

International Intelligence

Italy faces government crisis over budget

The left-wing Communist Refoundation Party (PRC) has announced that it will vote against the government's proposed budget, which was presented on Sept. 26, threatening to leave Romano Prodi's government without a majority in the Parliament. It is possible that a minority faction within the PRC will split and decide to support the budget, but their votes are not enough to save the government.

The government's "moderate" budget consists of 14,700 billion liras in cuts, softened with small benefits for poorer layers. In order to remain within the Maastricht Treaty's criteria for entry into the European Monetary Union, the government is proposing the ridiculous amount of 5,500 billion liras for investment. Despite the PRC's attack on the austerity budget, it offers no credible alternative.

Furthermore, Banking Supervisor Paolo Savona pointed out, in a commentary in the Sept. 26 *Corriere della Sera*, that the international financial crisis will play havoc with the budget. He suggests that the "stabilization" targets aimed at by the proposed budget must be revised "in light of the international developments, which will determine choices in the immediate future, and which members of Parliament tend to shut out of the room (and out of their attention)." In spite of his criticism, he views passage of the budget as preferable to rejection, because the latter would expose Italy to a reaction from the financial markets.

French 'new Bretton Woods' is a fig-leaf for IMF

The conservative government of President Jacques Chirac and Socialist Prime Minister Lionel Jospin have cooked up another phony "new Bretton Woods" proposal, in a 12-point memorandum to the Group of Seven. The proposal was officially presented to the European Union finance ministers meeting in Vienna on Sept. 26-27. Finance Minister Dominique Strauss-Kahn told the weekly *Nouvel Observateur*, in its Sept. 24-30 issue,

"Let's avoid millennial catch phrases. The existence of global markets does not necessarily mean there must be a global crisis," he said.

The aim of the French proposal in Vienna is to "succeed in federating Europeans before trying to convince the rest of the world, notably the United States. Our ambition, as Lionel Jospin defined it in your magazine, is to promote a 'new Bretton Woods.' The memorandum which I propose to my colleagues is simple: Give the IMF [International Monetary Fund] a truly political authority; ensure the transparency of the financial system; create periods of transition for emerging countries to open up to capital markets; [and] reaffirm the role of Europe, and especially of the euro."

He continued, that criticism of the IMF is "not always from the right standpoint. At any rate, I prefer an international regulatory institution to the law of a single country." Strauss-Kahn then attacked the Clinton initiative of Sept. 14: "We must put into place a true IMF government by transforming . . . the present Interim Committee into a true council, where industrialized countries can hold dialogue with emerging countries, and where the more important orientations and involvement of the IMF are decided. We know that we will have to discuss this proposal with the United States which would rather create a new institution bringing together 22 countries—the reason it's named G-22—within which it could continue to exert its own leadership on the world economy."

Blair tells UNGA: Britain will take political helm

In his Sept. 22 address to the UN General Assembly, British Prime Minister Tony Blair ticked off a number of political crisis spots (all of which Britain fired up, and then sabotaged U.S. peacemaking efforts), and asserted Britain's prerogative to deal with them. Blair said he would ask UN Secretary General Kofi Annan to help peacekeeping, by "peace building": meaning that the International Monetary Fund and World Bank should be brought more directly into peace efforts. He cited Africa's Great Lakes region

and the Middle East as areas where such "peace building" is necessary.

In both the Balkans and the Middle East, the IMF has sabotaged economic development, which is the key ingredient for peace.

After thanking the world community for its support of Britain's role in Northern Ireland, Blair pontificated, "Now it is time for the Middle East," and "we are ready to bring this about." On Kosova, he said that Britain had presented a Security Council resolution for a cease-fire, and warned that Serbian President Slobodan Milosevic "would ignore it at his peril."

Blair also waxed sanctimonious on drugs and terrorism, saying that "too many countries provide sanctuary for drug money" and that you have to "hit them where it hurts." Terrorists, he ranted, should have no hiding place, and no facilities to raise funds, boasting about Britain's new law, which makes it illegal to plan terrorist attacks from British soil—as if a dozen countries hadn't been complaining about British safe-havens for terrorists and their fundraisers for years.

U.S. smoothing strained relations with Malaysia?

In confirmation hearings before the Senate Foreign Relations Committee on Sept. 25, U.S. Ambassador-designate to Malaysia B. Lynn Pascoe tried to smooth over the impact of a statement read by State Department spokesman Jamie Rubin on the detention of former Finance Minister Anwar Ibrahim and supporters. Pascoe said that the United States counts Malaysia as a voice of moderation and tolerance in the Islamic world. Referring to "dramatic events" recently, including imposition of capital controls, the sacking and subsequent arrest of Anwar Ibrahim, Pascoe said, "The United States cannot dictate to Malaysia the economic or political approaches it should adopt. We do, however, have a deep interest in the well-being of the people." He emphasized that one of his greatest challenges as ambassador would be to work with Malaysia and its people to restore the country's prosperity.

The State Department's Sept. 25 statement was at variance with its earlier stance that Anwar's arrest was "a domestic matter."

CAMBODIA'S HUNSEN was the target of an assassination attempt on his way to opening the new Parliament on Sept. 24, when a rocket passed within 10 yards of his vehicle. Four people, including two children, were killed. Three other rockets were found nearby, suggesting that a booby trap had been laid.

EGYPT has begun reconciliation efforts between the Sudanese government and the opposition National Democratic Alliance. NDA head Mohammed Othman El-Merghani arrived in Cairo on Sept. 22, to discuss with Egyptian officials the details of formal meetings held by Sudanese Foreign Minister Mustafa Othman Ismael in Cairo. Ismael confirmed Sudan's readiness to accept Egyptian mediation.

SOUTH AFRICAN troops, called into the neighboring kingdom of Lesotho to restore peace, found more than 500 tons of weapons, apparently of Bulgarian origin, *EIR* was told on Sept. 28. The source said that such a large cache could not be for Lesotho's use. South Africa is now investigating where the weapons were destined.

INDONESIA'S former President Suharto met on Sept. 25 with Attorney General Andi Ghalib, turning over to him two unsigned letters of authorization, the first a special authorization for the AG to transfer any money President Suharto might hold overseas to the Indonesian government. The second letter authorizes banks holding funds belonging to President Suharto in Indonesia to open their records to the investigative team looking into his family's wealth.

BRITAIN AND IRAN came to an agreement to exchange ambassadors, during talks between Foreign Ministers Robin Cook and Kamal Kharazmi, at the UN General Assembly, according to the Sept. 25 London *Financial Times*. Formal relations were broken in 1989, after Ayatollah Khomeini issued a *fatwa* against Salman Rushdie.

Foreign Minister Datuk Seri Abdullah Ahmad Badawi responded to Rubin's statement by stating, "All Malaysians are given protection under the laws established in accordance with the Malaysian Constitution, and the Internal Security Act is one of the laws duly enacted by the Parliament." He pointed out that since Anwar was fired on Sept. 2, he had held public rallies criticizing the government and Dr. Mahathir, all of which were illegal.

India, Pakistan leaders issue statement at UN

"A new chapter in Indo-Pakistani cooperation is being opened," said Indian Prime Minister A.B. Vajpayee in New York on Sept. 24, after his meeting with Pakistani Prime Minister Nawaz Sharif, during the UN General Assembly. Vajpayee said that a "conscious effort" would now be made to encourage trade and commercial ties between the two countries. While the joint statement announced that both countries' foreign secretaries will now begin talks in Islamabad on Oct. 15, to focus on Kashmir and peace and security, Vajpayee also stressed that any move that India might take regarding the Comprehensive Test Ban Treaty (CTBT) will be done "independently," and is not linked to any Pakistani decision.

Flanked by the trio who spearheaded India's foreign policy—Deputy Chairman of the Planning Commission Jaswant Singh, Principal Secretary Brajesh Mishra, and Principal Secretary and Foreign Secretary K. Raghunath—Vajpayee described some of the concrete steps which will now be pursued, including:

- Indian purchase of energy and electricity from Pakistan; details are being worked out.
- Direct bus service between New Delhi and Lahore as well as a road-and-rail link between Munabao, in Rajasthan, to Khopra.
- Reestablishing a "hot line" between the two Prime Ministers.
- Propaganda against each other's governments will be checked and the government media will handle these issues with more prudence.

- Border firing is to cease immediately.
- Vajpayee said issues such as non-deployment of missiles and related defense issues would be discussed at the Oct. 15 foreign secretaries meeting in Islamabad.

The remaining six subjects—the undefined border at Siachen Glacier, Wullar Barrage, Sir Creek; terrorism; drug trafficking; economic and commercial cooperation; and cultural exchanges—would be taken up in separate meetings.

EIR embarrasses Soros's lackeys in Argentina

EIR's Argentina correspondents twice embarrassed the sycophants of speculator George Soros in two days. The first event was on Sept. 23, at a press conference given by Prince Philip's Transparency International announcing its new world ranking of countries according to their level of corruption. Amidst the uproar created by the fact that TI now ranks Argentina 61st on the list of the 85 "most transparent" countries, *EIR* began agitating among those present, prompting one reporter to ask who was financing Transparency's anti-corruption campaigns. Transparency's representative, Christian Gruenberg, blurted out, "George Soros!" Soros has spent the last three years buying up large chunks of Argentina, as part of his international speculative operations.

The next day, Buenos Aires Gov. Eduardo Duhalde met with the press during a conference on drug trafficking and addiction, which his office co-sponsored. *EIR* asked the Governor—who is also a Presidential candidate—to comment on a two-page *New York Times* ad calling for the legalization of drugs, which Soros had purchased on June 8, to coincide with the UN General Assembly special session on the war on drugs. Duhalde said he was unaware of the ad, but sharply attacked legalization, saying it would be like legitimizing crime, and that it would be devastating.

One of the signers on Soros's ad was Graciela Fernández Meijide, a Presidential candidate who supports the pro-narco-terrorist São Paulo Forum, as well as Transparency's low ranking of Argentina on its "corruption index."