

National News

Clements calls for lower interest rates

In an interview given to *EIR* at the recent National Governors Conference, Texas Governor Bill Clements called for immediate moves to bring down interest rates, currently set at the 20 percent level by Fed Chairman Paul Volcker.

"The interest rates that we are suffering under, and that's the right word, are deplorable, and they are going to have a very detrimental effect on the economy of this country, and most particularly on our small businesses," Clements said. "I don't know of any business that can survive and borrow money at 20 percent. It's just not possible. So if our economy is going in fact to not only recover but move forward, those interest rates absolutely must come down. This is a fundamental factor."

When asked by *EIR* if he would ask President Reagan to take moves to force Volcker to bring down the rates, Clements said: "I have discussed this issue with President Reagan on several occasions. And I will continue to discuss it with him."

"But you must realize, as everybody else does, that our government being what it is, the Federal Reserve and Mr. Volcker are a separate entity, and that [Volcker] is really not under the control of the President of the United States," the Texas governor continued, inaccurately. "[Volcker] is an independent person, and it is an independent body; that's the way it was originally constituted, and it would take a constitutional change to alter that."

DOS chief lobbyist for continued grain embargo

Congressman Peter Peyser (D-N.Y.) confirmed to *EIR* this week that the key figure in the administration agitating to maintain the grain embargo against the U.S.S.R. is Secretary of State Alexander Haig.

"I'm sure that President Reagan won't lift the embargo, because I have talked to a number of people involved in this both at State and closer to the President. Haig feels that if we are talking tough to the Soviet Union and suddenly we give in, what would the Soviets think?" The congressman said the President had changed his mind about the embargo because the DOS and several other agencies have provided him with data purporting to show that the embargo has damaged the Soviet economy, an argument Peyser accepts as well. Secretary of Defense Caspar Weinberger also supports continuing the embargo, he said.

Peyser has introduced a resolution signed by 75 other congressmen urging the President to keep up the embargo. It has been referred to the House Foreign Affairs Committee. He commented, "In spite of what the farmers say, it has hurt them very little. The grain farmers are not hurting."

Conservative Democratic Forum demands more cuts

The Conservative Democratic Forum, a group of about three dozen extremely conservative congressmen headed by Rep. Charles Stenholm (D-Tex.), met with President Reagan March 5 in an effort to persuade the President that his budget cuts don't go far enough. They presented Reagan with a proposal for \$11.2 billion of further cuts, including funds for financing the strategic petroleum reserve, the Legal Services Corporation and foreign aid programs. The group also included among their cuts, however, a call for the total phaseout of the Davis-Bacon Act, which provides for union scale wages for government construction projects.

President Reagan apparently expressed his gratitude to the group for backing his budget cuts and said he would review their proposals.

The Conservative Democratic Forum did not mention at all the crisis that high interest rates are creating for the U.S. economy.

Sources close to the conservative group report that Stenholm said that the Forum has been discussing the high interest problem privately, and will shortly make a public statement on it and on tax policy.

Congress ups the fight over fusion

In appropriations subcommittee hearings of the House side March 5, Rep. John Myers (R-Ind.) stated that the McCormack Magnetic Fusion Energy Engineering Act of 1980 requires the Secretary of Energy to embark on a program to operate a fusion engineering device by 1990. Testifying for the DOE, Carter holdover Douglas Pewitt stated once more that the current administration has no intention of making a commitment to meet "all the goals set forth in the law."

Myers asked, "You mean you'll pick and choose what parts of the law of the land you will obey?" The act was passed by a large margin in Congress and signed by President Carter.

Pewitt, who characterized the McCormack act as "a permissive piece of legislation," said that after reviewing the fusion program the Reagan administration might not want to build the next-step device. Myers countered that he wants something in writing from the Secretary's office stating that the DOE is not going to carry out the law.

Secretary Edwards has himself repeatedly expressed support for the fusion program. Armed with Edwards's statements, Senators Harrison Schmitt and Mark Hatfield had raked Pewitt over the coals on March 4 at the Senate Appropriations Committee hearings.

In response to continued hostile questioning from the House committee, Pewitt revealed that the world-famous Princeton Large Torus fusion experiment, which still holds the world record for plasma temperature, would be shut down in his budget request as a tradeoff to keep other Princeton experiments on schedule. Other important experiments will be dropped.

In his parting remarks, Pewitt stated that "there is no reason that the country has to have a crash program in fusion since we have so many other sources of energy," and that crash programs waste money!

On March 10 the final Reagan budget proposal for the DOE will be released.

Haig caught plotting with Socialist International

Alexander Haig's envoys to Sweden and Latin America sat down on March 3 to "cordial" discussions with the top leadership of the Socialist International and coordinated deployments over El Salvador, just as Haig was announcing to the American people that the U.S. would have nothing to do with negotiations. Special envoy Herman Cohen told the Swedish Social Democrats outright that "if their attempt to mediate can open a dialogue between the democratic forces in El Salvador, then of course it is good," according to the Swedish press reports. Meanwhile Gen. Vernon Walters, straight from meetings with his "old friend" General Pinochet in Chile, delivered the same message to Latin American Social Democrats as they chatted in a "cordial atmosphere" during a Second International session held in Panama.

Haig spent all week twisting arms in Europe and Latin America to ensure that negotiations independent of Socialist International control collapsed, particularly those proposed by the West German government. Conveniently, Major Roberto D'Abuisson, believed to head the Salvador right-wing death squads, announced March 2 that if the Salvadorean junta entered any negotiations, a military coup would depose its civilian chief, President José Napoleon Duarte. Duarte canceled his trip to Western Europe for private negotiations.

On March 5, however, a West German Social Democratic spokesman officially denied that Socialist International chairman Willy Brandt had been offered a direct role in negotiations, despite the Latin American Socialist International

declaration to that effect. Haig and Brandt may have been thrown on the defensive.

Washington rally scheduled against Volcker

The Ad Hoc Committee to Bring Down Interest Rates announced March 3 that it will sponsor a demonstration in Washington, D.C. March 17 against the Federal Reserve's high interest-rate policies, in front of the Federal Reserve's building. Their press release announcing the demonstration said that "in attendance will be approximately 150 trade unionists, businessmen, and farmers from the state of Pennsylvania, along with delegations of farm, business, and labor leaders from other states. The press conference will be followed by a day of lobbying for lower interest rates and Mr. Volcker's resignation.

"The press conference and lobbying efforts are being jointly coordinated by Stan Hoynitski, executive director of the Pennsylvania Independent Auto Dealers Association, John McCarrell, President of UAW Local 544 of Pennsylvania, and Mike Bonn, President of USWA Local 2227. Mr. Hoynitski was elected chairman of the committee at a meeting of 22 business and labor leaders in Pittsburgh on Jan. 13. Since that time he has been contacted by numerous business, farm, and labor leaders throughout the state who have expressed their urgent concern about the impact of Volcker's policies on the economy. Many have echoed House Majority Leader Jim Wright's statements that Volcker's policies are not halting inflation, but fueling it. Others have stated that Mr. Volcker's policies if not reversed, could precipitate a major economic collapse.

"The press conference, demonstration, and lobbying activity is being done in Washington, D.C. on March 17 for the purpose of focusing national attention on this problem and urging Congress to assume responsibility for directing the policies of the Federal Reserve," concluded the statement.

Briefly

● **PRESIDENT RONALD REAGAN'S** statement to Walter Cronkite that he favors an open border with Mexico directly countered the report issued by the Commission on Immigration headed by Global 2000 supporter Father Theodore Hesburgh. At the same time, Reagan approved "tight money" policies during the interview, which would inhibit jobs for immigrants.

● **JESSE HELMS**, the anti-Trilateral Commission conservative senator, was reportedly snookered into support for Alexander Haig by David Rockefeller, who told him how tough Haig is on communism.

● **DAVE VAN HORNE**, a Kentucky state legislator, attacked state Attorney General Neil Welch's operations against Democratic politicians at a press conference this week. Welch is the former New York FBI chief who initiated illegal Abscam operations. Van Horne denounced Welch's "God Squad" electronic surveillance methods in Kentucky.

● **JOHN LEHMAN**, Secretary of the Navy, said March 3 that the U.S. should stop complying with the terms of the unratified SALT II treaty. Lehman is a former personal assistant to Henry Kissinger.

● **JOHN CONWAY**, head of the American Nuclear Energy Council, told the House Subcommittee on Energy Conservation and Power that nuclear power generation could replace 4.5 million barrels of imported oil per day if the 93 reactors now planned are finished within this decade.

● **ABILENE**, Kansas was the site of a recent meeting sponsored by the Dickinson County Farm Coalition, titled "The Truth About the Federal Reserve." Spokesmen for the American Agriculture Movement, for the newly formed Parity Foundation, and for Sen. Nancy Kassebaum, were featured.