

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.