

Henry Kissinger sets his sights on a 'lame-duck' President Reagan

by Richard Cohen, Washington Bureau Chief

In Vail, Colorado, on Aug. 13-15, former Secretary of State Henry Kissinger will assemble a cast of his most important co-conspirators for very private sessions at the summer home of a Kissinger-plaything, former President Gerald Ford. With slight window-dressing, it is a meeting of the old Nixon-Ford policy team that Kissinger used to direct, and the core of the projected next Kissinger administration under lame-duck Ronald Reagan.

Among those who are expected to be present are the Kissinger-installed consultant and troubleshooter for Secretary of State George Shultz, Helmut Sonnenfeldt; Kissinger political ally Alan Greenspan; and former Federal Reserve Board Chairman and Kissinger's "Schmidt handler," Arthur Burns, in addition to a menagerie of former Kissinger executive-branch operatives and Kissinger-associated Congressmen.

Forty-seven top executives from Fortune 500 firms, former British Prime Minister James Callaghan, and former French President Valéry Giscard d'Estaing will also be on hand. The three days of meetings are sponsored by the Washington-based American Enterprise Institute (AEI), and will be attended by its executive director Irving Kristol.

These sessions will plot the final stages of a now fast-paced seizure of control by Kissinger and his friends of the key points of power in the Reagan administration. Kissinger and others will outline a dramatic post-November-election shift.

As this journal alone has reported, Kissinger, Greenspan, and Fisher led a failed attempt at the 1980 Republican National Convention to pressure President-elect Reagan to yield control over the most important national security and budget-making positions in his new administration. Kissinger and company crudely tried to "break" Reagan politically and psychologically by offering Ford as a "co-President."

And as *EIR* exclusively reported, these evil forces never halted their attempts. Starting in July 1981, *EIR* warned that the Swiss-based Bank for International Settlements (BIS), in league with Swiss, London, and New York bankers, had decided in June to make the President's commitment to a three-year personal income-tax cut the wedge for "breaking" the President.

Kissinger and company will then turn on the television the night of Aug. 15, to watch Ronald Reagan's address to the nation. The purpose of the address will be to pressure recalcitrant GOPers in the House of Representatives to vote for the three-year, \$99 billion tax increase which has already passed the Senate.

Now, President Reagan's decision to launch an all-out fight for the BIS-sponsored tax hike could have only occurred with the President recognizing the immense political implications, including the resultant civil war in the Republican Party. The decision thus signals that Reagan has already decided not to run for a second term.

Bush, Baker and Buckley

Kissinger et al. consider this transformation into a "lame-duck" President as the key factor in securing irreversible control over the Reagan administration between now and November. My sources here say that Kissinger forces have entered into a secret arrangement with the faction in the White House associated with Vice-President Bush and elements in the "New Right" controlled by William F. Buckley, Jr. to secure that goal. Moreover, the rising star of opposition to Reagan's "sellout," Rep. Jack Kemp (R-N.Y.), had his strings pulled by the people behind Kissinger.

There are no real disagreements on major foreign-policy questions between the Bush and Kemp camps. They are two sides of the same destructive coin, and while Bush and Kemp battle it out in a controlled fight over who should succeed Reagan, Kissinger is to be firmly ensconced in control of U.S. foreign policy.

A crucial role has reportedly been played over the course of the past two months by Bush's ally Jim Baker, who sold the President on what some believe will be his final script. Bush and Baker were reportedly the pivotal figures in securing a White House deal with Federal Reserve Board Chairman Paul Volcker. According to one source, Volcker has proposed to step down before the end of 1982. Volcker is also said to have pledged a "fair deal" on interest rates between now and November in exchange for an all-out presidential battle on behalf of the tax hike. A long-time Reagan intimate told me that the President is now convinced that

income-tax cuts have failed, and foolishly sees cutting the federal deficit, as promoted by Volcker and the BIS, as the only means of restraining interest rates.

The Bush-Baker group has successfully conjoined the Volcker deal to an absurd November GOP campaign strategy which has thrown conservatives and party stalwarts into a tizzy. In order to compensate for the "sellout" to the BIS, Baker has mustered polls by his own pollster Richard Wirthlin, Meese's pollster Arthur Finkelstein, and Deputy White House Chief of Staff Michael Deaver's pollster Robert Tetter, in order to convince the President that he must remain firm on all other positions during the campaign. The President has been told that he must not renounce the third year of the personal income tax cut. The President has been told that he must appear to stand firm on all foreign policy issues between now and November, including his pipeline sanctions and strong support for Israel. This is presented as the only way to offset expected conservative defections and maintain what his pollsters say is his strongest card in the November elections—his "image" as a man who does not waver.

While the President has bought this package, most Republican and Democratic political consultants believe that this approach will only exacerbate the dramatic losses for Republicans in November.

Kemp and Kristol

While the Kissinger group gloats over the tragic gullibility of the President, it is important to note the attendance of Kristol at the Vail affair. Two years ago, Jack Kemp told me that the most important figure influencing his economic outlook was the Social Darwinist Irving Kristol. As *EIR* reported, it was back in September 1981 when Kemp, directed by a group at the *Wall Street Journal* led by Jude Wanniski, the Swiss-based Mont Pelerin Society, and the Swiss-connected Siena Group of Robert Mundell, jointly rewired the outspoken Congressman. While still thumping for "supply-side" tax cuts, Kemp began to urge a broad reorganization of the world monetary system based upon a harshly contractive version of the gold standard.

Kemp walked into the Oval Office on Aug. 4 to "challenge" the President's new tax policy. One week before the Reagan-Kemp meeting, *Conservative Digest*, published by Richard Viguerie and Howard Phillips, devoted an entire issue to a frontal assault on the President's policies, quoting some 100 prominent conservatives. The sole issue around which conservatives of the "New Right" are being mobilized is the tax hike, and Jack Kemp is their acknowledged spokesman.

A few days prior to his ostentatious run-in with the President, Kemp also held a private pow-wow with leading conservatives on Capitol Hill. Trusted participants included Richard Rahn, chief economist for the U.S. Chamber of Commerce; former Treasury official Paul Craig Roberts; Reps. Newt Gingrich (R-Ga.), Robert Walker (R-Pa.), Mickey Edwards (R-Okla.), and Sens. Steve Symms (R-Ida.); Robert

Kasten (R-Wis.). Also in attendance were two friends of the President, Lyn Nofziger and Martin Anderson. (Washington sources say Nofziger's attendance could have only occurred with the sanction of the Teamsters and allied leaders within the building trades.) Nofziger and Anderson were recently taken to the woodshed by Reagan, who got them to reverse their opposition to the tax hike.

Kemp's assumption of leadership against the President and Kristol's presence at Vail indicate that the Kemp operation is nothing other than a move by Kissinger and company to contain conservative rebellion against Reagan's capitulation to the BIS and Kissinger. Sources close to Kemp say that he thinks he may obtain a consummate chance to influence the President in September. The President may be in store for a new betrayal from Volcker as well at that time, in the form of interest-rate hikes.

Counter to LaRouche program

Kemp's distracting volleys against the President and his diversion of conservative opposition to Kissinger's policies are considered an essential "safety net" by Kissinger and his friends. Both are also seen as counters to the broad emergency economic recommendations of *EIR* founder Lyndon H. LaRouche, Jr.; Kissinger's preoccupation on this point is said to be obsessive.

Should Reagan, as the economy falls out from under his feet in the coming weeks, grow anxious and enraged at his current set of advisers, Kemp serves as Kissinger's main block between a desperate President and his base. Kemp is to be inserted as the President's conservative "conscience," to keep him away from LaRouche's program for economic recovery. Kissinger was reported to have met privately in New York with a friend of Roy Cohn's, William F. Buckley, in a discussion which, like meetings with others on the West Coast, included containment of the LaRouches.

The Kissinger-Buckley meetings devised further maneuvers to weaken opposition to Kissinger's takeover of the White House. Buckley is mobilizing his forces within the "New Right" to propagate the absurdity that Kissinger is now an acceptable born-again conservative. On July 24, several days after Kissinger held private meetings with George Shultz, *National Review* editor Jeffrey Hart took to the editorial pages of the Unification Church-financed *Washington Times* to declare that Kissinger had learned from his past mistakes, was now acceptable, and should be named Secretary of State. On Aug. 10, in a move also clearly coordinated with the White House, Buckley also appeared in the *Times* to chastise those conservatives who are attacking the President on tax policy. In private comments, representatives from the British-run pseudo-conservative Heritage Foundation backed up Buckley; both Buckley and Heritage are reported to have inordinate leverage at the Moonies' *Washington Times*, the paper through which the President is scheduled to soon speak in a private "bombshell" interview aimed at coopting his new opponents on the right.