

A summer offensive against Paul Volcker

by Anita Gallagher

The most intense activity to date is emerging in Congress to bring down the interest rates that Paul Volcker's Federal Reserve has deliberately driven to 20 percent levels. This was indicated by Sen. David Boren (D-Okla.), who rose on the Senate floor June 16 to denounce the effect of the Volcker measures on savings and loan institutions, on farmers, and on small businesses—concluding: "I would also serve notice that until the administration acts and until the Congress acts, I intend to come to the floor each day that we are meeting to call the attention of the members of this body to the dire threat posed to our economy by the short-term high interest rates and our inaction in doing anything to meet this crisis."

At the same time, Sen. John Melcher (D-Mont.) has organized a series of public policy forums to be chaired by himself, Senator Boren, Sen. David Pryor (D-Ark.), Sen. Edward Zorinsky (D-Nev.), and Sen. James Sasser (D-Tenn.), who last month introduced a resolution to bring down interest rates. The Melcher hearings are intended to provide evidence in support of future anti-Volcker actions by legislators. A June 25 hearing to examine the affects of the Volcker measures on the farm sector will hear testimony from the Farm Bureau, the National Farm Organization, the National Farmers Union, the American Agriculture Movement, the Milk Producers Association, and others.

"We think the hearings are big news," a spokesman for Senator Melcher said June 16. "The Senator is determined that the interest-rate situation is not going to continue without a great deal of attention from his office."

Meanwhile, on June 22, the National Coalition to Reduce Interest Rates, headed by Stan Hoynitski, the leader of the Pennsylvania auto-dealers association, will hold a press conference in support of such action, with leaders of farm organizations, trade unions, businessmen and others. The executive board of the United Steel workers of America will be represented. At a demonstra-

tion and lobbying drive on Washington in March, the coalition brought over 1,000 people to demand Volcker's ouster from office.

The spokesman for Melcher's office was asked if he thought Republicans might join Senate Democrats on the issue. "There is a great potential for a lot of defections from the Republican side," he reported. The interest-rate resolution introduced by Senator Sasser in May was defeated by a vote almost strictly along party lines—most Republicans who opposed interest rates were at the time afraid that a vote for the resolution would be interpreted as an attack on President Reagan. Senator Melcher's intention now "is to form an Interest Rate Caucus in the Senate and extend it into the House," according to the spokesman. He and Senators Boren, Bentsen (D-Tex.), and Jackson (D-Wash.) met on this subject June 16. "It will be a group that will meet regularly and go after high interest rates."

It is expected that Senator Boren will ask for approximately four hours of time on the Senate floor, perhaps on June 23, to discuss the interest-rate question. On the same day, Boren will submit a resolution to the Democratic Caucus because "some immediate action needs to be taken on interest rates."

'Emergency cure'

In his speech to the Senate June 16, Senator Boren declared: "I am talking about the danger facing the thrift institutions in this country caused by the short-term increase in interest rates—high interest rates which have brought homebuilding and other key segments of our economy to a screeching halt; high interest rates that threaten the basic health of the agricultural community in this country, causing many small farmers and particularly younger farmers, to be faced with a situation that is desperate indeed, some of them facing bankruptcy, some of them facing an inability to make payments on land that they are trying to purchase.

"I think we would have to be blind not to see the potential danger to the entire economy were we to have massive bankruptcies in agriculture and the forced sale of large amounts of land which are held as assets by many financial institutions across the country. . . .

"I have no doubt that the long-range cure being proposed by the administration may be basically sound . . . but what are we going to do with the patient in the short run? We might have the right answer to a long-range cure but the patient may die in the emergency room in the meantime if we do not do something. . . .

"If we allow massive unemployment and a total shut-down of the homebuilding industry and related industries in this country, we could so shake the confidence of our people in the ability to restore health to our total economy that we could not recover in the long run from the short-range disaster."