

inal charges; according to the HGOC's Lewin, those charged face one to two years in jail and a \$10,000 fine if convicted. At the top of the list of those charged with conflict of interest is Norman Augestein, chairman of Martin Marietta, the company involved in the production of the MX and Pershing missiles.

Under special attack was TRW, which is heavily involved in the laser research program for beam weapons. The Brooks committee attacked Dr. Barry Boehm of TRW's defense and space systems group, Dr. John Weber of TRW's military electronics division, and Dr. Richard DeLauer, a former TRW executive vice president, who is the current undersecretary of defense for research and engineering. The HGOC saved its strongest attack for John Foster, a TRW vice-president most involved in advancing laser work. A HGOC report states:

"One glaring example presented involved the studies of two DSB panels concerned with high-energy lasers and DOD space-based laser weapons research. Both committees were chaired by Dr. John Foster, a vice-president of TRW and former DOD director of research and engineering, even though officials at the DSB Secretariat were well aware that his presence would constitute a potential conflict of interest since TRW was intimately involved in DOD's laser/space research and development efforts."

A member of the Brooks committee was quoted in the Dec. 26 edition of *Aviation Week* magazine as stating that the DOD had to reverse the DeLauer task force recommendations, namely for a sizeable increase in funding for beam-weapons defense.

The Brooks committee recommends that no person involved directly or indirectly in any area on which a Defense Science Board task force is working be allowed to serve on that task force. This would exclude those who know what they're talking about. Another recommendation is that all members of such a task force must have their names recorded in the Federal Register before they begin the task force work. Under current procedures, the names of individuals on DSB task forces are kept secret until after the task force completes its report. This would undoubtedly facilitate espionage and media sabotage.

One of Brooks's aides reported Jan. 4 that the HGOC will hold further hearings this year on conflicts of interest in the Defense Science Board and related armed services boards. "We don't want to let this issue go," he said. He added that the HGOC will also hold hearings on space technology to challenge the U.S. Air Force's attempt to gain "dominance in space" and "militarize space." He concluded, "We want to break up the old-boy network."

The Reagan administration cannot continue to practice "damage control" and sacrifice its best people to the hounds of Moscow. At some point, the administration has to turn and fight, and that point had better be very, very soon.

Grace Commission demands deadly cuts

by Leif Johnson

In February 1982 the President telephoned J. Peter Grace, scion of the Grace family whose fortune was made from looting the land and raw materials of Ibero-American republics, to ask that he assemble what became the President's Private Sector Survey on Cost Control (Grace Commission) to trim the federal budget.

Which administration budget-gougers encouraged the move is unknown, but the results announced Jan. 6 constitute a threat to national security.

The 37 separate reports, supervised by 161 of Grace's political accomplices from Eastern Establishment banks, insurance companies, and corporations, are the largest attack on federal government activities ever proposed. If enacted, the 2,500 budget cuts would turn the U.S. government into the form of government preferred by the Grace family—a banana republic.

The purpose of the commission's recommendations may be summarized:

1) To compile and reissue the "liberal" budget reform demands proposed by the Eastern Establishment over the past 20 years.

2) To gut the military by slashing \$150 billion from its budgets over the next three years, hacking military procurement, pensions, military bases, research and development, new weapons systems, spare parts, reserve equipment and ordnance, and commissaries.

3) To reinforce the liberal Harriman-Kissinger-Volcker-Shultz attack on the President's military policy by attacking military spending as "greed."

4) To profile and intimidate senior government officials in the course of thousands of interviews in the which the commission implicitly accused federal agencies of organizational inefficiency and financial waste.

5) To threaten that if recommendations are not enacted, in the words of Peter Grace, "interest rates will go back up to the 20 percent range again, and we'll have a complete world economic crisis, an economic convulsion, with large defaults on loans, particularly by nations."

6) To signal the U.S.S.R. that if the President accepts the

intent of the commission reports or moves to implement any major aspect, the Soviets' friends in the United States have the upper hand in the administration.

The military tally

Fifty-two percent of a total \$304 billion in budget slashes over the next three years is supposed to come from the military budget. Cuts would include:

- Reductions in Air Force pensions (\$15.1 billion);
- Cuts in other military pensions (\$6.4 billion);
- "Management control" of weapons acquisition (\$7.2 billion);
- Use of "common parts" in military services (\$7.2 billion);
- Quantity ordering of common parts (\$4.5 billion);
- Multi-year contracting (\$3.4 billion);
- Restriction of weapons acquisition to programs with "economic production rates" (\$3.0 billion);
- Cuts in military pay schedules (\$2.5 billion);
- "Privatization" of commissary operations (\$2.4 billion).

The largest category of proposed cuts is reduction of pensions, about which the commission says:

"Many areas of the defense budget are hostage to provisions for groups and institutions that regard themselves as 'entitled'. . . . 'Entitlement means that a group is to be rewarded at damn-the-cost for service to the nation.' [Quoted from *America in Search of Itself* by ultra-liberal Theodore H. White.]"

Horrified that the military can retire on half pay after 20 years and three-quarters pay after 30 years, and are still allowed to work after military service, the commission demands that pensions be reduced to "private-sector levels."

If the highest ranking officers in our military are equated with corporate chairmen or executive vice-presidents how would the relative pensions compare? Do any of our generals and admirals receive compensation equivalent to that of Peter Grace or the 161 cohorts who supervised the commission's reports?

The commission, which in this case is not "cost cutting" but slashing entitlements, argues in effect that for the highest service to the nation, individuals are to receive not only far less compensation than latifundists such as Peter Grace, but that existing levels of compensation should be reduced. The result, if not the purpose, is to demoralize military personnel.

Consider the actual meaning of the commission proposal to "use common parts and standards in military and avoid military standard and specifications items." When one liberal Congressman decorated a Christmas tree with military parts costing far more than equivalent common industrial parts, the liberal press piously denounced government waste.

There are two issues here. First, would Americans tolerate giving our fighting men equipment of the quality of most 1980s

standard guarantees that equipment used in war will not only stand up under combat conditions but work every time. That is why the buckles on parachutes are made of more expensive forgings rather than the stampings found in automobiles and appliances. That is why military electronics are of the highest durability and reliability.

The second problem is one that individuals like Peter Grace and his "post-industrial" ideological cronies have themselves caused. America's industrial base has been so badly eroded by financial warfare, above all Federal Reserve chairman Paul Volcker's post-1979 usury, that for many military items there is only one source of procurement. Not only can't the military "shop around" for many parts or weapons, but the company that will supply them has no spare capacity, since they "budget-cut" every idled facility as soon as possible.

Now consider the significance of Mr. Grace's suggestion that the military "restrict weapons procurement to programs which can be funded at economic production rates." *The Commission is proposing to change the nature of the weapons systems themselves.*

War is not "economic." All weapons, including those needed to protect against war, come at the expense of civilian goods. War is prepared for and fought because it is necessary, and weapon systems are devised because they are necessary—not because they are "economic." Imagine the Soviets declaring that only "economic" systems will be developed. Only if one advocates unilateral disarmament would one propose "cost-benefit" analysis of military systems.

But there is special gall in this suggestion by Mr. Grace. The American steel industry, once producer of nearly two-thirds of Free World steel, has been reduced to a collection of obsolete mills. In present world market terms, it is completely "uneconomic."

The steel industry has been controlled since its cartelization before World War I by the Morgan-Mellon banks. The very banks that have caused the collapse of this vital defense industry now claim in this Grace Commission report that defense systems should be made economic. Mr. Lewis Preston, chairman of Morgan Guaranty, ran the commission's study of the Army, which among other things demanded elimination of many spare-parts programs, elimination of the machine-tool reserve, use of below-combat-grade munitions for training, closing army bases, elimination of the Davis-Bacon Act which guarantees union-scale wages on federal construction projects, elimination of PX commissaries, closing of military hospitals, and raising medical fees for military dependants.

What Peter Grace and his commissioners have proposed amounts to making any future defense mobilization an impossibility. The White House is said to be highly favorable to the work of the commission. Moscow awaits the President's response.