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## Democratic Party

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# A new program for defending Volcker

by Graham Lowry, U.S. Editor

With the rise of U.S. interest rates to 16.5 percent to open the month of February, Federal Reserve Chairman Paul Volcker's protection squad in the Democratic Party is gearing up another political hoax billed as "a winning strategy"—to ensure the continued implementation of Volcker's ruinous policy.

The liberal Democrats who protect Volcker are grouped around banker Charles Manatt, the chairman of the Democratic National Committee. Jan. 29-30, this Volcker protection racket team met at the Wye Plantation in Maryland. They adopted a package, which was then unveiled Jan. 31 in a speech in Chicago by the Volckerites' chosen standard-bearer, all-but-declared presidential candidate Walter Mondale.

The same day, two of Volcker's leading moles in the Reagan administration, Treasury Secretary Donald Regan and Budget Director David Stockman, went on national television to endorse the Fed's policy.

The campaign gimmickry put together by Volcker's allies at the Wye Plantation meeting leads off with a proposal to make the 1982 tax cut, scheduled for July 1, effective on March 15 or even retroactive to Jan. 1. For this election year, the Democrats could thus claim to be extending further relief to an economically hard-pressed population, while presenting it as a "stimulus" to recovery. At the same time, as Sen. Alan Cranston's office acknowledged, "we'll let the deficit balloon this year," thereby perpetuating the very condition that Volcker uses to justify setting interest rates even higher.

In 1983 the Democrats will turn around and *eliminate* the tax cut, put through additional budget cuts including major reductions in defense spending, and bring the deficit under control—precisely the measures which Volcker has been demanding.

The full dimensions of this hoax, beyond the obvious aspect that it gives Volcker full license to maintain high interest rates *at least* until 1983, become more apparent through observing the cast of characters responsible for cooking it up. Besides Mondale and Manatt, the Wye Plantation meeting included Felix Rohatyn, the former director of New York City's "Big MAC" super-austerity regime.

Other participants were Charles Schultze of the Brookings Institution, who as Carter's Council of Economic Advisers Chairman helped to design and impose the Volcker policy from the outset; Irving Shapiro, the former head of DuPont and a leading figure on the Business Roundtable, which has endorsed Volcker on the public record; and economists James Tobin and Robert Solow of the National Policy Exchange, a liberal Democratic think tank set up to push austerity enforcement, through an incomes policy and wage-price controls.

The National Policy Exchange, a playground for such Socialist International pets as Walter Mondale, Ted Kennedy, and AFL-CIO President Lane Kirkland, is substantially funded by the Communications Workers of America, whose boss Glen Watts is a member of the genocidal Club of Rome. NPE economist and Nobel Prize winner James Tobin is an extreme advocate of wage-price controls, the elimination of the Davis-Bacon Act's protections for union wage scales, and of scrapping "costly" medical technology.

## But voters hate Volcker

While the scheme hatched at the Wye Plantation sustains Manatt's and Mondale's reputations for political fraud, it also reflects an unresolved difficulty confronting Volcker's protectors in the Democratic Party. Neither Volcker's policy nor the related austerity measures backed by the Mondale crew will generate support among voters.

That perception, given added weight by the upcoming congressional elections, was sharpened by readings of constituency sentiment taken during the last recess. Ohio Rep. Ron Mottl, a conservative Democrat, found such intense opposition to Volcker in a poll of his district that he submitted a resolution calling for the Fed Chairman to resign. Sources close to Volcker's leading Democratic opponents in the Senate also reported that they would resume their efforts to put through legislation aimed at forcing a reduction in interest rates.

The Democratic Senators' interest rate task force, set up late last year by Senate Minority Leader Robert Byrd is reportedly about to surface again, most likely with some version of the hoax put together at the Wye Plantation. Senator Byrd, along with task force members Ted Kennedy and Bill Bradley, initially attempted to channel opposition to Volcker's policy into demands for credit controls, with sufficient restrictions on credit to accomplish Volcker's objectives even at lower interest rates. But that game, even though supported by Lane Kirkland's crowd in the AFL-CIO, has also collapsed, and even Senator Bradley's office acknowledges that proposed legislation to institute credit controls "simply won't fly."