

NATO control over East-West trade?

by Richard Freeman

On June 8, President Reagan will spend two days at Versailles with the heads of six other Western nations, discussing the world economy. Most of the leaders may hope that Mr. Reagan will come to his senses and jettison the tight-money policy of Federal Reserve Chairman Paul Volcker. The President, however, is being set up to make a proposal originated by Chase Manhattan Bank whose implications he probably does not recognize.

Mr. Reagan, sources report, is slated to demand that East-West trade relations be the number-one issue at Versailles. He will take out a briefing paper that proposes to *put East-West trade under the control of NATO*.

That policy would lock NATO and the Warsaw Pact into a permanent war footing; simultaneously, it would act as a precedent for placing the rest of world trade under supranational control. The plan may be unacceptable as an immediate measure to the governments of the other nations present (except Britain's Thatcher government), but the potential of such a proposal to factionalize the summit is viewed by some of its sponsors as part of its "charm." It will also come up at the June 10 NATO heads of state meeting in Bonn.

Chase's draft specifies that NATO's economic secretariat be upgraded to an equal footing with the military-political secretariat. Then all "sensitive" East-West trade agreements, defined so as to constitute 95 percent of trade between the two sectors, would have to be approved by NATO. Ironically, David Rockefeller, former chairman of Chase Manhattan, whose family still has a controlling interest in the bank, has posed for years as a *realpolitik* friend of the Soviet Union. But it is a Polish emigrée director of Chase's World Trade Information Corporation, Miriam Karr, who has been commissioned to work out the proposal.

Karr first presented her views in testimony before the House Committee on Science and Technology on Dec. 10, 1981, stating that "If upgraded to the same stature as the organization's [NATO's] military and political secretariats, the principal mandate of this restructured entity would be to candidly assess the risks inherent in such projects as Urengoi-Yamburg [the Siberian gas pipeline] and to establish priorities for developing resource locations providing the surest long-term supplies."

Karr explained that the RAND Corporation, the

unofficial think tank of the U.S. Air Force, participated in formulating the plan and testified on its behalf before Congress last December. In a telephone interview April 19, Karr stressed that if passed by NATO, the proposal would be binding on all NATO members. "If Helmut Schmidt and German industrialists wanted to claim that their trade with the East bloc was just normal, routine business, and the economic secretariat of NATO decided that they shouldn't engage in this trade, then Schmidt and Germany would be forbidden to carry [it] on. If Schmidt disobeyed, then Germany would be out of NATO."

Karr, well aware that Schmidt has attempted to keep channels open between East and West that would prevent new war tensions, stated that she sees all East-West trade as helping the Soviets. "It gives them hard currency. They can use that to buy goods for the military or buy goods that they would otherwise have to produce inside the Soviet Union. This allows the Soviets to free up industrial capacity for military production."

Administration proponents

Karr is collaborating with several top members of the Reagan administration. Chief among them is Fred Iklé, the Undersecretary of Defense for Policy, a member of a Swiss banking family who takes orders from the Bank for International Settlements. "Iklé is clearly the person who is working the most on preparing this plan for Reagan," Karr said. She said that the plan has also been looked at and approved in general by Richard Perle, Assistant Secretary of Defense for International Security Affairs; James Buckley, Undersecretary of State for Security Assistance, Science and Technology; and Norman Bailey, Director of Research for the National Security Council. "My long-time colleague at Chase, Roger Robinson, just joined the NSC as Bailey's assistant," Karr reported.

The Chase proposal is part of a larger plan to give supranational institutions control over international trade and finances. In an article April 7 in the *New York Times*, Nathaniel Samuels, the vice chairman of Lehman Brothers, Kuhn Loeb who also sits on the board of Venice's leading insurance company, proposed that all Western financial policy on East-West trade be closely coordinated, "with the coordinating of financial tasks . . . undertaken by the Bank for International Settlements."

One source very close to Henry Kissinger claimed April 21 that Iklé's group in the Defense Department will also try to blackmail Western Europeans into putting tight government or NATO control on all credit to the East bloc, in exchange for the United States reducing its pressure against involvement in the pipeline from the Soviet Union. "Maybe we could enliven and upgrade the group of economic advisers who are active in the NATO command center," he suggested.