

## Principality-Based Regulation

*When institutions without principles call for principle-based regulation, you know it's an Orwellian scam.*

**T**here's a lot to be said in favor of basing laws and regulations on principles, if the principles are just, but when the institutions pushing for principle-based regulation are a bunch of self-serving crooks who are out to ensure their own survival at the expense of the rest of the world, it is a very dangerous thing. When the call for such regulation comes from the City of London—the center of the Venetian slime mold—then you know it is a fraud.

Just such a proposal is being pushed by the High-Level Group on Financial Services, a group of senior City of London financial parasites behind the creation of the International Centre for Financial Regulation (ICFR) whose aim, in the words of British Economic Secretary of the Treasury Ed Balls, is to “entrench London as the key financial centre of the 21st Century.” Balls is also the chairman of the fascist Fabian Society and an ally of Chancellor of the Exchequer Gordon Brown, the man slated to replace Tony Blair as Prime Minister.

The ICFR, created in May 2007, is designed explicitly to make Britain the dominant force in global financial markets through deregulation. This deregulation is to be accomplished through the use of principles rather than rules, and since the number one principle is to ensure the dominance of the London-centered financial oligarchy, there is no doubt that they intend to do whatever must be done to accomplish that goal. It is the law of the jungle, pulsing beneath a thin veneer of civility.

Her Majesty's Treasury, in a press

release supporting the aims of the High-Level Group, promised to “modernize the regulatory and tax framework” to boost the Kingdom's asset-management business and such “innovative areas” as “hedge funds and Islamic finance,” with a focus on strengthening the Offshore Funds Regime; “push for a more de-regulatory stance in the [European Union]”; and ease the rules on insurance markets and companies. As part of this process, the Financial Services Authority, as the City's regulator, is expected to adopt what the *Guardian* called “a lighter touch and less intrusive approach to regulation.”

The U.S. equivalent to the ICFR is the Committee on Capital Markets Regulation (CCMR), which released a report last November pushing for further deregulation in the U.S. to allow Wall Street to better compete with London. The CCMR, in a report released Nov. 30, 2006, called explicitly for a “principles-based regime.” It also called for prohibiting criminal prosecution of corporations except in “truly exceptional circumstances,” and for limiting the liabilities of accounting firms which get caught breaking the law, making it fairly transparent what type of activities these changes are intended to protect.

Hal Scott, the professor of international financial systems at Harvard Law School who directs the CCMR, claimed in an opinion piece published in the *Financial Times* on March 12, 2007, that “excessively costly regulation and litigation” are fostering “the erosion of U.S. primacy in capital mar-

kets.” Scott called for “a balanced regulatory framework” to end these “self-inflicted wounds.”

“There is no reason for the U.S. to play second fiddle to London or Hong Kong,” Scott declared.

So, London should deregulate in order to dominate the world, and the U.S. should deregulate to compete with London? If that doesn't seem insane to you, you've probably been reading the *Wall Street Journal*!

It should come as no surprise that the High-Level Group and the CCMR are backed by the same crowd. For example, Anthony Alt of N.M. Rothschild is a member of the High-Level Group, while former Rothschild banker Wilbur Ross is both a member and a substantial funder of the CCMR. John Thornton, the co-chairman of the CCMR, is a former president of Goldman Sachs, while Goldman Sachs International co-CEO Michael Sherwood is a member of the High-Level Group. J.P. Morgan Chase also has representatives in both groups. The High-Level Group also includes representatives from the notorious HSBC, the Royal Bank of Scotland, Barclays, Lloyd's of London, UBS, and Citigroup, to name a few, while the CCMR includes people from the Carlyle Group, the New York Stock Exchange, hedge fund Citadel Investment, and Lehman Brothers.

The CCMR report calls for “increased reliance on the President's Working Group on Financial Markets” (aka the Plunge Protection team), whose head is Treasury Secretary Henry Paulson, a former co-chairman of Goldman Sachs. The list of former Goldman Sachs officials now in key positions in government is sufficiently impressive to suggest that Paulson and his fellow Goldman Sachs alumni have taken control of U.S. financial policy as part of a global crisis-management operation.