he put on his television ad with LaRouche in three cities, he still was financially unable to cover the entire district, and the DFL in the cities was heavily mobilized against him. But, as in Baltimore, where the remnants of the old-line Democratic Party machine were wiped out in the Sept. 14 primary, Minnesota's DFL was already in a state of disarray. Mondale's second in the state, state Attorney General Warren Spannaus, was defeated by former governor, non-machine-endorsed conservative Democrat Rudy Perpich in the gubernatorial primary.

O'Reilly was hit especially hard by the DFL on the ground of "working with outsiders," a reference to NDPC and LaRouche support. Instead of retreating to local politics, however, O'Reilly responded by calling on Minnesotans to take up LaRouche's economic proposals on an international scale as the only solution to their local difficulties. Over 40 percent of the farms in the area are under threat of foreclosure, and recently the area has once again begun to see 1930s-style penny sales, where farmers band together, shotgun in hand, to prevent repossessed farms from being sold off to other owners. O'Reilly found receptive ears for his proposals that the farmers stop being obsessed with local debt-relief, and support the measures of López Portillo, which provide a model for dealing with the Federal Reserve and an opportunity for farm export markets that are now collapsing for lack of trade credit.

The O'Reilly campaign apparatus was composed of three constituencies—members of the National Farmers Organization; the Minnesota Citizens Concerned for Life; and local representatives of the DFL who were disaffected with the state apparatus. It is a machine that no one expects to go away.

Incumbents fail to challenge Volcker

by Graham Lowry, U.S. Editor

Private surveys circulating in Congress show that America's collapsing economy is the leading issue on voters' minds, with ruinous high interest rates at the top of the list of economic woes. But both the Democratic and Republican leaderships, even with the day of reckoning at the polls approaching, remain firmly committed to protecting the number one enforcer of America's Second Depression—Federal Reserve Chairman Paul Volcker.

Democratic leaders of the stripe of Senate Minority Leader Robert Byrd and House Speaker Tip O'Neill are proceeding with the final phase of a strategy to Hooverize President Reagan, according to a scenario put together at the December 1980 conference of the Socialist International in Washington. Key to that strategy on the part of corrupt Democratic leaders is to ensure that nothing be done to prevent a major U.S. economic collapse, and then blame the ruin resulting from Volcker's usury on President Reagan.

Reagan's continuing embrace of Volcker's Friedmanite lunacies has produced exactly the effect the Socialist International sought. That result was demonstrated Sept. 9 and 10 when out of sheer concern for their electoral hides, Republican Congressmen deserted the President in droves to overturn his veto of the supplemental appropriations bill in both the House and Senate. Driven by the spectre of a crushing defeat for the President and his adherents in November, 81 Republican Representatives and 21 Senators voted to override the veto rather than support further cuts in politically sensitive social programs. Only two Republican Senators up for election in November voted to sustain the veto.

Democrats scrap phony anti-Volcker fight

The Democratic leadership on the Hill, especially Senator Byrd, has repeatedly maneuvered to contain constituency demands for getting rid of Volcker and his policies, and the week of Sept. 13 acted at Volcker's bidding to scuttle even a contrived "anti-Volcker" posture built around a bill introduced by Byrd in the Senate and a parallel measure in the House. Cooked up as a legislative hoax to deflect voter demands for the Fed chairman's head, the bill would simply have required the Fed to announce targets for interest rates consistent with "sustained economic growth." It had no provisions for congressional mandating of cheap credit for productive purposes, nor any power to force the Fed even to hit its own targets.

To lend credence to the bill, which even its promoters said privately could not pass the Senate, the *Wall Street Journal* and *New York Times* gave it simultaneous and prominent coverage Sept. 10, portraying the legislation as "a serious threat" to the Fed's "independence" and its fiscal austerity policy. Staunch Volcker defender Rep. Henry Reuss (D-Wisc.), a sponsor of the House version of the bill, then sent a letter to the White House asking for the President's support, and waved the predictable letter of rejection around as proof of Reagan's responsibility for high interest rates.

Even this limp gambit by the Democratic leadership to appear as opponents of Volcker's depression has been shelved as too risky, especially given the danger that an increasingly angry electorate might force any such public posture of opposition into an actual policy fight. As a source close to Byrd put it Sept. 15, reporting the decision to abandon the bill, "We don't want any hotheads undermining Paul Volcker when we need him."

Retailing a widely disseminated line originating at the Swiss-based Bank for International Settlements, the Senate staffer declared that nothing must be done to "destabilize the Fed" because "we want the Fed to discipline the banking system in this country."