

## Will Ronald Reagan stick out his political neck?

by Lonnie Wolfe

The Reagan administration, 10 months into its term, confronts not just a few foreign policy blowups or tricky domestic pieces of legislation, but a challenge to the ability of the White House to govern as it was elected to do.

During the week of Oct. 12-18, the administration was set back in its efforts to stabilize the Middle East through securing congressional approval of the sale of five AWACS aircraft to Saudi Arabia, while the President's economic recovery prospects further unravelled. On Oct. 15, the Senate Foreign Relations Committee voted 9-8 to report to the floor a resolution disapproving the AWACS sale; that vote had already been written off in the Oval Office, but the President now needs a majority vote in the full Senate to sustain the sale. It is that vote, postponed to give Reagan more lobbying time, which worries the White House.

### The AWACS case

But Reagan's advisers thus far refuse to take what is admittedly a political risk, and go after the networks lobbying to destroy the U.S.-Saudi relationship. In the Oct. 15 Foreign Relations Committee vote, for example, the administration declined to take on the one GOP Senator who voted with the Democrats to defeat the sale—freshman Rudy Boschwitz of Minnesota. Sources report that leaders of the anti-AWACS Anti-Defamation League openly brag of having Boschwitz in their pocket, but say the administration was afraid to challenge Boschwitz because it wants the Senator's vote on pieces of their economic package.

A parallel failure of nerve was displayed in dealing with foreign-policy saboteurs: every time Secretary of State Haig opens his mouth, he has damaged the AWACS prospects, (as during the funeral of Anwar Sadat). The White House still pretends Haig is a team player whose mistakes derive from pardonable clumsiness. Yet why does a former official of the ADL report that Al Haig has never been in favor of the AWACS deal, and still opposes it?

As for Jimmy Carter, newly returned to the U.S. foreign-policy arena, his treachery and vindictiveness are legendary. Carter went to the White House Oct. 13 and "endorsed" the AWACS policy. Then, as he made his exit, he flatly refused to say that were he still President, he would have pursued the sale, although it had been initiated by his own administration. Next, he delivered a speech attacking every other aspect of current Reagan policy.

Ostensibly, Reagan was enlisting Carter's support to win over Democratic votes for AWACS, but Capitol Hill was scratching its head over whom Carter might ever again influence. The very fact that the man dared to show his face in Washington was termed by Hill sources a reflection of the hard times beginning to engulf the administration.

Nor, it appears, has the White House acknowledged to itself who is ultimately behind the anti-AWACS lobby. The latter's two key Senate organizers, Republican Robert Packwood of Oregon and Democrat Alan Cranston of California, are members of the elite depopulation core-group, the Draper Fund. As the case of

Iran shows, these are the networks who seek "arc of crisis" destabilizations throughout the Middle East—to cut off international energy supplies, to reverse regional industrialization potential, and even to instigate wars, in order to reduce population.

Reagan remains committed to two more weeks of backroom pressure tactics, and perhaps some additional promises from the Saudis on the terms of the AWACS sale. Sources close to the White House report that the President still resists the urgings of those who would have him take his case to the American people; he doesn't want to step on any toes. These sources are pessimistic about the final Senate outcome. Even if the sale does squeak through, these same sources are worried about the White House's continued ability to command support for its foreign policy. Damage has already been done.

### **North-South policy**

While the AWACS sale is necessary, it is not of course sufficient to stabilize the Middle East. In Egypt, for example, the administration's idea of a stabilization policy consists of tough words against Libya and the Soviet Union, and the dispatch of two AWACS. But the new government of Hosni Mubarak desperately needs economic development assistance, and here the White House has yet to even consider proposals.

Bold economic-development initiatives are required, which link the Arab countries and Israel through a comprehensive peace settlement. If Mr. Reagan's recent speeches, handed to him by Haig's State Department and the lunatic monetarists in the Treasury Department, are any indication, there is no chance of that at present. Reagan confirmed some of the worst fears of developing-sector nations in an Oct. 15 speech before the Philadelphia World Affairs Council, while the Senate Committee was voting on the AWACS sale. The President repeated the essentials of his call for a free-market approach to development and tough conditions on Third World loans before the International Monetary Fund conference in Washington. This will, unfortunately, be the policy that the President will take on Oct. 22 to the North-South summit in Cancún, Mexico. It is a policy designed by its authors to promote chaos throughout the developing sector, and praised as a de facto means of genocide by the bankers and aristocrats who control the Draper Fund networks.

The only particle of hope the Reagan administration currently holds out to the underdeveloped sector was contained in the energy policy statement issued by the White House this month. The President took a strong stand in support of nuclear power, pledging steps to revitalize America's nuclear industry. Well-placed sources confirm that the White House commitment to nuclear energy extends beyond the U.S. borders: the

administration wants to encourage nuclear exports to the developing sector, ending the Carter administration's sabotage of these efforts; the administration has pledged to be a reliable supplier of nuclear fuel to those nations and advanced-sector partners.

Here too there is a problem of delivery. The U.S. nuclear industry has been thoroughly wrecked by the credit-strangulation policies of Federal Reserve Chairman Volcker. Unless those policies are reversed, the nuclear industry cannot revive, however inspiring this verbal support from the White House. As at home, nuclear power in the developing sector requires credit. The provision of that credit is specifically opposed by the IMF and related institutions, along with the U.S. Treasury and State Department. Private American financial institutions and such agencies as the Export-Import Bank still refuse to provide loans to finance such projects. They are waiting for "magic of the free market," which Reagan referred to in his IMF speech last month, to accomplish the job. In fact, the Exim Bank, (now headed by William Draper III, the son of the founder of the Population Crisis Committee/Draper Fund) is withholding credit to Westinghouse for financing potential Mexican nuclear contracts.

### **The Volcker question**

On the question of the U.S. economy as a whole, Reagan's second round of budget cuts and new tax increases is now a dead letter in Congress, by the admission of the GOP leadership. The President's men are scrambling behind the scenes to put together a new package, but the outcome of their efforts remains as dubious as their success would be economically destructive.

Volcker's high interest rates have undercut both the U.S. industry and the bi-partisan political alliance that was swung behind the President's initial misguided fiscal austerity program. As even the pro-Volcker U.S. press now indicates, Reagan has been told by the GOP leadership that there is no way that the party can campaign if the economy stays flat. So the President put pressure on the Fed to bring down interest rates.

This was confirmed by a spokesman for the New York Federal Reserve, who reported that Fed strategists no longer feel confident about risking a dramatic collapse of the economy, fearing reaction from the White House (see Economics). Instead they plan to win their battle with Reagan by slowly taking the economy down, trying to avoid abrupt shocks that could jar the White House into emergency measures to provide credit and other backup for industrial employment and production.

The Fed, like Mr. Reagan's other enemies, is counting on the President to stay in profile, to stay in his box, to take no real political risks.