

Will Vatican offensive stop Czar Donald Regan?

by Kathleen Klenetsky

With the ouster of Robert McFarlane as national security adviser on Dec. 4, the balance of power within the Reagan administration has shifted dangerously against the national interests of the United States. White House Chief of Staff Donald Regan, along with Secretary of State George Shultz and Treasury Secretary James Baker, are now running virtually every aspect of U.S. foreign and strategic policy.

At this point, the situation within the Reagan administration is closer to disaster than at any other time since January 1981. Consider just a few of the facts supporting that evaluation:

President Reagan, according to certain sources, has abandoned any day-to-day involvement in the running of the government, leaving most decisions in the hands of Regan's cabal.

Secretary of Defense Caspar Weinberger is reported to be hanging onto his post by his fingernails, and ready to leave whenever the President does—which some Washington insiders are now predicting could come as early as 1987.

The person whom Reagan has named to replace McFarlane, former Adm. John Poindexter, was the personal choice of both Shultz and Regan. They lobbied hard for his appointment against the Pentagon and conservatives on Capitol Hill who were backing former Sen. John Tower for the job. CBS news reported Dec. 4 that Poindexter, McFarlane's second-in-command at the NSC, collaborated closely with Don Regan to grease the skids for McFarlane's departure. Secretary Shultz has already issued a public statement praising Poindexter for his "progressive policies," while other State Department sources have hailed him as a "pragmatist."

A further negative factor at work is the surprise indictment in early December of James Beggs, who breathed new life into the dying U.S. space program when he took over as NASA administrator in 1981. Beggs was an outspoken "technical optimist," a public opponent of the Malthusian Club of

Rome, and a strong backer of the Strategic Defense Initiative. The attack on Beggs bodes ill not only for America's space exploration program and plans for a manned space station, but also for U.S. efforts to match Soviet military activities in space, and particularly the SDI.

Regan, Shultz, Baker, and Fed chairman Paul Volcker have moved to consolidate all economic policymaking in their hands. According to the Nov. 17 *New York Times*, "Power has shifted from constituency-sensitive, often divided cabinet officers toward the White House, the Federal Reserve Board and the State Department, and above all toward Mr. Baker." Baker and Regan have thus far eliminated eight of the administration's existing economic councils, while Shultz has formed a mini-council of his own at State.

This is tantamount to an International Monetary Fund coup. As treasury secretary, Don Regan worked to subject the U.S. economy to the same IMF conditionalities which have decimated the developing sector. His successor, Baker, formally endorsed the IMF's decision this year to extend its "surveillance" over all members, including specifically the United States.

An immediate reflection of the IMF's growing grip over the American economy is the appointment of Dr. Otis Bowen as new secretary of health and human services. Bowen is a strong supporter of euthanasia, and a particularly ardent proponent of "living wills," which coerce the elderly and terminally ill into accepting early death, as an explicit cost-saving measure. Regan, together with Sen. Dan Quayle (R-Ind.), was instrumental in convincing President Reagan to appoint Bowen (see *Congressional Closeup*).

Czar Regan makes his move

Regan himself, not known for his false modesty, told the Dec. 5 *New York Times* that he views his role now as a "bridge" and "counsel" to the President on foreign policy,

especially when decisions on national security have an impact on domestic political considerations.

Although McFarlane was by no means the best exemplar of patriotic values, and held deeply flawed views on key issues of strategic policy, it was nevertheless the fact that he was much less inclined to embrace the alleged merits of arms control, and the overall diminution of U.S. military power, than the Regan-Shultz axis is. Indeed, it was McFarlane who became the first Reagan administration official to publicly advocate, in a nationally televised interview in October, that the United States should adopt a broad interpretation of the ABM Treaty, since the Soviets were going ahead pell-mell to develop a strategic defense of their own.

It is also known that McFarlane had cautioned against letting the Soviets make arms control the dominant subject at the Geneva summit, contradicting the counsel of Shultz and Regan.

By contrast, Regan, Shultz, et al. are sworn enemies of the SDI and the President's now-aborted military buildup. Regan played an absolutely key role in conning the President last May to agree to a freeze in the fiscal year 1986 budget, and has stated that he sees his major responsibility as keeping Weinberger away from Reagan. And Shultz is a key architect of the "New Yalta" plan, under which the United States would cede Western Europe and the Pacific to the new Russian master race.

With the kinds of political pressure which Moscow and its assets are now putting on the United States to "put its money where its mouth is" by agreeing to a "substantive" (read: sell-out) arms accord at the next superpower summit, the strengthening of the Regan-Shultz faction signaled by McFarlane's ouster is truly alarming.

It's not just the Western press which has recognized that the real significance in McFarlane's resignation is that it signals that Regan has become the virtual American Czar. The official Soviet news agency TASS crowed in a Dec. 5 release, "The resignation was mainly caused by acute differences among the president's closest entourage over a number of key foreign policy issues. . . . It is believed that Donald Regan, upon McFarlane's resignation, will gain a still more appreciable power and influence in the White House in matters of not only domestic policy but foreign as well." Regan, TASS noted, "has long been seeking" more power. And knowing Regan's record on defense, and support for the "free enterprise" economics which have doomed the American farm sector, the American steel industry, and other sectors of the economy crucial to U.S. survival, TASS can only be pleased.

Is Regan a heretic?

There is one impediment to Regan's continued drive to power, and that is the extraordinary developments coming out of the Vatican at the current time. Joseph Cardinal Ratzinger's attack on Adam Smith and indictment of attempts to divorce economics from morality (see p. 4) could serve as the lever to stop Regan and his cronies in their tracks and

establish the basis for a renovation in economic policy, especially toward the developing sector.

Regan is a prominent Catholic, part of a nest of self-styled "prominent conservative Catholic laymen" which includes shipping magnate J. Peter Grace, head of the American Knights of Malta, and George S. Moore of First Boston Corp., as well as former Secretary of State Alexander Haig and ex-Treasury Secretary Bill Simon.

These august gentlemen have hired the services of Michael Novak, resident "Catholic" at the influential American Enterprise Institute, to concoct a series of reports alleging that the Vatican has dropped its former opposition to liberalism and embraced liberal institutions, particularly "market economics."

They all share a common adulation for Adam Smith, the Scottish "moral philosopher" who penned the *Wealth of Nations*, with its insistence that morality and economics are two entirely discrete and unrelated spheres of activity, as a polemic against the American Revolution, and the principles of republicanism it embodied.

But Ratzinger's statements to the Vatican-sponsored seminar on the Church and the Economy have abruptly and irrevocably pulled the rug out from under the bizarre efforts of this crew to invoke Catholicism in defense of the murderous and immoral policies they are perpetrating on the Third World, as well as on the United States.

The only proper interpretation of Ratzinger's speech is that the free-market determinism embraced by Regan and his cohorts is antithetical to natural law and Catholic moral teaching. Ratzinger's statements also put him in the interesting position of implicitly defending the American System of economics against the destructive and immoral free-enterprise baloney espoused by Regan and his Catholic friends, each of whom is an enemy of the United States as well as of the Church.

Regan's personal friend, the "right-wing" J. Peter Grace, is a case in point. His family's business has extensive ties to the Soviets, as well as to the dirtiest narco-terrorist circles in Ibero-America, including, prominently, the Cisneros family. And as former head of the President's commission to investigate waste in government, Grace has emerged as a foe of the American military far more dangerous than any left-wing lunatic.

The implications of Ratzinger's remarks have already generated significant anxiety in these circles: Milton Friedman shrieked, "Ratzinger is an ignoramus! There is no connection between morality and economics!" when informed of the Cardinal's attacks on Adam Smith. And the limp-wristed Novak, after screaming at this writer that "I don't want to talk to you about it," is reportedly running around Washington telling anyone who'll listen that "the LaRouche people invented" Ratzinger's speech.

But that won't make it go away. With the Vatican on the offensive on economics, things could get hot for Regan and company.