

# Crusaders of the anti-defense lobby

by EIR Counterintelligence Staff

*The following presidential commissions, congressmen, and institutions represent the anti-defense lobby that created the climate for the current witchhunt against the Pentagon procurement system.*

## The blue-ribbon commissions

**Grace Commission:** The main purpose of the President's Private Survey Sector Commission (Grace Commission) was to plan an austerity budget, which would slash necessary expenses like defense and privatize many essential services, while treating debt service payment as sacrosanct. That the Grace Commission chose to make a priority of debt service payment is hardly surprising, since the study brought together the biggest U.S. government creditors in banks and insurance companies—e.g., Morgan Guaranty, Merrill Lynch, Prudential insurance.

J. Peter Grace, the commission chairman, represents one of the most powerful institutions in the world: He is the head of the American Association of the Sovereign Military Order of Malta (SMOM), a branch of the 1,000-year-old chivalric organization also known as the Knights of Malta. Its members include leading Catholic aristocrats of the Western world, together with wealthy financiers and industrialists. When Grace speaks, he represents formidable economic and political power.

Nonetheless, Grace has been described by members of the Establishment as "a loose cannon." His commission recommended \$150 billion in budget cuts over three years. It also recommended privatizing large chunks of the military establishment with civilian noncombatants, while appointing an Assistant Secretary of Defense for Procurement.

After the Grace Commission turned in its voluminous reports, J. Peter Grace set up a private foundation of the President's Private Survey Sector to see that the commission reports were implemented. This foundation was behind a vicious attack against the attempt by then-Secretary of Defense Caspar Weinberger to rebuild the U.S. military; the attack took the form of the creation of a sideshow in Congress over overpriced screwdrivers, toilet seat covers, and so forth.

Day-to-day lobbying on the Grace Commission proposals is carried out by the Citizens Against Government Waste, whose co-chairmen are J. Peter Grace and newspaper columnist Jack Anderson. Other board members of CAGW are: Los Angeles Mayor Tom Bradley; Rep. Claude Pepper; Sen. William Proxmire; former Sen. George McGovern; Rep.

Esther Peterson; Hon. William Simon; Dan W. Lufkin; and Roger Milliken. The group receives private funding from such firms as Motorola Corporation, of which Robert Galvin is the chairman.

On defense procurement issues, the CAGW has been in close collaboration with Archibald Cox's Common Cause group. In Congress, the CAGW maintains liaison with the Congressional Grace Caucus, which includes Sens. Gordon Humphrey and Dennis DeConcini. CAGW board member Sen. William Proxmire recently co-sponsored, with Sen. Charles Grassley, Senate Bill 1958, which would set up regional fraud units to investigate defense contracts around the country.

**Packard Commission:** The President's Blue Ribbon Commission on Defense Management (Packard Commission) submitted its final report to the President in April 1986 before going out of business. The Packard Commission continued many of the Grace Commission's plans for an austerity military budget. Its chairman, David Packard, had been co-founder and chairman of the Hewlett-Packard Co., before becoming deputy secretary of defense (1969-71). Packard was a member of David Rockefeller's Trilateral Commission.

The Packard Commission included an Acquisition Task Force chaired by Louis W. Cabot, which recommended a series of major changes in the Executive and Legislative branches. Foremost among these was to create by statute the new position of Undersecretary of Defense for Acquisition, who was to have authority over all offices and agencies within the Office of the Secretary of Defense for that purpose. Another proposal was to restructure the Joint Requirements and Management Board (JRMB) under the new Undersecretary of Defense and the Vice Chairman of the Joint Chiefs of Staff, so that the JRMB would play a greater role across services in weapons procurement.

**Business Executives for National Security, Inc.:** This free trade association claims to have presaged all other organizations on the issue of defense procurement waste and corruption. J. Peter Grace of the Grace Commission, is the most outspoken board member of BENS, another front for his campaign for cuts in the defense budget. The founder of BENS and its board chairman is Stanley Weiss, who is chairman of American Minerals, headquartered in El Paso, Texas.

While BENS has publicly limited its activities to defense procurement, many of its board members and 400 corporate sponsors have been actively involved in promoting trade and détente with the Soviet Union, despite their liberal Republican political ethos. Weiss has been extensively involved in East-West trade in minerals, which verges upon breaching U.S. national security interests.

BENS is acting in the tradition of the W.R. Grace Corporation, which was part of the "Anglo-Soviet Trust" grouping that did business with the Bolsheviks during Russia's New Economic Policy period of the 1920s.

Other board members or leading corporate spokesmen for BENS include: Proctor Houghton, president, Houghton Chemical Co.; Philip M. Klutznick, senior partner, Klutznick Investments; Kenneth H. Miller, vice chairman, Merrill Lynch Capital Markets; Michael W. Sonnenfeldt, BENS national chairman for resources and president of the Harborside Corp., a New Jersey real estate investment company; and Felix Rohatyn, a senior partner in Lazard Frères Co., who designed the "Big MAC" New York City austerity budget.

BENS currently has three major areas of emphasis to "streamline" Pentagon procurement: 1) put an end to the "revolving door" between business and the military; 2) develop an effective testing system; and 3) employ openly advertised, sealed-bid competition on contracts. Although it is no longer actively involved with lobbying, BENS has worked closely with Sens. David Pryor and Charles Grassley.



*Sen. Charles Grassley of Iowa has been a leading congressional "defense basher" for years (see page 71), and is taking the point on the Hill in the DoJ's attack on the American defense establishment.*

## On Capitol Hill

**Sen. David Pryor (D-Ark.):** One of the most vocal critics of defense procurement methods and the "military-industrial complex," Sen. Pryor made headlines during the 99th Congress with his accusations that the Pentagon was spending "\$600 on toilet seats." On Sept. 22, 1983, speaking before a subcommittee of the House Committee on Government Operations, Pryor blasted the Defense Science Board for its alleged "conflict of interest," because, he said, "The Defense Science Board . . . reads like a Who's Who in the Military-Industrial Complex. Executives of Martin Marietta, Hughes, TRW, Mitre, Lockheed, and RAND are among the members." Sounding like a 1960s Naderite-Marxist, he mooted the board's abolition.

Senator Pryor continued, "The credibility of the Defense Department with the public and the Congress has never been lower. Repeated reliance by the Pentagon on the Military-Industrial Complex, in the form of the Defense Science Board, for its advice about how hundreds of billions of dollars are to be spent within the Military-Industrial Complex, does not enhance its credibility. Likewise, the Defense Department does not help its credibility by failing to recognize the real dangers that conflicts of interest can create."

For all of his moral posturing, including opposition to chemical weapons development and production, Sen. Pryor is not secure on his ethical high horse. Capitol Hill sources report that Pryor refused to defend former Sen. Harrison Williams, who was framed up on false corruption charges and sent to prison, even though Pryor admitted that he believed the former senator to be innocent.

**Sen. Nancy Landon Kassebaum (R-Kan.):** The *New York Times* calls Sen. Kassebaum a leader of the "new breed of military reformer." She, Sen. Grassley, and Sen. Mark Andrews (R-N.D.), are known as the "Great Plains Rebels," despite their alleged "conservative" political orientation. Kassebaum was the "K" in the "KGB plan" to hold 1984 defense spending to crippling levels.

**Sen. Charles Grassley (R-Iowa):** Sponsor of Senate Bill 1958, which proposes to establish nationwide regional anti-fraud units through the Department of Justice, to combat alleged corruption in the defense procurement complex. In late 1983, Sen. Grassley held "show hearings" to lionize Defense Department "whistleblowers" such as George Spanton and Ernest Fitzgerald. Originally supported by the anti-defense Center for Defense Information, Fitzgerald is now a professional "disgruntled" DoD employee who has been making the media circuit after the Pentagon raid. Although a Republican from a state heavily influenced by the pro-Soviet Armand Hammer, Sen. Grassley voted against the MX missile. He co-sponsored, with Sens. Kassebaum and Biden, the famous 1984 "KGB" plan (named after the initials of its sponsors), which proposed to hold funding for federal agencies, including Defense, to the level of the previous year.

**Sen. William V. Roth (R-Del.):** One of a handful of senators who is a member of the Trilateral Commission, Sen. Roth has long specialized as a critic of the Defense Contract Audit Agency (DCAA). The Pentagon's watchdog agency, the DCAA has been accused of maintaining excessively close relations with defense contractors. Whistle-blower George R. Spanton was an auditor with DCAA.

**Rep. James Courter (R-N.J.):** Despite his pro-Strategic Defense Initiative profile, Courter has been an activist with the Military Reform Caucus, having served as its chairman. According to *Politics in America—The 100th Congress*, "Courter's hawkishness does not always equal loyalty to the agenda of the Pentagon leadership. He opposes the C-17, an airlifter much desired by the Air Force and Army, because he believes three other airplanes already in service can do the same job at a lower cost."

**Sen. Dan Quayle (R-Ind.):** A "conservative," Quayle has recently spearheaded the assault on defense contractors, from his position as chairman of the Armed Services Defense Acquisition Policy Subcommittee. That subcommittee was newly created, at Quayle's request, in 1986. Capitol Hill

sources point to Quayle staffer Henry Sokolski as a driving force behind the creation of that subcommittee and Quayle's anti-defense activities. Sokolski is a protégé of Albert Wohlstetter, the RAND strategist.

### Private anti-defense projects

**Project on Military Procurement:** Founded in 1981 by Dina Rasor, the project claims to be concerned with "Pentagon waste." "The procurement bureaucracy," she asserts, "fosters a false sense of security and blind faith in technologically complex weapons that will not work effectively in combat." Rasor's real objectives are better shown by her funder, Stewart Mott, the moneybags for many of Washington's leftist and communist organizations, such as the Institute for Policy Studies.

Rasor's project admits overseeing a network of informants within the Department of Defense and industry. Her ring regularly leaks internal DoD memos and "unclassified" government documents, which the Project then conduits to congressional offices and the press. So, for example, one of the Project's agents stole an internal Lockheed document outlining the company's congressional lobbying strategy for getting its C-5B cargo plane approved. Rasor then passed the document to the press. Sources wonder what other DoD documents might be passed on, and into whose hands.

Rasor got her start at the libertarian National Taxpayers Union, working on the C-5A wing-modification issue. In January 1981, Rasor claims to have hooked up with dissident DoD officials who wanted to "get the truth out." Rasor's patrons at the time included A. Ernest Fitzgerald, then a fired Pentagon "whistle blower" suing to get his job back. Rasor then secured the funding of the National Taxpayers Legal Fund to establish her project. By April 1982, Rasor was picked up by Mott's Fund for Constitutional Government.

Since 1982, Rasor has worked closely with other congressional offices anxious to cut the defense budget. Thus Rasor smuggled an aide to Rep. Barbara Boxer onto Travis Air Force base to view a \$70,000 door and ladder on a Lockheed C-5. The ladder later became a centerpiece of a Senate extravaganza on exorbitant costs.

Rasor teamed up with the Justice Department's 1985 frame-up of General Dynamics and former NASA chairman James Beggs. "You're going to have to have someone, if proven guilty, go to jail," she ranted. The charges, which were a hoax, were dropped in 1987.

**The Defense Budget Project:** Founded by Gordon Adams in 1982, the Project publishes wildly inaccurate analyses of the defense programs. The Project's diatribes on defense spending and waste all conform to the notion that national security needs should have the same, expendable status, as any other part of the federal budget. Thus, in November 1987, Adams decried a "serious overemphasis on weapons purchases since 1981 and plans for a new generation of weapons programs after 1988."

Adams ridicules former Defense Secretary Weinberger for wanting the "Trident 2 missile and submarine, the Stealth bomber, the Midgetman missile, and initial hardware for the Strategic Defense Initiative." Showing how "concern about waste" is used as a cover for political maneuvers, Adams suggests that "conventional weapons programs should have preference over strategic programs," and asserts that "funds for any new programs should take second place after funds to operate and support existing forces," to deal with this budget "problem."

Adams lies that defense spending does not have a major impact on economic growth—despite the fact that defense production and defense research and development are the only areas that have kept the economy afloat under the great "Reagan recovery." Naturally, Pentagon "black box" programs incur the ire of Adams and Rasor, who paint images of enormous hidden waste.

The Defense Budget Project has also just begun a comparison of NATO and Warsaw Pact forces, as a new flank on its assault against the Pentagon. This program is directed by Natalie Goldring, formerly with "Mothers Embracing Nuclear Disarmament."

Project funders include the Rockefeller Brothers Fund, the Sloan Foundation, the Ford Foundation, the Field Foundation, and the Ruth Mott Foundation.

**Center for Defense Information:** Founded in the late 1970s, by retired U.S. Admirals Eugene LaRoque and Eugene Carroll, the CDI has been at the forefront of efforts to ram through various arm control treaties with the Soviet Union, including the INF accord. Last year the center hosted Soviet GRU (Military Intelligence) Gen. Mikhail Milshtein for a week, on behalf of this effort.

The CDI's publication *Defense Monitor* regularly publishes attacks on Pentagon waste as a pretext for attacking necessary defense programs. Specific CDI studies include: "Pentagon wastes billions of dollars every year because of deep-rooted flaws in its procedures for developing and buying new weapons," "Recent congressional reforms and acquisitions procedures will ease some symptoms, but will not alter the basis and bureaucratic symptoms causing waste," "Competition in weapons development and production is essential to improve deficiency and reduce abuse by large military contractors," and "In order to make reforms effective, Congress must impose stricter budgetary discipline upon the military services and insure that reliability and maintainability are designed into new methods."

Admiral LaRoque served at the Pentagon for seven years in Strategic Planning for the Joint Chiefs of Staff and as the Chief of Naval Operations. His last active duty was as director of the Inter-American Defense College, Washington, D.C. Admiral Carroll's last assignment at the Pentagon was as Assistant Deputy Chief of Naval Operations for Plans Policy and Operations. Thus, unlike other "watchdogs," the Admirals cannot claim leftist naiveté as their defense.