Paul Volcker's Criminal Record

June 27—The very banker-thug upon whom Obama is relying to stop the momentum building to restore Glass-Steagall, is the very one who bears enormous responsibility for the collapse of the U.S. economy over the past 40 years, on behalf of the London and Wall Street banking establishments.

Paul Adolph Volcker's infamous government career began in the 1960s, where, after an education at Princeton, Harvard, and the London School of Economics, and an apprenticeship at David Rockefeller's Chase Manhattan Bank, he entered the Kennedy Treasury Department. He left in 1964, to return to Chase.

From 1969 to 1974, Volcker served as Under-Secretary of the Treasury for International Monetary Affairs. There his known crimes began.

Breaking Up Bretton Woods

First, he directed the staff work at the Treasury in preparation for Nixon's fateful decision to junk the fixed-exchange-rate system and the Bretton Woods system in August 1971—which paved the way for globalization and the shutdown of U.S. industry. According to Treasury Secretary John Connally, in a 1980s interview with *EIR*, Volcker was one of three people who lobbied him to take that action—the others being George Shultz and Henry Kissinger.

Wrecking the U.S. Economy

In 1979, Jimmy Carter appointed Volcker as chairman of the Federal Reserve, putting him in a position to implement the policy of "controlled disintegration" which the New York Council on Foreign Relations (CFR) had promoted in its "Project 1980s." Immediately Volcker, an "inflation hawk," began to jack up interest rates until the prime lending rate for U.S. banks hit 21.5% at the end of 1980. This triggered a murderous collapse of U.S. industry and agriculture, with the output of key U.S. manufacturing industries falling in the range of 50%.

There was a mass outcry at the mayhem that resulted from Volcker's measures, in which the LaRouche movement played a prominent role, with memorials passed against him in state legislatures, and rallies hanging him in effigy, among other things.

A few months after his appointment, Volcker went to Warwick University in England to announce his policy in broader terms. He said he considered titling his speech after CFR economist Fred Hirsch's last dicta: "A controlled disintegration in the world economy is a legitimate object for the 1980s." Volcker then went on to outline his commitment to replacing the Bretton Woods system, which was based on agreements among sovereign nations, with a supranational authority, specifically, at that time the IMF, to "manage integration"—i.e., an emerging dictatorship.

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A rally in San Francisco's financial district in December 1980 hanged Paul Volcker if effigy.

Deregulation

The Volcker economic massacre was accompanied by his direct push for banking deregulation, in which he explicitly attacked Franklin Roosevelt's banking reforms as an impediment to transforming the U.S. into a "post-industrial economy." His Depository Institutions Deregulation and Monetary Control Act of 1980 began the repeal of Glass-Steagall on interest rate regulations. The 1982 Garn-St Germain Act moved to destroy the Savings and Loans through further deregulation, and the Office of the Comptroller of the Currency allowed the national banks to expand into what had previously been illegal—derivatives.

Volcker, who approved and testified for all these measures as head of the Fed, thus played a direct role in creating the speculative bubble which popped in the 1987 market crash. At that point, Volcker was replaced at the Fed by Alan Greenspan.

Volcker was rewarded by being made chairman of Wall Street's Wolfenson & Co. Wolfenson, by the way, formed a joint entity with Jacob Rothschild—of Inter-Alpha Group fame—in 1992, of which Volcker was also the chair.

More Public Destruction

With this record, you might think that Volcker would be washed up for good. But no; after bouncing around chairing various commissions and so on for two decades, he emerged as one of candidate Barack Obama's controllers in the 2008 Presidential campaign. After he endorsed Obama, the newly inaugurated Nero appointed him to head his "Economic Recovery Advisory Board" in February 2009.

Not long after his appointment, Volcker began to take a high-profile role in apparent conflict with the rest of the Obama hyperinflationary-bailout team of Geithner and Bernanke, excoriating the loose money policy as threatening inflation, and even attacking "bailouts" for such entities as AIG, and the banks' speculative "excesses." While his language strongly mimicked that of Glass-Steagall supporters, Volcker was explicit on numerous occasions—including testimony to the Congressional Joint Economic Committee in March 2009, and a London trip in May 2010—in declaring that he was *not* in favor of reinstating Glass-Steagall.

Rather, he provided "cover" for the Obama Administration, which was being pressured heavily by a bipartisan group of Senators in 2010 to restore Glass-Steagall (specifically led by Arizona Republican John McCain and Washington Democratic Maria Cantwell), by proposing the so-called "Volcker Rule," an alleged ban on proprietary trading by banks, with so many loopholes and "hedges" that its first draft was 268 pages—and it still has not been finished.

As has become increasingly clear to those who didn't see it before, the Volcker Rule is nothing but a weapon against Glass-Steagall. Indeed, even in 2010, Volcker personally played a role in killing Sen. Blanche Lincoln's amendment to the Financial Reform Act, that would have banned, or severely restricted, derivatives.

Volcker's official role in the Obama Administration ended in early 2011, when the Economic Advisory Board lapsed. In recent months, Adolph Volcker has been hyperactive in his drive to kill the LaRouche-led movement to restore FDR's Glass-Steagall Act, and instead to promote Obama's "Volcker Rule" as the alternative.

As Crain's *New York Business* reported in early June: "In the past month alone, Mr. Volcker has testified before the U.S. Senate and met with political leaders in Europe and China. He has met privately over the past several months with every major financial regulator in Washington," and it listed a number of speaking engagements as well. Additionally, LaRouchePAC's sources report that Volcker has been conducting a one-man phone bank, calling pro-Glass-Steagall economists and politicians, including ones working for Glass-Steagall directly with LaRouche's movement.

A New Wall Street Front

Simultaneous with Volcker's taking up an assignment from Obama to try to derail the movement for re-introducing Glass-Steagall, the Pew Charitable Trusts unveiled a "Systemic Risk Council," with Paul Volcker in second billing as "senior advisor," as part of the same effort. It made its public debut in Washington on June 18.

The Trust is a fund representing the fortune of the Pew family, the founding family of Sun Oil (Sunoco). In the 1930s, the Pew family was one of the major funders of the American Liberty League, a fascist organization centered around the Morgan interests and linked to European fascist movements, which organized for a fascist putsch against FDR soon after his election—as was famously exposed by Gen. Smedley Butler.

They have not improved since: In the recent period, Pew has funded the anglophile American Enterprise Institute and the Heritage Foundation. In 1985, Pew funded the start-up of the British-American Project for the Successor Generation (later called simply the British-American Project) for the purpose of subordinating American intelligence and foreign-policy specialists to the British. A large number of Tony Blair's first Cabinet members came from the BAP.

The ostensible purpose of the "Systemic Risk Council" is to improve banking regulations and avert "another financial crisis." Its real purpose is to crush the movement for Glass-Steagall, but it would be quite useless for that purpose without the protective camouflage of some of the good names Pew has hired on for the effort, many of whom have supported Glass-Steagall or otherwise played some positive role in the recent period. These include its chair, former FDIC chair Sheila Bair, former CFTC chair Brooksley Born, Simon Johnson of MIT, and even former Citicorp and Citibank chairman John Reed, who fought successfully to kill Glass-Steagall in 1999, but has more recently repented of his error and called for bringing it back.