

## Bold moves required from the Reagan administration

by Richard Cohen and Lonnie Wolfe

For the Reagan White House, the proverbial chickens are coming home to roost. After several months of puffed-up self-confidence, the administration finds itself confronted with acute policy crises which gained momentum while they pounded their chest. And as they scramble to respond, official Washington seems more, not less, a morass of back-room deals and petty partisanship. The crisis is in truth deeper than the worst fears of the most serious government executives.

On Oct. 6, the Reagan White House was confronted with its gravest foreign-policy decisions to date by the assassination of President Anwar Sadat of Egypt. White House sources report that the President was "deeply angered" by the assassination, focusing this anger on suspicions of Israeli involvement. Reagan, by all indications, has correctly assessed that U.S. national security interests require immediate moves to shore up the new government in Egypt, as well as Saudi Arabia. Thus far, through public statements by administration officials and the President himself, no holds have been barred to convey confidence in the Egyptian government.

Yet the single most important feature of any stabilization package must be the passage of the AWACS sale to Saudi Arabia, and that remains in question. The Sadat assassination has invigorated administration efforts to swing Senate votes. With the House given up for lost, the President and his top aides are concentrating their firepower on the Senate (the measure passes unless both houses defeat it). Reagan pulled a group of 43 GOP Senators into the White House on Oct. 7, and told them that his ability to conduct foreign policy in the Middle

East and for that matter anywhere, hinged on passage of the AWACS sale. These efforts were not without effect; eight GOP Senators, some undecided and others sponsors of the Packwood anti-AWACS letter, announced their intention to vote with their President.

By Oct. 9, however, White House vote-counters were still privately talking about 52 to 55 Senators still committed to, or leaning toward, a vote against the package—enough to defeat the President. The administration hopes to take advantage of the momentum caused by the President's call for support in wake of the Sadat assassination. But the White House is starting late; it has treaded lightly on the Israeli lobby and its supporters out to sabotage the effort, including administration officials like Alexander Haig, and its prospects for success must be labeled dubious.

Nor has the White House truly fathomed the nature of the beast arrayed against it. The strange Senator Bob Packwood (R-Ore.), the leader of the anti-AWACS grouping who so bumptiously denounced the President at the private White House meeting, is among the key individuals in the population reduction lobby in Congress—an active member, along with the other anti-AWACS leader, Democrat Alan Cranston of California, of the Draper Fund, the inner-core depopulation strategy group. The White House has yet to ask itself what is the commonality of interest between the Draper Fund and the Zionist lobby in promoting a destabilization of Saudi Arabia and blowing up the Middle East.

And though the Reagan White House was caught off guard by the Sadat assassination, it was given ample

evidence of a grave pending destabilization of the region—a point emphasized during private discussions between the administration and Egyptian Vice-President Mubarak during the latter's visit to Washington just before Sadat's murder. Mubarak was carrying urgent messages from Sadat himself warning of Libyan efforts to blow up the region and requesting additional U.S. support. When a review is finally made of the last few weeks' developments, the Reagan White House will be forced to examine its own failure to act, and act decisively, when the handwriting was on the wall. The White House, and its top advisers, chose to wish away reality, then found that reality has a way of reasserting itself.

If Reagan is to recoup the situation on the AWACS and move to calm the crisis, it will require bolder action than he has taken so far. Some of his advisers are counseling him to do what he does best, take the issue to the American people in a television address before the vote; as of Oct. 10, no address was planned.

### **Congress and the White House**

Reagan confronts a domestic crisis of parallel proportions. After months of proud statements about the wonders of his economic program, Reagan's subservience to Federal Reserve Chairman Paul Volcker's interest-rate policies leaves the economy in a state of what is increasingly appearing to American business and the public at large as permanent disaster.

On the Volcker question especially, Congress has displayed a gutlessness and stupidity equal only to that of the White House. The Democratic Party's congressional leadership is running what amounts to a protection racket for Volcker. Meeting in Senate Minority Leader Robert Byrd's home state of West Virginia over the weekend of Oct. 3-4, the 41 Senate Democrats—those left over from the Senate majority, which paid for Jimmy Carter's support of Mr. Volcker—decided to do nothing effective against the Federal Reserve. Agreeing that Senate Democrats should be allowed to wail against high interest rates, the body rejected any serious moves to bring them down. Their argument, as *EIR* has reported: an effective attack on Volcker will bail out President Reagan, and we wouldn't want to do that. Instead, in a fit of partisanship, under the leadership of California banker Charles Manatt, they are prepared to let their constituents suffer the snowballing results of the Volcker policy. That reinforced decision was transmitted onto the floor of the Senate the week before the Columbus Day recess, as a series of Democratic Senators spun rhetorical flourishes against the interest-rate policy, without either naming Paul Volcker or proposing an alternative policy. The Democratic leadership continues to sit on resolutions sponsored by Sen. John Melcher (D-Mont.) that could open the way to bringing down interest rates. This disgraceful retreat under the

banner of partisanship has carried for a debate on defense policy. At their West Virginia get-together, the Democrats decided that they would attack Mr. Reagan's feeble Oct. 2 strategic arms proposal most loudly and from all directions; but, no thank you, they would not offer any alternative of their own. And even the most serious of the critics of Reagan's defense program, like Senate Armed Services Committee Chairman John Tower (R-Tex.) and House Armed Services Committee Chairman Mel Price (D-Ill.), have failed to ask publicly how it is possible to have any strategic program at all so long as Volcker is in control of the economy. The defense debate is now nothing more than finger-pointing, a self-serving game.

What next? The President and his top advisers, even if they know little about economics, understand that a deep slump is bad, even devastating, politics. One source close to the White House told me that the White House believes that unless the President's tax cut and budget policies bring recognizable results in curbing inflation and bringing down interest rates, he faces "irrevocable Carterization" at home and abroad.

It is now widely agreed, not least within some top White House circles, that the \$16 billion budget and tax proposals have no chance of passing the Congress. Reagan instead announced that he will veto what he terms budget-busting appropriation bills; the House immediately brought this to a test by passing a health, education, welfare, labor allocation for the so-called safety net programs that was a full \$4 billion above administration specifications.

Sources report that the White House is beginning to examine figures that show the economy to be a worse nightmare than anyone in top circles had dared tell the President. With their political life on the line, as well as his ability to govern, it is just beginning to dawn on the White House that its high interest-rate and budget-cut policy may not only not work, but will become a political albatross around their necks. Some circles say Reagan's people are privately telling Volcker to ease up before his policies blow into a deep recession. Treasury Secretary Donald Regan, in an interview with the *Washington Post*, floated a bit of public jawboning against Volcker. The Fed Chairman in turn told his critics once more to go to hell. By Oct. 9, White House spokesman James Baker stated to the press that the administration had not changed its support of past Fed policy.

It is all still very tentative. The administration right now lacks the courage to attack Volcker and his policy, though they may recognize its political damage; yet one thing is certain. The price for continued timorousness, is very high indeed. The United States has lost an allied leader, may lose others, and may sacrifice the entire U.S. economy.