

Bumpers (Ark.), Exon (Neb.), Melcher (Mont.), Boren (Okla.), Huddleston (Ky.), Ford (Ky.), Baucus (Mont.), Levin (Mich.), and Metzenbaum (Ohio).

"In summary this resolution would:

"Direct the Federal Reserve Board to take appropriate actions to hold down the prime rate and to reduce interest rates as soon as possible;

"Direct the Federal Reserve Board to abandon its present approach of managing the money supply by means of meeting general monetary aggregate targets as announced in October 1979, and to restore traditional financial constraints such as federal interest-rate targets, and stronger reserve and margin requirements on borrowing;

"Direct the Congress to have the Federal Reserve Board through its Board of Governors rather than the Open Market Committee, set national monetary policy;

"Further direct the Congress to broaden the membership of the Federal Reserve Board of Governors in order to include representation of a wider spectrum of the economic community and;

"Finally, to direct the Senate, through its established committees to undertake a thorough investigation of the steps that are required to provide a more stable and growth-oriented monetary system that ensures adequate credit supply to hard-pressed economic sectors while reducing the speculative and intrinsically inflationary pressures which now characterize the financial sector."

AFL-CIO's Lane Kirkland strikes a new posture

AFL-CIO President Lane Kirkland surprised some people Dec. 10 when he suddenly decided to scrap a tough cold-war speech on the Polish crisis. Instead Kirkland told a Jewish Labor Committee audience in New York City that the Federal Reserve's high interest-rate policy "has destroyed more homes over the past than were destroyed in the firebombing raids over Tokyo during World War II."

Earlier that day, Kirkland had delivered a similar uncharacteristic attack on the Federal Reserve in testimony before the Joint Economic Committee of Congress: "I cannot think of a single thing more destructive than raising interest rates. It is cheap capital and cheap energy that have made this country great. . . . Reindustrialization cannot be consistent with tight money."

The AFL-CIO president's remarks mimic the policy declarations made by Lyndon H. LaRouche, Jr., the former Democratic presidential candidate and current chairman of the advisory board of the National Democratic Policy Committee. The decision to have Kirkland ape LaRouche, sources report, was made at the Dec. 5-7 meeting of "Eurosociologists" in Washington, D.C. The leaders of the Social Democracy and their American operatives like Lane Kirkland, who was not himself present at the event, concluded that they must make some attempt to coopt the mass uprising against Federal Reserve Chairman Paul Volcker's policies set in motion by LaRouche and his

allies among members of both parties.

In addition, avid support for labor-intensive projects such as the synthetic fuels boondoggle were prominent in both Kirkland speeches.

AFL-CIO sources say privately that Kirkland has himself been meeting with Volcker to plan a post-collapse economic policy. Both Kirkland and Volcker are reportedly in agreement that rigid credit control should be slapped on the economy, that the Federal Reserve should hike its discount rate to further choke off lending and that an equality-of-sacrifice "incomes policy" be used to control wages and prices.

"Lane does not think that Volcker is the problem," said one source. "The real problem is that there is no consensus for credit controls. This will take time to build."

The AFL-CIO leadership will therefore make a great deal of noise about interest rates—as Kirkland did this week. But an AFL-CIO spokesman close to Kirkland said that "the federation will not act on anything concrete until the situation gets much worse."

"By late spring," he commented, "there will be ten million unemployed. At that point the crisis will hit everybody in the face, and we will get our controls."

Kirkland and his social-democratic friends plan to blame the collapse not on Volcker, but on Ronald Reagan. "If Reagan doesn't go along with our program," said a Kirkland aide, "he will get hit from all sides. We will box him in."

The AFL-CIO president reportedly feels "at ease" with the Federal Reserve chairman. They know each other from their common membership on such bodies as the Trilateral Commission and the New York Council on Foreign Relations. In his speeches attacking the Federal Reserve, Lane Kirkland never mentioned Paul Volcker's name.