

This approach drew on each of the leading schools of conservative thought and required the broad base of thinking that Mr. Roberts objects to so vehemently. The tax cuts reflected supply-side concerns about excessively high marginal rates. The monetary policy was couched in monetarist language, emphasizing stable growth of the money supply. Budget cutting is a staple of traditional conservative thinking. And regulatory relief is a goal that all three schools embraced enthusiastically.

As of early 1984, it is apparent that movement on the four pillars of Reaganomics has been extremely uneven. Progress on the reduction of tax burdens has been far more rapid than on the other aspects. It is surprising, therefore, that this genuine achievement is not a source of greater joy to the author who, in contrast, writes of the "unraveling" of Reaganomics.

It is in the area of spending cuts that the results have been so disappointing. While federal revenues have declined as a portion of gross national product since 1980, federal spending has risen from 22 percent of GNP in 1980 to 25 percent in 1983. Moreover, regulatory reform has been more modest than expected. Finally, monetary policy has been, at best, eclectic and surely not the stable, predictable, and moderate approach urged in the white paper.

The detailed chronology of infighting, backbiting, and jockeying for position that constitutes the core of the book is frequently fascinating. Yet at some points, participants reading the book would feel like characters out of *Rashomon*.

Most of the specific events that Mr. Roberts describes did occur, but they often unfolded in a different way. For example, he sees the vital meetings in January and February 1981, held in order to arrive at the economic assumptions underlying the budget, only in terms of personal rivalry and political aspirations. In actuality, those meetings were hardly a battle for turf, but rather a debate between theology and analysis. Whenever the extreme optimism of the supply-side forecasts was questioned, the answer was in religious terms, "If you do not show optimistic results, you do not believe in the program." The constant desire to use the high end of the range of possible economic outcomes—although motivated by the desire to protect the tax cuts from "backsliders"—created unfulfilled expectations and reduced the credibility of Reaganomics.

I still recall the many budget-cutting meetings in the White House that the supply-siders dismissed as needless in view of the torrent of revenue they expected from the tax cuts. It is ironic to reflect on how much smaller the deficits would have been—and the permanence of the tax cuts more secure—if Mr. Roberts and his associates had assaulted specific spending programs with the energy and vehemence that they devoted to attacking the rest of the Reagan administration.

Murray L. Weidenbaum

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Right Man, Wrong Time

Caveat: Realism, Reagan, and Foreign Policy by Alexander M. Haig, Jr. (New York: Macmillan Publishing Co).

On Inauguration Day, 1981, the new secretary of state, Alexander M. Haig, Jr., delivered to the White House the draft of a document that would give him full authority to "formulate and execute foreign policy" for the next four years. This draft, which he intended to be the new president's first national security directive (NSDD-1), would have made the secretary of state the single manager of foreign policy, giving him preeminence over all other Cabinet members, the director of central intelligence, and the national security adviser. The document sank from sight and was never issued.

This stillborn attempt to seize power set the tone of Mr. Haig's tenure as secretary of state, an experience from which he emerged 18 months later feeling that his efforts had been frustrated at every turn. *Caveat*, which chronicles this experience, is a sad book, shot through with Mr. Haig's sense of promise unfulfilled.

When Ronald Reagan took office, the country was ready for a new era in foreign policy. The public looked to the new president to restore the national defense and renew America's self-confidence. The president promised a bold, unmistakably anticommunist foreign policy, which would confront Soviet expansionism around the world with a new American resolve. And Mr. Haig was ready to articulate and implement that policy, in what he expected would be a close and powerful working relationship with the president.

It was not to be, despite Mr. Haig's background as one of the best qualified men ever to become secretary of state. During more than three years at the National Security Council, and later, as White House chief of staff for Richard Nixon, he had exercised power at the highest levels. During his NSC years, he and his boss, Henry Kissinger, had run foreign policy from the west wing of the White House. When Mr. Kissinger later became secretary of state, he took his authority with him. Under President Reagan, Mr. Haig expected to exercise the same kind of control over foreign policy. But there was a crucial difference: Mr. Kissinger had enjoyed the full confidence and support of the president. Mr. Haig never did.

When Mr. Haig joined the Reagan team, he scarcely knew the president and did not understand him. More serious, perhaps, he never developed a relationship with the president's senior staff. His ego and military sense of rank made that impossible. After all, he was the first-ranking member of the Cabinet. He saw the president's men as mere public relations experts, "wizards" skilled in press manipulation, who used their wizardry to attack his efforts at policymaking with leaks and innuendos.

Mr. Haig wanted to make and run foreign policy, with

the concurrence of the president. He apparently sought an Eisenhower-Dulles type of relationship, a two-man partnership with no interference from White House assistants or the rest of the Cabinet. Yet from the beginning he was isolated from the president. Their conversations were infrequent and often left him confused as to the president's intentions. The famous congeniality of Ronald Reagan led the secretary to believe that the president was agreeing to his suggestions. Mr. Haig eventually realized that frequently he was not.

A West Pointer and career Army officer, Mr. Haig was the ultimate professional. He wanted a "strong ring of professionals" in the top jobs at State, but he undercut himself from the start by disparaging political ideology. He writes with relish how he dismissed most members of the Reagan transition team the first day he met with them, because they were viewed "by the outgoing Carter appointees and their allies in the bureaucracy as excessively ideological." Then for months he had trouble with the White House staff and Republicans on Capitol Hill, apparently not understanding why the supporters of the people he dismissed as ideologues opposed his appointments and policies.

The ongoing theme is his persistent effort to gain control of foreign policy. And in the end, Mr. Haig seems to have been his own worst enemy. His aggressive manner, constant battles over turf, and continued demands for more authority created a strained tenure that led inevitably to his departure. His description of the "I'm in Control" episode, when the president had been shot and was undergoing surgery, is a credible account of how the Washington press can blow an isolated incident totally out of perspective. Still, his seemingly arrogant manner over a period of weeks contributed to the press reaction. Even in telling the story two years later he clearly enjoys the image of Commander in Chief of the World, or "CINC World," that the press had bestowed on him.

The former secretary takes care not to criticize the president, but strongly implies that he is controlled and

manipulated by his staff. Mr. Haig's cast of villains includes the White House triumvirate of Messrs. Meese, Baker, and Deaver, along with other unnamed White House aids. According to Mr. Haig, they were constantly undercutting his efforts and leaking anti-Haig stories to the press. Yet there is no mention of the devastating leaks that emanated from Mr. Haig's Department of State, attacking United Nations Ambassador Jeane Kirkpatrick, Defense Secretary Caspar Weinberger, and others who challenged Mr. Haig's policies.

The former secretary concludes by regretting his lost opportunity to remake American foreign policy. His regrets are shared by many conservatives, but not for all the same reasons. They, too, hoped for new directions in foreign policy, but instead got turf wars and continued control by professionals who showed "no great enthusiasm . . . for the Reagan Administration."

Yet many of the problems of Al Haig's 18 months have persisted since his departure. The control of policy by non-Reagan supporters has grown even greater, prompting one of the few conservatives at the State Department to suggest a bumper sticker reading "Bring Back Haig."

That is most unlikely. But Mr. Haig's ably written book (he has gotten his famous syntax problems under control in writing *Caveat* with the help of spy-novelist Charles McCarry) could help lead to the realization of the best of his intentions. The first eight chapters, devoted to the bureaucratic tangles between State and the White House, are must reading for those who will be guiding foreign policy in the next four years. For those who will not, *Caveat* provides an often fascinating glimpse into the world of Washington power politics. Al Haig was the right man for Richard Nixon. He was clearly the wrong man for Ronald Reagan.

James T. Hackett

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Department of Disinformation

*Courtesy of Babrak Karmal, William Safire, and
Bishop Paul Moore, Jr.*

Pushtu the Sea

"The issue in 1979 was territorial integrity. We needed Soviet help to prevent the dismemberment of the country. Pakistan wanted to annex the Pushtun areas and China was attempting to take the northeast. To be or not to be was the question in Afghanistan."

—Babrak Karmal, Soviet puppet in Afghanistan, as quoted by Selig Harrison in the *Washington Post*, May 13, 1984.

Mr. Karmal's explanation for the Soviet invasion of Afghanistan in 1979 is standard Soviet disinformation. Historically, Afghanistan has called for a "Greater Pushtunistan" to be carved out of Pakistan's northwest frontier province as a means of consolidating Pushtun support.

It is Kabul, not Islamabad, that is unhappy with the Durand Line that presently demarcates the border between Afghanistan and Pakistan. Moreover, reports of an influx of Soviet settlers in the area suggest that it is the Soviet Union, not China, that covets the northeast. Moscow is rapidly integrating Afghanistan into the Soviet bloc's economic system and forcing Soviet ideology into the Afghan educational system. To be Soviet or not to be Soviet is the real issue in Afghanistan today.

Incidentally, Mr. Harrison, the first American to be granted an interview with Mr. Karmal since he was installed in power by Soviet tanks in 1979, calls the Afghan "more than a puppet." He also writes that "Moscow appears to be slowly but steadily building a functioning Afghan military and administrative apparatus manned at crit-

ical points by highly motivated Afghan communists loyal to Karmal." He contends that Mr. Karmal's "regime does not control much of the Afghan countryside but neither does the resistance." Mr. Harrison's observations are based on an eight-day sojourn in Kabul, in which he was accompanied by a government translator and closely watched by the Khad, the Afghan secret police. He neither visited the vast stretches of the countryside controlled by the Afghan resistance nor spoke with resistance figures in Kabul.

James Phillips

Land of the Falling Yen

"The government of Japan has been getting away with economic murder," wrote columnist William Safire in *The New York Times* on May 7, 1984. Among the reasons he cited: "Japan's currency is artificially rigged to make exports cheaper and imports more costly."

U.S. industrialists hurt by Japanese price competition have been singing this refrain for some time. The idea is that the weak yen, which is currently about 15% below its 1980 value relative to the dollar, gives Japan a competitive advantage at the expense of the U.S.

That's not the way the world works. First of all, no government can "artificially" hold down its real exchange rate for long. The real value of a currency is determined by the laws of supply and demand in the world marketplace. A government that prints money in order to devalue its currency will soon have an offsetting domestic inflation. The result, in Japan's case, would

be that U.S. dollars would buy more yen, but the same quantity of goods as before. The nominal exchange rate would change, but there would be no final effect on the real exchange rate, which reflects the bundle of Japanese goods that a dollar will buy, not the digits printed on a yen note.

But what about the fact that the real market value of the yen has dropped against the dollar in recent years? Probably this stems at least in part from a healthier U.S. economy and stronger dollar; and in part from Japan's heavy regulation of the capital market, which the Japanese have only recently agreed to liberalize. Among the effects of these regulations is that the Japanese are forced to invest capital in Japan that they would otherwise choose to invest more profitably elsewhere. Hence, they earn a lower rate of return on capital than if they could invest freely anywhere in the world. It is the Japanese economy that suffers most from this, as Japanese investors are forced to subsidize capital-intensive industries, many of which export abroad. U.S. manufacturers may complain, but why should U.S. consumers be outraged by Japanese giveaways?

Claudia Rosett

George Washington Ortega?

"I'm not saying the Sandinistas are perfect, any more than I am saying that the young United States of America was perfect after the Revolutionary War," said Paul E. Moore, Episcopal Bishop of New York, in his Easter sermon. "It took us 12 years to have an election, and George Washington was the only