



Jubilee Grabs Barclays & Absa by the Horns!

On the 25th of April 2005, Barclays launched a bid for Absa. Since then, Jubilee South Africa and our Allies, (APF, SECC, SCR etc.), have opposed the bid every step of the way.

The initial slip by Absa media relations that Jubilee were 'just a few', was soon blown to pieces by two marches and three large demonstrations against the takeover. In the most recent demonstration, the central branch of Johannesburg's Absa was forced to close its doors against the 'masses' approaching in protest, and besides the normal police presence Absa saw fit to hire private security – those mercenary looking white male South Africans, who look like they'd rather be making blood money in Iraq. Absa was further shocked when around 100 activists turned up to the small town of Welkom in the Free State, to protest against the takeover. And a picket held in Roodepoort forced the branch manager to close the bank for the whole day. It appears that Absa is more afraid of our 'few' protests than they led us to believe.



The Absa shareholder's Annual General Meeting on 13th June was also rocked by protest, not only from outside the Absa head office, but also from shareholders inside! Many, many small pickets in front of Absa & Barclays head offices and branches continue throughout the country.

Media coverage has been fantastic – Jubilee was on all the major radio stations and television channels, on both news and talk shows. Absa has labeled this a 'vicious media campaign'. And they know, though are reluctant to admit, that what makes it so 'vicious' is its broad public support.

To further fuel and substantiate the campaign, Jubilee has held education workshops in Gauteng, Free State and the Eastern Cape, and a seminar in Cape Town. These education workshops centered on the role of banks in society and exposed the fallacy of foreign direct investment. Much interest was generated from these discussions and Jubilee was requested to develop a more sustained education programme on how capitalism works.

Thanks to this campaign, the issue of reparations is now back in the public arena and Absa has been forced to launch a public relations campaign throughout South Africa. There has been a marked increase in billboards, print, radio and TV advertising for 'My Bank'. And it seems that Barclays CEO has been forced to take a neo-colonial safari over Africa, ostensibly to raise money for UNICEF, but more likely in a desperate attempt to raise Barclays' profile.

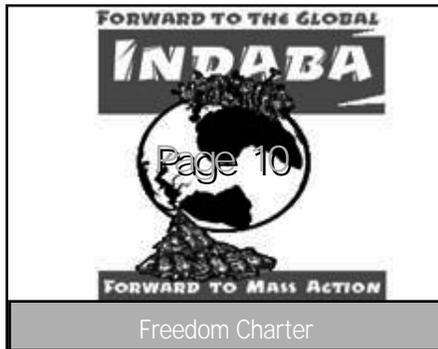
Upcoming events include the ruling by the High Court of South Africa, on 5th July 2005, on the Barclays/Absa takeover. This is required in order to give the takeover legal sanctioning. Jubilee has once again thrown a spanner in the works, in the form of an application to the court to rule against the takeover. Dennis Brutus and Makoma Lekalakala will act as plaintiffs.

With luck and hard work (particularly from all the volunteers and activists), Jubilee and its local and international partners will force these scum-sucking exploiters and carpetbaggers to at least acknowledge their support for the Apartheid Regime and to pay reparations to those who suffered under it.

Barclays: Not Welcome Then, Definitely Not Welcome Now.



Barclays Takeover of ABSA



Freedom Charter



Iraq's Oduis Debt

Editorial



This edition of Jubilee News is focused on our present campaign to halt the Barclays Bank takeover of ABSA. Indeed the word takeover is fitting, as it not only describes the behaviour of capitalist enterprises but also, the agenda of Mr. Blair and the G8 who once again plot to takeover Africa, this time with the consent of most of the African Presidents.

The so-called Africa Commission Report has received so many clamours, even by and not surprisingly President Thabo Mbeki. We must resist this imperialist propaganda. The promises of the major imperialist countries are recycled promises; that once again they impose neo-liberal conditionalities, which will only weaken and not strengthen Africa's people. We as Jubilee South Africa will continue with our call for the cancellation of debt and reparations.

Our campaign looks promising with much sympathy in the public for our case against Barclays/ABSA. Through our campaign we have forced all the major players including Barclays, ABSA, government and all the major radio stations and all of South Africa's newspapers have covered our campaign. Even COSATU was drawn into the debate – but without any action or pledge of solidarity. Large numbers of activists all over South Africa have been involved in economic debates, placard demonstrations, marches and creative means. We have had great support from the Anti-Privatisation Forum, The Soweto Electricity Crisis Committee and the Soweto Concerned Residents, Jubilee Western Cape, Free State and Eastern Cape. The logo produced by our allies in Indy media, "Debts, Today, Tomorrow, Forever" shows how much creative energy is out there and how we must harness all of our skills and resources to ensure a more sustained struggle against those that oppress and exploit our people. I must thank all of you and our Jubilee staff for all your great efforts.

MP Giyose

Jubilee South Africa Chairperson

Barclays' Return: Time to Rejoice or to Toyi-Toyi?

"The Barclays/ABSA deal, as the biggest foreign investment in South Africa ever, is a significant transaction for a country starved of meaningful foreign direct investment (FDI)"

Shaun le Roux, Alphen Asset Management

"They (Barclays and General Motors) have now returned in strength to make their contribution to the development of a new and free South Africa that belongs to all who live in it...In practical action they are also making the statement that they are ready and willing to accompany us as we contribute whatever we can to the success of the African renaissance"

Thabo Mbeki, South African President

"Cosatu is concerned that having such a large part of the banking sector under foreign control could make it easier for capital to be moved out of the country at some future date, with serious consequences."

Paul Notyhawa, COSATU

The announcement earlier this month that Barclays will buy a 60% stake in ABSA resulted in a heated debate. The deal valued at R 33 billion raised questions as to whether this would constitute a success in terms of the South African government's macro-economic policies or another step towards the economic re-colonisation of Africa. ABSA's CEO Steve Booysen proclaimed enthusiastically that with Barclays they are going to "rule this continent". Joel Netshitenzhe, spokesperson for the South African government, said that the Barclays/ABSA deal reflected the confidence of the international financial sector and the investor community in South Africa. Critics on the other hand pointed to Barclays notorious apartheid past and to the continuous outflow of capital from South Africa under conditions of economic liberalisation. Is Barclays' return to South Africa a cause to rejoice or to toyi-toyi?

Barclays in Africa

Barclays is Britain's third largest bank and has a long colonial history in Africa, that dates back to the slave trade, which the bank financed as part of its contribution towards building the British Empire. Barclays currently operates in 12 African states (including Mauritius and Seychelles), half of which are SADC members. Its involvement in South Africa started in 1919 when the bank bought shares in the then National Bank of South Africa (NBSA). This formed part of its strategy to establish a commercial bank throughout the British Empire.

Barclays and Apartheid

Barclays role became particularly controversial since the 1960s. The bank paid lip-service to being opposed to apartheid but refused to heed calls to pull out of South Africa, claiming that change could be best effected from the inside. In 1977, the notorious apartheid Prime Minister PW Botha summoned the leaders of big business and asked them to support the apartheid regime to beat the international arms embargo imposed by the United Nations. Barclays willingly pledged R 90 million to the apartheid army for its defence force bonds. Furthermore, Barclays lent US\$ 478 million to the Botha regime between 1972 and 1978 and helped to arrange international loans of US\$ 725,4 million between 1982 and 1984.

Barclays cannot claim to have been an innocent bystander trying to convince the apartheid regime to change its policies.

The bank was a direct accomplice to the crimes of apartheid and has never apologised for its role. Like many other big businesses it refused to appear before the Truth and



Reconciliation Commission (TRC) and now faces a lawsuit in the US for its role in aiding apartheid.

Economic Upliftment?

Proponents of the Barclays/ABSA deal seem to suggest that it is best to let history rest and to rather focus on the potential benefits for South Africa and the rest of the continent. They proudly point to the fact that South Africa seems to have a high international standing and finds approval for its economic policies among global capital. While this may be so, the success of any policy has to be measured in terms of the livelihoods of a country's or continent's people. Unless policies lead to a significant upliftment of the living standard of the majority, they have to be considered a failure. What then does Barclays' return hold in economic terms?

The huge deal of R 33 billion does not constitute productive ("Greenfield") investment, as it does not involve the setting up of any production facilities. It is merely a takeover that constitutes portfolio investment. This type of investment does not result in significant social benefits. On the contrary, it is likely to lead to job losses as happened during many other mergers and takeovers. The only direct beneficiaries of the deal are the current ABSA shareholders who may be able to sell their shares at a profit to Barclays and the new shareholders who will benefit from the bank's future profits.

Capital Outflows

COSATU is right when it fears a further acceleration of capital outflows as a result of Barclays' return. Speculative capital and portfolio investments, coupled with debt repayments and the repatriation of profits have been the main sources of capital outflows in Africa and several countries have become net exporters of capital. Between 1994 and 2000, capital inflows of R 45 billion into South Africa were contrasted by capital outflows of R 54 billion during the same period. The scenario is even worse in Namibia where capital inflows of R 12,2 billion between 1997 and 2003 were countered by capital outflows of R 18,4 billion. Namibia's savings and profits tend to leave the country via banks and insurance companies first to South Africa and then to overseas destinations. The desperate attempts by our governments to attract foreign investments as the engine for economic growth are constantly undermined by the capital outflows from the "Global South" to the North, facilitated by economic liberalisation programmes such as structural adjustment programmes (SAPs), South Africa's GEAR policy and the continental New Partnership for Africa's Development (NEPAD).

FDI as a Panacea for Development?

The current "blank cheque approach" to foreign investment by

most African governments is unbalanced and holds little prospects for securing long-term, sustainable development. At best, the intense competition for FDI among African countries will lead to some jobs for a limited period of time in some countries. The South African government seems to think that its best prospects lie in a strategy to further develop South Africa's role as Africa's economic, political and military powerhouse and to become the benevolent "big brother" for its poorer neighbours. In this context, neo-liberal policies are regarded as the means to advance South Africa's dominant role, which some social movements have described as that of a "sub-imperial power". Governments tend to fall into the IMF/World Bank/WTO trap either because of ignorance or because of their own class interests and corruption. There is no doubt that governments will only change their position if there is sufficient pressure from below, i.e. when working people, trade unions, social movements and the poor in general become organised and make their voices heard. Without such pressure, the current trend will not change.

The current policies pursued by the South African and other governments in the region will not transform the enclave structure of our economies. These policies are also unlikely to lead to the envisaged "trickle-down effect" to benefit the poor. On the contrary, a recently published study by the University of Cape Town has shown that poverty has doubled in Africa over the past 20 years.

Alternatives

One of the immediate steps to be taken must be a change in approach towards foreign investments. Instead of offering increasing concessions to foreign investors, African states need to be selective and abolish their "open door policy" towards FDI. African countries have to resist all additional "conditionalities" that come with FDI and instead set their own conditions in the form of "performance requirements" such as job creation, skills and technology transfer etc. Furthermore, as many Africa countries have become net exporters of capital, African states need devise strategies to stop the outflow and retain their savings.

It is encouraging to note that throughout the region, social movements and trade unions have started the difficult process of building a new Africa. New and concrete ideas are emerging as a result of struggles against the devastation caused by neo-liberal policies across the continent.

For now, it seems time to toy-toy again, as Barclays' return holds little prospects for a better future.

Herbert Jauch

*Labour Resource and Research Institute
(LaRRl) in Namibia.*

JUBILEE OPPOSES BARCLAYS TAKEOVER OF ABSA

The South African Minister of Finance has approved the takeover of South African Bank, ABSA, by Barclays, and ABSA shareholders have accepted Barclays' revised offer. This is an entirely disagreeable state of affairs. Neither the Government nor ABSA Bank has questioned the history of Barclays in South Africa. The origins of Barclays lie in financing the slave trade in the West Indies. Barclays then financed the exploitation of colonialism and apartheid. It now finances the arms deal.

BARCLAYS FINANCED APARTHEID

The facts are clear and are a matter of public record:

- In 1976, Barclays bought R10 million in Defence Force Bonds
- Between 1972 and 1978, Barclays helped the Apartheid Government to obtain nearly US\$500 million in loans.
- In 1974, Barclays participated in a US\$15 million Eskom Eurobond issue.
- In 1979, Barclays purchased R20 million of SASOL shares
- Between 1982 and 1984, Barclays' loans to South Africa totalled US\$725.4 million.

This support kept the doors open to international capital and kept mechanised infantry on the move in the townships and neighbouring countries.

Despite recent announcements in the press, Barclays did not leave South Africa in 1986 because of moral reasons. It left because of sustained pressure from students and human rights activists in the United Kingdom.

And, despite a clear record of support for Apartheid, Barclays chose not to appear before the Truth and Reconciliation Commission. It made a conscious decision not to seek amnesty and come clean.

Barclays was not alone in ducking this responsibility. Twenty-two other foreign corporations have also been identified as having aided and abetted the Apartheid regime, and all of these corporations dismissed the TRC.

Because of business's catastrophic failure to appear before the TRC, the Khulumani vs. Barclays lawsuit was launched in the US. This lawsuit charges these corporations with aiding and abetting a criminal industry known as Apartheid.

This lawsuit has brought forth significant opposition, including the South African Government. In 2003, the Minister of Justice sent an affidavit to the US Court stating that the lawsuit was contradictory to SA sovereignty and against foreign investment.

On November 29, 2004, Judge Sprizzo, of the U.S. District Court for

the Southern District of New York, dismissed all of the apartheid-related lawsuits consolidated in his court. He stated that he did not believe aiding and abetting claims could be brought under Alien Tort Statute, a decision with little support in U.S. jurisprudence. Plaintiffs immediately appealed to the Court of Appeals for the 2nd Circuit, which covers New York.

However, Judge Sprizzo had neglected to clarify if his dismissal applied to all of the defendants, so the higher Court instructed Plaintiffs to withdraw their appeal and ask the lower court to make this technical correction.

Judge Sprizzo has since issued his clarification, and, on the 27th of April 2005, the case was lodged on appeal in the Court of Appeals for the 2nd Circuit.

We urge the South African Government, in the name of clarity and human rights, to withdraw its affidavit.



BARCLAYS FINANCED THE ARMS DEAL

Barclays is financing a South African arms deal, and it is doing so despite having been timeously alerted to allegations of corruption around the arms deal.

Investigations by Guardian journalists suggest that BAe Systems may have paid bribes of up to £160 million (R1.8 billion) to secure the warplane contracts. The British Secretary of Trade and Industry has verified that bribes were paid, but says they were "within acceptable limits" for British government-guaranteed arms exports.

The former Secretary for Defence and SA Air Force leaders objected to the

BAe warplanes on the basis that the aircraft were both too expensive and unsuited to South Africa's requirements. Objections to the arms deal were overruled by the former defence minister, the late Joe Modise, and the cabinet sub-committee chaired by then Deputy President, Thabo Mbeki.

British prime minister, Tony Blair, exerted massive pressure on our government to buy the aircraft. Why? And, most pertinently, why did our government succumb to that pressure?

Almost all of Africa's debts to Britain originate from ECGD projects that have not been in the interests of Africa's people. The default clauses in the Barclays arms deal loan agreements are potentially catastrophic for South Africa, yet have never been referred to or approved by Parliament.

The terms of the deal include ceding control over South Africa's economic and financial policies to Barclays, the British government and to the International Monetary Fund. Is this why the Minister of Finance and the Cabinet have approved the Barclays takeover of ABSA?

A RECOLONISED AFRICA

And this is only the first step in Barclay's plan to buy up banks all over Africa.

The World Bank estimates that 63% of Africa's capital has been siphoned off to Europe and North America. The comparable figure for Asia is "only" 9%.

'Investments' such as Barclays' only increase the outflow of capital from Africa to the North, resulting in weaker African states losing control of their financial institutions.

South Africa does not need vulture capital and the unapologetic return of a multinational corporation that put profits above human life and dignity. Neither Barclays nor ABSA seem to recognise the primacy of human rights and basic ethical interaction, and appear to agree with Cecil John Rhodes's vision of re-colonised Africa.

Steven Booyesen, CEO of ABSA, recently bragged in *The Star* that, "...we will rule the continent."

A MARRIAGE BETWEEN THE CROOKS OF APARTHEID AND THE CRIMINALS OF THE BRITISH EMPIRE

When the Bank of Credit and Commerce International (BCCI) crashed in 1991, it became notorious as the Bank for Crooks and Criminals International. Racketeering, money laundering, prostitution, drug dealing and arms trafficking were its specialities. Owned by the royal family of Abu Dhabi and managed by Pakistani bankers, BCCI was politically well-connected in virtually every country of the world. BCCI financed Saddam Hussein in Iraq, the Pakistani nuclear weapons programme, Robert Mugabe in Zimbabwe, sanctions-busting operations for apartheid South Africa, and even President Jimmy Carter's peanut farm.

It is long forgotten that banks are publicly chartered to garner the common wealth for the general benefit of society. As part of that social contract, banks are intended to be quasi-public institutions and, in turn, are accorded special privileges including the ability to create money. Savings are to be gathered and lent out to finance new enterprises, and so create jobs and new wealth. That,

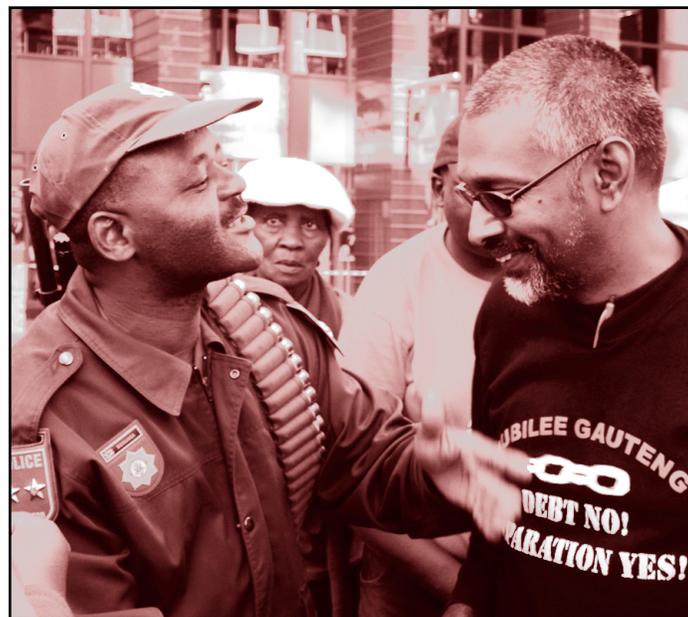
at least, is the theory. The reality is vastly different. Banks are the lifeblood of any economy, yet banking has become an industry-out-of-control. For South Africa, it may mean the destruction of our newly won democracy.

Bankers today believe that banking charters are simply licences to print money for their shareholders and senior directors. The proposed Barclays takeover of Absa doesn't even bother to pretend to benefit the public. **A handful of institutions will profit from massive stock market speculation, and senior ABSA directors and managers will pocket an estimated R1.7 billion.**

The past decade has seen a corporate and international banking merger frenzy, in which much is made of "corporate synergy", "unlocking value" and other buzz phrases. This frenzy is a reflection of the corporate criminalisation of the world economy illustrated by the Enron, Worldcom, Halliburton and Parmalat scams.

Rightly known as 'crony capitalism' these mergers result in obscenely high salaries and benefits for those involved in the merger - the lawyers, chief executives and merger negotiators.

The rich get free banking facilities provided they maintain certain balances. The middle class are stung by outrageous charges and shoddy service. And the poor - especially in South Africa - are thrown to the mercies of loan sharks and their gangster friends.



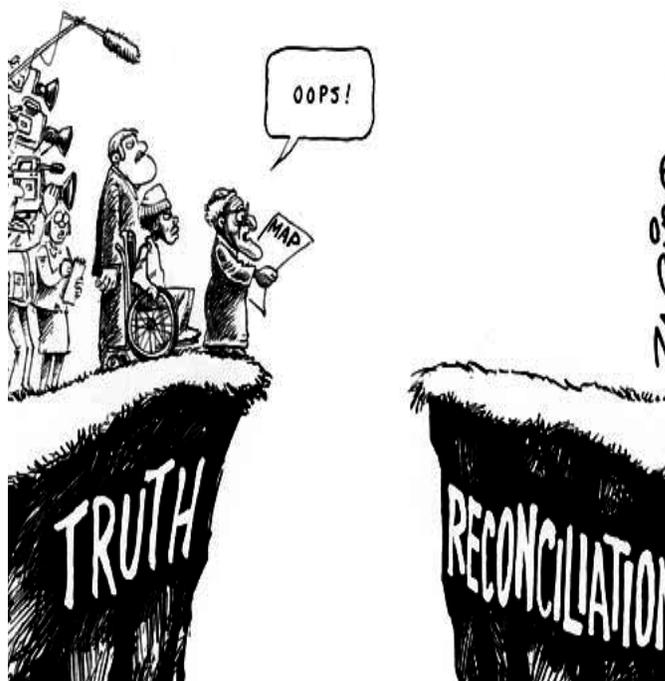
Analysis finds that bank mergers not only result in generally higher fees and dramatically poorer service, but also considerably higher risks of corporate failure. Merger mania means that South Africa now has only four commercial banks operating as a cartel, and that the risks of failure are compounded. Yet, when they crash, these mega banks turn to governments to be bailed out at taxpayers' expense, with the rationale that they are now "too big" to fail.

After admitting their defence of the status quo during the apartheid era, banks promised the Truth and Reconciliation Commission that they would change. Seven years later, it is woefully evident that these promises were only empty rhetoric and that banks are less concerned than ever about their social responsibilities.

The World Bank estimates that 63% of Africa's capital has been siphoned off to Europe and North America. "First world" banks that so quickly condemn corruption in the "third world" have happily colluded with Abacha, Mobutu, Dos Santos, Rhodes, the Oppenheimers, and others who have plundered this continent.

Absa's history is unsavoury. It is an amalgamation of failed banks and building societies that were closely associated with the apartheid regime. Volkskas and Trust Bank were financial instruments to transfer wealth to the Broederbond. The Reserve Bank bailed out Trust Bank in the infamous "lifeboat" scandal at a cost to taxpayers of over R1 billion. The "lifeboat" was eventually investigated by the Heath Special Investigating Unit, which came to the reluctant conclusion that unravelling the mess would create even more problems. The more recent Saambou collapse is estimated to have cost taxpayers over R12 billion.

But if Absa's back-ground is distasteful, Barclays represents the most vile expressions of human behaviour. As an extension of its history, financing the slave trade and looting colonies, Barclays National Bank in South Africa was actively complicit in the apartheid system. When South Africa defaulted on its foreign debt in 1985, Barclays was by far the biggest creditor amongst 243 foreign



banks. Barclays withdrew in 1986 only because of pressure from the anti-apartheid movement.

The Barclays proposal to return to this country through a takeover of Absa can rightly be described as a marriage of the crooks of the apartheid era to the criminals of the British Empire. The ABSA takeover is a crucial element in the Mbeki Presidency - and it is a recipe for economic and social disaster, perhaps even political revolution.

Eleven years after the transition from apartheid, the political miracle has not translated into economic and social miracles needed to sustain our new democracy, and excuses are running dry.

A projected six million South Africans will die of Aids-related diseases by the year 2010. Aids is a human and economic catastrophe inconceivable even in a worst-case war scenario. Yet, instead of managing the disaster, the Minister of Health tells us to eat beetroot, garlic, olive oil and wild potatoes.

There is no money for Aids according to the Minister, because South Africa must buy submarines for protection against the United States. The cost of three German submarines could replace 250 000 shacks in Cape Town with houses and, in the process, create about 175 000 jobs in the building and building supply industries.

Mbeki considers himself the consummate diplomat. He craves association with the rich and the powerful, and Nepad provides entree to the G8, the United Nations and the African Union. While Mbeki's "quiet diplomacy" panders to Mugabe, an estimated five million Zimbabweans face starvation. This is a telling commentary on the President's disdain for human rights, whether the victims are Zimbabwean, Chinese or South African.

Furthermore, the recent arms deal with the British government shows the corruption of Black Economic Empowerment, otherwise known as Black Elite Enrichment. The arms deal keeps bubbling up despite all efforts to put a lid on the scandal, yet it is only the tip of a corruption iceberg that includes oil deals, tollroads, Cell C, Coega, arms and drug trafficking, diamond and money laundering. Kick-backs from these transactions help to fund the ANC. The same politically well-connected names in differing guises keep popping up as major beneficiaries. It is clear that the late Joe Modise and his cronies of Umkhonto-we-Sizwe hoped to replace the Oppenheimers as the financial elite of the new South Africa.

As chair of the cabinet sub-committee for the arms deal, Mbeki intervened to promote Chancellor Helmut Kohl's determination that Germany would win the naval contracts "at all costs". British Prime Minister Tony Blair applied pressure on behalf of the BAe Hawk and BAe/Saab Gripen fighter aircraft. The former Secretary for Defence and SA Air Force leaders were overruled when they objected that the BAe warplanes were both too expensive and unsuited to South Africa's needs. Modise insisted that buying British would

support Denel, the state-owned arms company that hovers on bankruptcy.

The affordability study warned cabinet ministers in August 1999 that the arms deal could lead the government into mounting fiscal, financial and economic difficulties. The study rubbished government claims that expenditure of R30 billion on armaments would generate R104 billion in offsets to create over 65 000 jobs, and thus stimulate the economy. It found instead that the negative economic consequences of the arms deal were likely to cost between 115 000 and 200 000 jobs. The study also warned that defence expenditure would crowd out social investment in education, housing and welfare.

Why, one asks, did the South African government succumb to British pressure? Recent disclosures in The Guardian newspaper confirm that bribes were paid - perhaps as much as £160 million (R1.8 billion) to secure the BAe contracts - and that the British government considered these bribes as "within acceptable limits".

The BAe contracts are guaranteed by the British government's Export Credit Guarantee Department (ECGD) and **financed by Barclays**. Research suggests that almost all of Africa's debt to Britain originates with the ECGD, which

specialises in promoting arms exports, dam construction and power stations - all notorious for malpractices. BAe is by far the ECGD's largest client, and is renowned for slush funds to secure arms export contracts to countries such as Saudi Arabia and Indonesia.

BAe considers bribery of politicians as merely a cost-of-business. A 1992 report by the British National Audit Office into the £20 billion Al Yamamah deal remains suppressed even now from British parliamentarians because of its continuing political sensitivity. Political parties in Europe and the US are funded by kickbacks from arms deals, hence the

proliferation of weapons and resultant human misery. The answers are chilling.

Loan agreements financing British arms exports have led Zimbabwe, Indonesia and other countries to collapse. Such debt entrapment confirms why Britain remains "perfidious Albion". Europeans would consider it inconceivable to hand control of their financial system to a foreign bank. Yet, gullibly, South Africans are expected to applaud the return of apartheid-era carpetbaggers as a massive vote of confidence in this country.

The parallels with the South Africa of the PW Botha era are ominous. Military spending bankrupted the country leading to the 1985 foreign debt default and, ironically, the collapse of the apartheid system that the weapons were intended to defend. The Barclays takeover of Absa offers no meaningful benefits but, instead, facilitates renewed plunder of this land.



Terry Crawford-Browne
May 22, 2005

BARCLAYS' ROLE IN APARTHEID

Jon Qwelane wonders why a bank that supported apartheid has had its move to secure a stake in SA bank, Absa, blessed by our government.

South Africans' memories can be dangerously and embarrassingly short.

I tend to be persuaded that the greed running rampant in this country, especially among the new black elite, dulls certain memories, deliberately and conveniently.

I remember well the latter part of the turbulent and epoch-making 1976, when thousands of children were imprisoned and murdered, and the rapacious bent of the ruling apartheid clique was insatiable.

At the time, many of today's leaders were in prison or in exile; and John Vorster and his henchmen were not relaxing their programme of oppression one bit.

At the same time, the winds of change began to blow ferociously inside the National Party - Vorster and his chief sidekick Connie Mulder bit the dust; the apartheid prime minister was replaced by the hopelessly racist PW Botha.

I remember well 1977 and the so-called Carlton conference, at which Botha summoned all the leaders of big business and asked them to help the regime to beat the international arms embargo imposed by the United Nations.

The Barclays pledge

After that meeting Barclays bank pledged a whopping R90m to the apartheid army for its defence force bonds, and I remember well The Citizen, ever the chief supporter and main praise-singer of the racist and oppressive apartheid regime, praising Barclays and carrying a cartoon showing two uniformed apartheid troopies lugging away a hefty Barclays cheque for R90m.

That bank was an unrepentant supporter of apartheid, and I would argue that their financial help for apartheid delayed our liberation by at least a generation.

The government of Thabo Mbeki and Trevor Manuel has now blessed Barclays's move to secure a controlling stake in South African bank Absa!

It cuts no ice to say Barclays "disinvested" from South Africa during the sanctions campaign, because between 1972 and 1978 it lent \$478m to Botha's regime during the years of "total onslaught", and also helped to arrange international loans of \$725.4m for apartheid between 1982 and 1984. What is the price for decency and self-respect, or is the ANC indirectly telling us to "let bygones be bygones"? Do self-respect and decency count for bugger all when Judas' money is concerned?

The point of the struggle?

In that case, what was the point of the struggle?

Lest we forget, Absa director and senior ANC man, Tokyo Sexwale, had been sentenced to death by Botha's regime, as a saboteur and potential murderer, while Mbeki and the others were all "terrorists" and in exile.

I most sincerely hope the class action in the United States, against Barclays and others for having helped apartheid oppression against black South Africans, goes ahead and ends in victory convictions.



THE CASE FOR CORPORATE REPARATIONS

Let's not kid ourselves. This world's socio-economic engine runs on capitalism, and corporations are driving the bus. Ever since the end of the Second World War, the power of transnational corporations has been in the ascendancy while that of organised labour, civil society, and the State has declined.

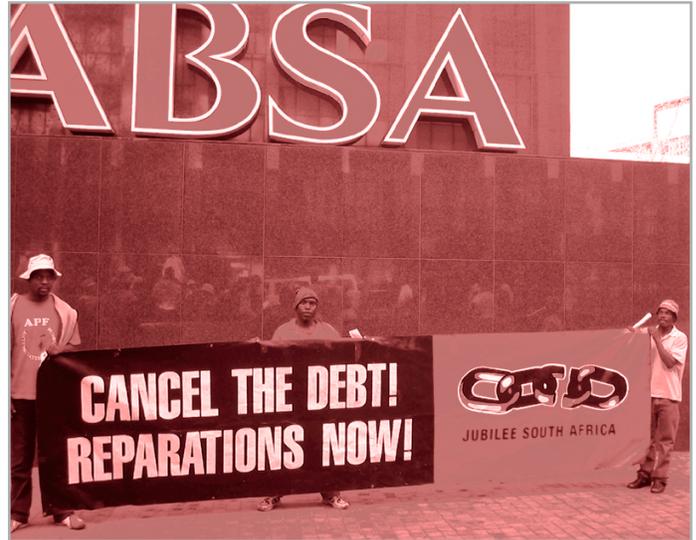
This rise of corporate power in the latter half of the 20th Century - the spreading reach of financiers and businessmen into every corner of the globe, with no place free from a Coca-Cola sign and a marketing team - has been well documented, starting with Dwight Eisenhower's prophetic warning in 1961 about the domination of America by a military-industrial complex. The fact that Eisenhower only warned the American people after serving as President hints at, even back then, the dark power of corporations to muzzle 'elected' politicians. Noam Chomsky, Gore Vidal and others have since charted the rise of the corporate (and branded) sun, an ascent yet to reach its apex.

The fall of the Berlin Wall and the subsequent end of an alternative to Yankee-style capitalism - known for its neo-liberal, trickle-down theories of economic nirvana and pushed, punted and rammed home by IMF and World Bank bureaucrats - marked the beginning of a sustained process of hyper-consolidation of corporate power and the total integration of each local economy into one financial system. We've noted and tagged this process. We've given it a name: globalization.

And it is a process accountable only to a specific minority, the shareholders of the transnational corporations that are leading the global economy. Shareholders, it might be pointed out, are almost always interested in one thing: the maximisation of profit in the shortest period of time possible.

The 1990s saw not only the opening of virgin markets in Eastern Europe, Russia and elsewhere, but also the increasing use of stock options as an incentive for corporate management. Whether by design or by accident, stock options for management has resulted in an alignment of the interests of corporate brass and of shareholders - profit. Neither God nor glory factors into today's equation. The days of the wise chairman of the board, the old man who had built the company up from two pots and a piece of string, looking after the community that had spawned his company, are lost in legend and myth. At most, modern transnational corporations have only the faintest of ties to geographical locations or people. They have become divorced from communities, economically, politically and ethically.

An ethical transnational corporation is an oxymoron. When risk analysts sit down at conference tables, the end result of any corporate action is assessed according to profitability factors. If it does not make a profit (or a small profit at high risk), an action is deemed unworthy of pursuit. The converse is also true; highly profitable actions at the lowest possible risk are extremely attractive. The ethical component of an action is not considered, and, if it is, it is usually weighed in as a risk factor (i.e. the bad press and damage to a brand that an unethical action (like using sweatshop labour) can cause). In all cases, the determining



factor is profit.

Not all organisations or groups of human beings act in this manner. In fact, most don't. The ethical considerations of actions are fundamental to a lot of decision-making. For example, societies often try to build legal codes on their moral codes. Aristotelian ethics and politics are quite explicit on this point; the reason behind legislation is to make men and women moral. At the very least, it is hoped that laws reflect society's morals (what those morals are is at the heart of most major disputes within communities), although this is often subverted by the vested interests of politicians and their backers.

Philosophers and religious leaders for millennia have been promoting things to do. While it is very hard to implement morally right actions all of the time, most people make an honest attempt at a near instinctive level.

Transnational corporations do not subscribe to this primacy of morals. They believe in the primacy of profits, and that is why we see, over and over again, transnational corporations working with immoral regimes and engaged in shady practices. From no-bid contracts in Iraq, to oil for the Burmese junta and its tanks, to sweatshops in Central America, stitching branded sneakers together for First World teenagers, corporations are engaged in immoral activities, working in collusion with unethical parties. Why? Because it is profitable to do so.

The abolition of transnational corporations is not an achievable goal in the short or even medium-term. Not only will this not occur any time soon, the likely outcome of globalization is, ironically enough, the withering away of the State. The signs are in contracts and budgets across the world. Governments have been increasingly outsourcing their traditional activities - those actions which seek to achieve the public good - to corporations; social services, such as healthcare and rubbish collection, have been outsourced to private companies on the economic argument that the private sector is more efficient (read cost-effective) than the State. Even the core of the State and its monopoly on legitimate force, is slowly being outsourced.

The cutting edge of penal theory deals with how best to outsource the prison system, in its entirety, to private firms

that transport, house and discipline inmates. The world's most powerful military, moves these days with a critical baggage train of private companies that do everything from transport and cooking of food, to maintenance of military equipment, to the provision of 'security consultants'.

Citizens pay taxes in return for protection and various social goods (healthcare, education, etc.) from the State. The State now pays the private sector to deliver these social goods and protective services. Sooner or later, someone will decide to cut the middleman out of this equation.

Further, governments are rapidly losing the ability to set their own economic policies, except within pre-determined limits. Economic policies that are unfriendly to corporations (living wage, perhaps) can provoke massive capital flight in the short-term and disinvestment in the longer-term. As many jobs have become tied (often through contractors and other such middlemen) to the activities of corporations, capital flight and disinvestment means job losses and, possibly, economic collapse. This economic threat has resulted in countries throughout the developing world scrambling over each other to provide the cheapest labour with the kindest corporate tax system. This is George Monbiot's infamous race to the bottom, and it is a direct result of the economic power that corporations hold over governments. In attempts to change the behaviour of corporations, civil society and organised labour are often lashed with a variant of this argument: if you don't stop criticising corporation X, it will leave these shores, the global business community will lose confidence, foreign investment will dry up, and the whole country will descend into an economic crisis of dust bowl proportions.

Corporations, on this analysis, are entities

- 1) with an overriding concern for the maximisation of profit in the shortest possible time frame,
- 2) that do not believe in the primacy of morals, and
- 3) are so exceedingly powerful that it is possible to conceive of them replacing the State, let alone influencing government policy.

Enter the issue of reparations.

The concept of reparations is rather simple. It states that if damage (suffering) occurred because of an entity's actions, that entity should pay reparations to those who suffered. Various civil society groups across the globe have applied this concept in several different contexts: creditor countries should pay reparations for imposing odious and crippling debt on debtor nations; colonial powers should pay reparations for colonialism, slavery, plundering of national wealth, etc.; polluters should pay reparations to those who suffered from their pollution (for example, victims of groundwater contamination). The concept of reparations is not an economic or political concept, it is a moral concept; the perpetrator of suffering inflicted on others needs to make amends. This is a basic moral precept: if you do something wrong, take responsibility and, if possible, try to correct the situation.

The case for reparations from corporations has many angles, but one of the most current is that corporations must pay reparations for their support (direct or indirect) of illegitimate regimes. The case is, perhaps, strongest in terms of direct support.

Corporations that support illegitimate regimes are committing fairly serious moral violations. For example, an

oil company pays royalties to a military dictatorship. The revenue from these royalties is then used to purchase guns and tanks, which are then used to suppress the population. But why is this an example of a moral violation? After all, the corporation wasn't (via its employees) doing the actual suppressing, and it was doing nothing illegal. It was operating within the law of a sovereign nation.

The latter objection falls away quite quickly. The case for reparations is a moral case, and is independent of the law. Throughout history, including the modern era, there have been a variety of laws that make some of the most immoral acts legal; the Apartheid system was one such legal framework. The concept of reparations relies on a primacy of morals, not that of law.

It is the former objection that has more strength, and it is here that the relative power of corporations comes in. Countries cannot easily force transnational corporations to purchase a particular bond. Countries, especially in the developing world, have a hard time telling transnational corporations what to do in general. Corporations can move

domiciles, threaten to disinvest, choose not to deal with illegitimate regimes. When corporations deal with illegitimate regimes that commit human rights abuses, they do so willingly and knowingly. They are like gun stores that sell weapons to the enraged husbands of cheating wives;

there's only one reason why such individuals want to buy 9mm pistols and fistfuls of hollow-point rounds; there's only one reason why the South African Defence Force issued bonds in 1976.

Corporations that continue to support illegitimate regimes do so in full knowledge of the ramifications of their support, and do so despite having the ability to do otherwise. And, for this, they must pay. This demand for reparations from corporations is a part of wider attempts worldwide to impose morality on corporations. This will be resisted by the corporations, mostly due to their non-acceptance of the primacy of morals; business, as they are fond of telling us, is war, and all's fair in love and war.

They are wrong. This world does not belong to them. It does not move according to the dictates of currency traders in New York, London and Tokyo. This is our world. It is for all human beings equally, and what makes us special is not that we crawled to the top of the food chain or that we can travel to the moon and back again or that we can bet on the

futures market. What makes us special is that we are the only form of life we know of that can differentiate between good and bad, between the virtuous and the wicked, and then act accordingly. Without this, we would be nothing more than a bunch of particularly vicious apes. The belief that human inventions such as corporations and capital are

different, are immune to moral judgment and action, is the great public relations trick of our times.

Tristen Taylor

FORWARD TO THE GLOBAL

INDABA



FORWARD TO MASS ACTION

50 YEARS OF THE FREEDOM CHARTER

While government was having a Freedom Charter bash costing some R6million, the SMI was hosting a rather humble assembly some 200 meters from the main event. The resolution below was taken after some deliberation.

SOCIAL MOVEMENT INDABA RESOLUTION OF THE KLIPTOWN PEOPLE'S ASSEMBLY, 26TH JUNE 2005, KLIPTOWN

We, the working class communities of Gauteng, meeting this day, 26th June 2005, in a township of squalor and poverty called Kliptown, to deliberate on the Freedom Charter:

1. Believe:

- a. That the Freedom Charter today represents the capitalist interest of the ruling ANC, and the ruling classes, black and white. This has been confirmed by the recent adoption of the Charter by the New National Party; and
- b. That our impoverishment today is based upon the heritage and continuing power of the Charterists,

2. Noting:

- a. That the National Party was invited to join the Congress of the People, 1955, in line with the Charter's being convened under the auspices of the Apartheid-defined 'four nations'; and
- b. That the demands of the working class for socialism and nationalization under workers control and democracy were written out of the Charter; and
- c. That the Freedom Charter was a divisive document that was imposed bureaucratically and violently upon the working class during the 1980's. It was a document that used political suppression and undemocratic means to settle differences within the UDF and the trade union movement in particular.

3. Therefore, we resolve:

- a. That we find no reason to celebrate the Freedom Charter, and reject it; and
- b. To continue to take up the struggles of the working class; and
- c. To defend, organize and strengthen social movements in our country; and
- d. To ensure the development of an alternative Charter that encapsulates the vision for socialism, which represents the political economic and democratic demands of the working class and peasantry.

Hypocrisy of the ANC in the Crimes Against Humanity

All South Africans and our international allies who struggled against apartheid are happy with the state's decision to re-open the case against Wouter Basson, the apartheid bio-warfare scientist. Basson was of course a die-hard apartheid scientist and did not seek amnesty, leading to his prosecution in terms of the Truth and Reconciliation agreements. The current case gives us an opportunity to once more bring those to book who have committed crimes against humanity.

The constitutional court Judges heard arguments on the right of the public to information on covert crimes, and, arguments by the state's lawyer, Trengove, that the charges relate to war crimes and crimes against humanity. He argued that South Africa had a duty to prosecute such crimes under customary international law, international humanitarian law and in terms of several treaties to which the country subscribed.

It was rather sad to learn from the M&G newspaper (February 25 to March 3 2005) that the lawyers acting on behalf of the ANC government were granted a court order barring the media to report the proceedings in order to protect the foreign agents and sanction-busters who helped the apartheid regime build its chemical and biological warfare programme. This action ironically denies the public the right to information about crimes against humanity and about the right to know who the perpetrators were.

It must also be remembered that the United Nations declared apartheid a crime against humanity, which included the deliberate act of exploiting the labour of a racial group. It further elaborated that such a crime shall apply, irrespective of motive, to individuals, members of organizations, institutions and representatives of the state, whether in South Africa or elsewhere, who directly abetted, encouraged or co-operated in the commission of the crime of apartheid. But the local



Captains of Industry did not seek amnesty for 'aiding and abetting' the apartheid regime. We know that the Rheinmetal Group shipped an entire ammunition factory to South Africa and that companies like GM and Daimler Chrysler provided and maintained specialized military vehicles to patrol the townships. Not any of the states, commercial banks and companies in Switzerland, Germany, France, the UK, the USA and the Netherlands apologized for their role in sanction-busting actions. Even the IMF and World Bank continued to facilitate loans to the Apartheid regime and have not apologized.

Despite the arrogance of businesses and states alike, the ANC government has refused to use the very same international law it purports to uphold to bring these criminals to book and cancel the illegitimate apartheid debt of which the foreign portion alone amounts to R240 billion. In fact, in Mbeki's response to the TRC in April 2003, he dismissed the Khulumani and

Jubilee South Africa's Apartheid lawsuit in the United States. Shortly after this speech the Swiss government closed the federal archives for the national researcher programme on Switzerland's

relations with South Africa, hindering the prospects of a successful case against Swiss Banks. Incredibly the new government has asked the Constitutional Court to re-open the Basson case based upon international law, but opposes the public exposure and prosecution of foreign war criminals, which include the sanction busters, for 'aiding and abetting' apartheid. But how can the ANC defend such a contradiction? Those who argue that the ANC is acting under economic pressure to ward off possible disinvestments are the twin siblings of those who argue for free market investment even at the cost of human rights violations. It is the ANC's alliance with local and international monopoly capital and its faith in the logic of profit making that is at the centre of its hypocritical attitude to human rights and war crimes. It should therefore not have surprised us when the UN named more than 200 companies for violations in the DRC, including South Africa's Anglo and De Beers.

Eddie Cottle

Iraq's and Odious Debt

While Iraq attempts to rebuild its war-torn, sanction-torn, dictator-torn past, while it scrapes around for the funds needed to bring its people a decent standard of living, it is still having to pay the debts Saddam Hussein incurred in its name.

Iraq is estimated to be the most heavily indebted nation in the world. The country's per capita debt is about \$16,000, compared to its per capita gross domestic product of \$2500. So, even if 50% of its future export income is diverted to paying down the debt, it will take more than 35 years to pay off its current obligations fully.

But can Iraqis really be expected to pay debts to those that financed their oppression - to those corporations and countries who are responsible for the impossible situation they find themselves in today? Something seems wrong here. Something smells odious.

From the debts incurred by the Confederate states during the American Civil War,

to the Bolsheviks repudiation of all Russia's debts after their victory in the 1917 revolution, 'odious debts' have been recognized and repudiated throughout history. Through looking at these and other historical cases, along with general principles of law, judicial decisions, and the writings of highly qualified legal publicists, a recent study carried out by Montreal's McGill University concluded that recognition of 'odious debt' is not only morally compelling, but legally persuasive. Declaring Iraq's debts odious, therefore, would be neither a radical nor a new venture, but would be following recognized orthodoxy on the matter.

What then, is stopping Iraq's debts from being claimed 'odious'? Unsurprisingly, it is pressure from its creditors. But who are these creditors, these crooks, who funded Iraq under Saddam and are demanding

their repayment? They are countries of the global North, most of them members of an informal collective of major creditor governments, called the Paris Club. They include those such as the UK, who, when it suited them, decided that the man they once gave a chemical factory to was in fact evil incarnate, but after forcing 'regime change', decided that they haven't changed the

regime quite enough to merit cancellation of Saddam's debts.

Of course, it is in the interests of members of the Paris Club to ward off odious debt claims - for, given that it is largely its members that issued the illegitimate loans and bonds in the first place, it will be its members that lose out if Iraq refuses to pay its illegitimate debts.

In a clever trick of the hand, the Paris Club ward off odious debt claims by

offering an apparently conciliatory package to debtor countries, in the guise of debt 'reductions'. This involves them rescheduling their claims against debtors and using new loans to debtors from the IMF and the World Bank in order that debtors retain a semblance of solvency, at the expense, of course, of renewed indebtedness. Middle income, oil rich, but debt poor countries, such as Iraq, are eligible for Paris Club 'relief', though only if they adhere to certain conditions, including a 'legitimate' government and a 'credible' economic recovery programme, which must include financial support from the IMF.

The Paris Club are not interested in discussing the rightness or not of the debts they are negotiating - they will reduce debt according only to what they see as a country's ability to pay. So, by negotiating with the Paris

What is Iraq's debt?

The Center for Strategic and International studies puts Iraq's potential obligation at \$383 billion: \$127 billion in debt, \$57 billion in pending contracts, and \$199 billion in actual and potential Gulf War compensation claims. Marek Belka, who spearheaded the fundraising efforts of the US led Coalition Provincial Authority in Baghdad, estimated that 'about 90% of Iraq's potential, virtual debt is war related'. Though it is unclear exactly who is owed what, for, by and large, the creditors aren't talking (or at least not in public).

The Paris Club is estimated to be owed \$42 billion by Iraq, and Japan, Russia, France and Germany are the biggest creditors, accounting for nearly two thirds of the Paris Club debt. The pro-Iraqi war UK has also claimed \$1bn.

After his capture, Saddam admitted that he seized some \$40 billion in state assets during the years he was in power, and stashed it in accounts in Switzerland, Japan, Germany and other unnamed countries.

Private donors are owed less as a result of the thirteen year UN sanctions on Iraq.

Some old debts were converted into oil concessions after Saddam went into arrears. It is no surprise, then, that Russia has about 90% of the contract total, or about \$50 billion, to help Iraq develop its oil fields, and that France also has sizable contracts. According to Holman Jenkins Jr. of the Wall Street Journal, the huge Majnoun and Nahr oilfields were reserved for TotalFinaElf, partly owned by the French government.

Club on debt reductions, debtor countries have implicitly accepted that the debts over which they are negotiating are legitimate. The grizzly details of individual loans are kept under wraps. The Paris Club gain both a moral victory and a partial bailout.

But, to the extent that the Paris Club are negotiating 'reductions' to odious debts, this arrangement is illegitimate. Iraq must ensure that it is not bullied into accepting the Paris Club's illegitimate offer - it must negotiate debt repayments on its own terms. It must demand proof from creditors of the legitimacy of debts before paying them (or negotiating 'reductions' to them). There are two ways in which this can be done.

Iraqis can wait for creditors to come forward and claim, in detail, debts owed to them. Many won't submit claims at all, aware that they are odious. Those that do submit claims will have their debts paid where they are legitimate and repudiated where they are illegitimate. As for those debts which are neither clearly legitimate nor illegitimate, or where the facts are unclear, arbitration through a fair hearing, with legal representation and an unbiased arbitrator, can decide whether the debts should be paid.

Alternatively, and preferably, an Iraqi Claims Tribunal could be formed, through negotiations between Iraq, creditor states and states with which private creditors are nationals, to assess

all debts according to one set of legal standards, in much the same vein as the Iran-US Claims Tribunal, which also dealt with 'mixed' (public and private) claims, and was set up as a result of negotiations between the two states. The Tribunal should be conducted in public, to ensure its legitimacy in the eyes of Iraqis, and should be based not only on the doctrine of odious debts, but on other legal principles relating to representative capacity, fraud, corruption, unjust enrichment, and general principles of private law.

This is the most legitimate way to deal with Iraqi debt. The Paris Club alternative is not only illegitimate, but will breed conspiracy theories, cynicism, and resentment amongst Iraqis. Only an Iraqi Claims Tribunal will give Iraqis a chance to address the criminals of their past and to pave the way for a more financially secure future.

Suggestions that moves such as these will lead to a loss of confidence in Iraq from potential future creditors, or that lenders will form a cartel to boycott Iraq, are nothing but scare stories. No legitimate lender need lose confidence in Iraq as a debtor, for this tribunal will not be showing that Iraq doesn't honour contracts, only that it doesn't honour illegitimate contracts. And, though there has been experience of punishment of countries who refused to pay odious debts - for instance, with regards to the Ethiopian Soviet era debts, which the Ethiopians were forced to pay by the IMF before the IMF would approve future loans to Ethiopia - Iraq's situation is different: Iraq is likely to award contracts worth hundreds of billions of dollars in the coming years, making a boycott of the country undesirable for those interested in making a profit - and profit is the first priority of every international lender. Furthermore, if creditors refuse to recognize Iraq's odious debt, the Iraqi

government could react by repudiating all of its debts - and the creditors wouldn't want that.

Not only will an Iraqi Claims Tribunal help Iraq to find its feet again, but it will help to prevent other countries from finding themselves in the same situation as Iraq does now. It will teach international lenders to be more diligent in ensuring that their future loans and bonds are used for public purposes, making them 'odious debt' proof.

It will also draw the attention of tax-payers of lending states to the way in which their money is spent by their governments, and might urge them to use their democratic rights to restrain their governments from financing illegitimate projects in the future.

In declaring Iraq's illegitimate debts odious, then, we will make it more difficult for countries and corporations to lend with nothing but money on their mind. Odious bonds and loans will, at the very least, be lessened. This will go some way towards improving not only the present and future lives of Iraqis, but the lives of people all over the world.

*Patricia Adams, Iraq's Odious Debt
Summerised by Clarrie Pope*



Why is war-torn Iraq giving \$190,000 to Toys R Us?

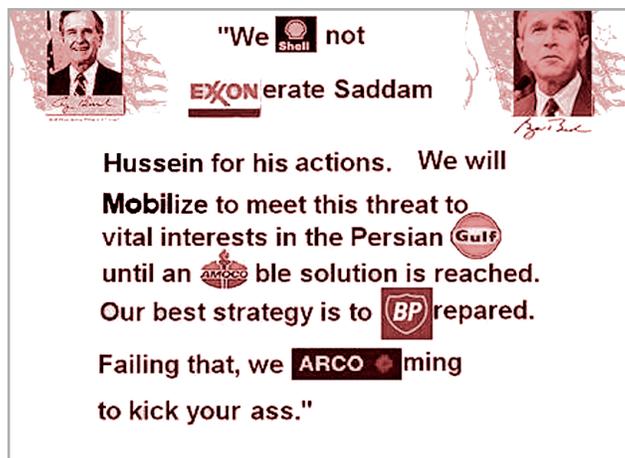
Next week, something will happen that will unmask the upside-down morality of the invasion and occupation of Iraq. On October 21, Iraq will pay \$200m in war reparations to some of the richest countries and corporations in the world. If that seems backwards, it's because it is. Iraqis have never been awarded reparations for any of the crimes they suffered under Saddam, or the brutal sanctions regime that claimed the lives of at least half a million people, or the US-led invasion, which the UN secretary general, Kofi Annan, recently called "illegal". Instead, Iraqis are still being forced to pay reparations for crimes committed by their former dictator.

Quite apart from its crushing \$125bn sovereign debt, Iraq has paid \$18.8bn in reparations stemming from Saddam Hussein's 1990 invasion and occupation of Kuwait. This is not in itself surprising: as a condition of the ceasefire that ended the 1991 Gulf war, Saddam agreed to pay damages stemming from the invasion. More than 50 countries have made claims, with most of the money awarded to Kuwait. What is surprising is that even after Saddam was overthrown, the payments from Iraq have continued.

Since Saddam was toppled in April, Iraq has paid out \$1.8bn in reparations to the United Nations Compensation Commission (UNCC), the Geneva-based quasi tribunal that assesses claims and disburses awards. Of those payments, \$37m have gone to Britain and \$32.8m have gone to the United States. That's right: in the past 18 months, Iraq's occupiers have collected \$69.8m in reparation payments from the desperate people they have been occupying. But it gets worse: the vast majority of those payments, 78%, have gone to multinational corporations, according to statistics on the UNCC website.

Away from media scrutiny, this has been going on for years. Of course there are many legitimate claims for losses that have come before the UNCC: payments have gone to Kuwaitis who have lost loved ones, limbs, and property to Saddam's forces. But much larger awards have gone to corporations: of the total amount the UNCC has awarded in Gulf war reparations, \$21.5bn has gone to the oil industry alone. Jean-Claude Aimé, the UN diplomat who headed the UNCC until December 2000, publicly questioned the practice. "This is the first time as far as I know that the UN is engaged in retrieving lost corporate assets and profits," he told the Wall Street Journal in 1997, and then mused: "I often wonder at the correctness of that."

But the UNCC's corporate handouts only accelerated. Here is a small sample of who has been getting "reparation" awards from Iraq: Halliburton (\$18m), Bechtel (\$7m), Mobil (\$2.3m), Shell (\$1.6m), Nestlé (\$2.6m), Pepsi (\$3.8m), Philip Morris (\$1.3m), Sheraton (\$11m), Kentucky Fried Chicken (\$321,000) and Toys R Us (\$189,449). In the vast majority of cases, these corporations did not claim that Saddam's forces damaged their property in Kuwait - only that they "lost profits" or, in the case of American Express, experienced a "decline in business" because of the invasion and occupation of Kuwait. One of the biggest winners has been Texaco, which was awarded \$505m in 1999. According to a UNCC spokesperson, only 12% of that reparation award has been paid, which means hundreds of millions more will have to come out of the coffers of post-Saddam Iraq.



The fact that Iraqis have been paying reparations to their occupiers is all the more shocking in the context of how little these countries have actually spent on aid in Iraq. Despite the \$18.4bn of US tax dollars allocated for Iraq's reconstruction, the Washington Post estimates that only \$29m has been spent on water, sanitation, health, roads, bridges, and public safety combined. And in July (the latest figure available), the Department of Defence estimated that only \$4m had been spent compensating Iraqis who had been injured, or who lost family members or property as a direct result of the occupation - a fraction of what the US has collected from Iraq in reparations since its occupation began.

For years there have been complaints about the UNCC being used as a slush fund for multinationals and rich oil emirates - a backdoor way for corporations to collect the money they were prevented from making as a result of the sanctions against Iraq.

During the Saddam years, these concerns received little attention, for obvious reasons.

But now Saddam is gone and the slush fund survives. And every dollar sent to Geneva is a dollar not spent on humanitarian aid and reconstruction Iraq. Furthermore, if post-Saddam Iraq had not been forced to pay these reparations, it could have avoided the \$437m emergency loan that the International Monetary Fund approved on September 29.

With all the talk of forgiving Iraq's debts, the country is actually being pushed deeper into the hole, forced to borrow money from the IMF, and to accept all of the conditions and restrictions that come along with those loans. The UNCC, meanwhile, continues to assess claims and make new awards: \$377m worth of new claims were awarded last month alone.

Fortunately, there is a simple way to put an end to these grotesque corporate subsidies. According to United Nations security council resolution 687, which created the reparations programme, payments from Iraq must take into account "the requirements of the people of Iraq, Iraq's payment capacity, and the needs of the Iraqi economy". If a single one of these three issues were genuinely taken into account, the security council would vote to put an end to these payouts tomorrow.

That is the demand of Jubilee Iraq, a debt relief organisation based in London. Reparations are owed to the victims of Saddam Hussein, the group argues - both in Iraq and in Kuwait. But the people of Iraq, who were themselves Saddam's primary victims, should not be paying them. Instead, reparations should be the responsibility of the governments that loaned billions to Saddam, knowing the money was being spent on weapons so he could wage war on his neighbours and his own people. "If justice, and not power, prevailed in international affairs, then Saddam's creditors would be paying reparations to Kuwait as well as far greater reparations to the Iraqi people," says Justin Alexander, coordinator of Jubilee Iraq.

Right now precisely the opposite is happening: instead of flowing into Iraq, reparations are flowing out. It's time for the tide to turn.

Naomi Klein

A proposed partnership between Khulumani and Organised Business

"A BEE/WEE Strategy"

'What a strange document', I thought, after reading 'Khulumani's Community Rehabilitation Programmes'. It reminded me very much of my time spent as the former director of the Rural Development Services Network, on the government's Masibambane National Steering Committee, which oversaw all of the water and sanitation delivery in South Africa. Of the seven or more years we spent there, we achieved nothing as civil society, except to contest some form of income generation as civil society organisations. Furthermore, we were subjected to a strange business culture, which was essentially bureaucratic, and made us feel alienated from the project. For all the hundreds of millions of rands reflected in the plans, we all knew that they would not work, and that most of the money would end up in the hands of corrupt individuals, consultants, and Black Economic Empowerment (BEE) & White Economic Empowerment (WEE) contractors, and that the rest would remain unspent, not because it didn't need to be spent, but because, in line with neo-liberal orthodoxy, the financial procedures of the state restrict spending.

Community based organizations and NGOs have long preached that community participation in local economic development was the panacea for development, despite such a discourse being sponsored by and consistent with the World Bank. But apart from the initial grand participation by communities in Integrated Development Planning (IDPs) of local government, no real power has been placed in the hands of the very communities that the state and NGOs say they are serving. The result, which we have witnessed over the past few years, has been a range of spontaneous and violent protests across South Africa by disgruntled working class communities, the most recent of which took place in Port Elizabeth. No political tendency or party can lay claim to this movement. These are the first signs of a growing autonomous civil society movement across South Africa, as an expression of tiredness with the situation they find themselves in, and as a response to the neo-liberal macro-economic strategy of the South African government.

It is ironic, then, that after 10 years of civil society involvement with 'community participation' at all levels, including parliamentary hearings and submissions, Khulumani makes a proposal devoid of lessons learnt from these experiences.

According to the document, communities should be;

"...entering into joint venture and other agreements with regional businesses." and

"...drawing in other funds such as community public works and poverty alleviation."

The Khulumai proposal reads very much like a document drafted by a consultant, and is in harmony with the present policies of government. Though civil society has rejected the neo-liberal policies of the government, which include a rejection of privatization, and private-public partnerships (joint ventures), the Khulumani document seeks partnership with Organised Business, seeing it as the main vehicle to achieving its community rehabilitation or redress. Khulumani has also proposed that each community member who is part of a Local Economic Development (LED) programme be part of a labour pool that pays a rate of R35 per day - this is lower than the current employment rate for gang labour, which stands at R110 per day! It sounds like they are heeding the call for a downgrading of the Basic Conditions of Employment Act, soon to be reviewed by government. This is particularly alarming when put into a context where the overall income of the black population has dropped by 15%, while the white population's income has increased by 19% since 1994. Furthermore, SAMWU, the municipal union, has spoken out several times against the use of community labour for service

delivery, as this is part of the neo-liberal strategy to undermine organised unions. Khulumani's proposal, on the other hand, is very much in line with government, and essentially reinforces the creation of a dual labour market economy, thereby entrenching the inequalities created by the apartheid order.

Given that Khulumani has chosen the path it has, it is not surprising that it has sought partnership with organised business, rather than consulting its own membership, or the rest of civil society, including its allies in the international debt and reparations task team for a democratic solution.

But questions as to why Khulumani has chosen this path in the first place are yet to be answered. A plausible explanation lies in the divisive character of the proposal itself and the substantive billions of rands (R58bn in the first 4 years) involved in the proposed community rehabilitation programme. Khulumani has poised itself as the only identified organisation with the role of choosing those communities who are to be prospective beneficiaries. Controlling funds in this way is very much in line with NGO Empire building and gate keeping strategies.

It has always been the view of the apartheid debt and reparations task team that Apartheid was a crime against humanity and impacted on South Africa as a whole. It is clear that hundreds of thousands of ordinary people affected by apartheid chose not to appear at the TRC hearings. Furthermore, millions of people in one way or the other were deprived of their rights and dignity under apartheid. Why, then, is Khulumani using a community's representation as the measure of its worthiness for reparations? And would such a proposal not pit communities against each other?

In terms of the document, Khulumani will further assist communities with implementing and monitoring the programmes. Once sanctioned by Khulumani, the community can form their own Community Development Association (CDA), which will have a Community Investment Programme (CIP), with an investment budget and business structure. These CIPs will in turn get their funds from none other than the National Business Initiative/Business Trust. In order to access these funds, each CDA 'would receive guidance from a team under the leadership of Dr Norman Reynolds.'

It is plain to see that the overall business mindedness of the proposal is set to start an enormous power struggle and competition for financial resources, and will merely result in a beneficiary community programme for BEE and WEE. If such a proposal is put into practice, it will only serve to discredit the reparations movement locally and internationally.

It is urgent, therefore, that Khulumani talk to its members and comrades in civil society and in the international debt and reparations task team, on what is to be done with money raised from reparations - which is still an abstract question. Then those who the reparations are due to - the people of South Africa - could have a say in where the money is spent. I would not be at all surprised if they decided that the money should go straight to where it is needed most - for instance, to those suffering from HIV and AIDS, or to a basic income grant. And we would thereby be avoiding the businessperson, who was anyway the cause of our need for reparations in the first place. It would be strange that through a reparations programme the business community stands to gain.

Eddie Cottle

National Educator - Jubilee South Africa

Poetry

This System Does Not Listen

This system lacks an ear
To keep silence and hear
That all my life I've feared
That I'm dark and uneducated
This consumer game
Needs me to pay
For a degree
So that I can be
A multimillionaire
And multiply my fortune
To invest
For their interest

This system does not listen
It lacks an ear
To keep silence and hear
That I'm made of soil
And therefore can never be destroyed
So now they put me in the list of unemployed
Thinking the problem is solved

This system does not listen
It lacks an ear to keep silence
And hear that:
I'm starving and licensed
To breed violence
Their speech I fear
It gives nothing but tears
They drum in my ears
FREEDOM
DEMOCRACY
KNOW YOUR RIGHT
Type of s****t
But all I see
Is "Access Denied"
SIGNS
Shame this system
Lacks an ear to hear
The toyi-toyi
When they see red
In the street
They panic

This free for all
Situation
Puts me in a

Pre-paid for all
Position
Worsen my starvation
With its privatisation
Please stop this free system
And listen.
That we don't need
Solutions
But soulution
And revolution.

Written by
Nompumelelo Magwaza



WRITE FOR THE NEWSLETTER!

This is our Jubilee newsletter. It is also your Jubilee newsletter. Let us read it, share it with our friends and comrades, talk about it and debate the issues on its pages. But let us not stop there. Let us all collectively write it too!

Please contribute a letter or article to the next edition. Or write a poem or draw a sketch. If you write a letter, keep it short and sharp, not longer than 100 or 200 words. If you contribute an article, keep it almost as short and just as sharp, not longer than 300 to 600 words.

OFFICE NEWS

Jubilee Welcomes two recent appointments. Tristen Taylor as our campaigns organiser. He will be focusing on the AD&R and Ecological debt issues.

Eddie Cottle as our national educator. He will be responsible for the overall education needs of Jubilee.

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