

The 'New Right' feints on IMF quota bill

by Kathy Burdman

In true British parliamentary fashion, the Anglo-KGB-run Heritage Foundation has now positioned itself as the loyal opposition to the International Monetary Fund in Washington.

The Heritage Foundation and the Swiss-based Mont Pelerin Society held a conference on International Lending and the International Monetary Fund on March 3 in Washington at which half a dozen spokesmen for the European oligarchy harshly attacked the currently proposed cash expansion of the IMF's quotas. Each outdid the other in attacking the IMF from an extreme "free market" standpoint, in terms guaranteed in advance to discredit attacks on the IMF as totally irresponsible.

Speakers at the conference included Undersecretary of State William Allen Wallis, the founding treasurer of Mont Pelerin; Undersecretary of the Treasury Beryl Sprinkel; Britain's Lord Peter Bauer; leading Mont Pelerin economists Allen Meltzer of Carnegie-Mellon University, David Meiselman of Virginia Polytech, and Dr. Karl Brunner of the University of Rochester, who was Wallis's collaborator there; and neo-conservative Rep. Jerry Lewis (R-Calif.).

The attack was lead by Lord Peter Bauer of the London School of Economics and the Adam Smith Society, who gave an impassioned declaration that there should be no government lending, including IMF and other multilateral institutional lending to the Third World whatever. If that leads to an international banking collapse, so be it, Lord Bauer implied.

Dr. Karl Brunner and Professor Roland Vaubel of West Germany's University of Kiel then addressed the conference on "The Moral Hazard of IMF Lending." The very existence of the IMF, they said, leads banks to make too many loans to the Third World, loans which they know well may go bad but which they assume the IMF will eventually bail out.

"I'm totally opposed to enlarging the U.S. quota contribution to the IMF," Karl Brunner told a journalist. "Much of the Third World debt is bankrupt, it is true, but we must have a free market solution. We cannot allow governments and the IMF to bail it out."

Swiss moles in Washington

The Swiss-based Bank for International Settlements, which runs the IMF along with the British oligarchy, not only plans to enforce a global \$50 billion expansion of the IMF

through the Eighth Quota review, but plans it as merely the first step in establishing the IMF as a full-fledged world central bank.

The BIS would not want the debate for and against the IMF to be uncontrolled. In fact, Dr. Brunner said he had just discussed the issue with Fritz Leutwiler, head of the BIS and Swiss National Bank, in Switzerland. Representative Lewis' aide admitted in an interview that "while there is absolutely no sentiment in constituencies for the IMF, and our mail is running heavily against it, and we are receiving thousands of letters endorsing our articles against the IMF bailout, and while if we moved today we would have the votes in the House to kill the IMF quota bill, Congressman Lewis doesn't really want to kill the bill. We just want to air our issues and make sure our points on the side of the free market are made."

Lewis, Brunner, and other Mont Pelerinites including Milton Friedman's assistant Anna Schwartz have formed a new "Ad Hoc Committee on International Debt and U.S. Financial Policy" to attack the IMF quota increase. But Lewis himself told the conference that "if we're going to put money into the multilateral institutions, and I think we will, we have to impose serious conditions," seeing to it that Third World borrowers "organize themselves on the model of Adam Smith."

Lewis's aides say he won't really try to stop the IMF bill in the House, but instead will append a number of riders to it, to try to reduce the amount contributed to the quota or make the increase into a "temporary" increase.

On the other hand, should the BIS crowd decide to pull a blowout on the world debt markets at some point, in order to force a rapid creation of the New Bretton Woods, it would certainly be sufficient to make a real move to blow up the IMF quota agreement. Lewis and Jack Kemp (R-N.Y.) may be ready to do just that, Capitol Hill sources report.

Since President Reagan has begun to study plans for remonetizing U.S. gold reserves, the BIS moles in Washington have been working overtime attempting to discredit gold, too.

In a late-February meeting with the President, aides report, Kemp insisted that the President adopt a British-style 19th-century gold policy immediately, while Lewis demurred from the standpoint of monetarist Milton Friedman that gold creates "instability" in the money supply. President Reagan is said to have thrown up his hands and told them that gold will have to be on the back burner for now.

At the Heritage conference, some conference participants called for an increased role for gold in the monetary system. Lewis again demurred, but said that if the IMF wants more money, the IMF should sell its gold or issue gold-backed bonds.

His aides explained that the congressman proposes that the IMF sell gold or swap it to debtor countries to sell. This would collapse the gold price if done at all significantly, so Lewis also proposes to let the IMF issue bonds against the gold and let the IMF borrow on the private capital markets.