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## Election Closeup: Montana

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# Volcker opponent Melcher faces 'supply-side' advocate in Senate race

by Susan Kokinda, Washington Correspondent

The 1982 Montana Senate race features one of the very few Democratic Senators—John Melcher—who has bucked the Paul Volcker fan club in the Democratic Party hierarchy to make the fight against the Federal Reserve Board's usurious policies the keystone of his legislative program for the past two years. His Republican opponent is investment counselor and commodities trader Larry Williams, whose 1982 book, *How to Profit from the Coming Good Years*, predicts the success of Reaganomics. In now-standard Jack Kemp supply-side fashion, Williams currently also attacks Volcker and high interest rates (a departure from his previous position), but his economics, as elaborated in the book, are pure Adam Smith voodoo. If the race stays focused on the issue of the kind of baseline economic competency which Melcher has manifested, versus the astrology advocated by Williams, Melcher should win the November election handily.

### Issues clouded

But the campaign has been complicated, and potentially sidetracked, by the activities of the National Conservative Political Action Committee (NCPAC) in Montana. Before Williams even entered the race, NCPAC had poured \$200,000-worth of anti-Melcher advertising into the 700,000-person state. One ad portrayed Melcher as pro-abortion when, in fact, he has a 100 percent Right-to-Life rating. Television and radio stations refused to run another ad which charged that Melcher voted against the Reagan program in 1981, which he had supported. Nonetheless, with a quarter-of-a-million dollars of anti-Melcher advertising blanketing the state, Williams announced that he would accept no out-of-state campaign contributions, and has attacked Melcher for receiving big money from out-of-state organizations and Political Action Committees (PACs). Despite the fact that Williams has urged NCPAC to quit the state, Melcher sees Williams and NCPAC as one anti-Melcher effort and argues that he must accept out-of-state contributions to combat it. This threatens to become the main issue of the Montana campaign. It also serves to highlight the role NCPAC plays nationally—seldom actually injuring its Democratic targets, but diverting campaigns into the pit of "perception" and media politics.

It has been this author's observation, after six years in Washington, D.C., that very few elected officials survive the

thuggery, blackmail, or enticements of the Pamela Harrimans or Henry Kissingers of this city with even the tiniest portion of their souls intact. Sen. John Melcher was not the only Democrat to see that Paul Volcker was killing the economy, or that Sen. Harrison Williams was being railroaded in the Abscam frame-up, or that the AWACs sales to Saudi Arabia were in the national interest. But he was the only one to stand up to the threat of skulduggery of the Democratic Party leadership on all three issues and act on the basis of his conscience.

### Economics and morality

It is that quality which defines Melcher's "prairie populist" economics. Very early in 1981, when Senate Minority Leader Robert Byrd and Democratic National Committee Chairman Charles Manatt were busily protecting Paul Volcker and then blaming Volcker's recession on Reaganomics, Melcher took the Federal Reserve Board head-on with SJ Resolution 104, which mandated the President to sit down with Paul Volcker and lower interest rates. Melcher's gut-level understanding of the impact of high interest rates on the productive base of the economy is reflected in a generally healthy attitude to economics generally. On farm policy, Melcher introduced the closest approximation to a parity farm bill to emerge from the 1981 session of Congress. On infrastructure development, he has an historically solid record, especially on water development. He has consistently opposed trucking and banking deregulation. Coming from a coal-producing state, Melcher has fallen into the coal-versus-nuclear trap, and his record on pro-nuclear issues is less than 50 percent (in the National Democratic Policy Committee rating). He voted for the Clinch River Breeder Reactor in its most recent Senate floor test, however.

On foreign policy, Melcher's instincts (and the influence of his political mentor, former Sen. Mike Mansfield), led him to support such follies as U.S. troop and defense reductions in Europe and Japan. But at least Melcher is probably voting what he, and not Pamela Harriman, believes.

### Astrology and hedonism

Challenger Larry Williams's campaign literature carves out standard "supply-side" territory—attacking the Federal

Reserve Board, advocating tax cuts, a balanced-budget amendment and a gold-standard for the dollar, and advocating a general "pro-growth" stance. But, thus far, because of Melcher's early campaign against the Fed and his 1981 votes for Reagan's economic program, the only issue on which Williams has made any headway is the "out-of-state" campaign contribution issue.

It is generally perceived that Williams is playing "me-too" on economic policy. But William's book *How to Profit from the Coming Good Years*, shows his own orientation. It is a study in the hedonistic calculus of Jeremy Bentham which asserts that free enterprise is the pain (having to work) or pleasure (so to have money) principle operating in the market place. Williams calls it "greed and fear" and grounds his "economics" on the same Physiocratic notion as did Adam Smith and their followers: that wealth comes only from land (mining and farming). This denies the Constitution's premise that the productive powers of man can create new kinds of wealth through a comprehension of and intervention into a lawful universe. Williams even boasts on page 62 that he was "the first one to announce that it appeared that there was some type of relationship between new moons and full moons and the price of silver."

*How To* is a manual for making a fortune in those areas the financial oligarchy happens to be favoring at a particular moment. Real-estate and commodity speculation, Resorts International, video games, the "entertainment" industry, health and food cults, are topics of Williams investment strategy.

It is thus safe to predict that, even with good intentions, Williams would be a moral basket case and a tool of the financial oligarchy within weeks of hitting Washington, D.C.

## Larry Williams leans toward a trade blackmail policy

*From an Aug. 26 interview with Larry Williams:*

**EIR:** Where did you learn your economics?

**Williams:** You're going to hate me for this answer but really the school of hard knocks. I have a degree in journalism and of course have done a lot of studying and reading and as an investment advisor you really get keyed into a lot of people who are involved in different levels of the economy. Like everyone, I at one point many years ago assumed the Federal Reserve was part of the government. Of course, we now know that it isn't. They have too much power vested in one person.

**EIR:** . . . You said in your book that you did not think an "apocalyptic collapse" is imminent.

**Williams:** Suddenly since the publication of that book the

U.S. dollar has become a strong dollar, gold has become weak, interest rates have come down, which was forecast. We forecast higher stock prices; suddenly we have the largest gain in the history of the New York Stock Exchange. Those predictions by and large are coming true. . . . My economic work suggests that we have probably turned the corner. . . .

**EIR:** In your book, you mention a variety of investments that would be high-yielding but are not necessarily industrial investments. How do you see ensuring that there would be adequate investment in the kinds of industry that are necessary?

**Williams:** It is not the function of government to ensure investment. It's the function of the free-enterprise system to be so attractive that people say, "Hey, there's growth there," so they willingly invest those dollars.

**EIR:** What do we do then without the steel industry?

**Williams:** If there's an economic need for the steel industry, it'll stay around; if there isn't it won't.

**EIR:** What about an industry that's just starting that requires a lot of investment before it begins to really yield much in return?

**Williams:** Everybody's got to stand on their own two legs. If it's a good deal, people will come to it, if it's not they'll stay away from it.

**EIR:** What is your recommendation for investment in other countries?

**Williams:** I don't recommend that. There is plenty of opportunity in this country for investors, and I would much rather see that people I advise keep their dollars here. . . .

**EIR:** Do you believe this type of free-market situation or the environment for entrepreneurship would provide the necessary living standards and employment?

**Williams:** Not totally on its own, no. My comments are on natural resources, and the parity approach to agriculture. High tech does not create new wealth, it shuffles it around. The creation comes from the ground, from the seas, from agriculture, and we have to have the creation of new wealth from those natural resources. The high tech enables us to speed up those processes, and to enjoy leisure time, and so some other things more fully. But the creation of wealth has got to come from a parity approach to natural resources. Especially when we have other countries who are dumping things here and not letting us sell our things there. . . . I believe in free trade, but if people are not trading with us on a free basis, then I have to go to fair trade. . . . We have to fight fire with fire; we're going to become Yankee traders again, get tough in our international trading policies.

**EIR:** What would become of our mining, our farming?

**Williams:** They need our products. I think we would be able to make some negotiations.