

## National News

### LaRouche calls for 'war council' on interest rates

1980 Democratic Party presidential candidate Lyndon H. LaRouche, Jr., *EIR's* founder, called July 30 upon Democratic National Committee Chairman Charles B. Manatt to convene an immediate emergency "war council" of both the DNC and the leaders of Democratic Party-affiliated independent political action committees (PACs). This council, he said, should act under the auspices of the votes of opposition to Fed Chairman Volcker's "usurious" interest-rate policies by both houses of Congress.

LaRouche, advisory board chairman for one of the most prominent Democratic PACs, the National Democratic Policy Committee, added: "This is the time for banker Manatt to cease his stonewalling opposition to the rising hue and cry against 'Hooverization' of the United States by Volcker's monetarist policies. . . . Unless the DNC and banker Manatt respond to reality immediately by convening the proposed 'war council' on this issue, that failure must be viewed as a signal for a revolt of the national party . . . a revolt to force into being immediately a new combination of leadership which is responsive to the reality faced by the nation's citizenry."

### Melcher bill demands action on rates

Senator John Melcher (D-Mont.) July 30 introduced a bill to force immediate presidential action to bring down interest rates.

Unlike the other anti-high interest rate legislation passed that week, the Melcher bill, introduced as a Joint Resolution of the House and the Senate, has the force of law. Precisely for this reason, the bill will not sail through the Senate easily, but faces a protracted

battle that cannot be resolved until Congress reconvenes in September.

The Melcher bill resolves as follows: "That the President immediately begin consultation with the Board of Governors of the Federal Reserve Board for the purpose of modifying the Board of Governors' money policy to significantly reduce interest rates within the next 90 days.

"The consultations should include modification in the areas of:

"1. Easing reserve requirements to member banks. 2. Controlling the Federal Open Market Committee activities which reduce the money supply and push up interest rates. 3. Lowering the Federal Reserve discount rates to member banks."

According to one of Melcher's aides, the final straw which caused the senator to take this move was the testimony of Fed Governor Lyle Gramley to the effect that the Fed has no intention of reducing interest rates despite the passage of the Reagan tax and budget cuts, and despite the fall in the official inflation rate to 8 percent, until wages are lowered. According to the aide, many of the GOP senators who helped vote down the anti-Volcker Sasser resolution two months ago will be prompted by Gramley's arrogance to vote for the Melcher bill. Their illusion that the passage of the Reagan program will bring down interest rates has now been exploded.

### Texas water plan on November ballot

Texans will have a chance to vote in November on a plan that proposes to meet the state's surface water needs until the year 2020. Sponsored by House Speaker William Clayton and endorsed by Gov. William Clements, a bill to that effect passed the state senate July 28 by a vote of 21 to 8.

If the November referendum succeeds, the state constitution will be amended to provide 50 percent of the

annual state budget surplus as collateral to guarantee local water authority bonds, so that the latter can obtain preferential interest rates.

The bill has previously passed the Texas House of Representatives by a wide margin. No difficulty is expected in reconciling the Senate and House versions before Clements signs the measure. The governor, a Republican, had ordered the special July session of the state legislature and restricted its considerations to the water question and five other topics.

Herbert Grubb, director of planning and development for the state's Department of Water Resources, has prepared a plan for surface water problems to rectify the traditional draught/flood cycle.

### FEF briefs press on rebuttal to Global 2000

*Fusion* magazine Editor-in-Chief Dr. Steven Bardwell held a briefing for press and diplomats at the United Engineering Center in New York July 29 to announce the release of "The World Needs 10 Billion People," an econometric population study refuting the neo-Malthusian arguments of the *Global 2000 Report*. The article, by Bardwell, will appear in the September issue of *Fusion*.

"American foreign policy is currently determined by the *Global 2000 Report*," Bardwell stated. "The FEF is issuing its study for the urgent purpose of countering the report's unscientific predictions of global disaster resulting from overpopulation."

Bardwell announced that for maximum impact, the study will appear in the Spanish, German, French, and Italian language versions of *Fusion*.

The briefing was attended by press representatives from UPI and TASS wire services, *Civil Engineering*, *Spectrum*, Dutch radio, and by diplomats from Egypt and Swaziland, and drew sharp questioning from everyone.

"You mean the scarcity of water and raw materials has no relevance?" asked one press representative.

"The availability of resources is absolutely a question of what investment policy you choose," Bardwell answered.

Asked why the advanced countries should want to transfer technology to the Third World, Bardwell said, "It's good business, that's why—quite apart from the moral issue involved."

## Reagan immigration plan upholds U.S. tradition

The Reagan administration officially released its immigration and refugee policy July 30, a viable, though minimum, program for immigration. Statements by both Attorney General Smith and President Reagan stressed that Mexico had been fully consulted and both have "carefully considered the views of our Mexican friends."

In a listing of "eight principles" underlying the immigration package, Reagan stressed as uppermost, "We shall continue America's tradition as a land which welcomes peoples from other countries."

In the most significant aspect of the package, the administration rejected instituting I.D. cards for the American workforce. The program does recommend fines for employers who willingly hire illegal labor, but calls on employers to simply ask for any two pieces of standard identification to establish a worker's status.

In other key measures, the administration called for 1) increasing border patrol resources, 2) a small 50,000 "experimental temporary worker" program, 3) an amnesty program for undocumented workers currently in the country, in the form of a "renewable-term temporary resident" 10-year category, after which workers could apply for full residency, and 4) increased "consultation and cooperation" on the international level, particularly with countries of the Caribbean.

## Fed jumps at congressional censure

The Volcker Federal Reserve, in direct response to the half-dozen censure motions circulating against high interest rates in the U.S. Congress, has gone into a furious mobilization against the constitutional government of the United States. Reached for comment, a Fed official in Washington, who had every congressional resolution on his desk, stated flatly, "How do you ignore 100 senators? It's hard, but that's what we intend to do—ignore them. This won't soften our resolve to continue on our course of tight money. They can't budge us. When you're the Federal Reserve, there are polite ways of saying no."

The official was referring specifically to the resolution against high rates introduced by Sen. Lawton Chiles (D-Fla.) passed 100-0 by the Senate July 28.

The Fed official indicated that Volcker is worried that the White House might "doublecross" him and support the Senate Republicans who voted for the resolution. "The resolution isn't binding, but it is 100 senators," he said.

Immediately, the Fed is moving to demand that if Congress wants interest rates down, it will have to agree to the demands of the IMF to deflate the U.S. economy by slashing the nation's military and other budgets instead. "Congress isn't serious about wanting rates down," a top New York Fed official told *EIR* July 30. "They have just acted in the most irresponsible manner in passing a tax cut and a big defense budget." While the defense budget is large, he said, "This makes it impossible for the Fed to lower interest rates."

The Fed in Washington is also moving to get the Chiles resolution "withdrawn," and is working with Senate Banking Committee chief of staff Danny Wall, an asset of the Heritage Foundation, to convince conservative senators on the Banking and Finance Committee that the Chiles resolution should be overturned because it calls for *directed* credit to productive activities.

## Briefly

● **THE BAILLY** nuclear plant in Indiana, whose construction has been stalled by regulatory obstructions, was the site of a rally of 300 labor and business supporters July 25. Spokesman John Britis, an engineer with the Illinois Council for Energy Independence Radiation Protection Unit, strongly denounced nuclear opponents as representing "neither the business community nor the public interest."

● **THEODORE HESBURGH'S** current tour of Latin America includes Mexico, Panama, Colombia, Argentina, Brazil and Chile. The Notre Dame president is making "a study of the Latin American Church." According to Notre Dame alumni in Mexico City who met with Father Hesburgh, he is "David Rockefeller's favorite priest."

● **FRANK BARBARO**, who is running a model social-democratic campaign against New York City Mayor Edward Koch, has met with the leadership of the union-busting apparatus involved in last month's confrontation with construction workers, his staff reports. The social-democratic segment of the city's Central Labor Council, led by District 65, is backing Barbaro, who in addition to his union-busting proclivities endorses "gay rights" and lax drug enforcement.

● **PETER FONDA**, brother of actress Jane, who was arrested at the Denver airport July 24 for slashing a humorous poster displayed by representatives of the Fusion Energy Foundation that read, "Support Nuclear Power: Feed Jane Fonda to the Whales," took his campaign to protect his sister to the Los Angeles airport July 29. Fonda tried to have FEF spokesmen there arrested for displaying the identical sign. Police deliberated, then responded that "there are no whales in the vicinity of the Los Angeles airport."