

The Manatt Democrats stage Reagan's tragedy

by Richard Cohen, Washington Bureau Chief

"If former actor Ronald Reagan ever nourished a secret passion to play a leading role in a great tragedy, that wish was fulfilled before a nationwide television audience last night. The President slit his own political wrists, with Democrats such as Tip O'Neill, Sen. Robert Byrd, and Democratic National Committee [DNC] Chairman Charles Manatt passing Reagan the razor blades."

That was *EIR* founder Lyndon H. LaRouche's initial comment Sept. 25 from Wiesbaden, West Germany, on the Reagan economic address. The Democratic National Policy Committee advisory board chairman continued: "From the beginning of his administration, President Reagan's policy has been an imitation of the Friedmanite austerity policy of Britain's Prime Minister Margaret Thatcher. Today, Britain has reached a condition of economic depression as bad as at any time during the 1930s, with no bottom yet in sight. Despite the failure of Thatcher's experiment in Britain, and the worsening failure of Reagan's own policies in the United States, the President announced last night that he intends to continue the experiment.

"Even under the best of circumstances, President Reagan's 'supply-side' economic dogma could not succeed. Although there are some features of federal spending which should have been eliminated entirely, the President's across-the-board budget cutting had the effect of lowering the federal tax-revenue base. Reagan set out to cut the federal budget deficit, and made the budget deficit greater. . . .

"The President is running out of the time available to correct his own potentially tragic mistakes. Forces reflected through the Federal Reserve Board of Governors, the officialdom of the International Monetary Fund, and

the Bank for International Settlements are moving rapidly toward collapsing large sections of the U.S. banking system. The collapse may be delayed beyond October of this year, but time is running out quickly, beginning October 1st.

"It is not entirely the President's fault, of course. He did not create the mess he inherited. He only worsened it, chiefly through his moral weakness in submitting to Wall Street blackmail. The biggest defenders of Paul Volcker are not limited to the Republican Party—Tip O'Neill and Sen. Robert Byrd have recently exposed themselves publicly as Volcker's agents in the Congress. Democratic National Committee Chairman Charles Manatt, a banker, has also exposed himself as a defender of Paul Volcker. These cynical Democrats are delighted to see the people of the United States suffer a new depression, hoping that the depression will strengthen the supporters of the Socialist International's Willy Brandt within the Democratic Party.

"Manatt, O'Neill, and Byrd are not tragic figures. A tragic figure is a good person who destroys himself through a fatal moral weakness. Manatt, O'Neill, and Byrd have never shown this writer any good side in their natures or political ambitions. President Reagan is personally a decent human being, which is why his conduct in this affair is truly classical tragedy. . . .

"The image of President Reagan is of a legendary Russian family fleeing wolves by sleigh in wintertime, and throwing babies overboard one by one, trying to make peace with the wolves. Reagan has so far surrendered, one baby after the other, each good thing he wished to accomplish for the United States, in efforts to pacify the wolves among Henry Kissinger's and Alex-



Tip O'Neill with the hapless House Minority Leader, Jim Wright, and House Ways and Means Chairman Dan Rostenkowski.

ander Haig's accomplices in Willy Brandt's Socialist International. . . . We do the President no good by condoning his tragic blunders, or by saying that Reagan is being morally strong when in fact his actions are being determined by moral weakness."

'Reagan's interest rates'

The background to Mr. LaRouche's comments includes the following. A day before Chairman Manatt's Sept. 17 orders to the DNC's executive board that the President, and not the Federal Reserve Board, be held responsible by the Democratic Party for high interest rates, House Speaker O'Neill boasted to a long-awaited full caucus of House Democrats: "The monkey is off the backs of Democrats. These are Reagan's deficits and Reagan's interest rates."

Sources close to the House leadership report that the moves by O'Neill and Manatt were synchronized with AFL-CIO President Lane Kirkland, with the aim of drawing partisan lines on the interest-rate issue. As a result, attempts by Democratic legislators to seek immediate relief through legislation requiring the President to confront Volcker are to be restrained and contained, regardless of the consequences for the national economy. The AFL-CIO "Solidarity Day" demonstration held here on Sept. 19 witnessed all Kirkland-selected speakers playing down the interest-rate question, despite the concern of the majority of the 260,000 participants.

It was this O'Neill-Manatt-Kirkland team which has kept a resolution drafted by Montana Democrat John Melcher off the Senate floor prior to the President's economic address. The Melcher legislation, Senate Joint

Resolution 104, would mandate a bipartisan, congressionally backed presidential confrontation with Fed Chairman Volcker in order to reduce interest rates substantially and immediately. The Senate Democratic leadership moved to kill the Melcher Resolution late Sept. 18. Melcher had intended to offer it as a rider to the Senate Agriculture Bill, but the leadership forced a fight over tobacco subsidies, knowing this would compel the Republicans to close off debate on the bill before Melcher could act.

The Melcher Resolution was to have been introduced in the House by Bill Alexander of Arkansas, also a Democrat, but efforts to obtain House Democratic backing for it were quashed Sept. 23 by O'Neill's protégé Richard Gephardt of Missouri at the House Democratic Steering and Policy Committee meeting. Gephardt argued against any official Democratic support for the bill on the grounds that Democratic attacks should focus on the President, not the Federal Reserve; he also claimed that reducing the budget deficit was the only way to lower interest rates!

The O'Neill group, which also includes Senate Minority Leader Robert Byrd of West Virginia and Senate Minority Whip Alan Cranston of California, are now going so far as to tell Democrats privately that if they support a Melcher-style bipartisan effort and the President is forced to act, Democratic electoral chances will diminish in 1982. But, the line goes, if they wait, continue to attack the President on his budget cuts, and blame Reagan instead of Volcker for the credit crunch, their chances in 1982 will "rise as the economy collapses." "The Speaker doesn't think we should imply that the Fed is responsible for high interest rates," declared his aide on Sept. 24. "He is opposed to Democrats offering the Melcher bill." "No bipartisan move on interest rates will be tolerated. We are not going to back anything that can get the President out of the box," said an aide to one top Democratic senator.

Another summary of strategy was relayed Sept. 23 by a spokesman for the Democratic Policy Exchange, a think tank whose sponsors include Carter Labor Secretary Ray Marshall, ultraliberal former Sen. Gaylord Nelson, investment banker Philip Klutznick, and Lane Kirkland: "It's Reagan's economy, and we should watch and see what he does when it fails. He will pay the consequences. That's the Democratic strategy. There is no political support for alternative policies. The strategy is to push him into the corner. If long-term rates do not come down in three months, there will be a coalescing of interests focusing on eliminating the second year of the tax cut. We'll see a bigger whack at defense."

In the House, after reminding everyone present that Volcker was not the high interest-rate culprit, O'Neill moved Sept. 16 to secure control over future House

Democratic strategy by arranging a series of hearings to be held under the auspices of the House Banking Committee both in Washington and around the country, aimed at cooling out the issue. Charles Manatt followed on Sept. 17, as I reported last week, by changing an anti-Volcker resolution passed by the party's Western state chairmen to conform to Manatt's declaration that "Volcker is not the problem, Reagan is."

However, according to Hill sources, some Democratic senators and congressmen admit privately that this heavy-handed tactic "smells too much like fronting for Volcker"; two nationally syndicated columnists have jokingly referred to the sympathy between "Wall Street" and the "friends of labor," the Democratic Party.

The turning point

Outside the controlled Democratic environment, the International Brotherhood of Teamsters leadership was endorsing the Melcher Resolution; the national construction laborers' union was passing a resolution demanding immediate action by the President, Congress, and the Federal Reserve to bring down interest rates; and the President's own political machine, the executive board of the powerful Republican Assembly of California, as the Reagan caucus in the state's GOP is known, on the weekend of Sept. 19 voted up the Melcher Resolution word for word, merely substituting "Republican Assembly" for "the Senate and the House of Representatives" in demanding that the President act to lower interest rates.

Nevertheless, on Sept. 24 Mr. Reagan reached the turning point of his presidency, and chose a tragic path for an administration entrusted less than 12 months ago by Americans with their greatest hopes in the past two decades.

Nor has Reagan even succeeded in his attempt to propitiate Wall Street. His proposed \$16 billion in further fiscal 1982 budget cuts and his capitulation to the demand for tax increases will not satisfy Paul Volcker; they will simply cut him off from remaining popular support and further narrow his bargaining leverage with Congress. He will probably lose the vote on the administration's proposed sale of AWACS equipment to Saudi Arabia, and his foreign policy will unravel along with everything else. Finally, he will have lost all standing with those Western leaders who recognize the folly of the Volcker policy. In a *Bild-Zeitung* interview preceding the President's national address, Chancellor Helmut Schmidt of West Germany declared that international monetary policy "will not be determined by moods and feelings from the United States," and that Mr. Reagan would "learn that it is very dangerous to try to do that."

Military Policy

The cruise missile and strategic doctrine

by Robert Gallagher

The U.S. Department of Defense's reported postponing of the first deployments of the land-attack cruise missile by at least a year from its original October 1982 date is an opportunity for Americans who support a strong national defense system to reopen the debate on the incompetent cruise.

The cruise missile is a slow-moving drone aircraft intended to penetrate up to 1,500 miles into Soviet territory and strike its target undetected by Soviet defenses. Its advocates assert that the cruise is a strategic weapon. That is not the case.

Furthermore, there is no variation of technological improvements that could turn the cruise into a strategic weapon. As this short report will show, the weapon already rests on a primitive foundation of technology, with many problems remaining unsolved. It is, at best, an inefficient piece of medium-range artillery (ship-to-ship cruise missiles, for example, were successfully used in the Arab-Israeli war by the Egyptians).

There is only one mission that the cruise missile could conceivably carry out: a first strike, sneak attack on Soviet military installations. And that is the intention of its designers. Yet, even for that mission, the cruise is inefficient and full of difficulties.

The 'Stealth' cruise missile

The cruise missile is analogous in conception with the Nazi V-1 buzz bomb, the child of that faction of the armed services—begun with Billy Mitchell and carried forward by the Strategic Bombing Survey and Rand Corporation—that has raised airpower to the status of the basic defense of the U.S.

The basic idea behind the cruise is that application of advanced electronics and computer systems will enable the missile to travel at essentially zero altitude so that ground-based, "look-up" radar will not detect it, and that it can reach its target undetected, killing it with an exact hit. In an effort to solve the problem of "look-down" radar from aircraft or otherwise, the DOD has designed the missile's airframe to provide the maximum possible scattering of downward incident radar waves by the cylindrical shape of the top of the vehicle. The craft's flat bottom provides aerodynamic stability and heat dissipation capabilities to avoid infrared detection.