

VORIO-850926-515

UNDERHAND BUSINESS

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Concealed business - when monopolies and banks conceal most of their transactions from statistical and taxing authorities or even swindle them to get more profits - is on the increase in the capitalist world.

Scale

There is no precise information on such business in any of the countries. Conclusions are drawn from indirect evidence, such as comparisons of employment levels in different countries, and estimates of hidden profits and earning and spending ratios.

To judge from economic sources in capitalist countries, such a hidden economy there accounts for 5 to 30 per cent of the gross national product in terms of value.

This kind of business, it is true, has been known for a long time, but of late has shown signs of intensifying.

That has been largely due to recent crisis developments in the capitalist world, with businessmen more often resorting to machinations and malpractices to improve their business. Besides, the Washington-led arms race has called for huge additional allocations in practically all capitalist countries, and their governments in search of financial sources are increasingly turning to the hidden economy if only to get a small slice out of it. This sum actually runs into billions the state fails to get as taxes because firms underrate their production. The recent issue of the Survey of Current Business, published by the US Department of Commerce, has revealed that such understated sums in America may be as high as 90 billion dollars a year.



Mechanism

Practice suggests that the larger the firm the more chances it has for concealing its operations. Transnationals, for example, are known to make fictional transfers between their foreign subsidiaries. Their in-house calculations take advantage of the differences in tax rates in different countries, in wages and social benefits. Occasionally transnationals do not even move their manufacturing facilities abroad - establishing instead a puny office in "tax-free" harbours (Cayman Islands, for example) and handling all their paper work through it. A foreign stamp saves the monopolies juicy sums. Besides much of the capitalist shipping is known to fly flags of convenience, the Liberian or others because they exempt the owners from taxation though the ships do not belong to these countries.

Currency dealings have always attracted profiteers, including many respectable-looking credit and industrial businesses, with the latter as a rule having their own foreign exchange divisions. It is not accidental, for example, that West German capital conducts its Euro-currency operations mostly (some sources say 90 per cent of the time in some cases) through Luxembourg, which, by virtue of its low taxes, has swiftly turned into a major international financial centre. Luxembourg is also attracting capital from other countries which is most welcome because it brings high dividends with it. Private businesses rushing about the world in quest of maximum profits operate huge Euro-dollar and Euro-currency markets, as well as similar markets in other parts of the world.

Capital flows from one country to another, practiced by corporations, are another way of making money out of expected exchange rate changes and of concealing the profits until an opportune moment comes for speculation.



Authorities are practically unable to check firms' statements: formally these are correct, while the truth is reliably kept from the public eye. Sometimes government officials themselves disregard the machinations, even when these are made public. Inquiries drag on and on, cease to excite interest, and just peter out, with firms pulling strings or simply bribing the men responsible.

Illegal deals are often concluded firm to firm, not involving banks, because inspection is made more difficult in such cases. High denomination banknotes are now in high demand, mostly for underhand business. More often than not clients get no documents at all. Underground brokers have set up whole clans, purchased computers and give advice on lucrative exchanges.

West Germany's Die Welt has recently reported the case of an FRG building firm that filed 92 per cent of its documents outside official channels. Another example is Naples, which is known to be the world's largest glove supplier, but no telephone directory will tell you of any factory because officially there are none.

Now banks are joining the profitable rat race. They accommodate businessmen in trouble with loans at exorbitant interest rates.

#### Social Inequality

Underhand business is prospering mainly because it exploits the workers without any restrictions whatever. No trade unions, unlimited working day, no social benefits, high accident rates and unrestrained bossing - such are the typical features of the hidden economy. Capital here ignores the workers' social gains and frequently revives the appalling practices of early capitalism. Millions of immigrant workers, especially with an illegal status, are made to work like slaves.



Child's labour is used extensively in the underhand business. Teenagers are not only ruthlessly exploited but also taught to deceive others, cover up misdeeds and be suspicious.

The rising cost of living drives many people into the clutches of business swindlers. Workers are both hoodwinked and blackmailed there, because the secrets are enforced with threats and not infrequently with killings.

The existence of hidden business should be taken into account when reading official statistics because these make the average working week in the capitalist countries appear shorter and worker's holidays longer than is the real case.

Many in the West are perplexed. They do not know what to do with the hidden economy. There are many recipes suggested, but most of them are sceptical, which is admission of the inability of the much vaunted bourgeois regulatory machinery to function properly. Indicatively enough, a few experts favour legalizing this form of business. Decades of the Keynesian policy of regulation have only highlighted its impotence.

Progressives in the West are for an end to the monopolies' fraudulent activities. No successes, however, have as yet been reported. What is more, according to the Western press, the hidden economic sector with its mounting exploitation of workers is making further inroads and expanding during economic stagnation.

All in all, by going more and more underground, capital not only gets back what it gave to workers against its will, but even pinches the workers further through pruning their wages or benefits. As a result, the rate of exploitation proves higher than can be computed from official statistics. Social polarization also grows, with uncontrolled profits of the underhand business rising and the meagre wages of those working for it dwindling, as the destitute and dispossessed of the capitalist world increase in numbers.

(Economicheskaya Gazeta No.39. September 1985.Abridged.)

THE END



## SİRTİMİZDAKİ KAMBUR

Mehmet ERGÜL

Rüşvetçi bakan İsmail Özdağlar, "bu hükümet içinde poker masasına oturup da, uvertürü 100 binden aşağı yapmayan tek bakan varsa, o da benim" diyor.

Aldığı rüşvet 25 milyon liradan başlayan Özal hükümetinin bu en "namuslu" bakanı, yukarıdaki sözleriyle 12 Eylül rejiminin komünistler ve sol güçlerce baştan beri açıklanan bir sırrını ~~ona~~ ele veriyor. Rüşvet ve yolsuzluk olaylarının aldığı boyutlar, balığın en baştan koktuğunu gösteriyor.

Örneğin, denizden ve karadan petrol taşıma vurgunu, 12 Eylül rejiminin ilk günlerinden, emekli oramiral Bülent Ulusu'nun Başbakanlığı, Özal'ın Başbakan Yardımcılığı günlerinden başlıyor. Doğrudan hükümet eliyle DİTAŞ adlı bir devlet şirketi kuruluyor. Ama taşımacılık işini devlet yapmıyor. Bunun yerine Özel taşımacılık şirketlerine devlet kasasından milyonlarca dolar kredi veriliyor. Bu kredilerle, en başta UM ve Cerrahoğlu adlı iki deniz nakliyat şirketi tanker filolarına sahip oluyor. Rüşvetçi Uğur Mengencioğlu'nun UM şirketi, doğrudan Evren'le, emekli amiral ve generallerle sıkı ilişki içinde. Cerrahoğlu ise Başbakan Özal'la yakından bağlı. Devletin yaptığı yüksek ödemelerle, Basra Körfezi'ne <sup>düzenlenen</sup> ~~yapılan~~ iki seferin ~~kara~~, geminin maliyetini fazlasıyla karşılıyor. Bundan sonraki her sefer, gemi sahibine havadan ikibuçuk milyar lira safi kar bırakıyor. Mengencioğlu'nun ilk tanketine "Zafer" adını koyan bizzat Evren'dir. Mengencioğlu, bütün bu soygunu "hükümetin, resmi makamların otoritesi altında" yaptıklarını itiraf ediyor. "En büyük güvencemiz onlardır. Sayın Evren'in gereflendirdiği tanker bize şans vermiştir." diyor. (Tercüman, 22 Aralık 1984)



Öte yandan, karadan <sup>petrol</sup> taşıma işi ise iki şirkete bırakılmıştır. Biri, Başbakan Özal'ın kardeşi Korkut Özal'ın ortak olduğu ~~Baş~~ Bayraktar şirketi, öteki Çukurova Holding'e bağlı Baytur grubudur. Korkut Özal'ın ortağı olduğu Bayraktar şirketi 1983 yılında <sup>şahsi olarak</sup> ~~bağlı~~ tanker sayısını 5 bine, iş hacmini ise 43 milyar'a liraya çıkarmıştır. (Hürriyet, 13 Mart 1984)

Vurgunun, yolsuzluğun hangi birini saymalı? Bir avuç ihracatçı holdinge toplam 750 milyar lira kaynak aktarımı... Bir avuç özel bankanın kendi holdinglerine yem edip "şüpheli alacaklar" kaleminde gösterdiği bir trilyon lirayı karşılamak için bu bankalara Merkez Bankası kanalıyla aktarılan yüz milyarlarca lira... Hayali ihracatçılara 100 milyar lira vergi iadesi... Urfa tüneli müteahhidine ayrıca havadan 11 milyar lira... Etibank'ta 1 milyar 33 800 milyon liralık yolsuzluk... Karadeniz Bakır işletmelerinin tarumar edilmesi... Gökova Şantrali'nde ENKA'ya verilmesi öngörülen 100 milyar lira... Bakan Kazım Oksay'ın müdürü olduğu SOYTAŞ'tan ANAP'a 7 milyon lira kanunsuz bağış, karşılığında aynı şirkete bunun yaklaşık üçbin katı, 20 milyar lira devlet kredisi... Sarmakla bitmiyor..

Bugün diyebiliriz ki, Türkiye'yi çok sınırlı sayıda ortaktan oluşan bir şirket yönetiyor. Bu şirketin Yönetim Kurulu Başkanlığını Evren, genel müdürlüğünü ise Özal yapıyor. Bu şirket, işi bir avuç rantıye, asalak yerli ve yabancı burjuva yararına, burjuvazinin bütün öteki kesimleri de içinde, toplumdaki tüm sınıf ve katmanların zararına zorbalıkla, keyfi yöntemler, yasal ve yasadışı yollarla ulusal geliri yeniden dağıtıyor. Burjuvazinin en tepesinde sivrilen bütün toplumun sırtında iri bir kambur oluşturan bu kesim, zenginliğini öncelikle üretimden, klasik sömürü biçimlerinden elde etmiyor. Devleti kullanarak, zorbalık ve şiddetle, her türlü politik madrabazlık ve sahtekarlıkla, zenginlikleri kendine aktarıyor. Bu olgu, gerek yaşam tarzı ve dünya görüşü, gerekse zevkleri ve değer



yargılarıyla burjuva toplumunun en tepesinin lumpenleşmesinden başka birşey değildir.

Emperyalizme bağımlı kapitalizm, öyle bir noktaya gelmiş ve tıkanmıştır ki, artık genişletilmiş yeniden üretimi örgütlemeyi bile beceremeyen burjuvazi ancak pisliliği, üç kağıtçılığı, politik serüvenciliği yeniden üretiyor. Alaşılagelmiş bütün değer yargıları altüst oluyor. Soygun, vurgun, rüşvet ve kumarın ~~ana~~ ana beceri sayıldığı bu ortamda bütün erdem ve değerler silinip süpürülüyor. Varolan bütün değerler öylesine tepetaklak ediliyor ki, ahlak da parayla pisliliğin, şehvetle kanın birbirine karışıp yozlaştığı bir şey durumuna geliyor.

TKP MK Genel Sekreteri Kutlu yoldaş'ın yeni yıl konuşmasında belirttiği gibi, "bina temellerinden sarsılmıştır. Ufak tefek onarımlarla ayakta kalması olanaksızdır." Eskilerin deyişiyle, "Mail-i inhidam", yıkılmaya yüz tutmuş raporu verilen, içinde oturulamaz duruma gelen bu batakhaneyi yıkıp pisliliği kökünden temizlemek, toplumun sağlıklı, zinde güçlerine, üreticilere, en başta işçi sınıfına dayanacak sağlam temeller üzerinde yepyeni bir bina kurmak gerekiyor



Fight between Hürriyet and Güneş

40K snemli

Last Friday Güneş banner headlined that a multi-billion TL smuggling was unearthed and the smugglers are Mehmet Emin Karamahmet, the General Director of Çukurova Import-Export Co., and Bülent Ergin the Chief of Spare Parts Department, Zeki Turşoluk, Chief of Accounting, Osman Berkmen a member of the Board of Governors of a joint stock company under the umbrella of the Çukurova Holding, and 15 members of the said Holding. According to Güneş, Çukurova has been ordering spare parts for Caterpillar worth more than a billion over the years for non-existing companies and selling them in Turkey. This story first came out almost six months ago in Cumhuriyet and it was written by Uğur Mumcu. In one of his columns Mumcu mentioned that an investigation had started with regard to irregularities in Çukurova Holding. This was the only mention of the alleged smuggling. After Güneş came out with the story, on Saturday Hürriyet published an open letter to General Evren. In the letter Hürriyet states that everyone knew of this story. Hürriyet states that there was an embargo or a ban on the news story placed by Istanbul Martial Law Command for the investigations were and are continuing and secrecy is very important in order to unearth all the facts. "Hürriyet had all the facts, all the documents. Yes a great smuggling operation was true. However the said company has three great banks (Yapi Kredi, Pamukbank and Uluslararası Ticaret Bankası) and a Savings and Loan Association (Gemborsa). Hürriyet did not publish the story because publishing the story could have lead to a panic. It could have wounded the already ailing Turkish economy. (Doesn't Hürriyet make any mistakes? Of course it does. A news story published by Hürriyet about a year ago, caused concern and may have lead to panic. However Hürriyet will be paying more than half a billion TL this year in taxes. And this can be regarded as a compensation for this mistake. HÜRRIYET) The night that Hürriyet was getting ready to publish the story of this smuggling, the decision to place an embargo on the news came from Istanbul Martial Law Command. Let us be honest: Embargoes on news stories are never welcomed. But this time Hürriyet was understanding and accepted the decision without lodging a protest. The investigation must continue, those responsible must be arrested and tried. However, we were and are in the midst of an economic war and we must win this without opening further wounds in our economic structure. Days, weeks, months passed. From time to time new documents would be obtained and they entered Hürriyet's file on the said smuggling case. However the file was shelved and nobody wanted to open it until the investigations are completed. Then an Istanbul daily (Cumhuriyet) mentioned the story. What do you think happened? Those responsible were taken in to custody, questioned and reprimanded. When a news story becomes 'untouchable' we are all disillusioned. However this time the panic could only be avoided through an embargo or a ban on the story. So we decided not to say anything about it to anybody and kept the story under wraps. Then, yesterday.. (Friday-March 28, 1982) An Istanbul Daily banner headlined the story. Despite the embargo and the ban. Yes despite the embargo because it is continuing since those who placed it did not say a thing about it being lifted. Since the investigation was and is continuing, the embargo must be continuing. We phoned the Martial Law Command official, who phones us from time to time and tells us which story is banned and which is not, he was perplexed to say the least to read about the story in the said Istanbul Daily. Hürriyet, who helps the said daily in certain technical matters, was informed about its decision to publish the story before anyone else. What could be done? Could Hürriyet change its front page and publish the story as well? No! Because the interests of the country were and are above and beyond anything else. What did Hürriyet do, then? It phoned Istanbul



MONDAY, MARCH 29, 1982

Director of Security and warned him. Then Hürriyet phoned the Istanbul Martial Law Commander. Unfortunately, nobody wanted to remember the said embargo. Hürriyet was told if it wanted to publish the news story, it could go ahead. However Hürriyet was not going to do so! It would not publish the story. Because Hürriyet is aware of the economic battle being given and lead by Your Excellency, by our Esteemed Prime Minister and other Ministers. Just because of a news story, no one should attack this economic front; especially its domestic front. Of course if that paper has any concern for this country. Yes, an Istanbul Daily published this news story, despite certain banns and an embargo. At the beginning of our open letter to your Excellency, we said that this could shake the very foundations of three banks and a savings and loan association. Now we want to say something else. One side of the medallion has the said Istanbul Daily. You take a peek at the other side and what do you see? A Bank and a savings and loan association. (Hisarbank and Eko-Yatırım (Economic-Investments)) This bank and the savings and loan association is Çukurova's most important rivals. Very interesting isn't it? Your Excellency, this is the whole story. Now it is up to you to reprimand these people. Which people? That is up to you too." After this story came out, PD made a small investigation among the well informed sources in Ankara. The story is rather interesting. Çavuşoğlu-Kozanoğlu is one of the giants of Turkish industry and commerce. One of the companies owned by the conglomerate represents Komatsu. This is a Japanese Company which manufactures heavy construction machinery and is the largest competitor of Caterpillar, which is represented by Çukurova. Çavuşoğlu-Kozanoğlu also owns Güneş, the Istanbul Daily which published the said story. Sunday morning Güneş published an editorial titled Responsibility. In the editorial Güneş states that it became one of the three largest selling news papers in Turkey. "Institutions and persons are two separate things. Institutions live on while persons do not. May it be a Bank or a Banker; these institutions will live on while the persons leading them will not. Institutions are neutral while persons are not. Those who deviate from the path of truth and righteousness are the persons in these institutions. This is why Güneş has not and will never attack those institutions, those giant institutions who will always be in the service of this country. If a shadow is cast over these institutions, Güneş has tried to put a light on these shadows. Güneş has presented the malpractices of these persons and not the institutions for the institutions are blameless. Our struggle is for a healthy economic, social and political structure without spots, shadows and dirt." (HÜRRİYET-GÜNEŞ-PD)

Another terrorist executed --makes number 14 since September 12, 1980

Right wing terrorist Fikri Arıkan was executed this morning at Ankara Prison. Kemal Özdemir, who was sentenced to death along with Arıkan is still at large. Arıkan and Özdemir had kidnaped two left wing sympathisers on October 14, 1978 and after killing them both placed their bodies in large sugar sacks and threw them near Imrahor Village. On July 15, 1981 both accused were sentenced to death by the Ankara Martial Law Command Court and the decision was later ratified by both the Military Court of Appeals and the Consultative Assembly. Meanwhile Kemal Özdemir had escaped from Gülhane Military Hospital and has not been captured as of yet. (ALL PAPERS)

Turkey refuses six notes given by Greece

During the Sea Serpent Exercises conducted by Turkish Air Force and Navy in the Aegean and in the Mediterranean, Greece gave six separate notes with regard to air space violations by Turkish jets and the Turkish Foreign Ministry replied all of them and denied the charges of air space violations. (HÜRRİYET)



Tuesday, January 7, 1986

VORIO-860107-512

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### HOW THEY BUY CONGRESSMEN

V.Mikheyev

Elections to all the seats in the House of Representatives of the US Congress and to one-third of the seats in the Senate were held in autumn 1984. The report of the Federal Election Commission, published in early December 1985, points out that this procedure which takes place once in two years cost 374 million dollars. Its an astronomic sum, taking into account that the respective figure for 1976 was one-third of it. It has also been calculated that the present Congressmen paid an average of 288,000 dollars each for their "election". The Senators had to pay much more -- the average price of a seat in the US Senate cost three million dollars. But it pays to shoulder such expenditures. It is with ample reason that the following saying is quite popular among the Americans: There are only rich people in Congress; some of them are there because they are already rich and others are rich because they are there.

It is only logical to ask: Where from do such huge sums, spent on brainwashing the voters, come from? Not every American is rich. The "professionals" who are not rich enough, while embarking on their political careers, hurry to sell their services. And who are the buyers? Their list includes the clans of industrialists and financiers, corporations, their lobbies, or the so-called political action committees.

A mere decade ago the political action committees, in other words, "special interest" groups, numbered 608. They have mushroomed ever since. It has come into the open that during the election campaigns of 1983-1984, the 4,347 above-said committees transferred 113 million dollars to the accounts of their candidates who were claiming posts in the



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Federal Government or in the US Congress.

This practice became almost legal after in 1977 the right to participate in financing election campaigns was given to trade, industrial, professional and other associations. The 1977 Amendment knocked out the law which was adopted in 1907 and which forbade corporations to throw their capital onto the scales of political struggle.

At the present time, the corporate elite, operating through its political action committees, orchestrates election campaigns and then the course of the debates and voting on some specific bills in both chambers of Congress. Illustrative of this is the fact that during the last year elections 80.6 million dollars, or 70 per cent of the money operated by the political action committees, were channeled into the funds of the Congressmen and Senators who were seeking re-election. This was done to help those who had proved to be efficient "pushers" of the programmes and bills that met the interests of Big Business, in most cases the interests of the most influential group -- the munitions industry. During the latest election twelve leading contractors of the Pentagon, acting through their political action committees, "rewarded" their candidates preliminarily with a total of 6.4 million dollars.

The year 1986 will see a regular election to the US Congress. The "money-bags race" continues.

(Izvestia, January 4. Abridged.)



1983 / 9

# POLITICAL CORRUPTION: PART AND PARCEL OF BOURGEOIS SOCIETY

V. D A N I L E N K O

**B**ribery, pay-offs, misappropriation and embezzlement of government funds by politicians and officials of every rank and station have always been characteristic of capitalist society. And that is only logical. For political corruption expresses the very nature of the bourgeois system whose motive force is money. It is money and the pursuit of hard cash under capitalism that determine the success of a business and personal well-being and even provide the criterion of an individual's worth. Political power, too, rests on money in the capitalist world.

At the imperialist stage of capitalism's development, political corruption is not only a permanent attribute of the bourgeois system of power but an expression of its very essence. On the one hand, it meets the requirements of business. Entrepreneurs are interested in fostering close informal contacts with officials who furnish them with lucrative state orders, privileges and subsidies, i. e., with an opportunity to win profits for the sake of which capital "tramples on all human laws" and is ready to commit any crime, "even to the chance of its owner being hanged."<sup>1</sup> And, as the record has shown, such contacts very often amount to graft and bribe-taking. On the other hand, corruption is stimulated by the desire of the monopoly bourgeoisie to adapt the political mechanism to modern conditions, when the traditional institutions of bourgeois democracy are becoming less and less reliable due to the radicalization of the masses and the growing democratic opposition. But it is loath to openly abandon these institutions for ideological and propaganda reasons, being concerned with keeping up the appearances of the bourgeois system. So, by "jacking up prices" for elective offices, the bourgeoisie emasculates the very meaning of democratic institutions by creating a situation in which the working people cannot afford "democracy". These indirect methods of domination were noted by Engels, who stressed that in a bourgeois republic "wealth exercises its power indirectly but all the more surely" by exerting financial influence on the parties and bribing government officials.<sup>2</sup>

Wide use of money as a weapon of political influence creates a spawning ground for corruption and makes it objectively inevitable, all the more so because the legislators and officials are as much interested in the deal as the businessmen because they get "dividends" from it—increase their chances of keeping lucrative posts and making a political career. One can go along with the American scholar H. Alexander, who writes that "incumbents win because they get the money, and they get the money because they are incumbents".<sup>3</sup> So it is a vicious cycle. Most of the people holding elective offices are usually re-elected. That strengthens the existing ties between representatives of government power and

unwilling

crime

<sup>1</sup> Karl Marx, *Capital*, Vol. 1, Progress Publishers, Moscow, 1974, p. 760.

<sup>2</sup> Karl Marx and Frederick Engels, *Selected Works*, Vol. 3, Progress Publishers, Moscow, 1976, p. 329.

<sup>3</sup> *Campaign Money. Reform and Reality in the States*. Ed. by H. Alexander. The Free Press, New York, London, 1976, p. VIII.



the business community, and stabilizes the channels through which the money is pumped into politics, i. e., promotes corruption.

It is not surprising, therefore, that in spite of periodic outcries over odious cases of corruption which for some reason get publicity in the capitalist world there is by and large a tolerant attitude towards the phenomenon. Often corruption is taken for granted. For example G. Benson, an American theoretician, devotes a special work to these questions proceeding, to all intents and purposes, from the assumption that an exchange of political power for economic wealth within reasonable limits is quite a normal phenomenon.<sup>4</sup> What he condemns is the fact that corruption in America has gone too far. The problem thus is of containing corruption within allowable limits.

This is essentially the view taken by bourgeois legislators who are trying to regulate the use of money for political purposes. Legislation aims not to solve the question but to establish "reasonable limits" and to lay clearer "rules of the game" without impinging upon the sacred bourgeois right of private initiative, of free disposal of capital which includes its use for political purposes. By creating a gap between law and morality, that characteristic feature of capitalism, such an approach logically means that corruption can flourish not only in violation of the law but also "within" the law. Yet only the former attracts attention and may or may not entail legal punishment.

The bourgeois press is reluctant to write about corruption "within" the framework of the law. And yet this "quiet" corruption is enormously significant. By being tolerated and widespread, it creates a certain moral climate in which violations of elementary ethical norms become an accepted norm of behaviour. The possibility of abuse of office "within the framework" of the law and of getting fringe benefits on a "legal" basis distorts the legal awareness of the bourgeois politicians and makes them feel confident of impunity because connections and money help them to avoid serious legal sanctions.

"Quiet corruption" can take an infinite variety of forms. One of the most common forms is high salaries and generous tax rebates which the managerial elite provide themselves with. This is the "weakness" afflicting political officials in all bourgeois countries, but it is perhaps most apparent in the political life of the United States. In 1981, the American Congress lifted restrictions on the "expense accounts" of Congressmen during their stay in Washington and introduced a special tax rebate for them in order to "offset" the high cost of keeping two houses, one in the capital and one in his constituency. No documented proof of "expenditure" is required and rebates can be as high as \$20,000 which for some legislators amounts to an exemption from the federal income tax. This decision took the shape of an amendment to a bill... reorganizing programmes of aid to silicosis patients.

Without official voting, in order to avoid publicity, American Congressmen saw to it that their salaries grow steadily from \$30,000 in 1969 to more than \$60,000 in 1982. They have been able to do it owing to the existing mechanism of automatic increase of incomes. In addition to his salary every member of the House of Representatives is entitled to \$120,000 and a Senator to \$143,000 in expense money for transport, post, stationery, etc. Besides a Senator has up to \$1.2 million to maintain his staff. From 1981 Senators have been allowed to use part of the money to pay their private accounts, that is, to cover their personal needs, including food, out of public money.

<sup>4</sup> G. Benson, *Political Corruption in America*, Lexington (Mass.) — Toronto, 1978.

in all essential parts



An important source of extra income for American politicians are "fees" for various speeches and articles which they often see as "legalized bribery". "When a special interest group pays \$1,000—let alone \$2,000—for a short speech", confesses American Congressman Jim Jeffords, "it is clear that the payment is made for the purpose of influencing legislation". The law, far from forbidding, encourages this practice: in 1981 the limit of incomes from fees for members of the House of Representatives was doubled (to \$18,000 a year) and for the senators all limits were lifted. The decision was taken without any debates in less than a minute and the press did not report it. That increased the incomes of many Senators, such as Robert Dole, Henry Jackson, Howard Baker, Jake Garn, Steven Symms, and others up to \$40,000-50,000 a year.

The organizing of international junkets has become a form of bribery. Thus, in 1982 the American Congress sent 14 legislators, not to speak of the accompanying personnel, on a "foreign business trip" to determine the "scope of Soviet naval activity". Whether the Congressmen fulfilled the assignment is unclear, but the details of their actions in Singapore, Bombay, Cairo and Athens became known along with the total cost of their "mission", which ran as high as \$300,000. The Pentagon made wide use of this form of bribery by putting the Congressmen it needs on the reserve list and dispatching them "on business" to West European capitals and fashionable holiday resorts.

In a broader sense the system of lobbyism, which is an inseparable part of the legislative process in the USA today, can also be seen as corruption "within the framework" of the law. The institution of lobbyism is officially advertised as an instrument of communication between a legislative body, on the one hand, and the business, social and political circles, on the other, in elaborating legislation in order to ensure that their interests are taken into account more fully. But lobbyism has degenerated into a legalized form of influencing legislators, mainly by money handouts, a form with its own structure, staff and legal framework for its activity. In other words, it is a legal mechanism of bribing members of parliament and government, pay-offs to them by firms and corporations, i. e., a mechanism of corruption in the direct sense of the word. Highly telling in this regard was the admission made by ex-President James Carter during a November 1982 televised interview about sums of money in various forms handed over to Congressmen by lobbyists. He claimed that this was legal bribery, that that shortcoming of the American system was becoming more and more serious. Instead of being rectified, it was growing worse with each passing year. As an experienced political figure, Carter wanted to draw attention again to this, claiming that he was certain that after a next major scandal the people's indignation would reach such a point that Congress would have to deal with that shortcoming.

An increasingly widespread form of abuse of offices among American legislators is appropriation of public money and property, spending of the unused part of election funds on personal expenses. These actions can hardly be placed alongside other abuses "within the law". Former representative M. Davis leaving Congress in 1981 did not only buy the furniture of his office for one-third of the price but threw in \$22,000 from his election fund for good measure. His colleague, J. Haidler, took, according to his own words, \$38,500 he had collected for his election campaign and used it for private, political and other legitimate ends. Senator Harrison Williams, who was accused of bribery, preferred to leave Senate of his own free will rather than to be ignominiously expelled, and took along with him the unspent \$70,000 and a car bought out of his election funds. While the press periodically reports such cases, not a single Congressman has been brought to account for such indecorous behaviour.



Unlike "quiet" corruption, major political scandals cannot be concealed. They develop into sensations which at times administer painful blows to bourgeois governments, undermining their prestige and sometimes causing their downfall. Their scope and the high level of officials involved throw into bold relief the ills of bourgeois society and the endemic character of its shortcomings. They serve to destabilize the political mechanism of the dictatorship of monopolies as a whole and create a credibility gap in the institutions of bourgeois power because it often involves leading government figures and tarnishes the country's image abroad.

Major scandals are usually based on illegal activities, such as graft, tax dodging, fraud, swindles, associations with the underworld, etc. The protagonists in these scandals are financially dishonest and morally depraved. The qualities which according to the presidential commission on the application of law and justice have a most harmful effect "on the entire moral climate in society". These scandals occur in all capitalist countries and are often interconnected.

The deep-going roots of political corruption in the FRG were brought to the public eye by the sensational revelations in the late 1982 of large-scale bribes given to officials by the Flick concern. That concern had long conducted double accounts for the purpose and kept a special "black fund". Among the "clients" were representatives of three main West German parties, for big business wants to have good relations with the authorities irrespective of which party is in control.

Big bribes were given to former Minister of Economics Hans Friderichs (up to DM365,000) and to Otto Lambsdorff who succeeded him (DM165,000), former Minister of Finance Hans Matthöfer (DM40,000), and former Economics Minister of the North Rhine-Westphalia Land, Horst-Ludwig Riemer (more than DM70,000). Among the recipients of the "donations" were such prominent leaders as Franz Josef Strauss (Bavaria Minister-President and Chairman of the CSU. He received a total of DM950,000), Chairman of the CDU/CSU faction at the Bundestag, Alfred Dregger, and former FRG President Walter Scheel.

The businessmen's efforts were not in vain. The privileges and rebates enabled the concern to avoid paying taxes on DM1,500 million. As a result, the government found itself DM450 million short of tax money. The affair was described as "the biggest economic crime in the country's history" by *Der Spiegel* and as a "Bonn Watergate" by the *Süddeutsche Zeitung*. The end of the affair is also characteristic: the parliament of the North Rhine-Westphalia Land set up a commission to inquire not into the criminal machinations of the concern but into the channels that "leaked" the information to the press. And the prosecutors in Hamburg instituted legal proceedings against ... the editors of *Der Spiegel* who published the expose.

The Flick affair did not come about by chance. It was preceded by an equally scandalous affair of so-called contributions to the party funds which came to light in the early 1980s. Previously, contributions of private entrepreneurs to party chests did not enjoy tax rebates as did donations to public funds. That made private contributions to parties unprofitable. The answer to that was the creation of front organizations which thanks to influential protection quickly obtained the status of "socially useful." Large tax-free donations began to flow into these. After allowing some time to pass to preserve decency—known as "washing off the money"—these sums were transferred to the party coffers. The parties thus strengthened financially, and employers not only bribed the administrative elite but were able to recoup a good deal of the capital "donated" in the shape of tax rebates.

The exposures of these frauds caused a public outcry. "Now we know for sure," read a letter to the editors of *Der Spiegel*, "that federal policy



is made not in Bonn on the Rhine but in the offices of those who contribute to the parties." And yet none of the protagonists in the scandal were affected. In a pointed commentary *Der Spiegel* wrote: "In the big coalition of power and money criminal legislation has always been regarded as a trifle not worth attention".<sup>5</sup>

In Italy there is an unending succession of financial and political scandals. For several years public opinion was exercised by the revelations about "black funds" in Montedison, a leading concern which spent about 70,000 million lire to bribe influential persons for a period of 15 years. In 1980 the "oil scandal" broke out. Italian oil industrialists had for many years evaded taxes on imported oil by understating purchasing prices with the knowledge of the smuggling and tax evasion authorities. The total losses to the state treasury amounted to 2,000 billion lire.

The turn of the 1980s brought revelations of the swindles of M. Sindona, a banker and international wheeler-dealer closely connected with the mafia and the CIA. Two front companies were set up to secretly finance the Christian Democratic Party in Liechtenstein in 1974. The affair involved Amintore Fanfani, a political secretary of the Christian-Democratic Party who kept two accounts in a Swiss bank, one for his personal money and another for the CDP sums. By this stratagem Sindona was able to pass on the CDP large sums of money and had the whole of the party elite on his payroll.

In 1981 Italy was rocked by an expose on the subversive activity of the Propaganda-2 (P-2) masonic lodge headed by Licio Gelli, a former fascist officer. The "Gran maestro" of the freemasons controlled just about all the top appointments in the country, seeking to curtail the traditional institutions of bourgeois democracy and to create a "strong government". Money was an important instrument of P-2's influence. Through a close friend of Gelli, the prominent Italian banker Calvi, who was intimately tied in with the mafia and the Vatican, a system of undercover financing of parties was established, notably the Christian Democratic and the Socialist parties which in turn offered secret patronage to "necessary" people. The revelations of the conspiratorial activities of the P-2 masonic lodge led to the resignation of the Forlani government, the dismissal of the top civilian and military officials and a reshuffle at various levels within the main bourgeois parties in Italy.

In Japan the past few years have seen the institution of more than 40 law suits in which members of parliament for the ruling Liberal Democratic Party were accused of various legal offences. One of the most widely publicized cases at the turn of the 1980s was that of Senator Itoyama. He won his seat by buying the votes and resorting to machinations and fraud. His election cost him an unprecedented 2,000 million yen. In the course of the investigation, 140 arrests were made of people directly involved in malpractices. Itoyama alone escaped arrest. Moreover, he has kept his seat in parliament.

The career of former Prime Minister Kakuei Tanaka offers a model of "politics Japanese style". Elected to parliament at the age of 29 he was soon exposed for taking a large bribe for promising to oppose the bill on the nationalization of mines for 1 million yen, which put him in jail. This did not prevent him, however, from returning into big-time politics and becoming the General Secretary of the Liberal Democratic Party. True, he did not last long in that post because swindles involving land property forced him to resign in the mid-1950s. But even that did not stop his career: by 1972 he reached the top rung on the ladder by becoming the youngest Japanese Prime Minister. And again he abused his

<sup>5</sup> *Der Spiegel*, No. 48, 1982, p. 31.



office for private aggrandisement, and engaged in land and financial machinations which brought about his early resignation in 1974. He continued to work in the party apparatus and practically rehabilitated himself. But in the spring of 1976 he was, along with other Japanese politicians, convicted of taking bribes from the American Lockheed aircraft firm. Tanaka had received a total of 500 million yen (more than \$2 million). That brought about his official expulsion from the party, arrest and trial... But Tanaka is to this day a major figure on the political scene: almost a quarter of the LDP members of parliament are considered to be the "Tanaka faction," his opinion is headed by the General Secretary of the LDP, and he controls many ministers.

The global nature of the epidemic of corruption in the capitalist world is highlighted by the financial affairs involving in recent years Prince Bernhard, the consort of the former Queen of the Netherlands, Paul Vanden Boeynants, former Belgian Prime Minister and leader of the Christian Social Party, former Israeli Prime Minister Rabin, Chairman of the Danish Progress Party Glistrup and others.

But the leader in that field is undoubtedly capitalism's main country, the USA. Here is a piece of telltale statistics: in the 30 years since 1941 the USA has witnessed 15 major scandals, one scandal every other year; in the 1970s there were 3 major scandals a year. The Reagan Administration set a new "record" of 9 serious political scandals in its first 17 months in office.

Corruption in the USA flourishes irrespective of the party that is in office. In 1976, after the Watergate upheavals the Democrats came out with a slogan of cleaning the nation of "Nixon filth". President Carter proclaimed "moral purity and incorruptability" to be his political credo. But immediately his Administration became embroiled in scandals. The President's closest friend, Bert Lance, Director of the Office of Management and Budget, was accused of financial machinations. In spite of the President's backing he had to resign. Secretary of the Treasury William Miller was accused of taking bribes while heading the Textron corporation. White House staff chief Hamilton Jordan was suspected of perjury and complicity in drug trafficking. In another revelation, the White House was exposed of having links with the wheeler-dealer R. Vesco who was accused of misappropriating \$224 million. Billy Carter, the President's brother, was caught taking major bribes amounting to hundreds of thousands of dollars from an Arab country. The affair also involved, though indirectly, the president's national security adviser Zbigniew Brzezinski who had given Billy Carter materials on US security and foreign policy, and the Attorney-General Benjamin Civiletti who concealed the truth about Billy's machinations from the investigators. The President's son Chip Carter was accused of drug trafficking and the President's sister Ruth Stapleton was involved in some shady "financial" deals.

During the Carter Administration a scandal broke out which was dubbed "Koreagate" (patterned on Watergate). It involved Tongsun Park, a Seoul intelligence agent, who had widely bribed Congressmen seeking to extend military aid to South Korea. About half a hundred Congressmen had fallen into his net by taking bribes to the tune of more than a million dollars. The weakness of the Washington legislators for money was highlighted during the "sheiks" affair, the FBI operation "to reveal a tendency of corruption". FBI agents posing as rich Arab sheiks provoked more than ten Representatives and one Senator into receiving bribes. The scenes of money transfer, photographed by hidden camera, were later televised. Never before, wrote *The Washington Post*, were such a large number of legislators brought to justice, or an investigation made of those accused of bribe-taking, swindling, concealing illegal gifts and



donations to the election fund, oath-breaking and criminal offences. The 95th Congress set a record in that field.

In 1981 the Democrats were replaced at the helm of state in Washington by the Republicans who condemned everything yet went on as before. The new Administration got into trouble from the very beginning. The President's National Security adviser, Richard Allen, was caught taking bribes and had to resign. Only vigorous intervention by the President saved from political death the CIA Director William Casey, who "had forgotten" to mention his investments in 10 companies to the tune of a quarter million dollars in his tax forms. Secretary of Labor Raymond Donovan was accused of financial machinations and links with the mafia, and Attorney-General William Smith of shady tax rebates which enabled him to pocket about \$175,000. They, too, were saved by the President's personal intervention. Secretary of the Interior James Watt embezzled a large sum of federal money for personal needs. And Secretary of Commerce Malcolm Baldrige was also caught in illegal financial "deals". Secretary of the Navy John Lehman was accused of abusing his official position to gain orders from military contractors for his private firm.

Corruption in the Reagan Administration was the subject of discussion between the President and newsmen at a press conference in Washington in May 1983. The news conference had been called because of the resignation of one of the Defense Secretary's aides who had received \$50,000 for "consultations" from an arms manufacturing firm and of an Assistant Secretary of Commerce who had tried to secure the sale of weather satellites by a firm which he was about to join. The White House incumbent in his usual manner of calling black white simply maintained that such attempts to cast aspersions on his Administration had never been successful and that in this case, too, "everything is all right".

Washington was rocked by a new scandal this past summer, connected with the hoisting by Reagan people of confidential documents of James Carter which were used to the current President's advantage during the election campaign. Reagan's closest aids were involved in this bit of dirty politicking, and it is with good reason that it has been dubbed the "new Watergate."

All these examples of political corruption are quite dramatic. But they are no more than the tip of the iceberg which catches the eye because of the high position of the officials caught in shady financial dealings. Behind them is a multi-million army of officialdom and party bureaucracy often referred to as the "white collars".<sup>6</sup> And at all levels there is bribery, extortion, graft, cheating, tax-dodging and embezzlement. The material damage caused to society by the white collar army of law-breakers is enormous. In the FRG, for example, it reaches DM15-20 billion annually according to criminal police assessments, and in France the figure is 25 billion francs. In the USA, American lawyers believe, officials across the country get between 20 and 30 billion dollars in bribes every year. The damage from tax-dodging alone is over \$30 billion.

Capitalist society does not and cannot combat political corruption with any consistency or decisiveness. On the one hand, all efforts in that direction are blocked by the venality of those parts of the state machine which are supposed to combat it. According to Professor R. Quinney, a prominent American criminal law specialist, the majority of offenders

<sup>6</sup> See A. Bequai, *White-Collar Crime: A 20th Century Crisis*, Lexington (Mass.), Toronto, 1979.



involved in financial machinations, tax evasion, and abuse of public funds never go to criminal court.<sup>7</sup> And the French lawyers believe that the legislation and the entire court system in France simply "are not meant to prevent and stem such crimes".

One must also bear in mind that corruption or "white-collar" crime on its modern scale has become *de facto* an institution for additional redistribution of incomes in favour of the ruling class. It is the wealthy sections of the population who stand to gain from corruption—only those who have something to hide evade taxes and they are also the people who are on the receiving end of bribes. And it is the poorer sections of the population who have to pay for it in the long run. This state of affairs is bound to influence the law-making process regulating the use of money in politics by emasculating the preparation of such legislation and the concrete laws thus predetermining their ineffectiveness.

The powers that be in the capitalist society are understandably worried about the adverse political consequences of corruption which far outweigh the immediate material gains it brings to individual businessmen, politicians and even entire political parties. Tolerance of corruption, as bourgeois scholars rightly point out, ends up in loss of confidence and respect for the institutions of government.<sup>8</sup>

The scandalous revelations of financial machinations by party and government officials tarnish the image of bourgeois parties who are hard put as it is to preserve their influence over the masses of voters, as is evidenced by the growing abstention at the polls. There is less and less respect for legislative bodies. The bourgeois governments in many cases have a catastrophic credibility gap with their population. Popularity ratings, as opinion polls in the USA, Britain, Japan, Italy and other countries reveal, often drop to 40-30 per cent and less.

To be sure, all these phenomena stem not only from corruption, which is but one manifestation of the crisis of capitalism's political system. This crisis has deep-going socio-political roots and is the result of the nature of the present historical epoch and the general change in the balance of forces on the domestic and international scenes. It is equally true that the wide-scale corruption endemic to all capitalist countries increases crisis trends in capitalism, and tends to destabilize the political mechanism of the dictatorship of the monopolies as a whole.

<sup>7</sup> See R. Quinney, *Criminology*, Boston—Toronto, 1975, p. 23.

<sup>8</sup> See A. Bequai, *White-Collar Crime: A 20th Century Crisis*, p. 124.



# STRATEGY OF STEALING AND BRIBERY

VLADIMIR RUBTSOV

"So you believe nations that speak and think differently can understand each other?" queried the man with a dubious shake of his head. "I wouldn't say as much of my own family."

His good-natured expression and cheerful voice were strikingly at odds with the meaning of his words.

"More, I often can't get to terms with myself, as if there were two men in me, and about to come to blows at any moment."

Clearly, the inner split was causing him no discomfort. In fact, he seemed to be glad at being free from faith in man and from moral obligations to fellow humans....

The air was motionless and stuffy. Not a whiff of freshness came from the Long Island Sound, although it was hardly more than a hundred yards off. It was going on for midnight. I had done a long day's work, and now, before sleep, was being treated to a bit of philosophy that was negating the very sense and purpose of that work.

It's hard to argue with one who believes in chaos. To him catastrophes are always spontaneous, and happy events fortuitous. There's no one to blame for anything apart from oneself, and soul-searching gets one nowhere. Bidding me good night, the man continued on his round of the car park which he was guarding. That was on Pelham Road, in the New York suburb of New Rochelle, Westchester County.

The more one is convinced that the life of society is not subject to any logic, that human beings are unable to understand each other, that each must make his way in life on his own, think only of his own advantages, however small and ephemeral, the more vulnerable one is in the face of trials. Given a muddled and helpless mass consciousness, it is easier to manipulate people's minds at historical crossroads, easier to appeal to the instincts and irrational feelings and exploit deliberately fostered distrust and fears.

It was thinking of this, several years later, that I recalled that man in New Rochelle complacently swimming with a stream that seemed to him spontaneous. That was the era of détente. Spontaneous, apparently disconnected bits of information about world developments were filling the U.S. radio and television ether, but that "spontaneous" news was giving one a foreboding of trouble.

Was anything going wrong? Why this odd feeling? Because, Americans were told, you can't trust anybody, particularly the Russians—they are a special lot.

Bourgeois propaganda both misleads and flatters the masses by exalting the "strength of the people." Lenin showed the real worth of those eulogies as long ago as October 1917. "It is time to cast aside all bourgeois cant when speaking of the strength of the people," he said. "According to the bourgeois conception, there is strength when the people go blindly to the slaughter in obedience to the imperialist governments."

Tens of millions of people were slaughtered in wars unleashed by imperialism in the twentieth century. How many of them perished without realizing through whose fault and for what purpose they were dying. Why was it that the carnage continued long after mankind's finest minds had found out the causes behind wars and how they could be prevented?

## Seventy Years Ago

The imperialist manipulators of the masses have been perfecting their technique steadily over a long period. The classics of Marxism-Leninism, realizing that the working people would never get rid of exploitation and war without becoming aware of themselves and their strength, gave special attention to the sophistries the powers that be use to keep their subjects in passivity and make them sacrifice their vital interests. Marxists-Leninists saw that while the material basis for the establishment of juster and more humane social relations was maturing within capitalist society, the bourgeoisie increasingly felt the need for, and was looking for approaches to, a long-term and effective strategy of manipulating the consciousness of the masses.

Seventy years ago, American financiers took the first steps towards internationalizing the efforts to evolve suitable brain-washing methods and devising, jointly with their opposite numbers in other developed capitalist countries, a strategy for launching an offensive on the positions of the working class, a set of techniques for eroding the class awareness of the working people. Edward Albert Filene, described by Lenin as "one of the richest and most eminent American merchants," went on a tour of European capitals "to make personal contact with the most influential people

of the commercial world." Lenin discussed Filene's mission in the article "The Ideas of an Advanced Capitalist," published in the *Rabochaya Pravda* on July 17, 1913.

Lenin knew that Filene, the owner of a big commercial house with a staff of 2,500 employees, had introduced profit-sharing for them, then something unheard of. Filene presented his ideas to European commercial tycoons in this form (as given by Lenin on the basis of a report in the *Frankfurter Zeitung*): "We are experiencing ... a great historic movement that will end in the transfer of all power over the modern world to representatives of commercial capital. We are the people, who bear the greatest responsibility in the world, and we should, therefore, be politically the most influential." The monopolies, in Filene's view, needed "organization, — strong ... organization, both national and international," they needed an organization that should discuss "all important international problems."

But rather than displaying its global power and influence openly, the world international of merchants was to exercise it indirectly, through its employees stimulated by a share in profits. Material incentives were to be complemented by the boons of "democracy": parliamentarism and a daily press "providing the masses of the people with ever more detailed information."

Lenin immediately discerned the derivative and ludicrous nature of the "ideas of advanced capitalism," characterizing them as "a paltry, narrow, one-sided, selfishly barren approximation to the ideas of Marxism." In place of the worldwide brotherhood of workmen prophesied by Marxism, a handful of financial magnates intended to establish a world domination of capital, disguised as democracy. To the Marxian idea that every honest, talented and just member of society will side with the working class, the moneybags opposed the notion that "everybody in the world who is at all talented" would come to the capitalists and enter their service. While refuting Marx in words, the civilized merchants and professors of political economy, Lenin noted, were stealing little bits and pieces from Marx.

In laying bare the selfishness and ideological poverty of monopoly capital Lenin was far from underestimating the danger of its "new ideas" concerning the stealing of slogans from the working class and buying up "everybody who is



# AS, EARS AFTER

celebrated as the site of  
mmest crimes in the  
United States. The  
sounded in its streets



t short the life of a  
id not suit somebody  
name of the city a  
litical gangsterism.  
e can be capitalized  
s capital is ably used  
think like the men  
the "removal" of John  
ho trade in all sorts  
ned for large-scale

chants' supermarket  
liveliest streets in  
money for adver-  
city. These purposes

are also served by the lengthy il-  
lustrated story in the Soldier of  
Fortune, the magazine for mercen-  
aries. For them the goods at the Dal-  
las supermarket are indispensable.  
Most of the photographs in the  
magazine show Peter G. Kokalis,  
editor of the firearms section, taking  
aim either with a submachine gun  
or a rifle. What target does he see?

This may be gauged by his casual  
mention that he is "just back from  
Afghanistan."

So do the roads of international  
and "internal" political terrorism  
cross in Dallas. The guns have been  
put into the hands of the soldiers of  
fortune by arms dealers from Dal-  
las. That these guns are highly re-  
liable is claimed by an advertisement



saying all the bullets hit the centre  
of the target, and the target is in the  
form of a heart.

Whose heart?

Maybe that of Dallas?

Or the whole of America, suffer-  
ing from an epidemic of violence?

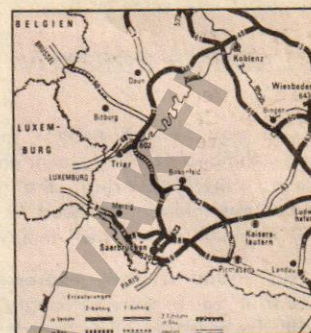
V. KSENIN

## THE MYSTERY OF THE "MOSELLE TRIANGLE"

There is something going  
on in Rhineland-Palatinate,  
in the part called the "Mo-  
selle Triangle," which is  
formed by the Moselle as it  
falls into the Rhine. Motor  
roads are closed one after  
another, to be repaired, re-  
built or lengthened, and new  
ones are being built.

Only a couple of years ago  
the local authorities claimed  
that they had no money to  
improve the transport net-  
work. Although the problem  
of getting to work was a  
pretty big one for people  
living in this province for  
many years. And then, sud-  
denly, work was started  
simultaneously on about a  
dozen roads. What is more,  
at the height of the tourist  
season.

The "mystery" of this  
road-building rush was un-  
ravelled by the newspaper  
Unsere Zeit, from which we  
reprint the map of the  
"triangle." One of the roads  
in construction will link  
American bases and air-  
dromes in Eifel (the cities  
of Bitburg and Spangdah-  
lem, where cruise missiles  
are to be stationed) with  
Belgian ports. An impres-  
sive section of the road is  
being rebuilt near the town  
of Wittlich to accommodate  
"military aircraft in the  
event of forced landing." In  
the southerly direction the  
motor road is to be length-  
ened to link the strategic  
Eifel points with Baum-  
holder, the venue of



NATO exercises. It has  
long been connected with  
Ramstein, a big American  
military airdrome, and  
Kaiserslautern, the U.S.  
armed forces supply centre  
in West Germany. From  
Kaiserslautern a road is  
being built to the Southern  
Palatinate, where nuclear  
and chemical weapons are  
stored. From Pirmasens a  
new motor road will lead  
straight to the NATO  
strategic bases in Baden. A  
new bridge across the  
Rhine will open the way  
for American tank units  
stationed near Worms to  
other West German Lands  
(for instance, to neighbour-  
ing Hesse). And so on.

All there remains to be  
said is that the West Ger-  
man Defence Ministry is  
co-ordinating the building  
of roads with NATO. In  
accordance with Instruction  
No. 1/83, the members of  
the bloc must meet with  
maximum effectiveness the  
NATO requirements con-  
cerning the state of the  
roads for the event of a  
crisis situation or war.

L. SMIRNOVA

## JUSTN'T FIND OUT

the rising ge-  
to racism and  
rms race! They  
hite House said  
National Edu-  
for its attempts

e out over two  
ued by the As-

sociation. One is called "Conflict  
and Nuclear War" and the other is  
devoted to the Ku Klux Klan. The  
former, in the opinion of Washing-  
ton officials, "minimizes the threat  
from the Soviet Union and hardly  
mentions the notion of deference."  
The latter portrays the United States  
in an unfavourable light as a racist

country. And, generally speaking,  
the two books make an effort "to  
interject biased and extremist  
views on racism and a nuclear freeze  
into classrooms."

The teaching guides, reports the  
International Herald Tribune, vexed  
President Reagan himself. He sharply  
criticized the National Education  
Association for "promoting curricu-  
lum guides that seem to be more  
aimed at frightening and brain-

washing American schoolchildren  
than at fostering learning."

What has so disquieted the White  
House? God forbid that American  
schoolchildren should find out that,  
with the authorities' connivance,  
racism is rampant in their country  
and that the myth of the "Soviet  
threat" is not worth a brass farthing,  
as they used to say.

M. CHERVONTSEVA



at all talented." He noted at once how businesslike, flexible and efficient Big Capital was in exploring the new opportunities opened up in this sphere by the imperialist stage in capitalism's development. With increasing clarity he perceived the scope and character of the financial oligarchy's omnipotence, which was taking the form of an international personal union of oligarchs and was exercised without ostentation, quietly, behind the scenes.

Three years later he described imperialism's material and propagandistic potential thus: "The enormous dimensions of finance capital concentrated in a few hands and creating an extraordinarily dense and widespread network of relationships and connections".... "general enthusiasm over the prospects of imperialism, furious defence of it and painting it in the brightest colours." He also pointed to the growth of the bribe fund for maintaining the working-class aristocracy and nourishing opportunism in the labour movement, and showed that this growth was made possible by monopoly super-profits.

### From the Dubasovs to the Heydens and Back

The first Russian revolution (1905) made the Russian capitalists realize that apart from violent, "feudal" methods of combating the working-class movement, there were various forms of deception, a no less powerful weapon which was constantly being perfected by the bourgeoisie in the developed countries of the West. Violence should be applied to suppress the staunchest opponents of capitalism and most convinced advocates of socialism. The rest can be handled with the help of deception. Lenin repeatedly drew attention to the sophisticated "art" of deception in civilized countries, particularly in the United States, Britain and France. Where capitalism develops faster and more freely, the powers that be have learnt very well "that the economic substance of capitalist exploitation is in no wise affected by the substitution of republican-democratic forms of government for monarchistic forms, and that, consequently, ... only the form of the struggle for the inviolability and sanctity of capitalist profits need be changed in order to uphold them under a democratic republic as effectively as under an absolute monarchy."

After the 1905 revolution Russia, like the developed capitalist countries, witnessed a natural division of labour between the Right and the Left wing of the ruling class. There were the advocates of brute force, serf-owner-type reactionaries epitomized by Dubasov (who had drowned in a bloodbath the workers' uprising in Moscow in Decem-

ber 1905), and there were the "liberals" of the Count Heyden type, men who refrained from taking part in the floggings, punitive expeditions and shootings of insurgents, and whose "happy lot" was, in Lenin's words, "to enjoy the fruits of the vengeance wreaked by the Dubasovs, and not to be held responsible for the Dubasovs." The liberals included not only camouflaged serf-owner-type reactionaries skilled "in gentlemanly ways of performing the meanest and dirtiest political deals" but also many "legal Marxists"—bourgeois intellectuals who were not directly involved in exploitation. Lenin paid special attention to this social group trained to use general phrases and concepts and who sometimes "from sincere stupidity elevate their interclass position to a principle of non-class parties and non-class politics." The frank advocates of violence among the ruling class, Lenin wrote in 1907, "will never succeed in fooling any considerable number of workers or even peasants for any lengthy period." But as to the latter, and their influence on the people, "here, and here alone, do we find a contamination of the masses that is capable of doing real harm and that calls for the utmost exertion of all the forces of socialism to counteract this poison."

As the banking and industrial oligarchy could never dream of finding a better medium for influencing the masses than are the liberals, its policy of profit-sharing and buying up talent among the bourgeois intellectuals stems not from flexibility or broadmindedness, but from the instinct of self-preservation.

But why should capital steal slogans from other classes? Has it not always had enough of its own: free enterprise, competition, private property, free trade, democracy? The fact is that the rise of a handful of monopolists to omnipotence has turned these slogans into mere phrases in the eyes of millions of small, medium, big and even very big property owners. Crisis after crisis has ruined and robbed of illusions ever more adepts of "free enterprise," making some of them long for a return of pre-monopoly capitalism and others look for more perfect forms of social organization than capitalism. Financial capital is forced to keep a watch over both categories, it must control their minds and provide outlets to their feelings, it must let off steam from the overheated boiler. The ruling elite must therefore be informed about the moods prevailing in every class and social group, and be able to juggle with any ideas as if they were its own. The oligarchy could regard as ideal a situation when its employees would perform all roles in society, acting as government and opposition, legislators and executives, Right and Left, the culprits of scandals and their unmaskers—

provided that the real lords and masters of society remained anonymous. This would be a perfectly stage-managed world of actors, extras and a passive audience contenting itself with bread and circuses (the latter to keep it away from mischief during whatever time remains unalienated by their employers).

That "ideal" can only be achieved by the prolonged cultivation of ignorance among the masses—not the primitive ignorance of bygone times, but that special brand of enlightened, civilized ignorance that is bred by the new mass media against the background of a plurality of opinions. Though actually denied a say in the administration of society, the masses must not be allowed to notice this. In the above-mentioned article, Lenin gives this ironic description: "Democracy is growing, the power of the masses is growing," argued Mr Filene (rather inclined, it seems, to regard those 'masses' as simpletons). 'The cost of living is rising... The masses are striving to ensure for themselves participation in political life, the extension of franchise, the introduction of an income tax, etc. Power over the whole world must pass into the hands of the masses, that is, into the hands of our employees,' is the conclusion drawn by this worthy orator." Needless to say, it was only to be an illusion of power, but a lasting illusion, one constantly reborn by the newspapers, "distributed in millions of copies a day."

While coercion with its traditional instruments (the army, the police, the prisons) remains a stock in trade of the powers that be, and frequent recourse must be made to it, the "responsible representatives" of the financial oligarchy prefer to use other means.

When the nazis were swept to power in Germany by the worldwide crisis of the capitalist economy, the Communists alone called attention to the nazis' links with monopoly capital, which was trying to suppress the mounting organized working-class movement in Europe with the help of the small-proprietor rabble driven mad by the wave of bankruptcies and casting about for a straw to clutch at. Significantly, the National Socialists gave no quarter to any real Socialist, but never touched monopoly capital, which had fostered them and paved the road to power for them. The word "Socialist" in the name of their party was a stolen word shamelessly exploited to fool simpletons. Mussolini, Hitler, Franco, Salazar, Verwoerd, Batista, Pinochet, Somoza—none of them would have succeeded without social demagoguery and financial backing from the banking and industrial monopolies.

In the troubled atmosphere of class struggles, monopoly capital balances simultaneously with its Right and its Left



wings or, if another simile is allowed here, like a swimmer, it propels itself by alternate strokes of its Right and its Left arm. The functioning of these organs is by no means spontaneous or uncontrolled. The Right arm may often not know what the Left aims at, but the constant alternation of their movements has a hypnotic effect.

## Independent Servants of the Dollar

As long ago as the first half of the nineteenth century, Alexis de Tocqueville, a scion of an aristocratic family ruined by the French Revolution, studied the purely bourgeois American democracy and, in so doing, realized the fatal error committed by the feudal class: they ought not to have exalted themselves so high above the multitude, demanding universal adulation and punishing every act of disobedience. A more effective tactic had been evolved in the Anglo-Saxon world: if you cannot win in open combat, join the victor and destroy him from within his own camp.

In a certain sense, "advanced capitalism" has inherited this tactic, but on a more favourable economic basis: the banks—society's nerve nodes—have coalesced with industry and, in alliance with it, become all-powerful. They are now capable not only of drawing up long-term plans, but also of carrying them out—of course, paltry and selfish

ones, not designed to promote the common welfare, but at any rate realistic. As early as 1891, Frederick Engels noted that the new, monopoly capitalism was no longer a stranger to planning. Later on, referring to this conclusion of Engels, Lenin wrote: "Once there are trusts there can no longer be lack of planning. Capitalism has made gigantic strides, particularly in the twentieth century."

It was no longer possible openly to challenge Marx's proposition that the development of capitalism ultimately leads to monopoly and, hence, to the virtual socialization of production, while distribution remains the prerogative of a handful of magnates. There was also the indisputable and obvious fact that several big banks were really coming to boss it in the developed countries. In the United States, for instance, two banks, the Morgans' and the Rockefellers', had become omnipotent. The production of certain new types of articles was being monopolized on a world scale. The market for electrical engineering goods had been divided between the U.S. General Electric and the German AEG, with Rockefeller capital predominating.

To camouflage this process, "advanced capitalism" began to put straw men into the forefront. The responsibility for every outrage and crime perpetrated by that unjust and inhuman society was shoved onto nominally elected or legally appointed employees, picked in advance and groomed for performing

their "independent" roles in conformity with definite unwritten rules.

The "ideas of advanced capitalism" discussed by Lenin were representative precisely of this trend. While stealing Marxism's slogans, its opponents keep "amending" and "updating" working-class theory on the basis of the "latest data." Noteworthy in this respect are the activities of Edward Filene himself, who, as John Galbraith testifies in his memoirs, knew what Lenin had written about him. In conjunction with his brother Lincoln, Edward Filene sponsored the Twentieth Century Fund. The names of its directors, the donors and the purposes for which the Fund is intended remain secret. But what little information has been made public at different times, shows that through the decades the Fund has been a vehicle for trying out ideas which have been used to foster doubts in Marxism-Leninism and inculcate the notion of capitalism's enduring relevance among the "educated classes."

In the 1930s, when E. Filene still headed the Fund, its board included Henry Dennison, who in Galbraith's opinion was "the most interesting businessman in the United States" at that period. Unlike his fellow businessmen, says Galbraith, Dennison looked to the future and sought to promote co-operation with "workers' representatives" at his enterprises. His views were shared by many members of the business community, by leading economists and by President Franklin



## YUGOSLAV AGRO-INDUSTRIAL EXHIBITION

Economic co-operation between the U.S.S.R. and Yugoslavia is progressing successfully. Total trade turnover will reach \$32 billion in the current five-year period as compared with \$18 billion in 1976-80. The Soviet Union accounts

for 30 per cent of Yugoslavia's exports and 20 per cent of its imports. The long-term agreement on mutual commodity deliveries in 1981-85 envisages further expansion of trade between the two countries. A document

specifying the basic measures for the implementation of the Long-Term Programme of economic, scientific and technical co-operation between the two countries up to the year 1990 was signed during Premier Ni-

kolai Tikhonov's visit to Yugoslavia in March.

Agriculture offers big opportunities for mutually beneficial ties, such as exchange of experience and trade in agricultural products, machinery, implements and fertilizers.

The Yugoslav agro-industrial exhibition currently held in Moscow offers the Soviet partners an opportunity to appraise the potentialities of that country's agriculture and find new spheres for co-operation.

Taking part in the exhibition are more than 200 agro-industrial complexes, plants producing agricultural machinery, designing and building organizations, and research institutions.

Our photo shows one of the displays.

Photo by A. Mochalin



D. Roosevelt himself. In 1938, these views were publicized in two books: "Modern Competition and Business Policy," by Dennison and Galbraith, and "Toward Full Employment," by L. Filene, H. Dennison, Morris Leeds and Ralph Flanders.

After World War II, the Fund was headed by Adolf Berle, a prolific writer regarded as one of the pillars of modern bourgeois political economy. His colleagues included the distinguished economists Arthur Burns, John Galbraith, David Lilienthal and the historian Arthur Schlesinger, Jr., as well as Ferdinand Lundberg, renowned for his books "America's Sixty Families" and "The Rich and the Super-Rich." As early as 1932, Adolf Berle and Gardiner Means published a study purporting to prove that almost half of the two hundred leading American non-financial corporations were being run not by their owners, but by employed managers. Later, James Burnham, in his book, "The Managerial Revolution" inflated the idea of the managers being the real captains of the economy and, moreover, acting preeminently in the interests of the mass of small shareholders rather than of the big boys. The same theory was set forth by the "legal Marxists" Paul Baran and Paul Sweezy, a friend of Galbraith's, in their "Monopoly Capital." Ferdinand Lundberg, while sharply criticizing "old money," assured his readers that it was still possible to make one's way into the company of the super-rich, successfully competing against the Rockefellers, the Morgans and other highwayman barons, today's art patrons.

Through the endeavours of the adepts of "advanced capitalism," the knowledge of who really bosses it in capitalist society got increasingly blurred.

As regards the buying up of talent, in the 1960s it took the form of the "brain drain," the exodus of specialists from developed and developing countries to the United States, and in the 1970s the supranational corporations began to lure away specialists in the various countries where they had branches, turning them into "citizens of the universe" who are moved freely to every corner of the capitalist world. People whom the operators of private "charities" consider useful to themselves are invited to work at the most prestigious educational and research institutions. They are placed into an artificial climate in which the real problems of society fade, as it were, to mere abstractions. In this way an intellectual elite is fostered that treasures its exclusive position and is willing to devise arguments in favour of the "American way of life." In doing so, the pundits proceed from the delusion that their own way of life is typical of America as a whole.

America's rulers keep a close watch over every notable member of every social class. The banks are considered the most effective means of control. Their power is heightened by inflation, also apparently spontaneous, which devalues all money that is not kept in banks. The system of banks, seemingly atomized, but actually integrated and not controlled by society, gives the oligarchy a complete picture of the sources of income and the way of life of its every subject. If need be, this information can be used against every one of them. When, at the height of the witch-hunt era, Joseph McCarthy attempted to incriminate "un-American" ideas to John Galbraith and Arthur Schlesinger, the "mad Senator's" associates were quietly shown dossiers on their own financial abuses. In taking on the beneficiaries of the Twentieth Century Fund, the celebrated obscurantist had overreached himself. But in the case of people whose views were disapproved of by the powers that be, neither a flawless career nor a perfect financial record was a safeguard against persecution. Evidence of this is the fate of Robert Oppenheimer, the physicist, and of many leading cultural personalities. As for its loyal servants, the financial oligarchy easily extricated them even from nazi death camps, just as later on it protected from prosecution, and still protects, nazi war criminals who had distinguished themselves in fighting communism. Its invisible hand is felt in every major international development.

The cadres serving the financial oligarchy are selected in such a way as to represent different sections of the public. The members of the monopolies' intellectual elite are expected to give timely notice of the opinions of these sections. Amos Perlmutter, a student of that elite, says that "it represents society's centres of values, symbols and beliefs," but he lowers its status by making it a mere adjunct of the "Presidential court." Stanley Hoffmann, a modern scholar, writes: "A broad elite capable of bringing to the Administration the reasoned consent of the public and the co-operation of Congress is indispensable. Without such an elite ... the most important task of the future—educating the citizens and the next leaders for world order—will not be undertaken."

The people serving monopoly capital are even allowed to "criticize" it—this is expected to make the public the more receptive to their anti-Sovietism. Ferdinand Lundberg's book, "The Rockefeller Syndrome" (1975), is a sample of more pronounced "criticism" of this type. And Ramsey Clark, former U.S. Attorney-General, in the mid-seventies even went to the extent of publishing in the New York Times full-page paid advertisements condemning the

oil monopolies in the U.S. and abroad for capitalizing on the Middle East crisis. In the final analysis, his criticism only benefited the oil barons, since it came from one of their "own" men, who would never disclose anything that really mattered, but would provide an outlet to public resentment. After all, had it not been General and President Eisenhower that "discovered" and "unmasked" the military-industrial complex.

A closer look at the more prominent members of the present U.S. "foreign policy community" will show that almost each of them at different times posed alternately as a "dove" and as a "hawk," as a "troglodyte anti-Communist" and a "sober-minded politician." When temporarily leaving their government posts, they invariably end up in cushy jobs where a high salary, coming from monopoly funds, compensates them for having had to withdraw from the limelight. More often than not they get such jobs at various research institutions or directly on the boards of these "charitable funds."

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Imperialism constantly perfects its methods of manipulating the mass consciousness. At the time of the bloody U.S. aggression in Southeast Asia, it was "fighting for the hearts and minds" of the Asians. While undermining the foundations of the socialist way of life up in cushy jobs where a high salary." While obstructing détente, "re-arming" its allies and threatening the world with a thermonuclear holocaust, it advertises its "democracy and open diplomacy." While lining its pockets by the exploitation of the natural and human resources of the developing countries, it tries to intimidate them by constant reminders of their multibillion debts and to allure them with promises of aid from "the community of industrial democracies." For the prospect of independent development of nations free from exploitation, the prospect of social control over production (already basically socialized) and over consumption (which is as yet far from being socially controlled) it supplants a paltry, selfishly barren hotchpotch of concepts and slogans stolen from the working-class movement. One cannot say it is not succeeding in fooling some people.

Seventy years ago, in his article on the "ideas of advanced capitalism," Lenin wrote with confidence that the workers would not be "hopeless simpletons" and would see through imperialism's new schemes. Sharpening the class instinct and political farsightedness is a task that cannot be accomplished at once and for all time. It remains topical so long as imperialism continues to exist.



# THE TRUTH ABOUT MEDIUM-RANGE NUCLEAR WEAPONS

## A Reply to the USIA Booklet "Intermediate Range Nuclear Forces: Questions and Answers"

The U.S. Information Agency has published in a large edition the booklet "Intermediate Range Nuclear Forces: Questions and Answers" intended for distribution abroad, and, in the first place in Western Europe, in some countries of which the siting of new American nuclear missiles is to be started at the end of 1983. The very fact of the publication of the booklet shows that the initiators of "rearmament" have failed to convince the West European public of its expediency and necessity. Otherwise why should they have taken the trouble?

The authors endeavour to answer the incisive questions put to official Washington by the public of its NATO allies, demanding an explanation of the ideas behind and motives underlying the missile and nuclear "rearmament" of NATO with a new large—almost 600 units—potential of medium-range weapons. How does the USIA cope with these questions, awkward to American diplomacy and propaganda?

**"Question.** Many claim that an essential balance in intermediate-range nuclear systems already exists, and that deployment of Pershing 2 and ground-launched cruise missiles is designed to give NATO nuclear superiority.

**"Answer.** Nonsense. This assertion requires a combination of convoluted reasoning, vague definitions, and a juggling of numbers that don't add up."

And that's all. Quite an "exhaustive" answer, that!

Irritation usually comes where there is no answer on substance, when facts, proof and arguments are lacking. One can, of course, describe serious questions as "nonsense," but who will be convinced? Replying to the question: "But those British and French missiles are real; why does the United States refuse to take them into account?", the authors use this devastating argument: "The Soviets are seeking a device..." When asked why Washington should not react positively to the initiative of the U.S.S.R., which imposed a moratorium on the further deployment of its missiles, the authors find

nothing better than to declare: "The so-called moratorium is a fraud."

Every now and then the compilers of the booklet give vent to their annoyance, but, like fear, it is a bad counsellor. The booklet contains questions demanding an explanation of matters of principle, but there are no honest, direct answers. Just as there are no facts, which have to be concealed and passed over in silence, for they are not in favour of those who have undertaken to justify an unrighteous cause. The questions remain without adequate answers.

However, in order to restore truth and the necessary clarity, the questions must be answered. Let us turn to the facts.

### Whose Fault

To believe the USIA, the problem of medium-range nuclear missiles, which has become a stumbling block on the road to European security, arose through the fault of the Soviet Union, which allegedly incessantly armed itself and perfidiously installed and trained on Western Europe SS-4 and SS-5 missiles and then the even more formidable SS-20s, while the respectable members of NATO were oblivious of all this, "lagging" ever more behind the U.S.S.R.

The authors understandably keep silent about who first brought the nuclear sword to Europe.

Back in July 1948, that is, before the appearance of atomic weapons in the Soviet Union, two groups of American B-29 bombers with atom bombs aboard were sent to Europe or, more exactly, to Britain. In 1952 Britain itself became a possessor of nuclear weapons. In 1960 it was joined by France. Thus the Soviet Union was confronted in Europe not with one nuclear power, the United States, but with a NATO nuclear trio.

In the 1950s practically all NATO countries became involved in the system of American bases for nuclear forces. They were joined by the U.S. Sixth Fleet in the Mediterranean with its aircraft carriers. The designation of the bases was quite definite: to enable the United States to attack enemy territory from shorter distances, as General Omar Bradley, then Chairman of the U.S. Joint Chiefs of Staff, put it.

Such were, from the very outset, the functions of the United States' forward-based means in Europe. The very same means, a considerable part of which, as official Washington holds, the Soviet Union should not include in the count in the overall balance at the Soviet-American talks in Geneva on the limitation of nuclear weapons in Europe.

In 1953 the United States launched the deployment in Europe of tactical nuclear weapons such as atomic mines, atomic artillery, and Matador, Honest John, Corporal and Nike missiles.

In 1957 a new stage in the U.S. policy of nuclear and missile armament of NATO began. At the December session of the Council of the bloc with the participation of heads of government, Washington insisted on the adoption of a decision to place medium-range ballistic missiles at the disposal of the supreme commander of the allied forces in Europe and to set up depots of nuclear charges in Western Europe. Then followed agreements of the United States with Britain, Italy and Turkey on the establishment of bases for American medium-range missiles on their territories. The Jupiter and Thor missiles stationed in these three countries were targeted on 105 objectives in the western part of the Soviet Union and on the territories of East European socialist countries.

The next stage of the nuclear "missilization" of the western part of the European continent can be characterized as advance preparation for what the December 1979 NATO Council session called the decision on "rearmament" or "dual-track" decision (providing also for talks with the U.S.S.R. on this question). It is claimed in Washington (and the authors of the USIA booklet try to uphold this opinion), that by modernizing its medium-range missiles the U.S.S.R. compelled NATO to take reply measures. But this modernization started after 1976. The booklet itself states that the SS-20 missile with which the SS-4 and SS-5 missiles began to be replaced was adopted for service in 1977. But it is not said there what had been before that. And it was this.

Back in 1964, i.e., 13 years before the appearance of the SS-20, the Pentagon began to station in Western Europe Pershing 1s, solid-fuel mobile missiles with a high accuracy by the standards of the time and with formidable other properties. These missiles, capable of reaching the socialist states, posed a grave threat to their security and thereby created a qualitatively new military-strategic situation on the continent. This challenge, naturally, could not be left unanswered. When the Soviet Union installed, as a counterweight, its missiles of roughly the same class, a terrible fuss was raised in Washington. Those who had initially created the threat, began to accuse those who merely replied to it. Those who had sought a monopoly on medium-range weapons and failed to obtain it, be-

From a booklet prepared for publication by the Novosti Press Agency Publishing House.