

Will Bush survive the 'Ides of March' period?

by Nicholas F. Benton

The rapid succession of world events scheduled to unfold over the March 15-April 30 period could be the undoing of the as-yet-adrift Bush administration, unless it radically alters the pattern of its first 50 days.

The "Ides of March" period welcomed Bush on March 17 with the release of Producer Price Index (PPI) figures for February, showing inflation continuing for the second month in a row at a double-digit pace. This caused the Dow Jones Index to dive almost 50 points and similar shocks to bond prices, which took their steepest drop of the year, while fears renewed of a crash far worse than the October 1987 debacle.

The sudden drop in the Dow occurred on an appropriately metaphysical occasion for those wary of the dangers lurking during the Ides of March: the quarterly "triple witching hour," which involves the last frantic trading in expiring options and futures on stock indexes, prompting heavy trading with computer program strategies.

The magnitude of any crash will not be contained within the parameters of any "triple witching hour." While the PPI is a monthly measure of the rate of inflation at the wholesale level, the Consumer Price Index (CPI) is a measure at the retail level, and that figure for February was due out March 21 and expected to send the markets reeling even further.

While Bush called the latest inflation news "another clarification call" for decisive action on the federal budget deficit, the fact that the new President has been long on words and short on action during his first 50 days, left observers anything but confident.

The fact that Bush's first 50 days culminated with the ignominious rejection by the Senate of his nominee for defense secretary, John Tower, on March 9, is being viewed as

one of the worst political fiascos in American history. Kinder commentators are calling it a period of "malaise," but there is a consensus that Bush's campaign promise that he would hit the ground running as President, has yet to be delivered.

Looking at the ominous international and domestic crises and the schedule of events upcoming in April, experts agree that unless Bush shakes the stupor that seems to be gripping him, both he and the nation will suffer irredeemable losses.

Bush has left over from his first phase, the period through the Tower fiasco, unresolved crises facing the savings and loan industry, the Third World debt, relations with NATO and Asian allies, the Soviets, Congress, and vital domestic issues. He carries these burdens into a period that will demand decisive executive responses from him, if the force of these events is not to drive the world to the brink of even deeper crises.

A packed agenda

The most critical period is compacted into the days between March 31 and April 4, when the International Monetary Fund's Interim Committee meets. Simultaneous with this meeting, Soviet President Mikhail Gorbachov will be in Cuba, and the Commission on Third World Debt headed by former West German Chancellor Helmut Schmidt will meet in Tokyo. The IMF, Gorbachov, and Schmidt will all seize the initiative from Bush on the critical issue of Third World debt during these days, unless Bush puts forward a much more decisive program than he has so far.

This is a sample of the events that Bush has to be prepared to face in the next 30 days:

March 19: Elections will be held in El Salvador, which

will launch a new wave of guerrilla terror, believed by some to be a Soviet ploy to railroad Bush into a premature deal to exchange Soviet "cooperation" in Central America for U.S. concessions to the Soviets in Europe.

March 21: U.S. Consumer Price Index figures for February will be released, expected to reflect the same double-digit inflationary trend as the PPI numbers that caused the Dow to dive almost 50 points.

March 23: U.S. hearings will be held on the European Community's plans for economic integration, the "Europe 1992" program, during which U.S. fears of European protectionism may arise that could further damage deteriorating U.S.-European relations.

March 24: The Kosovo assembly in Yugoslavia meets to make constitutional changes, while an emergency congress is convened in Montenegro. This will be followed four days later by a Serbian proclamation announcing changes in its constitution aimed at curbing the autonomy of Kosovo and Vojvodina. This further polarization of the situation in Yugoslavia brings closer the day that Soviet troops might march to the shores of the Adriatic.

March 26: Elections to the Soviet Congress of People's Deputies in the U.S.S.R. are scheduled. This is the first of a number of strictly cosmetic moves by Gorbachov aimed at giving him a decisive diplomatic edge over Bush on the world stage.

March 31: The International Monetary Fund's Interim Committee meets in the wake of mass riots in Venezuela against debt repayment, resulting in at least 1,000 deaths, and the threatened spread of anti-IMF political actions throughout Ibero-America. The Bush administration's effort to devise a new strategy to cool the Third World debt crisis has been completely inadequate to date, and the initiative will fall back into the hands of the IMF if Bush does not assert an aggressive alternative policy before this meeting.

April 2: While the IMF meets, Gorbachov will make a timely visit to Cuba, undoubtedly to denounce the IMF and U.S. debt collection policies toward the Third World, thus up-staging Bush to the degree that Bush has not devised a new strategy that clearly separates U.S. policy from the austerity programs of the IMF.

April 3: The Commission on Third World Debt will meet in Japan, again to take the initiative from the United States in dealing with the Third World debt crisis.

April 3: The Polish government and the trade union Solidarity are scheduled to announce their "social contract" to jointly impose austerity, a move that could trigger a new wave of unrest there, and would again raise the question of defining a U.S. policy toward Eastern Europe.

April 5: Gorbachov again steals the spotlight, this time with a trip to London to meet British Prime Minister Margaret Thatcher. The recently "greened" Thatcher, ablush with her new environmentalist awakening, will spend three days meeting with Gorbachov to make critical decisions on the

shape of the new global environmentalist police state that Gorbachov advocated in his speech to the United Nations last December.

April 10: The Trilateral Commission, that infamous association of elites who manipulate world events over the heads of governments, will meet in Paris, with Henry Kissinger among the participants. With the confirmation of Lawrence Eagleburger as deputy secretary of state by the U.S. Senate on March 17, Kissinger's influence over the Bush administration now appears overwhelming. Eagleburger was the head of Kissinger Associates, while Bush's National Security Adviser, Gen. Brent Scowcroft, was a board member of the same intimate group. Again, with Bush adrift, this group will assume that it has the prerogative to dictate the direction of policy for the West.

April 18: An All-European Information Forum, the first of its kind, will be held for all participants in the Conference on Security and Cooperation in Europe (CSCE). With Bush not expected to complete his so-called "strategic review" of U.S. defense policy until the end of the month, this will be another watershed occasion where the U.S. will be impotent to assert a clear policy in the face of attractive, if merely cosmetic, Soviet initiatives on conventional arms reductions in Europe.

Allies are worried

So far, Bush has given the NATO allies plenty of cause for alarm. First, he sent Secretary of State James Baker III on a whirl-wind tour of European capitals, which only succeeded in alienating especially the West Germans. There, Baker's public insistence that Chancellor Helmut Kohl endorse the immediate modernization of the short-range Lance missile, was viewed as stupid at best, and devisive at worst. Baker seemed unfazed by the fact that his demand would spell political suicide for Kohl.

Even more ominous for the Europeans was the language used by Bush in his March 9 statement marking the opening of the new round of CSCE talks. Bush referred to the need to bring "an end to the division of Europe," which alarmed allied leaders concerned that Bush has accepted Kissinger's scheme to trade permanent Soviet control over Eastern Europe for cosmetic free elections there. Such a "Finlandization" policy would insure the ultimate Soviet domination, by such "Finlandization," of all Europe.

While most European leaders have resigned themselves to the removal of some U.S. troops from Europe, under the pressure of cuts in the U.S. defense budget this year, they are much more worried that the Bush's prolonged "strategic review" is going to result in a fundamental shift in U.S. policy toward Europe, along the lines of the infamous "Discriminate Deterrence" report issued by the U.S. Commission on Integrated Long-Term Strategy a year ago.

That report, which Kissinger had a hand in writing along with Commission co-chairmen Fred Iklé and Albert Wohl-

stetter, called for the removal of the U.S. nuclear shield from Europe and a recourse to defense policies appropriate to wars "which might actually be fought."

The report created such a furor in Europe at the time that the Reagan administration was forced to disassociate from it entirely, even though it was unveiled in the Pentagon by the then-Deputy Defense Secretary Iklé. However, many European analysts have retained the fear that the new administration would embrace the policy.

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But the problem for the moment is that no one knows, because the Bush "strategic review" is still a long way from completion, and the allies are going to have to wait while Gorbachov, explosive events in Eastern Europe, and initiatives from the Trilateral Commission, the Socialist International, and the IMF steal the agenda over the next month, if Bush continues in his current stupor.

So far, Bush's reaction to the consensus that his administration is "adrift" has not been encouraging. Rather than answering the charge with actions proving the contrary, he left Washington, D.C. on three occasions in two weeks, for no better reason than to give speeches asserting that he is not "adrift." On his most recent junket, he went home to Houston and then spent the night visiting relatives in Colorado Springs, returning to Washington just in time for Congress to adjourn for a two-week Easter recess. The only news from the White House upon his return was that his wife's dog, Millie, was in labor.

The end of Phase I

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It is useful to compare the "phases" of the Bush administration to those of other Presidents. For example, the lengthy 16-year incumbency of Franklin Delano Roosevelt, the last American "blueblood" to hold the White House before Bush, was divided into four distinct phases: the first New Deal

phase; the second New Deal phase; the war mobilization phase; and, the final Teheran-Yalta phase.

In the case of Roosevelt, the transition to each new phase was accompanied by changes in key personnel as well as policies. The first two phases were disasters. It was not until Roosevelt mobilized the nation for war that he brought the country out of its depression and back onto its feet. In the final phase, a sick and exhausted Roosevelt squandered the fruits of victory in the summits at Teheran and Yalta.

If there is a single, most important difference between the Roosevelt days and now, it is in the condensation of time, and the reduction of the margin for error from years to weeks, if not days and hours.

Thus, Phase I for Bush was only 50 days. Those out for Bush's head, such as Britain's Lord Victor Rothschild, the Swiss-based Bank for International Settlements and U.S. Federal Reserve chairman Alan Greenspan, and U.S. Democratic Party scions led by Clark Clifford and McGeorge Bundy, denounce Bush for his failure to implement their preferred agenda. Bush's friends, those who wish him to succeed in the interests of the nation, are genuinely alarmed.

In less than two months, starting from his first working day in office when he floated a "trial balloon" proposal for solving the savings and loan crisis that immediately led to a hushed-up run on S&Ls across the country, the President has rung up one fiasco after another.

When he eventually announced his S&L bailout program, a crazy-quilt of legislative and regulatory reforms that added up to the biggest bank bailout in U.S. history, it did not calm the fears of depositors. On the contrary, \$10.7 billion was withdrawn from U.S. thrifts in January, the most in any month in U.S. history, and more than all of 1988. And the problem did not abate, despite all Bush's assurances, when some \$9 billion more was withdrawn in February.

Meanwhile, Bush spokesmen have had to modify estimates twice on the size of the bailout, now well over \$100 billion, and Bush set his whole package on a collision course with Congress by using the crisis to implement his deregulation agenda.

By calling, effectively, for an end to the distinction between S&Ls and commercial banks, Bush has drawn the ire of House Banking Committee chairman Rep. Henry Gonzalez (D-Texas) and senior Senate Banking Committee member Sen. Jake Garn (R-Utah), ensuring that a protracted clash with Congress will delay and undermine any real relief to the over 500 ailing S&Ls.

Thus, Bush's decision to use the crisis to implement his political agenda of deregulation, rather than to relieve the crisis and cure its underlying causes, is seen as a major political blunder.

So has been his foot-dragging on allowing Japan access to the technology for the FSX, his wishy-washy Third World debt proposal, Baker's pressure on Kohl, and dead silence on strategic policy and arms control, to name only a few.