

After AWACS: further victories for sanity?

by Richard Cohen, Washington Bureau Chief

While no one in Washington is yet prepared to project the full political effects of President Reagan's dramatic and unexpected Oct. 28 Senate victory for his proposed sale of AWACS aircraft to Saudi Arabia, most here now agree that the President has bought more than time: he has attained what may amount to a final opportunity to reshape the policy and personnel of his administration.

The AWACS vote represented a shocking and unprecedented defeat for the genocide lobby, headed by British Foreign Secretary Lord Carrington and the Mitterrand-directed Socialist International. However, in order to immediately consolidate the U.S. position in the Middle East and crush the Anglo-French drive to destabilize the area, the administration will have to take the advice of National Democratic Policy Committee (NDPC) Advisory Council Chairman Lyndon LaRouche. LaRouche, immediately following the AWACS victory, recommended to President Reagan that the United States join with Japan and West Germany to provide a nuplex-centered economic stabilization package for Egypt. Mr. LaRouche further suggests that the administration immediately consider a gold-reserve monetary reorganization aimed at disciplining the London-controlled private markets and the Federal Reserve, and allow for the immediate rechanneling of credit, the only available means for averting depression.

Presidential failure to seize this opportunity will shut the door on the President's political survivability, by no later than January of next year.

The President was able to swing eight crucial Democratic Senators, over the objection and private arm-twisting of the Democratic Party's nominal leadership. Dem-

ocratic National Committee Chairman, banker Charles Manatt, the congressional Democratic leadership, including House Speaker Tip O'Neill, Senate Minority Leader Robert Byrd, and Senate Minority Whip Alan Cranston, and a traitorous last-minute prominent role played by former Vice-President Walter Mondale, were all directed to defeating AWACS, just as they defend high interest rates, to saddle the President with the destructive effects.

Importantly, the majority of the eight Democrats—particularly those who swung behind the President in the crucial last 48 hours, including Senators David Boren (Oklahoma), James Exon (Nevada), and John Melcher (Montana)—have formed, since at least May, a moderate caucus which has vigorously and openly promoted a direct presidential confrontation with Federal Reserve Board Chairman Paul A. Volcker and his crushing policy of high interest rates.

In fact, it was Senator Melcher himself who sponsored a resolution in September that would have, if passed, forced President Reagan to confront Volcker. That resolution was stopped by a combination of intense lobbying by President Reagan's most trusted economic advisers, including Office of Management and the Budget Director David Stockman, Chairman of the Council of Economic Advisers Murray Weidenbaum, and the Senate and House Democratic leadership, with the support of Manatt's Democratic National Committee.

Further, there was a significant pro-AWACS move among freshmen Republican Senators. Many of these Senators have become, over the course of the past two months, the most active in pressuring the White House

for a bold immediate battle-plan against high interest rates. In fact, Senate Majority Leader Howard Baker, appearing on national television Oct. 25, warned that the number-one issue facing elected officials nationally is high interest rates.

Beyond providing the President with a ready-made anti-Volcker alignment of Republicans and Democrats in the Senate, the AWACS lobbying process exposed incredible weaknesses in the President's national-security apparatus. Sources close to the White House are all but convinced that National Security Adviser Richard Allen will soon be replaced. In addition, there are reports now circulating in Washington which suggest that administration house-cleaning may reach the treacherous Secretary of State.

Over the course of the week prior to the vote, White House sources gave similar indications concerning the future of the administration's economic brain-trust.

The President's "second round of budget cuts" is under savage attack on Capitol Hill; on Oct. 21 it was reported that the gross national product had declined an additional 6 percent; on Oct. 23 it was reported that the September Consumer Price Index had shot up an astounding 1.2 percent; finally, budget-deficit predictions for fiscal 1982 are now climbing up to the \$100 billion mark. The credibility of Weidenbaum and Donald Regan—particularly on Capitol Hill—has collapsed. What is clear is that the President's most trusted political advisers, including Chief of Staff James Baker III and Counselor Edwin Meese, have concluded that changes will have to be made at the senior levels of both domestic and foreign policy-making.

Importantly, those changes will be determined by how rapidly the President and his political advisers grasp the opportunity the new alignment represented by the Senate AWACS vote, and further will be determined by how boldly and dramatically they are prepared to reshape White House economic policy. Were the President to cling to a course of "practical politics" with Congress—a game well known to Chief of Staff Baker, whose influence is said to be rising—the economy would unravel into an unstoppable general depression and the President would find himself in an unsalvageable political position by no later than January.

Indeed, opponents of the AWACS sale are preparing the next flank against Reagan: the economy. Appearing on national television Oct. 25, former Vice-President Mondale defended Volcker, stating that the Fed Chairman was forced to adopt a high interest-rate policy because President Reagan had initiated a sizable three-year tax cut, thus widening the budget deficit. The following day, Oct. 26, Democrat Jim Jones of Oklahoma, Chairman of the House Budget Committee whose efforts had been applauded the day before by Mondale, told the annual meeting of the U.S. Stock Exchange in Washing-

ton that even if President Reagan's "second round of budget cuts and taxes" passed, the budget deficit for fiscal 82 would reach an astounding \$100 billion. Incredibly, Jones, following the tactic of the Mondale-Manatt-O'Neill clique, ruled out a serious Democratic legislative-policy alternative until early next year.

This treachery reached a high point on Oct. 26 when Rep. Joseph P. Addabbo (D-N.Y.), Chairman of the House Defense Appropriations Subcommittee, started work on the administration's defense-spending bill. Addabbo shocked everyone present by proposing an \$11.2 billion cut in the defense budget and the elimination of the B-1 bomber and MX missile programs. Ted Stevens, Democrat of Alaska, Chairman of the Senate Military Appropriations Subcommittee, sent the White House a confidential hit list that strips an additional \$2.4 billion beyond the \$2 billion reduction in the defense budget already proposed by the President. In the letter, Stevens reported that he will attempt to kill the B-1 bomber program outright in his Subcommittee markup. There are also indications that when the Subcommittee report goes to the full Senate Appropriations Committee, Republican Chairman Mark Hatfield (Oregon) will attempt to double cuts already made in Subcommittee.

In principle, the administration has agreed to further deep cuts in the defense budget. In secret meetings on Oct. 18 involving senior White House staff and the Senate Republican leadership, a compromise package was worked out which would have included an additional \$1 billion in defense cuts.

Close observers of the White House point to OMB Director Stockman as the key proponent of accepting more sizable cuts in defense. Importantly, Stockman's name has not been mentioned among those in trouble with the President's senior political staff. And of further note, it was James Baker III who had backed Stockman in an earlier bout with Defense Secretary Caspar Weinberger aimed at enforcing larger reductions in the defense budget.

In addition, on Oct. 26, the Senate Finance Committee, headed by Robert Dole (R-Kans.), sent a proposal to the White House suggesting \$50 to \$70 billion in additional new taxes to be collected during fiscal 82, 83, and 84. The momentum toward large tax increase is so strong that Majority Leader Senator Baker had to eat his own words. Speaking on national television Oct. 25, Baker rejected the possibility of any new taxes for 1982; two days later he was publicly recanting.

Indeed, the mood on Capitol Hill was summed up in the approach being promoted by Senate Budget Committee Chairman Pete Domenici (R-N.M.). Over the course of fiscal 1982 to 1984, Domenici outlined \$20 to \$25 billion in additional cuts in appropriations, largely in defense, \$30 to \$40 billion in cuts in entitlement programs, and shocking increases in taxes.