

# Gonzalez bills would curb the Fed

*The Texas Democrat has submitted legislation, reports Katherine Notley, that modifies the 1913 powers of the institution itself.*

Texas Democrat Henry Gonzales introduced two pieces of legislation, H.R. 1520 and H.R. 1530, on July 31 that call for the impeachment of Federal Reserve Chairman Paul Volcker by congressional resolution and would, "in effect, repeal the 1913 Federal Reserve Act," which the congressman declared "has been overdue for many years." "As a sequel to that first [impeachment] bill," Gonzales elaborated, "I have introduced another which, in effect, partially removes jurisdiction by virtue of the Federal Reserve Act from the Federal Reserve to the Department of the Treasury." His statement on the floor of the House of Representatives, and the subsequent exchange with his fellow Banking Committee member and fellow Texan, Jim Mattox, demonstrate that House



Rep. Gonzales

Democrats are beginning to catch up with Democratic traditionalists in the Senate who kicked off the anti-Volcker moves before the congressional recess.

The significance of Gonzalez's legislation is above all the determination to return the powers of the so-called independent Federal Reserve to the control of constitutionally elected government, and would remove not only the current abusive Fed chairman, but would also curb the powers of the runaway institution itself.

In his introduction on the House floor, Gonzalez emphasized his intentions: "Now, I know that when one speaks of impeachment, it seems as if it is farcical or an act that does not have any serious intention, and I wish to dispel that because I would not have made a frivolous introduction of any bill or measure. . . .

"I am in dead earnest. It is my hope, and I am approaching the Judiciary Committee and the proper subcommittee in due course of time to consider the resolution . . . and will give . . . what I consider to be serious and substantial reasons.

"The two bills introduced today are certainly in dead earnest. They reflect the fruit of investigative research



Rep. Jim Mattox

and reading of the past 16 years, since 1965; but more particularly since June 1969, because I believe that history will show that that was a turning point. . . ."

Gonzalez continued: "What is involved here is the matter of economic freedom. . . . I have spoken out . . . since 1969—and I know that what I have had to say . . . has been overlooked. But it really is part of an integral hope . . . that I find inescapable as a member of the Banking Committee, because since I first came to the Congress 20 years ago, and also from my preceding studies, I have always been interested in this field and for that reason welcomed my assignment in 1961 and 1962 to . . . the Banking Committee."

Gonzalez, the first Mexican-American to be elected to Congress, currently ranks number three on the House Banking Committee. In 1977 he chaired the House Special Committee on Assassinations, established to investigate the John F. Kennedy and Martin Luther King murders. Despite the fact that he was the main force behind the inquiry, he was forced to resign from the committee because of his effort to investigate a conspiracy. Following the March 30 attempt on President Reagan, Gonzalez warned that Secretary of State Alexander Haig was involved in a power grab against the administration.

Jim Mattox, a fellow Texas Democrat on the House Banking Committee, signed onto the legislation and helped Gonzalez motivate the two bills. Where Gonzalez had emphasized that Congress must re-assert its mandate to protect what he called "economic freedom" from the Fed's arrogant defense of its "independence"—which was contrary to "political freedom," without which "life in itself and our form of Government, of course, would be impossible"—Representative Mattox detailed the damage the Fed has done: "I think that everybody on our side of the aisle ought to join with [Gonzalez]. . . . It is obvious to me that if Mr. Volcker and the folks down at the Federal Reserve do not understand the nature of what they are doing—that is, if they have not entered into their activities with a malicious intent—it is obvious that they are a danger to themselves and the

communities in this country by the policies they are setting up."

Mattox continued: "Mr. Speaker . . . I feel . . . embarrassment when we have the Federal Reserve come before our committee and see them engage in just a callous disregard for the industries of America, particularly when we see the automobile industry just on its knees and going into bankruptcy and when we see all the big homebuilders, unable to even operate at anywhere near a profitable level based on the monetary policy that is being followed.

"I think we are going to continue to have this kind of problem until this Congress draws unto itself the power that was granted to use by the Constitution, the power over the money system and the money supply. . . . Until we get the power and draw it unto our own bosom, we are not going to be able to solve this problem.

"When we have the Federal Reserve floating around and we have a man like Mr. Volcker there just exercising that arrogance, things are going to be bad not only for our country but it is obvious things are going to be bad for our party also. [Representative Gonzalez] and I know that. It is time that we took this power unto ourselves and got the people to work with it.

"It is unfortunate that Mr. Volcker and the present administration have the exact same philosophy of trying to solve this inflation problem with high interest rates. They do not seem to understand that high interest rates feed inflation. . . . They are forcing inflation higher and causing more and more problems."

Gonzalez took up the theme of the political ramifications of the Fed's high interest rates. "Let me say that . . . unless and until the Congress does something about it, nothing is going to be done about high interest rates. High interest rates are just one of the concomitants deliberately and premeditatively brought about by the usurious [policies which] drain the lifeblood of our businessmen, the real business element of our country . . . not the mastodons who are struggling over the huge resources of banking credit that seem to be available in order to knock off another giant such as Conoco, and not the speculation which has played into the hands of the speculators in Zürich, Switzerland, in London . . . they have lost literally the economic shirts of the American people and the average small businessman."

Referring to this distinction between productive and nonproductive, purely speculative uses of capital, Gonzalez concluded: ". . . the choice is between abdicating the only vested national and international leadership that we have in the world toward a new and unselfish world order, economic, and not reviving—and this is what we are doing—an old-world economic system which has been tried over and over and failed, and through which I believe the American people will be doomed to economic slavery."

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## Interview

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# DOD's DeLauer talks about technologies

*Dr. Richard DeLauer is the undersecretary of defense for research and engineering. For more than 20 years before assuming his current position, DeLauer was with TRW, one of the nation's foremost high-technology corporations, where he directed fusion energy, laser isotope separation, and other programs. The interview with EIR's Stanley Ezrol was conducted on Aug. 10, the first business day after the Defense Department's controversial announcement on neutron bombs.*

**Ezrol:** What major military technologies is the United States interested in developing, and what priority do we place on each?

**DeLauer:** As you know, very high speed integrated circuit technology is being pursued vigorously, and its initial capabilities are better signal processing, which is the whole story of antisubmarine warfare, for example.

**Ezrol:** What percentage of our R&D budget is in that area?

**DeLauer:** It's a small percentage, around a quarter of a billion dollars. But on the other hand, there's an awful lot of research being done in the private sector. They're investing more than the Department of Defense is.

**Ezrol:** What sort of priority do we place on the development of space-based ABM systems?

**DeLauer:** We're getting a pretty good start on the phenomena-oriented research: We have a pretty good program, as best as can be carried out with the kind of people involved, what it takes to do it, and the resources—not the dollar resources, but the intellectual resources. I think the program is structured pretty well. We're not pushing toward the device end yet, because it's not clear that we know all of the answers on (1) how to do it and (2) what are the countermeasures.

**Ezrol:** In your view, what are the requirements for a system of that sort in terms of industrial capabilities,