

[construction of the Soviet Fiat factory] in itself represents a sizable allocation of resources for peaceful uses, but more will follow to provide the roads, service stations, repair facilities, and the like to keep the cars running. . . . This growing attention to consumer needs is a heartening development in the Communist countries, one that we welcome and should support through trade.⁶

Those thoughts echo similar comments offered by Acting Secretary of Commerce Trowbridge, who on November 2,⁷ 1966, as Assistant Secretary of Commerce for Domestic and International Business, said:

The President's decision to provide for Export-Import bank financing of American machine tools and other products for the Fiat automobile plant in the U.S.S.R. is a good example of how we will offer our cooperation on projects designed to improve the well-being of their people. We support their allocation of resources to expand consumer-oriented industries.⁷

The International Trade Subcommittee report contains additional enlightening information about the campaign underway to gain acceptance for the Fiat deal. It recites, for example, that last October, administration spokesmen sought to convince individual Members of the House, unidentified in the report, that "the Fiat deal would support the increased emphasis which the U.S.S.R. is putting on using its resources to produce consumer good."⁸

Such wishful thinking actually runs counter to findings contained in a Central Intelligence Agency report which the subcommittee itself included in its March 1 report.

Claims that if the Soviet-Fiat factory is built it will cause the Soviets to invest extensively in tertiary automotive investments—which means such items as roads, service stations, repair facilities and the like—are refuted by the CIA report which states:

The USSR will almost certainly have no desire and little need to duplicate in the foreseeable future the heavy tertiary investments that have been fostered by the automobile in Western Europe and the United States.⁹

The CIA report points out that the Soviet program is to produce cars for the Communist leaders, not the people. It states:

Essentially, the new Soviet program is designed to produce automobiles for the bureaucratic and managerial elite, not for the average citizen.¹⁰

Furthermore, it is the CIA evaluation that the announced Soviet plans to increase automotive production will not divert resources from their defense or space programs:

⁶ Address March 2, 1967 by Anthony M. Solomon, Assistant Secretary of State for Economic Affairs, made before the Chicago Automobile Trade Show luncheon, Chicago, Illinois.

⁷ Address November 2, 1966 by Alexander B. Trowbridge, then Assistant Secretary for Domestic and International Business, U.S. Department of Commerce, prepared for delivery at the International Trade Session, National Foreign Trade Convention, New York City.

⁸ The Fiat-Soviet Auto Plant, page 42.

⁹ *Ibid.*, page 26.

¹⁰ *Ibid.*, page 11.

. . . announced plans are not so grandiose as to require a significant alteration in traditional Soviet economic priorities, and would leave military and space program unimpaired. [Emphasis added.]¹¹

There is little doubt that if the Soviets were required to design and build machine tools and equipment which closely approximate those they seek from abroad in the Fiat deal then they would probably have to use engineers, technicians and capital goods which otherwise could be employed in programs related to Soviet military and space endeavors. I asked the Director of the Defense Intelligence Agency, Gen. John F. Carroll, about this and by letter of April 25, 1967, he responded:

It is true that, if engineering and production resources were allocated to the design and fabrication of such machine tools and equipment, the resources would have to be taken from other programs, either military or civilian. In the past the Soviet Union has given priority to military programs over civil programs, and it is believed that—barring a major change in Soviet policy—this practice will continue.¹²

Note that General Carroll confirms that the Soviets would have to divert resources from their other programs if they were required to undertake the automotive project with their own resources.

In other words, to whatever extent the United States or any other nation provides capital goods to the Soviets, the Soviet leadership would be permitted to continue its traditional practice of allocating their own resources to military programs.

Neither General Carroll nor any other responsible official of a U.S. intelligence agency has ever, to my knowledge, claimed that there is evidence of a major change in Soviet policy. In other words, Soviet priorities in the Soviet industrial empire continue to go to military programs.

In spite of this we have witnessed a band of administration spokesmen, apparently ignoring evaluations of the intelligence agencies, touring the country and giving the impression to the American public, to trade, and business groups, and to communications media that the Soviet-Fiat deal will mean less Soviet tanks and more emphasis on consumer needs.

SHIPMENT OF MACHINE TOOLS SHOULD BE DENIED

I would like at this time to cite some reasons why in my opinion the Export-Import Bank credits and the machine tools should be denied the Soviets.

DETENTE NONEXISTENT

One rationale advanced by administration spokesmen for shipping and financing American machine tools to the Soviets is their claim in seeing in the present situation a détente. But that is a claim with little basis in fact. The highest ranking member of this Nation's Armed Forces, General Wheeler, told all Americans last February 26:

¹¹ *Ibid.*

¹² Letter, April 25, 1967, Lt. General Joseph F. Carroll to Rep. Glenard P. Lipscomb.

. . . if history is any any teacher, I see no particular reason to view the present situation as a détente. . . . It is a question of prudence in protecting the security interests of this country.¹³

BASIC SOVIET PLANS REMAIN UNCHANGED

The leaders of the organization which controls the Soviet industrial empire traditionally have planned for the production of a relatively small number of passenger automobiles. That is still true today of the current Soviet leaders.

The current Soviet Communist Party leaders approved of the plans of the State Planning Commission (GOSPLAN) which calls for the production of an estimated 230,000 passenger automobiles in 1967. The Central Intelligence Agency estimates that over 12 percent of those will be a Jeep-type vehicle, the GAZ 69.¹⁴

The CIA also estimates that 23 percent of all Soviet passenger automobiles produced in 1967, a total of 54,000, will be exported. Furthermore, according to the CIA estimates, that figure will increase to 250,000 automobiles exported by the U.S.S.R. by 1974.¹⁵ Significantly, 1974 is the year when the proposed Fiat plant is scheduled to be in full production.

The ordinary Soviet citizens are today deprived of an automobile not because of any action which they, or you, or I have taken. They are denied an automobile because Soviet leaders have decreed that they not be permitted one.

Everyone who gives serious thought to the workings of the Soviet Union understands full well that the Soviet industrial empire could right now, today, increase its output of commercial-type vehicles.

But even if American financial assistance were granted and machine tools were exported to build the Soviet-Fiat plant, the CIA evaluation states:

It seems certain that, within the next decade at least, the Soviet leadership not only has no plans to mass produce automobiles in imitation of the West, but would strenuously resist internal pressure to do so. Although the USSR may some day join the circle of nations that provide automobiles for the average citizen, that day is not now in sight.¹⁶

In other words, the Communist leaders' plans for automobiles are basically to use them for rewarding the Soviet Communist Party elite and for exports and related purposes, not for the average citizen. The Communists' plans are designed to make the Communist Party more efficient in its communications and travel needs and better equipment to achieve its political goals.

IMPORTANCE OF MACHINE TOOLS TO DEFENSE INDUSTRIES

The following are some of the machine tools desired by the Soviets for use in the Fiat-constructed plant in the U.S.S.R.: Numerically controlled machines for diesinking; multispindle lathes; gear cutting machines; stamping presses; machines for mechanical operations, such as transfer lines; boring, grinding, broaching machines; high pro-

¹³ "Meet the Press," NBC television and radio program of February 26, 1967 with General Earl G. Wheeler as guest.

¹⁴ The Fiat-Soviet Auto Plant, page 13.

¹⁵ *Ibid.*, page 19.

¹⁶ *Ibid.*, page 11.

March 7, 1967

CONGRESSIONAL RECORD — APPENDIX

A 1103

The editorial concludes that "such facts are worth knowing when making decisions on foreign aid." Believing my colleagues will be interested, under unanimous consent I place the editorial herewith:

AID Aids OHIO

Foreign aid is vital to the United States, apart from the humanitarian motives that also sustain it.

Foreign aid is an established arm of national policy. For 20 years, despite some objectors, every president and Congress have kept the program going.

Self-interest alone would agree with President Johnson's words: "In the long run, the wealthy nations cannot survive as islands of abundance in a world of hunger, sickness and despair."

Those words come from the President's Feb. 9 message on foreign aid, in which he proposes fiscal 1968 programs requiring something over \$3.1 billion.

AID (Agency for International Development) recently published figures showing that in 1966 it spent \$604.5 million of foreign assistance funds within the United States for commodities alone.

Ohio was among the top six states in selling goods to AID. Its share was nearly \$46 million, a very serious chunk of sales, wages and profits.

Procurement from American sources makes up 90% of all AID spending for commodities, from powdered milk to earth movers.

Such facts are worth knowing when making decisions on foreign aid.

Democracy: What It Means to Me

EXTENSION OF REMARKS
OF

HON. WILLIAM V. ROTH

OF DELAWARE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 7, 1967

Mr. ROTH. Mr. Speaker, I would like to place in the RECORD for my colleagues' reading a speech written and delivered by Miss Diane F. Ambrose of Dover in the Delaware Voice of Democracy contest sponsored by the Veterans of Foreign Wars and its ladies auxiliary. More than 350,000 students from all parts of the country participated in the contest competing for the five top prizes totaling \$13,500, and today Diane is one of the finalists speaking here in Washington.

Even more important than the scholarships is the opportunity given these young people to address their countrymen and the world, telling us in their own words the meaning of democracy as they understand it. Much has been written and said about the "generation gap," that seeming lack of communication between young and old. But, reading Diane's words, none of us, to whatever generation we belong, can fail to be moved and filled with renewed confidence in the future.

Diane has made every Delawarean proud of her. I join with her parents, her friends and teachers, and with all the people of Delaware in wishing her success as she participates in the national finals.

The speech follows:

DEMOCRACY: WHAT IT MEANS TO ME
Democracy is people—not an undefinable mass bound together, but unified individuals staying together.

Democracy is a voice—appealing to the spirit of men—for no man can live on bread alone.

Democracy is America—our past, our present, our future, earned by our own merits through sweat, toil, joy and tears.

Democracy is people speaking to America. Often it is said that Democracy in the United States is almost invisible among the members of the "beat generation." Oh, on the contrary. It is the teenagers who will soon illuminate the flickering ember of what many people refer to as "dying Democracy."

Just walk into a "Problems of Democracy" class and see the contempt with which the 18 year old I-A senior boys hold a draft dodger. Listen to a glee club singing "America our Heritage." Observe a girl scout troop's closing flag ceremony. Or listen to my words.

You see we understand the challenge with which we are faced and we accept it. We realize the responsibility confronting us and we will not turn away from it because Democracy is our heritage.

In the forthcoming decades it will be up to us to live up to this heritage and pass it on, perhaps even in better condition than we found it. In order to do this we have a tremendous task to perform. We must educate ourselves, make our own decisions, stand on our own two feet. These are the most important things of all. It's too easy to turn into a second-rater, that is—seeing everything through somebody else's eyes. If we can prevent this then we have preserved the individual, and in a sense, Democracy, for the individual is the very cornerstone of Democracy.

And then finally, Democracy is the undefinable term—*freedom*. It is that certain exultation only those who bother to think and worry about will ever experience.

In the lyrics of a modern day song: "Born free, as free as the wind blows, as free as the grass grows, born free to follow your heart. Stay free, while beauty surrounds you, the world still astounds you, each time you look at a star. Live free, when no wall's behind you, you're free as the roaring tide, so there's no need to hide."

This is what Democracy means to me—and I hope—to you.

CIA: Other Side of the Story—What Reds
Are DoingEXTENSION OF REMARKS
OF

HON. GLENARD P. LIPSCOMB

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 7, 1967

Mr. LIPSCOMB. Mr. Speaker, under leave to extend my remarks, I submit for inclusion in the RECORD an important article which appeared in the March 13, 1967, issue of U.S. News & World Report entitled "CIA: Other Side of the Story—What Reds Are Doing."

I believe it is essential at this time that there is a complete understanding of the serious, ruthless nature of the Communist offensive and the tremendous job CIA faces in this regard. This is what the article discusses and I believe it will be of interest to the Congress and the public.

The article follows:

CIA: OTHER SIDE OF THE STORY—WHAT REDS
ARE DOING

One question that keeps coming up in the latest controversy over the Central Intelligence Agency is this:

Just whom or what is the CIA fighting? The answer is found in the other side of the CIA story—the facts on what the Communists are doing all over the world to penetrate and grab control of organizations, underwrite treason and terrorism, stir up strife, stage revolutions, steal secrets.

It is the CIA's job to combat these activities of the Reds in the cold-war struggle that has been going on in the back alleys of the world for more than 20 years.

From intelligence officials in the U.S. and abroad come authoritative accounts of what the CIA is fighting, how the Communists operate and reasons for such CIA programs as subsidization of work in the foreign field by some student, labor and other organizations.

Disclosure of this financing brought the agency under fire, compromised some of its efforts and even led to demands that the CIA be abolished.

Reds' use of fronts. As part of its plot to achieve world domination, Moscow-directed Communism maneuvers through international front groups.

Worldwide, U.S. intelligence experts say, the Communists have 11 such organizations—all under direct control of the KGB, the Soviet Committee for State Security, "operational headquarters" for Russia's whole cold-war scheme.

These fronts are designed to appeal to almost every interest. There is a World Peace Council, and there are international fronts for labor, youth, women, students, teachers, scientists, lawyers, newspapermen, radio-TV workers and "resistance movements."

The head of the KGB—who at this time is Nikolai Anisimovich Shchelokov—is one of the world's most powerful Communists because his agency controls all of Russia's foreign and military intelligence as well as Soviet internal security.

In American terms, that would be like putting one man in charge of the CIA, the FBI and all of the military intelligence services.

The importance that the Soviet Union places on front organizations is shown by this example:

Alexandr Shelepin was a vice president of the International Union of Students when it was founded in 1946. He later became a vice president of the World Federation of Democratic Youth, Shelepin then shot up to become head of the all-powerful KGB. He now is a top official of the Soviet Communist Party.

Methods of operation. How do Communist fronts operate? Here is one way:

Fronts recruit young Africans, Asians and Latin Americans for training in Communist countries—as labor leaders or guerrilla fighters. The brightest are taught how to overthrow governments and set up Communist regimes. An ultimate aim is to recruit young Americans.

A major objective of KGB, working through fronts, is to draw non-Communists into unity with Communists. Such a drive now is on the upswing in Western Europe, spearheaded by two of the groups, the World Federation of Trade Unions and the International Union of Students.

A former KGB official who defected to the West says that 80 per cent of Soviet personnel abroad are "trained professional spies."

The KGB, this man says, rates the U.S. as its No. 1 target and seeks to isolate America from its allies on the theory that, when this isolation is accomplished, the U.S. will "crumble from within."

The "unite and capture" theme runs through all Communist-front efforts, such as the World Youth Festivals that draw thousands from all over the world.

Costs of these events are high. The Moscow festival in 1957, for instance, is estimated to have cost up to 150 million dollars. The Vienna affair in 1959 cost 50 million. The Communist outlay on the youth festival in Helsinki in 1962 was around 30 million.

Another one is to take place next year in Sofia, Bulgaria—and the Russians already are blaring propaganda against the American delegation because of the revelation that CIA money financed trips by some young Americans to previous festivals.

Bonanza for the enemy. The "exposé" of this CIA subsidy—which was carried out under national policy established years ago—is described by U.S. officials as a windfall for the Communists. At earlier festivals, the Americans—even though few of them knew that CIA money was helping to pay their expenses—succeeded in blunting effects the Communists hoped to achieve.

In Communist countries, fronts pay travel costs for students, labor leaders and others. Communist funds also have financed travel by the Reds' American sympathizers—including students—to points behind the Iron Curtain and to Red Cuba.

The KGB is said to have almost unlimited funds at its disposal—despite Russia's shortage of foreign exchange—and more manpower than the CIA, the FBI and U.S. military intelligence combined. One division of the KGB—the "Department of Disinformation," or Department D—operates in the propaganda field. It plants false information, including forged documents, wherever an opportunity exists to smear and discredit the U.S. specifically and the West generally.

In this, Department D gets help from such fronts as the World Peace Council, the World Federation of Trade Unions, the International Union of Students and the World Federation of Democratic Youth.

An illustration: The World Peace Council spread charges during the Korean conflict that the U.S. was using germ warfare. And two other fronts, the International Association of Democratic Lawyers and the World Federation of Scientific Workers, sent "investigating commissions" to obtain "evidence" in support of the charge.

What do Reds seek? What the Communists are attempting to accomplish by undercover methods in every country was made clear in a recent public statement by the chief espionage official in the Security Ministry of Communist East Germany. He was talking about Germany, but he was enunciating the KGB line for all non-Communist countries. This top Red spy said:

"To procure information and material is only one task of our organization.

"The other and more important task is to make use of the material and the knowledge gained for political purposes—to blackmail the enemy, to demoralize the population, and to make the Communist Party victorious in the whole of Germany."

Like all spymasters in satellite states, the East German official is under KGB control. In every part of the world, secret Communist activity poses a threat.

Sometimes these activities are flushed into the open. On one such occasion, in 1965, Communist financial support for terrorists in Venezuela was exposed when three Red couriers carrying \$330,000 in cash were seized and jailed.

Venezuelan officials said that the three—two women and a man—were agents of the Italian Communist Party, which Moscow had assigned the job of smuggling money to guerrillas in Venezuela.

The Communist move failed in that instance because of counterintelligence like that in which the CIA—according to mem-

bers of other intelligence organizations—excels. But Venezuelan terrorists continue to get arms and money from the Communists.

One Communist faction in Venezuela receives weapons and training from Fidel Castro's Cuba—where, only 90 miles from U.S. shores, the KGB has a big stake. Cuba is a transfer point for the Red paymasters and spymasters in Latin America.

From the inside. Throughout South America, Communist "political action" agents infiltrate student groups and labor unions, whip up agitation among peasants and subsidize bandits.

Communists, Western intelligence sources say, control all but four of the national student federations in Latin America—in all countries except Costa Rica, Bolivia, Chile and perhaps Uruguay. The Communist-front International Union of Students claims, in fact, that 82 of the world's national student federations are affiliated with it.

In the Middle East, the present Soviet objective, as defined by U.S. officials on the scene, is to stir up enough trouble to threaten the stability of countries in which the U.S. has influence—particularly those where Americans control big oil reserves.

Examples of the KGB at work in the Middle East include riots instigated by Communist agents in Jordan, massive supplies of arms to Syria, bombings in Saudi Arabia and floods of Communist propaganda pouring from Cairo, which is headquarters for a number of Communist fronts, such as the Afro-Asian Peoples' Solidarity Organization.

Africa: Agents busy. In Africa, the Reds are trying to keep the whole continent in turmoil.

Moscow and Red China bankroll opponents of President Jomo Kenyatta in Kenya. Communist influence in Tanzania has grown to the point where the Government has undertaken to nationalize most private business. The Chinese Communists used their embassy in Burundi as a relay point for weapons and funds sent to rebels operating against the Congolese Government in Kinshasa.

In the other Congo, of which Brazzaville is the capital, Communists—including Cubans—control the military forces. In Ghana, until they were thwarted by the coup that ousted Kwame Nkrumah, Soviet agents had penetrated the Government to the point where they controlled Nkrumah's personal army and were building a military base to be used for operations throughout West Africa.

The Communists regularly supply weapons to rebels in Portuguese Angola and Mozambique. In Somalia, the Army is equipped and influenced by the Communists. Soviet agents are fomenting trouble in Ethiopia. In Tunisia, Communist penetration is mainly through students. In Algeria, Soviet economic aid is a lever used by the KGB.

North of Africa, in the Mediterranean area, a step-up of Communism's covert actions coincides with the growing Soviet rival presence. All along the fringe of the Mediterranean, KGB men are busy. One piece of evidence: secret stockpiles of weapons, uncovered in Greece.

Communist-front efforts are paying off in West Germany and elsewhere in Europe. In 1966, for the first time, West German non-Communist unions were persuaded to send delegations to Poland, Czechoslovakia and Russia. A British trade-union group sent representatives to Russia. A Catholic federation of trade unions in France was induced to take joint action with the Communist-controlled French labor federation.

Some of Britain's non-Communist organizations have been heavily infiltrated by Communists and used to promote Soviet propaganda against the U.S.

One of these groups—the Campaign for Nuclear Disarmament—mobilized strong opposition to American nuclear strategy and to British ties with the North Atlantic Treaty Organization. The British Union of Students is now the top target for Communist penetration.

How Asia is affected. In Asia, the World Federation of Trade Unions has been the principal transmission belt for Communist orders.

The series of Communist insurrections which broke out over recent years in country after country—Vietnam, Indonesia, India, Burma and the Philippines—received the "go" signal from trade-union centers.

Although the attempted Red revolution in Indonesia in 1965 was smashed, large numbers of Communists remain. Both Moscow and Peking are trying again, U.S. intelligence officials believe, to rebuild for another revolt.

In the Philippines, where suppression of the Huk uprising in the early 1950s is counted as one of the CIA's great, but largely unpublicized, victories, the Communists again are trying to activate a Huk rebellion.

A staff study just released by the U.S. Senate's Internal Security Subcommittee says this:

Previous hearings have established that Moscow has, in the past, distributed vast sums, along with its directives, through various secret channels to support subversive activities in countries outside Russia, including the United States, and there is every reason to believe that this practice continues."

The CIA's role. Countering Communist activities inside the U.S. is a task of the Federal Bureau of Investigation. It is the CIA which has the responsibility for combating actions in the rest of the world which are inimical to the interests of this country.

In carrying out that mission, the CIA must face enemies of many kinds—enemies masked as "do-gooders" as well as enemies trained in the dark arts of subversion, espionage, blackmail and assassination—all dedicated to the Communist aim once stated bluntly by Nikita Khrushchev and never denied by his successors: to "bury" the U.S.

WHEN THE "COVER WAS BLOWN"

A veteran U.S. intelligence official, discussing public disclosure that CIA funds were being used secretly to finance some American students at international conferences, said this:

"The U.S., not just the CIA, suffered a severe defeat in this thing.

"The U.S. still must fight to prevent the Communists from having all their own way in international meetings of students—or teachers, or scientists, journalists, labor unions, whatever.

"But now that the CIA cover has been 'blown,' the job will cost much more. And it will take a long time before any U.S. organization or group can regain the effectiveness that the National Student Association had.

"These students were not instructed how to act, except in a very few cases. Main reliance was on the American instincts and patriotism of almost all the students who were financially helped to attend.

"The main arm of the Soviet Government's constant battle to discredit everything American—Moscow's so-called 'Department of Disinformation'—has been sniping at the National Student Association for years. But it never was able to prove anything.

"Now the Americans have given them the ammunition—perfect ammunition with which to fight any American delegation at any international meeting.

"The Americans have acted to 'devour our own children.'"