

## NDPC drops 'debt bomb' on Volcker hearings

by Susan Kokinda

Representing the *only* nationwide organization to oppose the nomination of Paul Adolph Volcker to a second term as chairman of the Federal Reserve Board, National Democratic Policy Committee (NDPC) Chairman Warren J. Hamerman dropped the reality of the pending Swiss-orchestrated international financial collapse and Lyndon H. LaRouche's alternative of "Operation Juárez" on the Senate Banking Committee at Volcker's confirmation hearings July 14. Only hours after the Committee had meekly accepted Volcker's assurance that the Brazilian debt situation was "under control," Hamerman read to the committee a telegram from Jorge Bittar, citing a resolution by 1.5 million workers in Brazil, rejecting the Volcker-backed policies of the International Monetary Fund. The telegram demanded Senate rejection of Volcker.

Continuing with similar communications from Colombian trade unions and from forces and individuals throughout Western Europe and the United States, Hamerman warned that the confirmation of Volcker, whose policies are viewed by the entirety of the developing world as the cause for the current crisis, could indeed be the final insult which triggers the activation of the Ibero-American debt bomb.

While Volcker sailed through the morning questioning by the Senate Banking Committee unscathed, Senate Banking Committee chairman Jake Garn (R-Utah) announced that the committee would not vote on Volcker's confirmation until after his July 20 semiannual appearance before the committee to report on future Fed monetary policy. The delay may have been prompted by the White House, which has become publicly jittery about a Fed-provoked rise in interest rates bringing down the façade of a U.S. recovery. Both White House spokesman Larry Speakes and a group of House Republicans led by Minority leader Robert Michel (R-Ill.) warned the Fed against any increase in interest rates.

The same day that Garn announced the delay on the Volcker vote, House floor managers of the IMF quota increase announced a week's delay in bringing that bill to the floor—pushing consideration off until July 20 or 21. The ostensible reason was "scheduling problems," but Capitol Hill sources report that the IMF bill is 10 votes short of passage and that State Department and Treasury lobbyists need time to line up additional votes.

Those signs of trouble were, however, nowhere evident in the questioning which Senate Banking Committee members directed at Volcker during his confirmation hearing. Volcker routinely treated committee members as the IMF treats developing sector governments. When Volcker was begged for assurances that he would not raise interest rates, he insisted that only a drastic closing of the budget deficit, through spending cuts and "revenue enhancement" (tax increases), could secure his cooperation. "How much of a deficit cut?" pleaded the members. "Try \$50 billion for a starter," Volcker told a visibly gasping committee. Evidencing why he is Yuri Andropov's preferred Fed chairman, Volcker added, "It's not my job to tell you what defense programs to cut. Cutting a certain amount makes economic sense. It's up to you to decide if it makes military sense."

International reality intervened once when Senator Don Riegle (D-Mich.) asked Volcker if the Brazilian debt situation was manageable. It receded just as quickly when Riegle readily accepted Volcker's pledge that it was "under control." Volcker's brazen claim that the IMF would be solvent and able to handle the world debt crisis as soon as Congress anted up its \$8.4 billion quota was similarly swallowed.

It was not until the afternoon session, featuring the NDPC as the only national opposition to Volcker, that reality intruded into the Committee's proceedings. Hamerman began by noting that "the argument has been made that the reappointment of Paul Volcker is necessary for world financial stability. Quite the contrary is the case." Hamerman read over a dozen statements from Brazil, Colombia, France, West Germany, Sweden, and Italy, and from minority, labor, constituency, and agricultural leaders in the United States.

The NDPC chairman gave the committee the kind of international briefing seldom heard in a city which thinks truth lies with the day's *Washington Post* headlines. Hamerman detailed the immense international motion to resolve the debt crisis through North-South cooperation, as called for by Indira Gandhi, the Non-Aligned movement, and increasing numbers of leaders in Ibero-America, and which may culminate with a call for debt moratorium at the July 24 Andean Pact celebration of Bolivar's birthday. Lyndon LaRouche's "Operation Juárez" proposal and its growing influence in Ibero-American deliberations were presented to the stunned committee. Hamerman said, "It is safe to say that Paul Volcker will not adopt these policies when the crisis hits. . . . He is the worst possible choice at the most dangerous time in American history. . . . Yuri Andropov's strategic policy takes into account the final crisis of capitalism, a collapse which will be brought about by the reappointment of Paul Volcker."

Hamerman concluded his 20-minute testimony by warning, "Paul Adolph Volcker has mismanaged the United States to the point where our national security, as well as the national sovereignty of most of the nations of the North and South, is threatened. A vote cast for Paul Volcker is a vote cast against the fundamental principles upon which our republic was founded and looked to as a 'temple of liberty and beacon of hope for all mankind.' "