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Why Give U.S. Loans and Technology to Russia?

Why is the Carter Administration shoring up Communist dictatorships with American aid, loans, and shipments of strategic military and industrial materials, while the people who live under Communism are risking their lives to escape? The message that comes out loud and clear from the Vietnamese boat people is, "It is better to die at sea than to live under the Communists."

Would you believe that, if U.S. firms were to build a giant truck-manufacturing plant for the Russians, they could be relied on to build only civilian trucks and not military trucks? The average American would probably answer "don't be ridiculous," but the Commerce Department trusted the Soviets, and several years ago approved the sale of hundreds of millions of dollars worth of machine tools, computers, foundries, and industrial designs to build the largest truck factory in the world on the Kama River, 500 miles east of Moscow.

The Kama River truck plant has been the subject of controversy ever since. The Soviet trade promoters in the Commerce Department have consistently claimed that the plant would not be used for military purposes. One really has to be living in a make-believe world to pretend that a substantial part of our trade with the Soviet Union does not have military uses. Computers, ball-bearing machinery, chemical processes, and all kinds of industrial know-how flow in a steady stream from the United States to the Soviet Union. Finally, the truth about the Kama River truck plant is coming out.

Central Intelligence Agency official Hans Heymann testified in May 1979 at a closed hearing of the House Armed Services Subcommittee on Research and Development that the Kama River plant is turning out military trucks and other military vehicles such as armored personnel carriers and assault vehicles. The plant will produce 70,000 trucks of all kinds in 1979. When completely built, it will turn out 150,000 trucks and 250,000 engines a year.

At another hearing a week later, Lawrence J. Brady, director of the Office of Export Administration, told the same subcommittee that the government's system of export controls is "a total shambles." He said it is impossible for the Carter Administration to ensure that the advanced technology equipment we ship to the Soviet Union is not diverted to military uses.

Brady said that the Carter Administration last year denied only 200 to 300 sales to Soviet bloc nations out of a total of more than 7,000 applications. He said that the Commerce Department supported almost every

export license requested, and only denied those few because of Pentagon objections. Brady added, "the system is in really bad shape. We have a larger backlog of cases than we've ever had and we're getting more in."

However, on July 13, 1977, this same Lawrence Brady denied a request by syndicated columnist M. Stanton Evans to identify which U.S. firms have received licenses to export to the Soviet Union and for what products. Evans appealed from Brady's decision to Commerce Secretary Juanita Kreps, who denied his request claiming that applications for export licenses are covered by a "confidentiality provision" of the Export Administration Act of 1969.

Secretary Kreps gave an additional reason: to release the information would "expose many of these firms to adverse business and other pressures by various individuals and groups that disagree with the government's decision to authorize them to export certain commodities or to certain destinations such as the Soviet Union." That's probably the real reason; the Carter Administration is in cahoots with certain large businesses to provide U.S. technology to the Russians in the name of detente, and they don't want the American public spoiling their plans by demanding enforcement of the law against shipping strategic materials to the Soviets.

In denying Evans' request on September 14, 1977, Secretary Kreps patronizingly assured Evans, "please be assured that in considering license applications, the Department checks the specifics of each transaction to assure that the proposed export will be used for peaceful purposes." Unfortunately, we do not feel so assured.

Evans then filed suit against Secretary Kreps and the Commerce Department to force the release of precise information about the goods, technologies and designs which American firms are shipping to the Soviet Union, the companies engaged in such trade, and the dollar amounts of the sales. His Complaint asserted that such information should be released under the Freedom of Information Act and that disclosure is in the national interest because it involves "the very question of whether we are engaged in arming a potential adversary with materials of warfare." Obviously, the Soviets know what products they are receiving and from whom, and what is their strategic value. Why should the American people be denied such information?

In September 1979, enterprising investigators dis-

covered an internal memorandum circulated within the Carter Administration which proves how the Carter Commerce Department pushes for technology trade with the Soviet Union even though it knows that such trade assists the production of missile launchers.

This revealing memorandum was headed "Computer (\$6.1 million) for Soviet Truck Plant (ZIL) (OC DOC. 5643)." Explaining that "a quarter of the 200,000 trucks ZIL produces annually goes to the military, including 100 missile launchers," the State and Commerce Departments nevertheless urged approval of the shipment of the \$6.1 million computer on the spurious grounds "that 100 missile launchers out of a 200,000 vehicle annual production is small, and that the remaining trucks for the military are basically no different from heavy duty civilian trucks."

In order for such materials to leave our shores destined for the U.S.S.R., they must pass the test of the Export Administration Act of 1969, which prohibits the sale of goods or technologies abroad "which would make a significant contribution to the military potential of any other nation or nations which would prove detrimental to the national security of the United States."

The internal Carter Administration memorandum quoted above shows how lightly this responsibility weighs on the conscience of the Secretary of Commerce. When the Commerce Department certified that missile launchers and military vehicles pass the law's test, they made a farce of the law. Among the military vehicles produced at the Kama River plant are armored personnel carriers and assault vehicles. The acting director of the Office of Export Administration testified in May that diesel engines from the Kama River plant had also shown up in the Communist Warsaw Pact armies.

The Soviet Union would not be such a military threat today if the U.S. Government had not sent the Russians U.S. technology to solve their technological problems, credits to solve their financial problems, and grain to solve their agricultural problems, and then engaged in a cover-up at home to prevent the American people from knowing what they are involuntarily financing.

Computer Technology

Computer technology is absolutely essential to modern military and space technology and strategy. Modern weapons systems cannot be built, integrated, tested, deployed, kept combat-ready, or operated without computers.

Computers are an actual part of the armament of missiles, aircraft, tanks, satellite-based surveillance systems, ABM defense systems and submarines. Missile accuracy and avionics depend on computers. Even helicopters are equipped with computers to obtain real-time information for use against battlefield tanks.

A missile force or a major meteorological service requires several large general-purpose computers, plus field computers on mobile units such as ships, planes, missiles, and space vehicles.

At least 150,000 general-purpose computers were in operation in the United States by 1976, 80 percent of which are third- and fourth-generation systems. America is the unquestioned leader in this essential technology.

The Soviet Union is believed to have had by 1976 about 16,000 computers, 80 percent of which are first- and second-generation systems. Nearly all the Soviet

computers are allocated to the military establishment, and a few to scientific institutions.

Although the U.S.S.R. could not have developed MIRVs or sent space vehicles to the moon, Venus or Mars without computer technology, American experts believe that a large number of Soviet computers are obsolete as well as inadequate in memory devices, peripheral equipment, and time-sharing.

The Soviets have so far been unable to master the technique of large-scale mass production of high quality computer components or systems. The better Soviet computer systems are custom-made, not mass produced. U.S. experts estimate that the Soviets are 10 to 12 years behind the United States in developing their own computer hardware technology, and 10 to 15 years behind us in computer software technology.

Soviet computer technology minus Western assistance would be virtually zero. Computer technological advances that are pioneered in the West appear in the U.S.S.R. 5 to 12 years later. The West has produced all computer technological innovations.

Although the Soviets have been unable to develop their own advanced computer technology, they are confidently expecting the West to provide them with large computer systems, miniaturized computers, and computer manufacturing technology. Western companies are eagerly offering to sell computers and testing machinery to the U.S.S.R., license their manufacture inside the U.S.S.R., install complete plants, assist the setting up of production lines, and launch joint developments with Communist governments.

Should we permit U.S. companies to sell our advanced computer technology to the Soviet bloc even though this will enhance Soviet strategic capabilities, or at least free domestic computers for use by the military sector? The U.S. State Department says yes under its rationale of "detente" and "reduction of tensions."

The reality of the transfer of computer technology, however, is that the fruits of American technological achievement and private-enterprise production are accelerating Soviet military capability. This transfer is assisting the Soviets to develop an ABM system similar to the one we stopped when SALT I was signed, to perfect their MIRV capability, and to upgrade inertial-guidance systems for their cruise missiles.

Those who want to learn more depressing facts about the folly of selling strategic goods to the Soviet Union should read the new booklet by Miles M. Costick called "The Strategic Dimension of East-West Trade" published by the American Council for World Freedom.

Loans to Communist Countries

Would you lend any of your hard-earned savings to a Communist government without any collateral? If not, what do you think of the judgment of those who do? Those questions almost answer themselves. Most people know that Communists have no code of ethics that requires them to live up to their contracts or agreements when it is not in their self-interest to do so. And there is no way an American creditor can foreclose on or repossess property behind the Iron Curtain.

Why, then, have Western banks allowed the outstanding debt owed by the Soviet Union and its Eastern European satellites to rise to \$46 billion? One-third of that incredible sum is owed by the Soviet Union and the other two-thirds by Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, and Rumania.

Many in the financial community fear that the banks which have granted these unsecured loans will have to continue making more of the same kind of foolish loans in order to protect the loans already made. It is also probable that they will start pressuring our government to use taxpayers' money to protect or guarantee the loans to Communist countries. Don't underestimate the big-bank pressure; that was precisely what induced our Senate to give away the Panama Canal because that was the only way big U.S. bank loans to Panama could be paid.

The loans made to the Iron Curtain countries have gone largely to finance steel, heavy truck, chemical, copper, and other industrial plants. The result has been to provide the Soviets with the advanced technology and equipment needed to build their military-industrial complex through which they can compete militarily and economically with the United States.

Meanwhile, the U.S. taxpayers' money is already going directly into Communist countries through the World Bank and its soft-loan affiliate called the International Development Agency (IDA). IDA loaned \$60 million to Vietnam. According to *Barron's*, a main purpose of the loan is to finance a scheme for the Communist government to confiscate privately-owned land and force people into communes of about 75 families each.

But that's not all. Vietnam has obtained \$33 million from India, who in turn is the largest recipient of World Bank funds. India plans to give Vietnam another \$50 million.

The United States provides 37 percent of IDA's funds and 25 percent of the World Bank's. But we don't have a veto power over how the money is spent. All we get out of it is Robert S. McNamara, who has been the World Bank president since 1968 when President Lyndon Johnson kicked him upstairs from his previous post as Secretary of Defense.

McNamara's entire career has been characterized by spending more and receiving less, ever since his Edsel days at the Ford Motor Company. He has increased the loans made by the World Bank from \$1 billion to \$8.7 billion per year. His own salary is reported to be \$150,000 a year. The high officials of the World Bank receive salaries substantially greater than those of U.S. Cabinet officials and Congressmen.

At least 50,000 young Americans gave up their lives to stop the spread of Communism in Southeast Asia. Now other Americans are being taxed to finance the Communist consolidation of total control over those same countries. That makes no more sense than our furnishing advanced technology to the Soviet bloc plus the money to pay for it.

The Carter Administration has pledged, through the person of Vice President Mondale, to give Red China \$2 billion in U.S. commercial credits to accelerate trade, plus an offer of technological help to build hydroelectric plants. The money power of our government, however, rests principally in the U.S. House of Representatives. Ask your Congressman what he will do to stop the bleeding of Americans for Communist countries.

World Bankers and Their Loans

As interest rates climb higher and the price of gold fluctuates wildly, some 6,000 of the world's leading bankers, financiers, and interested observers gathered

for a conference in Belgrade, Yugoslavia. In October 1979 they came to the first annual meeting ever held in a Communist country by the International Monetary Fund and the World Bank.

Yugoslavia hoped by hosting this conference to persuade the world's top bankers to extend additional large loans to Yugoslavia. To impress the bankers, Yugoslavia completed a new international-class hotel just in time for the visitors to use. The government offered to put on a cocktail party anywhere, even at the Museum of Modern Art, at only \$77 per person.

It is difficult to see how any trustworthy banker could consider Yugoslavia a good risk for a loan. Its inflation rate is nearly 30 percent. Its more than \$4 billion trade deficit during the first eight months of this year is 56 percent higher than last year. Before Yugoslavia can borrow any more money from the West, it will have to refinance the \$1 billion it already owes to Western nations.

But hope springs eternal in the Communist breast when it comes to conning the West for more favors on a grand scale. Unfortunately, that hope has been justified time and time again. World Bank credits or commitments to Yugoslavia already total \$2.3 billion.

The International Monetary Fund has loaned \$569 million to Rumania, and the World Bank has approved an additional \$295 million to the same country. The International Monetary Fund has loaned \$70.2 million to Vietnam, 20 percent above its quota.

Poland, Bulgaria and Rumania have run up staggering hard-currency debts with private Western banks. The Communist counterpart of the International Monetary Fund was unable to help. The Eastern-bloc International Investment Bank has itself borrowed nearly \$2.8 billion in hard Western currencies, largely for development projects in the Soviet Union such as the Orenberg natural gas pipeline network.

In 1975, Poland was on the verge of defaulting on some Western debts, and the Soviet Union bailed it out. But the U.S.S.R. is putting so much of its gross national product into weapons, and has such a growing need for imported oil and Western technology, that its resources available to make good on its satellites' bad loans are very limited.

It was perhaps coincidental that, the same week the World Bankers met in Belgrade, the Carter Administration announced it will permit the Soviets to buy up to 25 million metric tons of wheat and corn in 1979, or about 10 percent of our production. The Russian Communist system, after more than 60 years of iron control, is still unable to grow enough grain to feed its own people and depends on the United States to provide food so the U.S.S.R. can put its money, manpower, and technology into weapons.

In the grain announcement, no mention was made about how the Russians will pay for the grain. In 1972, when the Soviets secretly bought 18 million metric tons of wheat and corn, the sale was financed by a combination of U.S.-guaranteed credits and U.S.-subsidized prices.

That controversial sale resulted in major food price increases in our country and led to the present requirement that the government give prior approval to purchases of more than 8 million tons in one year. The Carter Administration did give that approval, but got no quid pro quo from the Soviets despite their desperate need for grain.

American grain is only one of the many trump

cards the Carter Administration could have played to solve the problem of Soviet combat troops in Cuba. Loans extended by the World Bank and International Monetary Fund, for which U.S. taxpayers put up a large part of the capital, are another. But we do not have a President who has the courage to say no to the Kremlin.

How Much Is Freedom Worth?

What kind of living conditions would you find so intolerable that, to escape them, you would voluntarily assume a high risk of losing your life and the lives of your spouse and children, and even with the best of luck you would surely lose all your possessions and savings accumulated over your lifetime? Can you imagine any conditions that bad?

Yet, every day courageous individuals are taking those risks and making those sacrifices to escape from Communism. They are running through mined fields, tunnelling under electric barbed-wire fences, dodging machine-gun fire, hiding from police spotlights, swimming through Communist-patrolled, shark-infested waters, and crowding in unseaworthy boats.

Every year since the Berlin Wall was built almost two decades ago, thousands of people have tried to get past that heavily-guarded and fortified border. Several hundred are successful each year, but the odds against them increase all the time. As the Soviets make their fortifications more deadly, those daring souls on the wrong side of the Iron Curtain must make their escape plans even more ingenious.

Among this year's lucky few who managed to elude the border guards were a couple and their two-year-old child who floated 40 miles in a rubber dinghy across the Baltic Sea, a snorkeler who made it across a canal, and the U.S. Ambassador's chauffeur who drove the official car across the border to freedom with his wife and child locked in the trunk.

But the one escape this year which has captured the imagination of Europeans as demonstrating resourcefulness and courage par excellence was achieved by the two families who rode a homemade, Rube Goldberg, hot-air balloon on a 15-mile, 28-minute flight to freedom in 2:00 a.m. darkness.

Peter Strelzyk is a 37-year-old electrician and mechanic and Guenter Wetzel is a 24-year-old bricklayer. Friends and tinkerers, they got the escape idea from a television program, and then spent two years studying and experimenting with balloons.

They would have tried their escape much sooner, but they were determined to bring out their wives and children, too. As their part of the project, the wives worked for months tightly stitching a 60-foot wide, 75-foot high balloon out of bed sheets, curtains, shower liners, and bits of cloth of every variety of fabric and color.

The night of the dramatic escape, the balloon rose 6,000 feet into the air over East Germany with the two husbands and wives and their four children ages 15, 11, 5 and 2. They huddled on a tiny five-foot gondola on which most of the space was taken up by four propane tanks and a homemade flame thrower. The men had waited for the right night when the winds were just right, they hoped, to blow them across the border. As the hot air in the bedsheets cooled, the balloon lost altitude and dropped the families safely into a West German pasture.

By East German standards, the Strelzyks and the

Wetzels had had a rather good middle class life. Each family had a house, a car, a television, and a washing machine, all of which they had to leave behind. But they just couldn't endure living any longer in a Communist country because there is no freedom.

The spectacular defections of the three leading Bolshoi dancers and the two Russian skating champions show that even the superstars who enjoy the best of whatever the Communist system has to offer want to escape if they get the chance. The members of the Moscow State Symphony won't get that chance because the Kremlin cancelled their trip to the United States and is keeping them locked in the prison called the Soviet Union.

President Carter, who admitted to Senators that he does not know what to do about Soviet troops in Cuba, has now called in for advice a group of former officials of the Kennedy and Johnson administrations, including even Panama Canal Treaty negotiator Sol Linowitz. But those are all the same people, along with Secretaries Cyrus Vance and Harold Brown, who got us in our present predicament by their policy of always giving in to the Soviets — and even giving them U.S. technology and credits — while they are building strategic superiority and we remain in a weapons freeze.

To find out how to deal with the Soviets, President Carter should consult with those who really understand them, the defectors. These should include Arkady Shevchenko, who was UN Under Secretary General when he defected in April, 1978, and Aleksandr Solzhenitsyn, who is living in Vermont.

Phyllis Schlafly is the co-author of five books on nuclear strategy and weaponry: *Kissinger on the Couch* (1975), and *Ambush at Vladivostok* (1976) covering the Kissinger years, and *The Gravediggers* (1964), *Strike From Space* (1965), and *The Betrayers* (1968), covering the McNamara years. These books made a series of remarkable predictions about the increase of Soviet nuclear power and the decrease of U.S. nuclear power which have, unfortunately, all come true. *Kissinger on the Couch*, which is really a laymen's textbook on nuclear strategy, contains a detailed analysis of SALT I and explains the motivation and the strategy of the men who have been controlling U.S. defense policies since 1961.

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