

# How the promise of Reagan's first term in office was sabotaged

Despite President Reagan's strong commitment to rebuilding U.S. military and economic strength, the hold-over of Carter-Mondale appointee Paul Volcker at the Federal Reserve, and the strong influence of Henry Kissinger's associates otherwise, has blunted virtually every positive policy initiative the President has undertaken. By manipulating Reagan's ideological confusion between British-imperial "free enterprise" doctrines and American System economics, and his belief that Russia is a "crumbling empire," these circles gained his acquiescence in policies he would otherwise violently oppose.

Therefore, Reagan's first term saw a decline in U.S. influence abroad, a collapse in industry and agriculture (and soon, its banking system), and a decline in defense.

The "Kissingerians" at State and elsewhere have:

- brought the Atlantic Alliance to the verge of dissolution;
- prevented any peaceful solution to the Central American crisis;
- colluded with the Soviets to force the United States out of the Middle East;
- destabilized the Marcos regime of the Philippines, threatening to force a U.S. pull-out from Asia.

Even the administration's two vaunted successes, the economic recovery and the military buildup, are illusory, the former a product of faked figures and an influx of monies attracted by high interest rates, the latter actually representing a slight decrease in real spending over the Carter administration's final defense budget.

## Assault on the SDI

On March 23, 1983, President Reagan dropped a bombshell into the laps of an astonished Eastern Establishment, when he called on the American scientific community to seek an alternative to Mutual and Assured Destruction by developing a defense against nuclear missiles based on "new physical principles." The President's proposal, later designated the Strategic Defense Initiative, constituted a direct challenge to the "New Yalta" policy of Kissinger's masters.

The Establishment struck back with a vengeance. In addition to the chorus of objections raised by the East Coast media ("Star Wars"), the Mondale campaign, and the nuclear-freeze mob, Kissinger actively sought to sabotage the policy from within. He personally began a series of back-channel overtures to the Kremlin, reportedly assuring the Soviet lead-

ership that he would do everything in his power to dissuade Reagan from pursuing the beam-defense program. "New Yalta" could be salvaged.

At the same time, he and his administration collaborators, especially Secretary of State George Shultz, began to pressure and attempt to manipulate the "politician" Ronald Reagan, claiming that the Soviets wanted to reopen arms-control talks. Were Reagan only prepared to make concessions in the area of strategic defense, an arms-control agreement could be reached providing the President with a "peace-maker" image.

General Brent Scowcroft, vice-chairman of Kissinger Associates, earlier this year contributed his report as chairman of the President's bipartisan commission on the MX missile, in which he raised "grave doubts" about the advisability of the SDI. Coupled with advice from White House advisers and election managers to soft-peddle the SDI, Kissinger's "inside-outside" offensive had a devastating impact on the SDI's status. The administration requested less than \$2 billion for the program in FY 1985—and ended up with even less because it refused to risk a fight with Congress during the election year.

Similar tactics left the MX-missile program emasculated, largely due to the Scowcroft Commission's recommendations; the anti-satellite program was severely cut back, on the grounds that it would "interfere" with U.S.-Soviet negotiations; and the increase in the entire FY 1985 defense budget was slashed to a paltry 5%.

Among other tactics, Kissinger proposed that Reagan set up a new post, an arms-control czar, who would be given complete control over the U.S.-Soviet negotiating process and not have to worry about Pentagon objections to negotiating away the SDI. Kissinger advertised his own availability for the job, and in a Nov. 7 interview with West German television, said that Shultz and Scowcroft would also be "good men" for the post.

## The end of NATO

The assault on the SDI is one key element of the "New Yalta" gameplan. The destruction of NATO is another. Under the guise of a reunified, neutralized Europe, the Kissinger circles are pressing for the United States to abandon Europe to the Soviet Union, under the code-name "decoupling." As

*EIR* has previously documented, “decoupling” is the policy of the U.S. State Department, and such key diplomats as Ambassador to West Germany Arthur Burns and Ambassador Vernon Walters. It is the brainchild of such think-tanks as Georgetown Center for Strategic and International Studies (CSIS), which held a conference on this policy in Brussels last January at which Kissinger was a featured speaker. Also complicit are such British intelligence- and KGB-influenced institutions as the American Enterprise Institute, the Aspen Institute, and the German Marshall Fund.

Kissinger himself gave one of the first public formulations of “decoupling” in an essay published in the March 5, 1984 issue of *Time* magazine. Entitled “The Plan to Reshape NATO,” the article suggested steps to make Europe more “independent”—including allowing the Europeans to redesign NATO’s concept and organization of defense; he insisted, however, that defense must be based on conventional, not nuclear, weapons. Should Europe not heed this advice, he threatened, the United States should unilaterally withdraw half its forces from Europe!

The article was put into legislative form almost immediately by Sen. Sam Nunn (D-Ga.). Nunn, an associate of Kissinger at CSIS, proposed an amendment to the FY 1985 Pentagon budget calling for the withdrawal of 90,000 American troops from Europe by 1990. Nunn’s office admitted that the amendment, which was defeated in June 55-41, was inspired by Kissinger’s article.

Part of the effort to “decouple” Europe and the United States has been the lying reports to the Europeans, often claiming to be “off the record” views of the administration—notably by the State Department’s Richard Burt—that the SDI is intended only for U. S. defense. Such lies serve the double purpose of inciting Europe against the defense program, while convincing them that an “accommodation” with Moscow is their only hope.

## Global Malthusianism

In the realm of economic policy, the President has been cynically manipulated through his “magic of the marketplace” fixation to secure his agreement to policies spearheaded by the International Monetary Fund which mean the literal destruction and depopulation of much of the Third World, and, soon enough, the subordination of the advanced-sector economies to a one-worldist financial dictatorship. The federal budget deficit is the current point of blackmail pressures to compel a degree of austerity inside the United States itself that would not only make depression a permanent economic reality, but render the nation’s defenses, as much as social services, impossible to maintain—the SDI in particular.

Administration policies in agriculture, including the so-called PIK (Payment in Kind) program, were handed to Agriculture Secretary John Block by Walter Mondale’s adviser, Orville Freeman! These policies, which have resulted in massive farm bankruptcies and decline in output, are the product

of collaboration between agents of the grain cartel within the government, epitomized by Undersecretary of Agriculture Daniel Amstutz, a “former” top employee of Cargill, and outside think tanks, notably, the Hubert Humphrey Institute in Minnesota, whose most prominent figures include Mondale, his longtime associate and former Agriculture Secretary Freeman, and Kissinger.

As a result, the systematic destruction of the American family farmer is destroying the potential for averting global famine, and bringing the United States itself to the verge of skyrocketing food prices, shortages, and rationing. Yet, through the same grain cartel, the United States in 1984 will have sold more grain to the Soviet Union than in any year since the first grain deal with Moscow was engineered by Kissinger in 1972. This giveaway permits the Soviets to build up the strategic food reserves necessary to maintain the rate of their current diversion of all economic resources to military buildup.

## Kissinger’s goal

In a Sept. 24 speech honoring the 300th anniversary of Moccata, the British gold-trading house, Kissinger delivered a bald-faced attack on the nation-state and demanded “integration” of national economies into a “global framework.” Nationalism, he argued, is becoming so intense in some places that it is becoming impossible to implement austerity and collect foreign debt. “The biggest politico-economic challenge to statesmen,” he said, “is to integrate national policies into a global perspective, to resolve the discordance between the international economy and the political system based on the nation-state.

“Political and economic global systems are no longer congruent. . . . A number of countries sufficient to upset the equilibrium lack a consistent domestic discipline and pursue incompatible policies. . . . The incongruity between the internationalization of the world economy and the dogged strengthening of national autonomy in economic decision-making is the deepest cause of the gyrations of markets and exchange rates. . . . We live with the paradox of a global economy which lacks a system for setting agreed long-range goals. The industrial democracies have recoiled as well from the alternative of political coordination of fiscal and monetary policies.”

Kissinger then denounced modern-day democracies. “The most important economic powers are governed by a kind of popular democracy unknown in the 19th century . . . the public insists that governments assume responsibility to alleviate suffering and to improve the quality of life, if necessary even at the cost of slowing economic growth.” He accused the industrial democracies of being “unwilling to modify their policies in response to IMF criticism.”

Kissinger’s message is clear: The United States must be stripped of its industry, living standards, defenses, and democratic system—its status as a sovereign nation.