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Conservatives Are Dubious About The Christmas Waltz

RONALD REAGAN

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■ IN A CAMPAIGN speech delivered before the International Business Council in Chicago on September 9, 1980, candidate Ronald Reagan announced his goals for federal spending — the levels he would work to achieve if elected President of the United States. Reagan's spending goal for 1982 was \$667 billion as opposed to the Carter Administra-

tion's then-proposed level of \$710 billion. After taking office, President Reagan sharply revised his estimate upward to \$695 billion in March of 1981. By summer, the Administration's projections for 1982 spending were already nearly \$705 billion. The final figure for the federal outlays of Fiscal 1982, which ended on September thirtieth, was released by the

The late Al Smith once complained that nobody ever votes against Santa Claus. We have been told that only the role of Ronald Reagan as Scrooge has prevented Congress from giving away the store. But the fact is that Scrooge's own Budgets are the greatest spending humbugs in American history.

Treasury on October twenty-sixth. It was a staggering \$728.4 billion!

The G.O.P. Platform of 1980 reads: "The Republican Party pledges to place limits on federal spending as a percent of the gross national product. It is now over 21 percent. We pledge to reduce it." As we write, federal spending is in excess of twenty-four percent of the G.N.P. — a share unequalled since the wartime Administrations of Franklin Roosevelt and Harry Truman.

Of course, President Reagan does not preside over the national Budget by himself. He does have a "Liberal" Congress with which he must deal. And he has used the veto on some occasions to block bills he called "Budgetbusters." But Mr. Reagan never so much as *asked* for the promised cuts in the level of spending.

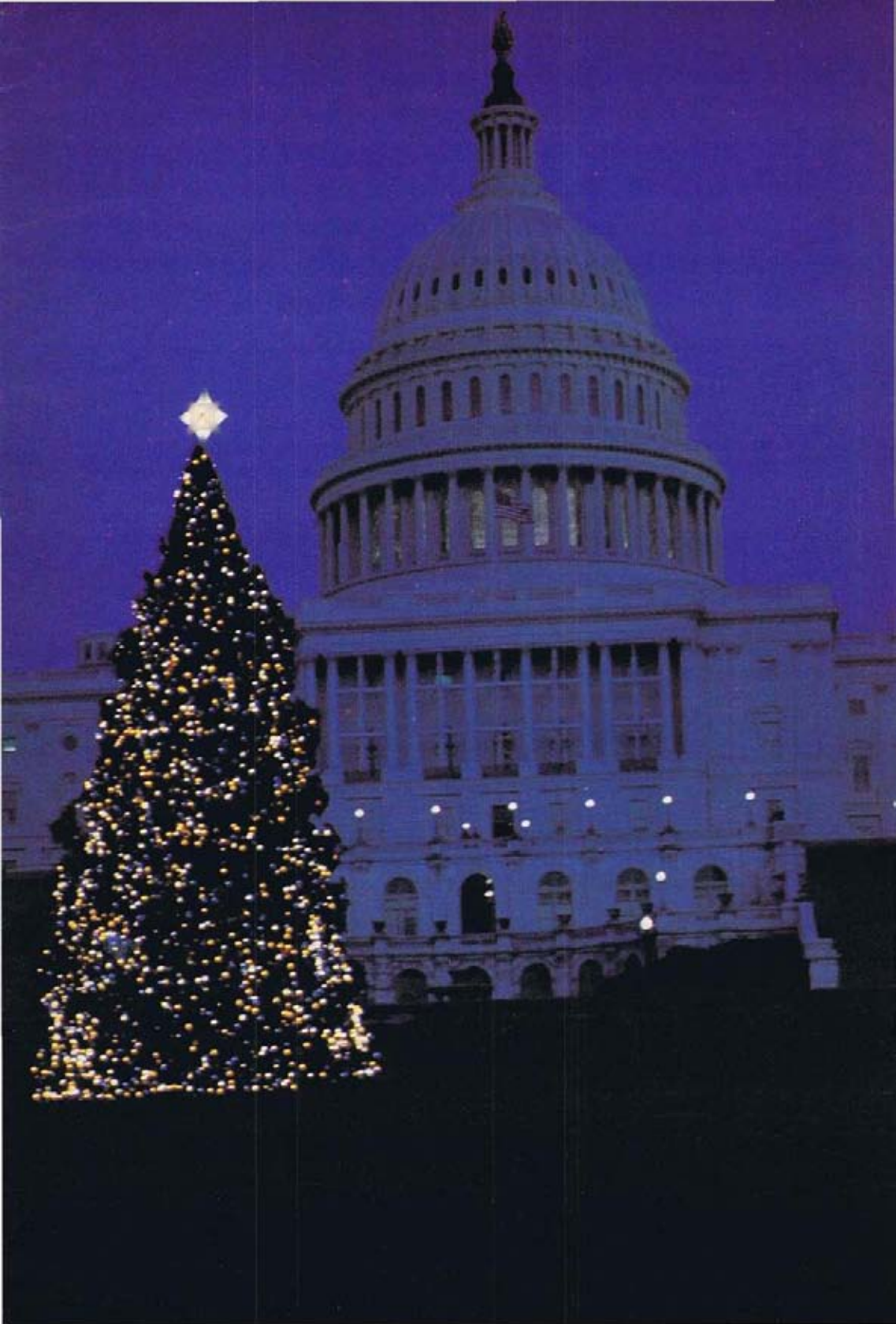
Late this year the President did publicly support the Tax Limitation/Balanced Budget Constitutional Amendment. Though passed in the Senate, it was defeated in the House. Meanwhile, our federal government is running the largest Budget deficits in history. The federal deficit in Fiscal 1982 amounted to a whopping \$110.7 billion! Having failed to arrest the massive momentum of federal spending, the President is foundering in an ocean of red ink.

This was made inevitable when President Reagan pressed Congress to raise the National Debt "ceiling" by over \$340 billion in his first eighteen months in office. The National Debt is now over \$1.1 trillion and the interest payments to service this huge Debt amounted to \$115 billion in Fiscal 1982. Ronald Reagan has the votes to stop deficit spending cold simply by opposing any further increase in the Debt limit. That he has refused to do so is hard evidence that he is *unwilling* to keep his promise about holding down spending to balance the Budget.

Tax And Tax

The Reagan tax policy is equally disturbing. Conservatives want to know how Ronald Reagan could have worked so hard for the passage of the tax-rate reduction and then turned around a few months later and worked just as hard for the largest tax increase in our history. Mr. Reagan has claimed that calling his tax hike the greatest such increase in history is "pure hog-wash," maintaining that this dubious distinction belongs to the Social Security tax program passed in 1977 under the Carter Administration. It is true that the 1977 Social Security law raised taxes by an estimated \$227 billion over a ten-year period. But the Rea-

Photo



Has Ronald Reagan traded his Western hat for a C.F.R. homburg? How else can we explain his support of credit sales to Red China of U.S. military technology, his abandonment of our friends in Taiwan, his payment of interest on loans to the Polish dictatorship, and his multi-billion-dollar increase in foreign aid?

gan-Dole tax act increases taxes another \$227 billion over just *five* years. This means President Reagan's tax "reform" program will bleed our economy twice as quickly as the Social Security hike. The Administration attempted to obscure this fact by citing the figure of \$98.3 billion in anticipated revenues from the act by 1985. But that covers only the first three years.

President Reagan also tried to make the tax seem less onerous by defending it with such Welfare State clichés as "closing loopholes" and making the wealthy pay "their fair share." He even vilified Conservative opponents of this tax as being motivated by selfishness. We expected that sort of shallow and demagogic rhetoric from Tip O'Neill and Ted Kennedy, but it was bitterly disillusioning when it came from The Gipper. If an act results in taking more taxes from more people, it is a tax increase. Calling it "plugging loopholes" and "improving compliance" does not alter the fact that the largest tax increase in history is the largest tax increase in history. And it is a Reagan tax.

The Reagan tax package will not only increase various user taxes (on tobacco and telephone calls, for example), but it also eliminates some deductions and further strengthens

the powers of the Internal Revenue Service. And, beginning on July first, banks, Savings & Loans, and brokerage firms will be required to withhold ten percent of interest and dividend payments from their customers. Because of the many exceptions and details of this provision of the new law, depositors will have to provide copies of their tax returns to the banks and savings institutions in which they have deposited their funds. This greatly increases reporting requirements on interest, dividends, and capital gains, and further reduces the confidentiality of our tax returns.

In addition, the towering cost of implementing this perniciousness will have to be passed along to bank borrowers in the form of higher interest rates on loans, or to bank depositors in the form of lower rates on deposits. And it cannot help but have an adverse effect on the level of savings in our country, already dismally low compared to Germany and Japan. Because savings are the pool from which both the government and business borrow money, a lower level of savings will encourage still higher real interest rates — the opposite of Reagan's stated objective in passing the bill!

Also written into the tax hike is a provision which requires businesses



whose employees receive tips to report and withhold eight percent of gross income as tax on presumed tips. This is arbitrary and forces the already beleaguered owners of small businesses to function more than ever as unpaid tax collectors. Again, the higher costs will be passed along in the form of higher prices.

But perhaps the worst part of the Reagan tax package is that it adds five thousand more I.R.S. agents to the public payroll. This swarm of bureaucrats is being sent out to harass our people and eat out their substance, further reducing our privacy and abridging our freedoms.

The rationale the President used to promote the tax scheme is that it is necessary to reduce pressures on the capital markets from "crowding out" by government borrowing. This would bring interest rates down and generate an economic recovery. In his defense of the bill, the President said, "The bottom line is this: Would you rather reduce deficits and interest rates by raising revenue from those who are not paying their fair share? Or would you rather accept larger Budget deficits, higher interest rates, and higher unemployment?"

These, of course, are false alternatives. If you siphon off wealth from the economy through taxation, the effect is the same on the capital markets as if you extracted the money out of the economy by government borrowing to meet large deficits. There is less money to be saved and invested in either case. Ronald Reagan himself had earlier remarked: "It doesn't matter whether you 'crowd out' borrowers through taxation or government borrowing. It's all the same." And on January 26, 1982, the President had told a Joint Session of Congress:

"High taxes would not mean lower deficits. If they did, how would we

explain that tax revenues more than doubled just since 1976, yet in the same six-year period we ran the largest series of deficits in our history? In 1980 tax revenues increased by \$54 billion, and in 1980 we had one of our all-time biggest deficits.

"Raising taxes won't balance the Budget. It will encourage more government spending and less private investment. Raising taxes will slow economic growth, reduce production, and destroy future jobs, making it more difficult for those without jobs to find them and more likely that those who now have jobs could lose them.

"So I will not ask you to try to balance the Budget on the backs of the American taxpayers. I will seek no tax increases this year, and I have no intention of retreating from our basic program of tax relief. I promised the American people to bring their tax rates down and keep them down — to provide them incentives to rebuild our economy, to save, to invest in America's future. I will stand by my word."

But President Reagan did not stay the course. He not only broke his word, he stampeded in the *opposite* direction. His tax hike takes more money away from citizens who have earned it. It discourages saving and investment. And it violates financial privacy. This new tax program should be called Ronald Reagan's N.R.A.: The Non-Recovery Act of 1982.

The Failed Promises

Whatever the implications of Ronald Reagan's failure to keep his macroeconomic promises, there can be no excuse whatever for his continuing to give hundreds of millions of tax dollars to the Lunatic Left. According to Congressman Lawrence Patton McDonald (D.-Georgia), more
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than *ten thousand* Leftwing organizations now receive money from Uncle Sam! Among these are Jesse Jackson's PUSH, the National Welfare Rights Organization, the American Friends Service Committee, the N.O.W. Legal Defense and Education Fund, Feminist Press, the International Ladies Garment Workers Union, the United States Student Association, Communication Action for Legal Services Inc., University Legal Services, the Gray Panthers, the Martin L. King Jr. Center for Social Change, Friends of the Earth, the Sierra Club, the National Council of Churches, the National Education Association, the Urban League, and many, many more.*

What kind of uproar would ensue in the "Liberal" press if it were discovered that the Reagan Administration were supplying a million dollars a year to The John Birch Society? The "Liberal" statisticians would be screaming that those responsible should be hung by their thumbs! But the media moguls have ignored the issue of tax money being provided by the Administration to fund the Left. Middle America might get upset if it knew.

Thomas Jefferson wrote: "To compel a man to furnish funds for the propagation of ideas he disbelieves and abhors is sinful and tyrannical." Seeing what's going on today, Jefferson would undoubtedly have an apoplectic fit.

New Right activists are even more furious at the President over his failure realistically to support their so-

cial objectives. Although Mr. Reagan has publicly backed a Constitutional Amendment to prohibit abortion, pro-lifers maintain that he has failed to build congressional support for pro-life legislation. And they note he waited almost two years even to get in the game. School prayer, another important issue with many in the New Right, has also been supported by the President. But, even though he lights candles in the White House to support a Constitutional Amendment on school prayer, Reagan jumped on the issue only after it became clear that it too would be blocked by the congressional "Liberals."

The Reagan team has even failed actively to support efforts in the Senate to end the forced busing of children for racist purposes. Moreover, not only has the Administration not abolished Affirmative Action (which imposes racial and gender hiring quotas), it pushed through an extension of the Voting Rights Act which gives the federal courts broad new powers to intervene in local elections. And Conservatives find it next to unbelievable that President Reagan has asked Congress to remove tax-exempt status for private schools and colleges charged with racial discrimination by the Internal Revenue Service.

The President's failures in all these areas caused such severe disillusionment that the social-issues activists sat on their hands during the 1982 congressional elections.

Foreign Policy Disasters

Conservatives are also greatly disturbed over Mr. Reagan's flip-flop on Communist China and betrayal of our long-standing friendship with the Republic of China on Taiwan. While seeming to abandon Taipei, the Administration is continuing the policy

*For more detailed information on these organizations and causes being funded by our taxes, see *AMERICAN OPINION* for March 1982 and the April 1982 issue of *Conservative Digest*.

of opening "trade relations" with Red China begun by Richard Nixon and Henry Kissinger. This "trade" is, of course, financed by long-term low-interest loans — gifts really — provided by the Export-Import Bank and made possible by funds extracted from American taxpayers who abhor the brutal dictatorship based in Peiping. As one example of this policy, Mr. Reagan has extended credit to Red China in the amount of more than \$68 million for "purchase," with our money, of American-made steel production technology. For details see the August thirtieth memorandum signed by Ronald Reagan in the *Federal Register* for September 9, 1982.

At the same time, the President has determined to reduce arms sales to Taipei, signaling to the Reds that the U.S. is phasing out its commitment to help the R.O.C. protect itself from the mainland tyrants who are determined to enslave it. Mr. Reagan apparently made this decision on the advice of such Carter Administration holdovers at Foggy Bottom as Charles Freeman, his Deputy Ambassador to Red China; William Rope, who heads up the China desk at the State Department; and, Assistant Secretary of State John Holdridge. They misled the Chief Executive into believing that the People's Republic of China had promised not to use any military force in "reuniting Taiwan with the Fatherland" when in fact no such pledge was ever made. In fact, the Chinese Communists categorically deny having made such a pledge.

And the China switch is only one important instance of what Conservatives perceive as a Reagan foreign policy lacking in both consistency and coherence. Even while the President made a show of fighting to stop the Soviet natural-gas pipeline from Si-

beria to Europe, he bailed out Poland's Communist regime by making the interest payments that the Warsaw dictatorship owes to European and American bankers, without requiring that Poland be declared in default on the uncollectible loans. In the case of another Red satellite, the Administration failed to oppose new 7.8 percent loans to Romania by the International Monetary Fund, despite the fact that the Romanian Government has not met interest payments owed the U.S. since 1981. Is this the policy of a tough anti-Communist? Hardly. Taxpayer bailouts of the Communists only serve to perpetuate the tyranny over their captive peoples.

Meanwhile, in Latin America, our State Department still supports Left-wing dictatorships while continuing moves toward normalization of relations with the Communist Government of Cuba. In the Middle East, Reagan moved heaven and earth to save the Communist-led P.L.O. when it was surrounded by superior force in Beirut. The responsibility, like it or not, is Reagan's.

Everywhere you turn it is the same. For instance, President Reagan has called for increased foreign-aid Budget authority — from \$7 billion in 1981 to \$8.4 billion in 1982 — while requesting a whopping \$9.4 billion for foreign aid to be spent in 1983. In other words, Reagan has called for spending more and more to build socialism all over the globe.

Such former Reagan advisors as Richard Allen and Joseph Churba are horrified. Columnist Suzanne Garment, writing in the *Wall Street Journal*, makes the following cogent points: "The people who are now so unhappy with the way the Reagan foreign policy is being run are the same people whose writings over the past 15 years brought coherence and legitimacy to the foreign policy views that elected

Ronald Reagan President. Their departure from the Reagan coalition might seem like a marginal event, but it will leave the administration without the ideological underpinnings that brought it to power in the first place, and the administration has no substitute for their intellectual energy."

Which is no doubt why Henry Kissinger is again directly involved in formulating foreign policy for the Reagan Administration. Many Conservatives were sure that we were finally rid of him; but, like Count Dracula, it seems Kissinger cannot be put to rest without a political stake through his heart. Henry is back at the center of the foreign-policy arena — traveling to Europe, conferring with heads of state, and advising top American officials on his return from these diplomatic missions. Kissinger says, "I have no official role." But he meets regularly and at length with Secretary of State George Shultz and National Security Advisor William Clark. According to an article by Lynn Rosellini in the *New York Times* for October 27, 1982, Kissinger has used this new access to nurture his influence with a "textbook lesson in power." The *Times* reveals that "Henry Kissinger is widely regarded as an architect of President Reagan's recent Middle East peace proposals." Indeed "he lets people know that his advice was followed, and that the resulting plan was his idea. 'I certainly participated in the strategy that it embodied,' Mr. Kissinger said."

A Ronald Reagan who would return Henry Kissinger to power is a Ronald Reagan who does not deserve, and will not receive, Conservative support. Count on it!

Defense: Widening Vulnerability

The Presidential campaign of Ronald Reagan emphasized three

major priorities for national defense: the need for a comprehensive and credible military strategy; immediate spending hikes in defense outlays to "close the gap with the Soviets"; and, a sense of urgency to "close the strategic window of vulnerability before it opens any wider."

Joseph Churba, the former Reagan campaign advisor and a recently resigned Arms Control and Disarmament Agency analyst, expresses his bitter disappointment with Mr. Reagan's "lack of personal involvement in the national-security decision-making process." Pointing out that Reagan's promise to close the window of vulnerability was the heart of his position on defense during the campaign, Churba warns: "We have no strategy to arrest the Soviet threat. [*Rearming without a coherent strategy*] is even more dangerous than not arming, because it sends the wrong signal to the Soviets. The [*START arms control*] proposal is largely conditioned by public relations. The sad and tragic fact is that it is in contradiction [*to*] what Ronald Reagan campaigned for."

Another critic of the Reagan Administration's defense plans is Lieutenant General Daniel Graham, former chief of the U.S. Defense Intelligence Agency. He observes: "We're on a slide right back into Carter defense and foreign policy attitudes. If this isn't a smokescreen, then there will be very little difference between Reagan's policy and Carter's policy There's nothing innovative, nothing new in Reagan defense policy; it's just more of the same. I am disappointed that truly fresh ideas seem to scare the hell out of the Reagan Administration."

Certainly the Administration seems to be uninterested in pursuing the High Frontier concept, a brilliant strategy which opens up the possibil-

ity of making I.C.B.M. warfare obsolete. And the Administration has continued to cover up Soviet violations of both the Helsinki Accords and SALT I, but has agreed to abide by SALT II even though that treaty was blasted by Reagan during the campaign and was never ratified by the U.S. Senate.

Even worse, the legal and illegal flow of Western technology to the East Bloc continues. Does Romania need an American-subsidized nuclear plant? Done. Does Hungary need an American-subsidized chemical plant? Done. Does Moscow need the means to copy American microchip technology for its missiles? Done.

Reagan And The Establishment

Has Ronald Reagan been seduced by the Eastern "Liberal" Establishment, or were his fine Conservative speeches never anything more than play acting for the only paying audience left to an over-the-hill matinee idol? Observers of the ongoing Reagan melodrama have been speculating about these questions since well before he assumed office two years ago. For example, in an intriguing article published in the August 1980 issue of *Playboy*, Robert Scheer described the distrust which *Insiders* of the Establishment apparently held for Ronald Reagan during his bid for the Presidency:

"Reagan's sloppiness has caused him to be viewed with suspicion by the elite Northeastern wing of the Republican Party, probably less for what he did as governor than because they doubt his stability or fear that he may actually believe in some of his proposals for dismantling the Federal Government, which, after all, does serve the interests of big corporations. His proposal to return us to the gold standard must have been viewed as primitive by the econ-

omists at Chase Manhattan. Nor can the managers of multinational corporations, who have done quite well in a complex and changing world, be terribly sanguine about his sledgehammer nostrums for the world's problems. These gentlemen are internationalists par excellence — world statesmen more interested in cutting deals with the Russians than in holy crusade against them.

"Unlike Carter and Nixon, Reagan has never made the journey back East to the centers of power to demonstrate his reasonableness. So the fear in those quarters persists that he may be a primitive isolationist."

Pointing out the symbiosis between Big Government and collectivist elements of Big Business is quite an admission coming from someone like Scheer, himself a product of the now-aging New Left which campaigned for ever bigger government during the 1960s and 1970s. Indeed, he obviously perceives better than most why the members of the corporate and banking establishment fear *laissez faire* and "primitive isolationism" as Count Dracula fears wooden stakes. The point here is that the Rockepubs shunned Reagan for the same reason the American Right was attracted to him: his speeches against Big Government and betrayal of U.S. interests abroad. Scheer goes on to recount a story of pre-election attempts by Rockefeller partisans to head Reagan off at the pass or to surround him with their kind of people. Consider the following:

"Prior to the New Hampshire primary, David Rockefeller convened a secret meeting of like-minded Republicans aimed at developing a strategy for stopping Reagan by supporting Bush and, failing that, getting Gerald Ford into the race. Reagan heard about the meeting and was, according to one aide, 'really

hurt.' This aide reports that Reagan turned to him and demanded, 'What have they got against me? I support big oil, I support big business — why don't they trust me?' The aide suggested charitably that maybe it was because he was once an actor and that he attended too few important lunches in the East.

"In any event, when Reagan scored his resounding triumph in New Hampshire in February, the overture to the East began to work. New York establishment lawyer Bill Casey, who became campaign director the day of the New Hampshire victory, began building bridges and promising that a more moderate Reagan would emerge after the Republican convention."

All of which raises several questions. Could Ronald Reagan have been so naïve as not to have any idea how power games are played by the Rockefellers and the Eastern Establishment? If so, did someone lay it all out for him? How else can you explain Reagan's sudden selection of William Casey, an aging Wall Street attorney and comparative political neophyte, to be his new campaign manager? Casey, after all, was a reliable member of the Eastern "Liberal" Establishment's Council on Foreign Relations. As head of the Exim Bank he had been a major force in all those profitable technology "sales" to the Soviets. He was, well, reliable.

But it apparently took William Casey and his friends a while to get things under control. A few weeks later, during the Florida Republican primary, candidate Reagan was asked if he would allow any members of the Trilateral Commission into his Cabinet if elected. He gave the following reply to that question in a campaign briefing on March 17, 1980:

"Let me just say that I believe

what prompts your question is that the present Administration, beginning with the President and Vice President, . . . has something in the neighborhood of 19 of its top appointees all from a single group. Now, I don't believe that the Trilateral Commission is a conspiratorial group, but I do think its interests are devoted to international banking, multinational corporations, and so forth. I don't think that any administration of the U.S. Government should have the top 19 positions filled by people from any one group or organization representing one viewpoint. No, I would go in a different direction."

By summer, however, Reagan had already brought in a team of advisors from the Council on Foreign Relations and the Trilateral Commission. The issue of *U.S. News & World Report* for July 21, 1980, carried an article entitled "People To Watch If GOP Wins White House," with photos of ten people likely to hold key posts in a Reagan Cabinet. Six of the ten were members of the Council on Foreign Relations: Alexander Haig, Donald Rumsfeld, George Shultz, Anne Armstrong, William Casey, and William Simon. At least two, Caspar Weinberger and Armstrong, were Trilateralists.

Because of his popularity with grass-roots Republicans, Reagan had soundly clobbered George Bush, his main primary rival and the candidate supported by the Rockefellers.* By the time of the Republican

*According to the records of the Federal Election Commission, the Rockefeller family funded the Bush campaign to the legal maximum with large contributions from David, Edwin, Helen, Laurance, Mary, and Rodman Rockefeller. Of course, with John Anderson also on the campaign trail, four of the five candidates for President and Vice President came from a Rockefeller-led Trilateral Commission having only seventy-six U.S. members.

National Convention, Mr. Reagan had accumulated more than enough committed delegates to cinch the nomination. The one decision of significance left to be made was who would be his running-mate. Conservatives were demanding a Vice Presidential candidate who shared their philosophy, well aware that age might make Mr. Reagan a one-term President. "Liberals" calling themselves "moderates" wanted one of their own to "balance the ticket" and save face for their primary losses. There were several potential Vice Presidential candidates acceptable to most Conservatives and grass-roots Republicans. Only two of the prominently mentioned candidates for the Number Two spot were absolute anathema to Conservatives: Senator Howard Baker and George Bush. Both were perceived as divisive "Liberals" and (more importantly) both were "former" C.F.R. members and long-time associates in the Rockefeller wing of the G.O.P.

Ronald Reagan had repeatedly and publicly promised that he would pick a running-mate who would share his publicly expressed Conservative

views. Two weeks prior to the Mottown Convention, in personal conversations with Joseph Coors and Senator Paul Laxalt, Reagan had promised that under no circumstances would the Vice Presidential post go to George Bush. Moreover, the primary campaigns between Reagan and Bush had become increasingly vitriolic after New Hampshire and some predicted that a Reagan-Bush ticket would become an embarrassment for the G.O.P. because the Democrats would run videotapes of Bush calling Reagan "trigger happy" and characterizing his tax-cut proposal as "voodoo economics"!

After ducking a bizarre deal pushed by William Casey and Henry Kissinger to try to bring Gerald Ford onto the ticket as a "Co-President," Reagan suddenly decided on George Bush.[†] Staunch Reagan supporters were aghast and chagrined. Senator Paul Laxalt, one of Mr. Reagan's most important supporters over the years and a key man in his campaign, tried desperately to reach Reagan by phone — but it was too late. The G.O.P. standard bearer had already been hustled out of his hotel room to make the formal announcement. At the Thursday morning press conference in which Reagan, Bush, and their wives made their debut together, your reporter and his colleague Alan Stang — in Detroit to cover the G.O.P. gala for AMERICAN OPINION — tried desperately to be recognized to ask about Mr. Bush's Trilateral connection. The question that we wanted to ask Governor Reagan was: "If, as you implied in New Hampshire and Florida, George Bush's membership in the Trilateral Commission disqualifies him from the Presidency, why does it not disqualify him for the Vice Presidency?" Swamped by the throng of reporters, we did not get a chance to ask our question. And the

The Eastern Establishment, all too aware of President Carter's diminishing popularity, had been hedging its bets. Bush, however, was their prime pick.

[†]There is little doubt that a Reagan-Ford ticket would at first have been popular with some of the delegates at the Convention. But when word leaked out that the return of Henry Kissinger was a key part of the package, the feathers would have hit the fan. It is hard to believe that Ford was ever really serious about the proposed "dream ticket." Were Ford and Kissinger merely playing out an elaborate charade to make possible the selection of Bush? In an article entitled "Inside The Room With George Bush," reporter Michael Kramer wrote in the July 28, 1980, issue of *New York* magazine: "Ford wanted Bush. That was known from the start — a position cemented by Jim Baker, George Bush's campaign manager, when he flew to Detroit from Omaha with Ford."

rest of the press seemed much more interested in such heavy inquiries as: "Governor, how do you think Nancy will get along with Mrs. Bush?"

The Bush selection was a disaster for the Republican Right. For decades Conservatives within the G.O.P. have been fighting to rid the Party of its Rockefeller Left and country-club hacks. We wanted to be able to appeal directly to Middle America. With Reagan's stunning victory over Bush, it seemed the Republican Party was at last rid of Rockefeller control. Reagan could have kept his promise and seen to it that his potential successor was a Conservative. He did not. By selecting George Bush as his running-mate, Ronald Wilson Reagan not only put the Eastern "Liberal" Establishment back in the game, but David Rockefeller's boy is now heir apparent to succeed Reagan as President. A battle won on Tuesday was lost on Wednesday and now must be fought all over again.

The White House Waltz

After Mr. Reagan's electoral triumph over Jimmy Carter, many who had had misgivings about Bush were swept along by the heady exhilaration of Reagan Euphoria. A political victory of such magnitude was a rare occasion for Republican Conservatives. They all wanted to support the new President-elect and help him to fulfill his promises. But worrisome trends began to take form even before Reagan was sworn as President on January 20, 1981.

During the transition period after the election, as President-elect Reagan prepared to take over the reins of power from the Carterites, Conservatives in Washington were astounded that virtually all the important positions were being handed to Bush allies, while long-time Reagan loyalists

were being left out in the cold. Key post after key post went to Nixon-Ford retreads, people associated with the Rockefeller wing of the G.O.P., and even to Carter holdovers.

Reagan supporters were knocked for a loop when it was announced that James Baker III, former campaign manager for George Bush, would hold the critical post of White House chief of staff. Baker, described by many as a "Texas-style Elliot Richardson," is a member of the "Limousine Liberal" side of the Republican Party who has shown no regard whatever for the principles of less government and more individual responsibility.* Baker and his aides were soon in control of the White House. They now determine who gets to see the President and who does not, what reading material will appear on Reagan's desk, what scenarios will be presented as options from which the President may choose, etc. Columnist M. Stanton Evans warns that, "By all accounts, the dominant force inside the Reagan White House is Chief of Staff James Baker — who fought against Reagan as a delegate hunter for Gerald Ford in '76 and again as Bush's campaign manager in 1980. Unsuccessful in electoral politics, Baker is apparently a master at inside maneuver. His influence is spread through the White House staff, communications set-up, congressional liaison, and the Republican National Committee."

Why would Reagan bring in his political opponents to run things after winning the election? Who was using whom? Did Mr. Reagan deliberately allow his Administration to be

*Typical of the Reagan White House senior staffers, Baker doesn't know what it means to struggle for a living. He told the *Washington Post* that his earliest recollections were of riding in his family's private railroad car across Texas.

captured by Eastern Establishment clones and career bureaucrats? Was he always just an actor willing to be a figurehead in order to cop the great role? Or has he simply been surrounded and isolated by non-ideological and Establishment advisors happy to let him make the speeches while they run the show?

The truth is, despite Ronald Reagan's many years in the political limelight, including an eight-year stint as governor of our most populous state, there is much that we still do not know about him. Where does the actor stop and the "real Reagan" begin? How much does he really know about how the Establishment *Insiders* manipulate U.S. foreign and domestic policies from behind the scenes?

In any case, no matter his intentions, or how sound his inclinations, the major policy decisions of a President can be no better than the advice and information he has upon which to base his decisions. We have already met James Baker III. What about the others?

Presidential assistant Richard Darman is typical. He controls the flow of information to the President and helps to frame the agenda of Administration policy decisions. Darman prepares briefings on various issues for the President and decides what the Chief Executive must read. It is Mr. Darman, along with James Baker and Michael Deever, who provides the data on which President Reagan makes policy.

For such an important post one would assume that a man of Reagan's experience would have insisted on a loyal Reagan partisan. There are scores of staunch Conservatives who have the brains and managerial experience for such a job. And there can be no "Reagan Revolution" unless those in control of the levers of

policy are themselves committed Reaganites. Yet, Richard Darman is not a Conservative, nor was he even a supporter of Mr. Reagan in the campaign for President. Asked by columnist John Lofton if he considered himself a Reaganite, Darman candidly admitted that he wasn't, that he had backed Ford against Reagan in 1976, and had not been involved at all in the Reagan campaign of 1980. In fact, Darman is a former aide to "Liberal" Republican Elliot Richardson and a key player on the Baker team.

Another example of the Reagan staff problem is White House staff director and media man David R. Gergen. Jim Baker's chief lieutenant, Gergen is a graduate of Yale and of the Harvard Law School. He was a speechwriter for President Richard Nixon and a communications director in the Ford Administration. Though no Reaganite, he was a member of the Executive Office transition team picked by Reagan and headed by Baker. Indeed Gergen is believed by some to be the "Deep Throat" of Watergate fame. His roommate at Yale was Robert Woodward — later of the Woodward and Bernstein team at the *Washington Post* which broke the Watergate scandal. And the six-foot-four Gergen was nicknamed "Giraffe" while at Yale. What has a deeper throat than a giraffe?

It is also reported that, of the entire White House staff, only David Gergen and his "Liberal" wife attended the recent birthday party for V.I. Lenin's old comrade Armand Hammer. Mr. Gergen is also credited as the writer who coined the phrase "voodoo economics" for George Bush in the campaign against Ronald Reagan. His official presentations of President Reagan's economic program suggest that he has not changed

his mind. Gergen has been reported as one of the most active members in the Bush-Baker clique in organizing the press against tax cuts and in favor of the tax hike pushed through Congress by Senator Dole and others.

Working closely with David Gergen in the White House Press Office are a number of other Bush-Baker agents. Peter Roussel, for example, was Bush's press secretary during his 1968-1979 terms in Congress and at the U.N. Roussel later worked as a staff assistant for President Ford and James Baker when Baker was Ford's campaign director.

In addition to Baker, Darman, Gergen, and Roussel, the original team included White House aide Joseph Canzeri, who was for seventeen years assistant to George Bush's friend Nelson Rockefeller. Kenneth Duberstein, the White House chief of lobbying activities, is a former aide to radical Senator Jacob Javits of New York. Outside the White House, the key man for this crew in the Republican National Committee has been Deputy Chairman Richard Bond, formerly of the staff of radical Republican Charles Mathias of Maryland. Bond is another former Bush lieutenant.

It is explained again and again by apologists that the Baker network surrounds and isolates the President much as the regents did Edward VI of England to rule in the name of the boy king. But of course Ronald Reagan is no boy and must be held fully responsible. Syndicated columnists Rowland Evans and Robert Novak admit the situation but claim Reagan is some kind of prisoner: "The senior staff, intent on control, has severely limited outside access to Reagan and Reagan's access to the outside. What makes this pertinent is the difference in tone and substance between the President and his senior aides on

taxes, defense spending, and Central America. He is inherently ideological; they are essentially pragmatic compromisers. The same aides who flinch at Reagan's going to the nation to plead his case want to limit his exposure to outsiders who might bolster his ideological convictions."

This isolation of the President is illustrated by a story told by Congressman Lawrence P. McDonald (D.-Georgia). "A wealthy Texan — one of the big-buck contributors to the Republican Party — was at the White House at a meeting with the President. At that meeting," reports McDonald, "Baker and Deaver were also present. This gentleman began talking with the President, and asked him, 'Mr. President, have you read the latest issue of *Conservative Digest*?' The President replied that he hadn't seen it. This gentleman said, 'Mr. President, I think you need to read it,' and flopped a copy out on the desk. President Reagan took it and began glancing at it — but before he could get very far Baker rushed over and grabbed the copy of the magazine and said, 'Mr. President, this is published by Richard Viguerie and he, as you recall, supported John Connally. These are your enemies. Don't read this trash.' The President said, 'Yes, you're right. Connally was on the other team, and we're not going to go into this.' And that's where it ended and the magazine was taken out."

Of course, James Baker knew that July issue of *Conservative Digest* was devoted to Conservative concern about the direction of the Reagan Administration because he had received word about it when it went to the printers. Indeed Baker had hurried over and obtained a copy of the galley proofs and poured over them before the magazine was distributed to the public. He knew that the com-

plaints expressed did not come only from a narrow segment of populists, but from a wide spectrum of the Conservative Right.

Other Key Personnel

Like the White House staff, the Reagan Cabinet is anything but what Conservatives were led to expect. The Cabinet is full of people from such elitist and internationalist organizations as the Council on Foreign Relations and the Trilateral Commission. Wall Street executive Donald T. Reagan (C.F.R.) was named Secretary of the Treasury. Caspar Weinberger of the Trilateral Commission was appointed Secretary of Defense. Alexander Haig of the C.F.R. is no longer in control at the Department of State, but has been succeeded by another Establishmentarian, C.F.R. member George P. Shultz. Henry Kissinger's close associate William J. Casey (C.F.R.) is director of the Central Intelligence Agency. The Secretary of Commerce is C.F.R. member Malcolm Baldrige, who served as George Bush's finance chairman in the Presidential primary in Connecticut. Indeed some are wondering if Ronald Reagan is presiding over a Bush Administration! George, of course, is a former director of the C.F.R.

The President has appointed literally scores of other C.F.R. members to important positions in his Administration. Meanwhile, what few loyal Reaganauts there were around the President have been aborted, one by one, and dropped out of government. Richard Allen. Lyn Nofziger. Martin Anderson. William Van Cleave. Paul Craig Roberts. Now even Ed Meese is under fire by the Baker gang. And, alas, David Stockman has figured out who is calling the shots . . . and is said to have gone over to the Bush-Baker team. There are precious few

Reaganauts left in the Reagan Administration as it comes to the halfway mark of its first term.

By the middle of 1981 this trend had already taken shape. The *Wall Street Journal* ran a page-one report by Lindley H. Clark, who remarked: "The first point is simply that the Administration is composed not of ideologues but of reasonable men." This was one "Liberal's" way of reporting that the new Administration was not made up of principled Conservatives with a clear sense of purpose, but rather of professional bureaucrats and pragmatic compromisers who would go along to get along. If that is not what President Reagan wants, all he has to do is say the word.

Reagan's Political History

Conservatives familiar with Ronald Reagan's record were not very surprised at what has happened over the past two years. Here are some of the elements of his political background which they have long cited as grounds for concern.

First, they note, Mr. Reagan was once an avid "Liberal" Democrat and union leader. At one time he belonged to both the Fabianesque Americans for Democratic Action and the radical United World Federalists which sought openly to merge U.S. sovereignty in a World Government. Although Mr. Reagan has not been a member of either of these organizations for years, hard-liners warn that he was a mature adult at the time of his membership and might just as easily turn against the Right and claim another miraculous conversion.

Mr. Reagan is reported to have converted to a more Conservative philosophy during the time he was going around the country giving speeches on Free Enterprise for General Electric. It must not be automa-

tically assumed that G.E.'s notion of what that means is the same as the *laissez faire* advocated by Adam Smith, Frederic Bastiat, and Ludwig von Mises. After all, General Electric has been heavily involved in helping to build up the Soviet military-industrial complex through massive transfers of U.S. technology.* It must also be noted that, as Antony Sutton has shown, it was long-time G.E. president Gerard Swope who authored F.D.R.'s National Recovery Administration — the blueprint for corporate socialism in America.†

It cannot be denied, however, that Reagan's rhetoric has been excellent — particularly in his famous "Rendezvous With Destiny" speech, which he delivered on television in 1964 on behalf of Presidential candidate Barry Goldwater. Californians were so impressed that they made him their governor in 1966. Your correspondent lives in California and had a chance to observe Reagan as governor for eight years. His speeches remained as uplifting and inspiring as ever — but his actions failed to match his Conservative rhetoric.

Even "Liberals," who expected that all they had worked for would be reversed by reactionary policies, were surprised at Reagan's performance. As *Time* magazine reported in its issue for April 28, 1980: "Reagan swept Democrat Governor Pat Brown out of office by nearly 1 million votes, largely on his vow to 'squeeze, cut and trim' state spending, taxes and payrolls, much as he now promises to reduce the federal budget if elected President. Yet during his two terms in Sacramento, Reagan did none of these things"

*See *National Suicide: Military Aid To The Soviet Union*, by Antony Sutton (New Rochelle, New York, Arlington House, 1973).

†*Wall Street And FDR*, by Antony Sutton (New Rochelle, New York, Arlington House, 1975).

"What Reagan did often ran contrary to his campaign oratory. Instead of cutting taxes, he solved the budget deficit with the largest tax increase in California's history: a \$1 billion jolt, and that was only the beginning. By the time he left office eight years later, he had added \$21 billion to the state's tax revenues. Under Reagan, the state's income tax rose from a maximum of 7 percent to 11 percent for individuals, and from 5.5 percent to 9 percent for corporations. He also increased the state sales tax from 4 percent to 6 percent. Facing a state legislature dominated by Democrats in six of his eight years as Governor, he repeatedly opposed legislative proposals to institute the withholding of state income tax from paychecks. Said Reagan in 1969: 'The only way I would support withholding is if they held a burning blowtorch to my feet.' No one did, but Reagan nonetheless changed his mind and in 1971 signed a tax withholding law."

In the matter of state expenditures, *Time* tells us: "Reagan did no better than Pat Brown in holding down state spending; he let it more than double, from \$4.65 billion a year to \$10.27 billion. And while he sharply curtailed the increase in full-time state employees, he did not cut the total."

As President, Mr. Reagan seems to be following the same pattern. The French call it *déjà vu*. What has happened to The Gipper?

Perhaps there are two Ronald Reagans. As "Liberal" Congressman Barber Conable (R.-New York) puts it, "Ronald Reagan always had the capacity to live his life in segments, the rhetorical segment and the real world." Writing in *On Principle* for September 6, 1982, Donald Feder draws the distinction between the rhetorical Reagan and the real Reagan as follows:

"The Reagan who speaks of ending government handouts is the *Rhetorical Reagan*; the Reagan who increases subsidies to the maritime and dairy industries is the *Real Reagan*. The Reagan who criticizes foreign aid is the *Rhetorical Reagan*; the Reagan who consistently submits higher foreign aid budgets is the *Real Reagan*. The Reagan who talks about getting America working again is the *Rhetorical Reagan*; the Reagan who closes business 'loopholes' is the *Real Reagan*. The Reagan who decries the onerous tax burden is the *Rhetorical Reagan*; the Reagan who just pushed through the largest tax increase in American history is the *Real Reagan*."

What Does It Mean?

We have tried to capsulize the sources of Conservative disappointments in the Reagan Administration. We have not attempted to explain why the tremendous disparity exists between Reagan promises and reality. Americanists are prone to seek answers as to *why* our leaders act the way they do. We have avoided going for the world's record at conclusion-leaping because, in the case of Reagan, there is no Conservative consensus as to why he does what he does. We can only say that he does it. And it is he who must bear the responsibility for his actions.

We have heard long-time Reagan watchers make a plausible case that Reagan was never any more sincere in his rhetoric than any actor delivering a fine speech. Indeed, some hold that he was cast for the Presidency by powerful conspirators determined to usurp any Conservative renaissance. Evidence of this is, at the very best, merely speculative. Others hold as fervently that there is simply less to Ronald Reagan than meets the eye. They believe that he is just an actor

hooked on the applause of his audience. They therefore see it as only natural when his popular rhetoric blazes with principles that wilt at the first sign of determined opposition. This might also explain why Reagan can at one moment fervently crusade for a tax reduction and a short time later just as ardently lead the parade for a tax increase. Lights, camera, action!

A corollary to this second theory is that while Reagan has good instincts and good intentions, he is just not a fighter. Under this scenario, the President is ultimately overwhelmed in any confrontation by his almost totally non-Reaganite staff, advisors, and Cabinet. Sincere principles espoused from the lectern give away to Nixon-Ford "moderation" in the Cabinet Room.

Still a third plausible explanation for the Reagan Gap or political schizophrenia is that the federal government is out of control. To those holding this view, it is as if Big Government is a huge truck careening down a steep hill out of control and with its brakes burned out. Changing drivers does little good even when the new man is superior to his predecessors.

In any case, what difference would it make if we fully understood Ronald Reagan? While it may be intellectually stimulating to speculate about the man's motives, our goal as Americanists is to preserve this Republic for our children. Which means, once again, that for us it is back to basics. We must educate and educate, activate and activate, elect and elect . . . Congressmen. Meanwhile the White House waltz will continue and the *real* Ronald Reagan will remain a subject of swirling speculation. What he is doing is clear enough; why he is doing it is another matter entirely. ■ ■