

Heritage Foundation and friends

Scott Thompson and Lonnie Wolfe identify the 'convergence' with the Socialist Internation and KGB circles.

Stuart Butler, a policy analyst for the Heritage Foundation, stated in a recent interview: "In the case of the Reagan government, we are using a conservative government to impose a quite radical, left-wing program—all based upon solid, liberal economic principles. There really isn't so much difference between the people in the Fabian Society, people like myself, and Milton Friedman. We really overlap right in the middle of things on such ideas as local control."

Astonishing as it may seem for a conservative think tank to find common policy goals with the socialist Fabian Society of Britain, there are many who share Butler's opinion at Heritage, which has become a center for the "convergence" of British socialists and conservatives.

Who runs the Heritage Foundation

Founded in 1975 with the financial assistance of Joseph Coors, Heritage was transformed during a 1976-77 personnel shake-up into what one Heritage staff member recently called "an outpost for British intelligence in the United States."

Under Edwin J. Feulner, who was named president after the shake-up, many British citizens linked to the broader British Secret Intelligence Service (SIS) establishment were placed into key policy positions at Heritage. They range from Robert Moss, editor of *Foreign Report*, the privately circulated report of Evelyn de Rothschild's *London Economist* which draws heavily upon British SIS sourcing, to Stephen Haseler, one of the first Heritage Fellows and a leader of the British Fabian Society.

Many of these new personnel were affiliated with the International Institute for Strategic Studies (IISS) and/or the Mont Pelerin Society. IISS is largely an outlet for other agencies of British SIS. Its principal function has been to spread "disinformation," not to provide candid intelligence, through a network of daughter organizations spread around the world.

Mont Pelerin was founded in 1947 out of the merger of ultramonetarist economists like Friederich von Hayek, then employed by Beatrice and Sidney Webb at the

Fabian Society's London School of Economics, with ultra-Keynesian liberals like Walter Lippmann. Today, the Mont Pelerin Society is a key institution in the present Margaret Thatcher government. Sir Keith Joseph and Sir Geoffrey Howe, the Minister of Industry and the Chancellor of the Exchequer respectively, are among the most visible Mont Pelerin agents.

Sir Keith Joseph is also the principal "case officer" directing the transformation of Heritage. He has been assisted in this project by Julian Amery, an extremely well-connected Member of Parliament, who was in Washington, D.C. in early December 1980 for meetings related to Heritage.

Free-enterprise zones

Stuart Butler has stated that he is presently in the United States "to inculcate America with British ideas." One of the main ideas for which he has become spokesman is that of creating "free-enterprise zones" within U.S. cities. Butler presented this proposal in a fall 1980 Heritage Foundation pamphlet titled "Enterprise Zones: Pioneering in the Inner City."

In this piece Butler confesses that, apart from Sir Geoffrey Howe, he is primarily indebted for this idea to Peter Hall, a current member of the executive committee and past chairman of the British Fabian Society. Both Hall and Butler are working in tandem to sell the idea of "enterprise zones" in the United States.

Butler confirmed this in a recent interview in which he stated: "I am trying to open some U.S. channels of influence for him [Hall]. It will be my task to put him in touch with members of the Reagan policy task forces." To accomplish this, Butler has arranged for Hall, who is currently at the Urban and Regional Planning Institute at Berkeley, to be a featured speaker at a forthcoming Heritage Foundation-sponsored event.

Hall's background as a Fabian socialist is further indicated by his close association with Anthony Wedgwood Benn, a leader of the British Labour Party's radical wing, and, like Hall, a past Fabian Society chairman. Benn and other Socialist International leaders gathered in Washington, D.C. for a Dec. 5-7 confer-

ence entitled "Eurosocialism and America" at which Benn acknowledged that his policies "converge" with those of Heritage, including especially the one for "enterprise zones."

It is apparent that Howe, Butler, and Hall view "enterprise zones" as a means to create pocket colonies, or "little Hong Kongs," owned by foreign interests within U.S. cities. According to these extremists, the minimum wage should be lifted and residents employed in small-scale equivalents of "cottage industry."

This foreign "buy-out" is to be encouraged by lifting restrictions on Eurodollar investment in real estate, a move that threatens to further inflate a highly speculative market and rents. Many financial analysts also see this proposal as merely the first step toward bringing dangerously unregulated offshore financial practices onshore.

One of the key selling points that Butler, Howe, and Hall have made is that "free-enterprise zones" represent a merger with the American left's call for "local control" or "community control." Butler quotes Howe to this effect in his Heritage pamphlet. "My proposals are not intended to be a politically exclusive idea. . . . I believe it would be worthwhile ensuring that part of any Enterprise Zone could be available to noncommercial groups who wished, for example, *to establish experimental workers' cooperatives. . . . If the . . . Socialist Workers' Party wanted part of an Enterprise Zone to themselves—well, why not?* [emphasis added]."

This "local control" aspect has been praised by Jeff Faux, a board member of the Institute for Policy Studies' Boston affiliate and codirector with Gar Alperovitz of the Exploratory Project for Economic Alternatives. Another point on which the IPS crowd agrees with Heritage's Butler is a desire for a "postindustrial society" free from heavy industry, which Butler also promotes in his writings. In a recent interview, Faux said, "We have reached the end of the line for heavy industrial development as a way to provide large numbers of jobs in urban areas. Small innovative business, local economic development, local control . . . is a really key concept. It is supported by people like us and by radical conservatives."

In a 1977 speech Butler indicated his agreement with this. "First, the Marxists are right: industry has been rationalizing. Large-scale organization has won out over small-scale. There have been massive increases in productivity—even in slow developing, low productivity Britain. *If we'd been efficient, it would all doubtless have been much worse* [emphasis added]."

In place of heavy industry—the bulwark of a productive, capitalist economy and a strong military—Butler called in the same speech for a new form of "cottage industry" for the cities. "Look at the classified

ads in London's *Time Out*. You'll find a rich and even bizarre collection of enterprises, ranging from ear piercing to unisex sauna to air freight, from whole-food shops to a College of Acupuncture Clinic to Krishna-murti Videotapes. They may sound funny, but it may sound less funny in 1977 if they prove to be the growth industries of the 1980s."

In summary, what Butler et al. propose is that sections of U.S. cities be sold on the Eurodollar market as colonies featuring modern variants upon the backward, "cottage industry" economy which America once fought to be free of.

Left-right convergence on defense

The Heritage Foundation has made a significant point in its policy papers about the need for a strong U.S. military. Some Heritage documents have called for a \$35-billion-plus annual increase in defense spending; however, this view is not shared by many members of the British SIS crowd who took effective control of the foundation in 1976-77.

In recent interviews Jeff Barlow, a Heritage policy analyst, and Richard Barnet, a cofounder and codirector of the Institute for Policy Studies, indicated convergence in their thinking about defense issues in the following areas:

- The necessity to control new weapons technology and scientific development with potential defense use.

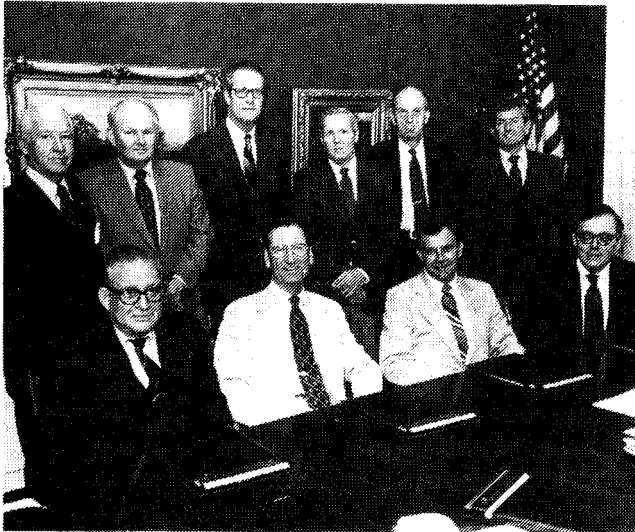
Barlow: "All arms control is meaningless unless an effort is made to control new weapons technology."

Barnet: "Some effort to bring technology control into the SALT process is essential if there is to be a meaningful treaty."

It has been repeatedly shown that efforts to bring technology control into arms limitation are one-sided and that the effect spills over into the civilian sector. The United States is rapidly falling behind in nuclear technology and other critical areas of defense development, while the Soviets are on the verge of a new generation of beam weapons and fission-fusion energy sources.

- The necessity for a globally restructured, crisis management agreement with the Soviets to be worked through the Socialist International.

Barlow: "SALT does not lessen tensions; SALT cannot prevent war. It is now formally acknowledged that the Soviets have the right to deploy their troops within their Eastern Europe sphere of influence while the U.S. basically has the right to deploy everywhere else. A new agreement must say that military intervention by a superpower in a third country is not allowed. To accomplish this, the European channel would have to be opened wider than the Moscow-Washington chan-



Courtesy of the Heritage Foundation

The Heritage Foundation's board of directors. Back row, second from left: Frank Shakespeare.

nel. . . . The Social Democrats are experts at this. . . . This is their forte."

Barnet: "Only agreements which specifically reduce the risk of war enhance security. The SALT process must evolve into that. . . . Europe, especially the European Social Democracies, is key to this process. Willy Brandt takes a longer view of East-West relations and looks for things beyond arms control treaties."

Both Barlow and Barnet agreed that only a conservative Reagan administration could sign and pass this kind of SALT agreement, based upon technology control and Brandt's *Ostpolitik*.

Heritage has planted its people in key positions in the Reagan administration's transition task forces to implement these proposals. For example, Heritage Fellow John Tierney, Jr. works on the national security task force and has "input" on matters of strategic planning.

Heritage personnel have also run the international agencies task force from the outset of the transition. This team shapes policy for the International Communications Agency, the AID program, the Overseas Private Investment Corporation, the International Monetary Fund, and the World Bank. This team is headed by Heritage Fellow Frank Shakespeare; its staff includes Edwin J. Feulner and Ben Blackburn, respectively the president and chairman of Heritage.

Heritage public relations director Herb Berkowitz stated recently that the foundation has "far more influence over policy channels in the new administration than anyone would care to admit." Berkowitz further claimed that Heritage was acting as the unofficial

employment agency of the new administration which, Berkowitz said, plans to place several hundred people from the foundation's "resource network" into key staff posts. "Through those positions we will exert tremendous influence over policy," Berkowitz concluded.

What is behind left-right convergence

The convergence of British Tory networks affiliated with the Heritage Foundation and their Fabian socialist counterparts at the Institute of Policy Studies and elsewhere represents an attempt to destroy the Reagan administration from within and without. From the promise of economic, military, and social revitalization of the United States, these British SIS-deployed networks are seeking to shift the new administration's policy toward that of a "postindustrial society." This is to be accomplished by programs that encourage "local control," a shift in the flow of investment capital from heavy industry to small-scale "cottage industry," and greater controls upon technological innovation.

Precisely the same program advocated by Butler, Barlow, and others in the British SIS faction of Heritage were presented as the program of the Socialist International at its Dec. 5-7 "Eurosocijalism and America" conference in Washington, D.C. Present at this conference, in addition to Peter Hall's friend Anthony Wedgwood Benn, were such Eurosocijalist leaders as former West German Chancellor Willy Brandt, former Swedish Prime Minister Olof Palme, and former Dutch Prime Minister Joop den Uyl, who is also chairman of the International Federation of Socialist Parties. Other lower level operatives present were IPS's Richard Barnet and Jeff Faux's colleague, Gar Alperovitz.

According to eyewitness accounts, the principal difference between the proposals of Butler, Barlow, et al. and those of the Socialist International is that the latter plans to use the economic difficulties the new Reagan administration will encounter to organize mass opposition, while seeking short-term goals through convergence. Benn, in particular, called for a new coalition between organized labor and the traditional "McGovern coalition" of environmentalists, the peace movement, women's liberation, etc., to carry out mass demonstrations against the new government and to stop leaders of the Democratic Party from bipartisan collaboration.

During the same early December period in which the conference was held, Brandt, Palme, den Uyl, and others also held lengthy meetings in secret with Soviet KGB-IMEMO operative Georgii Arbatov. It is notable that Arbatov is part of the same circles as British SIS, KGB General Harold "Kim" Philby, and the KGB-linked IPS associate Philip Agee. These are the circles that the Heritage Foundation has "converged" with.