

Wall St. 'lizards' want a private sector IMF

by Kathy Wolfe

While the media tried to convince Americans that no Wall Street crash is coming, a meeting of the "Reinventing Bretton Woods Committee," on April 4-5 at New York's Bloomberg Financial Center, discussed the urgency of the global financial crisis, which, the group believes, cannot be handled by existing institutions. The group's purpose, said Marc Uzan, executive director of the committee, is to "try to manage the crisis—the problem is, no one is thinking about the crisis! But we do." The group called for a new *private* world monetary system, which would "set up a private sector IMF [International Monetary Fund]," Uzan said, to be dictated, naturally, by the City of London, and by Wall Street.

While participants included World Bank Chief Economist Joseph Stiglitz and IMF officials, the "Reinventing Bretton Woods Committee," however, is funded and run by what *EIR* has called the "lizards": private family investment banks run out of London, with important Wall Street branches, such as Lazard Frères, the manager of the 1975 bankruptcy which destroyed New York City.

Allied to the "lizards" in the new committee, are the global raw materials cartels, such as Anglo American Gold Mines, the Cargill grain cartel, and other private cartels. The cartels, many run by the same private families, are busily cornering the world raw materials markets, while the Wall Street press continues to convince the "mickeys" to put all their money into stocks.

The group's funders, Uzan told a journalist, are Goldman Sachs, Salomon Brothers, Chase Manhattan Bank, Holland's Rabobank (which controls much of U.S. Midwest agricultural land), Swiss Bank Corp., Union Bank of Switzerland, and the World Gold Council, a front for Anglo American Corp.'s South African gold mines and Sir George Bush's other friends in the mining industry. Peter Munk, chairman of Barrick Gold, which Bush advises, is today the chairman of the World Gold Council.

The advisory board for the committee includes John Lipsky, the former Salomon Brothers chief economist who has just become executive director of Chase Manhattan Bank; Stiglitz; Harold James, who wrote the official history of the IMF; Ashwin Vasani of the London-run Oppenheimer Fund; and David Hale of Kemper Investments.

Their purpose, Uzan said, is to *replace* governments, es-

pecially any whiff of government influence over the private capital markets, including that of such bankers' institutions as the IMF. Even the IMF, they fear, might somehow, someday, be influenced by the governments comprising its executive board.

"There is an enormous fear, he said, "in the private sector, that there will be a series of Mexico crises, one after the other. . . . This can happen in Russia, which is issuing Eurobonds; what will you do when they default? The governments and their institutions such as the IMF and World Bank, can't do the job" of managing it all. The committee has even published a book in London, *Financial System Under Stress*.

Revive the British Empire

Thus, Uzan said, we need to "rethink all the old Bretton Woods institutions," naming the IMF, the World Bank, the Bank for International Settlements, the UN, the Organization for Economic Cooperation and Development, and the other institutions, nominally run by governments, which were formed following world negotiations at Bretton Woods, New Hampshire toward the end of World War II. All of these, he said, "must be totally privatized and redesigned."

Today, governments are not only obsolete, but powerless to control the more than \$60 trillion in private derivative and other capital markets; the private sector tail is wagging the government dog. "When the old Bretton Woods institutions were designed in the late 1940s, government financing ran the world, and the private sector was not so considerable," Uzan explained. "Today, it's the complete reverse. Governments are doing less and less, the U.S. won't even pay its UN dues, let alone give major sums to the IMF—and the private markets are gigantic."

Thus, he avers, what must be done is to re-create the situation during the British Empire, when the London banks—backed by Royal Navy muscle—ran the world. "Whenever a government defaults—and there will be increasing numbers of defaults," he said, "we have to set up a private IMF to coordinate, to get all investors and creditors together, to negotiate with the defaulting country. It would be modelled on the 19th-century Council of Foreign Bond Holders," under which British gunboats were sent to collect the debt in Latin America, Asia, and Africa.

With the exception of the Rockefeller family's Chase Manhattan, with its important ties to the Six Sisters oil cartel, the other private banks involved in the committee are not commercial banks, which will take deposits, and make loans, thus taking the risk upon themselves. Investment bank "lizards," however, have little or no truck with John Q. Public and his deposits, and do not take loan risks "on their own books." They "manage investments" for wealthy clients—for a fee.

"The IMF, for example, may do a bit of negotiating for commercial banks with debtors," Third World countries

which got loans from the banks, Uzan pointed out, “but what about all the other billions of dollars being invested by private companies such as Goldman Sachs? . . . So, we bring in the finance minister from Mexico, Argentina, or Brazil, to explain to a group of private investors, what is happening in these countries.”

Asked about Lyndon LaRouche’s call for a “New Bretton Woods” monetary system pegged to gold to resurrect world trade, Uzan laughed that this is “impossible. . . . We need to reinvent the whole system, not just worry about currencies,” he said. “We cannot go back to a fixed exchange-rate system. We have enormous capital flows around the world, and we are for the free market, so there is no way to peg the currencies as we did before. We need other solutions to prevent panic.”

Crush Asia and Africa

In Asia, Uzan warned, there will be massive currency crises, from Japan to Korea to Thailand, so what they really need is a new private “Asian BIS,” modelled on the Swiss-based Bank for International Settlements which groups the U.S. and major European central banks. The central bank in each country, of course, he pointed out, is controlled by the private banks—just as is the U.S. Federal Reserve. The hot money haven of Thailand, he said, is most loudly pushing for the “Asian BIS,” but the real controllers will be the British Commonwealth outposts of “Australia and Singapore, which will be very powerful. They must have a forum to deal with a Mexican-type crisis in Asia.”

The “Reinventing Bretton Woods Committee” will hold its next event on helping the cartels take over Africa, which is now conveniently being depopulated. Their next meeting, on April 29 in Washington, is entitled “How to Reintegrate the Poorest Countries.” It will focus on “getting private investment going into the poorest nations, those without access to capital markets, especially in Africa,” Uzan said. It will be co-sponsored by the United Nations Development Program, the World Bank Multilateral Investment Guarantee Agency (MIGA), and the Chase Manhattan Foundation.

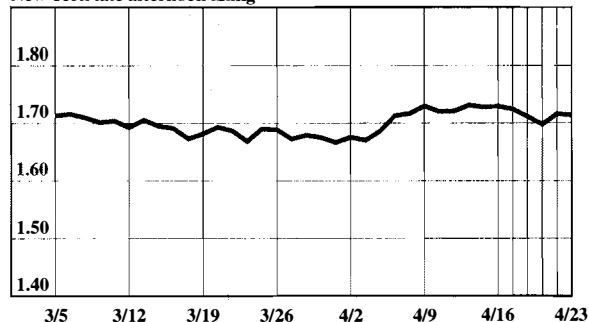
“African nations are not even ‘emerging markets,’ ” Uzan said, referring to the Wall Street buzzword for the so-called Asian tigers and other recent targets of Anglo-American hot money. “You’d have to call them the pre-emerging markets—or the submerged markets. The question is, how can we now catalyze the private sector to go in there and invest? The private sector, the investment banks, and others, have now invested in Latin America and Asia; how do we get them into Africa?”

Uzan, who wants to set up a private sector IMF, is not, however, averse to looting government funds to do this. He suggests that the World Bank’s MIGA insurance fund, entirely financed by U.S. and European national tax dollars, be used to insure the investments by foreign companies, such as Barrick Gold, in Africa. That is, as Henry Kissinger says, that the role of governments is to “serve” the private sector.

Currency Rates

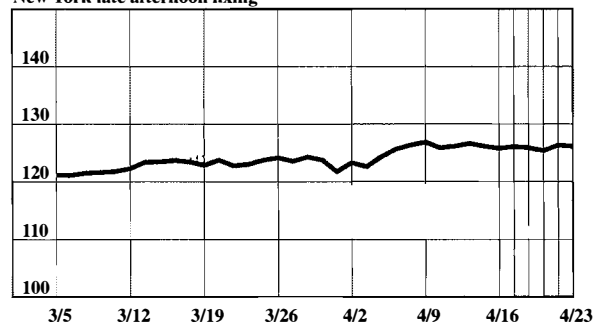
The dollar in deutschemarks

New York late afternoon fixing



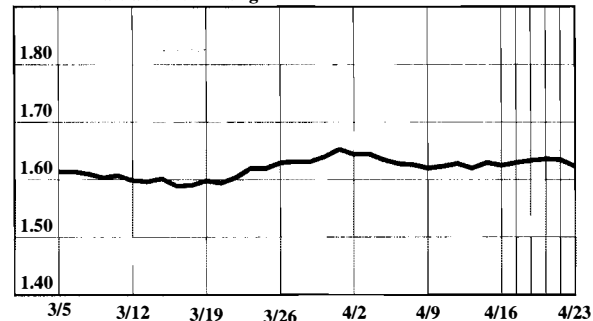
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

