

## Baker-Regan 'cold coup' threatens U.S. defense

by Kathleen Klenetsky

Ronald Reagan's startling decision to accept a Senate-imposed freeze on defense spending is the direct result of a cold coup now being carried out against the President by agents of the International Monetary Fund (IMF). There is no other explanation for Reagan's sudden acquiescence to a level of military spending which he had previously termed "irresponsible"—and one which can only be interpreted by Moscow as a sign that America simply lacks the will to survive.

Reliable sources have told *EIR* that Reagan was bluntly informed (blackmailed would be more accurate) by the so-called palace guard—led by Treasury Secretary James Baker III, Budget Director David Stockman, and Senate Majority Leader Bob Dole—that if he didn't give in on the Pentagon budget, the plug would be pulled on the economy, the United States would be blackballed on the international credit markets, and the banking crises which have hit Ohio and Maryland would engulf the entire country. Reagan would be left in the same political position as Herbert Hoover in 1929.

The President is being shoved to the sidelines, brainwashed into thinking that his "tax reform" will salvage his presidency. Word is now that Reagan will go on national television—not to appeal to the country to force Congress into restoring the defense cuts, but to unveil his tax reform package, a package which will eliminate any incentives for productive activity.

The shape of the coup was outlined by syndicated columnists Evans and Novak, who reported on May 11 that White House Chief of Staff Donald Regan, who was traveling with Reagan in Europe, personally intervened to block an urgent call from Secretary of Defense Caspar Weinberger to

the President on May 8. Weinberger was trying to warn Reagan that the defense-freeze then being put together imperiled national security. Regan intercepted the call, lied that the President was "in transit," and told the President that Weinberger had okayed the defense freeze.

"Stockman and Dole have pulled a major coup," Evans and Novak quoted one Pentagon source as saying. Another defense insider accused them of "betrayal" of the President, who had insisted that U.S. defense spending would not, and could not, be cut without jeopardizing national security. Don Regan was the "indispensable ally" of Stockman and Dole, the columnists charged. He "not only pushed zero-growth [for defense], but blocked Weinberger's access" in fighting defense cuts.

The defense-freeze compromise negotiated by these usurpers would give this administration a lower level of defense spending than that pushed in 1984 by Soviet agent of influence Walter Mondale, and threatens to destroy the Strategic Defense Initiative (SDI). As Evans and Novak put it, the freeze means "Reagan is likely to find himself with a budget well below the projected level bequeathed by Jimmy Carter. . . . That endangers Ronald Reagan's Strategic Defense Initiative and MX missile."

In remarks to reporters May 14, Weinberger charged that those in Congress who are cutting defense "aren't sufficiently concerned with this nation's security." He warned that the most dangerous effects of the defense freeze will be felt in the 1987-90 period—precisely the time-frame in which the Soviet leadership is planning to launch a major military offensive against the West.

## IMF hands U.S. to Soviets

The massive cuts made by Congress in the Pentagon budget represent the implementation of the IMF's decision at its Interim Committee meeting in mid-April, to extend its "conditionalities" policy to the United States. The IMF demanded that the United States make even greater efforts to reduce its federal deficit; IMF officials privately stated that a top priority was slashing Pentagon spending.

This assault on U.S. national sovereignty has been wholeheartedly endorsed by Treasury Secretary James Baker III, Assistant Secretary of State Robert Morris, and Undersecretary of State W. Allen Wallis. Baker and his closest collaborators now are implementing those conditionalities, and U.S. national security is in jeopardy as a result.

Reagan himself indirectly acknowledged that the defense budget was slashed because of blackmail from the international financial community, when he told the press in Lisbon May 10, "There's no questioning the importance of sending a signal, not only to the world, but to our own business and financial communities, that we are determined to deal with the deficit problem. . . ."

As *EIR* has predicted, the IMF isn't satisfied. On May 16, the House Budget Committee voted 21-12 to impose an absolute freeze on the defense budget, in other words, eliminating the inflation allowance permitted by the Senate freeze. A group of "moderate" Republicans, called the 92 Group, had issued such a proposal last week, and there is every reason to believe that the full House will endorse it.

The two weapons systems which are being hit hardest are the SDI and the MX. The Senate Armed Services Committee, which had voted in April to pare \$300 million from the administration's \$3.7 billion SDI request, voted May 16 to more than double that cut, in order to meet the freeze requirements. The House Armed Services Committee has already taken \$1.2 billion out of the SDI budget, and further cuts are being contemplated. The MX missile has met a similar fate.

Dr. Edward Teller, the physicist who helped develop Reagan's strategic defense concept, told *EIR* on May 16 that the SDI cuts are "tragic." Teller disclosed that he had spent the morning on Capitol Hill giving a highly classified briefing on the SDI. "I tried to say that we must not decrease SDI funding, but we must increase it. The Soviets are way ahead of us! Defense is the wave of the future. To cut the SDI now, is absolutely the wrong thing to do." In a similar vein, SDI Director Lt.-Gen. James Abrahamson told *EIR* that the SDI cuts represented a "serious threat" to the program.

## Weinberger fights back

Weinberger is also trying to counterattack. In an interview in the *Washington Times* on May 13, he slammed Congress and the press for acting like Soviet dupes, terming the Senate defense freeze "very good news for the new Soviet leadership, and bad news for the United States," an act which "shows that Soviet propaganda is having an impact."

Weinberger also charged that Moscow is peddling a "pro-

paganda line that intelligent people swallow hook, line, and missile. SDI is not an arms race, nor an arm, nor even a weapon. It's a harmless means of destroying weapons. . . . I think it's very significant that the Soviet propaganda effort, their disinformation campaigns, their negotiating posture, every effort you can think of, are all focused on destroying the SDI. They're pulling out all the stops to convince the world and a lot of elements in our own public opinion, that everything will be all right, if only we stop our SDI research. . . .

"The whole world would suddenly become vulnerable to Soviet political blackmail," Weinberger cautioned, "if the Soviets made a breakthrough [in strategic defense], and we were the ones whose missiles were rendered obsolete. . . . I cannot imagine that the Soviets, if they had a monopoly position, would do anything other than try to blackmail the rest of the world."

On May 12, the *Washington Post* lied that the SDI is undergoing a major shift in emphasis, away from "exotic" directed-energy weapons, to less-advanced kinetic-energy technologies. The next day, an angry Abrahamson issued a press advisory: "The *Washington Post* story . . . that claims that the SDIO has concluded that space-based lasers are 'beyond technical reach for the foreseeable future,' is a misinterpretation of both fact and opinion. This negative conclusion is *not* correct. The SDIO is optimistic about many of the advanced-technology systems, including lasers and other directed-energy weapons programs."

Abrahamson said the "ultimate disservice" of the *Post* "is to twist progress on several fronts into an implication for potential increased costs. . . . It's less important to stress which concept can be ready soonest, but vital to realize that a mutually self-supporting and effective mixture of systems is the objective of the SDI research program."

## Will Reagan break out?

President Reagan reacted angrily to the House budget panel's action, telling a Republican fundraiser May 16 that he had already "compromised greatly" by agreeing to the Senate freeze. "This was not an easy decision," the President said. "There's no question about it. This will temporarily slow down our vitally needed defense buildup at a time when the Soviet Union is pouring unprecedented amounts of resources into their offensive arsenals."

Having been told by Senate leaders that he could request supplemental funds for defense if "I feel our national security is imperiled," Reagan warned that if the House "persists in making further reductions which could jeopardize our negotiations position in Geneva, I may take them up on that offer."

Certain political sources in Washington have told this news service that the President's threat to throw over the chess board of compromises is not an idle one, and that groupings of patriotic congressmen and senators have begun to hold emergency meetings to develop a strategy. It may just be that the KGB Congress has gone too far.