

Volcker Confesses to \$2 Trillion Swindle Against the American People

June 19—*EIR* has learned that former Federal Reserve Board chairman Paul Volcker is conducting a call-up campaign against the reinstatement of Glass-Steagall, arguing that the provisions of the Volcker Rule are sufficient because, unlike Glass-Steagall, they would not “punish” the bankers by demanding that they take responsibility for the more than \$2 trillion in still-outstanding gambling losses. Under a full return to the FDR Glass-Steagall Act, taxpayers would be freed from responsibility for covering the gambling debts of Wall Street, which amount to trillions of dollars that Volcker wants the American people to cover.

Lyndon LaRouche, who has led the campaign to reinstate Glass-Steagall since the collapse of the trans-Atlantic financial and monetary system beginning in the Summer of 2007, sharply denounced the “Volcker attempt to swindle the American people out of \$2 trillion-plus,” recalling that as chairman of the Federal Reserve in the late 1970s and ’80s, Volcker presided over the takedown of the U.S. economy by driving interest rates up over 20%, bankrupting countless farms and businesses.

Volcker’s efforts to kill Glass-Steagall, which has been reintroduced into the House of Representatives by Rep. Marcy Kaptur (D-Ohio) as H.R. 1489, with over 65 co-sponsors, were first made public by Rep. Michael Burgess (R-Tex.), during a recent district town hall meeting, at which he told constituents that he would not support Glass-Steagall and H.R. 1489, because he had spoken with Volcker, who told him that it was unnecessary because the Volcker Rule was sufficient.

It has been further confirmed by top Democratic Party sources that Volcker’s calls to pro-Glass-Steagall economists and politicians are part of a larger effort by the Obama White House to push back against Glass-Steagall. For months, the Obama White House and Treasury Department had refrained from making any comments on Glass-Steagall, due to the broad and growing public support for a return to the FDR-era separation of commercial banks from the speculators. But, following the recent admissions by JPMorgan Chase CEO Jamie Dimon that the bank had lost billions of

dollars on speculative bets on the survival of the euro, support among members of Congress, state legislators, and other elected officials for an immediate return to Glass-Steagall has skyrocketed.

Now, the Obama White House, along with Treasury Secretary Timothy Geithner, is on a desperate drive to kill the Glass-Steagall initiative. The Volcker Rule, from the outset, LaRouche has warned, has been nothing but an Obama and City of London weapon to blunt support for the only viable option for dealing with the trans-Atlantic bankruptcy: immediate reinstatement of Glass-Steagall in the United States, and full bank separation in Europe.

“Volcker has made a big mistake,” LaRouche commented today. “He has accused me and all of those supporting the reinstatement of Glass-Steagall of trying to ‘punish Wall Street.’ In reality, Volcker is telling the American people that they once again have to cover Wall Street’s gambling losses with their hard-earned tax dollars. This is a swindle that no sane American is going to tolerate. Furthermore, the entire trans-Atlantic financial system is hopelessly bankrupt and cannot be saved under any circumstances. Volcker’s renewed efforts to kill the only viable alternative to more bailouts, is going to lead to a global hyperinflationary blow-out worse than what happened in Weimar Germany in late 1923. This time it will happen on a global scale, starting in the United States and Europe.”