium (as Cd)	0.01
Cyanide (as CN)	0.05
Lead (as Pb)	0.1
Mercury (total as Hg)	0.001
Selenium (as Se)	0.01

There are also recommended control limits for fluorides (as F), depending on the maximum daily air temperature.

Additional limits of substances affecting acceptability of drinking water:

Substance or characteristic	Highest desirable level	Maximum permissible level	Undesirable effects that may be produced
Calcium (as Ca)	75 mg/l	200 mg/l	Scale formation
Total solids	500 mg/l	1,500 mg/l	Gastrointestinal irritation
Chloride (as Cl)	200 mg/l	600 mg/l	Corrosion in hot water systems
Copper (as Cu)	0.05 mg/l	1.5 mg/l	Corrosion
Iron (as Fe)	0.1 mg/l	1.0 mg/l	Deposits; growth of iron bacteria
Manganese (as Mn)	0.05 mg/l	.5 mg/l	Deposits in pipes; turbidity
Zinc (as Zn)	5.0 mg/l	15 mg/l	Sand-like deposits; opalescence
Magnesium (as Mg)	Not more than 30 mg/l if there are 250 mg/l of sulfate; if there is less sulfate, up to 150 mg/l Mg may be allowed	150mg/l	Gastrointestinal irritation in the presence of sulfate
Sulfate (as SO ₄)	200 mg/l	400 mg/l	Gastrointestinal irritation when Mg or sodium are present

There are other characteristics for which limits are set—for example, mineral oil or pH. There are also limits for microbiological contaminants, etc.

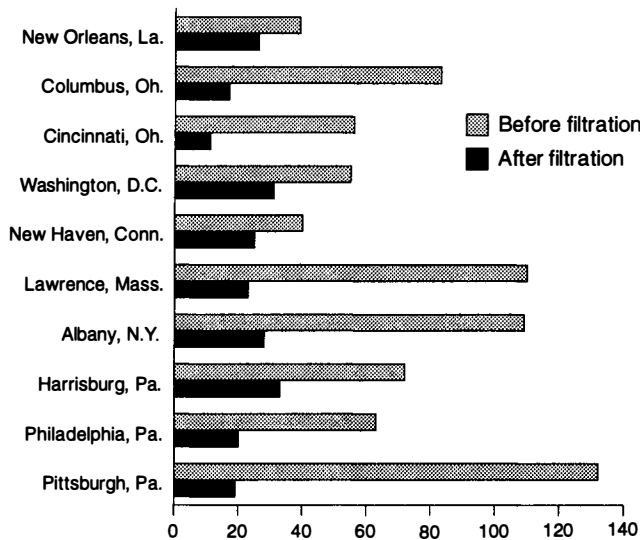
Source: World Health Organization, 1971.

for adequate domestic service, should not be below 45 pounds per square inch in the main conduit at the house connection. The costs to move water vary much more according to the volume to be moved, than to the altitude to which it must be moved. It is therefore much cheaper to move large volumes of water than small quantities, even up steep slopes. Figure 3 shows how the costs of conveying water vary with volume carried and gradient, as figured by engineers in 1970 cents per cubic meter. Today, the cost in a

FIGURE 2

Typhoid mortality drops when water is filtered

(deaths per 100,000 population, 5-year average)



Source: George A. Johnson, "The Typhoid Toll," *Journal of American Water Works Association*, 3(2), 1916.

place such as California, is roughly figured to be about \$120 per acre-foot (1,234 cubic meters) for a 20-mile pipeline and an 800-foot lift.

Sewage treatment

Standard modern treatment involves holding the effluent or other contaminated waste in pools, stirring it to aid oxygenation, and allowing suspended matter to sink to sludge at the bottom. The water may get more filtration through sand, and a final disinfection with chlorine, ultraviolet radiation, or some other means, before it is discharged.

The costs of each of these processes correspond to the steps needed to treat the water, and in general, sewage treatment is more expensive than purification.

Table 4 gives the average cost for these stages of treatment, as charged by a small, modern water district in northern Virginia, where the average annual rainfall is close to 100 cm (40 inches) and the water system uses 80% river run-off (from the lower Potomac River basin) and draws well water for the remaining 20%. The system can produce 800 million gallons of water a year (3.028 million cubic meters), and serves 19,000 people. The treated sewage water is then discharged back into the Potomac River.

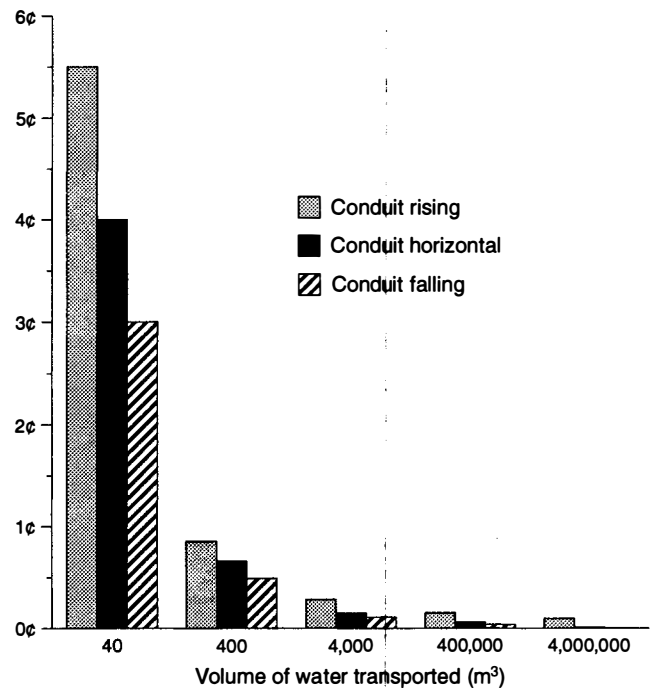
On a daily basis, this water system provides about 2.1 million gallons (7,948 cubic meters) of safe water, or about 110 gallons a day per person.

A rough guide to costs for setting up a new wastewater

FIGURE 3

Water is far cheaper to transport in high volume

(cents per m³ of water)



Source: Colin Clark, *The Economics of Irrigation*, London: Pergamon Press, 1970.

treatment plant for handling secondary or advanced secondary effluent treatment would be about \$10 per gallon handled, or \$2,642 per cubic meter. If you figure on 100 gallons per person per day, this figure would be accurate, especially in the range of producing 6 million gallons per day, or enough for 60,000 people, for uses that are mostly domestic and municipal, and not industrial.

This example indicates that a rough guide for water purification costs is about \$2.40 per 1,000 gallons, including present-day financing charges, and excluding costs of distribution and sewage treatment. Of this, 70¢ is for operations and maintenance. The distribution costs are about 40¢, counting 20¢ for water and 20¢ for sewer water. The sewage treatment costs \$3.01, of which 85¢ is for operations and maintenance.

Local water treatment costs in similar U.S. regions run in about the same range as the Virginia example, as shown in Table 5. Therefore, the rough figures of \$2.40 per 1,000 gallons for purification, and \$3.00 per 1,000 gallons for sewage treatment, can be taken as benchmarks for looking at costs to provide safe water in widely varying locations and conditions.

TABLE 4

Average water treatment costs for the Leesburg, Virginia municipal and sewer system, 1992

(\$ per 1,000 gallons)

Process	Total cost ¹	Operations and maintenance only
Supply	Minimal for river	n.a.
Purification	\$2.47	\$0.70
Distribution		
Water	.20	
Sewage	.20	
Sewage treatment	3.01	0.85
Total	\$5.88	

1. The total cost includes capitalization, administration, employee benefits, financing charges, etc.

Source: Office of the Leesburg Municipal and Sewer System, Leesburg, Virginia.

The water resource base

We begin with the water resource base, in order to answer the question: What is the quantity and quality of the water source, relative to current and future needs? For simplicity, our "benchmark" water system shown was chosen from the rain-fed Piedmont region of the eastern United States, where the drinking water source is river water, available at next to no cost (as long as the flow level is maintained, and the water not polluted). In many locations, such plentiful and cheap water is not available.

Where the freshwater base is not adequate, there are three ways to intervene to expand the resource base, and the costs will vary accordingly: 1) Make waterworks improvements in the freshwater patterns of run-off (rivers, lakes) or underground water, etc. 2) Make new fresh water through desalting seawater or brackish water. 3) Treat wastewater to transform it into fresh water, and use it over again.

The first approach involves geographic engineering (dams, tunnels, canals, and reservoirs) within the watershed of the river and its tributaries (i.e., the river basin), or else altering the water flow between river basins, a procedure called interbasin transfer. There are many locations where continental-scale interbasin transfers are now needed, as successors to past water improvements, and the costs are very low on a per-cubic-meter basis.

The second approach, desalting briny water, can involve many types of distillation, whose main cost is electricity: The higher the salt content, the more electricity is needed. Nuclear power plants, coupled with modern desalination methods, therefore provide the lowest costs of any desalting

TABLE 5

Costs of residential water for selected states, 1984

(\$ per 1,000 gallons)

State	Average cost from water utilities
Vermont	\$2.50
Connecticut	2.42
Pennsylvania	2.29
Illinois	1.97
Kansas	1.94
Virginia	1.75
Louisiana	1.51
Colorado	1.27
California	1.04
North Dakota	.96
Utah	.58

Source: American Water Works Association, 1984 Water Utility Operating Data.

method. Built on a large enough water volume scale, the costs are in the range of the Virginia \$2.40 per 1,000 gallons benchmark cost.

Finally, there are modern, high-energy ways to treat sewage, even toxic waste water, that will provide acceptable fresh water in the cost range near the \$2.40-3.00 per 1,000 gallons benchmark cost.

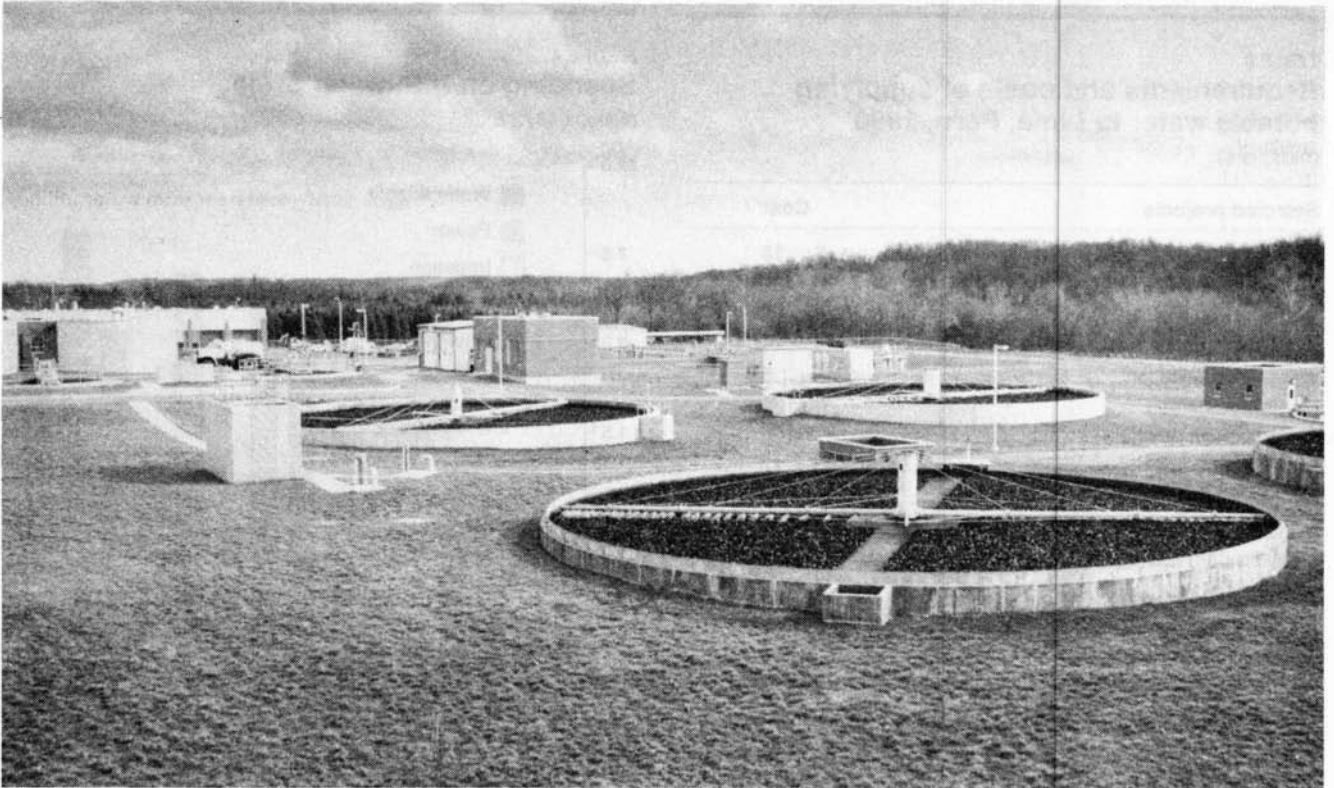
These three means of mobilizing expanded water resources are discussed in detail below, with references, diagrams, and costs. Some form of one or more of these approaches to supplying new sources of water can be adapted to any water-short region of the world. In most cases, the engineering concepts have existed for years.

The alternative to making waterworks improvements is tragically clear. Cholera, hepatitis, typhoid fever, and other waterborne illnesses are coming back with a vengeance. Droughts are causing sweeping famine, such as this year in Africa, instead of merely "one bad season" for crops. Needless flood damage occurs. And commerce and travel is made expensive for lack of cheap water transit.

Even worse, the superstition is gaining ground that waterworks "harm nature." In October, Hollywood released a propaganda film to promote this backward, immoral point of view. Called "A River Runs Through It," the movie gives a romantic picture of how land should be with no people or no technology. Look briefly at the powers behind this.

Who says the cost is too high?

Over the past 25 years, a nexus of international agencies and private central banks, including the International Monetary Fund (IMF), the World Bank, and the Federal Reserve



The municipal sewage treatment facility in Leesburg, Virginia, serving a population of 19,000, is this study's "benchmark" for the cost of maintaining a flow of pure water—in this case, from the Potomac River. After treatment, the sewage is returned to the river. The cost of treating 1,000 gallons of effluent is about \$3.00.

Bank, has functioned to obstruct needed water resources development.

The rationalization they use for their opposition is the lie that both large-scale water diversion and nuclear-powered desalination are too expensive. They argue that waterworks developments are threats to the environment. Instead, the Federal Reserve has argued, "the market" must allocate scarce water resources to the highest bidder. Under the IMF model, localities and nations have been forced to make usurious payments—debt service, financing, and fees to select financial entities, and have been prevented from mobilizing for water and other basic economic requirements.

For example, in Lima, Peru, a series of needed water treatment improvements—designed on the basis of the standard processes outlined above—were repeatedly stalled or canceled through IMF and World Bank intervention over the 1980s. **Table 6** gives the facilities which as of 1990 had been proposed by city officials. These were especially urgent because the city is located in a coastal desert, with next to no stopgap water supplies as an alternative to central water systems.

In January 1991, cholera broke out in Lima. It has now spread throughout the Western Hemisphere, reaching the Rio Grande River system in the spring of 1992. This is the direct result of IMF opposition to waterworks.³

In the United States, the Federal Reserve has likewise intervened in recent decades to stop needed water development. **Figure 4** shows the rise in national spending on water projects from 1900 to 1970. Spending varied over time for different uses of water. In the earliest period, improved navigation was the goal; then water for irrigation and water for power became important. In the 1960s, new water supplies for general use were added.

Since 1970, the argument is repeatedly made that "the era of water projects is over." The Fed's western district governors have stated their opposition repeatedly. Among their clearest statements of this point of view is a book containing the proceedings of a 1979 symposium sponsored by the Federal Reserve Bank of Kansas City, on the topic of "Western Water Resources: Coming Problems and the Policy Alternatives."⁴ The speaker, Theodore M. Schad, on "Means to Augment Supply," argued that where water resources are scarce, "the most economic way to bring supply and demand into balance is by reducing demand." He argued that "our institutions can be updated to meet the new conditions" of inadequate water for such uses as irrigation.

At the same conference, the idea of large-scale interbasin transfers, such as the North American Water and Power Alliance (see below), was singled out for special attack. Canadian engineer Keith Henry asserted, "I do suggest that the

TABLE 6

Requirements and costs of supplying potable water to Lima, Peru, 1990

(millions \$)

Selected projects	Cost
Expansion of La Atarjea water treatment plant	\$ 15
Yuracmayo Reservoir	25
Wells—Argentine-Peruvian Protocol (60 wells under construction)	14
Wells—rehabilitation	5
Mantaro Aqueduct	131
Completion of whole project	169
Reduction of water loss	17
Peruvian-Italian Protocol	10
Mantaro-Sheque water project (hydro dam and aqueduct)	1,800
Total estimated cost	\$2,285
Allocated as of April 1991	\$ 14

Source: "Auschwitz Below the Border," *EIR Special Report*, May 1991.

colossal concepts such as Nawapa will not be practicable with the technical, economic, energy, and political constraints under which we presently live, and even smaller schemes are going to present great difficulties."

The Federal Reserve has collaborated with a phalanx of water "experts" at such think-tanks as Resources for the Future to rewrite state and federal laws governing water, and their anti-improvements policy has prevailed up through the present. The same staff has gone back and forth between the Federal Reserve and other policymaking positions, to carry out their campaign. For example, Emery Castle, past president of Resources for the Future, was a Fed staff researcher in Kansas City. Most recently, Gus Speth, a founder of the Washington, D.C.-based World Resources Institute—part of the Federal Reserve policy group—was appointed by President-elect Bill Clinton to head his transition "cluster" group on resources and the environment.

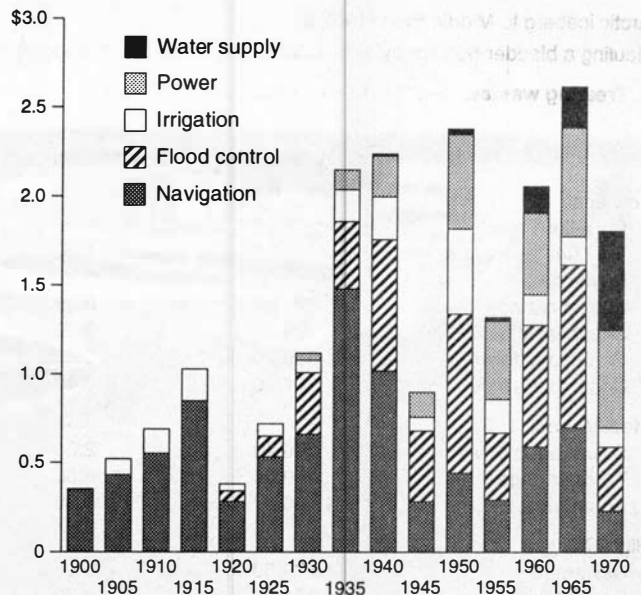
California has been a target state, because, with or without drought, its water budget has been exceeded for several years, because of the Federal Reserve's anti-development policy. In October 1992, a new federal water law gave permission to deregulate California's Central Valley Project—the largest federal water program in the country, and to create a "water market."

This is an example of the new institutions the Federal Reserve has demanded. In early 1991, the senior economist of the San Francisco Federal Reserve, Ronald Schmidt, wrote, "Over the longer term, deregulated water markets could offer an automatic mechanism to solve the [water] allocation problem in the least-cost way. As supplies shrink, prices would rise. And those who can most easily reduce

FIGURE 4

Spending on U.S. water projects, 1900-70

(billions 1972 \$)

Source: Federal Reserve of Kansas City, *Western Water Resources*, Boulder, Colo.: Westview Press, 1980.

their consumption will do so. Once water users face the true cost of water—that is, the price others would be willing to pay for it—they have financial incentives to put water to its most valuable use."

High-cost, primitive 'alternative' systems

The World Bank, Federal Reserve, and related agencies have collaborated in producing many surveys and databanks on costs of "alternative" water treatment methods, in an effort to justify their ban on water development. They argue that primitive "alternatives" are cheaper. But **Table 7** gives a summary of this type of thinking, and the figures show how this argument is a lie.

Sources: How about towing icebergs to water-short areas? Since you see only the proverbial "tip of the iceberg," you could easily underestimate the significant towing costs for the ice mass beneath the waterline. Furthermore, the water channel has to be deep and wide enough to accommodate an iceberg, and many channels are not. Finally, the ice melt rate is so slow, that crushers, conveyer belts, and heat exchangers would be required to organize any decent flow. Therefore, the cost per cubic meter of iceberg water soars.

So, how about hauling water in giant plastic bags or bladders? This can be done, but the towing and handling costs also drive up the price. It may work for a remote tropical island, or an oil rig, but not for a large, economically active population.

TABLE 7

Costs of primitive water systems**I. Providing water**

Arctic iceberg to Middle East (1992 \$)	\$ 3.75 per cubic meter (\$14.25 per 1,000 gallons)
Hauling a bladder 500 km by sea, 1,000 cubic meters per bladder (1970 \$)	\$15.00 per cubic meter

II. Treating wastewater: World Bank estimates for different sanitation systems, given in costs per 6-person household

	Total investment cost	Monthly operational cost	Monthly water cost	Total monthly cost ¹	Percent ² of income of average low-income household
Low-cost:					
Pour-flush toilet	\$ 70.70	\$0.20	\$0.30	\$ 2.00	2
Vacuum truck cartage	107.30	1.60	n.a.	3.80	4
Pit latrine	123.00	n.a.	n.a.	2.60	3
Bucket cartage	192.20	2.30	n.a.	5.00	6
Septic tank	204.50	0.40	0.50	5.20	6
Communal toilet	355.20	0.30	0.60	8.30	9
Composting toilet	397.70	0.40	n.a.	8.70	10
Medium-cost:					
Sewer aqua privy	570.40	2.00	0.90	10.00	11
Truck cartage	709.90	5.00	n.a.	13.80	15
Aqua privy	1,100.40	0.30	n.a.	13.80	16
High-Cost:					
Sewerage	1,478.60	5.10	5.70	41.70	46
Septic tanks	1,645.00	5.00	5.90	46.20	51

III. Distribution: World bank estimates for prices charged by water vendors
(factors are for mid-1970s-80s)

City	Multiples of price ³ charged by public water utility
Lima, Peru	17
Karachi, Pakistan	28-83
Lagos, Nigeria	4-10

Notes

1. Assuming that the investment cost is financed by loans at 8% over 5 years for low-cost systems, over 10 years for medium-cost, and over 10 years for high-cost.
2. Assuming that average annual per capita income is \$180, with 6 persons per household.
3. The price estimates are by *EIR*, based on 1992 water costs.

Sources: World Bank Studies in Water Supply and Sanitation, *Appropriate Sanitation Alternatives: A Technical and Economic Appraisal*, Baltimore: Johns Hopkins University Press, 1982; World Bank Urban Development Division, "Urban Strategy Paper," draft, Washington, D.C.: May 1989.

Sewage treatment: The World Bank argues for primitive sewage treatment, on the basis of how expensive modern sanitation methods are when costs are borne as a percentage of a low per capita income. The World Bank figures in this case are \$180 per person per year. But their argument falls apart if you presume that per capita incomes should in fact be higher, and that people need sanitation to be productive. Moreover, from a scientific standpoint, the primitive methods listed would simply not work to protect the population if they live in any kind of concentrated density.

Distribution: Water street vendors, who bring it to you in multi-gallons cans, are part of what the World Bank and IMF like to call the "informal economy"—their polite name for the coolie-labor impoverishment they are enforcing. The costs of water per 1,000 gallons in this system is exorbitant.

Improving the natural endowment

If you look at the Earth as a planetary engineer does, you see that it is well endowed with water. However, the forms of water are not always useful: It is too salty, frozen, or scanty, and regionally, there is great variation in freshwater supplies.

Run-off

Table 8 shows what a tiny fraction of the Earth's water exists as freshwater run-off. Over 97% of the world's water is in the oceans. And of the 2.8% that is fresh water, only a fraction of 1% is available as stream run-off, lakes, and groundwater.

TABLE 8

Estimated world water supply and budget

Water item	000 km ³ volume	% of water total
Water in land areas:		
Fresh water lakes	125.00	0.0090%
Saline lakes and inland seas	104.00	0.0080%
Rivers (average instantaneous volume)	1.25	0.0001%
Soil and vadose water	67.00	0.0050%
Ground water to depth of 4,000 m (about 13,100 ft.)	8,350.00	0.6100%
Icecaps and glaciers	29,200.00	2.1400%
Total in land area (rounded)	37,800.00	2.8000%
Atmosphere	13.00	0.0010%
World ocean	1,320,000.00	97.3000%
Total, all items (rounded)	1,360,000.00	100%
Annual evaporation:		
From world ocean	350.00	0.0250%
from land areas	70.00	0.0050%
Total Annual precipitation ¹ :	420.00	0.0310%
On world ocean	320.00	0.0240%
On land areas	100.00	0.0070%
Total	420.00	0.0310%
Annual runoff to oceans from rivers and icecaps		
Groundwater outflow to oceans ²	38.00	0.0030%
Total	1.60	0.0001%
Total	39.60	0.0031%

Notes:

1. Evaporation (420,000 km³) is a measure of total water participating annually in the hydrologic cycle.
2. Arbitrarily set equal to about 5% of surface runoff.

Source: Nace, U.S. Geological Survey, 1967

Historically, lakes, river and stream flow are the handiest, cheapest form of fresh water. The relative quantities of freshwater run-off on each continent are shown in **Table 9**. This flow is carried by a practically uncountable number of rivers and streams. The United States alone has an estimated 3.25 million miles of river channel. **Figure 5** shows some of the prominent rivers of each continent, with an outline for the borders of the river system watershed, or "basin."

In the course of human history, as patterns of human settlement evolved, existing surface water sources were used up in many locations, and societies intervened with "man-made" rivers and lakes to channel freshwater flow where needed. The oldest known dam is said to have been built between 2700 and 2500 B.C. at Helwan, Egypt, where a dry *wadi* was dammed to trap seasonal water. The most famous man-made rivers are the aqueducts of ancient Rome, dating from 312 B.C. to A.D. 226, and the Grand Canal of China.

However, it is only since the Golden Renaissance of the fifteenth century that water technology has leapt ahead. In the Netherlands, for example, water engineering has for centuries succeeded in holding back seawater with dykes, allowing for freshwater storage inland, and capturing more land for productive use. Dutch waterworks appear in many Rembrandt drawings and paintings. The Italian Renaissance master Leonardo da Vinci studied and depicted water flows and engineering.

In the twentieth century, advanced construction techniques came into being, using concrete, heavy equipment and explosives, and entire river basins were improved by dams, channels, and other waterworks. The 1930s was the era of the great dams in the United States, when, for example, the Boulder Dam was built, creating the largest man-made

TABLE 9

Worldwide stable runoff, by continent

	Stable runoff (km ³) ¹				Total river runoff ²	Total stable runoff as % of total runoff
	Of underground origin	Regulated by lakes	Regulated by water reservoirs	Total		
Europe	1,065	60	200	1,325	3,110	43
Asia	3,410	35	560	4,005	13,190	30
Africa	1,465	40	400	1,905	4,225	45
North America	1,740	150	490	2,380	5,960	40
South America	3,740		160	3,900	10,380	38
Australia ³	465		30	495	1,965	25
Total ⁴	11,885	285	1,840	14,010	38,830	36

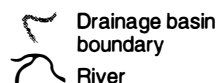
Notes:

1. Excluding flood flows.
2. Including flood flows.
3. Including Tasmania, New Guinea, and New Zealand.
4. Except polar zones.

Source: Lvovitch, M.I., *Eos*, Vol. 54, No. 1, Jan. 1973, © American Geophysical Union

FIGURE 5

Major rivers and drainage basins

 Drainage basin boundary
River



lake in the country, Lake Mead. The Colorado River basin is the textbook example of river basin development. The Tennessee Valley Authority developed the multi-state region of the Tennessee River system.

Hydrologists have estimated the amount of run-off flow that has now been organized for man's use, on each continent, as shown in **Table 10**, which gives withdrawals as a percentage of river run-off, and withdrawals per capita by continent and by selected country. What stands out is that in South America and Africa, relatively little of the river run-off is withdrawn for man's needs: 3% in Africa and 1% in South America. The withdrawals vary greatly from country to country, depending on their river flows and economic activity. In Egypt, 97% of the river run-off is used; in Israel, 88%. In Saudi Arabia, 106% is used; the Saudis add water to run-off through desalination. In contrast, 1% of the run-off is withdrawn for use in Canada, and 2% in Sweden.

In particular, interbasin transfers of water have been organized to direct flow from one basin into another, where it is needed more for direct human consumption, and for improving the environment. The earliest dated interbasin transfer in the United States, for example, was in Massachusetts.

In the post-World War II period, nuclear scientists conducted successful experiments with peaceful nuclear explosives (PNEs) for use in geographic engineering, especially for continental-scale water projects, as well as for waterway channels—for example, a new, wider Panama Canal, or a canal cut through the Isthmus of Kra in Thailand. Called

“Project Plowshare” for turning the destructive power of the atomic bomb into constructive uses, the programs were eventually canceled under pressure from anti-development powers.

Groundwater

In addition to surface water run-off, underground water is a vital water resource. Tables 8 and 9 indicate volumes of groundwater by continent. Some groundwater is considered “fossil” water—trapped in long past times, and not being replenished by any new flow. Other groundwater—whether large aquifers, or flow adjacent to a river bed—is considered renewable, because it receives an inflow, which can potentially replenish what flows out or is pumped out. Estimates for locations and volumes of groundwater are being revised frequently, as new resources are identified by satellite, using special sensing techniques that can “see” underground to about 20 feet below the Earth's surface.

Over the centuries, water pumping technology has allowed greater use of groundwater. The famous Archimedes screw—an auger that can lift water up through a pipe—is reckoned to have come into use around 250 B.C. Centuries ago, the system of buckets on a chain around a sprocket came into use, with the further advance of treadmill power. In the twentieth century, high-powered drills, tough drill bits, and electrified water pumps have enabled groundwater to be pumped up at record volumes from record depths.

In recent decades, water levels in some aquifers have dropped significantly because of overdraft—the drawing out

TABLE 10

Annual withdrawals of river run-off

Location	Run-off (km ²)	Withdrawals (km ²)	Percent of water resources	Withdrawals per capita (m ³)
World	40,673	3,296	8%	660
Africa	4,184	144	3%	244
Egypt	58.3	56.4	97%	1,202
Congo	271.77	0.04	1%	20
North America	6,945	697	10%	1,692
United States	2,478	467	19%	2,162
Mexico	357.4	54.2	15%	901
Canada	2,901	36.15	1%	1,501
South America	10,377	133	1%	476
Venezuela	1,317	4.1	<1%	387
Brazil	6,950	35.04	1%	212
Peru	40	6.1	15%	294
Asia	10,485	1,531	15%	526
Israel	2.15	1.9	88%	447
Saudi Arabia	2.2	2.33	106%	321
China	2,800	460	16%	462
India	2,085	380	18%	612
Japan	551.43	107.8	20%	923
Europe	2,321	359	15%	726
Belgium	9.25	9.03	72%	917
Sweden	197.11	3.98	2%	479
Germany	195	41.4	26%	650
Former U.S.S.R.	4,634	353	8%	1,330
Oceania	2,011	23	1%	907
Australia	343	17.8	5%	1,306
New Zealand	397	0.03	<1%	379

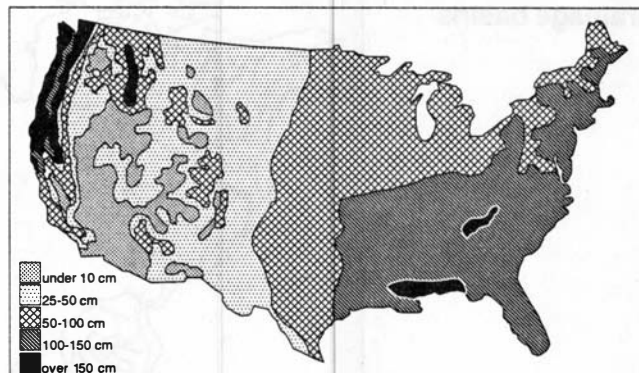
Source: *World Resources, 1990-1991*, New York: Oxford University Press, 1990.

of more water than was being replenished by inflow. Where this occurs in an aquifer near the seacoast, salt water intrusion frequently becomes a problem, as, for example, in California, Florida, and on Long Island, New York. Inland problems can include ground slumping, as the water table lowers from groundwater overdrafts, for example, in Houston.

North American Water and Power Alliance

Figure 6 gives the pattern of average annual precipitation in the United States, from which it can be seen that for the most part, rainfall in the eastern states is ample for rain-fed agriculture and stream run-off, and groundwater replenishment; whereas as you go west, the rainfall declines markedly, with the exception of the Northwest. In the 17 arid western states are located most of the large dams built this century for river basin management to provide maximum use

FIGURE 6

United States: annual precipitation

of run-off in the region—for example, the dams on the upper Missouri system, the Colorado River system. About three-quarters of the run-off in the dry states comes from snow melt from the Rocky Mountain chain.

Although some work remains to be done on these river management systems, the limits are being reached overall on how much more water can be gained. As the best barrier sites for dams were utilized, the potential for gain diminished. (See Table 9 for a world overview of amount of river run-off made stable by dams and basin management.) In the United States, the average reservoir capacity producer per cubic yard of dam declined from 10.4 acre-feet in the 1920s and earlier, down to 2.1 in the 1930s, 0.52 in the 1940s, and 0.29 in the 1960s, according to the U.S. Geological Survey.⁵

This limitation was foreseen 40 years ago, and in the 1960s, various larger-scale water projects were considered in Congress and by western states engineers, especially in Texas, California, and Colorado. The most ambitious plan put forward was the North American Water and Power Alliance (Nawapa), which, had it been implemented, would have prevented the California water shortages which are now being blamed on the drought.⁶

Figure 7 gives a schematic route of Nawapa, superimposed on a topographical map of North America. The idea is to divert to the south, water that now flows northward, unutilized, into the Arctic Ocean. The northwestern region of North America receives about one-quarter of all the rain and snow that hits the continent. The Nawapa scheme would divert up to 15% of this flow, beginning with channelling it into a natural wonder reservoir: the 500-mile-long Rocky Mountain Trench in British Columbia. The trench is a 10-mile-wide geological formation that could hold almost 500 million acre-feet of water.

Construction time for the entire Nawapa design is estimated to be 20 years, after the first 5-8 years of engineering reconnaissance and other preparations. This timetable is based on traditional construction methods, not the time-sav-

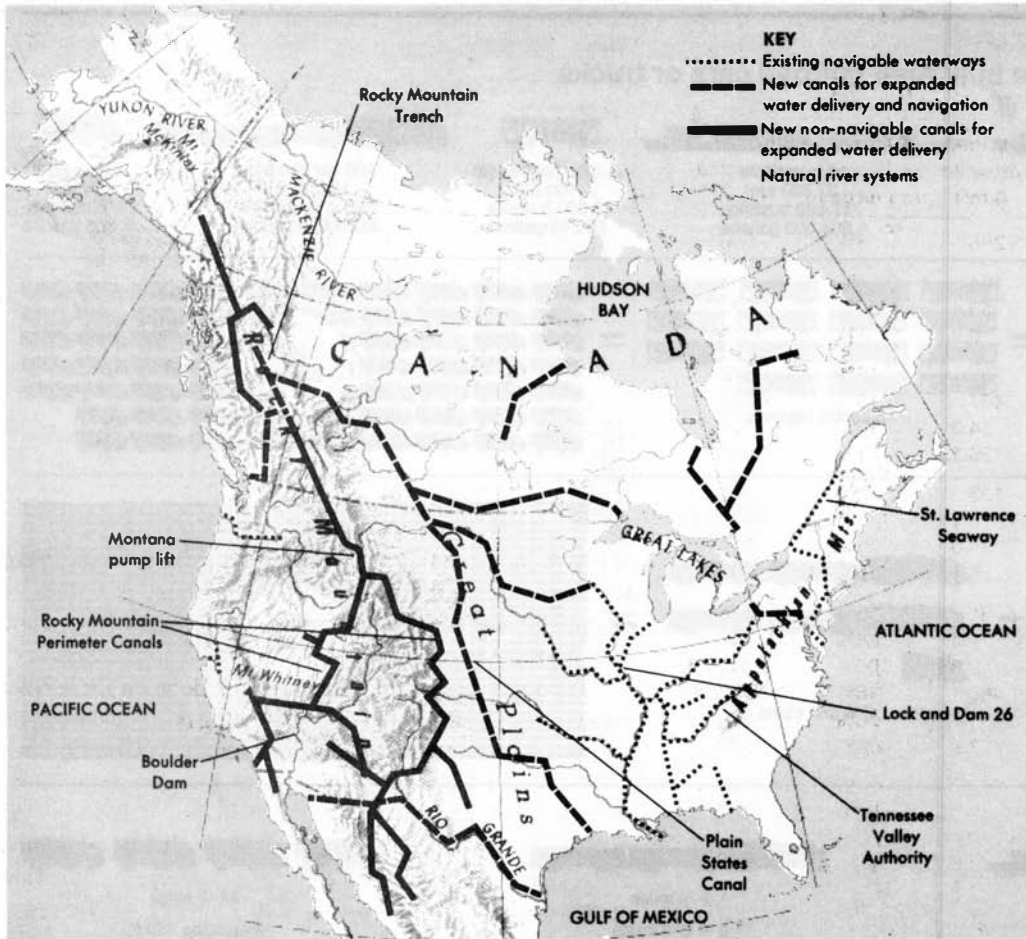


FIGURE 7
The North American Water and Power Alliance

Source: As elaborated by the Fusion Energy Foundation, 1982.

ing nuclear methods that could also be applied.

Ultimately, the plan could provide an addition of 135 billion gallons a day to the United States, and additional supplies to Canada and Mexico. For the U.S., this would be a 25% increase to the existing, readily available national water supply of 515 billion gallons daily.

The project would best proceed in stages. Under the original projection, after Year 8 of construction, it would be possible to produce and sell 5 million kilowatts of electricity. After year 9, some 23 million kW would become available, and the first flow of 15 million acre-feet per year of water would begin. In 12 years, there could be 31 million kW of electricity, and 39 million acre-feet of water.

The benefits of Nawapa go beyond water for direct consumption. The transport benefit is also enormous. Water is the cheapest method of moving goods. Figure 8 gives the comparisons of tons that can be moved by three freight modes: barge, train, and truck.

As of 1990, the United States had about 11,000 miles of mainline inland waterways. Nawapa would increase this by a huge factor in the United States, and would open up new lands for settlement in Canada. Nawapa would bring new

north-south water routes through the High Plains of the prairie provinces and states, where at present such travel is costly. This could open up population densities on the scale of southeastern Pennsylvania or Rhineland Germany.

The added water from Nawapa can be the means to stabilize and maintain the Great Lakes, which are otherwise being degraded from decades of pollution from depressed economic activities and from "natural" lacustrine aging.

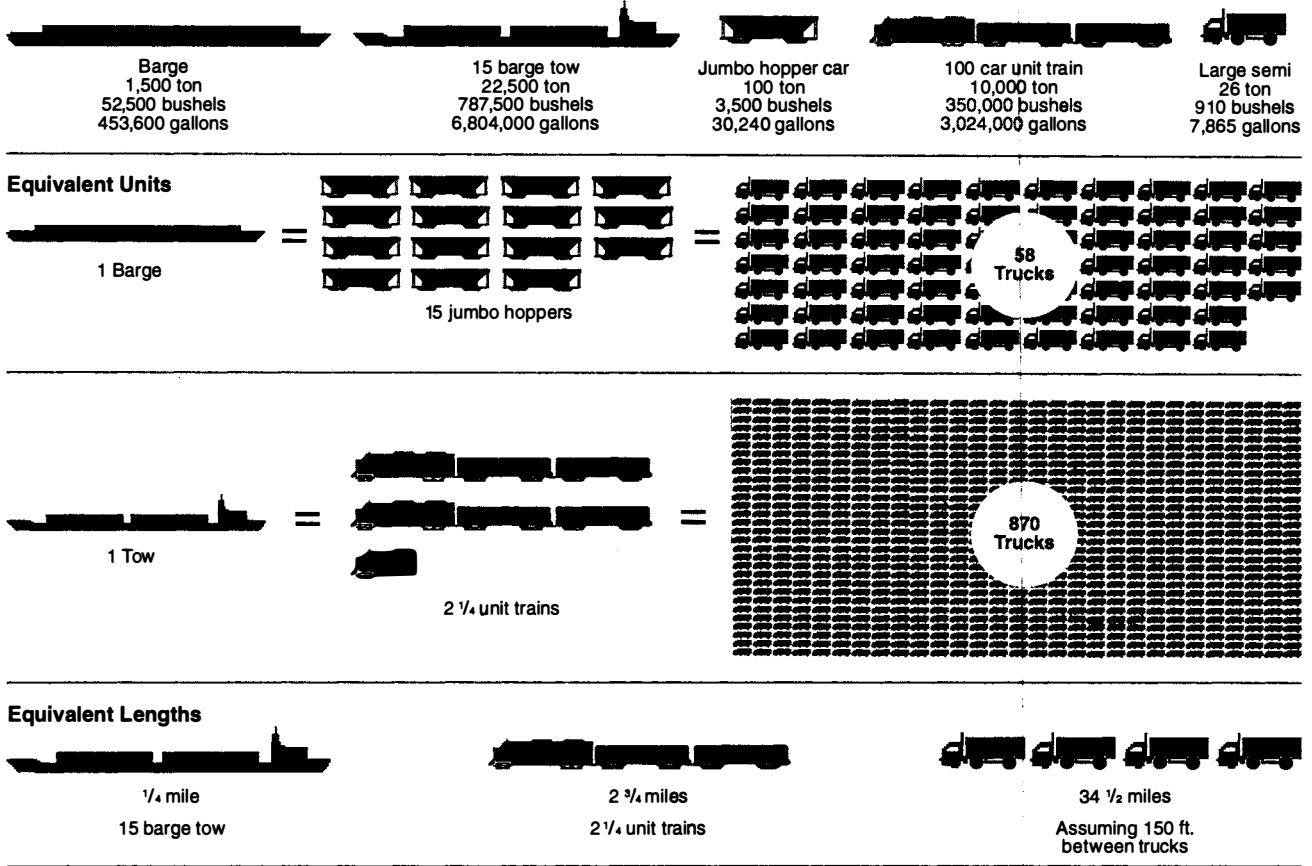
The cost of Nawapa was figured at \$100 billion in the 1960s, which today would be \$300 billion, or \$10 billion a year for 30 years, depending on the pace of construction. Each phase completed would have significant positive effects on the entire economy as the project proceeds.⁷

China's great water projects

Figure 9 gives the precipitation pattern for China, showing the striking change from the monsoonal rain belt in the southeast, to the extreme arid void in the far northwest. The river run-off patterns reflect this: The Yellow River and other streams in the north have far less flow than the Yangtze and others to the south. However, there is another striking feature of China's run-off. The Yellow River carries a heavier load

FIGURE 8

Barges carry far more bulk than railroad cars or trucks



Source: Iowa Department of Transportation.

of silt than any other river in the world. It flows through China's famous "loess" belt, a huge area where crusty, wind-blown soil deposits exist, contributing to heavy sedimentation in the run-off. (See Table 11.)

While the water endowment of China overall, as shown in Table 10, may appear ample, the problem is that there is an acute water shortage in much of northern China. So the challenge is to shift water, or improve the Yellow River system to aid the target regions, while not harming the south. A comprehensive approach to this was given earlier this century by Sun Yat Sen.⁸

Figure 10 gives a schematic picture of priority water projects today. Engineers have identified three channel routes which could be built in the headwater region of the Yangtze, and which could divert some of its ample waters northward into the headwaters of the Yellow River. In addition to its augmented flow, the Yellow River could be improved by side channel drainage lakes, where sediment could collect, leaving the main channel to flow cleaner and faster.

Figure 10 also identifies the route of improvements in the centuries-old Grand Canal running between the lower

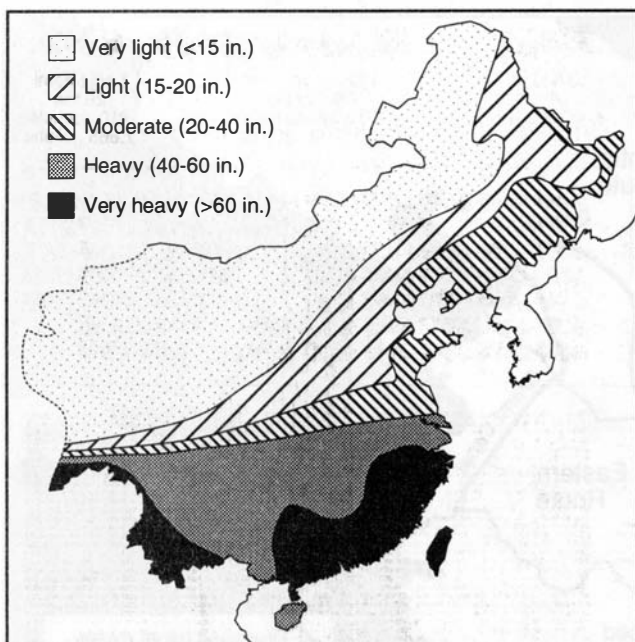
Yangtze and the lower Yellow River. Engineers have also devised central canal routes to take Yangtze Basin water northward toward Beijing. Work also needs to be done to keep the Yangtze levees in place. Reinforced levees, plus headwater diversion and flood safety provisions in communities, would minimize the damage now sustained when the Yangtze floods periodically.

These projects would go far toward improving the pattern of water flow in China, without detracting from existing water use patterns. In the southern Yangtze Basin, and southward, water is put to intensive use in agriculture, with two crops a year. This must not be disrupted, lest the food supply for millions of people be jeopardized. With the canal approach, three new north-south corridors of potential high-technology development are opened up without disruption to present agricultural water use patterns.

This approach is discussed for India and China by civil engineer Ramtanu Maitra, who heads the New Delhi-based policy group Fusion Asia. "Water management is a challenging proposition," he wrote in a recent article.⁹ "Simple formulas will simply end in failure. It is for this reason that

FIGURE 9

Annual precipitation in eastern China



a dam system, a canal, or a reservoir by itself is always inadequate. The minimum water-management unit is an entire river basin, which requires a combination of infrastructure. The water balance of adjacent river basins must be taken into consideration, with the purpose of using water supplies to create a balanced situation throughout the entire region.”

The freshwater run-off in China could never be enough to provide the volumes of water needed in the arid north to turn it into a widely irrigated region; the water is not there, no matter how the rivers are managed. Northwestern China is a desert void. However, with advanced agriculture methods such as hydroponics, which yield up to 100 times the biomass per cubic meter of water as open-field farming, new limited supplies of water could be put to effective use. What this requires is cheap energy—namely, nuclear power.

A series of nuclear-powered desalination plants in the population concentrations in the lower Yellow River basin could supply both urban needs—now at the crisis stage in Beijing, Tianjin, and other cities—and could also provide water for hydroponic farming.¹⁰

Cost estimates for these projects will be in the range of the Nawapa continental-scale project described above.

Figure 10 also shows the location for the proposed giant “Three Gorges Dam” on the Yangtze River. The problems with this proposal—a pet project of the World Bank—do not lie with questions about its construction feasibility. Although it would be the world’s highest dam, the engineering studies show that it can be built. The problems are that it could be

TABLE 11

Yellow River carries largest sediment load

River	Annual sediment load (million metric tons per year)	Mean water discharge (m ³ /second)	Catchment area (km ²)
Huang He (Yellow)	1,640	1,370	752,000
Ganga	1,450	11,800	955,000
Amazon	850	172,000	6,100,000
Chiang Jiang (Yangtze)	480	29,200	1,807,000

Source: Frits van der Ledeer, *Water Resources of the World*, Port Washington, New York: Water Information Center, 1975.

disruptive to downriver economic activities, while its hydropower potential—the main argument in its favor—is inferior to a nuclear power program. As of 1992, the first phase of moving people out of the way of the future lake and construction site has begun.

Water basin development for India

Figure 11 shows the wide variation in water resources on the Indian subcontinent. The Indo-Gangetic plain stands out, where the run-off from the Himalayas, plus the monsoonal rainfall in the basin, add up to a large annual river run-off. However, most of the Indian subcontinent—the Deccan shield—is dry. The major rivers are shown in Figure 12, and Table 10 gives the water run-off for the country.

The goal of bringing water to the drylands has been promoted for decades. The leading idea has been to run a link canal north to south, through the intervening river basins, to create a Ganga-Cauvery waterway, although this has not been initiated. The Rajasthan Canal in the northwest desert has opened up large new farmlands.

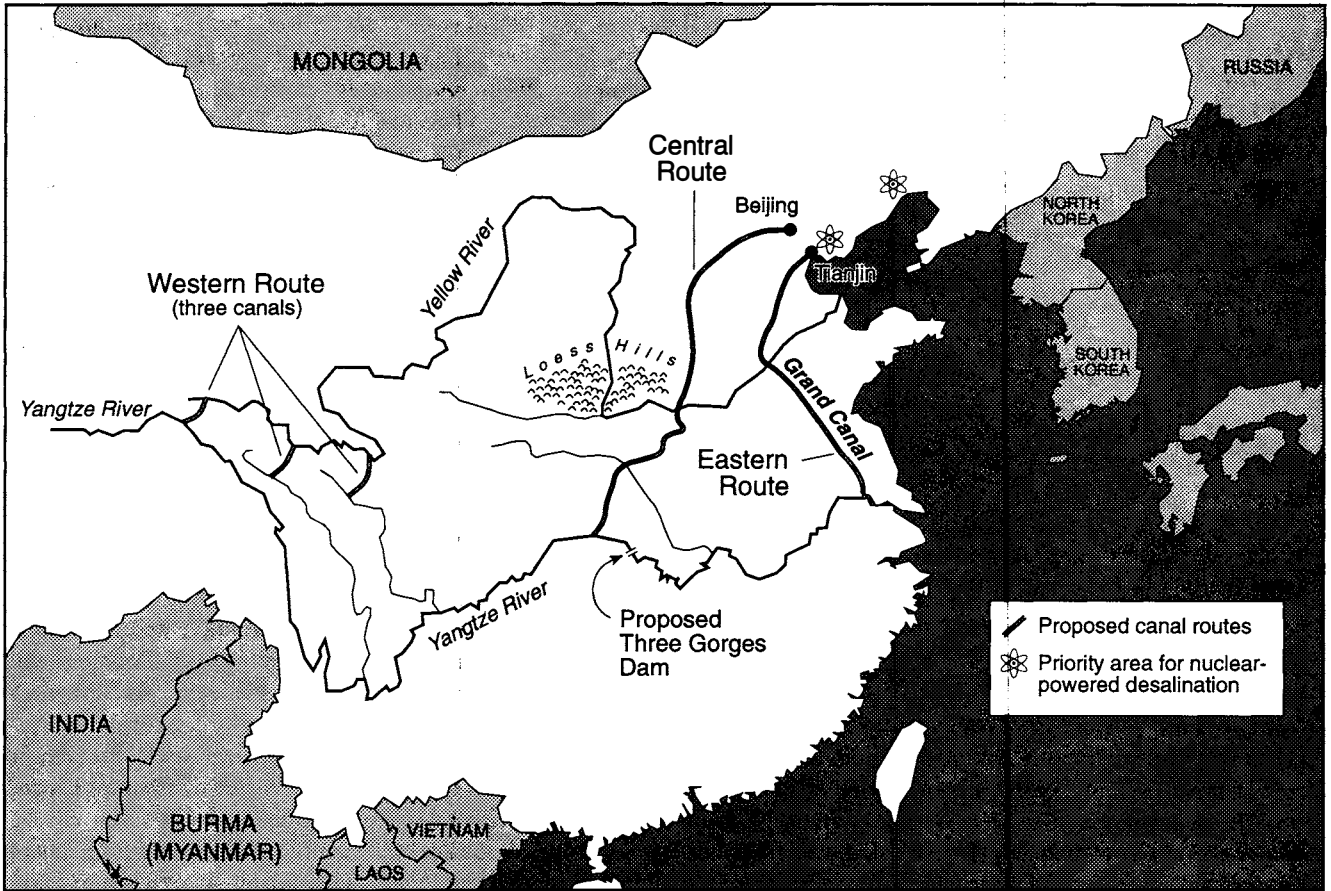
The newest project is the Narmada Valley Development Project.¹¹ The inset map in Figure 12 gives the outline for this program, the largest ever undertaken in India. The Narmada is India’s fifth largest in size, and the largest among the east-west-flowing rivers. It represents an enormous untapped potential resource, because without the project, river water utilization is barely 4%, as huge amounts of fresh water drain into the Gulf of Khambhat in the Arabian Sea unused each day.

The design encompasses construction of 30 major dams, 135 medium-sized dams, and more than 75,000 kilometers of canals. The total project area is 96,350 square kilometers. The centerpiece of the project is the Sardar Sarovar Dam, whose site is at Vadgam in the state of Gujarat. This dam will provide an irrigation potential of 1.9 million hectares and an installed capacity of 1,500 megawatts of electrical power, plus flood control and opportunity for aquaculture and recreation.

The project is conceived to be built in stages, but when

FIGURE 10

Route alternatives for proposed interbasin transfer in China



completed by the turn of the century, it is expected to provide irrigation water to 5.2 million hectares of arable land, generate 3,500 megawatts of electrical power at peak load, and make water available to at least 10.8 million rural people who do not now have access to an adequate amount of water.

The original estimated cost was about \$15 billion—a figure likely to be too conservative, but still cheap at the price. The Sardar Sarovar Dam cost is estimated at \$5 billion.

Nuclear-powered desalination

Several types of processes are available today that will remove dissolved minerals (salts) from seawater or brackish water and will render the water fit for its intended use, whether pure (for drinking water and sensitive processing) or less pure (for agriculture and manufacturing use). Broadly, the processes fall under two categories: distillation and membrane use.

The costs involved vary greatly, but they mostly depend

on the condition of the water source and the cost of energy required to do the job. Therefore, the cheapest way to produce large volumes of water at desired purities is from nuclear-powered, large-scale advanced desalination.

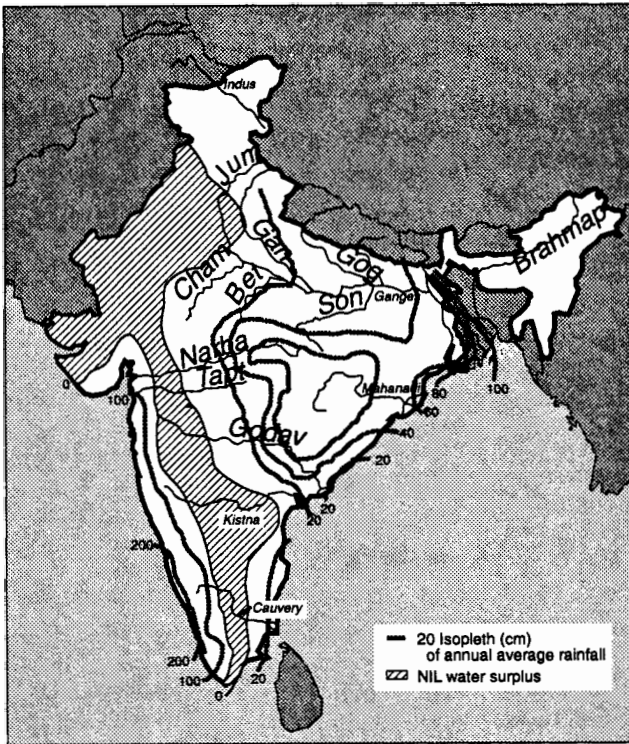
The desalination methods are here described briefly, and specifics are then given for two of the proposed large-scale nuclear-powered water plants.¹²

Distillation processes

- **Multi-stage flash (MSF).** By this method, seawater is first heated, then passed to another vessel (called a “stage”), where the water will immediately start boiling—a process called a “flash,” because of the ambient pressure there. A small percentage of the water will convert into vapor, which is condensed as fresh water on heat exchanger tubes. Multiple stages of this process are operated at successively reduced pressure. The heat exchanger tubes that run through each flash vessel in turn warm up the feed water. In this way, the thermal energy requirement is lessened in order to heat the incoming seawater in what is called the “brine heater.”

FIGURE 11

India: wide variation in water resources



- **Multi-effect distillation (MED).** This also occurs in a series of vessels (effects or stages) in which there is successively reduced pressure. Pure water is produced in a number of ways: by flash evaporation, as in MSF; and by boiling and directing the steam produced in one vessel as the heat source for the next one. Bundles of evaporator tubes are sprayed with seawater in a thin film, which promotes rapid boiling and evaporation. The fresh water product is recovered from the condensation of steam or water vapor inside the tubes.

- **Vapor compression (VC).** Various types of compressors—mechanical or steam jet-type thermo units—are used to provide the heat for evaporating the seawater feed. Different configurations are used for the heat exchangers.

Membrane processes

- **Electrodialysis (ED).** In this process, salts are removed from the brine by use of the principle that most mineral salts dissolved in water will dissociate into their ions in the presence of an electric current, so the salts can be segregated out by two special membranes that allow the passage of either only positively (cation) or only negatively (anion) charged ions. The configuration for this usually involves a “stack” of alternate layers of the two membranes, with water passages between them, and the electrodes at the top and bottom.

There are both ED and EDR (electrodialysis reversal) systems.

- **Reverse osmosis (RO).** This process does not use heating or phase change (liquid to vapor) for separating out the salts. RO uses pressure to force pure water through a special membrane, leaving the salts behind. There are three commercial configurations for applying this principle: spiral wound, hollow fiber, and flat plate. The first two configurations are most commonly used. The pressures required vary with the level of salt concentration, and with the type of membrane in use.

Systems compared

The RO system is relatively new, coming into use in the 1970s for brackish water, and for seawater in the 1980s. Its wider use has come about because of advances in membrane technology.

The MSF and MED plants are widely applied where steam is available from an adjacent electricity plant. MSF plants have been in use since the 1950s, and tend to be built in units producing from 4,000 to 30,000 cubic meters per day (1 to 8 million gallons per day). The MED plants are commonly smaller.

VC units usually use electrical energy, and tend to be smaller yet, and not linked to a power plant. They are used for industrial applications, offshore drilling rigs, and such specialty locations as resorts.

ED and EDR are extensively used for brackish water, or for improving the purity of local water to meet high standards. The process is used to treat low salt water (in the range of 1,000-5,000 milligrams per liter,) and the amount of energy required varies directly with the salt content. Installations can be made large by having multiple plant modules. They tend to be built for industrial, municipal, and hotel use.

Table 12 shows the output size for which each method of desalination is commonly used because of its power and other requirements.

Over 65% of the world’s installed capacity is located on the Arabian Peninsula in the oil-rich desert countries of Saudi Arabia, United Arab Emirates, Qatar, Oman, and Kuwait. The largest desalination plant in operation today is at Al Jubail, Saudi Arabia, which produces 288 million gallons per day. The plant at Doha West, Kuwait produces 115 mgd; the Abu Dhabi plant in U. A. E. produces 91 mgd.

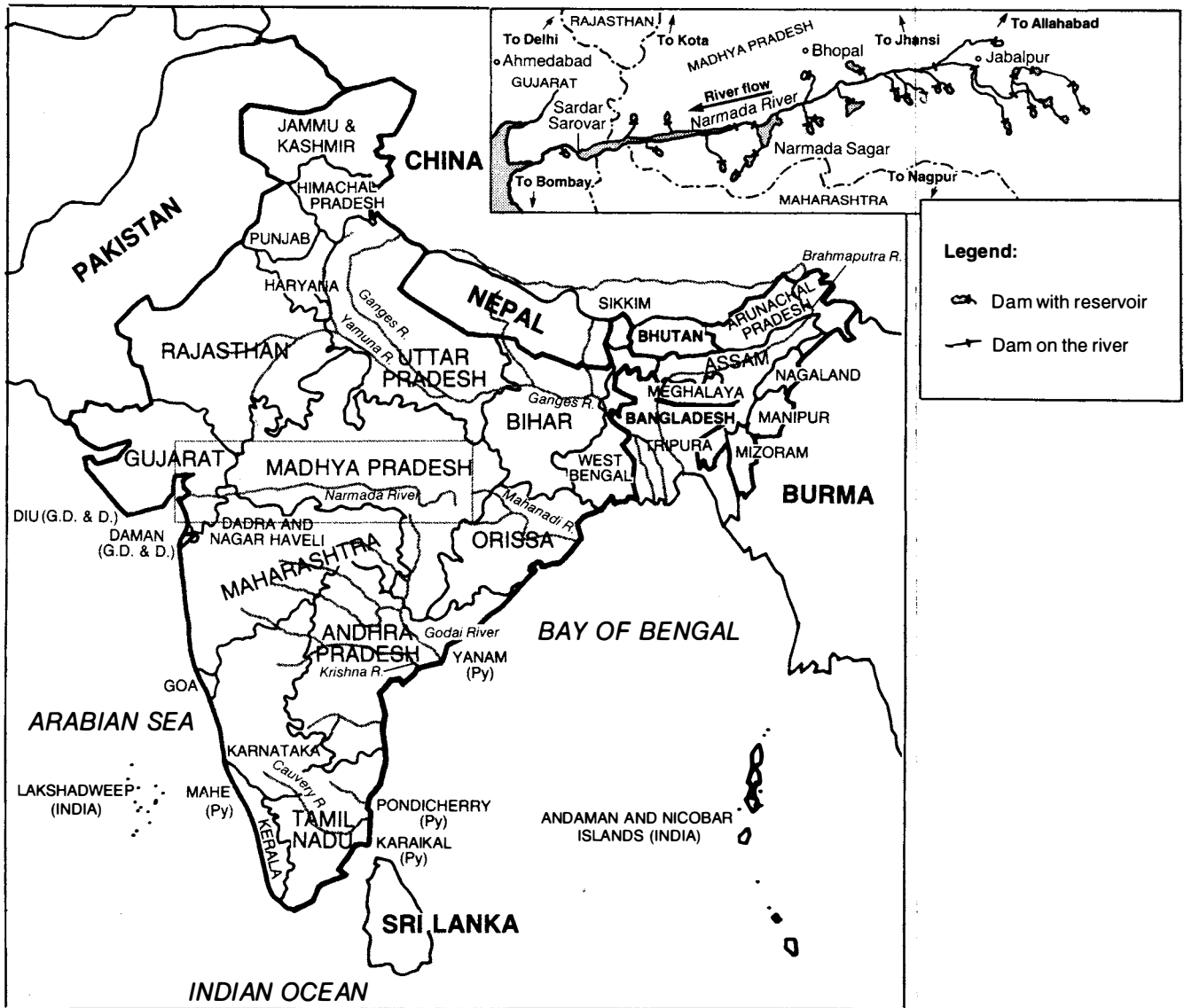
However, nuclear power is not used in any of these plants, which instead rely on oil and natural gas. Because of the worldwide anti-nuclear policy, there are very few desalination facilities around the globe, and most of them are small and high-cost. The common uses are for resort hotels, oil rigs, industry use, etc.

Proposed nuclear desalination projects

In 1988, the U.S. Department of Energy and the Metropolitan Water District (MWD) of California jointly commis-

FIGURE 12

Narmada Valley Development Project in India's river systems



sioned a study to see if nuclear-powered desalination would be beneficial for southern California, in providing both water and electricity. The final report was prepared by General Atomics, Bechtel National, Inc., and Gas-Cooled Reactor Associates in December of that year, and the specifications showed that such a facility could be built by the turn of century, providing 106 million gallons (401,000 cubic meters) of fresh water daily and 466 MWe of net power (Table 13). The costs would be about 50¢ per cubic meter for water, and 5¢ per kWh for electric¹³ (Table 14).

Subsequently, the MWD officials decided against the undertaking, not because of fault with the designs, but because of anti-nuclear pressure and the economic depression.

The details indicate that the plans are feasible and provide inexpensive power and water.

The California MWD proposal

A modular high-temperature gas-cooled reactor (MHTGR) can be coupled to a low-temperature multi-effect distillation (LT-MED) desalination facility to yield power and water in the quantities desired. The principle is to use the cheap reject heat from the power plant to distill the seawater. The concept involves coupling the MHTGR to a high-temperature turbine-steam system, from which the turbine exhaust heat is then delivered to the desalination process, at a relatively low temperature of 165°F.

TABLE 12

Common sizes in use and energy requirements for desalination processes

Process	Plant size commonly in use (daily volume)	Energy required
Multi-stage flash	4,000-30,000 m ³ (1-8 million gal.)	
Multi-effect distillation	2,000-10,000 m ³ (0.5-2.5 million gal.)	
Reverse osmosis		3.5-9.0 kWh/1,000 liters (13.25-34 kWh/1,000 gal.)
Electrodialysis and electrodialysis reversal	50-4,000 m ³ (15,000-1 million gal.)	
Vapor compression	20-2,000 m ³ (5,000-500,000 gal.)	

Source: International Desalination Association.

TABLE 13

Major design parameters of the MHTGR desalting plant

Reactor thermal power (MWt)	1,400
Gross generator output (MWe)	546
Net electrical output (MWe)	466
Fresh water production (mgd)	106
Thermal power to water plant (million Btu/hr.)	2,980
Water plant performance ratio	12.4
Maximum brine temperature (°F)	147
Intake seawater flow (gpm)	333,500
Product water, total dissolved solids (parts per million)	<30
Plant life (years)	40

Source: S. Goaln, R. Schleicher, G. Snyder, M. LaBar, and C. Snyder, "Introduction to Nuclear Desalting: A New Perspective," *Fusion Technology*, Vol. 20, December 1991.

The LT-MED uses a horizontal tube configuration in which each bundle of tubes is close-packed, with a tube plate at one end and a collector at the other. The multi-stages of evaporation and heat recovery take place in 16 of these bundles of tubes, grouped together as a "train" of 16 effects. There are eight identical 13.3 mgd seawater desalting trains in the proposed water production plant. Besides the effect bundles, each train has a flash chamber and a heat rejection effect, all of which are contained within an epoxy-lined steel vessel measuring approximately 28 feet in diameter and 512 feet in length.

The nuclear plant consists of four 350 MWt reactor mod-

TABLE 14

Major costs of the MHTGR desalting plant

	First	Replica	Nth of a kind
Annualized capital cost (millions \$/yr.)	\$143.3	\$132.6	\$125.9
Annualized fuel cost (millions \$/yr.)	\$ 55.7	\$ 50.0	\$ 41.0
Annualized O&M cost (millions \$/yr.)	\$ 47.7	\$ 44.4	\$ 41.1
Annualized decommissioning cost (millions \$/yr.)	\$ 2.3	\$ 2.3	\$ 2.3
Total plant annual cost (millions \$/yr.)	\$249.2	\$229.3	\$210.3
Levelized power values (cents/kWh)	5.79¢	5.27¢	4.77¢
Power sales revenue (millions \$/yr.)	\$188.8	\$171.8	\$155.6
Required water sales revenue (millions \$/yr.)	\$ 60.4	\$ 57.6	\$ 54.7
Levelized water cost without blending (\$/acre-foot)	\$604	\$576	\$547
Levelized water cost with blending (\$/acre-foot)	\$452	\$433	\$414

Source: S. Goaln, R. Schleicher, G. Snyder, M. LaBar, and C. Snyder, "Introduction to Nuclear Desalting: A New Perspective," *Fusion Technology*, Vol. 20, December 1991.

ules, and the electricity plant consists of two turbine-steam trains. Each reactor module is a helium-cooled, graphite-moderated nuclear core. The low-enriched uranium fuel is in the form of ceramic-coated particles embedded in the graphite core structure. The core is enclosed in a high-strength steel pressure vessel which is connected to a single steam generator pressure vessel. A motor-driven circulator stirs the helium coolant through the core and steam generator. There is an independent shutdown heat removal system, to remove decay heat for reactor maintenance and refueling conditions.

From these four reactor modules, the high-pressure, superheated steam is fed to a common header and delivered to the area where it is converted to electric power, and from which reject heat is supplied to the desalting plant.

The advanced liquid metal reactor proposal

Another design for a nuclear-powered desalination plant has been done by General Electric, under Department of Energy sponsorship.¹⁴ The nuclear plant, called an advanced liquid metal reactor (ALMR), uses liquid sodium as the coolant, which permits operation at atmospheric pressure, with large margins to boiling, greater than 400°C (700°F).

The GE design couples the reactor with a proposed reverse osmosis desalting system, which is a relatively heavy user of electricity. The power plant's waste heat helps raise

TABLE 15

Major design data for the ALMR reverse osmosis desalination plant

Reactors per power block	3
Number of power blocks	1 / 2 / 3
New electrical output	465 / 930 / 1,395 MWe
Turbine throttle conditions	955 pounds/in ²
Reactor thermal power	471 MWt
Primary sodium temperature	
Core inlet	338°C (640°F)
Core Outlet	485°C (905°F)
Fuel type	
Reference	U-Pu-Zr metal
Alternative	U-Pu oxide

Source: C.E. Boardman and C.R. Snyder, "Advanced Liquid Metal Reactor (ALMR) Desalination/Electric Plant," *Fusion Technology*, Vol. 20, December 1991.

the seawater feed temperature. The design proposal figures on a 100 mgd capacity (see **Tables 15 and 16**).

Desalination costs compared

Figure 13 gives the cost per cubic meter of desalted seawater provided by the reverse osmosis method, in plants ranging from very small, up to over 100 million gallons per day. Using nuclear power, and installing large-scale operations give the lowest cost per unit of water provided.

For comparison, note the horizontal line drawn at \$2.40, which is the cost of providing 1,000 gallons of water in the benchmark water treatment plant on the Potomac River in Virginia. By this measure, the costs of large-scale, nuclear-powered desalinated water are reasonable. Additional comparisons are given in **Table 17**, in terms of the electricity needed per cubic meter, and the varying costs of producing the safe water, depending on the electricity costs.

The low costs of modern technology give us the power to create new "run-off"—new man-made rivers and reservoirs of man-made water. **Table 18** compares the flow and volume of water from large-scale nuclear-powered desalination plants, with that of selected rivers and municipal water districts. A giant desalination plant would produce more flow than several natural rivers in Texas—for example, the Nueces or the Pecos rivers combined. Just the one desalination plant proposed for southern California could provide all the water for a town the size of Atlanta in the 1970s.

And besides creating water anew, used water can be cleaned up for safe recycling by modern means.

High-energy electron wastewater treatment

Radiation can be applied to contaminated water in a way to render it safe and clean. Ultraviolet radiation is commonly

TABLE 16

Major annual operation costs of the ALMR reverse osmosis desalination plant

	Cost (millions \$)	Cost per 1,000 gallons
Capital charge	\$18.9	\$0.69
Operation and maintenance	3.3	0.12
Membrane replacement	7.22	0.26
Chemical cost	4.9	0.18
Electricity cost	25.4	0.93
Total annual cost	59.8	
Cost of water		2.18 (\$704/acre-foot)

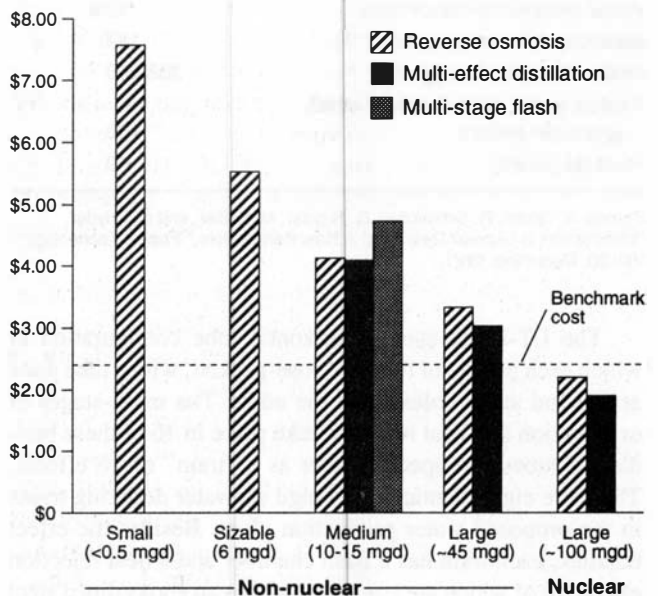
Basis of calculations:
International Desalination Association computer cost program
1990 constant dollars
6% fixed charge rate
48-month construction period
90% availability
75% on-stream
80°F feedwater temperature
35,000 TDS seawater
0.043 \$/kWh ALMR power cost

Source: C.E. Boardman and C.R. Snyder, "Advanced Liquid Metal Reactor (ALMR) Desalination/Electric Plant," *Fusion Technology*, Vol. 20, December 1991.

FIGURE 13

Comparison of seawater desalination costs, by scale and type of process

(\$ per 1,000 gallons)



Source: International Desalination Association, "A Brief Background on Desalination and Its Processes," *Desalination and Water Reuse Quarterly*, Vol. 2, No. 1, 1992.

TABLE 17

Typical electricity amounts and costs for modern water treatment processes

Process	Amount (kwh/m ³)	Cost (\$/m ³)		
		Island	Florida	Nuclear
I. Desalinating Water				
Seawater, state-of-art reverse osmosis, with 1 GW power input	3	\$0.36 0.12/kwh	\$0.21 0.07/kwh	\$0.15 0.05/kwh
Brackish water, Florida, reverse osmosis or electrodialysis reversal, 45,000 m ³ /day (12 mgd)	0.05	0.006	0.0035	0.0025
II. Electron beam treatment of wastewater and sewage				
	2.6	—	0.18	0.13

Source: International Desalination Association, *Advances in Nuclear Science and Technology*, Vol. 22, New York: Plenum Press, 1991.

in use to disinfect water, and a less-known method promises to be even cheaper and more adaptable: high-energy electron beam radiation.¹⁵

The electrochemical principle involved is that irradiation of the water results in the formation of the aqueous electron e⁻, hydrogen radical, H⁺, and the hydroxyl radical, OH⁻. These reactive transient species initiate chemical reactions capable of destroying organic compounds in the water, in most cases reducing them to carbon dioxide, water, and salt. The reaction by-products are non-toxic.

The process involves generating electrons by an electric current, accelerating them through an evacuated space under high voltage, and then aiming at the water target. Since the electrons are rapidly attenuated—for example, at an acceleration voltage of 1-2 million volts, they would travel only 3-4 meters in the air—the process is very safe. They travel only fractions of a centimeter if they hit water. Therefore, the engineering problem becomes how to design an effective treatment system.

A full-scale beam treatment plant is now in operation, for purposes of research and testing, in Miami, Florida, at the Virginia Key Wastewater Treatment Plant. **Figure 14** shows how the plant is organized.

The wastewater influent comes in via a pipe and is directed over a weir, where it falls in a thin sheet (about 4 millimeters thick), and as it falls it is zapped by the electron beam. The beam originates from a 1.5-million-volt insulated core transformer (ICT) electron accelerator. The accelerated electrons are propelled in a concentrated beam down a high-vacuum tube toward a scanner, which scans the beam to a rectangular shape and directs it to cover the veil of water as it passes over the weir.

TABLE 18

Comparison of large desalination plant output with selected rivers and municipal systems

I. Discharge		
Source		Flow (m ³ /sec.)
Reverse osmosis desalination plant, corresponding to power at 1 GW input, and 3 kWh/m ³		92
Pecos River, Texas		8.24
Nueces, Texas		21.9
Santee, South Carolina		67
Red River of the North, North Dakota		68.5
St. Johns, Florida		92.2
Grand River, Michigan		95.2
Rio Grande River		100
Congo River		39,200
Amazon River		175,000
II. Volume		
Source	Quantity (mgd)	Population served
Proposed MHTGR multi-effect distillation California plant (401,210 m ³ /day output)	106	(Depends on use)
Memphis, Tennessee ¹	90	623,530
Indianapolis, Indiana	91	680,000
Atlanta, Georgia	104	700,000
Honolulu, Hawaii	110	535,000
San Diego, California	110	723,000
Los Angeles, California ²	118	535,000

Sources: American Water Works Association, *EIR, Water Resources of the World*.

It is at this point, where the electrons penetrate the waste stream, that the treatment occurs. The system shown treats 120 gallons per minute of sludge, which is 172,800 gallons a day, or 238,710 cubic meters a year, but it can easily be scaled up.

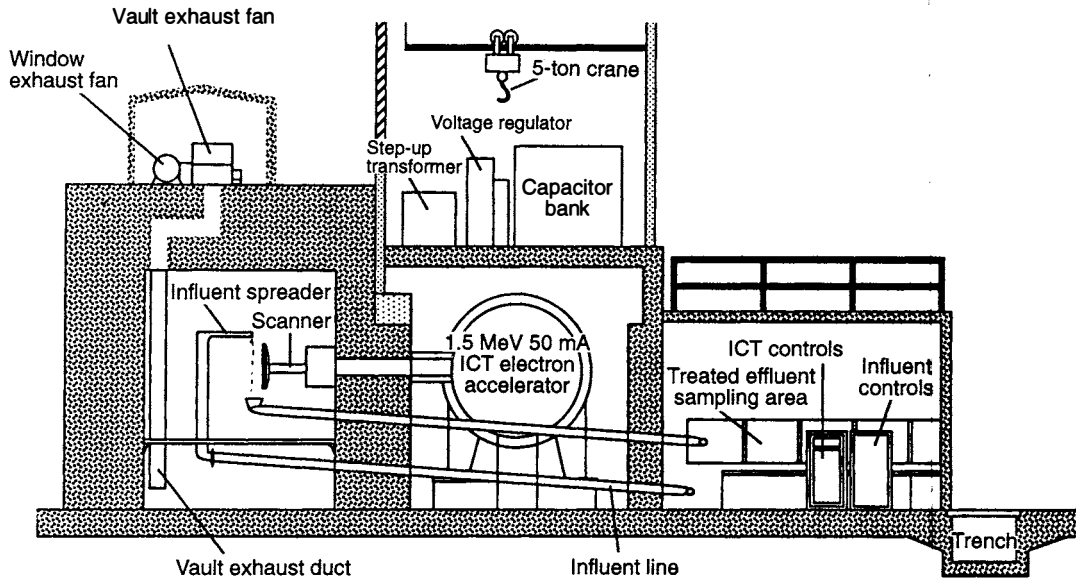
The results from this test plant show what can be done for treatment anywhere in the world. Treatment causes the removal of up to 99% of most toxic organic compounds, including chloroform, carbon tetrachloride, benzene, toluene, dieldrin, phenol, and many others.

Costs of electron beam-treated wastewater

The Miami, Florida test facility was built in 1982 at a cost of \$2 million, and its estimated cost of water treatment is about \$2.50 per 1,000 gallons of treated water. In comparison, the current estimated costs of treating water with ultraviolet light and ozone is about \$2.60 per 1,000 gallons (at a flow rate of 600 gallons per minute). For comparison, see

FIGURE 14

Side view of the Electron Beam Wastewater Treatment Facility, Miami, Florida



Source: Drinking Water Research Center, Florida International University, Miami, Florida.

Table 4, which lists the costs of sewage treatment at the conventional Virginia sewage treatment plant at \$3.00 per 1,000 gallons.

The exact cost of using electron beam treatment can vary widely, from a low of 25¢ per 1,000 gallons to \$500 per 1,000 (including capital costs), depending on the flow rate and on what compounds are in the wastewater, and what dose of radiation is required. Table 17 shows various costs of detoxifying a cubic meter of wastewater based on the costs of electricity for 2.6 kWh per cubic meter.

For reference, **Table 19** gives the estimated current costs of the permanent 1.5 million electron volt facility at Miami.

U.S. water infrastructure costs

Figure 15 shows the 18 major hydrologic regions of the country, and shows which locations currently have a water deficit, relative to today's population and economic activities in the region—even without taking into account greater needs in the future. With new water supplies from Nawapa, desalination, and high-energy-treated wastewater, water deficits can be easily closed. But additionally, there are repairs and replacements to be made in the existing national grid of water purification, distribution, and sewage treatment.

Water districts. Nationwide there are about 59,000 separate water districts, ranging in size from those serving 25 people—the minimum to be defined as a water district—up

TABLE 19

Costs of electron beam wastewater treatment system, Miami, Florida

Capital costs:	
Installed beam	\$1,850,000
Support facility (shielding, delivery system, etc.)	500,000
Total	2,350,000
Amortization:	
10 years @ 15%	\$466,000/year
20 years @ 15%	\$374,000/year
Hourly operating costs:	
Operator	\$20.00
Power (150 KW @ \$0.07/kWh)	\$10.50
Water (2,000 gph @ \$1.25/1,000 gallons)	\$ 2.50
Maintenance	\$ 8.00
Total hourly operating cost	\$41.00

Note

The estimated capital requirements represent an approximate 5% annual inflation of the total price actually paid for the Miami facility. No indirect costs are included, such as overhead or supervision.

Source: International Desalination Association, *Advances in Nuclear Science and Technology*, Vol. 22, New York: Plenum Press, 1991.

to multi-millions of customers in the Metropolitan Water District of southern California. In thousands of these districts, repairs and replacement facilities are overdue, as documented in the U.S. Conference of Mayors survey, released February 1992, called "Ready to Go." The two-volume re-

FIGURE 15

United States: 18 hydrologic regions, and areas of water supply problems

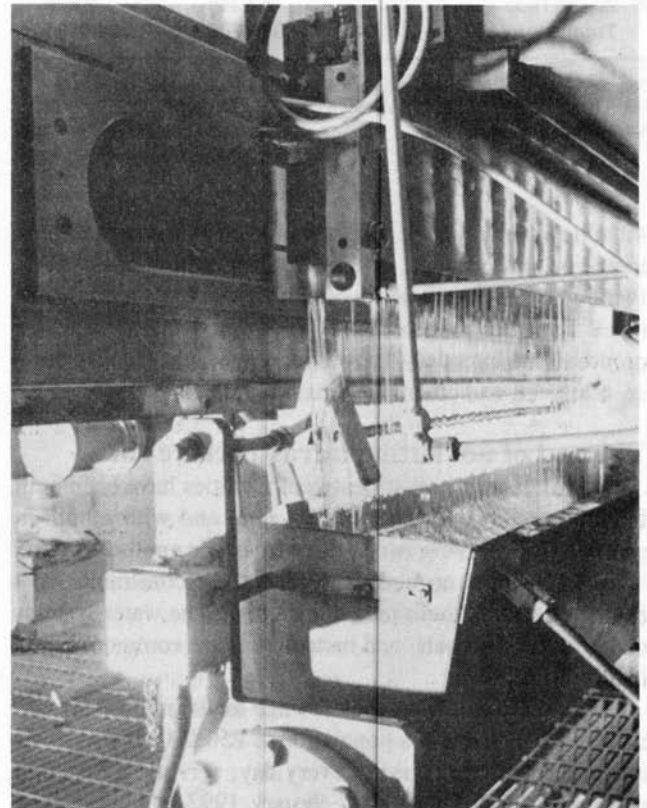


port reprints the descriptions of the backlog of local public works projects that need funding in the 535 cities responding to the survey. Hundreds of these projects are waterworks of all kinds—pipes, treatment plants, and reservoirs.¹⁶

If a conservative estimate is made that \$1 million is required, on average, for each of 29,000 water districts for work on the supply, purification and distribution network; and that another \$20 billion is needed for overhauling the largest population centers; then the total bill for this category of water treatment is about \$50 billion.

Hydrologic basins. According to a survey done in the mid-1980s of the condition of water in the 21 hydrologic regions of continental United States, Alaska, and islands, an estimate was made that in order to meet water safety standards for the population in the year 2000, wastewater treatment infrastructure would require approximately \$85.705 billion in spending.¹⁷ The evaluation, called a “needs survey,” was done by the Environmental Protection Agency (EPA). The continental U.S. was looked at in terms of the 18 hydrological regions, with a further breakdown into 314 sub-basins, whose dominant features were evaluated—lake shores, coastline segments, as well as rivers and streams. **Table 20** gives the list of estimated wastewater treatment costs by hydrological region. The highest costs are projected for the Mid-Atlantic region, where the highest population concentration is located, some 35 million people.

If these repair costs for local water treatment are tallied along with capitalization costs for new sources of water, then the overall infrastructure program cost adds up to about \$200 billion. **Table 21** gives the breakdown: By contrast, the \$20-



Wastewater can be very efficiently treated with electron beams, as in the experimental facility shown here in Miami, Florida. The water is “zapped” by high-energy electrons as it passes over the weir in a thin sheet. Treatment cost per 1,000 gallons is only about \$2.50.

TABLE 20

U.S. wastewater treatment needs for the year 2000, by hydrologic region

Hydrologic region	Total needs (millions \$)	Population (thousands)
1 New England	\$ 6,526	11,417
2 Mid-Atlantic	14,935	35,328
3 South Atlantic	11,458	31,089
4 Great Lakes	7,850	19,975
5 Ohio	7,407	19,965
6 Tennessee	1,677	3,074
7 Upper Mississippi	5,229	21,479
8 Lower Mississippi	2,390	7,583
9 Souris-Red-Rainy	79	586
10 Missouri	2,214	11,446
11 Arkansas-White-Red	2,082	8,918
12 Texas Gulf	4,319	18,693
13 Rio Grande	409	2,470
14 Upper Colorado	131	1,026
15 Lower Colorado	1,050	5,703
16 Great Basin	931	2,977
17 Pacific Northwest	4,351	8,727
18 California	6,005	30,106
19 Alaska	343	631
20 Hawaii, Pacific, Virgin Islands	972	1,622
21 Puerto Rico	2,248	3,636
Total	\$85,705	246,451

Source: "Assessment of Needed Publicly Owned Wastewater Treatment Facilities in the United States," Washington, D.C.: Environmental Protection Agency, 1985.

40 billion infrastructure program mooted by the new Clinton transition government, or the \$20 billion program of Ross Perot's United We Stand, would not even meet a portion of the U.S. water infrastructure bill. Moreover, these lesser proposals are intended to cover not only water, but also power, transport, and other categories of projects.

The cost of not letting infrastructure rot

In this century, most treatment facilities have been built with an intended lifespan of 50 years, and with a built-in projection for serving two to three times the number of users served when first opened. However, these constraints have been exceeded in thousands of locations. The water systems plants are in disrepair, and breakdowns are common. Some highlights follow.

- *San Diego.* The city's sewage treatment system was built in 1963, to serve a population of 250,000. It now operates near or above capacity every day, serving 1.7 million residents of San Diego. In February 1992, a sewage pipe ruptured, and vast streams of effluent flowed along the beach and into the Pacific Ocean. The broken pipe was 9 feet in diameter, made up of sections 16 feet long, weighing 26-30 tons each.

TABLE 21

Cost of U.S. waterworks infrastructure requirements

(billions \$)

Refurbish local water supply, treatment storage, and distribution	\$ 50.0
Refurbish local wastewater treatment	85.705
Construct 10 nuclear desalination facilities	18.5
Construct 5 E-beam wastewater treatment plants	3.0
Nawapa	40.0
Other water projects	5.0
Total	\$200.705

Sources: Environmental Protection Agency, U.S. Conference of Mayors, EIR.

- *New York City.* Most of the city's 14 treatment plants are overtaxed, and regularly over capacity and break down.

- *Pennsylvania.* In the mid-1980s, the aged municipal water systems of Scranton and McKeesport were struck by outbreaks of *giardia lamblia* parasite contamination. They had to be shut down, and water was provided by National Guard tank truck.

The role of the federal government in recent years, has been to chastise local water districts and demand compliance with water cleanup standards, under threat of legal sanctions. The federal Clean Water Act mandates sewage treatment, and the EPA's Water Enforcement Division monitors compliance. There are additional mandates, such as the Ocean Dumping Ban act, which authorizes federal spending of \$14 million a year through 1995 for ocean monitoring, research and enforcement, but no water treatment. San Diego, Boston, and other cities are under court orders to clean up their water systems, but no mobilization of funding resources is forthcoming.

Clearing cholera from the Rio Grande Basin

The most glaring instance of water crisis in the United States is in the Lower Rio Grande River Basin—the border region between the United States and Mexico. The shortage of safe water is so severe that as of spring 1992, cholera has been in the basin. Hundreds of thousands of people are living in conditions where there is no sewage treatment, and no safe water. In El Paso County, for example, there is five times the national average rate of hepatitis A—a fecal contamination disease related to filthy water. Last year, the dysentery rate was 31 per 100,000—triple the national average.

This situation has come about directly as a result of evading the costs of infrastructure development, which was done in the name of keeping labor costs down for the purposes of "free trade."

In the 1970s, hydrologists forewarned of the dangers of

TABLE 22

Wastewater treatment needs in the Rio Grande Hydrological Region by the year 2000

Area	Expenditures needed for wastewater treatment (millions 1984 \$)	Population served (thousands)
Rio Grande headwater	\$ 22	102
Upper Rio Grande	173	985
Upper Pecos River	21	158
Lower Pecos River	20	72
Middle Rio Grande	83	630
Lower Rio Grande	88	472
San Luis Creek	—	3
Miscellaneous	2	48
Total	\$409	2,470

Source: Environmental Protection Agency, 1985.

moving people into this basin without provision for water. Most of this region has a semi-arid climate, with low humidity and erratic rainfall. Average annual precipitation varies from 30 inches in the high mountains (in the headwater area in New Mexico), to only 8 inches in the middle valley area (falling mostly during rainstorms), to the humid area at the mouth of the Rio Grande. Water from stream flow and groundwater is used and reused, but there is no adequate treatment cycle.

Based on its 1975 surveys, the U.S. Geological Survey reports concluded: "Water quality is a serious problem in the lower Rio Grande Valley and precludes or inhibits expanded use of the valley under present conditions. . . . Flooding also affected all portions of the region, but is most severe in Texas. The El Paso area is particularly affected. In the lower valley, flooding problems are aggravated by inadequate drainage. . . . Texas also has a problem in providing satisfactory domestic water supplies under the 1974 Safe Drinking Water Act. Many communities will have to have improved systems, which they are unable to finance. In addition, 20% of the lower valley population is not served by a public water supply system. This situation is likely to be aggravated by the increasing population in that area."

The report concluded, "The primary problems in the region are associated with providing a water supply to accommodate an increase in population from 1,695,000 people in 1975 to 1,875,000 by 2000. [Numbers refer to the U.S. side only, and mostly to New Mexico—ed.] No additional water supply is currently available for the majority of this population increase."

Table 22 lists the costs for simply providing wastewater treatment facilities in the seven sub-basins of the river system, according to estimates by the EPA. This adds up to a total of \$409 million.

In addition, nuclear desalination plants on the coast of the Gulf of Mexico could provide the added volumes of domestic use water lacking in the basin. Electron beam facilities on the river could clean wastewater for recycling back into the flow. The costs of these facilities are in the range of \$3 billion combined.

Notes

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Violence sweeps India: Will the nation survive?

by Ramtanu Maitra

A long-unresolved dispute between Hindus and Muslims in Ayodhya, in the Indian state of Uttar Pradesh, erupted into a full-fledged national crisis on Dec. 6. An unruly mob of over 100,000, assembled by the Hindu fundamentalist Bharatiya Janata Party (BJP), under the pretext of carrying out a symbolic construction of a temple to Lord Ram, and armed with pickaxes and shovels, descended on the Babri Masjid mosque and, unchallenged by state authorities, razed it to the ground within a period of five hours.

The consequences of such a dastardly act, ostensibly unexpected by both the national leaders in New Delhi and local leaders in Ayodhya, have been familiar ones. At the time of this writing, Muslims, justifiably enraged by the charade that official protection was being provided to the mosque, have joined in violent protests, resulting in the deaths of more than 700 people, mostly from police shootings.

The demolition of the mosque, carried out by a mob belonging to the organizations Shiv Sena, Bajrang Dal, Hindu Mahasabha, and Vishwa Hindu Parishad—all fronts of the Hindu religious group Rashtriya Swayamsevak Sangha (RSS)—has left the nation in a state of shock. Unless the government can move quickly to restore confidence within the Muslim population, India will again be pushed to the brink, and communal tensions could ruin any prospects for national unity.

In his address to the nation on the evening of the Ayodhya events, Prime Minister P. V. Narasimha Rao called the demolition of the mosque “a matter of great shame and concern for all Indians.” In an unprecedented action, Indian President Shankar Dayal Sharma issued a press release requesting the prime minister “to initiate appropriate expeditious steps to uphold the rule of law, the maintenance of public order, and protection of all law-abiding citizens.”

In the first 24 hours after the destruction of the mosque, the government took the following moves to try to prevent a catastrophe:

- The BJP government in Uttar Pradesh was dismissed, and the entire national leadership of the party arrested. This includes BJP Chairman L.K. Advani; President M.M. Joshi; Uma Bharati, the Member of Parliament from Madhya Pradesh; and Sadhvi Rithambara, a Hindu fundamentalist provocateur from Punjab.

- Prime Minister Rao indicated that a number of communal groups who ran the demolition will be banned, including the Shiv Sena, Bajrang Dal, Hindu Mahasabha, and Vishwa Hindu Parishad. There is also pressure within the Congress Party to ban the BJP itself, as well as its mother organization, the RSS.

- The Uttar Pradesh chief minister, Kaliyan Singh (who is a member of the BJP), will be prosecuted, and UP government officials and bureaucrats will be charged with criminal dereliction of duty.

- The government announced that both the mosque and a temple to Hindu Rama will be built, by the government, with government funds, at the Ayodhya site, in a firm statement of national unity.

- On the Muslim side, the Islamic Sevak Sangha (ISS) has been banned or is about to be. All Muslim-dominated areas of Delhi are under curfew.

Muslim leaders, along with V.P. Singh's Janata Dal party, are attacking the ruling Congress Party the most loudly, and are demanding the banning of the BJP. If the BJP is banned, it will bring down with it the four state governments it now controls. This in turn will force New Delhi to hold elections in these states. In 1989, when the Muslims left the Congress Party and revolted against Rajiv Gandhi, V.P.

Singh became their choice. It is this coalition which ousted Gandhi and took the elections in 1989, resulting in two years of chaos and destabilization. It is now feared that this combination will come to the fore again.

What preceded the act

Prior to the monumental failure of the national government machinery and the political groups that were handling the issue, the Babri Masjid—completed in 1528 by Mir Baqi, an army general of Babur, the first Mogul emperor of India—had been the center stage of a violent episode in 1990, which eventually helped to bring down the shady V.P. Singh government. At that time, the BJP, with whose support the government had maintained a majority in the Parliament, had decided to withdraw its support from the V.P. Singh government because of New Delhi's determination not to allow the mosque to be demolished. At that time, too, the mosque took something of a beating, but there was no significant damage.

When the Congress Party came to power in New Delhi in June 1991 under the leadership of P.V. Narasimha Rao, following Rajiv Gandhi's assassination in May, it was expected that the past experience would guide the new rulers to seek a path of negotiation and not confrontation.

The crux of the dispute lies in the claim by the Hindus, represented by the BJP, its front organizations, and innumerable freelancing *sadhus*, that Lord Ram, a Hindu hero whose past existence is a matter of faith and not of archaeological evidence, was born in the very spot where the mosque was erected in the 16th century, and hence, the mosque must be demolished and replaced by the Ram Janambhoomi Temple. The Muslims rejected this demand, with a qualification. They pointed out that if it were proven archaeologically that the mosque was indeed built upon a temple, the Hindu demands would be met. What most people considered a reasonable outcome of the debate, the BJP did not, and it kept up the pressure, assembling hundreds of thousands of semi-literate and illiterate militants ready to sacrifice their lives for the temple.

The confrontation, which has taken an ugly form in the last two years, has a long history. In 1855, Hindus and Muslims had clashed over the issue, but the dispute was resolved amicably. In 1883, the deputy commissioner of the Faizabad district, where Ayodhya is located, refused permission to the Hindus to construct a temple, due to objections from some Muslim leaders. In 1949, some local Hindus surreptitiously, in the dead of night, installed an idol of Ram inside the mosque. The main gate was locked the next day, on instructions from the district magistrate. Since then, the mosque has been left unused, although the issue was not quite dead.

In 1986, allegedly under pressure from the ruling Congress Party, the district magistrate of Faizabad unlocked the masjid doors. The Congress Party, under Rajiv Gandhi at that time, had opened up the issue to appease the Hindu voters, who had been becoming increasingly disillusioned about New Delhi's pro-Muslim postures. Since the 1986

opening of the lock, the issue has been a volatile one, and the BJP has seized upon it to gain political mileage. There is no question that the conflict has been the BJP's bread-and-butter issue, and has allowed the party to rise from the near-oblivion into which it had descended in 1984. Cashing in on the issue, the BJP raised its number of seats in Parliament from 2 in 1984 to 90-plus in 1989 and 120-plus in 1991. The issue allowed the BJP to gain a single-party majority in the Uttar Pradesh State Assembly in the 1991 elections, and control over this most populous state in India.

The recent developments

Since the Rao government took over power in New Delhi in June 1991, securing a razor-thin majority, the issue has continued to haunt the Congress Party. Prime Minister Rao had promised the nation that the issue would be resolved peacefully, which meant to all that the mosque would be kept intact and a temple would be built in the adjacent area. Meanwhile, the BJP was putting on pressure, and in July 1992, it carried out a symbolic foundation-laying, with the threat that if the government could not come up with a solution by Dec. 6, the actual construction of the temple would begin.

It has been well documented by now that the Rao government was not sitting idle in face of this threat, and the prime minister conducted hundreds of meetings with various groups and individuals with the purpose of finding a peaceful formula. The Uttar Pradesh state government, run by the BJP, had acquired the 2.77 acres surrounding the Babri Masjid in October 1991. The issue of the legality of the acquisition was referred to the state high court, and the court announced at a much later date that a verdict would be issued on Dec. 11, five days after the deadline for construction set by the BJP and its front organizations. As the countdown to the proposed construction began, it became apparent that no formula had yet been found, and the Supreme Court demanded assurance from the Uttar Pradesh government that no construction would take place. The Supreme Court also appointed an observer to monitor activities in Ayodhya.

However, by the end of November, it became evident that the BJP leadership was not going to openly buck the demand from its base that the construction work on Dec. 6 be undertaken in earnest. Harsh statements violating earlier promises were issued by the BJP leaders, such as L.K. Advani, the leader of the opposition in the Parliament, and BJP chief Murli Manohar Joshi. Although on Nov. 27, New Delhi sent a total of 160 companies of paramilitary forces to Uttar Pradesh to ensure law and order, an impression was given to the public that the Dec. 6 event would be an anti-climax and would consist mostly of chanting of hymns and devotional songs.

But the die was cast in the first week of December, when thousands of trident-wielding individuals and pickaxe and shovel brigades began to converge on Ayodhya. By the time the deadline arrived, there were more than 120,000 impoverished Hindus assembled at the disputed site, ready to strike. It

The British gameplan

British black propaganda specialist Conor Cruise O'Brien, writing in the *Times* of London on Dec. 8, lays out the British oligarchy's version of how the current crisis in India will develop. The nation is "inevitably" moving toward becoming a fundamentalist Hindu state, he writes, under the headline, "Will India Fall to the Zealots?"

"India's history as a secular state appears to be coming to a close," he claims. "The mosque at Ayodhya had been a symbol of that state. . . . That symbol has been destroyed, and that authority shaken to its foundation. . . . It may not be long before the BJP becomes the government of India. India will then cease to be a secular state and 'our nation' will be the Hindu nation."

was surprising to hear reassuring statements issued by the government at such a crucial hour, when the average person, watching from Delhi, had become convinced that confrontation could not be avoided. It soon became apparent that the crowd assembled at Ayodhya had successfully blocked off the roads leading to the disputed area, thus making it impossible for paramilitary or military forces to arrive there on short notice in case of an emergency. What measures New Delhi may have taken to respond to any emergency still remain a mystery.

The fallout

The most important fallout from the incident is the alienation of the Muslim community. As the *Economic Times* pointed out in its editorial on Dec. 8, the prime minister faces a Muslim public that, by and large, and not without justification, "believes that he was in cahoots with the BJP to demolish the Babri Masjid." The violent reaction of the Muslims around the country indicates a great loss of faith and a greater sense of indignation within the community. This in turn provides the Muslim fanatics yet another opportunity to create chaos.

In addition, the prime minister is under tremendous pressure from within his own Congress Party. Many senior cabinet members, such as Arjun Singh, Madhavrao Scindia, and Sharad Pawar, have made it clear that it was the inaction of the government that brought about the calamity. However, it is also evident that none of the Congress leaders have any ready solution at hand, and they openly admit that the only other way out would have been to meet the BJP rabble head-on with force, which would also have meant a great danger.

On the other hand, the events, if handled judiciously from now on, could lead to the political death of the BJP. Within

the BJP, leaders like Advani and Vajpayee, although they have shown little spine so far to oppose the rag-tag Hindu fanatics, are trying to distance themselves from what happened at Ayodhya. Advani resigned from his post of parliamentary opposition leader, in the face of a massive onslaught from the left parties and the Congress. Even the militant RSS, the crusader for the state to adopt a "Hindu soul," called the incident "deplorable." It is also clear that the thousands who came with their tridents and pickaxes have no political organization other than the BJP, and without the BJP, they could be classified as common criminals and hoodlums.

The international fallout of the incident will be significant, but not irreparable. In Bangladesh and Pakistan, where anti-India campaigns are the sole unifying force, the fallout will be mostly in the form of damage to Hindu properties and temples. This has already happened. However, neither Bangladesh nor Pakistan has ever practiced secular policies, and hence, their statements are of little value. The Organization of the Islamic Conference, which called the incident "shameful," is a mixed bag, and its statements have all along been more politically motivated than based on reality.

The onus for repairing the situation now lies with the Rao government. Thousands of volunteers are still busy constructing the temple at Ayodhya, at the time of this writing, and the BJP and the RSS are cooperating with New Delhi to disperse them. Once this is achieved, New Delhi must move quickly and openly, and from a position of strength, to discuss the temple-mosque issue. According to the list prepared by the BJP, there exist 50 shrines where mosques have allegedly been built over demolished temples.

New Delhi will have to make sure that this list does not see the light of day. An agreement to this effect must involve both the BJP-RSS combine and the Muslim leadership. And then, those who were involved in dismantling the masjid and putting the country through a grave crisis, must be brought to trial.

As noted above, the government has promised that the Babri Masjid will be rebuilt and a number of Hindu fanatical organizations will be banned. While banning non-political organizations involved in spreading hatred and malice can be effective, there is no question that the BJP-RSS combine must be exposed to the full and fought politically. The same goes for the Muslim fanatical groupings such as Islamic Sevaka Sangha, which spreads untold hatred in the state of Kerala.

If the Congress Party remains unified and redoubles its efforts to resolve these issues, there is no doubt that it can succeed. But this requires complete honesty and transparency. At the same time, it is evident that the blowup of the Babri Masjid issue, at a time when the world is going through a massive change, will pull India back politically from the international arena. It is expected that the Rao government, now in a deep mire of economic crisis and communal disharmony, will be spending most of its time trying to set its own house in order. It is a big task, but there is no alternative.

'Caring imperialism' won't save Somalia from war and famine

by Joseph Brewda

As the first of some 28,000 U.S. troops arrived in Somalia in time for Pearl Harbor Day, questions naturally arose as to what agenda the Bush administration is really intent on following in its latest and last U.N.-authorized foreign adventure. In his Dec. 4 address to the nation, George Bush reported that "Operation Restore Hope" is intended "to secure the environment that will allow food to get to the starving people of Somalia." Such pious pronouncements, together with the images of deserts and combat jets broadcast on Ted Koppel's "Nightline," certainly give one a sense of *déjà vu*.

Of course, the situation in Somalia is desperate, as this magazine, and a few honest relief agency professionals, have been warning, especially since December 1991. A three-year drought, the U.S.-approved January 1991 ouster of Somali dictator Siad Barre, and the subsequent bloody clan warfare beginning in the summer of 1991, have killed some 500,000 people from the combined effects of war and famine. According to American Red Cross international director Gerald Jones, speaking before Congress in September, at least 1.5 million Somalis of the country's 6-8 million people are at risk of starvation, and another 4.5 million need some form of assistance. "The malnourished," he reported, "account for 95% of the population."

This developing situation was well-known to the Bush administration at least a year ago, and probably for much longer. But it did nothing. Moreover, this past fall, the head of the U.N. relief operation in Somalia, Algerian diplomat Mohammad Sahnoun, resigned his post, claiming that relief efforts were being sabotaged. The question arises: Why this sudden professed concern now?

It seems that the primary purpose of the intervention lies in military-strategic concerns relating to the Indian Ocean, and efforts to eradicate the notion of national sovereignty from international law. At the same time, the United States, Great Britain, France, and Italy want to reintroduce outright colonialism into Africa.

There is nothing wrong, in itself, with deploying troops in Somalia as part of a genuine relief effort; and in fact, engineering corps operations could be particularly useful. But if the U.S. intervention is not to be an imperialist venture under humanitarian cover, the following emergency measures must be carried out:

- Food and supply warehouses must be established directly in the middle of the famine zones. Forcing tens of thousands of starving people to walk hundreds of miles to "feeding stations" is one of the hidden ways that governments and relief agencies often intentionally kill populations.

- Somalia's ravaged infrastructure must be restored. This will require an investment of billions of dollars, together with the creation of new rail, power, and water-management systems. Once known as "Aden's butcher shop" for its role in supplying animal protein to British forces in Yemen, Somalia has a vast food production potential. According to a U.N. development program study, the region between the Juba and Shabeelle rivers (see map), now at the center of the famine, could produce enough food to sustain 50 million people. Nearby Sudan, meanwhile, is one of the great potential breadbaskets of the world, which could easily feed all of Africa. It is therefore also urgent that Sudan receive massive investment for this reason.

- Somalia's \$2.2 billion international debt must be canceled, along with the \$275 billion debt of the rest of the continent, as a necessary precondition for Africa's rapid industrialization.

Policing the Indian Ocean

One of the more obvious purposes of the U.S. deployment is to enhance American military domination of the Indian Ocean, Persian Gulf, and Red Sea. It was largely for such reasons that France, Italy, and Britain colonized Somalia over 100 years ago.

While U.S. National Security Adviser Brent Scowcroft has claimed that the troops will be out by Bill Clinton's Jan. 20 inauguration as U.S. President, Pentagon officials are leaking that the operation will take months. Since one of the stated purposes of the mission is to disarm the warring clans, it is hard to imagine otherwise. The fact that Italy, southern Somalia's former overlord, has provocatively also sent troops, is sure to generate some armed resistance, and a pretext for a continuing presence.

The installation of a new puppet government for Somalia is plainly one intent of the operation. One of its first orders of business, it appears, will be to authorize the restoration of the U.S. naval base in Berbera in the north, and the U.S.

utilization of former Soviet naval bases in Mogadishu and Kismayu in the south. The bases will be part of a network including Diego Garcia, south of India, and the new bases the United States and Britain have been establishing in the Persian Gulf.

One purpose for such bases is the targeting of Europe and Japan. The next administration is certain to have an even more aggressive trade war policy against Japan and continental Europe than even the Bush administration. Beefing up the U.S. naval presence in the Indian Ocean and adjacent waters allows the interdiction, under various pretexts, of both European trade to Asia, and Mideast oil supplies to Europe and Japan.

Also, the Anglo-Americans seem to think it is necessary to dominate the Indian Ocean as part of a policy of preventing Russia's reemergence as a world power.

Closely related to such concerns is a strategic policy that had been proclaimed by Carter administration official Zbigniew Brzezinski as the "Arc of Crisis," a policy of inflaming North Africa, the Mideast, West Asia, and the Indian subcontinent "arc" bordering what was then the Soviet Union. The architect of the Carter plan, British intelligence official Prof. Bernard Lewis, published an article in the fall issue of *Foreign Affairs* arguing that the plan should continue, but should be extended to include the former Soviet Central Asian republics. "Lebanonization," Lewis stated—i.e., bloody civil war—will be the characteristic of the region over the coming period. One of Lewis's main aides had been Carter's undersecretary of state Warren Christopher, today the head of Clinton's transition team.

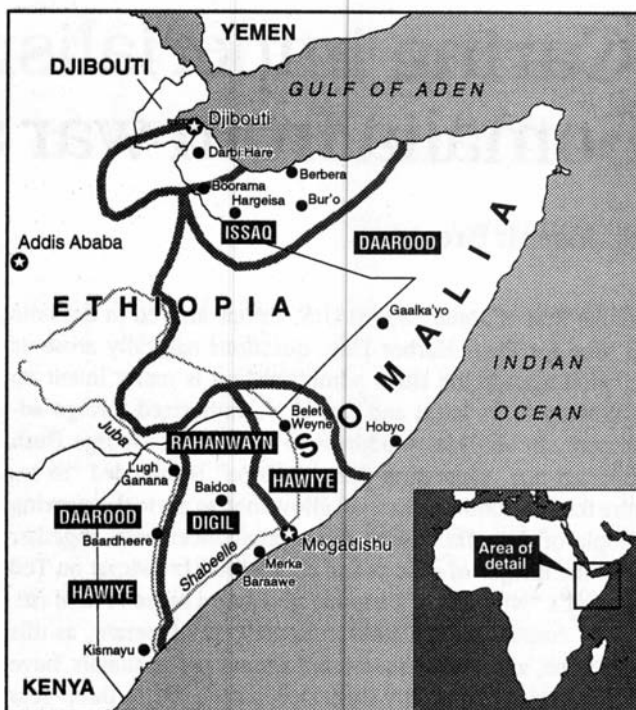
By occupying Somalia, the U.S. administration intends to establish yet another base for fostering civil and regional wars—for example, a repeat of the 1977 Ethiopian-Somalia war which the Carter administration had earlier orchestrated. Somalia also represents a stepping-stone for an assault on Sudan, now emerging as an important target, and also a possible intervention into Yemen. The Anglo-Americans also seem to be intent on fostering an Egyptian-Sudanese war.

Limiting sovereignty

Probably the most important reason for the intervention, however, is to formalize a new doctrine restricting the scope of national sovereignty in international law. The change is needed to facilitate the reintroduction of European, and now American, colonialism in Africa and elsewhere, first in the guise of establishing U.N. trusteeships, and later more overtly.

This aspect of the intervention was labeled "caring imperialism" by London *Times* editor Simon Jenkins. "Three quarters of the globe is now at risk of attack from America or its U.N. proxies," he warned. Commentator William Safire, writing in the *New York Times*, agreed that the intervention defined a "new sovereignty." The "world's responsible pow-

Clan-family regions in Somalia



ers," he intoned, "have a right to intrude" on what formerly was considered "impenetrable sovereignty" in case of "anarchy" and "genocidal tyranny." Similarly, syndicated columnist William Pfaff wrote that only a return to "neo-colonialism" could restore "order and peace" to many former colonies, and that given colonialism's bad name, this neo-colonialism should be carried out in the form of U.N. trusteeships.

According to the *New York Times*, Scowcroft and CIA director Robert Gates have argued for making Somalia into a U.N. protectorate by January.

In propagandizing for this policy, Pfaff claimed that several countries are "incapable of governing themselves," and cited as potential targets Armenia, Azerbaijan, Bosnia, Peru, Burma (Myanmar), Sri Lanka, Liberia, and Mozambique. On Dec. 8, U.N. Secretary General Boutros Boutros-Ghali (whose grandfather signed the papers authorizing Britain's rule over Egypt and Sudan), called for an 8,500-man military and civilian force to occupy and rule Mozambique.

The U.N. authorized the "humanitarian" deployment without even recognizing the sovereignty of the (admittedly battered) state of Somalia. There was no attempt at even the pretense of legality by asking Somalia's permission, as required by the U.N. Charter. Commenting on this breakthrough, French Prime Minister Pierre Bérégovoy exulted: "From now on in the history of humanity, there will be a duty of interference when lives are threatened."

Russia balks at International Monetary Fund shock therapy

by Konstantin George

On Dec. 9, the last day of the Russian Congress of People's Deputies session, the Congress refused to confirm Yegor Gaidar, the executioner of the International Monetary Fund's (IMF) "shock therapy" measures that have devastated the Russian economy over the past year, as President Boris Yeltsin's choice to become prime minister. Gaidar failed to gain the needed majority of 521 votes, receiving only 467. The vote does not mean, however, that Gaidar will be ousted from his current post of acting prime minister. The day after the vote, Yeltsin, accusing parliament of staging "a creeping coup," called for a referendum in January to decide whether he, or parliament, will have the power to select and install the prime minister and cabinet.

The January referendum, if successful, is seen as establishing a presidential system, as a forerunner to Yeltsin dissolving the present Congress of People's Deputies and the standing parliament, or Supreme Soviet, and as a prelude for national parliamentary elections in the spring. The evidence buttressing this prospect emerged immediately after Yeltsin spoke, when Ruslan Khasbulatov, head of the Supreme Soviet, declared that he will be resigning in protest over the Yeltsin announcement.

After the January referendum, under Russian law, President Yeltsin has the power to have Gaidar continue for another three months as acting prime minister, which would postpone the final showdown on the Gaidar question until as late as April, when the next Congress is scheduled to convene. Under this formula, Yeltsin has gained a winter breathing space. It should be recalled that Yeltsin opened the Congress on Dec. 1 with a call for a "breathing space of one and a half years," and his Dec. 10 referendum call reflects his intention to postpone the date of reckoning on Gaidar for as long as possible. However, any postponement will not change the fact that the Congress vote, not in its own right, but given the powerful forces in the country it reflects, has sealed Gaidar's ultimate fate, because neither he nor the crude shock therapy policy that has become synonymous with his name will survive the year 1993.

The winter compromise

The delay in the vote on Gaidar until the final day of the nine-day Congress reflected a behind-the-scenes compro-

mise agreement, worked out in the days prior to the vote, between Yeltsin and the parliament's Centrist Bloc of the industry lobby organization Civic Union, led by Russian Vice President Aleksandr Rutskoy and Arkady Volsky. In exchange for delaying the showdown on Gaidar, the shock therapy policies are to be considerably watered down, and the present Gaidar cabinet will undergo successive purges over the next three months, removing singly, or in small groups, most of his key underlings, or those who are otherwise deemed synonymous with Russian capitulation to western financiers' dictates.

Gaidar himself, in remarks to the Congress on Dec. 9, conceded as much, when for the first time he spoke of the need for "cabinet renewal," and promised that while an unspecified "core" would be maintained, "considerable changes" in cabinet personnel were coming. He also repeated the promised policy, first spelled out in a late November speech to industrial directors from the Urals, and shortly before the Congress confirmed by Yeltsin in a Nov. 23 meeting with the Russian Defense Council, that 1993 military procurement would increase by 10%, meaning a significant increase in state orders to the military industry sector. Gaidar also promised that arms exports will significantly increase, and that state credits to industry to prevent plant closures and mass unemployment will continue through 1993. Gaidar then announced, though giving no details, a "state investment program" to "stimulate the economy."

Other parts of this compromise were revealed on the morning of Dec. 8, when Yeltsin appeared at the Congress session and announced that he was willing to give "the last word" on who would occupy the posts of foreign minister, defense minister, interior minister, and security minister to the Supreme Soviet, or standing parliament. The significance of this statement is that the holders of those posts are all members of the Russian Security Council, the most powerful executive body in the country, and are certain to be agreed to by the parliament. By the same token, Yeltsin's move has sealed the fate of Foreign Minister Andrei Kozyrev, whom the opposition has insisted on removing on grounds that he has been selling out Russia to western interests.

Confirmation of this deal came the day before Yeltsin appeared with his compromise offer, when a Rutskoy aide,

Andrei Fyodorov, declared that the opposition "may possibly accept Gaidar" if agreement were reached on removing Gaidar supporters from the cabinet. Fyodorov stated that the purge should begin with the removal of two liberal deputy prime ministers, Aleksandr Shokhin and Valery Makharadze, and of Foreign Minister Kozyrev. Beyond that, it was clear throughout the Congress session that the opposition had agreed from the outset on allowing a three-month extension for Gaidar, since, despite all the noise and anger, no force, including the Civic Union, had proposed any alternate candidate for prime minister. Indeed, leaders of the Civic Union, such as Volsky and the group's leading man in the cabinet, First Deputy Prime Minister Vladimir Shumeiko, publicly refused to place themselves as candidates for the post.

Last phase of 'realpolitik'

Two crucial considerations led the Centrist Bloc to agree to tolerate Gaidar through the winter. These were, first, an agreement under which the shock therapy policies are to be significantly watered down, through keeping continued state credits, industry, and above all, the vital military industry intact, and thus averting mass unemployment. But it was the second consideration, namely, preserving, at least through the winter, a policy of *realpolitik* toward the IMF and western creditors, that proved to be decisive in the compromise reached.

What was that concretely? Not by coincidence, on Dec. 1, the same day the Congress began, Russia also started talks with its western bank creditors, a group of 600 banks, nominally headed by Deutsche Bank of Germany. Russia did not get what it wanted, which was a comprehensive debt rescheduling agreement. What it got was an agreement, made public in Frankfurt on Dec. 3, whereby Russia is allowed to continue its suspension of all debt principal repayments for both the fourth quarter 1992, and through March 31, 1993—i.e., till the end of the first quarter 1993. Again, not coincidentally, this extension conforms to the three-month minimal extension given to Gaidar.

The "clever" Russian intention is now to use these three months, holding up Gaidar as the "proof" that the "reforms" are on course, to arrive at a comprehensive debt rescheduling agreement. This was all but admitted on Dec. 7 by Boris Nemtsov, governor of the Nizhni-Novgorod region, who warned on Russian television that the "fall of Gaidar" would undermine Russia's efforts to have its debts rescheduled.

The outcome ensured by this *realpolitik*, sticking to the IMF-directed "rules of the game" by which no nation can ever "win," is doubly tragic. The compromise deal was, in the end, supported by the leadership of the Civic Union Centrist Bloc of deputies, namely Vice President Rutskoy, and Civic Union head Volsky, a leadership who had no illusions concerning the vicious intentions of the IMF and the Anglo-American-led western powers behind it.

Rutskoy denounces IMF

In his Dec. 2 address to the Congress, Rutskoy showed just how well aware he is of the IMF's evil intentions, by delivering the strongest denunciation to date of the IMF by any Russian leader. He demanded that Russia reject the "dictates and recommendations" of the IMF and "return to regulation and guidance of the economy" by the state. He told those assembled that Russia had better realize that the western powers controlling the IMF are acting "in their own interest," which is emphatically opposed to a Russian economic recovery. In short, the IMF, by name, was accused, quite correctly, of pursuing policies meant to weaken and destabilize Russia.

Rutskoy, in an early December article in the widely read weekly *Argumenty i Fakty*, also demanded a comprehensive state program to end Russian food dependency on the West. The main elements of the Rutskoy program were:

- A crash state program to construct storage and transport facilities to reduce annual harvest losses from the current 30-40%, down to 20%, saving \$8 billion in annual food imports.

- A state fund of generous long-term credits for purchase of the capital equipment and other means required for someone to become a private farmer. Rutskoy estimated the cost as "30 million rubles per farmer" under present hyperinflation or a real, pre-hyperinflation cost of roughly 300,000 rubles per farmer.

- Expanding rural electrification and rural gas lines to all villages and farms.

- A state-guaranteed fair price for farm produce, higher than the costs of production. Under the Gaidar shock therapy hyperinflation, the prices in industry and energy have risen much faster than farm produce, threatening large parts of the state and collective farm sector with bankruptcy and preventing in advance any successful farm privatization.

- Rutskoy stressed that once food imports can be drastically reduced, Russia can utilize foreign exchange earnings for the import of western machinery and equipment to modernize its industry, as the basis for a true economic recovery.

But if Gaidar's forces are so clear about the suicidal dangers of following IMF shock therapy, why, then, did they attempt to reach a compromise? The arrangement was struck because neither the Centrist Bloc nor any other members of the opposition have yet to field a figure of national stature. This leaves Yeltsin as the only such figure. But by the same token, the fresh arrangement depends on the person of Yeltsin, as the presently irreplaceable figure of national stature on the Russian scene. Should anything happen to him, health or otherwise, Russia will immediately plunge into a dangerous, incalculable destabilization. But beyond the short term, Yeltsin factor or not, the crisis will again inexorably come to a head. Despite the watered-down monetarist policy, the lack of a genuine national economic development program will emerge in the coming months as the Achilles' heel of the present arrangement.

Secret Serbian plan for war on Macedonia

by Umberto Pascali

The specter of a religious war is being evoked by the Greater Serbians from the ashes of martyred Bosnia. That prospective war, terribly more destructive than the ethnic war we have seen up to now, is supposed to spill over from former Yugoslavia into the Middle East, Asia, and the rest of Europe. *EIR* has obtained information on a secret plan prepared to the last detail by the Belgrade secret services. The plan, confirmed by military sources in Zagreb, Croatia and published in part by the Slovenian paper *Delo*, includes the creation and use of synthetic "Islamic fundamentalist" groups to supply the pretext for a "reaction" from "Christians."

According to reliable sources, certain western intelligence services are engaged in training 3,000 Islamic "fundamentalist" guerrilla fighters to be deployed in Kosova. The target of the plan is the "southern flank" of former Yugoslavia—i.e., the predominantly Albanian region of Kosova, which Serbian "Duce" Slobodan Milosevic unilaterally declared part of Serbia—and the independent republic of Macedonia, whose recognition as a sovereign nation has been blocked by the Serbian-allied Greek government. Kosova and Macedonia are to be destabilized, set up, conquered, and then "cleansed" of non-Serbians.

The Greater Serbians, in pursuing their perverted dream of racial purity, are hysterically blind to the consequences of their genocide. In reality, if they succeed, nothing could really stop the broadening of the war to Greece, Turkey, Bulgaria, Romania, and soon thereafter down into Iran and the Middle East.

'The Third Balkan War'

"Serbian politicians and Army commanders will proceed with their war games without taking into account that the Balkan peninsula will blow up," wrote *Delo* on Nov 21. The title of the long analysis by Krecimir Moller and Mirjana Glusac is "The Third Balkan War," referring to the Balkan War that ignited World War I. Writes *Delo*, "We . . . cannot be surprised or astonished with the latest preparations for the 'pacification' of Kosova and Macedonia. These plans were set up a year ago, and were published in the newspaper *Slobodna Dalmacija* on Jan. 2 and 16, and April 23.

"Due to the fact that the situation last year did not develop as expected in Belgrade, the Third Section of the Security Department of JOS [Yugoslav military forces] under the leadership of Milan Milojevic and the head of UB [Secret Police] Nedeljko Boskovic have changed the plans known under the code-names 'Old Serbia' and 'The Bridge.' The objective was to find a pretext for the Serbian invasion of Macedonia, Kosova, and Sandjak [a heavily Muslim area]. So the secret police invented the threat of a 'rising wave of Islamic fundamentalism' which had to be stopped. But it was not easy to implement the plan. . . . So the Security Administration of the Yugoslav Army decided to provoke ethnic conflicts and create uncertainty and instability in Kosova and Sandjak, and later in Macedonia.

"In order to achieve this objective, they decided to massively arm the Serbian population in those areas, as they had done in Bosnia. They even armed the Albanian population and the Muslims." According to the account, the former head of the Intelligence Service of the Yugoslav Army, Marko Negavanovic, intervened personally to help get the funds for financing extremists to be used in the destabilization. Certain local Albanian leaders who in the past had collaborated with Yugoslav intelligence, were easily blackmailed. "They were supplied with \$2 million in February. Three weeks ago, \$15 million was transferred to the Greek company Thita in Piraeus. The funds were then transferred to the Greek company account of the companies Radiotone and Lapi-Tours, located in the Kosova capital of Pristina." From there, the money went to local leaders to launch ethnic fights against the Macedonian government, who will be accused of chauvinism against the Albanian population.

In the short term, this will be used to delay the diplomatic recognition of Macedonia. In the long run, it will help to stage an "Albanian" uprising against Macedonia. "Incidents between Macedonians and Albanians and ethnic Serbs in Macedonia will be provoked. This will lead to the Society of Serbs and Montenegrins [a front for the Greater Serbians] in Macedonia to ask for help from the Yugoslav Army, which will intervene on the pretext of protecting the Serbs."

At the same time, the Serbian Army will launch a series of provocations against Kosova and Muslim Sandjak. The aim: to provoke a military reaction from Albania and then invade the country. Already the Serbian Army has taken position. "It is expected that Albanian troops will react, and for this reason the Serbo-Yugoslav forces in Parcin, Leskovac, Novi Pazar, Prizren, Niksic, Pec, Nis, and Urosevac will be put in a state of alert. All airports should be put in a state of alert."

The Greek government is playing a crucial role in the plan, according to the document. "High-ranking Greek officers recently paid a visit to the head of the Security Administration of the Yugoslav Army, Nedeljko Boskovic. He explained to them that 'in case of war, Serbia will accept a Greek military penetration of Macedonia.' Serbian military

leaders signed the pact with Greece in order to prevent what they claim was the creation of a Greater Macedonia or Greater Albania. . . . According to the agreement, Serbia and Greece are obligated to provide each other with logistical support.”

Indeed, there has been an escalation of provocations both in Kosova and in Macedonia, where riots exploded in Skopje between Macedonian police and Albanians early in November. Later, a Serbian soldier on guard duty was assaulted in Pristina. The Serbian police decided that this was the work of two “Albanians.” Another soldier was stabbed twice in the back, again in Pristina. While witnesses claimed that the incident was faked, the Serbian authorities accused two Albanians.

And that was only the beginning. On Dec. 3, at the entrance of the produce market in Pristina, near the mosque on Danubi Street, the Serbian police killed an 18-year-old boy and wounded his brother and several other people. The brother of the victim was shot while lying on the ground. On Dec. 8, Serbian police machine-gunned and killed an ethnic Albanian woodcutter in Vucitrm, 15 miles northwest of Pristina.

That same day, a bomb exploded in the courtyard of the only mosque in the Serbian capital of Belgrade. It was the third explosion there in the last two months. To top the provocation, the Serbian authorities announced that they will begin the construction in Muslim Pristina of the biggest Orthodox Church in the Balkans.

Macedonia targeted

Serbian Maj. Gen. Miroslav Radmanovic, in charge of the area, promptly issued an ultimatum: “We will use all means at our disposal to reply to those who attack our soldiers or Serbian population anywhere, including Macedonia.” *Delo* explains: “The presence of the Yugoslav Army has obviously increased on the Macedonian border in the last month. Serbo-Yugoslavia has also hired 200 mercenaries from abroad (mainly Russians and Romanians); Greece has given to Serbia 15,000 special operations troops.

“It is obvious that the Serbian plan will soon be put into effect. The Albanians in Slovenia indicated a few months ago that the war will start in December. Albanian forces can hardly defend their own country, and any hope that they could do something for the Macedonians or the Albanians in Kosova and Macedonia is just an illusion. The Serbian forces are at least 15 times bigger and stronger. . . . The Serbian plan contains many frightening scenarios.”

The article concludes with a detailed analysis of the Serbian military plan to take over Macedonia. “It is not difficult to foresee the consequences of such an action. The Balkan barrel of gunpowder will blow up and spread like a chain reaction to much larger regions, and the involvement of Islamic countries can be expected. The consequences for the security of Europe are too difficult to predict.”

At this point, the Macedonian government is on the verge

of collapse. As an *ultima ratio* before the refusal of Europe to recognize the republic, Foreign Minister Denko Maleski accepted the idea of changing the name of Macedonia into that of “Macedonia (Skopje),” in order to comply with the recommendation of the European Community, which did not have the courage to stand up to Greece. The Macedonian parliament, however, rejected the change. The situation now is extremely unstable, and objectively favors those forces in Macedonia who are pushing for a desperate confrontation with Serbia and Greece.

Greek Foreign Minister Michalis Papaconstantinou pointed his blackmailing finger at the EC members on Dec. 8 in Brussels. “If you break the political consensus on the issue of Macedonia, don’t expect Greece to support the EC in its attempt to solve the Yugoslav problem. . . . All of you may recognize Macedonia, but Greece will not, which means that that republic will not survive for long!”

Religious war scenario

Dr. Peter Valentin Blajic of Split summarized the situation in an interview to *EIR*. “Definitely there is a scenario that calls for a war of religion. And it is all artificial. There are no so-called fundamentalists in Bosnia or in Kosova. When I heard these allegations, I looked into the matter. There are microscopic groups of extremists, they are not dangerous, but someone is pushing them. So someone wants the explosion. A few days ago, the leader of the so-called Serbian Republic of Bosnia, Radovan Karadzic, declared publicly: ‘We are not alone, the whole Orthodox world, the Russians, are with us. Thus we are not scared neither by the Catholic world, nor by the Islamic world. There are still nuclear bombs in the hands of our Russian friends. The Russians will help us when we need them.’ Karadzic said this to Belgrade TV.”

Indeed, several Russians and Romanians have been killed in Bosnia while fighting with the Serbians. Several Russian officials belonging to special forces deployed in Afghanistan, have been hired by the most ferocious Chetnik (irregulars) gangs, such as the group of the sadistic mobster Zeljko Arkan. “Apparently this alliance works,” said Dr. Blajic, “while the West is so immoral—this France, this England, what immorality! Here even the blind see it.”

Last Aug. 31, Nasir Shansab, an American citizen of Afghan origin and a well-known specialist on the Balkans and the Middle East, made a forecast: “There have been hints and threats of intervention by the Middle Eastern countries, the *jihad* [Islamic holy war] has already been started—not by the Muslims, but by the leaders of the Serbian forces who have conjured up an Islamic threat to egg their followers on.”

“If the international community does nothing, finally the Islamic world might clearly respond with a counter-*jihad*. There would be nothing more foolish and dangerous for Europe and the West than to start a general religious war against Muslims.” But that, apparently, is the intention.

ADL's Foxman caught destabilizing Latvia

by Mark Burdman

Abraham Foxman, director of the U.S. Anti-Defamation League (ADL), has been caught red-handed in a nasty operation, carried out in conjunction with certain high-level Russian networks, to destabilize the Baltic nation of Latvia. According to the Nov. 26 *Jerusalem Post*, Foxman threw his support behind a story published in *Life* magazine purporting to document a massive rise of anti-Semitic and neo-Nazi activity in Latvia, the which story is now being revealed to be a giant fraud.

This would only be the latest, and one of the more egregious episodes in Foxman's career as a professional liar and black propagandist, and further exposes the ADL as an instrument for carrying out dirty East-West deals against sovereign nations. Top ADL bankroller and World Jewish Congress president Edgar Bronfman, of the Seagram's and DuPont interests, is notorious for his underhanded political and financial arrangements with the old communist nomenclaturas of the former East bloc.

The story was published in the December 1992 edition of *Life*. Written by Edward Barnes and based largely on information provided by the American Jewish Committee, the story claims that "a resurgent anti-Semitism is forcing the Jews of Latvia to run for their lives," supposedly proven by regular weekly flights of Latvian Jews to Israel. He also insists that "former Nazis and newly emboldened ultra-rightists . . . share a shocking desire to 'purify' the population [and are] battling in the nation's parliament to get the Russians out of the country, and, less openly, the Jews along with them." Among other assertions, Barnes claims that the Latvian capital of Riga is replete with swastika symbols hanging in shop windows, and that there is a resurgence of an old Waffen SS unit as part of Latvia's new Home Guard militia.

No sooner did the *Life* article hit the newsstands, than attention was drawn to it by the *Jerusalem Post* and other journals around the world. Foxman was quick to throw his support behind it. However, in late November, leading U.S. and Latvian Jewish spokesmen began to cast doubt on Barnes's piece, and the Latvian government published a fact-sheet on Dec. 1, issued through its embassy in Washington, which charged that Barnes has used "sensationalism and selective reporting to paint a highly distorted and factually unsubstantiated picture of life in Latvia. The article misrepresents Latvian government policy, exaggerates the role of fringe extremists, and uses the emotions of essentially one

woman to support its hysterical—and journalistically irresponsible—claim that 'a resurgent anti-Semitism is forcing the Jews of Latvia to run for their lives.' A close analysis of the article shows that this headline, like other similarly careless conclusions drawn in the text, is unsupported by any evidence provided in the text itself, and upon further analysis, has no basis in reality."

The Latvian government further stated that "the article argues that anti-Semitism among Latvians is growing, yet the author only talks to a handful of extremist members of right-wing fringe groups. This is comparable to interviewing only the KKK and using their activities to characterize the entire United States."

Latvian Jews disagree

Among Jewish organizations in the United States, some quickly distanced themselves from Foxman's line. Upon returning from Riga, where he met leaders of the representative body of Latvian Jews, the National Conference on Soviet Jewry's Nate Geller affirmed that the view of leading Latvian Jews is that "anti-Semitism is not now a major factor in Latvia. They have not seen violence against Jews or organized [neo-Nazi] rallies."

Disavowals came from other Latvian Jewish influentials. On Dec. 6, the *Jerusalem Post* published a followup article headlined "Head of Riga Jewish Community Disputes Anti-Semitism Reports." Latvian Jewish leader Gregory Kropnikov told the *Post* that "many statistics in the article were incorrect." He said that the number of Latvian Jews emigrating from Latvia is "20 times less" than the figure cited by Barnes. He especially disputed one of Barnes's more absurd claims, that Latvian Jews are heading east toward Russia, stressing that no Jew would seek Russia as a refuge. Further, Kropnikov challenged Barnes's claim that carpets bearing swastikas were being displayed in store windows in Riga, explaining that there is a traditional Latvian folk symbol of the "fire cross" that resembles a backward swastika, and which might have been mistaken for swastikas by the author.

Kropnikov stated bluntly: "We do not feel there is a simmering strain of anti-Semitism in this country. . . . I do not have a feeling of imminent social violence, general or anti-Semitic."

Latvian Jewish parliamentarian Ruta Marjasa told the Latvian daily newspaper *Diena* on Dec. 3 that the Barnes piece is "absolutely non-objective. . . . This is a case where truth has been mixed with lies, accuracy with fantasy."

So shaky is Barnes's account, one Latvian source told *EIR*, that *Life* is now planning to publish an apology. This source believes the story was planted by Russian military networks intent on halting the planned withdrawal of Russian units now stationed in Latvia, and who are thereby seeking to discredit Latvia internationally, especially by conducting the disinformation through certain nominally Jewish organizations in the West.

Mafia, Freemasons plot to break up Italy

by Claudio Celani

Leonardo Messina, a former mafioso who recently decided to collaborate with Italian authorities, has revealed that the Mafia is currently involved in a plot to separate Sicily from the rest of Italy, and that it is being aided in this effort by Freemasonic lodges and by a political force which is connected to the separatist North League.

Messina spoke on Dec. 4-5 in front of the parliamentary committee on Mafia activities. The "Cosa Nostra," he said, "wants to take over a piece of the state." Messina explained that the Mafia is "dropping old political alliances" and allying with "new forces, which are born outside" of Sicily. The reference to the North League, the separatist formation which is supported by the *Wall Street Journal* and the London *Economist*, is evident. Messina added that all Mafia bosses decided to join Freemasonry in 1978. "All the bosses of Cosa Nostra, Riina, Madonia, Provenzano, all honorable men, are masons," he said. He added that the separatist plot is supported "by forces outside of the national borders."

Messina's statements confirm *EIR's* analysis that the Mafia has always been an instrument of political destabilization, analogous to terrorism, and congenial to the world order established at Yalta. Vincenzo Macrì, a judge in Reggio Calabria, compared the role of the Mafia in the south of Italy to that of Gladio, the secret NATO organization, in the north. Gladio, which was officially supposed to be a resistance network formed in case of a communist invasion of Italy, in reality was used as a capability for destabilization, supplying training camps and weapons for terrorist operations.

The ongoing "shift of alliances" described by Messina is consistent with the post-1989 Anglo-American decision to drop the old political ruling class that had guaranteed Italy's anti-communist direction, in favor of new forces like the North League and a "new generation" of politicians in traditional parties, like parliamentarian Mario Segni, Republican Party (the party of the British banking establishment) head Giorgio La Malfa, and factions in the Socialist Party, who are docile instruments for the "new world order." According to this design, Italy is supposed to be thrown into a pre-1860 situation, split into three or more impotent little states which would have no sovereignty. Also, 1978, the date given by Messina as the year in which Mafia bosses decided to join Freemasonry, is indicative. During that year, Italy lived through the biggest political destabilization of its postwar

history, with the kidnaping and assassination of Aldo Moro, the former Christian Democratic prime minister who was trying to build a "grand coalition" government, coopting the Communist Party into an independent alliance, away from the Moscow imperial strategy but also away from the Anglo-American bloc. With the death of Moro, a new phase of limited sovereignty for Italy began, which brought state institutions completely into the hands of Anglo-American-controlled forces, most notably the "Propaganda-2" (P-2) Freemasonic lodge.

After Messina's revelations, Massimo Brutti, who is a member of the parliamentary anti-Mafia committee, challenged Freemasonry to "clarify the question, expose and cut all connections of single lodges and covert associations with crime. Otherwise the whole of Freemasonry will be overwhelmed by this image." Brutti also reminded listeners, "Already in the postwar period, the Mafia played on separatism in a serious way. It had international support also inside the American establishment."

Membership lists surrendered

Early in October, the Freemasons were forced to give to investigating Calabrian Judge Agostino Cordova the full list of their membership, because he had discovered several "covert lodges" through which local mafiosi cut their business and weapons deals. From those deals, Cordova had discovered that Licio Gelli, the boss of the P-2 lodge closed in 1982, in reality had never stopped his activities and was in charge of a multimillion-dollar bank account from illicit business. Cordova also found in Gelli's private notebook, the secret telephone number of a "very high state authority" who is rumored to be former President Francesco Cossiga. Extending his investigation throughout Italy, Cordova discovered an endless number of secret lodges, and found out that former secret service officers who were P-2 members have been recycled into new lodges, hence still active.

Cordova was expected to become national coordinator of the anti-Mafia investigations, the position which judges Giovanni Falcone and Paolo Borsellino would have held, had they not been assassinated by the "Mafia" last summer. Messina revealed that an order to kill Cordova had been put out, but it was never carried out because Cordova, due to FBI pressure, was not elected.

The role of Freemasonry in the destabilization has also been discussed in the press after journalists Antonio and Gianni Cipriani revealed the existence of a "confidential memorandum," presumably in the hands of Italian authorities, exposing an Anglo-American plan to use neo-Nazi violence to isolate Germany and impose a "Pax Americana." In this plan, code-named "Operation 3K," lodges belonging to the American Southern Jurisdiction of the Scottish Rite were to be instrumental.

Giuliano Di Bernardo, grand master of the Italian Grand Orient (one of the two official lodges recognized by the Scot-

tish Rite), announced, after a tumultuous meeting of the Grand Orient general staff, that Freemasonry will react to what it considers "persecution." Di Bernardo compared the attacks on Freemasonry to attacks against Jews, and threatened to call in "international support," including from human rights organizations. This can only mean that threats like the one against the life of Cordova mentioned by Messina, and against other state authorities, have become dangerously real.

Grand Master Di Bernardo disavowed any connection to the covert lodges (whose existence he couldn't deny), insisting that there are three levels of masonic organizations: those "recognized" by the British Mother Lodge (like the Grand Orient); "legitimate" lodges, but not recognized by

the British Lodge; and a third level which is neither recognized nor legitimate. Covert lodges with Mafia membership, Di Bernardo said, belong to the third group.

Unfortunately for Di Bernardo, another top mason, Aldo Alessandro Mola, who is the official historian of Freemasonry, declared in an interview with the magazine *Il Sabato* last summer, that the status of a "covert lodge" like the P-2 is no exception, but it is rather the rule in Freemasonry, and that all such lodges depend upon American Freemasonry, which in turn depends upon the British Mother Lodge. In that interview, Mola explained that the present freemasonic strategy is to prevent the economic integration of western and eastern Europe.

WCC renounces concept of man in the image of God

The World Council of Churches attacked the concept of "*imago viva Dei*" (man in the image of God) and renounced Christianity's commitment to "anthropocentric theology," in a just-issued document entitled "Searching for the New Heavens and the New Earth: An Ecumenical Response to UNCED." The document is the WCC's policy statement for the U.N. Conference on Environment and Development's so-called Earth Summit, held June 1-12 in Brazil. The document was prepared in Brazil following a joint meeting of the WCC and the Brazilian Council of Churches.

Aside from various gratuitous swipes at the International Monetary Fund, and comments which seem to be correct critiques of economic policies that put debt above all else and which lead to the spread of hunger throughout the underdeveloped world, the document is a gnostic diatribe, aimed at bringing religious belief into alignment with the perspectives of the Rio Earth Summit.

"We continue to assault the planet. Consumption of energy continues as though it were limitless in content and benign in effect. . . . Our churches themselves must be places where we learn anew what it means that God's covenant extends to all creatures, by rediscovering the eco-centric dimension of the Bible. . . . We acknowledge that the traditional anthropocentric nature of Christian theology has contributed to one species, human beings, destroying and threatening many other life forms," it reads.

To change all this, the document calls on churches to "play an important role by advocating principles that: respect the inherent integrity of all species. . . ; conserve biodiversity in order to stabilize the life-support system of the planet, enable sustainable development, and ensure

equitable access to genetic resources; [and] protect the territorial rights of indigenous peoples on whose lands great varieties of life exist."

The WCC mob, which obviously knows nothing about any of these matters, then declares "deep concern" about "global warming," and calls for banning chlorofluorocarbons (CFCs) and limiting "greenhouse emissions." It also says, without any explanation whatsoever: "Nuclear energy is not an appropriate alternative to fossil fuels either from an ecological or economic perspective."

Later the basic gnostic viewpoint is clearly enunciated:

"We affirm the goodness of God's creation and the intrinsic worth of all beings. Anthropocentric, hierarchical, and patriarchal understanding of creation leads to the alienation of human beings from each other, from nature, and from God. The current ecological crisis calls us to move toward an eco-centered theology of creation which emphasizes God's spirit in creation, and human beings as an integral part of nature. Instead of dominating nature, men and women have the responsibility to preserve, cultivate the earth, and to work with God for the sustainability of the planet. . . .

"From the scientists we learn that human beings came into existence much later than the plants and other living organisms. With diverse culture and languages, people of all races belong to one single species.

"An eco-centered theology of creation requires us to re-examine some of the basic presuppositions of theological anthropology. A hierarchical understanding of *imago Dei*, putting human beings infinitely above all creation, must be replaced by a more relational view. Human beings are created for the purpose of communion with God and all the living and non-living things. In the example of Jesus, we see a life-style characterized by simplicity, humility, and openness to nature" (emphasis added).

—Mark Burdman

World mobilization to free LaRouche

Taking the opportunity presented by the inauguration of a new U.S. administration, an international coalition has launched a drive to free U.S. political prisoner Lyndon H. LaRouche, Jr. Jailed in January 1989 on trumped-up "conspiracy" charges, LaRouche, age 70, is serving a 15-year sentence in federal prison in Rochester, Minnesota.

The coalition is circulating, for signatures by prominent persons, an appeal to President Clinton to deliver on his election campaign pledge to bring about a change in American policy. "We call upon you, to take a first step in this direction: to end a crying injustice, see to it that Lyndon LaRouche is immediately set free and exonerated," the letter says.

Two highly respected leaders of the U.S. civil rights movement, Amelia Boynton Robinson and the Rev. Richard Boone, are on tour in Europe, focusing attention on the LaRouche case and mobilizing support for the creation of a new international movement for civil rights and economic development.

Members of the "free LaRouche" coalition are also appealing to the Organization of American States, which is scheduled to convene in Washington, D.C. on Dec. 14-15 for an extraordinary session to discuss revising the OAS charter in a way that would legitimize the doctrine of "limited sovereignty." Supporters of LaRouche plan to hold a demonstration at the OAS meeting.

An open letter sent to OAS Secretary General João Baena Soares castigates the attempts of the United States to use the "human rights" issue in order to violate national sovereignty, at the same time that it violates the human rights of LaRouche. Among those who have signed the letter are Arturo Frondizi, former President of Argentina; Elmo Martínez Blanco, the Panamanian minister of commerce and industry at the time of the 1989 U.S. invasion; Colombian Congressman Melquisedec Marin López; two retired Peruvian military officers; four members of the Congress of Mexico, including one from the ruling PRI; and three former members of the Congress of Peru, who met with Baena Soares last February and were told by him that he would personally bring up the LaRouche case with the OAS Human Rights Commission.

Amelia Boynton Robinson in Poland

Amelia Boynton Robinson, who was a close associate of Dr. Martin Luther King and a leader of the voter registration

drive in Alabama during the 1960s, visited Warsaw, Poland in early December, heading a delegation from the Schiller Institute. She spoke before universities and political groups, and met privately with representatives of churches and human rights organizations.

On Dec. 1, Mrs. Robinson addressed students, farmers, and others at a university in Warsaw, outlining the world strategic crisis and the necessity to intervene to reverse it. This means first of all, she said, freeing LaRouche.

On Dec. 3, she spoke to students in Poznan on her experience in the civil rights movement in the United States, underlining that the American civil rights movement, which fell apart after the death of Dr. King, is now being revived by LaRouche and the Schiller Institute.

On Dec. 5, she addressed a national conference of the Solidarnosc 80 trade union in Warsaw. The theme of the meeting was the economic austerity policies of the International Monetary Fund and the World Bank, versus the Christian economics of LaRouche and the Schiller Institute. Mrs. Robinson warned the delegates not to fall for the glittery image of the United States that is generally presented in Poland, but to look at the harsh reality: social and racial discrimination, the "might makes right" policy of the Thornburgh Doctrine, the war against Iraq, and the imprisonment of LaRouche and his associates.

The alternative to this dismal situation, she said, is the Christian economics which LaRouche has elaborated. (A Polish translation of LaRouche's textbook, *So, You Wish to Learn All About Economics?* has recently been completed, and will be published as soon as possible.)

Reverend Boone tours Scandinavia

The Rev. Richard Boone, another veteran of the U.S. civil rights struggle who was the campaign co-director of the Selma Project of the Southern Christian Leadership Congress, took the mobilization for a new international movement for civil rights and economic justice to Denmark, Sweden, and Norway.

In Sweden, he addressed an audience of high school students, describing the battles of the civil rights movement in America to bring the walls of racism tumbling down. He characterized the current tragedy in Bosnia as an example of the wrong policies that have prevailed in the United States since the assassination of President Kennedy and Dr. Martin Luther King. He called upon the students to launch a new civil rights movement, using the same methods as were used in the United States during the 1960s. "You are the government," he told them. "As long as any other human being is suffering on earth, you cannot be free." He led the group in singing "We Shall Overcome."

Reverend Boone also conducted radio interviews and private meetings with parliamentarians and others in the Scandinavian countries, urging them to mobilize for LaRouche's freedom.

Venezuelans democratically reject CAP

Voters smashed Carlos Andrés Pérez's party, exposing his manipulation of the previous week's coup attempt.

Carlos Andrés Pérez, the darling of the U.S. establishment's "democracy" mafia, lost big in Venezuela's regional and local elections on Dec. 6, less than two weeks after a failed coup attempt in that country. Despite his now incontestable lack of popular support, CAP's admirers, from U.S. Ambassador to the Organization of American States Luigi Einaudi to spokesmen for the Inter-American Dialogue, continue to threaten all levels of retaliation, from oil boycotts to OAS invasions, should Pérez be ousted and brought to trial. Pérez's services to the International Monetary Fund (IMF) and U.S. neo-colonialist policies in general still make him Washington's top "democrat" on the continent, even if less than 10% of Venezuela's eligible voters agree.

CAP's Democratic Action (AD) party national secretary had admonished Venezuelans to come out "massively to vote, to say no to the coup d'états," and the government ran a heavy week-long media campaign to demonize the opposition.

But instead, while official tallies show that over 50% of the voters stayed home, some analysts calculate that 60-75% abstained. Those who did vote gave the AD only 3 out of 22 governorships. One of CAP's close political buddies lost the mayoral race in Caracas to the leftist Causa R party. In some areas of the capital, up to 80% abstained.

The harsh rejection of the corrupt Pérez regime demonstrates that the controlled media orchestration to make CAP into a hero after the coup

failed, fooled few.

In the days after the rebellion, the government charged that coup leaders were in cahoots with leftist rabble and that both were responsible for the deaths of nearly 200. The message was that the only alternative to Pérez was leftist terrorism and bloody anarchy. The day after the coup, some of the middle class, which hates Pérez for wrecking the economy, rallied to him as they were shown scenes of violence and bearded leftist thugs calling on the people to arm themselves. CAP claimed that the population rejected the attempt to overthrow him, and that "bad officers" had allied with leftists to cruelly assassinate "humble Venezuelans." CAP announced that the people supported him, as his political police began arresting key "notables" of the opposition who had been demanding his resignation and the creation of a national unity government. For 48 hours after the coup, the AD's psychological warfare had some impact.

But the facts soon came out. From Peru, Brigadier General Visconti, a leader of the coup, said that the thugs who appeared on national TV as the coup began, claiming to represent the rebellion, were unknown to the leaders of the move to oust Pérez. The plan to play a taped message of Visconti explaining that the insurrection was not against the Constitution, but against the corrupt regime that is destroying the nation, was sabotaged. Visconti's intention was to install an emergency civil-military government, bring Pérez to trial, and stop the IMF austerity program that has de-

stroyed the economy. Elections would follow the emergency.

While Pérez had boasted that there would be constitutional guarantees for the elections, he sabotaged the prime-time showing of an interview with opposition leader Rafael Caldera of the Christian Democratic (COPEI) Party two days before the election. The government's director of communications told Caldera that Pérez "could not accept at this time" that Caldera's charges be made public.

In the interview, which was later aired to a much smaller public at 11:30 p.m., Caldera reported that the leftist thugs that appeared on television claiming to represent the rebellion were brought there by the government to terrorize the population. The overwhelming support of Venezuelans for the removal of the hated Pérez was checked by confusion and fear which would not have been the case had the tape of Visconti been shown. Caldera charged that the government was now trying to blame all its political opponents who had denounced the errors and excesses of the government for the coup. CAP intends to clean out the opposition, to keep the same clique in power until after 1994, to ensure the continuation of the "nefarious policies that he has developed that have been repudiated by the population," charged Caldera.

According to columnist Andrés Galdo, CAP is moving to ensure that his apparat stays in power, in part so that he will not be brought to trial for corruption, for which there is massive evidence.

Already, CAP is moving to jail and terrorize the opposition. There are orders for the arrest of 500 civilians for alleged collaboration with the rebels, and, if CAP gets his way, they will be tried in military court.

That's what the U.S. establishment means by "democracy."

Leftists push 'proletarian monetarism'

Brazil's communists are seeking an "understanding" with the bankers, as they maneuver for power in 1994.

Like other pro-communist parties in Ibero-America which constitute the so-called São Paulo Forum, the Workers Party (PT) of Brazil is going out of its way to present itself to the Anglo-American and banking elites as the alternative to a potential nationalist outcome to the current crisis afflicting the nation, and the continent.

The PT, a product of two influences both characterized by their anti-nationalism (the Marxist Theology of Liberation and the French Enlightenment) has just been granted "observer" status in the Socialist International (SI); the ceremony was held in Paris on Dec. 1 and was attended by PT president Luiz Inacio "Lula" da Silva and by SI president Pierre Maurois.

Curiously, just prior to his entrance into the Socialist International, Lula da Silva had begun a courtship—unimaginable just a few months earlier—with none other than Brazil's most prominent media magnate and a leading agent of the Anglo-American establishment, Roberto Marinho. It appears that Marinho is being cultivated as *the* public relations agent for a variety of "former" communists who are now returning to the maternal bosom of liberalism. For example, when Mikhail Gorbachov was in Brazil, he stayed in Rio de Janeiro as an honored guest of the Roberto Marinho Foundation, which institution is also sponsoring the preservation of the historic memoirs of the Brazilian Communist Party.

In Paris, Lula and Marinho participated jointly in the French government's official commemoration of the

Quincentary of the Discovery of America. There, under the sponsorship of French Culture Minister Jack Lang and of Regis Debray, the *crème de la crème* of Ibero-America's so-called intelligentsia were on hand.

During his presentation at the event, Marinho boasted of having been responsible for the election of Fernando Collor de Mello, thanks to having placed his media empire at the candidate's disposal. According to the Brazilian press, Lula showed no great surprise (much less disgust) at the revelations. It appears he had already been personally so advised by Marinho during a cordial and highly publicized meeting the two had held in Rio de Janeiro back in mid-September.

The weekly newsletter *Relatorio Reservado* No. 1331 published a very coherent account of that September meeting, considered "historic" by the two personalities. It was the period in which Brazil's political parties were debating what means were available to them to impeach President Collor de Mello. According to the account, Lula promised Marinho that the PT "would not work for a radical change in the economic policy of the country," since it was only interested in getting rid of Collor.

This is, in fact, precisely the truth. The PT's economic platform is but a variation of monetarism, as is proven by a series of emergency proposals the PT is currently urging President Itamar Franco to adopt. "Proletarian monetarism" is the best word for it. First of all, the PT is careful not to mention "debt moratorium," but rath-

er makes vague allusions to a debt renegotiation. Then, it elaborates a series of measures which would warm the hearts of any bankers. For example, the PT suggests that the government purchase U.S. government bonds which would then be given as guarantees to domestic creditors who would in turn agree to lengthen the terms of their debt holdings.

Delivering the Brazilian economy over to the U.S. Federal Reserve, as the PT proposes, has already stirred the appetites of the bankers. Newspaper columnists have noted that New York bankers are of the opinion that "the most sensible Brazilian with whom one can chat is congressman Aloizio Mercadante," the head of the PT's economic team.

Following the fall of communism in eastern Europe, the PT suffered an internal convulsion which has led it to seek other forms of struggle against western civilization, one of these being a turn toward environmentalism. But other turns compatible with the bankers' belief structure are under way; one of these is the unusual interest that has been awakened within the intellectual layers of the PT by the Calvinist liberal body of thought of German sociologist Max Weber, an ardent defender of usury.

With its revamped "program," the PT hopes to garner sufficient force to become an option for government, or at least co-government, in the 1994 presidential elections. Thus, its proposal for a single candidate for all the so-called "progressive" forces, who would nonetheless be answerable for its camouflaged communist ideals. It is no accident that the PT has refused to enter the government of President Itamar Franco; it clearly views the present situation as comparable to Russia's "Kerensky" period preceding the accession to power of the Bolsheviks.

Narco-terrorism on the northern border?

Recent violence on the U.S.-Mexican border is suspicious . . . and could be tied into drug-running interests.

A demonstration on Nov. 29 in the city of Nuevo Laredo, Tamaulipas (the principal border crossing between Mexico and the United States), was transformed into an act of terrorism and vandalism. Citizens were protesting the orders of the treasury secretary to redefine the basic necessities traditionally purchased by Mexicans across the border in Laredo, Texas (because these goods don't exist in Mexico) as "imports."

The lack of sufficient domestic production has been aggravated by the free trade of the last few years, and it will be even worse when the North American Free Trade Agreement is fully applied.

The value of merchandise a Mexican citizen can bring home, free of duty, is \$50, while in other parts of the country, such as the Mexico City airport, the value is nearly \$300. Supposedly, the government orders are to "reduce imports" and avoid "unfair competition" against domestic producers.

The demonstration of about 12,000 persons (based on eyewitness estimates) was called by associations of professionals, groups affiliated with the CTM trade union, and the Committee in Defense of the Border. Upon arriving in the vicinity of the bridges that connect Nuevo Laredo and Laredo, a group of youths broke off from the contingent, throwing molotov cocktails, burning and looting the offices of Customs, Immigration, a branch of the Army Bank, and the federal tariff collection booths.

The main target of the terrorist group was the Integrated Automated Customs System (SAAI), which had

begun operations two days before as part of an effort to stop contraband. The SAAI computers were thrown into the street from the third floor.

According to journalists who witnessed the events, the vandals are presumably allied with the controllers of the illegal border trade. They observed that, strangely, the doors to all the federal offices were unlocked and unguarded. The border police from Laredo erected barricades on the northern side of the international bridges.

A heavily armed contingent of the Army and the Mexican Judicial Police succeeded in controlling the situation, arresting over 100 people engaged in acts of terrorism, the majority of whom were minors.

It is well known that the groups that control the illegal commerce (whether across the border or inside Mexico) are in fact mafiosi who traffic in everything (clothes, food, arms, drugs, jewelry, sophisticated electronic equipment, etc.), and, in some border states, they are organized politically into so-called Committees of Popular Defense (CDP), whereby they have won popular elections as local deputies and municipal presidents.

The events in Nuevo Laredo are the second time in a month that there have been suspected narco-terrorist actions in Tamaulipas. In the state elections on Nov. 8 in Matamoros, a city which also borders Texas, similar events occurred.

At a demonstration of opposition parties protesting irregularities in the voting for governor, local congress, and municipal presidents, an unidentified group threw molotov cocktails into a building of the Municipal Elec-

toral Committee, burning all election documents.

According to journalist Eduardo Valle, former president of the Union of Democratic Journalists, in a document presented to the Chamber of Deputies, in the conflicts in Tamaulipas, narco-trafficking interests who seek to gain political control were involved in the events associated with the electoral fight.

Valle affirms that "the Guerra family is again taking control of Matamoros; or what is the same thing, Juan García Abrego, the most powerful and dangerous narco-trafficker in Texas-Tamaulipas again controls that border."

In the perpetration of the grave occurrences in Tamaulipas, he adds, "the narco-traffic element is becoming essential." The fact that the PRI's candidate for deputy, Carlos Arturo Guerra Velasco, brother of the former PRI mayor of Matamoros, Jesús Roberto, may be the coordinator of the PRI in the border area of Tamaulipas, "opens that concrete possibility: Nuevo Laredo, Reynosa and Matamoros will be converted soon into a highest-priority location for the DEA [Drug Enforcement Administration] and the FBI," according to Valle.

There has been much speculation as to the origins of the Tamaulipas instability, and that which is coming in the neighboring state of Chihuahua. The events in Nuevo Laredo, more widely reported in the United States than in Mexico, occurred only 24 hours after President Salinas was to begin his trip to South America to participate in the Rio Group meeting. Others add that the events in Nuevo Laredo came 48 hours after the U.S. government began the trial against Dr. Alvarez Machaín, the doctor of drug-runner Caro Quintero who allegedly aided in the torture and assassination of DEA agent Enrique Camarena.

International Intelligence

Millions of refugees stream into Russia

Some 1,270,000 people have either fled or emigrated to the Russian Federation from other former Soviet republics since the fall of the communist regime in August 1991, according to the Russian immigration authority. The total consists of 470,000 refugees who were forced to flee conflicts in Tajikistan and the Transcaucasus, plus another 800,000 who, in anticipation of conflicts, or unwilling to remain in countries now under Islamic rule, have emigrated to Russia.

A spokesman for the immigration authority announced that, by the end of 1993, the minimum total of refugees and emigrants will reach 2 million. There are also hundreds of thousands of refugees in the other republics, notably Armenia, Azerbaijan, Georgia, and Tajikistan.

The U.N. High Commissioner for Refugees in Geneva has announced a \$6.5 million emergency relief program for the most destitute of the Armenian and Azeri war refugees. Early in December, the first deaths from hypothermia were reported from Armenia.

Ariel Sharon: Jews should come to Israel

Former housing minister and would-be king of Israel, Ariel Sharon, visited Paris the first week in December, on a "private visit" on invitation from the French branch of the Israeli Herut Party. While there, he made a pitch for Jews to go to Israel as quickly as possible, in response to the alleged wave of anti-Semitism "which has been spreading at great speed all over the world in recent years," and which has become "one of the most dangerous things today."

The Sharon faction in Israel is one key contributing element to the current "strategy of tension" destabilization of Germany and other European countries, with the aim being to force Jews to leave Europe and settle in Israel.

According to Sharon, Jews all over the world must demand that governments crack down on anti-Semitic movements and must themselves emigrate to Israel, which he called "the only place in the world where Jews have the right to defend themselves and dispose of the means and the power to do it." This does not mean that every Jew should pack his bags today and go to Israel, since there is also an important role in supporting Israel "politically and financially."

Sharon's view, according to the Paris daily *Le Monde*, is that there is unquestionably room enough in Israel for all Jews in the world to live, were they all to immigrate. The paper does not specify what Arab lands he seeks to annex to allow for this *Lebensraum* policy to be implemented, although it gives one hint elsewhere in the article, by citing Sharon's view that Jordan should be considered "the Palestinian state."

Violence blocks peace effort in South Africa

Violent provocations in South Africa seem aimed at upending arrangements for negotiations between South African President F.W. de Klerk and African National Congress leader Nelson Mandela, the first such direct talks since the massacre in Boipatong in June of this year, in which numerous ANC backers were killed. There has also been recent progress toward opening negotiations between Mandela and Zulu Chief Mangosuthu Buthelezi.

During Nov. 28-29, black gunmen, whose identities are not known, started shooting at whites on a golf course in East Cape, reportedly killing 4 and wounding 17. The ANC condemned the action, denying any responsibility, and charged that the murders were committed by individuals or groups intent on aborting political progress in South Africa. The previous week, there was an attack on a train in another South African city, in which tens of blacks were seriously wounded. Further adding to this atmosphere of tension, Afrikaner Resistance Movement head Eugene Terreblanche threatened to "necklace" Mandela, to "burn

him alive," if he went ahead with plans to take land away from whites.

Numerous sources have confirmed that, in recent weeks, Mandela and others, including even South African Communist Party leader Joe Slovo, have sought to move the ANC away from confrontationalist policies, out of fear that these would so decimate the South African economy that, in the words of one source, "they might win power and then be presiding over a giant Vukovar." Powerful forces within the ANC don't agree with such a moderate course, however, and the violence is calculated to strengthen their hand within the organization.

European Community seeks to bar refugees

New European Community resolutions on refugees and asylum are an attempt to throw a "ring-fence" around western Europe, and to shift the pressures from refugees onto eastern Europe and the countries neighboring former Yugoslavia, the London *Independent* newspaper charged on Dec. 2. The result will be to force the European countries outside the EC to toughen their own rules against refugees.

The *Independent* quotes the EC resolution on "third host countries": "The purpose of this resolution . . . is to meet the concern arising from the problem of refugees and asylum-seekers unlawfully leaving countries where they have already been granted protection or have had a genuine opportunity to seek protection." This resolution might soon become a "legally binding covenant."

This means, according to the paper, that "the EC had effectively created a *cordon sanitaire* around itself. Combined with an emphasis on safe havens, and forcing asylum-seekers to seek redress in their own states, it amounts to throwing a ring-fence around the EC. Since no EC country borders Bosnia, for instance, the agreement would mean that refugees from the war-torn republic could be kept in the nations that do."

To judge from figures presented in the article, the alarm in Britain, France, and some other countries about refugees is a

Briefly

hoax. Britain has so far taken a grand total of 4,000 refugees from ex-Yugoslavia; France's total is even lower, 2,200. Compare this to Croatia (714,000), Germany (235,000), Austria (57,500), Slovenia (52,000), Hungary (50,000), and Sweden (74,000).

Neo-Nazi upsurge: the Madrid connection

The Madrid-based Cedade organization is playing a leading role in building neo-Nazi structures in eastern Germany, an anti-terrorist specialist in Berlin told *EIR*. While almost nothing is known about Cedade activities and contacts into eastern Germany before late 1989, an increase of activities and recruitment campaigns has been visible in the past two years, the source said.

Cedade deserves special attention, because it has become the main operational and publishing base of the circle around Otto Ernst Remer, the former Wehrmacht colonel who has built his high-profile recognition among European neo-Nazis on the fact that his troops crushed the July 20, 1944, revolt of anti-Nazi German Army officers against Hitler.

The Madrid-based group is also one of the regular organizers of European-wide gatherings of leaders of the "old Nazi" networks known as the Black International, as well as leaders of the younger generation of neo-Nazis. One of those gatherings took place near the Spanish capital in May 1992.

British scribbler likens Milosevic to Lincoln

British commentator Conor Cruise O'Brien, in an article in the *Times* of London published on Dec. 4, compared Serbian dictator Slobodan Milosevic to Abraham Lincoln, saying that what is happening in Yugoslavia is a "civil war" and fight against "secession," so it doesn't merit outside military intervention.

O'Brien is the same propagandist who launched the "Germany is the Fourth Reich"

psywar campaign during 1989-90, in league with the government of Prime Minister Margaret Thatcher.

"The civil war in Yugoslavia," he wrote, "like the American Civil War, had its origin in the determination of some states to secede from a federation, and the determination of other states to uphold the federation by force." He added coyly, "I do not mean to claim by this comparison that Slobodan Milosevic is a moral clone of Abraham Lincoln, though I have no doubt that a few readers will regard such a claim as implicit in the comparison."

"Civil wars are no less ghastly than international wars," he continued, "and in some ways they are even more ghastly because of the intimacy within the hate and cruelty. But, ghastly though it is, a civil war does not call for the same international response as does an act of international aggression."

Police probe role of Malmoe International

The role of the "Black International" of old and new Nazis, formally established in Malmoe, Sweden in 1951, is under scrutiny by European law enforcement officials investigating the current neo-Nazi resurgence. This was the subject of a report in the November issue of the German police monthly *Magazin für die Polizei*, which drew attention to the following people, among others:

- François Genoud, based in Lausanne, Switzerland, the gray eminence of this network and publisher of "original" Nazi diaries and other documents; also, Gaston Amaudruz, operating from Lausanne, who runs the *Courier du Continent*;

- Gary Lauck and his Nazi group NSDAP-AO, founded in Lincoln, Nebraska in 1973; KKK Grand Dragon Dennis Mahon, based in Missouri and Oklahoma since the late 1980s, who played a key role in instigating racist violence during a tour of Germany in the summer of 1991; Canadian citizen Ernst Zuendel, Toronto, who runs a neo-Nazi publishing empire.

- **CENTRAL AFRICAN** states on Nov. 30 agreed on a joint effort to combat illicit drugs in the region. An analytical laboratory will be set up in the Gabonese capital of Libreville; sniffer dog units will be formed in each country; and marijuana plantations will be sought out and destroyed.

- **THE ISRAELI** cabinet issued a statement on Nov. 29 expressing "grave concern" over recent violence in Germany, with Prime Minister Yitzhak Rabin declaring, "The head of the snake must be smashed while it is still small." Opposition Likud spokesmen called on Israel to break off diplomatic relations with Germany.

- **THE CAMBODIAN** Khmer Rouge guerrillas have formed a political party, headed by its political spokesmen Khieu Samphan and Sonn Sam. U.N. observers say they hope this means that the group will participate in elections scheduled for May; but the Khmer Rouge continues to say it will not.

- **UNITED NATIONS** Secretary General Boutros Boutros-Ghali has proposed the launching of a new U.N. peacekeeping operation for Mozambique, with the deployment of 7,500 troops and "very substantial resources." The operation "may be thought to invite the international community to take a risk," he said. "I believe that the risk is worth taking."

- **BRAZIL'S** Adm. Mario Cesar Flores, the secretary of strategic affairs, said that the situation in his nation has reached "the limits of extreme gravity," and that if democracy is incapable of resolving the most pressing social problems such as unemployment and the spread of disease, the Armed Forces may be called upon to intervene. He spoke in an interview to the magazine *Visão*.

Virginia cases sought to destroy LaRouche movement

During the 1986-88 period when the U.S. government was prosecuting presidential candidate Lyndon LaRouche in order to imprison him for as long as he lived, seven states jumped in with their own prosecutions, and publicly avowed their goal to destroy his independent political movement, root and branch.

On Feb. 17, 1987, the Office of Virginia Attorney General Mary Sue Terry, using the securities laws of that state in a manner completely without precedent, issued felony indictments against 16 individuals and four publishing corporations operating at the headquarters of the LaRouche movement in the United States in Leesburg, Virginia. Representing the top fundraisers of the LaRouche movement, these 16 individuals were all charged with "failing to register as securities broker/dealers" and "selling unregistered securities."

Lawyers in Virginia cannot remember the application of the state securities laws in criminal prosecutions before. They are exclusively used for civil regulation.

Compare the facts

LaRouche cases: Sixteen fundraisers were indicted, each charged with 3-12 felonies, and each felony charge carrying a maximum penalty of 10 years. Six trials have led to *average sentences of 36 years in prison*, with Michael Billington now serving 77 years.

Non-LaRouche case: From 1981 to 1990, the state of Virginia had under surveillance investment promoter William Harkay. Harkay raised loans in a pyramid scheme which promised short-term interest rates of 40-120%. Some 450 investors, many retired, lost \$11.3 million. Harkay was never prosecuted or even fined. The Virginia State Corporation Commission under Lewis Brothers, the same director who prosecuted the associates of LaRouche, merely asked Harkay

to sign consent orders agreeing to stop selling unregistered securities, which he signed in 1981, then later violated. In 1990, the federal Securities and Exchange Commission finally sued—in civil court.

Non-LaRouche case: In 1991, Jonathan Bush, brother of George Bush, was fined \$30,000 by the state of Massachusetts and barred from trading with the general public for one year for selling securities without a license for three years. Massachusetts securities chief Neal Sullivan said in February 1991 that Bush took a "cavalier" attitude toward the violation of the Uniform Securities Act by continuing to sell securities even while regulators were working out the consent decree. "We were dismayed," he said. "Anyone who has been notified that he is violating state law and continues to do so certainly exemplifies a cavalier attitude toward the registration laws." The state of Connecticut also fined Jonathan Bush's company several thousand dollars for the same non-registration. Though an actual securities broker who violated laws written to regulate brokers, President Bush's brother was not only not prosecuted, but was allowed to resume his business.

Non-LaRouche case: Around 1990, televangelist Jerry Falwell's Liberty University in Lynchburg, Virginia defaulted on tens of millions of dollars of bonds invested in his religious education network. Falwell was never prosecuted, and was allowed to renegotiate with all his creditors. Falwell endorsed Bush for President in 1988.

While the regulations are never used criminally against securities brokers, in the LaRouche cases they were used against political fundraisers, with the state seeking prison terms of up to 120 years.

Compare the facts: Michael Milken, an investment adviser at the international firm Drexel Burnham Lambert, made

billions on insider trading and corporate takeovers with junk bonds which wound up virtually worthless. These takeovers, saddling corporations with unpayable debt, resulted in scores of corporate bankruptcies and tens of thousands of people losing their jobs, most of their investments, and soon, their pensions. Finally prosecuted in 1989, Milken expects to serve only three years in jail. Ivan Boesky, his broker speculator partner, prosecuted on similar charges in 1987, was sentenced to three years and is already out of prison.

In 1986, First National Bank of Boston admitted that it laundered over \$1.2 billion in drug money. U.S. Attorney in Boston William Weld, who later prosecuted LaRouche, launched no criminal prosecution of the bank, instead asking for a fine of \$500,000, which amounted to a 0.04% commission for the U.S. government on the drug money laundered.

The federal-state division of labor

The federal convictions against LaRouche and his associates were obtained in Virginia's federal district court after jurors in trials elsewhere refused to convict—they had heard too much about the government's misconduct against the LaRouche movement. The judge in the federal district court in Virginia, however, refused to allow the defense to discuss government actions against them. The federal convictions were aimed at LaRouche and the movement's other political leaders. The state of Virginia, with federal government encouragement, then tried to "mop up" the movement by prosecuting its top fundraisers.

This division of prosecutions was worked out between the federal "Get LaRouche" task force participants and the state of Virginia task force participants. To create the appearance of a separate prosecution, the state of Virginia had to concoct a different crime, hence Virginia's bizarre criminal charges that the LaRouche movement's political fundraisers were "unregistered securities brokers."

The clearest sign that the federal and state prosecutions were a division of labor within one operation, was the judicial barbarism against the movement's leading fundraiser, Michael Billington. A former Peace Corps volunteer who joined the LaRouche movement in 1972, Billington was tried by *both federal and Virginia prosecutors for the same acts.*

Billington was indicted with LaRouche in Boston. After the prosecution there failed, he was convicted with LaRouche in federal court in Virginia, and sentenced to three years. *Then, while in federal prison, Billington was transferred to a jail in Roanoke, Virginia and prosecuted for the same money raised from the same people, with the same witnesses and "evidence," and convicted and given a 77-year state sentence which he is now serving in Virginia's Powhatan State Prison.* Sentenced twice for the same white collar alleged offenses, Billington, now 47 years old, is kept at Powhatan in a higher security section, with 20 convicted murderers housed on his floor, because of the length of his sentence.

Including Billington, nine of the leaders of the LaRouche

movement's fundraising efforts have been prosecuted and convicted in the state of Virginia for "securities fraud." Six others are still being prosecuted.

Rochelle Ascher, sentenced in 1989, is serving a 10-year sentence in Virginia's Goochland Prison for women. Among the other sentences meted out to these political fundraisers, none of whom had previous criminal records of any kind:

Anita Gallagher: 39 years in prison;

Paul Gallagher: 34 years in prison;

Laurence Hecht: 33 years in prison;

Donald Phau: 25 years in prison;

Their "crimes," namely, the non-repayment of political loans, were caused by an illegal forced bankruptcy action brought by the U.S. government in 1987 against the publishing corporations to which the loans had been made. We say "illegal forced bankruptcy," because the federal bankruptcy courts and appeals courts involved eventually and unanimously ruled that the government action against these companies had been illegal—but these rulings came in 1990. By then, the companies were long since liquidated, and the lenders long since unpaid.

A Soviet-style trial

During a brief interlude between the end of his federal sentence and the beginning of his state term, Billington was able to tell a television interviewer about the barbarous farce of his state trial in Roanoke:

Billington: "My lawyer demanded that I be made to submit to a mental examination, solely because I insisted on my right to a jury trial against his advice; and I was ordered to take a mental examination by the judge."

Q: "But you attempted to change attorneys. . . ."

Billington: "I told the judge that I totally disagreed with Mr. Gettings's argument as to my incompetence . . . and that he [Gettings] should be withdrawn from the case immediately."

Q: "How did the judge rule on these motions of yours?"

Billington: "This was Judge Clifford Weckstein. . . . We have seen some incredible tyranny from him, beginning with my case. He told me, 'It is required of me to make you proceed with this mental examination, and at this point I don't see any reason to allow you to have any other lawyer.' And that was the end of it.

"The court-appointed psychiatrist examined me that evening and then testified as to no evidence of incompetence of any kind, of any undue influence on me, of anything."

After Billington's attorney began attacking Billington publicly, Judge Weckstein refused to allow Billington to replace him, and increasingly held private, off-the-record conferences in the judge's chambers. Billington reported that the judge, prosecutor, and "defense" lawyer now held such a conference and decided to force a second psychiatric examination, by an "expert on cults" from an institution operated by the FBI and Virginia attorney general's office. Billington

refused the judge's order.

"I, at the time, was being held in jail, separated from all legal counsel. I had literally been refused even the right to discuss with another lawyer what was going on with me."

Q: "This was a prolonged solitary confinement in a sense. . . ."

Billington: "In total time, I was for about three months in a solitary cell during this entire trial in Roanoke—a windowless solitary cell, with no phone. And during the period of this first week in which my lawyer had completely turned against me, and was in fact prosecuting me in court, I was forbidden by Judge Weckstein to change lawyers or even to consult with other lawyers."

Q: "So the man who was supposed to be your lawyer went over to the prosecution, and the judge said, 'That's fine,' and 'Let's have some psychiatric analysis,' in the good old tradition of Soviet justice. . . ."

Billington: "That's right. . . . And when I refused, my lawyer argued that the judge should 'take the next step,' which, he said privately, was that I should be put in a mental institution for three months."

The unfolding of this incredible process was being reported sensationally by the *Roanoke Times and World-News* ("LaRouche Aide Must Undergo Mental Tests," was one headline), the major daily newspaper in Roanoke, the area from which the jury would be selected. In the several years prior, that newspaper had run nearly 200 slanderous articles about the LaRouche movement, some of them written by the brother-in-law of Weckstein.

Judge Weckstein had also ruled, before Billington's trial began, that although it might *appear* that his state prosecution constituted *double jeopardy* (prohibited by first principles of law in nearly all nations), it was not to be found double jeopardy because the federal government and the state of Virginia were "independent sovereigns."

With his attorney working with the judge and prosecution against him, Billington was unable to testify in his own defense. Typically, relatives or financial advisers of backers of the LaRouche movement, who knew nothing about the reasons why their family members or clients had made financial contributions to the movement, testified that these persons must have been senile or motivated solely by a desire for profit. When the jury, inflamed by the witchhunt, handed down a 77-year sentence, Weckstein, who had been in communication with officials of the Anti-Defamation League during the trial (see below), refused to use his power to reduce it, and refused again when a motion to reduce the sentence was made in 1991.

FBI admits Terry 'politically motivated'

Virginia Attorney General Terry's blatant display of political motivation in prosecuting the LaRouche movement has even amazed institutions that see political prosecutions all the time.

In September 1986, the FBI's Alexandria office described to the FBI director its difficulty in planning the joint federal-state raid on the LaRouche movement's headquarters in Leesburg, because of Terry's "political motivation." The FBI report states, "It was subsequently determined that the state attorney general's office was adamant in being the lead agency for the purpose of entering and securing of the two locations which was construed to be for politically motivated reasons on behalf of the Virginia state government administration rather than for the successful prosecution of state and federal cases for the mutual benefit of all agencies involved."

Describing one of many state-federal planning meetings, the FBI memo states, "Disagreements were again discussed concerning the desire of the state attorney general's office to be the principal agency in serving the warrants and implementing the searches. . . . It was emphasized to the state attorney general that there was much more involved in this case than just mere temporary political mileage."

A Dec. 18, 1991 *Richmond Times-Dispatch* editorial called the FBI memo "politically explosive" documentation of the defendants' claims that "they were the victims of a politically tainted prosecution led by Attorney General Terry." Terry's conduct presents "a question of prosecutorial bias," a second editorial on Dec. 21 concluded, after publishing a rebuttal by Terry.

Terry sought a prosecution to ride to higher office. Her campaign newsletter bragged of the LaRouche prosecutions as part of her campaign for governor of Virginia. Terry violated the defendants' right to a fair trial and impartial jury by releasing prejudicial information to the press and to lists of Democratic Party voters, and repeatedly slandering the defendants in a manner calculated to inflame the jury pool, such as calling the raising of political loans and contributions "bilking the elderly." Such characterizations are forbidden by the Virginia Code of Professional Responsibility, U.S. and Virginia case law, and the U.S. Constitution. In this case, these characterizations were also lies. Compare Terry's conduct with that of Special Prosecutor Lawrence Walsh, whose office never commented on any indictments or defendants in the Iran-Contra prosecution.

During the Virginia trials, Terry's office relied on evidence which the federal government knew to be false. For example, the figure of \$30 million of loans which was allegedly owed by the LaRouche movement to 3,000 lenders was repeated *ad nauseam*. In fact, based on the government's own analysis (detailed in LaRouche's motion for a new trial), it was shown that 40% of the loans had no interest rate or no due date, thus demonstrating that the loans were political and not, as the government claimed, made by "investors" looking for profit.

No rule of law

When the Virginia State Corporation Commission notified defendants that their political loans "might" be securi-



Virginia Attorney General Mary Sue Terry gives a press conference on the Oct. 6, 1986 raid on LaRouche movement headquarters. With her are some of the key Virginia actors in the "Get LaRouche" political operation (from left): John Russell, Attorney General's Office; Robert Berryman, director of the State Police Bureau of Criminal Investigation; Major Graham, State Police; William Burch, Loudoun County commonwealth attorney; Terry; Lane Kneedler, chief deputy assistant to the attorney general; and Steve Rosenthal, deputy of the Criminal Division of the attorney general's office.

ties, an attorney for the LaRouche movement immediately responded as to why such an interpretation would be wrong, and asked that the SCC contact him with any further questions. The SCC never replied.

After the massively publicized arrests of 16 individuals and indictments of 4 corporations on Feb. 17, 1987, Terry asked the SCC to rule that the political loans to the LaRouche movement were securities. Elizabeth Lacy, one of three SCC commissioners, instead wrote an opinion that the question of political loans being securities was "a case of first impression"—meaning that it had not been considered in Virginia and that further legal briefs would have to be written on it. Yet the defendants had already been charged with "knowingly and willfully, and with an intent to commit fraud, selling unregistered securities." Because of Terry's political motives, the question was considered in the forum of a criminal prosecution of a political movement, where Terry was asking for sentences of up to 120 years, rather than a civil determination which would give notice of such a bizarre interpretation.

In fact, the Fourth Circuit Court of Appeals, the federal court directly below the U.S. Supreme Court, which is assigned to oversee Virginia, had ruled in 1974 that the due process clause of the 14th Amendment to the Constitution precluded Virginia's use of *criminal* prosecutions as "appropriate vehicle[s] to decide a pioneering interpretation of the statute" (*United States v. Critzer*). In the 1967 case of *United States v. Laub*, the Supreme Court held that a later civil proceeding holding conduct unlawful does not provide the

notice required for an earlier criminal prosecution of the same conduct.

SCC Commissioner Lacy ordered Terry and the defendants to further brief the issue so that a decision could be made. The *Richmond Times-Dispatch* quoted "a source close to the investigation" saying that "if these loans are not ruled securities, this prosecution is going down the tubes." In the same two weeks, the newspaper reported that Lacy was being considered for an appointment to the Virginia Supreme Court. Virginia is virtually unique in the United States in its political appointment of judges through its legislature, rather than through elections or a judicial commission. The *Times-Dispatch* has recently called the state Supreme Court a "dial-a-decision service for the Executive branch."

As the paper stated in its Dec. 21, 1991 editorial, Terry brags "about Virginia juries having handed down sentences like 86 years and 77 years to LaRouche associates for securities fraud, an offense that could be pursued against a political organization only after a special ruling from the State Corporation Commission."

Since Lacy's *ex post facto* ruling allowing the prosecutions to proceed, her career has been meteoric. In 1991, she received the Merit Award of the National Conference of Christians and Jews in Virginia, an organization which is a virtual clone of the Anti-Defamation League (ADL), whose national policy is to destroy the LaRouche movement. In spring 1992, having gotten the Supreme Court appointment, Lacy ignored the precedent of federal law which prohibits a

judge from hearing an appeal if the judge had a prior involvement in the case. She joined a three-judge panel hearing LaRouche associate Rochelle Ascher's appeal, which was denied. On Dec. 7, 1992, the *Washington Post* reported for the second time that Lacy is under consideration for an appointment to the Fourth Circuit Court of Appeals.

Another Virginia judge, the youthful Barbara Milano Keenan, who chaired the Virginia Court of Appeals panel that ruled against Ascher and thus set a precedent against other defendants' appeals, was, like Lacy, promoted to the Virginia Supreme Court soon after that ruling. The *Washington Post* has reported that Keenan is also currently a candidate for a federal judgeship.

ADL Judge Clifford Weckstein

The ADL initiated the Virginia prosecutions through the lobbying of Mira Lansky Boland (who works in the ADL's Washington office) with Loudoun County, Virginia Sheriff John Isom. In May 1990, the prosecution stipulated in open court in Roanoke that the ADL was a part of the Virginia state prosecution, as well as the federal prosecution. But the state Supreme Court had placed all of the "LaRouche" trials, except Ascher's, in the courtroom of an ADL-linked judge, Clifford Weckstein of Roanoke.

Under sharp criticism for the barbaric 77-year sentence of Billington, Weckstein flagrantly violated a principle fundamental to the rule of law—that a judge must be fair and impartial. Judge Weckstein *initiated* a 14-letter correspondence with the ADL, through the law firm of its national committeeman in Virginia, Murray Janus. Weckstein's letter, notifying Janus of the difficulty of his position, produced a mobilization of ADL networks throughout the state, such as "our good friend, Judge Sachs," and the publication in news media of numerous ADL slanders of the LaRouche movement. Weckstein never rebuked the ADL, even when ADL regional director Ira Gissen sent him an ADL resolution calling for a Jewish judge to fill the next vacancy on the Virginia Supreme Court, and implying that Weckstein would be backed for such a promotion if he continued aiding the prosecution.

For the five defendants tried before him to date, Weckstein has imposed an average sentence of 41 years. He refused demands to remove himself from the cases for bias.

During court hearings concerning Weckstein's relationship with the ADL, Janus was called as a witness. Weckstein angrily imposed a \$2,000 fine on the defendants' attorneys for making Janus appear in court. Two hours later, Weckstein canceled the fine, realizing the bias that it displayed.

Janus is widely regarded as the premier "legal fixer" in Virginia. When his client Beverly Anne Monroe was convicted of first degree murder of her wealthy boyfriend in 1992, prosecutors called Janus's client's case "a tragedy." The judge freed Monroe on bail at Janus's request, not realizing that it was against Virginia law to give bail to a person con-

victed of first degree murder.

Police state plans and covert ops

The sensational revelation of 60 hours of FBI taping of elements of the "Get LaRouche" task force (see *EIR*, Dec. 11), disclosed prominent members of the task force conspiring to kidnap, hold, and perhaps injure or kill associates of LaRouche who were *not* being prosecuted. This showed the unmistakable evidence of a prosecution not only politically motivated, but arrogating to itself grandiose "national security" justification. The most scandalous example was provided by Loudoun County, Virginia Sheriff's Lt. Donald Moore, a task force member who was, in one way or another, *officially* connected to the prosecutorial efforts of Loudoun County, the Commonwealth of Virginia, the U.S. Attorney for Boston, and the U.S. Attorney for Virginia's Eastern District. Moore, while planning the kidnaping of LaRouche associate Lewis du Pont Smith and his wife Andrea in 1992, told an undercover agent that if he (Moore) soon became Loudoun County sheriff, then such snatching would become easy—"a knock on the door in the middle of the night, with a Loudoun County sheriff's badge."

Moore, who not accidentally claimed to be a friend and co-thinker of National Security Council staffer Oliver North, represented the mind-set of a prosecution which believed the full resources of government should be available for whatever it wanted to do, legally or otherwise, to destroy LaRouche's political movement.

During 1992, other shocking revelations about the raid and prosecutions against the LaRouche movement in Virginia have exposed more government misconduct.

In May and June, Pentagon documents came to light showing a *military involvement* in the Oct. 6-7, 1986 massive raid against and subsequent prosecution of LaRouche associates and publications in Virginia. One of the oldest principles of American law, *posse comitatus*, says that no part of the U.S. Armed Forces may be involved in law enforcement or criminal prosecution in America.

Yet, the Pentagon's involvement in the raid was disclosed in a partially declassified set of documents recently obtained from the FBI under the Freedom of Information Act. The correspondence revealed that the hundreds of boxes of documents of the LaRouche movement seized in the raids, had been taken to a Marine Corps building at Fort Myer in Arlington, Virginia, an Army base. In the correspondence, the FBI was requesting that an office of the Joint Chiefs of Staff declassify information about the storage of the documents.

Moreover, the FBI correspondence was marked "Hand carry to JSOC for their formal declassification." "JSOC" is the Joint Special Operations Command of the Joint Chiefs of Staff. It is the military's unified command for counterterrorism and covert operations, created in 1980, with command over special units of the various services, including the Army's Delta Force, the Navy's Seal Team 6 commando

unit, and similar capabilities.

Indicating an apparent violation of the *posse comitatus* law, the FBI letter states: "A request for Department of Defense assistance was made by the FBI in support of a criminal investigation." This was "a request of DOD for a secure location"—i.e., the FBI and the "Get LaRouche" prosecutors had asked the military to take the LaRouche movement's documents under military intelligence possession and classification.

The letter was sent to the Joint Command's Support Activities Branch, which is the liaison of this joint military command with other government intelligence agencies, and provides "the focal point for a special communications channel with the worldwide communications system." Historically, this has meant, in particular, military support for the CIA in clandestine operations.

An expert in military intelligence told *EIR* that even Executive Order 12333, issued in 1981, which authorized covert intelligence operations against domestic political groups, applied only to the military's activities in gathering intelligence. E.O. 12333 did not legalize domestic activity by operational components of the military such as the Support Activities Branch of the Joint Command, much less their involvement in what were claimed by prosecutors and judges alike to be "simple criminal prosecutions with no political objectives."

ARGUS

Another revelation during 1992 of the actions and methods of the "Get LaRouche" task force, stunned all of Loudoun County.

In October 1986, as the raid involving more than 400 armed federal and state agents unfolded against the movement's headquarters, LaRouche, then a candidate for President—and *not* named in the indictments—was at a nearby farm not listed in any search warrants. LaRouche characterized the actions of the "Get LaRouche" task force as an assassination plot against him. LaRouche stated, "One should recall, that there were a number of teams, including helicopters and light planes, and people with automatic weapons, who were surrounding the premises in which I was situated, who had no business there. Also, there was equipment and personnel held in reserve on premises nearby the place, who were interlocked with this Armored Response Group United States (ARGUS), in which the local sheriff and this strange fellow called Herbert Bryant, Jr.,—the putative nominal major general, nominal colonel, nominal whatnot—were involved."

ARGUS was a rogue operation set up by eccentric intelligence community spook Herbert Bryant of Mississippi, which set about obtaining armored equipment from the military which local sheriffs could use in civil crises or emergencies. With high-level intervention by U.S. Sen. John Warner (R-Va.), Bryant obtained such equipment, as well as police

privileges, insignia, and "concealed weapons" permits for rogue personnel designated as U.S. deputy marshals. Securing this equipment, training, and coordination between the military capability represented by ARGUS and the Loudoun County sheriff's office was accomplished in the few months immediately prior to the October 1986 raid, by the same sheriff's department personnel—Sheriff John Isom, otherwise the campaign manager for Mary Sue Terry; Sheriff's Deputy and former U.S. Marshal Don Moore, now indicted for kidnaping conspiracy; Sheriff's Department spokesman Lt. Terry McCracken; and Capt. John Sealock, who has ties to the intelligence community.

As LaRouche looked out his window in October 1986, he saw military equipment provided by ARGUS to Isom, part of the large military force surrounding his house.

Sheriff's Lieutenant Moore boasted in a 1987 hearing that it was he who hyped Virginia State Police to expect armed, violent resistance when "the LaRouche people came off the hill." It was Moore who said, on tapes now part of the government's case against him for kidnaping conspiracy, that LaRouche associate Lewis du Pont Smith could wind up being murdered in the kidnaping being planned. Moore wrote the fraudulent affidavit used by the government in 1987 to force the LaRouche movement's publishing companies and scientific foundation into involuntary bankruptcy, overturned three years later as "a fraud on the court." And, as Moore boasted to the May 21, 1992 *Loudoun Times-Mirror*, "When Attorney General Mary Sue Terry asked Isom to second her nomination for her current term as attorney general, he was so ignorant of the LaRouche case that he ordered me to write his speech and then read it just like I wrote it."

Sheriff Isom, Terry's statewide campaign manager in 1989, is currently being investigated by a federal grand jury based in Alexandria, Virginia for financial irregularities which may well be related to the funding of capabilities such as the planned assassination of LaRouche.

Bryant has also run afoul of the law. In October 1992, he was detained by Washington, D.C. police after they discovered five guns without permits in Bryant's car. Faced with arrest, Bryant called in the Virginia-based U.S. Marshals Service, which told the D.C. police not to arrest Bryant because he was a deputy U.S. marshal. Later, the Marshals Service (now headed by the U.S. Attorney responsible for the prosecution of LaRouche's case, Henry Hudson) denied that Bryant was currently a deputy marshal. D.C. police, according to the *Washington Post*, issued an arrest warrant, but Bryant has refused to turn himself in to D.C. authorities.

Bryant's operation has even forced the U.S. Justice Department to conduct an internal investigation, which concluded, according to the *Washington Post*, that "serious misjudgments" were made in giving Bryant and such yahoos marshal's credentials. But a DOJ spokesman told a caller, "I cannot tell you anything about this investigation." Bryant's arrest warrant has been placed under seal.

Clinton's economic team: the wrong direction

by Kathleen Klenetsky

It doesn't take an advanced degree in tea-leaf reading to foresee that the first set of cabinet appointments which President-elect Bill Clinton has made spells disaster. In fact, it's difficult to imagine how Clinton could have picked an economic team much worse than the one he unveiled at a press conference in Little Rock, Arkansas on Dec. 10.

Backpedaling furiously from his campaign promise to spurn "business as usual" as practiced in Washington, and to go outside "insider" circles for his key cabinet members, the President-elect has taken his key economic appointees from the most corrupt and evil layers of the financial establishment, people long associated with the very policies which have plunged the United States into its economic crisis.

As Clinton himself put it in announcing his choice of **Sen. Lloyd Bentsen** (D-Tex.) to serve as treasury secretary, "I have chosen someone who will command the respect of Wall Street."

That same comment could be applied to all five of the people whom Clinton named to his economic team, beginning with **Roger Altman**, who will serve as Bentsen's number-two man at Treasury. Altman's business partner, and a person with whom he has collaborated extensively on proposals for national economic policy, just happens to be the author of the lead article in the latest issue of the Council on Foreign Relations' *Foreign Affairs*, which warns Clinton that if he doesn't do what Wall Street tells him, the "markets" will "cut him off at the knees."

Filling out Clinton's new economic team are:

- Wall Street banker **Robert Rubin** as head of the newly created National Economic Council, which Clinton describes as the economic policy equivalent of the National Security Council.

- **Leon Panetta**, chairman of the House Budget Com-

mittee, who will become director of the Office of Management and Budget (OMB), a post with great influence over national spending policy.

- **Alice Rivlin**, former chairman of the Congressional Budget Office and now at the Brookings Institution, who was tapped by Clinton to serve as Panetta's deputy at OMB.

In choosing these individuals, Clinton has performed an act of abject obeisance to the gods of Wall Street, all but openly vowing that he will run his administration according to the dictates of the financial markets.

This assessment is certainly borne out by the heavy emphasis which Clinton and his new appointees put on the issue of deficit reduction at their first press conference together—not to mention the ecstasy with which the financial markets, and their media organs, greeted the new team. Even before Dec. 10, Clinton was hinting that he planned to give deficit reduction much greater emphasis than he had indicated during the campaign, declaring during a trip to Washington a few days earlier, "There must be a very strong multi-year deficit reduction plan submitted at the same time I submit this coming year's budget, and that's what I am going to do."

As *EIR* has emphasized, reducing the budget deficit under current conditions, without expanding the productive base of the economy, will only make things worse (see *EIR*, Oct. 23, 1992, "Casino Mondiale: A Swindle Runs the Monetary System").

Free traders

Wall Street's gleeful response to the Clinton appointments is hardly surprising.

Take Bentsen, who, as treasury secretary, will play a leading role in the formulation of Clinton's domestic and international economic policy. One of the wealthiest men in

the Senate, Bentsen has been an outspoken supporter of free trade. Considered the key player in the Senate on trade issues, Bentsen played a pivotal role in promoting the North American Free Trade Agreement. During the congressional debate over whether to grant President Bush "fast track" authority to negotiate NAFTA, Bentsen used all the powers at his disposal to line up the "yea" votes.

As chairman of the Senate Finance Committee, Bentsen regularly sponsored legislation favoring real estate speculators, as well as the oil industry. He also became known as one of the leading Democratic advocates of the misbegotten notion that the only way the U.S. can develop investment capital, is through imposing draconian cuts on the population's consumption.

On April 5, Bentsen penned a commentary for the *Washington Post* attacking President Bush for failing to make deficit reduction his top priority. In the course of the commentary, Bentsen praised the National Economic Commission, a bipartisan group created by Congress in close consultation with banker Felix Rohatyn of Lazard Frères, in 1987, to devise a formula for deficit reduction, including cuts in Social Security and Medicare.

Speculators and budget-slashers

Bentsen's deputy, Roger Altman, fits a similar profile. A longtime friend of Clinton's (they attended Georgetown University together), Altman served as assistant treasury secretary in the Carter administration. At present, he is chief executive officer of The Blackstone Group, a small but powerful Wall Street firm which specializes in mergers and acquisitions and buying up bankrupt savings and loan institutions. Blackstone has been involved in some of the largest Japanese takeovers of U.S. corporations, including Sony Corp.'s purchase of Columbia Pictures, while Altman's own corporate links include Nestlé and the firm of Kohlberg Kravis Roberts, corporate raiders *par excellence*.

Altman's affiliation with Blackstone puts him smack in the center of the establishment, while linking him to some of the main forces behind the crusade for economic policies that will gouge living standards. This link runs through Peter Peterson, founder of Blackstone, and chairman of the Council on Foreign Relations. A longtime advocate of slashing social spending, especially for the elderly, Peterson has recently emerged as the brains behind the Concord Coalition, co-founded by former senators Warren Rudman and Paul Tsongas, whose mission is to lobby for deep cuts in entitlement programs and tax increases.

Based on his record as an adviser to New York City on its economic crisis, one can justifiably assume that Altman will urge Clinton to apply the same destructive austerity measures that he's pushed on New York. For example, one of his prime activities as a member of Mayor David Dinkins's Management Advisory Task Force, has been to devise ways to slash the Medicaid program.

Altman won't be the only Wall Streeter making policy

for Clinton. He will be joined by Robert Rubin, who will head up the National Economic Council. Rubin, who helped engineer and finance the Clinton campaign from its inception, will be coming to the Clinton administration from his position as co-chairman of Goldman Sachs, the biggest Wall Street actor in the derivatives market. During his years at Goldman Sachs, Rubin specialized in the super-speculative area of risk arbitrage. According to published sources, Rubin commands a salary in the \$30 million-per-year range, not quite the Main Street American Clinton promised to bring into his high command.

Rounding out the team are Leon Panetta and Alice Rivlin, known as deficit "hawks"; i.e., they insist that slashing the budget deficit, no matter what the cost to the American population, must get first priority.

Panetta is closely identified with the anti-entitlements (Social Security, Medicare, etc.) campaign. As chairman of the House Budget Committee, he championed a series of deficit proposals that target entitlements programs. This past summer, Panetta sharply criticized Clinton for not presenting a deficit-reduction program as harsh as Ross Perot's.

Rivlin, another deficit hardliner, as well as an ardent conservationist, ran the Congressional Budget Office in the 1970s, and then went on to the Brookings Institution. She supports increased taxes, and in her latest book, *Reviving the American Dream*, calls for a national consumption tax.

She has recently participated in three influential task forces, all of which have made recommendations to the incoming administration. These include the Carnegie Endowment's National Commission on America and the New World, and the Center for Strategic and International Studies' Strengthening of America Commission, both of whose reports demand truly draconian policies, including, in the case of CSIS, a \$2 billion deficit reduction program over the next 10 years. In addition, she helped author a report for the National Commission on the Environment which urges raising the federal gasoline tax by 20¢ a gallon a year for five years; a carbon tax; eliminating subsidies for agriculture and natural resource industries; and toughening the climate treaty signed at the Earth Summit in Rio.

What these appointments imply is that the Clinton administration will not act to clean up the financial mess created by two decades of wild financial speculation and usury, but will try to do what it takes to keep the current system afloat, which means a steady diet of austerity for the American population. This will no doubt be couched in the rhetoric of "shared sacrifice" and "cutting consumption to bolster investment," but the bottom line will be the same.

Although Clinton's economic package may include some stimuli, in the form of a minimal infrastructure program and limited investment tax credit, it will be weighted far more heavily toward tax increases, lethal cuts in health care and other social spending, and the opening stages of a campaign to reduce the Social Security system to the point of irrelevancy.

Bevel vows: Pike statue will come down

The Rev. James Bevel, the renowned leader of the civil rights movement and vice presidential running-mate of Lyndon H. LaRouche, Jr., addressed a demonstration of some 125 people protesting in front of the Washington, D.C. statue that honors Confederate general Albert Pike—the Satanist, Freemason, and founder of the Ku Klux Klan. The statue *will* come down, Bevel told the rally; and the United States will once again come to represent morality and hope, rather than thuggery and violence in the world.

Bevel compared the “prophet” LaRouche to Noah, with his warnings of the Flood. Today, the flood of war and chaos and the AIDS pestilence has hit. But our committed struggle will prevail over the forces of evil, he said.

On the day of the Nov. 3 election victory of Bill Clinton, LaRouche and Bevel pledged to continue their campaign unabated (see *EIR*, Nov. 20, page 66). A major aspect of this is the fight to take down the Pike statue, which is a symbol of everything that is wrong with our government today. The statue is being defended by the Scottish Rite Freemasons, the Anti-Defamation League of B’nai B’rith (ADL), the KKK, and the National Park Service Police (who arrested Bevel on Nov. 13 for leading a nonviolent protest at the statue).

Reverend Bevel took his campaign to Europe and to several U.S. cities at the end of November and early December, while other campaign activists were conducting national tours, rallies, and lobbying efforts on Capitol Hill and elsewhere.

As a result of such activity, the city councils of New Orleans, Louisiana, and Birmingham, Alabama passed resolutions early in December, demanding that the statue be demolished. Similar resolutions had already been adopted by Buffalo, New York, and Newark, New Jersey.

A resolution sponsored by Councilman William P. Lightfoot, the “Albert Pike, Ku Klux Klan Memorial Statue, Removal Resolution of 1992,” is pending before the District of Columbia city council, and is a very hot issue in the nation’s capital. The Washington rally was addressed by, among others, D.C. Councilman Harry Thomas, a member of the national leadership of the Prince Hall Freemasonry (the African-American Masons, who have played an important role in exposing the racist General Pike).

Who will act?

In his ongoing national tour, Reverend Bevel is putting everybody on the spot, in his inimitable hard-hitting, but

loving, manner.

He spoke on Dec. 6 to the executive board of the National Conference of Black Mayors, meeting in Hilton Head, South Carolina, with 60 mayors and advisers in attendance. He challenged the mayors to become activists and to reverse the violence and crime engulfing our cities. He reminded them that the civil rights movement, of which he was a prime author, was responsible for the fact that they are in office today, and, in that sense, they were his children. They have a responsibility to do what is right, not to squander the opportunity that has been made for them. He laid out before them a series of initiatives, of which the removal of the Pike statue was first and foremost.

In Los Angeles on Nov. 30, Reverend Bevel addressed the Baptist Ministers Conference, preaching the message of the day, a very polemical statement to the 50 ministers attending. “Brothers,” he said, “I assume we here are all disciples of the Lord; isn’t that true? Well, Jesus said to His disciples, ‘You are the salt of the earth, but when the salt loses its taste, it should be trodden in the dust.’ Now I think we have lost our taste, our saltiness.”

Reverend Bevel proceeded to tell the Biblical story of Nehemiah, who returned to Jerusalem after the Babylonians had brought down the wall and attacked not the Babylonians, but the Jews, saying, “You have sinned and the walls have crumbled down.” In the same way, Bevel said, the walls have crumbled around Los Angeles, Pittsburgh, New York, and other cities in America. He described the qualities needed for leadership, and criticized the ministers for being full of hate, when what is needed is love.

At a luncheon meeting with over a dozen leaders of the African-American and Hispanic communities of Los Angeles, the issue posed was how to rebuild the cities, in accord with what Reverend Bevel has called his “Exhibit A” perspective. Speaking to campaign workers on election day, he had called on them to take one American city and make it into “Exhibit A,” a model of how a citizens’ movement can change the world. The Los Angeles meeting ended with many participants plotting how to get Reverend Bevel back just as soon as possible to organize their associates. One union leader said, “Just give me a week’s advance notice, and I’ll fill a gymnasium.”

Other meetings were held with students at area colleges and universities.

Reverend Bevel concluded his southern California campaign tour by addressing a packed house of LaRouche-Bevel campaign activists and supporters. Using the lesson of the Sermon on the Mount, he challenged them to face up to those personal flaws that prevent them from measuring up to the standard set by LaRouche—the hate and lust that prevent people from functioning at the highest level. “Man in the image and likeness of God can run government,” he said; “pimps and whores cannot. Are you with me, or am I making you angry?”

Book Review

From 'October Surprise' to Iraqgate: A decade of geopolitical duplicity

by Edward W. Spannaus

Profits of War: Inside the Secret U.S.-Israeli Arms Network

by Ari Ben-Menashe
Sheridan Square Press, New York, 1992
394 pages, hardbound, \$24.95

This book is not just about intelligence operations: It is itself an intelligence operation. It is written as a sort of declaration of war by certain factional interests in both the U.S. and Israeli intelligence community. As such, it must be taken with a big grain of salt. But, that having been acknowledged, it should also be said that this is one of those kind of books about which one thinks, "If half, or even one-quarter, of what this guy says is true . . ."

Few writers in recent times have been as vilified as Ari Ben-Menashe. He has been attacked as a liar, a con man, a perjurer, and worse. On Nov. 23, the Senate Foreign Relations Committee issued a report on the "October Surprise" which called Ben-Menashe "a fascinating individual with a deft sense of geopolitical history," but concluded that he was "a totally unreliable witness." The report did concede, however, that Ben-Menashe "undoubtedly had real connections with Israeli intelligence and had access to some highly classified information."

Ari Ben-Menashe was born in 1951 in Teheran to an Iraqi-Jewish family. He spent much of his youth in Iran, and in 1966 emigrated to Israel. From 1974-77, he worked in signals intelligence for Israeli Military Intelligence (MI) in codebreaking; from 1977-87, he was an employee of the External Relations Division (ERD) of the Israeli Defense Forces (IDF) Military Intelligence. From 1987-89, he was a special adviser to Prime Minister Yitzhak Shamir.

Ben-Menashe portrays himself as being in the middle of secret Israeli arms sales to Iran from 1980 forward, spanning the period from the 1980 "October Surprise" deals through the so-called "Iran-Contra" deals of 1985-87. He also de-

scribes a myriad of other secret Israeli intelligence operations in which he claims to have been involved, the most notable of which were Israeli efforts to destroy Iraq's procurement of sophisticated military goods. Thus, Ben-Menashe's revelations shed a great deal of light on both "Irangate" and "Iraqgate."

One problem with the book is that Ben-Menashe does not always specify clearly which operations he was personally involved in, as contrasted with those he knows about only second-hand. It is clear that he had a lot of help from both Israeli and U.S. intelligence operatives in writing the book; in part, the book consists of significant official "leaks" that reflect real events, but which are not necessarily the unalloyed truth.

It is impossible for this reviewer to state with certainty which details of Ben-Menashe's accounts are true and which are not; nevertheless, the broad outlines of what he describes has a strong ring of truth, and it demonstrates the shallowness and the fraud of most reporting of "Iran-Contra," not to mention the current media ballyhoo around "Iraqgate." Because what Ben-Menashe describes is important for understanding the true history of the 1980s, we will review it at some length. What follows here is a summary of Ben-Menashe's account of various episodes involving the secret U.S. and Israeli arms deals.

The Iran arms deals in 1980

Ben-Menashe's best-known allegations are those concerning the secret deals made with the Iranians over the release of U.S. hostages in 1980, which have become known as the "October Surprise." In June, he gave sworn testimony before a U.S. Senate committee and stuck to his version of events, despite being threatened with prosecution for perjury.

What is new in this book is his description of the differences between Israeli interests and the Reagan-Bush campaign. Ben-Menashe says that Israel wanted to arm Iran and prevent Iraq from seizing Iranian oil fields as early as the summer of 1980; Prime Minister Menachem Begin wanted to get the U.S. hostages out in October to facilitate this. But

William Casey (representing presidential candidate Reagan) and Bush (representing himself as the vice-presidential candidate) wanted the release delayed until after the elections. The Iranians were ready to release them earlier, says Ben-Menashe, but the final deal worked out with George Bush in Paris in October provided that the release would not take place until January.

In the fall of 1980, Begin ordered the creation of the "Joint Committee for Israel-Iran Relations" of the Mossad and IDF's Military Intelligence, to facilitate arms sales to Iran. Ben-Menashe says he was appointed to the Joint Committee because of his personal experience and contacts in Iran. The big arms shipments to Iran began in March 1981. From 1981 to 1987, claims Ben-Menashe, the Joint Committee shipped \$82 billion in arms to Iran—a phenomenal amount.

The story Ben-Menashe tells about the Iran side of the so-called Iran-Contra operation is fascinating if true—and much of it does seem to be. But before getting to that, we should listen to what Ben-Menashe says about the "Contra" side of the operation, and about the role of Robert McFarlane, before he was national security adviser.

The Israelis were just as involved in the Contra aspect of "Iran-Contra" as they were on the Iran side. ("Iran-Contra" is a misnomer, a term used to link two different operations involving some of the same personnel.) In the mid-1970s, then-Defense Minister Ariel Sharon had set up a "private" Central American arms network, using ex-Mossad agent Mike Harari. CIA official Robert Gates was heavily involved with the Sharon-Harari network, to the point where this became more of a CIA operation than an Israeli one. In 1981, the Sharon-Harari-Gates network started supplying arms to the Nicaraguan Contras. But the problem was, who would pay for the weapons for the Contras? The U.S. Congress had refused, and Sharon could not get then-Deputy Prime Minister Yitzhak Shamir or the Israeli intelligence community to pay for the arms out of the Joint Committee slush fund derived from the Iran sales. Ben-Menashe reports that, according to Harari, they created their own fund by shipping cocaine from South America to the United States via Central America.

In 1978, when Rafi Eytan was counter-terrorism adviser to the Likud party's Begin, he came to the United States and set up an espionage operation to obtain U.S. intelligence information. The operation was funded by LAKAM—the Military Intelligence scientific liaison bureau. While in the United States, Eytan met with Sen. John Tower (R-Tex.) and his aide Robert McFarlane. Eytan then befriended McFarlane and invited him to Israel. McFarlane was soon recruited to Israeli intelligence and became the "Mr. X" identified during the trial of Israeli spy Jonathan Pollard.

According to Ben-Menashe, among McFarlane's activities was passing secret computer access codes to Rafi Eytan; these codes were then provided to Pollard, who would call

up the desired information and print it out, and make it available to the Israelis for copying overnight. Thus, Israeli intelligence was able to obtain direct access to classified U.S. intelligence information. As U.S. Secretary of Defense Caspar Weinberger charged at the time of Pollard's sentencing, the Israelis were indeed passing some of the Pollard information on to the Soviets. This was authorized directly by Shamir, and was part of the cooperative arrangement between the Joint Committee and the Soviets, providing for East bloc arms to be shipped to Iran.

The second channel

In the 1984 Israeli elections, there was no majority to form a government, so a Labor-Likud coalition government was formed, with the key ministries alternating from one party to the other. Because of this arrangement, the Joint Committee moved its slush fund accounts, derived from the Iranian arms sales, to the East bloc in order to protect them. This was arranged by Shamir through KGB chief Vladimir Chebrikov and Robert Maxwell, the British newspaper publisher who had been recruited to Israeli intelligence because of his ties to the Soviet bloc.

In 1984, when Shimon Peres was Labor prime minister, he brought in Amiram Nir as his counter-terrorism adviser to replace Rafi Eytan. Eytan wouldn't work with Peres, but Nir found documents relating to Eytan's spy network and to the Joint Committee arms sales to Iran. Peres saw the profit potential of the Iran arms sales, and wanted to get in on it. He tried to take authority for Iran arms sales away from the Joint Committee and the intelligence community (which were run by Likud). Likud's Shamir, who was deputy prime minister and held the Foreign Ministry portfolio, would never agree. So Peres decided to open up a competing arms channel, which is what Ben-Menashe calls the "second channel." (This particular channel is the network which the public identifies with the "Iran-Contra" scandal.)

McFarlane was recruited to the Peres "second channel" in a tried-and-true way: blackmail. Nir simply threatened to expose the fact that McFarlane had been spying for Eytan, and "turned" him. McFarlane then put Nir in touch with Oliver North and John Poindexter at the National Security Council (NSC). They all agreed that a "second channel" was a brilliant idea. They went to Director of Central Intelligence Casey (whom Ben-Menashe claims had been cut out of the daily operations of the CIA by Bush and Gates since Casey's stroke in 1981). Casey saw this as a way of regaining his stature. Under a 1980 agreement with the Reagan people, Bush was in charge of the intelligence community. Bush turned a blind eye to the second channel, since he wanted to maintain relations with the Labor Party.

This intersected with the U.S. proposal for a Middle East peace conference. The U.S. proposal was blocked by Shamir and the Likud: Shamir thought Jordan should be the Palestinian state, and moreover he would not negotiate with Iraq's

Saddam Hussein, whom he regarded as the major threat to Israel.

The United States had begun wooing Iraq in 1982 with arms and money. The United States wanted the Iran-Iraq War to continue until Iraq was in its pocket, and also wanted to force Likud's hand on the peace proposal by turning Iraq into a major threat to Israel. But the U.S. buildup of Iraq had to be covert, lest it run afoul of the Jewish lobby in the United States. Peres agreed to this plan of arming both Iran and Iraq, and encouraged Geneva-based Israeli businessman Bruce Rappaport to buy Israeli military equipment and divert it to Iraq.

Oliver North's operation

Acting on behalf of the "second channel," North and Nir then set out to wreck the first channel, and to destroy Likud's credibility in the United States. One of their steps was to leak the story of the Eytan spy ring, exposing Pollard, his wife, and Israeli Air Force officer Col. Aviem Sella—but not McFarlane. Likud was furious, and retaliated by leaking information to the U.S. military about McFarlane's role. The information got to Gen. William Odom, then head of the National Security Agency (NSA). Odom proved to his own satisfaction that McFarlane was an Israeli mole working for Rafi Eytan, and McFarlane was forced to resign from the NSC at the end of 1985.

North then proceeded to shut down competing arms operations. U.S. Customs used Iranian arms dealer Cyrus Hashemi to run a sting operation against other targeted arms networks. Although Cyrus and Jamshid Hashemi had been tipped off about their 1984 indictments, their brother Reza was arrested and jailed; he was a "hostage" used to induce Cyrus's cooperation. Eytan found out about the sting, and threw in the "dumbest" arms-dealing ex-general he could find—Avraham Bar Am—to take the fall.

Ben-Menashe was then assigned to rescue Bar Am and get him off the hook. He went to London to induce Cyrus Hashemi not to testify against Bar-Am et al.; after being threatened by Ben-Menashe, Hashemi called the U.S. Attorney's office in Manhattan and told them he wouldn't testify. Shortly after this he was killed. Israeli surveillance of Hashemi's apartment in London showed that the last person to leave the apartment was U.S. Customs agent Joe King. (Ben-Menashe is not the first, or only source, to allege that it was agent King who killed Hashemi.)

Meanwhile, Ben-Menashe continues, then-Speaker of the Iranian Parliament Ali Akbar Hashemi Rafsanjani was still working with the Likud channel. Accordingly, he sabotaged the North-Nir trip to Teheran in May 1986 (the famous trip with the Bible and the cake), making North and friends come off looking like fools. Everything North did involving Iran and the Contras was sabotaged by the Joint Committee; this is why nothing worked. Another example: Peres ordered Hawk missiles for Iran; the Joint Committee arranged for the

shipment of outdated Hawks with Star of David stickers on them, which caused a big blowup in Iran.

The Joint Committee tried to expose the North operation, first through *Time* magazine in May 1986, and then through *New York Newsday*. Both publications refused to go with the story. Then Rafsanjani had the story about North's operation planted in *Al Shiraa*—the first exposure of the North operation.

It is hardly necessary to point out, as Ben-Menashe does, that the Tower Commission and the congressional investigation of "Iran-Contra" were complete coverups. During the same time that the Tower Commission was investigating the Oliver North operation, he says, Gates and the Joint Committee were running the biggest ever arms sale to Iran, including 4,000 TOW missiles, tanks, rockets, etc. As far as Congress goes, Ben-Menashe says that contributions of monies from the Joint Committee slush fund were made to the Democrats on the Iran-Contra committee through AIPAC (the American-Israeli Public Affairs Committee). This is one reason the full story never came out, even though the Israeli arms sales were known to a number of the Democrats on the investigating committee.

In the wake of the breaking Iran-Contra scandal in the United States, the Labor Party demanded that heads also roll in Israel. Ben-Menashe and others in the Joint Committee were fired in September 1987. Soon after that, he was offered a job as a special intelligence consultant to the Office of Prime Minister Shamir.

Maxwell and the slush fund

The slush fund from Iran arms sales was used for various operations, including West Bank and Gaza Strip settlements scams, financing of Shamir's faction of Likud, and black operations—including to finance Israeli-controlled "Palestinian terrorists." One such phony "Palestinian" operation was the *Achille Lauro* cruise ship hijacking in 1985. Ben-Menashe says that the entire incident, including the brutal murder of the American Jew Leon Klinghoffer, was orchestrated by Rafi Eytan "as the best kind of anti-Palestinian propaganda."

In the slush fund was \$600 million for the Israelis, deposited in the East bloc, and \$600 million for the CIA, entrusted to Israel under a deal worked out with Shamir, after Gates failed to be confirmed as CIA director. Robert Maxwell came to be deeply involved with these funds, in the following way: Nicholas Davies, the foreign editor of the London *Daily Mirror*, had been recruited by Mossad in the 1970s, through former British SAS officer Anthony Pearson. Davies became the Joint Committee contact man in 1983 and worked full-time for them out of his offices at the *Mirror*.

This was before Maxwell, who had had a prior relationship to Israeli intelligence, bought the *Daily Mirror*. In 1988, Maxwell approached Shamir for a loan to expand his publishing empire. The United States, through Senator Tower,



Israel's Shimon Peres, as Labor Party prime minister, organized the "second channel" for arms deals with Iran, whose most flamboyant participant was Oliver North. This "second channel" was what became known as the Iran-Contra affair. The name is misleading: Both the U.S. and Israel had been pursuing various arms- and drug-dealing tracks into Central America, Iran, and Iraq long before, as Ben-Menashe details.

agreed that its portion of the slush fund could be used as a guarantee for the loans to Maxwell.

Later, Ben-Menashe says he and others moved the CIA slush fund to the East bloc without Shamir's knowledge; Shamir was furious because these funds were being used to guarantee Maxwell's loans and left Maxwell hanging.

Israel creates 'Iraqgate'

Some of the most timely revelations in *Profits of War* pertain to Israeli efforts to prevent Iraq from obtaining advanced weaponry, and they provide a useful background to the orchestrated scandals which today are known as "Iraqgate."

In August of 1988, Shamir appointed a task force to deal with shipments of chemical weapons, missiles, and nuclear technology to Iraq. One of the first targets of the Israeli task force was Carlos Cardoen in Chile, who had been selling arms, including cluster bombs to Iraq since 1985, with the help of South Africa and the CIA.

In 1986, after Shamir had threatened to go to the U.S. Congress to expose the sales to Iraq, Robert Gates and John Tower went to Chile for a meeting concerning the Iraq arms shipments. At this meeting, Gates explained that U.S. policy was to pull Iraq into its sphere of influence, through the sale

of conventional, but not sophisticated, weaponry. Gates said Israel was being paranoid. To keep the balance between the two still-warring countries, it was also understood that Israel would continue to supply Iran.

But by August 1988, Shamir said that Israel had to take matters into its own hands, and so, Ben-Menashe says, he was sent to Chile to meet with top government officials and to convey Shamir's demand that Chile stop its trade with Iraq.

While there, he had a confrontation with Cardoen, during which Cardoen explained to Ben-Menashe that he was carrying out U.S. policy. Ben-Menashe let it be known that Cardoen would be killed if he didn't break off sales to Iraq and accept an Israeli contract offer in its place.

Ben-Menashe then went to Paraguay, which was an important transshipment point for Israeli arms shipments. In Paraguay, he met with President Alfredo Stroessner, and demanded that he shut down Cardoen Industries, which had a factory in Paraguay. Cardoen told Ben-Menashe to get out of Paraguay, and bragged that he was protected by the CIA, Gates, and Margaret Thatcher—whose son Mark was a business partner of Cardoen.

In September, Israel cut off military trade with Chile and South Africa because of their support of Iraq. Since these deals were CIA-backed, AIPAC had been deployed in the United States against them. Orders came down from George Bush, who needed to appear friendly to Israel, directly to Gates (bypassing then-CIA director William Webster), to stop the flow of arms to Iraq until after the November 1988 elections. They resumed after the elections.

According to Ben-Menashe, the next phase of the Israeli operation was direct assassinations. Eight German scientists who were traveling to and from Iraq were killed. Another German, Hans Meyer, was murdered in a car accident. Four Iraqi businessmen were killed in Britain, as were some Egyptians, Pakistanis, and one Frenchman; the death toll came to 19 assassinations.

Ben-Menashe reports that these assassinations were carried out by four Mossad hit squads made up of Palestinians, so that they could not be traced back to Israel; their controller was a Sicilian Mafia don, who was secretly working for Mossad.

Ben-Menashe reports that he went to Brussels and met with inventor Gerald Bull. Bull had originally offered his "supergun" project to Israel in 1981, but was turned down. In 1983, Mark Thatcher introduced Bull to the chief of South African Military Intelligence. Bull was arrested in the United States and left the country. Through South Africa, he was commissioned to develop the supergun for Iraq, and was paid thru Cardoen. Bull maintained that the supergun was for Iraq's defense, saying that, if the balance of terror was maintained in the Mideast, no one would dare a first strike. Ben-Menashe states that he threatened Bull that he would be killed if he didn't stop the Iraq supergun project. In November

1988, he says he went to see Gerald Bull again, and delivered another threat. In March 1990, Bull was assassinated; Ben-Menashe says this was carried out by the Israelis.

Remember the incident with the poisoned Chilean grapes in 1989? Here's Ben-Menashe's account of that incident: Gates had called Mossad head Nachum Admoni in February 1989, to complain about the problems that Israel was causing in Chile, and to complain that Ben-Menashe had arranged for the London *Financial Times* to publish an exposure of Cardoen on Nov. 11, 1988.

Gates told Admoni that the Chileans were listening too much to Israel, and that they would have to be taught a lesson. Shortly after this, *three* Chilean grapes were found by the U.S. Food and Drug Administration (FDA) to have been laced with cyanide poison, and the United States banned all Chilean food imports. When Chile began to cooperate with the CIA, the ban was quickly lifted.

In October 1989, Ben-Menashe was set up and arrested by the U.S. Customs Service. The case went to trial in October 1991. The federal prosecutors contended that Ben-Menashe was just a low-level translator, but he was able to produce official letters from Israeli military and intelligence officials which showed otherwise. The jury apparently believed him, and he was acquitted in November, after a six-week trial.

The 'Great Game'

There is much more in this book, some of it questionable. Of particular interest are his descriptions of the Israeli nuclear program, his account of the Promis computer software spy system which forms the basis of the Inslaw scandal in the U.S., and his allegations about Israel's dealing with the terrorist Shining Path terrorists in Peru. Ben-Menashe claims that he was sent to Peru in 1988 to make a deal with Shining Path, which would allow Israel to obtain rare minerals and chemicals for its nuclear program. He says that Shining Path was paid at least \$28 million by Israel to permit it to obtain the needed materials.

Ben-Menashe says that he was set up and abandoned because he knew too much. It might be more accurate to say he knew too little. Ben-Menashe was a player in a larger game, the so-called Great Game of British geopolitical strategy. The recent assertion in a London court by Sir Alan Clark, former minister of industry and trade, succinctly summarizes that British-orchestrated strategy: "The interests of the West were well served by Iran and Iraq fighting each other." Never mentioned in the book, for example, is one of the masters of this British balance-of-power strategy, Henry A. Kissinger.

As much as Ben-Menashe, or the reader, may believe that Israel was calling the shots, the truth is that Israel itself has been a pawn—although a willing one—in a larger geopolitical game choreographed from the West. So long as that is taken into account, then *Profits of War* can be profitably studied.

Insurers propose universal health care

by Linda Everett

In a radical departure from previous policy, the health insurance industry has launched an initiative calling for universal health care coverage. In a statement on Dec. 3, the board of directors of the Health Insurance Association of America (HIAA), which represents 270 commercial carriers, endorsed comprehensive health care reform and called for federal legislation that requires all individuals to carry, and all employers to offer, an essential package of health care coverage.

The preliminary set of proposals is still "evolving," HIAA told *EIR*, but it includes: 1) universal coverage: Everyone would be covered, either through their employer or their own means, and the government would pay private insurers to provide managed care to those below the poverty line; 2) a basic package of benefits: Everyone would have the same basic package of care, with primary and preventive services and catastrophic coverage; 3) an equitable tax policy: Premiums paid for the essential package would be excluded from employee or individual taxable incomes, but employees would be taxed on premiums paid by the employer for benefits in excess of that package and the tax revenue generated would finance health care coverage for the poor; 4) cost controls: HIAA says its cost control plan will eliminate Medicare and Medicaid underpayments and cost-shifting, and will discourage "excessive" doctor visits and unnecessary use of technology, hospitals, and specialist care.

Cutting the "excesses" is standard dogma for all "managed care" plans and health maintenance organizations (HMOs) and their hybrids. HMOs and/or physicians are at financial risk to keep the costs of a patient's care under a flat per patient payment rate. To eliminate "unnecessary" care, HMO doctors act as gate-keepers, refusing or delaying patient referrals to specialists for tests—and the patient suffers.

In HIAA's plan, the "private sector is empowered by government which removes barriers to growth of pluralistic, competitive systems." That means that evolving generations of managed care, with ever more stringent cost-cutting mechanisms, will be thrown into an unholy competition for patients. For each "body" signed up, a flat fee is paid, covering *all* physician and hospital care. HIAA's own Responsible Health Systems integrates financing, delivery of services, financial incentives, and treatment protocols. A "self-regulatory group" will establish ground rules for everyone involved.

National News

Dyke may run against Terry for Va. governor

In a bolt from the blue, Virginia Education Secretary James Dyke, Jr., announced Dec. 3 he is considering running against Attorney General Mary Sue Terry for the Democratic nomination for governor in 1993. If Dyke won the nomination and were elected, he would be the nation and the state's second African-American governor. The announcement came as a surprise because the two-term attorney general has been unofficially running her campaign for governor for four years. There is growing anti-Terry ferment among Virginia's black population.

Dyke disclosed his decision to run to Democratic party pollster Larry Sabato's University of Virginia political science class. Sabato in turn informed the *Washington Post*. Wilder, in response to inquiries from the *Post*, replied that there was "a lot of concern in the black community that racism is surfacing."

A profile of Terry's campaign contributors over the past six months shows her support is far from "popular"; 77% of her money since May has come from corporations and political action committees (39%), and from individuals contributing from \$1,200 up to \$25,000 each (38%). Labor organizations have not contributed anything. Most of the corporate contributions are from bank, real estate, and investment companies, and tobacco and coal interests.

Kevorkian victim's friend says his lawyers 'lie'

"Dr." Jack Kevorkian's attorneys are lying about his latest "suicide" victim, said Diane Collins, a friend for 20 years of Kevorkian's victim, Catherine Andreyev. On Nov. 22, Andreyev of Coraopolis, Pennsylvania, called the unemployed Michigan pathologist; within 12 hours she was in Michigan. On Nov. 24, she was dead, carbon monoxide having been administered via a mechanism arranged by Kevorkian.

Kevorkian's attorney, Michael

Schwartz, portrayed Andreyev as "a victim of agony, torment, and torture for six years." In fact, Andreyev worked two jobs, sang in several church choirs, and traveled frequently; she only stopped working in May to enjoy her last months before the breast cancer, now in both lungs, diminished her strength. Up to the day before she died, her house was always full of old friends and visitors bringing entertainment and food to share. She was ambulatory, slept well and without difficulty, and was not bedridden. Nurses visited her for a total of three hours weekly.

She was to have a nurse visit and adjust the medication on the day she was killed. Instead, she called Kevorkian, whom she allegedly had called months earlier. Despite his claims, he had no patient-doctor relationship with Andreyev: Rather than try to talk her through a moment of depression, help her to contact her regular physician, or discuss an increase or change in her medication, Kevorkian had her brought to him in Michigan. Collins, who had reported her missing, told *EIR* that the two quasi-relatives/friends who had driven Andreyev to Michigan received part of her estate.

New Orleans ordered to erect Confederate statue

A federal judge has ordered the city of New Orleans to re-erect a monument commemorating an 1874 armed uprising by the pro-Confederate paramilitary association, the White League. The bloody battle, in which 32 people were killed, resulted in the temporary armed occupation of New Orleans, at that time Louisiana's capital, by the White League. The monument was built in 1891 and contains the names of the 21 members of the White League who died in the battle. The 11 people—six whites and five blacks—who died defending the city are not commemorated.

It was removed three years ago during a construction project, partially funded by the U.S. Department of Housing and Urban Development (HUD). Since the monument was eligible for listing in the National Register of Historic Places, the city was required to sign an agreement it would be restored

within a specified period of time.

The deadlines passed without the statue being restored, or the issue raised, until now. According to Alfred Stokes, executive assistant to the mayor, the city legally must designate a site and place the monument there by Jan. 20. Stokes said he believes the statue to be offensive. "First, the statue is offensive to the majority population of this community," he said. The population of New Orleans is 60% black. "Secondly, and on a higher level, the statue memorializes an event which is diabolical to the democratic principles on which this nation was founded."

Catch-22: If the city does not comply, it will have to repay the U.S. government \$500,000.

Former N.D. governor backs Sioux casino foes

Former North Dakota Gov. Arthur A. Link and other members of the North Dakota Council on Gambling Problems, which he chairs, threw their support behind opponents of a gambling casino slated to be built on the Standing Rock Reservation. In a letter to casino opponents on Dec. 2, he wrote, "We are in complete agreement with your stand against casino gambling and sincerely hope that government officials will respond to your request for public hearings and a congressional investigation.

"Promoters of casino gambling promise jobs and easy money for economic development and social programs, but say nothing about the social costs. Following are some examples of gambling problems:

"12 clients of D.E. Counseling Service in Bismarck have filed bankruptcy in the last 2 months. . . .

"A lady, 36, twice divorced—dual addiction—borrowed \$1,200 from her employer—lost it all in one day at pull tabs and black jack.

"A male, married, two children: In three years lost 2 real estate businesses; lost \$50-30,000 at roulette in Las Vegas; 3-year losses=\$108,000.

"A male, 44, married, two children. . . . Last Christmas, no gifts. Lost two homes. Lost 8 jobs; 3 involving embezzle-

ment of funds. . . .

"There must be a better way to develop the economic and social lifestyle than by gambling. The Indian Trust Fund earnings, for example, could be used in conjunction with other available resources to develop manufacturing, processing, agriculture, science, and education on the reservation. Every legitimate means should be pursued to help create good productive jobs for reservation people."

Whites in D.C. voted against death penalty

The precinct-by-precinct breakdown of the crushing defeat of capital punishment in Washington, D.C. further undermines the media claims that most Americans support the death penalty. The Washington referendum was the first general election vote on capital punishment (as opposed to manipulated polls and election-night media "projections") since an Oregon referendum in 1964 abolished the death penalty in that state. The Washington vote was clearly not a "black vote against the death penalty," as the media attempted to portray it.

In Ward 2, approximately 60% white, 60% voted against the death penalty; and Ward 3, over 80% white, voted 57% against. In 11 precincts (out of 140) where capital punishment was voted up, it "won" by only 52%. Those precincts were predominantly characterized by high and very-high average income levels.

Suspended school board opposed teaching sodomy

New York City's Chancellor Joseph Fernandez on Dec. 1 suspended the District 24 school board in Queens, because it had refused to adopt a curriculum that, among other things, teaches first graders to respect and "appreciate" homosexuals, according to the *New York Times*. The curriculum, which uses the excuse of teaching "safe sex" and respect for others to teach sexual deviance, is called "Children of the Rainbow."

Fernandez accused the board of carrying

out "a malicious and highly organized campaign" among parents against the new curriculum. He appointed three executives from his staff to take over the day-to-day operations of the district, and to devise a curriculum that includes lessons about homosexuals. This is the first time since the New York schools were decentralized 22 years ago, that a chancellor suspended a local board over an issue of instruction.

District 24 School Board head Mary A. Cummins said that the board would begin an appeal process, starting with the board of education. She has maintained that the curriculum is "dangerously misleading homosexual/lesbian propaganda," which undercuts parents' religious and moral values. She likened the curriculum to "Orwellian thought control."

CIA, NBC charge Pakistan has nukes

Pakistan has at least seven nuclear weapons that can be assembled and dropped within a matter of hours, NBC News reported on Dec. 1. Sen. Larry Pressler told NBC that the CIA told him that "they'd have the capability within a matter of hours to have a bomb in an airplane and flying someplace and dropping it." NBC said Pakistan was able to buy sophisticated nuclear technology in the U.S. and Europe with the approval of the Reagan administration. "My sense is that they were having a field day getting whatever they wanted in western Europe and the United States," Steve Bryen, a former deputy undersecretary of defense (who was once investigated for leaking classified information to Israel), told NBC. "Clearly there was very little to block them."

Sen. John Glenn, who went on a congressional trip to Pakistan, told NBC, "They lied to us when we were there. They said they were not making nuclear weapons." Glenn and Pressler were sponsors of a 1985 law banning U.S. military and economic aid to Pakistan if the President could not certify to Congress the country did not possess a nuclear weapon. As a result, the U.S. cut off all aid to Pakistan last year. The report comes as the U.S. increases pressure for India and Pakistan to sign the Non-Proliferation Treaty.

Briefly

● **PRINCE CHARLES** of Great Britain has agreed to deliver the keynote speech on Feb. 13, 1993, at the tercentenary celebrations of Virginia's College of William and Mary. According to the *Richmond Times-Dispatch*, the school is the only one in the U.S. "still operating under a royal charter" and "has nurtured its associations with England."

● **WILLIAM FULBRIGHT**, former senator and Rhodes Scholar, told an interviewer recently that if Rhodes Scholar Bill Clinton appoints Rhodes Scholars Paul Sarbanes, Bill Bradley, Robert Reich, and George Stephanopoulos to his cabinet, "people would make something of that. They'd say the British have retaken us."

● **LARRY EAGLEBURGER** was secretly sworn in as secretary of state on Dec. 8 in an Oval Office ceremony. He will serve, without the advice and consent of the Senate, which is in recess, until Bush leaves office on Jan. 20, 1993.

● **GEN. MANUEL NORIEGA** is a prisoner of war, federal Judge William Hoeweler ruled Dec. 8, and must be treated according to the rules of the Geneva Convention. Judge Hoeweler said, however, that the general can be interned in a civilian prison, if it meets the criteria set forth in his ruling.

● **THE SUPREME COURT** refused to review the appellate court decision reversing the Iran-Contra conviction of former National Security Adviser Adm. John M. Poindexter on Dec. 7. Poindexter was the only person convicted under the prosecutions of Independent Counsel Lawrence Walsh who had received a prison sentence.

● **CLEMENCY WAS DENIED** to Virginia death row inmate Timothy Bunch on Dec. 7 by Gov. Douglas Wilder, in spite of the pleas for clemency by the family of Bunch's murder victim. The execution was set for Dec. 10.

Editorial

Merry Christmas?

Every day sitting in front of our television screens, we see more visions of horror. Atrocities occur in Bosnia which can only remind us of Hitler's Germany or Stalin's Soviet regime, and no one intervenes. Still worse, the British and American governments are quietly supporting the Serbians, just as, in the past, Averell Harriman's friends in Britain and the United States conspired to bring Hitler to power and maintain him there against opposition within Germany.

Now we see a U.S. military force deployed to Somalia, whose purpose, we are assured, is to keep the peace there so that food can be supplied to its miserably hungry population. Can we credit the Bush administration with humanitarian motives? Unlikely. The administration and its political allies do not even hide their purpose: to place Somalia under a United Nations trusteeship. This is a foot in the door for a new era of colonial governance modeled upon the mandate system of the League of Nations.

The truth is that Somalia has been reduced to its present condition of ungovernability and starvation because of the direct intervention of those same forces who now propose to "rescue" it. The civil war there resulted in the ouster of Somalia's 20-year President, Siad Barre, in January 1991. This occurred after the U.S. government cut off all aid to Somalia, on the pretext that Barre was a dictator who violated human rights.

The Soviets were also involved in creating the unnatural disaster which now confronts Somalia. From July 1977 until spring 1978, they supported the Ethiopians who were at war with Somalia. The devastation caused by that war was never repaired, because of the International Monetary Fund austerity conditions imposed on the whole of the Horn of Africa. Funds for reconstruction or expansion of basic infrastructure were denied.

Nevertheless, despite the undoubted cynicism with which President Bush is acting, we must take the military intervention by the United States into Somalia as

a great opportunity to turn the situation around, not only for Somalia but for all of Africa. What is needed is the application, not of military force per se, but of classical military logistics, so that, at the least, 2 million metric tons of food can be delivered to the people of Somalia. This food must be brought to the people where they live, not dumped in camps. It is intolerable that already-starving men, women, and children should be forced to make long treks which can only become death marches.

Logistical help should be given for millions of Somali refugees to return to their homes. Roads, bridges, water supply, and housing must be provided to aid millions of displaced Somalis in reestablishing or supporting the local village structures. The kind of "military" deployment needed in Somalia is that represented by the capabilities of the U.S. Army Corps of Engineers. Seeds, fertilizer, and farm implements must be delivered. And there must be immediate suspension of all payments on foreign debt to the International Monetary Fund or any other debt collection agency.

Somalia must become a model for how all refugees, all displaced persons, and all victims of war and the shock therapy policies of the IMF must be treated.

Christmas too often becomes a holiday in which the celebration of the meaning of the birth of Christ is lost. By organizing a worldwide mass mobilization to bring a genuine aid program to Africa, we can genuinely affirm Christ's birth by committing ourselves to ensure the right of every child to hope.

What more joyful time than Christmas! Even in these terrible times this can be so, if we unite with our families and friends to truly celebrate the birth of Christ. If we celebrate the Child of love, Who is come to liberate mankind from the bonds of slavery, by celebrating that quality which makes of each and every one of us a sacred being, made in the image and likeness of God the Creator, each child, each man, each woman, is a precious, unique being, whom we must cherish as we cherish those bound to us in love.

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