

# International Intelligence

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## Germany Must Declare Emergency

German Finance Minister Hans Eichel will now have to declare an economic emergency, according to the financial daily, *Handelsblatt* Oct. 18; otherwise, the new Federal budget will violate the German constitution. Faced with a dramatic decline in tax revenues—down 11.3% in September compared to one year ago, and for the full year about 34 billion euros below the official forecast—new borrowing by the German government this year will explode to a level of 33-36 billion euros, exceeding by far the 2002 expenditures for public investments.

Thus, the biggest economy in the euro-zone will not only flunk the new borrowing limit set by the Maastricht Treaty (annual new debt is not allowed to surpass 3% of Gross Domestic Product). It will also violate the German Basic Law (constitution), which puts a much more sane brake on new public borrowing: For every euro of new debt, the government must put at least one euro into infrastructure and other construction investments, thereby enlarging the physical capital base out of which the additional revenues to pay debt service can be generated in the future.

Only in times of “overall economic imbalances,” may new borrowing be allowed to temporarily surpass the amount of public investments. But the Finance Minister must formally announce this kind of economic emergency.

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## U.S. Resolution Is Not Accepted

Russia and France, holding UN Security Council vetoes, rejected the second U.S.-proposed draft resolution on Iraq on Oct. 22. After meeting with chief UN weapons inspector Hans Blix, Russian Foreign Minister Igor Ivanov said, “The American draft resolution . . . does not answer the criteria which the Russian side laid out earlier and which it confirms today.” Blix himself said, “They [the United States] may have evidence, I am not brushing it aside, but in

our archive there is no clear-cut evidence.” After seeing the U.S. draft resolution, French Ambassador to the United Nations Jean-David Levitte said he does not think an agreement is close.

Chinese Foreign Ministry spokesman Liu Jianchao said China “will take seriously” measures for UN weapons inspections which lead to a peaceful settlement to the United States-Iraq standoff, but that the first step must be the return of inspectors to Iraq.

But White House spokesman Ari Fleischer, speaking to reporters at a political rally in Pennsylvania Oct. 22, said the United Nations does not have forever to agree to a resolution, and that the process will soon be concluded.

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## Shock Anti-War Vote in Australia

Anti-Iraq war passion resulted in Australia’s Green party winning its first-ever House of Representatives seat, in a by-election on Oct. 19 for the district of Cunningham, around the industrial city of Wollongong south of Sydney.

By-elections are held in individual electoral districts to replace MPs who leave parliament in extraordinary circumstances, usually death or resignation; the by-elections are notorious for bringing out strong protest votes. Often, sitting governments lose by-elections to the Opposition, because local voters take the opportunity to protest government policies. In this case, the electoral district was seen as a very “safe” seat for the Labor Party Opposition (which had held the seat for decades), and the government didn’t run a candidate.

In losing the seat to the Greens, the Australian Labor Party became the first Opposition in over 50 years to lose a by-election, and the Greens will be the first minor party to win a House seat in Australia since World War II. This is widely acknowledged as a reflection of the strong anti-war feeling in Australia, and the widespread dissatisfaction with the major parties, which the Greens have provided an alternative to, with their principled stand against the Iraq war,

against fascist “anti-terror” laws, and against the government’s treatment of asylum seekers. The Greens have been downplaying their own lunatic economic policies.

This is also an election which was closely monitored by the U.S. Embassy.

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## IMF Debacle in Malawi Starvation

Johannesburg’s *Business Day* on Oct. 16 reported, “Food shortages in Malawi are very severe and will only worsen in the months ahead as scarce stocks from the harvest run out and food aid, reaching 2 million out of 10.6 million people [total population], becomes more difficult to distribute” because of the rainy season.

UN World Food Program (WFP) Malawi director Gerald van Dijk said, “By December, we need to feed 3.2 million people, which requires about 30,000 tons of maize a month. It will be a struggle to mill and move that amount during the rainy season.” The bulk of donations is genetically modified (GM) maize from the United States. Once the planting season starts, the GM maize may only be distributed if it is milled, to prevent it from being planted. This process will delay food distribution, as Malawi lacks enough spare capacity to mill large amounts of relief maize. Milling also adds more than 20% to the cost of relief operations, which are only about one-third funded so far. Until the rains begin, Malawi is allowing the distribution of whole grain GM maize, believing that people are too hungry to plant any of it.

Nineteen percent of the country’s population is infected with HIV/AIDS, *Business Day* wrote, adding that, since the country is too poor to carry out testing, the figure implies those who are very sick with “AIDS symptoms.” Malaria is rampant and a cholera outbreak took 1,000 lives this year.

Author Claire Keeton detailed the International Monetary Fund and World Bank’s role in this disaster. “Four years ago the government distributed starter packs, including fertilizer, to 2.8 million subsistence farmers, and the country experienced bumper maize

harvests in 1999 and 2000. But the beneficiaries were scaled down to 1 million after reduced sponsorship and pressure to abolish subsidies, in line with agricultural reforms advocated by international bodies like the World Bank.

"Deepening the crisis, Malawi sold off its strategic grain reserves [under pressure from the IMF] from 2000 to last year, despite warning signs that the harvest was likely to be poor. Nearly 27,000 tons of maize was exported at a loss, with large amounts of money from the sales not yet accounted for, according to the National Audit Office."

According to other sources, the grain reserve sold may have been as much as 150,000 tons.

## ***Chávez Phenomenon Looming in Ecuador?***

The first round of Presidential elections in Ecuador on Oct. 20, brought former Army colonel and Chavista coup-maker Lucio Gutiérrez into an unexpected front-runner position, with 19.5% of the vote, versus Ecuador's wealthiest man, banana tycoon Alvaro Noboa, with 17.6%. Nine other candidates who also ran, were eliminated from the runoff balloting. If Gutiérrez is elected on Nov. 24, as is expected, he will immediately face the International Monetary Fund, when he takes office. Because of the country's dollarization in 1999, Ecuador cannot rely on the usual tricks of devaluing the national currency or printing money to stave off financial disaster. The result is, that the country is in desperate need of an immediate \$250 million infusion, and will have to adhere to vicious austerity terms to get it. Venezuela's President Hugo Chávez had no problem bowing to the IMF, even though it has driven his "popularity" down around his ankles. If Gutiérrez follows his lead, it could well mean that his reign may be as short-lived as his predecessors'—four of them, in the last few years!

Ecuador is a country of 13 million, heavily dependent on exporting oil and bananas. Since 1999, twenty of its 41 banks have gone belly up, 3 million people have lost their savings, thousands of small companies have

disappeared, half a million Ecuadorans have emigrated, and those living below the poverty line went from 50% of the population, to a whopping 70%.

## ***U.S. Must Close Base in Karachi***

The emergence of the grouping of six Islamic religious parties, the Muttahida Majlis-e-Amal (MMA), as the strong "third force" in Pakistan's Oct. 10 national parliamentary elections, seems to have had its first fall-out. The International Security Assistance Force (ISAF), operating in Afghanistan since the government of Hamid Karzai was installed there with U.S. backing, has decided to close down its base in Karachi, Pakistan, with immediate effect.

Pakistani President Pervez Musharraf's decision to "lease out" a portion of Karachi's Qaid-e-Azam International Airport, for use by the ISAF, came under severe criticism from the MMA during the campaign. MMA is also opposed to the presence of the U.S. forces on Pakistani soil in general (U.S. troops are hunting al-Qaeda forces near the Afghanistan-Pakistan border) and wants them to vacate their military bases in Pakistan.

The Pakistani English daily, *The News*, on Oct. 20 recounted that the ISAF had selected Karachi, which has several airports, as the hub for its Forward Mounting Base (FMB) in the middle of January 2002. This base has been used to transport international troops and their supporting logistics, including heavy arms and ammunition, into and inside Afghanistan.

In the period before the ISAF takeover of part of Karachi Airport, a German delegation had met with Pakistan's Civil Aviation Authority (CAA) with the same intended purpose. But the CAA, at that time, declined to entertain any individual country force as a partner for the ISAF forces on Pakistani soil. The Germans quietly left Karachi and now operate from Tajikistan, but the multinational ISAF force became the populist target of the Pakistani religious parties, which are now demonstrating new clout with Musharraf.

**JORDAN'S** King Abdullah fears that it is now too late to stop a war on Iraq. After talks with German Chancellor Gerhard Schröder in Berlin, on Oct. 23, King Abdullah told the press that although both leaders issued another urgent appeal to resolve the Iraq conflict by peaceful means, he thinks that the war has already begun and no longer can be stopped.

**A MILLION** Italian workers marched in a general strike Oct. 18, called for by the largest trade union, CGIL, with 75% participation, according to its organizers. These figures are contested by the government and the other two main unions, UIL and CISL. According to the CGIL in Turin, where the Fiat crisis is hitting the hardest, 150,000 workers joined the rally. In total, rallies and demonstrations took place in 120 cities, with 250,000 participants in Milan and 200,000 in Florence. The strike was called to protest the government austerity and labor deregulation policy.

**FRANCE'S** attempt to "jam up" an Iraq war resolution in the UN Security Council received full support at the Oct. 20-21 "Francophone nations summit" in Beirut, a senior French diplomatic source told *EIR*. "The sentiment at the Francophone summit was extraordinary; they gave full backing to French government efforts to stop this drive toward war," the diplomat reported. "There were 43-45 heads of state attending. . . . There is clearly a strong mood, to balance a monopoly of American power."

**SUDAN** and the SPLA guerrilla army which has been backed by Britain and the United States, signed the first-ever truce, taking effect Oct. 17, in the 20-year civil war. Negotiations for a permanent peace resumed Oct. 16. Government forces had retaken the city of Torit a week earlier, which led the SPLA to agree to the government demand for a truce as the condition for resuming talks.