

# International Intelligence

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## ***ANC: West Wants To Recolonize Africa***

For the Western powers, “Zimbabwe is only a strategic hill. The objective is South Africa,” said a member of the African National Congress National Executive Committee, according to African Eye News Service on April 3. Dumisani Makhaye reportedly told a closed provincial party conference in Mpumalanga that there must be unity between the ANC and Zimbabwe’s ruling ZANU-PF party, which won recent elections, despite huge Western opposition.

“The [West] wants to impose Presidents of their choice in our region,” he said. “. . . The gross interference in the internal affairs of Zimbabwe by Western powers is a dress rehearsal for South Africa. Their strategy is to weaken . . . governments and parties of the former national liberation movements in southern Africa.”

Makhaye pointed out that thousands of black South Africans were massacred in state-sponsored political violence between 1990 and 1994, without any real condemnation by the West. “The difference in Zimbabwe is that even though there were far fewer deaths during the build-up to presidential elections, about eight of those who died were whites.”

Makhaye added that the ANC condemned international attitudes which deemed elections free and fair only if the results accorded with the interests of the Western powers. “The Western powers must not be allowed to impose Morgan ‘six pence’ Tsvangirai on the people of Zimbabwe,” he said.

According to the news service, his comments appear to be at odds with the ANC’s public statements on Zimbabwe. ANC spokesman Smuts Ngonyama was “unavailable for comment.”

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## ***IMF Tinkers With ‘Debt Relief’ Plan***

International Monetary Fund First Deputy Managing Director Anne Krueger has proposed changes to her November 2001 plan

for dealing with bankrupt nations, suggesting that the debtor and a “super-majority” of creditors, control the debt-restructuring process. Her original proposal for countries with unpayable debts to seek bankruptcy protection—provided they accept IMF conditionalities—was widely criticized at the time (*EIR* analyzed it as nothing more than a confession of the IMF’s own bankruptcy). In an April Fool’s Day speech at the Institute for International Economics Conference, on “Sovereign Debt Workouts: Hopes and Hazards,” she said:

“Any new framework to encourage more orderly and timely debt restructuring is likely to require a statutory basis. But this need not mean a significant extension of the IMF’s legal authority. Where possible, we should give control over the major decisions in the restructuring process to the debtor and a super-majority of creditors, not to the Fund.”

Under the new plan, a country facing a debt crisis, could ask the IMF to “validate” a “stay” on its debt payments for a short period (say, 90 days), while creditors organize themselves. The country would need the consent of only a super-majority of creditors (say, 60-75%), rather than the usually required 100%, to allow the “stay” to continue, and to accept a restructuring.

How would the decisions that were reached, be made legally binding on *all* creditors? Krueger proposed that the IMF’s Articles of Agreement be amended, which would require acceptance by 60% of the fund’s 183 member countries, carrying 85% of the total voting power.

On April 2, the U.S. Treasury made known that it opposed even Krueger’s reduced “standstill” scheme.

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## ***Russia Protests U.S. Broadcasts to Chechnya***

The Russian Foreign Ministry summoned a U.S. diplomat on April 2 to communicate the government’s opposition to an initiative of Radio Liberty (connected to the U.S. government) to start broadcasting to Chechnya. This is the first time such an incident has occurred in recent years. Radio Liberty was

regularly jammed by the Soviet Union during the Cold War.

The Foreign Ministry told the U.S. Embassy counsellor that the radio station’s broadcasts “amounted to propaganda and endangered improving relations.” The statement read in part: “The Russian side stressed that launching specific propaganda broadcasts in the region, including Chechnya . . . could seriously complicate efforts by [Russian] authorities to stabilize the situation in the area. This move is incompatible with the common fight against terrorism and the spirit of relations of partnership being formed between Russia and the United States.”

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## ***Kenyan Looks To Benefit Of Protectionist Economy***

Columnist Richard Ephanto, writing in the Kenyan newspaper *East African Standard* on March 21, describes protectionism as a “remedy to our economic stagnation.” Unlike many commentaries around the globe that have attacked President George W. Bush’s steel tariff as a betrayal of the dogmas of free trade, Ephanto points to the actual benefits of protectionism for national economies.

“Is it in the spirit of globalization and free trade that President Bush recently imposed a duty to protect that country’s steel industry?” he writes. “Obviously, it cannot be. America is not working in the interest of the so-called global economy. This is because there is nothing like a global economy. . . .”

“Here in Kenya, there is every reason—moral, social, and economic—to think about protectionism as providing a remedy to our economic stagnation. Protectionist policies will allow the country to recuperate and protect her primary sectors from highly subsidized imports. A U.S. subsidy of 30% in the case of maize, for example, means that farmers in America can afford to sell maize at Sh560 per 90 kg equivalent because the U.S. government thinks it necessary to give the farmer support. Kenya, therefore, needs to construct tariff structures that account for both the subsidy and ordinary protection ele-

ments. . . .

"It is true that 80% of Kenyans wake up to a dilute sugarless cup of tea and use blunt objects in the name of jembes and pangas, to make a living. Ox-ploughs and tractors are luxuries that only a few can afford. The majority toil day in and day out hoping that their government will one day come to their rescue. Instead, reform programs have only facilitated the breakdown of marketing networks, including the cooperative movement, which provided collective bargaining and investment capacity for members. The reforms, carried out in the name of globalization, have allowed what is Kenyan to be replaced with what is American and British. The leaders must acknowledge that Africa is inherently communal and must as such harness its heritage for development. This presents potential for ideological conflict with what is American ideology. In such circumstances, I would expect what is African to prevail."

## ***Israeli Economy Battered by War***

The Israeli economy refuses to respond positively to Prime Minister Ariel Sharon's war. The daily *Ha'aretz* presented some indicators on April 2:

- The shekel, Israel's currency, has collapsed to 4.8 to the dollar.
- The blue chip Moaf index at the Tel Aviv Stock market collapsed by 5.5% on March 31, and on April 1 by another 1.4%. Some 90% of trade volume was linked to the top blue chip stocks, indicating collapsing confidence in Israel's most important companies. The biggest losers were the top five Israeli banks, including Israeli Discount Bank, which lost 6.8%, and Bank Leumi, which lost 7%, in two days. The collapse of their shares comes following news that the "problematic" debt of Israel's top five banks increased by 34% over last year, and stands at over \$10 billion.
- Interest rates on the bond market are soaring. One-year bonds now yield 6%, which is 1.6% higher than the Bank of Israel offered while raising 3 billion shekels through government bonds. Inflation-linked

interest rates jumped to 5% on long-term bonds, while long-term nominal interest reached 7.7%. These rates are higher than prior to the Bank of Israel's 2% reduction last December.

- A huge budget deficit is expected, as the military budget will increase by a billion shekels (over \$200 million). Tax revenues have fallen by over 10%, which will require 7 billion shekels to be cut from the budget. This will most likely come from a cut in social security benefits. There is talk of a "Peace of the Home Front Levy," which will be a general tax to cover the war expenses.
- According to Israeli banking sources, Israel can expect a negative growth rate (-2.4%) instead of the positive 2% used to determine the budget deficit. Thus, with the prospect of a ballooning budget deficit, which would require financing through high-interest government bonds, the economy is heading for deep trouble.

## ***U.S. Power Companies Undermine Indonesia***

Florida Power and Caithness, two U.S. power providers with reputations for dirty speculative operations, succeeded in getting a U.S. court to order Bank of America to seize \$130 million belonging to the Indonesian state energy company, Pertamina, which funds are actually part of the Indonesian state budget, the *Jakarta Post* reported on March 30. Acting through their Indonesian company, Karaha, the pirates are demanding compensation for a power project suspended in 1998, during the collapse of the Indonesian economy, under international speculative assault. While courts have ruled that Pertamina must pay, they also ruled that the government is not liable. Pertamina is appealing the ruling against it, but also argues that the money seized belongs to the government, not to Pertamina.

Despite many drawn-out fights, nearly all the power producers have agreed to renegotiate at least parts of the sweetheart contracts signed with the Suharto regime before the collapse, but these two are playing hardball, threatening to further undermine the country's budget.

**OPIUM POPPIES** will be allowed to proliferate in Afghanistan by the United States and Great Britain, said Alex L. Jones, the program director of Mercy Corps in Afghanistan, in an interview with the *New York Times* on April 1. "They depend on various commanders," he said, "and the commanders depend on poppy growing—whether because they get revenue from it directly or because they need the goodwill of the people who grow it."

**125 ISRAELIS** were killed in March—25% of all Israeli deaths since the Intifada started 18 months ago, and a testimony to the complete failure of the hard-line policies of Prime Minister Ariel Sharon. Sharon's harshest military attacks began with the Feb. 28 assault on refugee camps in the West Bank and Gaza. Every one of the most recent suicide bombers came from those camps, where the Israelis were supposed to have destroyed the "terrorist infrastructure."

**JAPAN'S** largest banks have decided to lower interest rates on ordinary savings accounts still further, to 0.001%, the *New York Times* reported on March 30. This is one-twentieth of the 0.02% they currently pay. The *Times* notes, that at this rate of interest, it would take 69,315 years to double your money.

**A CEASE-FIRE** was signed between the Angolan Army and UNITA rebels on April 4, in the presence of President Jose Eduardo Dos Santos and UN Secretary-General Kofi Annan's special adviser for Africa, Ibrahim Gambari. Representatives from Russia, the United States, Portugal, and the 14-nation Southern African Development Community (SADC), as well as Gabon and Nigeria, attended the signing ceremony. Sources report that Western raw materials cartels are eager to use this political development to get an even tighter grip on the region's wealth.