Belgian bankers and EC chiefs expect privatization of world lending flows

by Laurent Murawiec, European Economics Editor

Contrary to claims of geography and history books, neither is Brussels the capital of a country, nor is Belgium anything resembling what the citizen of a European or American republic would call a nation. Not only does the place provide headquarters for a whole string of supranational organizations—such as NATO and the European Community (EC)—a series of talks with financiers and ruling noblemen in Brussels has convinced me that they look upon Belgium as one of the above-ground, operative centers for a continued Holy Roman Empire.

The Belgian economy itself is presently collapsing to levels close to those of Thatcherized Britain. Cities and the southern steel, coal, and textile industries of Wallonia face ruin, the state is in virtual bankruptcy, and the country is unable to generate anything but chronic political instability. The royal family, and, more important, the leading oligarchical families that control this unfortunate piece of real estate—the Merodes, the Lignes, the Craons—have no attachment nor loyalty to the plantation of Belgium or its inhabitants. As one of Belgium's most respected elder statesmen, Count Boel, told me in an interview, their policy is to revert to "the free game of nature. . . . Let us restore the law of the jungle."

Privatizing the international monetary system

A principal center (along with Austria) of continental European black oligarchical power, Brussels and its banks also house those supranational institutions that have made the fight against nation-states their principal objective: the EC bureaucracy and NATO. The interview granted me by EC Vice-President Viscount Davignon, himself a Belgian, will appear in *EIR*. I wish to report immediately on a long discussion with a very senior policy-maker of the EC Commission, an Italian nobleman, who requested to remain off the record. His considerations on the international monetary system express precisely these oligarchs' views of monetary and global economic policy.

"At stake is the survival of the free-trading system; for how long can we live with a system coupling free trade with no form of monetary organization? The Bretton Woods System is neither possible nor appropriate today. A viable form of monetary organization, a new one, must be defined, or there will be a breakdown on the trade side. . . .

"Gold? No possibility of returning to the pre-1971 situation. Gold will not disappear, of course. It will play a greater role than in the recent past, the more we are convinced of the instability of the system, of the lack of proper management. The drive out of gold was conceived as moving away from a system managed by blind natural forces. . . . If expectations are now disappointed, then return to gold will be all the stronger. But you must distinguish two different things when you talk of the role of gold in international monetary affairs: there is the extent of this role, its importance, on the one hand, and on the other hand, how official this role is.

"In the last decade, there has been an increasing trend toward a privatization of the international monetary system. This increased privatization represents a turning point. In the early 1970s, official authorities proved unable to manage their own system. As a result, the main functions of the international monetary system have gradually passed into the hands of private agents. International liquidity is created by the banking system, exchange rates by the markets, interests rates by a combination. . . . Fifteen years of disorder could produce a swing in the other direction—but the new official system would have a much different shape.

"To a certain extent, the role of the nation-state is on the wane, it fades away. There are areas of activity, markets, that are much larger than the boundaries of the nation-state, and therefore take over its functions. The nation-state fades away, and the vacuum is not being filled. Perhaps it will be filled—in 50 years. . . .

"The problem in our time is that there is an excess of government at the level of the nation-state, and a lack of government at the supranational level."

Law of the jungle

That is the long-term perspective for the monetary reorganization of the world, by those people who contemplate the advent of a depression with equanimity. They have planned for it for two decades. This is what was explained in terms more concrete than those used by the Italian nobleman cited above by Count Boel, a veteran in European policy-making, an honorary chairman of the Paris-based Atlantic Institute (NATO's official think tank), a member of the Trilateral Commission, a frequent host to the notorious Bilderberg Group's closed sessions, an important industrialist in his own right, and retired chairman of the union of industrialists of the European Community.

"The free game of nature . . . go to Africa, to the big reserves. There is a ratio of land and antelopes: it is the big law of nature. When there is a drought, there is less grass, then less food for the antelopes, and therefore fewer births of antelopes. Then the lions too starve and die, there are fewer lions. This is the cycle of nature—the same goes for mankind and for industry. Let the cycle of life work! Let them go bankrupt! In industry, the way it works is this: the machinery of the bankrupt companies is sold off cheap, and others buy it for half the price. Of course, a lot of people go unemployed . . . I sympathize with them, but there is no other solution. It works, since costs are reduced! Reduce the costs! It is as valid for political life as it is for animal life, when governments are faced by realities! That's how we'll meet the Russian challenge, by perfecting our own tools, cutting the costs, cutting the budgets, standardizing NATO. . . .

"I am for zero growth, no growth for now. We must first lick our wounds, face the problems. Peccei [Aurelio Peccei, who leads the Malthusian Club of Rome] is right. Let's have the law of the jungle in business, instead of pouring money to people, which feeds high hopes of a better life! Everybody now hopes they can live better. I'm sorry, there is no way that can happen now. It's not possible anymore. I'm for the old, old, orthodox principles: for new equilibriums. . . . The danger for us does not come from the ecologists and the pacifists—that is only an infant disease—these kids have an ideal. The real danger is with the costs."

A flexible monetary policy

This being the underlying world-outlook of the oligarchs that use the territory known as Belgium as their base for international operations, it is of some interest that doubts have begun to set in amongst some Belgians concerning the wisdom of some of their key policies.

The chairman of one of Belgium's "Big Three" commercial banks started a conversation by boldly stating, "Even if it means two to three years of recession in world trade, if inflation is going to be contained and rolled back, I am willing to pay the cost." A few minutes later he confessed that "We are wondering whether in fact this high-interest-rate policy is not going to detonate the whole system into one big explosion," and complained that the Belgian oligarchs' plantation, Africa, was being destroyed—"It's imbecilic to try to decouple it from the world economy, it's wrong!"

Similarly, a former finance minister and bank chairman, and a man not devoid of stated sympathies for the Club of Rome, said, "Quite a few of them were generous men, at the beginning!" He stressed that "Volcker's policies have accentuated the tendencies for a depression. And there is no solution, for Europe or the United States or the world, unless the Federal Reserve is compelled to change course, and Volcker forced to resign. We must have a broad and flexible monetary policy. As my friend Robert Triffin [the economist who has sponsored demotion of the dollar in favor of an Anglo-Belgian-dominated "unified Europe" for 40 years—ed.] says, if we must choose between unemployment and inflation, let us choose inflation. The contrary policy has been implemented, and this has been the error of the central banks. As a result, corporations are dying. Restrictive monetary policies are killing the economies. We're having simultaneous recession, perhaps depression, throughout the OECD countries. We need cheap credit, even if it may rekindle inflation somewhat. Otherwise, deflation will wreck NATO. You must not discourage too much the broad masses of society."

This is one current of opinion. Another was expressed by a self-styled "admirer of Margaret Thatcher," a board member of a large bank, who proudly presented the situation in Belgium as a harbinger of things to come elsewhere: "We are finally dismantling our health and social security system, and cutting wages; workers, for the first time in decades are taking large cuts in nominal wages—at Sabena [the national airline], they just took a 15 percent cut, at this bank a 5 percent cut! We have gone far too far in the 'securitization' of the individual in Europe, too much education paid by the state, too much public works, too much health expenditures—the pendulum is swinging to the other direction now." The final, sad comments of this gentleman expressed the nagging doubt at the incompetent policy: "The problem is that Mrs. Thatcher is so hard to sell, and Reagan's policy may well run into a total catastrophe!" The only thing that brought a smile back to his face was the thought that, perhaps, West Germany's Chancellor Schmidt could be "running out of steam," and could be replaced by the Club of Rome's own candidate for chancellor, Ernst Albrecht.

The little brother of the would-be emperor of central Europe, Otto von Hapsburg, the Archduke Karl, who works at the Societé Générale de Belgique (the owners of a good chunk of Africa), and calls himself "Charles de Bar," did not want to receive the envoy of *EIR*. Belgium became the desolate place it is especially after his ancestor, Emperor Charles V, sent the Duke of Alba to massacre hundreds of thousands of people there as an early manifestation of today's Malthusian doctrine.