CORPORATE STRATEGY

The forces behind the New York Insurance Exchange

What financial force would organize an off-shore capital market like the New York Insurance Exchange—that would prosper from currency instability, industrial decay and asset stripping, increased insurance risks, high interest rates and credit rationing.

And who would be extremely sensitive that, as one participant in drafting the legislation for the Exchange, which creates an unregulated Lloyd's-type underwriting exchange, demanded, "there must be no parochial oversight by any agency [in the U.S.]"?

American Insurance Group, Inc. (AIG), which industry sources point to as the godfather of the New York Insurance Exchange—AIG's Patrick Foley lobbied it through the Albany legislature and told Governor Carey to approve it—is a major operator in Dope, Inc., the financial control of the world's $200 billion a year drugs, gambling, crime and dirty money. IAG, the holding company of the C.V. Starr empire, controlling at last count 165 subsidiary and affiliated insurance, reinsurance, capital, and real estate entities, interfaces with Dope, Inc. operations at virtually every point of its worldwide operations.

The core of AIG, C.V. Starr & Co., began operations as the American Asiatic Underwriters in Shanghai, China, in 1919, followed two years later by the Asia Life Insurance Co. of Wilmington, Delaware. From these operations, the C.V. Starr colossus has spread to most of the world's dirty money spots—Panama, Hong Kong, Bangkok, Rangoon, Bermuda, London, Switzerland, Toronto, and in the past, Ha-

INTERNATIONAL CREDIT

Shutdown of world credit the 'final solution' to inflation

The advent of a Tory government in Great Britain has set off a salvo of calls to "Thatcherize" all advanced-sector economies and policy moves in that directon are accelerating.

They start with a claim that the credit clamps allegedly needed to beat inflation and avert panic are impossible so long as the Eurocurrency markets continue to serve as a lending source beyond the reach of central banks. Therefore, those off-shore markets should be eliminated, through imposition of reserve requirements, as part of a total world banking reorganization.

This was the subject of the inconclusive Bank for International Settlements monthly meeting of central bankers on May 7. French opposition to the reserve-requirements proposal sponsored by the U.S. Federal Reserve and the West German Bundesbank deferred the proposal to the May 21 meeting of the International Monetary Fund (IMF) executive board. The reserve requirement proposal is also the content of a U.S. congressional bill, few of whose supporters realize that Euromarket controls are the first of a two-stage "regulatory reform" plan to phase out the U.S. dollar's world reserve status in favor of the IMF's Special Drawing Right (SDR).

The March 8 London *Financial Times's* special survey on "Finance and Investment in the U.S." dryly touches on all the components of this plan, except the SDR culmination.

The survey as a whole protests that "high nominal interest rates" have failed to curb U.S. credit, because the Euromarkets keep pumping funds; and "the mountain of debt which has been piled up could be transformed by a serious recession into a landslide of defaults...." Capital formation, productivity, and R&D outlays are plummeting. The remedy proposed is transparently one that will turn these very real dangers into a "Crash of '79"; impose stringent "energy conservation" at once, use the Thatcher momentum to implement mammoth vana and Saigon, to become what one AIG exec describes as "the world's largest and fastest growing reverse multinational." With Hong Kong headquarters in the Hongkong & Shanghai Bank headquarters, the company not only has financial ties with the HongShang, the central bank for Dope, Inc., but C.V. Starr personally took an active interest in the drug operations.

A bigwig in the World War II China OSS operations, Starr hired his wartime superior, Paul L.E. Helliwell in 1951 as counsel for his Miami-based operations. Helliwell was the nexus of connections between the drug running Thai government of Phao Sriyanon (Helliwell was Thailand's Counsel General in Miami), Meyer Lansky (through Jack King, a director of the Miami National Bank, the 1963-67 hot money conduit for Lansky and director of Sea Supply, Inc.), and direct trafficking through Sea Supply, which Helliwell founded and acted as counsel for. Sea Supply is the "trading company" whose Bangkok office, headed by OSS China veteran William Bird, supplied arms to the defeated Kuomintang troops on the Burma-Thai border in return for opium. Starr, through his American Life, S.A., and American International Co. S.A. had something else in common with Meyer Lansky: a major base of operations in Havana.

Through the Breen family, AIG is connected with the Royal Bank of Canada, whose operations in the London Gold Pool put it at the center of Dope, Inc. and which forced Guyana to plant marijuana to earn foreign exchange. The gold connection continues through the AIG link with Kleinwort Benson (whose New York office is located in the AIG building at 102 Maiden Lane). Kleinwort Benson owns Sharps Pixley, which together with Hongkong and Shanghai Bank runs the Hong Kong gold market, a critical link in the Far East drug market. Kleinwort Benson's deputy director is Sir Mark Turner, of Rio Tinto Zinc which was founded a century and a half ago by the Mathesons, the name synonymous with opium. In addition, C.V. Starr Investors, Inc. shares a limited partnership with Mrs. Anna L. Bronfman in Loeb Rhoades, Inc. The Bronfmans are major operators of the Western hemisphere drug business.

—*Leif Johnson*

"Proposition 13s," and force U.S. bankers to accept a "coherent" banking reform package.

Stage two

No "conservative" steamroller is involved here. The strategists are the Bilderberg group—recently convened—and the Council on Foreign Relations networks, who range from social democrats to Hapsburg restorationists. They have determined that a Margaret Thatcher victory in Britain and the Thatcher apparatus coached by the Mont Pelerin Society's Keynesians in spats will serve as a takeoff point for the "global reshaping," as the Bilderberg agenda puts it, intended to slash industry, living standards, and populations.

And where does the IMF and its SDR's come in? This was elaborated on May 8 by a Lazard Frères economist in New York, who described Fed Chairman Miller's Eurocontrol proposal to the BIS as "the same thing [former British Prime Minister] Callaghan and [former Chancellor of the Exchequer] Healey put out at the IMF conference" in March 1978. The Euromarket reserve requirements will precipitate a pullout of funds from offshore deposits, creating a near-term shortage of dollars and thus tightened dollar demand. But the same process will trigger bank failures and loan defaults. Confidence in the dollar will crash, creating an all-out run against the currency. Then everyone will demand to substitute SDR's for their dollar assets, and the IMF can take over direct control of world liquidity, said the Lazard spokesman.

The U.S. Treasury is fully behind a new IMF campaign for the SDR substitution account. The Treasury argument cited by the May 10 *Journal of Commerce* is that now is a fine time for the reserve substitution since the dollar is relatively strong! The only point of dispute within the IMF executive board is how fast private dollar holders should be allowed to join the substitution.

West Germany in fact is being hit with the same package as the U.S., as specified this week by the economics minister of the state of Hessen, Heinz Karry, and by an official at the Bethmann bank during an interview with *Executive Intelligence Review*. In a speech to the Frankfurt Bankers Club, Karry proposed a "liberalization" of European financial markets that would bring the offshore markets home to a Frankfurt "free zone," part of a string of "free zones" with central banks becoming "like member banks of the U.S. Federal Reserve system."

The Bundesbank is said to be seriously pursuing the plan. Part of the package is big-bank divestiture of industrial holdings; "liberalizer" Economics Minister Otto von Lambsdorff is now threatening the Grossbanken that if they don't do this voluntarily, it will be forced on them.

—*Susan Johnson*