

Mathias hearings pave way for IMF program

by Susan Kokinda in Washington

Early last month, a congressional source with close ties to the European oligarchy expressed concern that the "populist" sentiment on Capitol Hill could erupt into a defeat for the 1983 reauthorization and quota increase for the International Monetary Fund. Citing expected opposition from Republicans of the Jesse Helms stripe, the source also predicted that Democrats might open an attack on the IMF bailout as representative of a Reagan capitulation to the New York banks.

By the turn of the year, various levels of the European oligarchy's operations to bring Congress into line on the IMF bailout issue had fully emerged. The first level, as *EIR* reported extensively last week, was the *Time* magazine "debt bomb" article, written by Morgan Guaranty to panic Congress into accepting the IMF bailout as the only alternative to world economic collapse. The European-based bankers behind this IMF conspiracy, long trained in "Jesuitical methods," also have in place plans to capture and ultimately subvert the resistance to the bailout. One operation, aimed at Democrats, was articulated at House Banking Committee hearings held in mid-December. Committee chairman Fernand St. Germain warned Treasury Secretary Donald Regan that Democrats would not support the IMF reauthorization unless the President changed course on his domestic program—along the lines demanded by IMF bankers. The second operation, crafted to exploit conservatives' antipathy toward the "big New York banks," argues that the IMF should not be reauthorized unless the New York banks are placed under tighter economic discipline—again, the demands of the European controllers of the IMF and Bank for International Settlements (BIS).

All the elements of this conspiracy to prevent Congress from doing the will of the American people, whose jobs, farms and factories will be further destroyed by a bailout, surfaced at Jan. 10 hearings before the International Economic Policy Subcommittee of the Senate Foreign Relations Committee. Rigged by subcommittee chairman Charles Mathias, an advocate of world depopulation, as a showcase for the demands of the banking oligarchy, the hearings will continue on Jan. 19 and Feb. 1. They will feature leading American assets of the IMF and the BIS, such as Morgan's Rimmer

de Vries, Lazard Frères' Felix Rohatyn, and Henry Kissinger's Robert Hormats. Despite constituency pressure, an increasingly surly Mathias continues to refuse the request of the National Democratic Policy Committee to testify at the hearings. The NDPC is ready to present an alternative to the IMF bailout, in the form of Lyndon LaRouche's proposal for a new, just world economic order, based on debt moratorium for the developing sector and a new credit to the Third World for the purchase of capital goods from the currently depression-wracked industrial economies.

Architects of disaster

The opening day of the hearings was dominated by the testimony of former Democratic administration figures—Lyndon Johnson's Treasury Secretary Henry Fowler, Jimmy Carter's Treasury Secretary Michael Blumenthal, and Carter CEA adviser Charles Schultze. Each agreed with Fowler's assessment that the U.S. and world economy are in the worst crisis since the "disaster of the '30s which led to depression and war," and that Congress must act expeditiously on the IMF quota increase to at least partially alleviate the crisis. In turn, each elaborated the St. Germain strategy, that substantive cuts in defense, tax increases, a reflationary monetary policy, and certain WPA-style "permanent depression" social program were a necessary complement to the bailout. None of the witnesses advocated holding the quota increase hostage to such changes but neither does St. Germain. St. Germain and his chief economic advisers admit that ultimately, "when push comes to shove," St. Germain will lead his poor, duped, anti-IMF Democrats into support of the bailout.

William Proxmire, the odd Senator from Wisconsin and ranking Democrat on the Banking Committee, who had been invited to attend the Mathias hearings, remarked that he had serious reservations about the IMF bailout unless substantive changes were made in international and domestic banking regulations, so as to discipline and better coordinate international bank lending. It is difficult to believe that Proxmire is unaware of the efforts of the BIS and IMF bankers to carry out just such a tightening-up of the entire world financial structure through changes in the IMF charter itself. But Proxmire's act plays well to some populists and conservatives who prefer to complain about "profligate New York City bank lending," rather than combat the fundamentally Malthusian policies of the European-centered financial pawns that are destroying their constituents.

Still, the notion that the "bankers are to blame" and the anger at the supranational financial institutions is so general, and the idea of a welfare-bailout for the IMF while budget cuts and unemployment grow is so distasteful to constituents that anyone with a workable alternative is bound to get a hearing in the country and in Congress. No wonder, then, that the bankers' Mathias is willing to risk the wrath of his constituents to keep the National Democratic Policy Committee out of the hearings.