
Election Profile: North Dakota

Rep. Quentin Burdick challenged by Republican associate of Paul Volcker

by Susan Kokinda, Washington Correspondent

This week we add an election analysis of the North Dakota senate race to our previous profiles of Montana and Nevada (see EIR, Sept. 7 and Sept. 14). In these three relatively unpopulated Western states, an old-line FDR-heritage Democrat is being challenged by an opponent whose policies are grounded in the economies of speculation (Montana's Larry Williams), resource looting (Nevada's Rep. James Santini) or austerity (North Dakota's Gene Knorr). These candidates represent a top-level international deployment against the few remaining Senators who try to carry on the pro-growth tradition of the Democratic Party. To complete this picture, EIR will look next at the effort to unseat Mississippi's venerable Democratic Senator, John Stennis.

Like Montana, North Dakota is the site of a Senate race which pits a "prairie populist" incumbent Democrat, Quentin Burdick, against a Republican, Gene Knorr, whose economics are those of the international financial oligarchy which controls Paul Volcker. Unlike the Montana race, however, where incumbent John Melcher is running from a position of strength because of his early and largely solitary attacks on Paul Volcker, Burdick's low (sometimes invisible) profile on most issues, including the Federal Reserve Board, has left him with a tougher race than he should have to run. While Burdick is generally adjudged a good bet for November, his Republican opponent is running an aggressive campaign which has thus far successfully screened out Knorr's career as a high-powered East Coast lawyer and intimate of Paul Volcker and George Shultz behind a campaign image as a native North Dakotan and tiller of the soil.

Two additional factors enter into the North Dakota race. The National Conservative Political Action Committee (NCPAC) is active against the incumbent, mounting \$200,000 of anti-Burdick advertising. As in other states, it is not clear if NCPAC is hurting its target, but the group definitely helps keep the campaign enmired in the astrology which passes for economics and politics today. On the other side of the ledger is the National Democratic Policy Committee (NDPC)-backed candidate Annabelle Bourgeois, whose independent Senate campaign may shed enough light on Knorr's real political pedigree to provide an added margin of safety for Burdick. Bourgeois, a leader of the right-to-life movement in the state,

will also probably draw right-to-life votes away from Knorr.

Burdick is the product of a 70-year-old tradition in North Dakota which stretches back to the 1915 founding of the North Dakota Non-Partisan League (NPL)—a political association established to fight the looting of North Dakota farmers by grain companies, railroads, banks, and commodity traders. A strong political force in North Dakota over the decades, the NPL backed Burdick's father, Usher Burdick (a Republican), and sent him to Congress for 20 years. Switching to the Democratic Party, but drawing on the same base, Burdick has been re-elected easily in each race since 1960.

The "prairie populist" tradition of North Dakota runs through Burdick's record. He has a certain visceral understanding of "American System" economics, as reflected in strong support over the years for funding agricultural progress, water development, and nuclear energy. The NDPC gave him a 100 percent rating on key water votes and a 90 percent rating on key nuclear votes. Burdick says the issues of the 1982 campaign are ensuring growth and development for North Dakota and protecting the farm economy. He supported Senator Melcher's initiative against Paul Volcker (S.J.R.104), but has not taken the kind of out-front role that Melcher has. And therein lies Burdick's major weakness. North Dakotans are not happy with his passivity during a time of economic calamity.

It is expected that nonetheless voters will prefer Burdick's low-keyed, but basically healthy policies to those of the alternative—Gene Knorr, former employee of the Washington consulting firm of tax specialist Charls Walker and, before that, a Treasury official who counted Paul Volcker, John Connally, and George Shultz as his economic confrères. Knorr's previous service to this financial elite has already been substantial. He recalls jetting around the world with fellow treasury official, Paul Volcker, during 1973-74, the last phase of international financial crisis management. At the Walker firm, Knorr helped develop the tax-leasing provisions which were to become part of the 1981 tax bill. Those provisions allow major corporations and holding companies to milk unprofitable heavy industry subsidiaries in favor of speculative and "post-industrial" enterprises. North Dakota is already on the receiving end of those kinds of tax maneuvers, as the Burlington Northern holding company, whose

rail lines are vital to the North Dakota economy, is maneuvering (under the direction of executives recently brought in from Robert O. Anderson's Atlantic Richfield) to diversify out of rail.

Knorr was dispatched back into North Dakota earlier this year to buy the Republican nomination out from under a stunned State Senator who had been patiently expecting the nod. Knorr outspent him \$40,000 to \$8,000, with initial seed money coming from, among others, George Shultz and Charls Walker. He is trying to wrap himself in his North Dakota roots and is taking all of the obligatory positions—against high interest rates, for the Garrison Diversion Water Project, against the abandonment of Burlington Northern Rail lines, and so on.

Below we find that Knorr doesn't blame Volcker or the Fed for the current collapse, but rather the "budget-busting" Congress. Knorr's campaign advocacy of water projects and farm-support programs has a hollow ring when contrasted to his passionate defense of fiscal austerity. With North Dakotans' wariness about commodity speculators, banks and railroads, one has to marvel at the audacity of the international Malthusians in throwing Gene Knorr, who has spent a lifetime in service to the banks, the big railroads, and the speculators, up against Burdick.

Gene Knorr talks about the Fed and Treasury

From an interview with Gene Knorr, GOP candidate for Senate in North Dakota, conducted by Freyda Greenberg on Sept. 9:

EIR: You say you oppose high interest rates. Do you see it necessary to curb spending, or do you see a need for measures to curb the Fed?

Knorr: I don't know all the proposals that will be coming up in the Congress to curb the Fed. To me, in part, what the Fed has accomplished is they in fact have done what they're supposed to do to monetary policy in pulling that rate of inflation far down. . . . My reaction is that there is a prime responsibility on the part of the Congress to go ahead and get its fiscal house in order. . . . I think that's got to be A-number one top priority. I think the Fed has probably made a few mistakes, but I don't think they have the degree of control that some people believe that they have. . . .

EIR: Did you support the '81 tax bill?

Knorr: I sure did. I helped design part of it. . . .

EIR: We are concerned about de-industrialization of the U.S. economy. Take U.S. Steel: over especially the last ten years you see them increasingly getting out of steel. I wonder

to what extent you can recommend legislation to deal with this phenomenon.

Knorr: Well, I'm not sure where your question is leading. If you're saying that so much industrial capacity is leaving the basic sectors of the economy, and that government intervention is required, I don't think we're even close to that.

EIR: I noticed in your December 1981 contribution list, there is a George Shultz from Stanford, California who gave \$200—is that the Secretary of State?

Knorr: That's the same one. I worked for him when he was Treasury Secretary and as a matter of fact another former Secretary, John Connally, is coming into the state to do some fundraising for me tonight and tomorrow. I worked for both Connally and Shultz, and I have very high regard for them.

EIR: What was your capacity at Treasury?

Knorr: I was Deputy Special Assistant for Congressional Relations. I was the guy who got a message one Sunday night that said, "Your job tomorrow morning is to get John Connally confirmed. You meet him at 7:00 tomorrow morning and go over the details, so he's confirmed as the new Secretary." I also had the responsibility to take part in the revenue-sharing, and I worked on all of those new changes that took place in 1971. I handled U.S. contributions to the World Bank, Asia Bank, and Inter-American Development Bank. I handled a lot of banking legislation, and then of course all the tax bills from '69 to '74 I also worked on. I also did all the Secret Service legislation.

EIR: Where did you get your economics background?

Knorr: Well . . . you're talking to a real-life kid from a one-room country school. . . .

I got almost a minor in Economics, and a history major, at St. Olaf's in Northfield, Minnesota. Then I went to Northwestern University Law School and didn't really study economics there. . . . Here at Minot State I literally had a minor in that, economics and accounting. Then I started to get into it heavily on the Hill and particularly heavily at Treasury. . . .

I've gotten strong direction from people like Connally and Shultz; they guided my thinking, obviously. I suspect Connally and Shultz and [Reagan tax adviser] Charlie Walker had a great deal to do in terms of the practical political side of economics and tax planning....

EIR: Were you involved in some of the important decisions that were made in the 1973-74 period as far as international monetary policy?

Knorr: Yes, yes, I worked with Paul Volcker, he was Undersecretary at that time, I worked with Paul all through that stuff.

EIR: Did you attend any of the [summit] meetings, the Azores, Rambouillet?

Knorr: We attended some of the meetings around the world.