

## Eye on Washington by Richard Cohen



### 'Is progress our most important product?'

One of British Prime Minister Maggie Thatcher's most trusted troubleshooters, personal secretary Michael Ryder, slipped into Washington, D.C. last week to accept an honorary fellowship in public policy at the Heritage Foundation. Ryder follows in the footsteps of Kemp-Stockman mentor, "supply-slide" economist Lewis Lehrman, who recently joined the board of trustees of the same foundation.

What Ryder, Lehrman, and Heritage have in common is an abiding attraction for budget-cutting supercabinet member David Stockman.

Stockman's black book is now known to contain on-budget and off-budget reductions which might even cause Ryder's boss, Mrs. Thatcher, to cringe. Mrs. Thatcher, whose budget-cutting/high interest-rate policy has led to unprecedented increases in unemployment and inflation, and similarly remarkable decreases in productivity, hesitated to go after certain areas of government expenditure which OMB's Stockman currently includes on his target list.

Stockman's cuts would drasti-

cally curtail, and in some cases eliminate, such "Hamiltonian" programs as NASA, the National Science Foundation research program, the fusion energy program, and the Export-Import Bank. Off-budget cuts in federally sponsored concessionary loans for agricultural and industrial infrastructure could force President Reagan to eat the words of one of his earliest sponsors, "progress is our most important product."

Certain well-placed Capitol Hill sources are already scratching their heads, reporting that the science-oriented and infrastructural cuts don't make sense from a simple budget-cutting perspective.

A Senate Democratic budget-watcher has predicted an all-out fight on the proposed NASA cuts, citing figures that show that for every dollar NASA spends, there is a \$14 spinoff benefit to the real economy. One House Democratic source reported that Stockman's proposed cuts in concessionary loans to the Tennessee Valley Authority would cost the TVA \$200 million a year.

In addition, high-level Republican Senate sources have indicated they will sponsor a move to overturn proposed cuts in the Export-Import Bank, citing a significant loss in productive jobs if the cuts go through. In fact, several sources have expressed total befuddlement, wondering how President Reagan could sanction cuts that would have bankrupted most of his influential political supporters if they had been enacted earlier.

White House sources have reported for the last several weeks that the concern of Reagan and his White House intimates has never been the necessity for sizable budget cuts, but only how to sell them to

Congress and the general population, prompting even the often silly White House press corps, which is not known for its focus on substance, to grumble about "government by photo-opportunity."

Where to cut was left up to Stockman, and his cuts were only countermanded by Reagan's political counselors if they were judged to be politically costly. White House sources have also reported that Stockman's intention to cut science R&D and basic infrastructural development was given maneuvering room when Reagan's political intimates came up with the Carteresque public relations gimmick of selling the cuts by making them "across the board." This prompted the President to remark privately to Phyllis Schlafly, "With regard to this program . . . if misery loves company, then everybody better love everybody else, because we didn't overlook anyone." Then, at last week's final cabinet-meeting extravaganza on the budget. Most of the meeting was turned over to David Stockman.

Sources close to the administration continue to report that Reagan and his White House advisers consider Federal Reserve Board Chairman Paul Volcker and his high interest-rate policy a calamity. Democratic sources predict that when the budget cuts dust settles in June, there will be a serious move to dump Volcker and reform the Fed.

White House sources are giving a late April to June target date for forcing Volcker out. However, while Capitol Hillers scratch their heads and wonder if the U.S. economy can survive the current heavy dose of Stockmanism added to several more months of Volckerism, some in Washington wonder if they still have the luxury of wondering.