

Reagan is boxed in on eve of summit meetings

by Richard Cohen, Washington Bureau Chief

Ronald Reagan's administration hangs by a thin thread as it moves toward the decisive month of June. The crisis in the Malvinas Islands has served to blackmail the President into writing off a cornerstone of his original foreign policy, the primacy of hemispheric security, in order to protect an Anglo-American "special relationship" promoted by Alexander Haig, Caspar Weinberger, White House Chief of Staff James Baker III, and Vice-President George Bush. These British agents forced Reagan on May 5 and 6 into two disastrous policy decisions, decisions the President had rejected for over a year.

On May 5, the President was bamboozled by James Baker and Baker's co-conspirator David Stockman, Director of the Office of Management and Budget, into endorsing a "deep-cuts" budget proposal authored late last year by Wall Street investment houses loyal to the Swiss-based Bank for International Settlements (BIS) and laundered through the staff of the Senate Budget Committee. In accepting the plan proposed by Committee Chairman Pete Domenici (R-N.M.), the President yielded to demands consistently promoted by Federal Reserve Board Chairman Paul Volcker, James Baker, and Stockman that he raise taxes, cut his proposed defense budget, and commit political suicide by backing cuts in Social Security.

At a crucial National Security Council meeting on May 6, the President, under pressure from Haig, Weinberger, and Undersecretary of Defense for Policy Fred Iklé, finally agreed to endorse a Kissingerian arms-control approach with profound implications for future U.S.-U.S.S.R. relations and NATO policies. On May 9, speaking to the graduating class at his alma mater,

Eureka College in Illinois, Reagan went public with the results of the May 6 meeting, announcing a call for early Strategic Arms Reduction Talks (START)—a willingness to bargain away large sections of future U.S. strategic modernization programs on the illusory hope that the Soviets will give up what the President has referred to as "the Soviet margin of superiority." Speaking in vintage Kissingerese fed to him by Haig, the President also urged the centralization of NATO's economic and political as well as military relations to the Warsaw Pact and especially the Soviet Union, repeating the dangerous anti-Third World and anti-Soviet pressure tactics called for by Haig in a speech the Secretary of State delivered on April 28.

The BIS and the British considered presidential capitulation on the budget and arms control essential if they are to dominate the June Versailles economic summit and the June NATO summit. Intelligence sources concur that the President is now strait-jacketed and will not present a problem for the BIS and British at either summit. In addition, Mr. Reagan, who will meet during June with European heads of state and with Pope John Paul II, will make a three-day state visit to the United Kingdom, where he will meet with the Royal Family and address the British parliament.

White House observers emphasize the growing personal influence of James Baker and his chief assistant, Elliot Richardson protégé Richard Darman, over the President's time: whom he sees, what he reads, and his state of mind. They say that the Baker-Darman "behavior modification" has promoted the formula that the President must overcome his "negative image" among

minorities, the poor, and, with the implications of the May 5 budget and the horrifying May 7 unemployment figures, increasingly the elderly and the working class. In addition, they have urged the President to propitiate the "growing" nuclear freeze movement. In short, they have convinced Reagan that he is on the verge of serious political trouble, and that he must defend himself in public. As a result, while the Malvinas crisis evolved, the President was dispatched to a barbecue in Tennessee, to open up the World's Fair in Knoxville, to visit a black family in Maryland terrorized by the Klu Klux Klan and to speak to school children in Chicago, to defend his position on Social Security.

This series of highly defensive presidential public speeches, appearances, and leaked "expressions of presidential compassion," signal that Mr. Reagan has been relegated to the position of public relations man for an administration whose policies are determined by British operatives Haig, Baker, and Bush.

The May 5 budget decision, it should be noted, was orchestrated over a period of months by Volcker supporters Baker and Stockman, operating, as I have reported, in league with the Senate Republican leadership including Domenici, Senate Finance Committee Chairman Bob Dole (R-Kan.) and Senate Majority Leader Howard Baker (R-Tenn.), as well as Paul Volcker and the Democratic leadership of Tip O'Neill and Senate Minority Leader Robert Byrd (D-W.Va.). Two months of Hill maneuvering and so-called bipartisan bargaining on the FY83 budget represented a game rigged to force presidential capitulation. Thus the May 5 "deep cuts" proposal came from Domenici at a Senate Budget Committee meeting that had just rejected Reagan's less austere budget by a vote of 20 to 0. Domenici, after last-minute backroom bargaining with James Baker, Stockman, and Howard Baker, emerged to announce the new "deep cuts" plan, the proposed \$95 billion in extra taxes through FY85, and that the President would back it.

On May 6, the President took to the Rose Garden to publicly and personally endorse the Domenici plan. Appearing with Domenici and House Minority Leader Robert Michel (R-Ill.), who less than a week later would publicly disown the same plan on the basis of the politically disastrous Social Security clauses, Mr. Reagan, stated, "the deficit-reduction package totaling \$416 billion over three years . . . will continue to bring down the growth in federal spending." The nervous President went on to claim, "It should reassure financial markets by sharply reducing projected deficits next year and beyond."

"Reassuring financial markets" and thus lowering interest rates, which are running at least 15 percent above the rate of inflation, are reported to be the objective of the bewildered President in buying the Wall-Street concocted package. The President will meet at the White House

with U.S. investment bankers on May 13 to plead his case. A White House source believed to be James Baker has told the press, "we recognize that bankers have many reasons to feel that the current interest rates are justified and that market forces including the deficits are terribly important to them. But we think it's important to enlist their support. If the bankers come out of the White House on Thursday and say the President's budget should be passed, that's a major step forward."

The swing group of conservative House Democrats, the "Boll Weevils," announced on May 8 that they have serious problems with the proposal, while the liberal Republican House members, or "Gypsy Moths," have unanimously registered complaints on May 10, House Minority Leader Michel announced opposition to the plan. Yet from the vantage point of the BIS, passage of the budget proposals is secondary. It is Reagan's capitulation which gives them "muscle" at Versailles.

Foreign policy

The President's May 6 acquiescence in Haig and company's policy delighted leading spokesmen for the British-linked Trilateral Commission such as executive board member Joseph Kraft, and Mr. Reagan's May 9 speech got rave reviews in the *Washington Post* and the *New York Times*.

Reagan began that speech by stating unequivocally, "I believe the unity of the West is the foundation for any successful relationship with the East. . . . When the West has stood firm and unified, the Soviet Union has taken heed." East-West trade, former arms control efforts, and the Helsinki accords are termed unrepeatable failures. Instead, he suggests a prudent arms buildup and more importantly the Kissinger-Haig-Iklé fixation on putting maximum economic and political-conventional military pressure on the "collapsing Soviet Empire." Reagan stated, "We recognize that some of our allies' economic requirements are distinct from our own. But the Soviets must not have access to Western technologies with military applications, and we must not subsidize the Soviet economy. The Soviet Union must make the difficult choices brought on by its military budgets and economic shortcomings." Echoing Haig, Reagan intimates that the United States will exert further pressure on Soviet surrogates or areas of perceived Soviet overextension, for the purpose of buying an arms agreement that, sweetened by U.S. commitments to abide by a policy of "strategic deterrence" and forego large-scale strategic modernization, would ask the Soviets to give up their first-strike capability. Thus, the strategic package forced upon the President on May 6 will use the hyped East-West conflict in order to steal the sovereignty of advanced Western nations and centralize it in a British-run NATO, unless Mr. Reagan decisively changes course.