



The fight over the post-2008 financial order was rigged

By *Elisa Barwick*

The USA and UK conspired to block developing countries from influencing the landscape of a new economic order after the 2008 global financial crisis (GFC), according to documents provided by WikiLeaks. Today, nations are again rallying to the cause of establishing a fair and just economic order; again they are facing a rigged game. Nations exposing the injustice and fraud inherent in today's system quickly become targets of economic warfare, regime change, or both.

Take the latest case. In a 22 February interview with *Tel-emundo* TV network, US Secretary of State Mike Pompeo echoed National Security Advisor John Bolton's push for regime change in Venezuela, Nicaragua and Cuba—his so-called "Troika of Tyranny"—saying Americans would support locals working to overthrow these "regimes". Bolton, part of an original band of neoconservative political operatives going back to the 1989-93 George H. W. Bush administration, had earlier denounced the trio as "the genesis of a sordid cradle of communism in the Western Hemisphere". The membership of the "troika" countries in the Group of 77 developing nations sheds another light on the Anglo-American drive to change their allegiances: following the 2008 GFC, the G77 was a major thorn in the side of City of London-Wall Street bankers wanting to set up a global bankers' dictatorship.

A confidential summary of a 27 April 2009 meeting between then-US Ambassador to the United Nations Susan Rice, UK Minister for Development Douglas Alexander and the UK's Permanent Representative to the UN, John Sawers, revealed deep Anglo-American concern over a potential disruption of the Group of 20's (G20) post-GFC plans for financial reform. The memo, released by WikiLeaks in 2011 stated: "In a 27 April meeting with Ambassador Rice, the UK Minister for Development Douglas Alexander and UK PR John Sawers expressed concern over the potential for the UN 1-2 June financial crisis conference to disrupt the G20 international financial architecture reform discussions."

The statement issued by that UN conference, which in the event was held on 24-26 June, demanded a UN role in coordinating the response to the "worst financial and economic crisis since the Great Depression". The communiqué pointed in particular to the impact on developing nations, which did not cause the crisis, and went on to highlight the systemic failures behind the crisis including in the realm of financial regulation, "which has demonstrated the need for more effective government involvement to ensure an appropriate balance between the market and public interest". Discussing the need for the globalised market to be "fair, inclusive and sustainable" and supported by "renewed multilateralism", UN member countries called for Bretton Woods institutions to be reformed to be more representative of developing countries.

(The 1944 Bretton Woods Agreement established a regulated global financial architecture based on fixed exchange rates tied to gold to encourage production and limit speculation, and invest in developing nations through the International Monetary Fund and World Bank, with the UN overseeing peaceful international collaboration; following the effective end of the agreement in 1971 when US President Nixon disbanded the link between the US dollar and gold, the Bretton Woods institutions of the IMF and World Bank increasingly became agents for the enforcement of

the debt claims of the City of London and Wall Street.)

At the US-UK meeting two months prior to the UN conference, "Alexander and Sawers began the meeting by noting their concern that Cuba, Iran, Venezuela and other 'radical' G77 countries would use the upcoming 1-2 June UN Conference on the World Financial and Economic Crisis and its Impact on Development to push for an outcome document that would, for the first time, give the UN General Assembly a role in negotiations on revamping the Bretton Woods financial institutions and the world financial system."

Sawers, who later that year was appointed as chief of the British Secret Intelligence Service, MI6 (2009-14), reportedly "urged the United States to work with the UK to monitor preparatory meetings for the conference, quickly push back against the introduction of activist policy language into the outcome document, and split off more moderate G77 countries who are already G20 members". Rice suggested working with the Netherlands, which was co-facilitating negotiations on a conference outcome, to attempt to "tone down expectations and ensure that moderate G77 countries continue to see the G20 discussions as the proper venue for discussing BWI [Bretton Woods Institutions] reform".

A 1979 assessment by the US State Department reported that the G77, founded in 1964 at a UN conference as a caucus representing less developed countries, had an ambition to achieve a "new international economic order" to deal with the injustices of the existing system. The State Department did not think the G77 could be split, suggesting that "even a subtle 'divide and conquer' approach in Latin America by the DCS [developed countries] would be counterproductive", according to WikiLeaks documents. Venezuela was a key player. In 2006, as the United States campaigned to stymie Venezuela's bid to join the UN Security Council (as a non-permanent member, which it had been four times previously), the British Foreign and Commonwealth Office told US representatives that "the idea of Venezuela on the Council would be 'ghastly'," a confidential London memo revealed. The G77 now includes 134 nations, the more "radical" of which are not in the G20. On 2 April 2009 the G20 summit in London—held just weeks before the Rice-Alexander-Sawers meeting—issued a declaration, "Strengthening the Financial System", establishing the Financial Stability Board (FSB) with a "strengthened mandate" to build a "more globally consistent, supervisory and regulatory framework for the future financial sector". While blandly paying lip service to the human cost—literally, "We recognise the human dimension to the crisis"—the document talks passionately about saving the rotten financial system: "We are committed to take all necessary actions to ... ensure the soundness of systemically important institutions", i.e. too-big-to-fail banks. From there the FSB's international "bail-in" regime—saving banks by confiscating bond holdings and deposits—was born.¹ The FSB operates under the authority of the Bank for International Settlements (BIS), which after its founding by the Bank of England in 1930 acted as a financial conduit for the Nazi regime, in pursuit of its goal to establish a global financial architecture ruled by central bankers.

1. *The next financial crash is certain! End the BoE-BIS-APRA bankers' dictatorship: Time for Glass-Steagall Banking Separation and a National Bank!*, CEC, May 2018