

Trilaterals having trouble 'staying relevant'

by Scott Thompson

The Trilateral Commission, founded by David Rockefeller in 1973 when he was chairman of Chase Manhattan Bank, held its annual meeting on April 22-24 at the Sheraton Hotel in Copenhagen, Denmark. According to reliable sources, this year's meeting expended great energy covering up for the fact that the \$16 trillion per quarter derivatives bubble is about to burst, plunging the world into the deepest depression ever.

Still, the Potemkin Village of well-being that the Trilateral Commissioners tried to erect was paper-thin. One of the members of this year's meeting was Jean Defassieux, honorary chairman of Crédit Lyonnais, whose gigantic losses in derivatives speculation necessitated bailouts by the French government. It's getting harder and harder for the Trilats to convince even themselves that they are relevant any longer.

Denying reality

Exemplary of how the Trilats denied reality was the speech of E. Gerald Corrigan, now chairman of the international advisers of Goldman, Sachs and Co. Corrigan allegedly was fired as chairman of the New York Federal Reserve because of his insider trading on the currency futures markets with George Soros, who made \$1-2 billion speculating against the pound sterling in late-1992. Corrigan made no mention of the derivatives bubble, only suggesting that there is a need for more official involvement to keep the economy going.

In his remarks, Corrigan boasted that over the past dozen years, the system has "held up well despite many serious disruptions." Nonetheless, "large-scale official involvement was needed on many occasions to help maintain the system. While systemic disruption was avoided, there have been many close calls. . . . Many observers have a nagging sense of unease that all is not well and that the system is simply too vulnerable."

Corrigan cited three areas of concern: currency volatility, massive short-term capital flows which trigger "runs" on entire countries or currencies, and whether the multinational institutions, such as the International Monetary Fund (IMF) and World Bank, are up to the task. Corrigan then went into various proposals floating around for changing the present system:

"A tripolar system of zones—yen-based, ECU-based, and dollar-based has little or no appeal to me," he said, because even if it were to be created, it would exclude huge parts of the world and produce regional tensions, as well as undermine the IMF, World Trade Organization, etc.

He also dismissed the alternative of a "super stabilization fund," such as was created for Mexico, as impracticable. "To be blunt, I don't see a long line of countries standing in line waiting to write checks to finance such a fund," he said.

While dismissing any such "grand designs" as unworkable, Corrigan came up with a feeble laundry list he calls "building blocks," including strict IMF surveillance to spot future "Mexicos," sharp cuts in budget deficits and debt of all of the Group of Seven (G-7) countries, and adoption of recent Basel standards for greater bank transparency in off-balance-sheet derivatives transactions.

At the conclusion of his cautious central bankers' review of the global fragility, Corrigan concluded, "I remain convinced that in the event of a serious disruption in the international financial system, weak payment, clearance, and settlement systems could easily be the vehicle that transmits a shock across institutions."

First Russian spokesman

The Trilateral Commission succeeded in getting Russian Federation Minister of Foreign Affairs Andrei Kozyrev to come to speak, but his statements were largely oriented toward a Russian national audience. While calling for an economic position for Russia within the G-7, he strongly rejected the expansion of NATO. Instead, he called for a slow process of merging East-West defenses, such that within 10 years there would be a common defense pact.

Trilateral steering committee member and self-described British agent-of-influence Henry Kissinger created a soap opera in opposition to these views. And, a more serious fight erupted between Kozyrev and fellow guest speaker Lennart Meri, President of the Republic of Estonia.

For western consumption, Kozyrev said that ruinous IMF economic reforms would continue in Russia: "The second area of strategic interaction is the development of a strategy aimed at fostering Russian reform. . . . So many words have been said about the necessity of a large-scale assistance to economic reforms in Russia and the CIS [Community of Independent States]. . . . Indeed, there was much more talk about assistance than assistance as such. . . . I will say even more: This is one of the reasons, if not the main reason, for the appearance of the likes of [Vladimir] Zhirinovskiy on the Russian political scene. They rose precisely on the wave of the disappointment felt by some sectors of the society over the results of partnership with the West, and now they themselves are intimidating the West. . . . [Still] the most important thing, say, in the economic sphere is the real and, perhaps, already irreversible transition of Russia to the market economy."