

decadent Byzantium, and assumed increasing power as the dominant imperial maritime power in the region. At the center of that imperial power, was Venice's role under the reign of a political system, of the Doge (Duke) and his Council, a dictatorship of and by a slime-mold-like financier oligarchy.

With the rather rapid collapse of the physical power of Venice as a state, following the 1648 Treaty of Westphalia, the Venice model of financier-controlled imperial maritime power, was bestowed upon the Netherlands and England of

the tyrant William of Orange. The principal rival of the Anglo-Dutch clone of Venice, was the landed feudality of the Princely Council dominated nominally by the Habsburgs; that rival was weakened, especially over the decades following the post-Napoleon Congress of Vienna.

With the ruin of France, and the crushing of the "Three-Kaiser Alliance," through the effects of World War I on the continent, the London-led Anglo-Dutch Venetian model of imperial maritime power dominated Europe as a whole. The

Dr. Liu on the Failure Of IMF Debt Solutions

Henry C.K. Liu, the chairman of the New York-based Liu Investment Group, wrote "Crippling Debt and Bankrupt Solutions," in *Asia Times Online* on Sept. 28 (www.asiatimes.com). While Dr. Liu strongly attacks the past and current failures of International Monetary Fund policies in dealing with the debt crisis sweeping the developing sector economies, his proposed solution does not consider the largest bankrupt nation on Earth—the U.S.A.—nor the bankruptcy of the IMF-based monetary/financial system itself.

With reference to the reform proposals of IMF Deputy Managing Director Anne Krueger, Dr. Liu writes: "A movement to tackle distressed sovereign dollar debts, particularly of the Heavily Indebted Poor Countries (HIPC), through an international bankruptcy regime has gained momentum in neo-liberal circles in recent years. . . . The essence of the proposed IMF/Krueger Plan claims to be the introduction of changes in International Monetary Fund Articles of Agreement that would permit a 'super majority' (analogous to the select committee of creditors under Chapter 11) to take collective action to make the terms of the agreement binding on the rest of the participants."

Liu also cites the proposals of former Harvard (now Columbia) economist Jeffrey Sachs, who "landed Russia in gangster capitalism with his shock-treatment approach to instant reform." Sachs called in 1995 for the creation of an International Bankruptcy Court, to give "transitional" economies protections comparable to those available to U.S. corporate borrowers.

"What all these neo-liberal (restructuring) proposals fail to acknowledge," Liu writes, "is the fact that a government is not a corporation, former U.S. President Ronald Reagan's anti-statist rhetorical assertions notwithstanding. Governments are not instituted merely to make profit for their power-brokering shareholders at the expense of

the general population. A government belongs to the people, not a few special interest shareholders. Its job is to safeguard and improve the lives of the people by maintaining a safe and fair society with sustainable economic growth."

The IMF's insistence on fiscal austerity, increasing unemployment with an aim to service government foreign debt better, is "irrational and self-defeating," Liu writes. And, in practice, the focus of the IMF's debt restructuring "has been to sanction officially the protection of foreign creditors, permitting them to exit non-performing loans at least cost while leaving the sovereign debtor with drastically scaled-down social and development goals and programs, usually under an IMF/creditor-sanctioned program of austere adjustment." Unlike bankrupt corporations, sovereign nations cannot be made subject to "liquidation of assets as provided for in national bankruptcy laws. Sovereign debt problems cannot therefore be resolved in the same manner as corporate debt."

"These proposals for reform of the sovereign debt restructuring process should be exposed as an integral part of a broader strategy toward emerging markets to keep poor countries permanently chained to the tyranny of foreign debt and condemn them to the slavery of export to service such debt," Liu writes, describing the IMF's actions as "in essence highway robbery of the poor countries by the rich in the form of predatory lending."

But Dr. Liu stops far short of promoting the only feasible solution, which is the creation of a new world financial system to replace the IMF, as developed by LaRouche. Liu promotes instead a "debtor revolt" of the poor nations, begging for relief in the World Court from an equally bankrupt advanced sector.

"Collective sovereign foreign debt default in a massive debtor revolt is the only rational solution," he writes, "and lender liability action against foreign lenders is the only way out for the world's indebted poor."

"A class-action suit claiming lender liability should be instituted at the World Court on behalf of the world's poor." —*Michael O. Billington*