

House refuses IMF cash as Senate approves Volcker

by Kathy Burdman

Henry Kissinger, Paul Volcker, and the rest of the lobby pushing for an \$8.5 billion U.S. bailout of the International Monetary Fund suffered an unexpected defeat on July 29 when the House of Representatives voted to halt appropriation of the IMF's quota expansion funds.

Led by the anti-IMF grouping, including Jamie Whitten (D-La.), chairman of the House Appropriations Committee, the full House voted 213 to 165 to strike the IMF appropriation out of the fiscal 1983 supplemental appropriations bill. The IMF will not be able to get its hands on U.S. taxpayers' cash until October, when the 1984 fiscal year starts.

Since many of the arguments for funding the IMF centered around the urgency of the matter, the entire issue is cast in a whole new light. The Senate will now have to vote on the IMF appropriations again after the recess, and many senators who rushed to pass it on the arguments of urgency will now re-think their positions, as will members of the House. A new environment has been created internationally.

The vote occurred despite an ultimatum by Kissinger, George Shultz et al. that the IMF item must be approved before Congress adjourns Aug. 5. Rep. Thomas Corcoran, (R-Ill.), charged July 26 that Shultz and Treasury Secretary Donald Regan were using "blackmail" and "scare tactics" to panic Congress. Rep. Frank D'Annunzio (D-Ill.) warned his colleagues July 26 that they would pay on election day for supporting the IMF. But, following a letter by Shultz, Kissinger, and every other living former Secretary of State demanding IMF passage, Kissinger himself descended upon Congress the last week in July to cajole and threaten, Washington sources report.

The IMF's adherents made a tactical error in trying to slip the cash appropriation for the IMF into the huge fiscal 1983 supplemental budget, which was being rammed through the House Appropriations Committee, before the Congress passed the standard authorization bill for the IMF.

Furious at this affront to the political process and the

"sovereignty" of the House of Representatives, Appropriations chairman Jamie Whitten moved to pull the IMF appropriation altogether.

The administration and the Senate, (which has already passed both the IMF authorization and appropriation), stunned by the move, backed down and struck the funds from the Senate version of the appropriations bill in order to get a supplemental budget that enables food stamps and checks for other essentials to be sent out on Aug. 1.

Despite the appropriations setback, the IMF lobby intends to attempt a vote Aug. 2 to "authorize" the IMF bill, i.e., have the House endorse it in principle for payment after Oct. 1.

The move by the House to strike the funds from the appropriations came as a shock to the administration because they had spent the last three days working out the authorization part of the bill, in the form of a compromise.

Rohatyn and Volcker

The House vote was a last-minute battle in a much larger war being fought out in Washington on the question: will the U.S. turn its sovereignty over to the IMF?

The July 29 blow to the IMF is double-edged, for it reflects the national lobbying of two opposing power groups, who both propose alternatives to the crumbling IMF-centered Bretton Woods system.

The National Democratic Policy Committee of *EIR* founder Lyndon H. LaRouche, Jr. has proposed to scrap the IMF altogether in favor of the plan for world development known as "Operation Juárez." LaRouche's campaign against the IMF bill has helped create a wave of anti-IMF mail to Congress. But also working to deliberately force a "final crisis" of the old Bretton Woods system is a group, symbolized by Lazard Frères investment banker Felix Rohatyn, which seeks to impose a "new Bretton Woods" system with much more power than the present IMF to control world debt and credit flows and dictate global austerity.

Some members of this faction, led in Congress by Rep. Jack Kemp (R-N.Y.), Rep. Ron Paul (R-Tex.), and other "hard money" men, threw their weight against the IMF in the appropriations vote, in the expectation of causing chaos in the world monetary system. Others, such as House Banking Committee chairman Fernand St. Germain (D-R.I.), while supporting the IMF bills, hope to shift the entire debate on both bills toward a "new Bretton Woods" system. If the IMF quota increase is voted down, they will try to use the confusion between now and October, when the IMF has no access to U.S. cash, to argue for the new Bretton Woods.

The Senate meanwhile once more displayed its talent for surrendering the nation's interests when, on July 27, it confirmed by a vote of 84-16 the reappointment of Paul Volcker as chairman of the Federal Reserve Board. The next day Volcker announced a return to the regime of rising interest rates which he has used since 1979 to crush both the United States and the economies of its allies.