Written by William F. Jasper on May 18, 2015
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IMF: The New Global Fed

"A lot of us just can't believe it," Alexandra Christofi, of the Cypriot coastal town of Larnaca, told Britain's *Guardian*. "I had put my money there for a rainy day. It's absolutely all I have and I cannot understand how Cyprus is being singled out." Christofi was but one of the many distraught and panicked depositors on the Island of Cyprus who had rushed to bank ATMs on the morning of March 16, 2013, a Saturday, to withdraw what savings they could — before their deposits were confiscated.

"It is robbery," said Maria Zembyla, from Nicosia. "People like us have been working for years, saving to pay for our children's studies and pensions and suddenly they steal a big share of this money."

"You sit down after a lifetime of [labor] at 60, and find half of all you worked for has gone," Larnaca resident Panikos Demetriou told the BBC. "I thought I would be comfortable and a lot of the money could also have gone to my son," he said. Demetriou had 80,000 euros ($86,000) seized from his savings account. "This wasn't dirty Russian cash — it came from my solicitor after the sale of my house," he protested.

"I went to sleep Friday as a rich man. I woke up a poor man. I lost all my money." Such was the lament of 65-year-old John Demetriou (no relation to Panikos Demetriou), of the Cypriot fishing village of Leopetri.

The stories of personal financial tragedy recited above can be multiplied thousands of times on Cyprus, a tiny Mediterranean island nation with a population of less than one million. However, the Cyprus tragedy is set to go global, with the economic plight of virtually every person on the planet at risk.

In fact, to a lesser degree it already has. The Cypriot banking meltdown was but one in an ongoing series of debacles that have continued to unfold since the start of the 2008 economic crisis, where in the United States many saw the values of their 401(k)s plummet and many lost their homes. Globally, the crisis was brought on by governments wildly spending money they don't have and central banks manufacturing money out of thin air. The result was a massive bubble — and then, a massive mess when the bubble burst, as all bubbles inevitably do. Cleaning up the mess, we were told, required massive bailouts of the Too Big To Fail (TBTF) banks and financial institutions that had caused the crisis by engaging in unwise, unethical, and criminal conduct. Yes, bailouts were distasteful, but there was no other way to avoid "systemic risk" and financial collapse, we were told. But one bailout led to another and another — and so on.

To finance these ongoing bailouts, the Federal Reserve has pumped out *trillions* of dollars under the label of "quantitative easing" (or QE), and the European Central Bank and other central banks have followed suit. According to a February 23, 2015 report from the Economic Cycle Research Institute (ECRI), the QE deluge is beyond staggering:

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Eleven trillion dollars: that's how much of so-called Quantitative Easing the world's central banks have done since the 2008 crisis. To put that in perspective, with eleven trillion dollars you could pay off pretty much all U.S. household debt — all mortgages, all car and student loans, credit cards — you name it.

But instead of paying off the debt, the QE onslaught has piled *$11 trillion* more onto the already crushing debt load — and has created another financial bubble that will, inevitably, pop, causing even greater devastation, chaos, and pain. That is why the Cypriot experience presents a dire portent to the rest of the world; it was a laboratory experiment that the global bankers and their kept politicians intend to replicate many times over in the coming months. Because taxpayers have become weary of, and rebellious against, more bailouts for the TBTF casino banks, the Cyprus gambit introduced a new form of theft, euphemistically called a "bail-in," which pays off the banksters with funds confiscated from bank customers, i.e., savers, rather than the taxpayers. The Cypriot bail-in was devised by the "Troika," a triumvirate composed of banking fraternity officials from the International Monetary Fund, the European Central Bank, and the European Commission.

As we have pointed out in previous articles, the financial elite at the IMF, World Bank, and the central banks now intend to repeat the Cyprus theft on a much grander scale. The "bail-in" (also disingenuously referred to as a "haircut," but more honestly described as an amputation or decapitation) is referred to officially in banking circles as a "capital levy." We provide more details on this global IMF scheme below, but it is important to point out that plundering the savings of depositors through "capital levies" is but one of the outrageous criminal enterprises being planned. The effort by Congressman Ron Paul to audit the Federal Reserve, and to expose where (and to whom) the trillions of dollars it was creating were going, came too close for comfort. The Fed has successfully resisted any independent audits, but the TBTF banking elites have determined that they must speed up their long-range effort to empower a global institution with the Fed's capabilities — and more — all completely unaccountable and beyond the reach of Congress or any other national authorities. Hence the escalating campaign to "supersize" the IMF to assume the functions of a "Global Fed."

Supposedly, the super-sized IMF is just what the United States and other countries need to achieve economic stability and growth. But considering how wretchedly the Fed has managed the U.S. economy, is it reasonable to expect that a global Fed would do any better? Yet that is exactly what the global financial elites claim!

Some Safety Net

"In the last crisis, the Fed and some other central banks had a system of swaps that was applied to only certain financial centers, but you can't leave it to an individual central bank to make those decisions." So declared International Monetary Fund official Tharman Shanmugaratnam during an interview on April 19. "It has to be a global player, and the IMF is the only credible institution to perform that role," he continued.

Shanmugaratnam, who is both the finance minister and deputy prime minister of Singapore, has served for the past four years as chairman of the International Monetary and Financial Committee, the powerful policy steering committee of the IMF. He made the comments as officials from around the world gathered for the IMF's annual spring meetings in Washington, D.C.

"The Washington-based IMF needs to evolve into more of a 'system-wide policeman' that enforces global financial stability, rather than solely a lender to individual countries that run into trouble," said Shanmugaratnam, as reported by *Bloomberg News* in an April 19 story entitled "Fed Crisis-Liquidity Function Reviewed for Potential Use by IMF."

"IMF member nations are discussing how to expand the lender's mandate to include keeping markets liquid during a financial crisis, a role played by a group of major central banks led by the Federal Reserve in 2008," *Bloomberg* reported, noting that the IMF's main committee of central bank governors and finance ministers "is working on ways for the fund to provide a better financial 'safety net' during a crisis."

The "safety net" is of course supposedly intended for all of us, but that is not how it has worked in practice. Consider the Federal Reserve bailouts in the wake of the 2008 crisis that benefited the Wall Street elites at the expense of Main Street.

But imagine how much greater the wealth transfer will be if the globalist banking elites are able to transform the IMF into their "supersized" global Federal Reserve, with massive transfusions of dollars from the American taxpayers, unparalleled powers for creating money out of nothing — and bailouts without end, to the usual privileged players.

The new "mandates" being proposed for the IMF are nothing short of astounding, and if the American people allow Congress to approve these powers for the IMF, we can expect nothing less than eventual total confiscation of all our treasure, as well as all our liberty. And yet, as monumental as the stakes are, and as imminent as this approaching danger now is, there is precious little coverage of it in either the "mainstream" or the "alternative" media.

It should come as no surprise to those who have been following these matters for any length of time that the chorus of Wall Street insiders, think tanks, central bankers, academics, and media pundits calling for supersizing the IMF is receiving its primary direction from that premier brain trust of one-worldism, the Council on Foreign Relations (CFR). The effort received its launch in a November 13, 2008 op-ed in the CFR-dominated *Washington Post* entitled "Supersize the IMF." The author of that salvo was Sebastian Mallaby, the Paul A. Volcker senior fellow for international economics at the CFR.

Mallaby's op-ed, which has been amplified by many similar appeals since, appeared on the eve of the new "G-20" financial summit, which had just been expanded from its traditional G-7/G-8 to include a dozen new countries and the European Union. Mallaby asserted that "government commitments to the IMF should be tripled — and if you take into account the vast growth of cross-border derivatives, an even larger expansion is needed." It also coincided with the White House changeover from Bush to Obama. Mallaby noted that "the Obama team will soon have its hands on the controls. A bigger IMF should be on its agenda." This theme has been repeated with increasing frequency and urgency in various and sundry insider forums over the past several years, including successive G-8 and G-20 summits, the annual Jackson Hole confabs of world central bankers, and the annual gatherings of the World Economic Forum in Davos, Switzerland.

Here are the core "reforms" that the globalists insist must be adopted to avert global systemic risk:

1) The IMF must be given vast new global financial regulatory powers.

2) The IMF must be given huge new infusions of capital through member country "subscriptions."

3) The IMF must be encouraged to issue debt bonds to finance global loans.

4) The IMF must be "legitimized" by giving China and other emerging nations weighted votes in IMF policies.

In 2009, at their summit in Toronto, Canada, the G-8/G-20 leaders issued a declaration stating that "our reform agenda rests on four pillars." "The first pillar," it said, "is a strong regulatory framework."

The key institution, thus far, in that "strong regulatory framework" is the Financial Stability Board (FSB), created in 2009. The initial chairman of the FSB was Mario Draghi, who was then governor of the Bank of Italy, but who has since been graduated to president of the European Central Bank (ECB). Draghi has been replaced as chairman at the FSB by Mark Carney, governor of the Bank of England. Its worthy of more than passing notice that Draghi and Carney share a common tie: They are both top alums of Goldman Sachs, the infamous TBTF banking house that has become known worldwide as the "vampire squid." Before entering "public service," Draghi was vice chairman and managing director of Goldman Sachs International. Carney served in many senior management capacities at the firm. Among other Goldman Sachs alums who have held major conflict-of-interest posts in national treasuries, central banks, and the IMF/World Bank are Robert Rubin, Henry Paulson, Stephen Friedman, and Robert Zoellick (all of whom are leading CFR members). Goldman Sachs has long been a top corporate member of the Council on Foreign Relations, occupying the elite "Founders Circle" of the CFR's eight biggest corporate contributors. These connections paid off big-time when Goldman wanted access to subsidized Federal Reserve loans during the 2008 crisis, with the privileged firm benefiting from $782 billion in special loans through the Fed's Primary Dealer Credit Facility and the Term Securities Lending Facility.

The Secretariat of the IMF's new Financial Stability Board is located in Basel, Switzerland, and housed at the headquarters of the secretive Bank for International Settlements (BIS). The BIS, of course, is composed of the topmost TBTF tier of "Bankers' Bankers," the plundering criminal class most responsible for the monetary policies that have produced the bubbles and busts that are wreckovating our global financial system, destroying the middle classes, and transferring colossal sums and assets from the many to the few. So, the IMF's vaunted "regulatory framework" is, in reality, a prime example of giving the foxes the key to the chicken coop.

"Radical Alternative Scheme"

The IMF plan, however, goes beyond "mere" regulatory control. The real agenda was laid out most boldly and explicitly, perhaps, in an essay for the CFR journal *Foreign Affairs* in the Fall of 1984. The article, entitled "A Monetary System for the Future," was authored by Harvard University Professor of International Economics Richard N. Cooper, a former chairman of the Boston branch of the Federal Reserve, and a longtime member (and former director) of the CFR, as well as a member of the elite Trilateral Commission and Aspen Institute.

"I suggest a radical alternative scheme for the next century: the creation of a common currency for all of the industrial democracies, with a common monetary policy and a joint Bank of Issue to determine that monetary policy," Professor Cooper wrote in his famous *Foreign Affairs* proposal. He continued:

The currency of the Bank of Issue could be practically anything.... The key point is that monetary control — the issuance of currency and of reserve credit — would be in the hands of the new Bank of Issue, not in the hands of any national government.... [However] a single currency is possible only if there is in effect a single monetary policy, and a single authority issuing the currency and directing the monetary policy. How can independent states accomplish that? They need to turn over the determination of monetary policy to a supranational body.

And *monetary control* continues to be the "key point" that the internationalists are obsessed with. They insist that nation states "need to turn over the determination of monetary policy to a supranational body" — a body over which they will exercise control. They have already succeeded on that score with the Eurozone nations that have turned over national monetary policy to the ECB.

Among the subsequent proposals echoing Cooper's call that have been publicly released is a paper issued in March 2009 by Zhou Xiaochuan, governor of the People's Bank of China, which envisions a new currency reserve system based on the IMF's Special Drawing Rights (SDRs), the IMF's basket of currencies, made up of the dollar, the euro, the Japanese yen, and the British pound. Until now, SDRs have been used only as accounting entries by international organizations, but recent proposals would have it transformed into a genuine currency for more general use. According to Zhou, the economic crisis of 2008-2009 exposed the "inherent vulnerabilities and systemic risks in the existing international monetary system," showing the need to "create an international reserve currency that is disconnected from individual nations and is able to remain stable in the long run."

In 2010, the IMF issued a report in favor of allowing it to print its own money to provide "international liquidity." "A global currency, bancor, issued by a global central bank would be designed as a stable store of value that is not tied exclusively to the conditions of any particular economy," the IMF paper said. "The global central bank could serve as a lender of last resort, providing needed systemic liquidity in the event of adverse shocks and more automatically than at present."

These recent overtures for a global currency have brought the IMF full circle, to the subversive plans hatched by its original architects more than seven decades ago. It was John Maynard Keynes, the British economist and Fabian Socialist, who coined the term "bancor" for a world currency. Together with Soviet agent Harry Dexter White, Keynes was the guiding light of the United Nations Bretton Woods Monetary Conference that designed the IMF in 1944. This subversive duo understood very well the revolutionary nature of the project they were launching. In his famous treatise *The Economic Consequences of the Peace*, which he had written years before (in 1919), Keynes explained: "By a continuous process of inflation, governments can confiscate, secretly and unobserved, an important part of the wealth of their citizens. By this method, they not only confiscate, but they confiscate arbitrarily; and while the process impoverishes many, it actually enriches some.… There is no subtler, no surer means of overturning the existing basis of society than to debauch the currency. The process engages all the hidden forces of economic law on the side of destruction, and does it in a manner which not one man in a million is able to diagnose."

Keynes' disciples — Cooper, Carney, Draghi, Rubin, Paulson, et al. — have been engaging "all the hidden forces of economic law on the side of destruction" with ever greater audacity. And while they are indeed impoverishing many, so too, are they enriching some — specifically, their fellow bankster associates.

Trillion-dollar "Firewall"

But, apparently, IMF Managing Director Christine Lagarde and her cohorts fully embrace the advice of

French Revolutionist Georges Jacques Danton, who counseled, “Audacity, more audacity, always audacity.” Rather than offering mea culpas for their sins they instead press on even more brazenly. In a January 23, 2012 speech in Berlin to the German Council on Foreign Relations (GCFR), Lagarde declared: “We need a larger firewall.” The dictionary defines “firewall” as a “wall or partition designed to inhibit or prevent the spread of fire.” But the proposed “firewall” would actually give the IMF/TBTF arsonists more matches and gasoline.

“We need to act quickly or else we could easily slide into a 1930s moment,” Lagarde warned, in an obvious reference to the Great Depression. The GCFR audience to which she spoke, like its interlocking counterparts in the United States (CFR), Britain (the Royal Institute of International Affairs, RIIA), and other countries, represents the globalist elites of corporate, banking, political, and academic circles that are promoting convergence toward world government. (They also represent the privileged crony banks and corporations that have been first in line to receive IMF and ECB bailouts.) The IMF doyenne told the receptive German movers and shakers that an additional $1 trillion in “financial firewalls” was/is urgently needed: $500 billion for the European Stability Mechanism (ESM) and a $500 billion increase as well for the IMF.

In its description of Lagarde’s speech, the GCFR’s website offered this summary: “Bulking Up the IMF. Lagarde envisions a massive increase in the IMF’s crisis reserves…. Global crises call for global solutions. Lagarde estimates that 1 trillion dollars will be needed to fight the crisis in the coming years.”

Ah, yes, the familiar globalist mantra — “Global crises call for global solutions” — regularly invoked to justify calls for expanding the powers and funding for the United Nations, World Trade Organization, World Bank, IMF, and other world government-promoting institutions. Somehow, creating a monopoly of economic and political power on a planetary scale is supposed to solve problems deemed to big for national governments. But would global bureaucrats, including those from regimes that are highly oppressive, be any more accountable or provide better government than we’re getting now?

However, as we noted above, the Lagarde-run IMF has taken Dantonesque audacity to even greater limits, calling for a global wealth tax — more euphemistically, a “capital levy” — on all “positive net worth,” meaning all savings, pensions, and home equity.

“The sharp deterioration of the public finances in many countries has revived interest in a ‘capital levy’ — a one-time tax on private wealth — as an exceptional measure to restore debt sustainability,” the IMF stated in its Fiscal Report released in October 2013. Make no mistake, the IMF’s proposed tax, which was given a test run in Cyprus, would apply to all private wealth on the planet. And it doesn’t even contemplate balancing budgets, only bringing them down to “sustainable” levels — meaning levels that will allow government borrowing and spending to continue without interruption. The proposed “capital levy” would have to be implemented rapidly, before savers and investors could react and move their assets, or themselves, out of harm’s way: “The appeal is that such a tax, if it is implemented before avoidance is possible … [will not] distort behavior.”

How painful and confiscatory would the IMF’s “capital levy” theft be? According to the IMF authors: “The tax rates needed to bring down public debt to precrisis levels are sizable: reducing debt ratios to end-2007 levels would require … a tax rate of about 10 percent on households with positive net worth.”

Romain Hatchuel, the managing partner of asset-manager Square Advisors, warned that the tax rate on everyone owning anything in the United States actually would be much higher than the 10 percent projected by the IMF authors, which was outrageous enough at that level. Hatchuel wrote:

As the IMF calculates, the … revenue-maximizing [tax] rate … is around 60 percent, way above existing levels.

For the U.S., it is [between] 56% and 71% — far more than the current 45% paid … by those in the top tax bracket.…

From New York to London … powerful economic players are deciding that with an ever-deteriorating global fiscal outlook, conventional levels and methods of taxation will no longer suffice. That makes weapons of mass wealth destruction — such as the IMF's one-off capital levy … — likelier by the day.

It is important to note that the "low" six-to-10-percent "capital levy" most frequently proposed for savings could — and almost certainly would — slide quickly upwards, if that camel's nose is ever allowed inside the tent. That is the way with virtually all taxes. Consider our own federal income tax. When it was enacted in 1913, most Americans paid zero or one percent, and the top tax rate was a mere seven percent on incomes above $500,000 (which was more than $10 million in 2007 inflation-adjusted dollars).

The IMF report notes that previous attempts to install wealth taxes at the national level have largely failed because the wealthy could move. However, the IMF sees a global plan utilizing mutual governmental cooperation as being more likely to succeed because there will be fewer escape hatches. It states:

In principle, taxes on wealth … offer significant revenue potential at relatively low efficiency costs.

Their past performance is far from encouraging, but this could change as … stepped up international cooperation … reduces evasion opportunities.

Such tax collection schemes must, says the IMF report, "address more fundamental aspects … and find better ways to realize mutual gains from closer cooperation in tax matters." In other words, all exits and loopholes must be closed so that the middle classes — the primary revenue source of all taxes — cannot escape. That's "cooperation" for you!

Enter the China AIIB

But how do the globalists expect to gain public and legislative support for such an outrageous scheme? Well, one ploy is to present a supersized IMF as the best alternative to China's rising economic threat.

"Europeans defy US to join China-led development bank," declared the headline of a *Financial Times* story on March 16, 2015, about China's new Asian Infrastructure Investment Bank (AIIB). Launched last year by Communist China's President Xi Jinping, the AIIB has been presented in the establishment press as a dangerous challenge to the dollar, with President Obama, the IMF, and the World Bank as the unlikely champions of America's dwindling economic heft in this post-unipolar world. As the AIIB was rolling out during March and traditional U.S. allies and trading partners (Britain, France, Germany, Italy, the European Union) were moving toward jumping on board, the Obama administration appeared to be making efforts to scuttle the moves in that direction. As it turns out, however, the deeper reality was far different from the surface appearances. The administration and its Wall Street allies were merely using the AIIB "threat" as a ploy to wheedle more money and power for the IMF and World

Bank.

Reuters reported on March 17 that U.S. Treasury Secretary Jacob J. "Jack" Lew (a CFR member) "warned the Republican-dominated Congress that China and other rising powers were challenging American leadership in global financial institutions, and he urged lawmakers to swiftly ratify stalled reform of the IMF."

"The AIIB was launched in Beijing last year to spur investment in Asia in transportation, energy, telecommunications and other infrastructure," the Reuters report noted. "It was seen as a rival to the Western-dominated World Bank and the Asian Development Bank."

The Reuters article continued:

Lew told lawmakers that the U.S. delay in ratifying the [IMF reform] agreement was undermining its credibility and influence as countries question the United States' commitment to international institutions.

It should be evident from this and other reports that the CFR establishment uproar over the AIIB is merely a contrivance to extort congressional (and American public) support for the IMF and World Bank, which are being falsely portrayed as "our" institutions, as essential to continued American prosperity and pre-eminence.

This ploy was actually an original feature of Sebastian Mallaby's CFR propaganda piece, "Supersize the IMF," which we quoted earlier. In that globalist spiel, Mallaby claimed: "A weak IMF could hand a powerful foreign policy tool to China."

But if the AIIB and its aims were truly antagonistic toward the IMF and World Bank, why would those institutions also be lining up with the new Beijing enterprise? That is what's happening. Yes, the IMF's Lagarde even says she'd be "delighted" to join in "massive" cooperation with the communist-run AIIB.

The BBC reported on March 22:

International Monetary Fund chief Christine Lagarde has said the IMF would be "delighted" to co-operate with the China-led Asian Infrastructure Investment Bank (AIIB)….

Mrs Lagarde said there was "massive" room for IMF co-operation with the AIIB on infrastructure financing.

Mrs Lagarde, speaking at the opening of the China Development Forum in Beijing, also said she believed that the World Bank would co-operate with the AIIB.

But last June Lagarde went even further, suggesting (approvingly) that the IMF headquarters may someday be moved from Washington, D.C., to Beijing. Lagarde made it clear at the time that she found the dictators of China's brutally repressive Communist regime more to her liking than the U.S. Congress, which she faults for obstructing the "reforms" that would further empower the IMF.

In truth, the IMF belongs in Beijing, where its totalitarian-minded officials would undoubtedly be more politically comfortable, and where it would not enjoy the protective camouflage of American sponsorship. We should happily send it there — after withdrawing our membership … and our money.

— Photo: AP Images

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