

Banking by Kathy Burdman

The Florida test case

IBF 'free banking zones' will be used to turn major U.S. cities into Hong Kong sweatshop centers.

The Volcker Federal Reserve is expected shortly to approve the startup in October of international banking facilities in major U.S. cities. These so-called free banking zones would be totally exempt from state and federal taxes and reserve requirements. IBFs would allow the large multinational banks led by Citibank and First National Bank of Boston to "bring the Eurodollar market back home" into major U.S. cities, pulling in large flows of speculative foreign "hot money."

The international free banking zones will not just create inflation here. They will be used to further the "urban free enterprise zones" plan written by Stuart Butler of the Washington, D.C. Heritage Foundation, to turn U.S. cities away from heavy manufacturing centers into postindustrial light-assembly zones modeled on the labor-intensive Hong Kong economy.

The city of Miami, Florida will be used as a "national test case" for both the IBFs and the urban enterprise zones, under a plan drawn up by Southeast Banks of Florida, Barnett Banks, AT&T, IBM, and other business leaders in Miami.

Florida Gov. Robert Graham, whose brother William sits on the Barnett board, has already determined to use "free enterprise zones" to make Florida a financial center. He has removed all state taxes on international banking in Florida, attracting dozens of Latin American, British, and other foreign banks, and billions of dollars

in "hot money" from Latin America.

Graham has worked closely with the Greater Miami Chamber of Commerce, including Southeast Bank President David Wallard and Barnett's Miami executive John Benbow, to "put together an international financial center here," Chamber Executive Director Scott Llewellyn says.

The banks in Miami intend to use IBFs to "bring back onshore billions in offshore money now floating around in the Caribbean," Llewellyn stated. Chamber lawyer Bowman Brown has already written the legislation, which the Chamber is having Miami State Senator McKnight put through the current Florida state legislature, to formally establish IBFs.

Miami will be turned into a "model free-enterprise city, which will take advantage of three free-enterprise concepts. They are the free trade zone, which we have now, the international banking facilities, which we will get, and the urban enterprise zones."

Miami has already built the largest free trade zone in North America, attracting hundreds of Hong Kong-style light industrial jobs to the city. "These zones do not exist to manufacture," says a Commerce Department expert. "They exist for re-export. A Japanese manufacturer of computers ships the parts into the zone, assembles them there with cheap labor, and ships the computers out to Brazil."

"Now, to make it work, we need the free enterprise zone," Llewellyn says. The Miami Chamber and banks have already invited Heritage's Stuart Butler to town to give a seminar on using the free enterprise zones to "rebuild the riot-torn areas of Miami," he stated. "Unless we get the free enterprise zones, we'll have more riots. We need lots of low-wage, labor-intensive jobs for the black unemployed."

IBFs, said Llewellyn, will be able to finance the development of Miami as "a national example of free enterprise." Normally, IBFs are restricted to financing foreign trade, and not domestic companies like the Hong Kong-style shops planned for the Miami urban enterprise zones. But in Miami, IBFs will be able to get around the law, and finance the enterprise zones by pretending to finance their foreign trade, since under law, all enterprise zones also become foreign trade zones automatically.

"IBFs will do all the export-import financing into the enterprise zones," Llewellyn said. "When an enterprise-zone company imports parts, IBFs will finance the foreign exporter. Then the IBF will finance the foreigner who imports the assembled project as it leaves the enterprise zone."

The presence of IBF Eurodollar financing will furthermore encourage "British, German, and other foreign investors to set up labor-intensive operations in Miami for export to Latin America," Llewellyn said. "We've talked to ICI, Rank Xerox, all the major British computer companies. They'd love to come here and take advantage of local labor. And this is what IBFs are for—to expand U.S. export financing."