

Defense cuts: What's left of Reagan?

by Criton Zoakos

Henry A. Kissinger's renewed pre-eminence in U.S. strategic policy making appeared to have been firmly established when, during the evening of March 15, President Reagan appeared at the White House Rose Garden to announce to the gathered press that he had agreed with the GOP's congressional leadership to cut his defense budget by \$57 billion over the next three years.

Having already chopped Weinberger's original defense budget, which would have mandated approximately a 22% real increase in defense spending, down to 13% under the insistence of Office of Management and Budget Director David Stockman, Reagan agreed to lower real defense spending still further—to a 7.8% inflation-adjusted increase. He will now have to contend with a March 20-announced House Democratic budget which calls for an incredible 3.5-4% increase. According to *Defense Daily*, House leader Rep. Jim Wright (D-Tex.) expects the Democratic budget to call for "no more than a 4 percent real growth" increase. House Speaker Tip O'Neill has stated that the MX will not survive this year's budget process.

From all available evidence, the President's decision was made over the objections, up to the very last minute, of Defense Secretary Caspar W. Weinberger. Somewhat embarrassed, the President told the press that the cuts "will slow our defense buildup somewhat, but they will not seriously reduce our national security to a point of unacceptable risk."

The President's decision was taken one day after Henry Kissinger had participated in his first meeting of the President's Foreign Intelligence Advisory Board, to which he had been appointed several days earlier.

To many of Mr. Reagan's long-time supporters, this capitulation on the defense of the nation is the surest proof of Kissinger's hegemony over the administration. Recall the President's Feb. 8, 1982 Budget Message:

"A thorough eight-month review of U.S. strategic forces . . . found that the relative imbalance with the Soviet Union will be at its worst in the mid-1980s and hence needs to be addressed quickly. . . . Current communications and warning systems were found to be vulnerable to severe disruption from an attack of very modest scale. Current U.S. mobility

forces cannot move the required combat or combat support units fast enough to counter effectively military aggression in Europe, Korea, or in the Southwest Asian/Persian Gulf region. In the last decade, the Soviet Union introduced large quantities of highly capable, new-generation tactical equipment including combat ships, tanks and aircraft, which must be countered by modernized U.S. forces."

At that time, the President asked—and got—a \$23 billion strategic spending outlay, \$6 billion over the 1982 level to deploy cruise missiles, construct the B-1B bomber and the MX, and complete the Trident ballistic missiles fitting on the submarine fleet, with additional outlays to build a 600 ship navy and establish adequate sea and airlift capability to defend Europe, Korea, and the Southwest Asian/Persian Gulf area. Now, the President has agreed to place before Congress a defense budget package \$2 billion smaller than Jimmy Carter's 1980 projection for fiscal year 1985.

Allied in the effort to undercut the defense budget were Senate Majority Leader Howard Baker; Pete V. Domenici (New Mexico), chairman of the Senate Budget Committee; Ted Stevens (Alaska), chairman of the Senate Defense Appropriations Subcommittee; and other Republican senators and representatives. By the Congressional Budget Office's estimates of inflation, the \$57 billion cut represents for FY1985 a growth of 5% in defense spending, as opposed to the 13% growth initially requested by the administration or the 7.5% increase now agreed to by Reagan. This 5% growth was the exact figure promoted by former Secretary of Defense Robert Strange McNamara last year, and echoed by Walter Mondale.

Two days before the President's decision, the Democratic-dominated House Appropriations Committee had voted a resolution proposing a 7.5% rate of growth of defense spending for FY1985. Moreover, Domenici had demanded \$81 billion in cuts over the next three years instead of \$57 billion. The Domenici package emphasized major cuts in weapons procurement, presumed to affect the progress of the MX missile, the Trident, and the B-1B bomber programs, among others. The program approved by Reagan avoided specifying areas for cuts, but it seems that the prime victims will be readiness, operations, maintenance, and new R&D; strategic weapons programs will probably be somewhat scaled down if the Reagan compromise holds in Congress.

Concessions or a rout?

The significance of the Reagan decision goes far beyond percentage points. The way is now open to Kissinger to arrange a "New Yalta" accord with the Soviets. The military aspect of this geopolitical redivision will be 1) a rewritten or new ABM Treaty to ban laser and particle beam weapons, reversing the President's March 23, 1983 strategic doctrine; 2) a "build-down" of nuclear arsenals as advocated by Kissinger in an October 1983 *Time* magazine article, achieving a unilateral nuclear disarmament of the United States; and 3) abandonment of a U.S.-European common defense (i.e.,

decoupling) by withdrawing the American nuclear umbrella over Europe as Kissinger avowed in the March 5 issue of *Time* magazine.

According to sources inside the Senate Banking Committee, it became possible to cause the President to "change his mind" in the matter of defense spending because of the "new crew" which took over in the White House since the removal of William Clark as National Security Adviser. These Kissingerians, according to our sources, were finally able to persuade the President to "see the matter in a more reasonable light."

The pressure within the administration was coordinated with outside pressure orchestrated by the New York banks' anti-defense lobby, the Business Executives for National Security, and other newly created groups such as the Budget and Policy Priorities Committee and the Committee for National Security and Democrats for Defense. That pressure was conduited into the White House via Max Fisher's friends in the Republican National Committee, which has been supplying the White House and the Reagan re-election committee with polls claiming that the public's concern over the budget deficit is growing "at a rate faster than that of Gary Hart's popularity growth." The President's New York State campaign chairman, Sen. Alfonse D'Amato, threatened not to support Reagan's budget until cuts were made in procurement costs.

Ultimately, the source of this pressure was the policy-making families whose Federal Reserve and international banking institutions have been insisting that either Reagan cuts defense drastically or they will raise interest rates and force an economic collapse before the November election. The International Monetary Fund's managing director, Jacques de Larosière, claiming to speak on behalf of the "financial leaders of Europe, Canada, and Japan," stressed in a speech at the Cincinnati World Affairs Council that unless U.S. budget deficits are cut even further, there will be a domestic economic collapse and a blowout of the Third World debt.

The speech, made 24 hours after the President's capitulation, was widely read to mean that now that Reagan has given in by the proverbial inch, the opposition is now going to take a mile. Tip O'Neill, upon hearing of the President's capitulation, said that Congress will not approve the measure without "further cuts in military spending." "Today we saw the first crack in the wall. . . . [the President's] measure marks a small concession but a big confession."

Further cuts will surely hit the R&D funding needed for the anti-missile beam-weapon programs. Two days before the President's capitulation, Sen. Ted Stevens wrote to Dr. Richard DeLauer of the Pentagon's R&D program that "a major portion" of this year's "substantial reduction" in the defense budget "would be assigned to the R&D portion of the budget." Stevens is currently drafting bills to implement Kissinger's decoupling proposal.

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