

Reagan strengthened: key decisions yet to come

by Richard Cohen

While the imminent victory of the Reagan administration tax and budget policy will undoubtedly strengthen the new President's political hand on the Hill, it is a number of other domestic and foreign initiatives that actually give hope for a fundamental turnaround in U.S. policy.

This morning's surprise announcement of an early and unusually private meeting between President Reagan and President López Portillo of Mexico on June 8-9 fills in a series of crucial meetings and conferences that can provide the margins of input needed to define Reagan's domestic and international policies. The President will also meet with West German Chancellor Helmut Schmidt in May, and the discussions will obviously shape U.S.-European relations, for better or worse. Later, in July, Reagan will join the heads of state of the other major Western industrialized nations and Japan at the Ottawa economic summit.

Reports indicate that these series of meetings will bring the President face to face with the negative political reality created by the Federal Reserve's insistent high-interest-rate policy. Simultaneously, Congressional sources report, the same moderate House and Senate Democrats who nearly broke the administration's "economic recovery plan" may move to concentrated attack against the Fed's credit-strangling policies in June and July.

This combination of political factors could force the

administration off dead center on Fed policy during the crucial months of May, June, and July.

The imminent passage of most essential parts of Reagan's economic recovery plan will significantly strengthen the President's political hand. Within 10 days, Reagan's political strength in Washington will probably be greater than Carter enjoyed at any time. The irony is that many of the budget cuts will accelerate the industrial collapse inherited from Carter, and in short order destroy Reagan's political advantage, if a second, genuine, economic recovery program does not follow.

As Reagan's own political advisers will tell you, this increase in Presidential strength will come less from winning the upcoming votes in Congress, than from not losing them. Loss in any significant aspect of the program which administration officials have dubbed their number one priority, would have doomed all administration proposals to the status of Congressional doormats for at least a year, in the view of those closest to the White House. For the past several weeks, administration officials have been on an around-the-clock mobilization to recover lost conservative Republican votes on the Senate Budget Committee, and, more importantly, to win over and consolidate conservative Democratic members of the House.

What can reverse the potentially fatal track on the budget front is the President's ability, magnificently

demonstrated in his national address last week, to mobilize the progrowth instincts of the American public. Should Reagan's manifest talent for moral leadership be mobilized around a correct economic program, the looming danger of "Hooverization" may yet be reversed. On a number of fronts, both foreign and domestic, there is considerable cause for hope.

The embargo and Mexico

The announcement late last week to lift the grain embargo against the Soviet Union shored up key conservative farm state and rural support for this week's tax battle, but can also have further-reaching implications in terms of expanding East-West relations. Presidential adviser Edwin Meese III this week raised the possibility of an informal meeting between Reagan and Soviet President Leonid Brezhnev. Intelligence sources also indicate a sizable increase in U.S.-Soviet contacts. Another important spinoff effect will be to aid the reelection chances of France's President Giscard d'Estaing by demonstrating that a conservative U.S. government has chosen to do what the French president has already done.

A close analyst of the Reagan administration called the lifting of the embargo "zany and out of profile." But beyond the well-executed pressure from the Department of Agriculture, the clincher for the decision came from the President's own close advisers Edwin Meese and James A. Baker.

Another track that can serve as a corrective to the depressionary effects of the budget cuts and Volcker interest-rate policy is the announcement this week of a June 8-9 meeting between Reagan and Mexican President José López Portillo. The potential for oil-for-technology accords between the two nations is in the multibillion-dollar range, and Mexico's needs for high-technology capital equipment could provide the catalyst for a general recovery of U.S. industry.

In announcing the meeting, to take place at Camp David, National Security Adviser Richard Allen noticeably softened his earlier advocacy of a North American Common Market. Allen stated that there had been great misunderstanding about the proposal, which the Mexicans see as a threat to national sovereignty, and that the administration in no way intended to replace or usurp the issues under bilateral discussion—energy, technology, immigration—with a multinational framework.

A third limited but substantial step on the foreign policy front was the decision to sell the AWAC system to Saudi Arabia. Close watchers of Capitol Hill are privately predicting a smashing victory for the administration when the sale comes up for a vote, probably this fall. Although the intentions of the administration are ambiguous, one effect is certainly to strengthen the

electoral position of Israeli prime minister candidate Shimon Peres. By postponing the AWAC vote until after the June 30 Israeli election, Reagan avoided handing the bellicose Prime Minister Begin a re-election issue. A quid pro quo on Saudi oil prices and supply is also not to be ruled out as a motive. Meanwhile, the Begin lobby and their friends on the Hill are mobilized for a fight, a fight one observer believes is already creating a "deep-down impatience with Israel in the administration," and drift that could lead to a major change in U.S. policy toward Israel.

The AWAC decision was a black eye for Secretary of State Haig, whose opposition to the deal had been quite public. Backed by the White House staff, the President overrode the secretary of state on this issue as he did on the Soviet grain embargo.

The war on drugs

In a major policy speech April 22, Meese again took the lead on a new front, pledging that the federal government would launch a war against international narcotics trafficking "in a different way, in a more massive way, in a more extensive way than has ever been done before."

Unreported in all but a few major newspapers, Meese's Washington speech cited a 59 percent increase in violent crime over the past 10 years as the impetus for an expanded federal role in the drug war. He outlined an ambitious program for drug enforcement that would bring in every agency of the federal government. In a direct reference to President Carter's appointment of NORML advisory board member Mathea Falco to the top State Department post on narcotics, Meese stated: "It was a kind of travesty that in the past we have had people in the position of Assistant Secretary of State for International Narcotics Affairs who themselves belonged to organizations that were dedicated to the legalization of marijuana." The pledge to clean out every vestige of prodrug sentiment from the Federal bureaucracy could not have been clearer.

All of the important initiatives of the last 10 days have one thing in common: the President was personally involved in the decisions that demonstrated a new openness to policies promoting economic growth and international stability. President Reagan's active organizing and decision making put an end to speculation that months of convalescence would deepen the policy paralysis characteristic of the first two months of the administration. And the initiatives, along with his dramatic speech to Congress, had the effect of pulling the nation behind the President, by giving the constituencies that handed him a landslide victory last fall a sense that they had in fact thrown Carter policies out with Carter, and that the moral purpose of the nation could be restored.