Privatization of CDC: East India Co. revived

by Dean Andromidas

With careful stage management, the British pushed through their globalist free-market agenda at the British Commonwealth Heads of Government Meeting in Edinburgh, Scotland. This agenda was spelled out at the Commonwealth Business Forum, sponsored by the *Financial Times,* which was held in London on Oct. 22-23, just prior to the summit itself. In his keynote speech at the Business Forum, British Prime Minister Tony Blair declared that he was a "passionate believer in free trade and the Commonwealth," and that "the Commonwealth should be a force for freer trade in the world." The other star of that same conference was Ugandan President Yoweri Museveni, who spoke about the wonders of free-market reforms in his country, but failed to mention his role in the wars and genocide in Central Africa which formed an integral part of this British-designed policy.

To implement his "passionate" belief in the free market, Prime Minister Blair announced the privatization of the Commonwealth Development Corp. (CDC), which is the government corporation extending credit for commercial projects in the Commonwealth and developing countries. It currently has a portfolio of $2.5 billion. Blair told the conference that the CDC, working in conjunction with the Commonwealth Private Investment Initiative (CPII), would have access to funds from the money market, in order to play the leading role in expanding the privatization process which developing sector governments are being forced to implement by the World Bank and the International Monetary Fund.

The privatization of the CDC, the first privatization to be announced by the Labour government, must be seen as a British commitment to extend its economic domination over the Commonwealth and other developing countries. It operates alongside such institutions as the recently privatized Crown Agents for Overseas Governments and Administrations, private elite mercenary operations such as Defence Systems Ltd., as well the corporations, banks, and mining cartels that form Britain's "invisible" empire. *EIR* has detailed these in a Special Report, "The True Story Behind the Fall of the House of Windsor."

A privatized CDC would resemble the old British East India Company, which ran the British Empire from its founding in 1600 to its official disbanding in 1858. This comparison should not go unnoticed in the countries involved, given the fact that the CDC's primary mandate is to buy equity into state enterprises that Commonwealth countries are being forced to privatize. Many of these same enterprises had been nationalized when these nations won their independence. They had been controlled by the British colonial authorities or private London-based companies. Will they now revert back to their British ownership?

A new empire

Founded in 1948 as the Colonial Development Corporation, the CDC changed its name to the Commonwealth Development Corp. in 1963. It operates as a government-owned corporation overseen by the Secretary of State for Commonwealth Affairs. Although comparable to the U.S. Overseas Private Investment Corporation, which invests in commercial projects in developing countries, the CDC is much more.

It currently has a portfolio of $2.5 billion invested in 54 Commonwealth and developing countries, and operates 26 offices in Africa, Asia, and Ibero-America (including Havana, Cuba). Its portfolio ranges from tea plantations in Uganda to a factory producing polyester chips in India. It is not to be confused with some soft loan aid organization. Although hitherto funded by the Bank of England, it not only extends loans to private investors for industrial and commercial projects at competitive interest rates, but it also takes an active role in the management of these companies. Individual projects cost from $10 million to $100 million.

Its board of directors are drawn from senior civil servants, bankers, businessmen, and academics. Its chairman is Lord Cairns, former chief executive and deputy chairman of S.G. Warburg. Some of the other directors include Sir William Ryrie, formerly with the International Finance Corp., and Russell Seal, former chief executive of British Petroleum.

The proposed CDC privatization involves the sale of 60% of its stock to private investors, with the government keeping a "golden 40% share," which would ensure its political control over the corporation. According to Dr. Roy Reynolds, its chief executive, discussion of possible privatization began during the previous government, led by the Conservative Party, after it became clear that the Bank of England could not keep up with its expansion. While envisioning a 15% annual growth rate, the directors plan to tap institutional investors, such as pension funds. They will move away from direct loans, to direct equity investment. When asked whether CDC sees itself as playing the leading role in the privatization process, Dr. Reynolds answered: "We are already the largest investor in Africa, after the South Africans." He underscored the fact that the CDC was in the best position for dealing with these privatizations. Indeed, it has over £450 million invested in Africa alone.

In addition to managing its own portfolio, the CDC is integrated into the Commonwealth Secretariat apparatus, and is involved in every aspect of social, political, and economic affairs in the Commonwealth. The CDC's primary role in this apparatus is to manage the Commonwealth Private Investment Initiative, which was created at the 1995 Commonwealth summit in Auckland, New Zealand. Organized specifically for investments in privatized companies, the initiative has organized three regional funds, including a Commonwealth Africa Investment Fund valued at over $60 million, a $15 million Kula Fund for the Pacific, and a South Asian Fund which was announced at the Edinburgh summit. The latter intends to raise $200 million from private sources.

The CDC's key role was directly and indirectly referred to in the Commonwealth Economic Declaration, where the question of pushing forward privatization was emphasized. In addition, CDC Chairman Lord Cairns and Cyril Ramaphose will create a Business Council, made up of business leaders from throughout the Commonwealth.

CDC Board of Directors (partial)

Lord Cairns, chairman: The Sixth Earl of Cairns is the former chief executive officer and deputy chairman of S.G. Warburg; chairman of BAT Industries PLC, better known as British American Tobacco, the largest cigarette company outside the United States. Lord Cairns's father, a former senior Naval officer, was Equerry to the Queen.

Sir William Ryrie, Knight Commander of the Bath, deputy chairman: Former executive vice president and chief executive of the International Finance Corp. (IFC). A sister organization of the International Monetary Fund and World Bank, the IFC has been the leading proponent of privatizations internationally.

Pen Kent: Former executive director of the Bank of England, alternate executive director of the IMF and head of the Third World International division of the Bank of England. He is also a director of NatWest Group, one of the leading City of London banks. While a director of the Bank of England, Kent handled many of the most politically sensitive bankruptcies, including the multibillion-dollar Canary Wharf real estate collapse, and the recurrent financial problems with the privately financed Channel tunnel. He also played a rather murky role in the collapse of the British arms and munitions manufacturer Asta Holdings.

Russell Seal: Member of the Board of British Petroleum.

Hari Shankar Singhani: Chairman of JK Industries Ltd. of India and chairman of Arlas Copco (Inida) Ltd. The first and only non-British member of the CDC Board.

David Pearce: Professor of Environmental Economics, University College London; director of the Centre for Social and Economic Research on Global Environment; member, UN secretary general's Advisory Board on Sustainable Development. A leading environmentalist and editor of a series of environmental policy papers, *Blueprint for a Green Economy*.

London's terrorists make a mockery of Colombian elections

by Dennis Small and Javier Almario

Under a shroud of terror, the beleaguered nation of Colombia was subjected to sham municipal elections on Oct. 26. The country's two narco-terrorist organizations, the Colombian Revolutionary Armed Forces (FARC) and the National Liberation Army (ELN), had declared an "armed strike" for the weekend of the elections, threatening to kill anyone who dared to vote, or even move about in public, in the areas they control—commonly estimated to be about 40% of the national territory. In the weeks leading up to the vote, the FARC and ELN forced about 1,500 candidates to resign, under threat of death; hundreds of candidates were kidnapped; and dozens were murdered outright.

Given the threats and the violence, about 55% of the population abstained from voting. The turnout was slightly higher in the major cities, thanks to a strong military presence providing security there. But in the rural areas, even the narco-terrorist-loving international media were forced to report that the FARC and ELN threats kept voters to a minimum. Typically absurd was the case of Piedra Ancha in Nariño, a town of 3,000, where six people voted, and the victorious candidate for mayor won by a vote of 4-2.

The most significant feature of the election, however, was a referendum called "Citizens' Mandate for Peace, Life and Liberty," which asked voters to choose, with a simple "Yes" or "No," whether they supported "peace" in Colombia. Since most of those who voted chose "Yes" (a "No" vote would have been like voting against motherhood and apple pie), the drug cartel-run government of Ernesto Samper Pizano proclaimed the vote to be a mandate for its ongoing policy of capitulation and negotiations with the narco-terrorists.

The British government has long backed Samper in this deal-making with the terrorists and the cartels, as part of its global strategy of drug legalization and destruction of the nation-state. In each of the last two years, London has crossed swords with the Clinton administration, when the U.S. President chose to decertify Samper as non-cooperating in the war on drugs. The British argue that Samper's Colombia is a perfect model of "democracy."