

INSTALLMENT #2 –
“THE FINAL GLOBALIZATION OF THE U.S. BANKING SYSTEM BY THE FEDERAL RESERVE”
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We live in a globalized world—a world without barriers or borders, which means every aspect of our economic structure has to change. A **private** corporation, we call the Federal Reserve, controls the majority of our monetary system. To understand the new set of powers being advanced by the U.S. Treasury Department to the Federal Reserve, we first must recognize that the Federal Reserve Act passed in 1913 never gave them (the Feds) total power over our economy.

To appreciate the importance of what is currently taking place, we must first realize that as a private corporation, the Federal Reserve is not required to make public who sits on their board of Directors nor who or what banks and corporations hold stock in their private company. Additionally, they are not required to publish an annual report, and I am told, they pay no taxes. So why is it that the American people cannot forgive themselves the interest on their debt? It is because it is owed to a private corporation!

The entire financial and business cycle of market highs and lows is controlled by how much money the Feds pump into or glean from the banking system. When they add money to the system, interest rates fall and the market rises and when they take money out of the system, interest rates rise and the stock market falls or corrects. In doing so, this private corporate structure allows for an elite group of people to literally buy low and sell high, thus transferring the wealth into their pockets while those who continue to hold take the “hit.”

The globalization of our financial system goes hand in hand with the need for a global stock exchange and global accounting system to harmonize the cross-border activities of transnational corporations and banks. To facilitate this process is the interdependence, or mutual dependence between countries, which came about as the barriers fell. With a globalized stock exchange, insurance system, and accounting system, we will need a GLOBAL REGULATORY SYSTEM to accommodate the changes from national to international. This will all fit in with recent calls for a global central bank.

In June 1999, then Treasury Secretary Robert Rubin said, “Reforming international financial institutions, strengthening the international financial architecture and maintaining open markets are not simply questions of economics but politics.” That same year, after a great deal of media and stock market hype and hysteria, Congress passed the “Banking Modernization Act” also known as the Gramm-Leach-Bliley Act of 1999 (GLB Act) which torn down all the protections that the 1933 Glass-Steagall Act had put in place, including the separating of commercial banking from investment banking, designed to protect the investor. The GLB Act allows for U.S. banks to become “financial conglomerates” meaning they can expand their services to sell insurance, stocks and bonds, as well as perform investment bank functions initially outlawed in 1933. Although the banking structure of other countries already had financial conglomerates, our system did not and had to be harmonized with their. This is why we have non-American names like AXA, Deutsche Bank, ABN, etc.

According to my analysis of the various activities, which are now referred to as the sub-prime crisis, the mortgage crisis, and the world liquidity crisis, our financial system, which reflects the last vestiges of national sovereignty, must be changed. The recent proposal by the Treasury Department called “Blueprint for a Modernized Financial Regulatory Structure” is being touted as the antidote for our sick economy.

When the Blueprint was published at the end of March the stock market recovered for a week or two, but now there is a new and constant stream of market hype with some hysteria to ensure that all of its proposals are implemented as soon as possible. On July 10, history will take place when the U.S. Secretary of the Treasury, Hank Paulson (who's roots are in Wall Street) and Federal Reserve Chairman Ben Bernanke sit on the **SAME** panel to testify before Congress. At that time they will provide enough data to secure the Blueprint's immediate passage. Until Congress assures these financial tyrants of its passage, the stock market will continue to drop as a warning to their all encompassing power; then miraculously the stock market will have one of its largest rallies to commemorate victory. As an international reporter, this is a pattern I have observed time and time again since 1994.

The Blueprint states "Foreign economies are maturing into market-based economies, contributing to global economic growth and stability and providing deep and liquid sources of capital outside the United States. *The increasing interconnectedness of the global capital markets poses new challenges: an event in one jurisdiction may ripple through to other jurisdictions. The convergence of financial services providers [the Banking Modernization Act] and financial products has increased over the past decade. Financial intermediaries and trading platforms are converging. Financial products may have insurance, banking, securities, and futures components*" (emphasis added). The Blueprint constitutes the final take-over by the Federal Reserve of our nation's economy.

The Blueprint recommends changing the banking charter to include **all** financial institutions, thus effectively transferring control over "national banks, federal savings associations, and federal [and state] credit union charters, and be available to all corporate forms, including stock, mutual and ownership structures." While the Fed was originally given power over the banking system, they were **not** given power over savings and loans, state chartered banks, or credit unions.

To give you a sense of the immense transfer of wealth that is taking place, understand that the U.S. insurers hold \$6T in assets, the U.S. banking sector holds \$12.6T, and the U.S. securities sector holds \$12.4T, for a total of \$31T in assets. Are you seeing what they see? Dollar signs and control—control of our financial future, control of where we can live, and control of how we will live. In Medieval times this was called feudalism.

Moreover, the Feds are to be given authority over the U.S. Payment and Settlement System thereby controlling the settlement process for securities, which is the three-day waiting period for the processing of payment, proper paper documentation and titling of the shares.

It is further stated that the Fed be given the role of Market Stability Regulator. This is highly unprecedented. By doing so, the Fed will have *total control* over what happens in the market; not just the amount of liquidity they funnel in and channel out. The Blueprint states the Fed should be given responsibility to: gather appropriate information, disclose information, collaborate with other regulators [international] on rule writing and take corrective actions when necessary in the "interest of overall financial market stability". "This new role would replace its traditional role as a supervisor of certain banks and all bank holding companies. The Fed's responsibilities would be broad, important and difficult to undertake."

As our country is being federalized the rights of the individual states are also in the process of being eroded and reduced. In order to allow for America's independence from a king who had total control, our Forefathers set up our country's structure to allow the power of government to reside at the state level. It was the state that would provide services for its citizenry. Over the years, there has been a major transfer of powers from the state to the federal level.

The Blueprint also provides for the entire mortgage system of the U.S. to be federalized. This is as a result of the sub-prime crisis which appears to be an event that just happens to fit into the changes our national system needs in order to be globalized. The establishment of a new federal commission, The Mortgage Origination Commission, and its director would chair representatives from the Federal Reserve, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration and the Conference of States Bank Supervisors. Among some of the changes in responsibility, the Blueprint states that the Feds "enforcement authority for federal laws should be clarified and enhanced." To understand how much their control is expanding, total mortgages outstanding, according to the 2006 U.S. Census, grew from \$8,364B in 2002 to \$13,306B in 2006, an increase of 59%!

Additionally, the Fed will be given a say in the insurance industry. For the past 135 years, the States have regulated all types of insurance with little involvement from the federal level of government. The Blueprint provides for the establishment of an Office of National Insurance within Treasury to regulate those engaged in the business of insurance and for Congress to establish an Office of Insurance Oversight to address international regulatory issues. Essentially, in a globalized world what is then needed is a world central bank. Could the Fed be a world central bank or will all of the individual central banks merge to become the "global central bank"? If that is the case then the Bank for International Settlements is a world (global) central bank and the Fed is a global-regional bank.

Lastly, if we are going to live in a globalized world with a global stock exchange, a global central bank, a global tax, a global currency, and a global regulatory system, then we need a Global Commodities Regulator.

As recent as last week, it was reported in The Wall Street Journal that in order for the investment banks to be bailed out, the only place they can go is to buy commercial banks that have strong balance sheets, deposits, and the assets they will need to improve their financial situation. This will bring our entire financial system to a pre-1929 state in a globalized world. Glass and Steagall will spin in their graves!

Once the last vestiges of American financial sovereignty are transferred to this private corporation, Congress becomes obsolete and useless. Up until this time, they were needed to help approve the various incremental transfers of financial sovereignty. Now, they will not be needed and if they think they have any power, they will find that they gave it all away. How pathetic of them, they should all be hanged for treason.

As for you and me, all of the safety nets that once protected our freedoms and sovereignty as a product of local, county, state and federal government are in effect gone. We are now left to fend for ourselves in a country where the American government has abandoned their responsibility to us, their citizenry. So that we may survive, we will need to don our own lifejacket—one of faith in the God who rules over the affairs of men.