

Dr. Ron Paul's FREEDOM REPORT

*The absence of force and toleration of others
is the key to peace and prosperity*



FILCOX
COLLECTION

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Dear Friends:

BLACKMAIL OR BENEVOLENCE?

Blackmail in international politics is alive and well. The passage of the second Panama Canal Treaty on April 18 unfortunately confirms this fact.

Since I first warned about the planned Panama Canal Treaties in 1976 as a Congressman and again in a newsletter in 1977, I have gained further insight into just why the American Government would pursue an idiotic course with a hoodlum like Torrijos. Insane as it seems to most Americans, I believe it is understandable just how this all came about. International blackmail, power politics, and an insatiable greed for the money of the world all played a part in the transaction.

The biggest hoax was the excuse that the treaties were necessary because of some benevolent conviction on the part of the American politicians. If this were so, the continued financing and indirect control of the canal would not have been sought after and maintained. A statement by Kissinger indicates the ultimate goal of running the canal hasn't changed, only the tactics used and the method of financing have varied. He said, "It is better to stay in more subtly and induce Panama and the rest of the world to support our dominion than to stay in nakedly and face the hostility of the Panamanians and most other nations."

HOME OF THE BRAVE

Just about as falacious was the argument that America must bow to the threats of

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violence. A nation of our size and military strength being badgered about by a two-bit Marxist dictator who drinks Coca-Cola with Castro and rules over a country with a population less than the size of Atlanta is unreal.

How a nation can protect its own interest in a vital waterway by turning it over to the enemy and arguing it will lead to a less likelihood of violence in a period of international strife is so ridiculous it is an insult to one's intelligence.

POLITICIANS OR PUPPETS

The question we must seek an answer to is this: "Why did the politicians not act like politicians?" When a pragmatic politician recognizes that the overwhelming majority of the people oppose a certain policy or piece of legislation, concern for their political careers motivates them to do that which is most expedient and necessary to maintain their jobs. But with the Panama Canal Treaty vote, things were different. I believe this vote reflects just who is owned and controlled by the establishment; that is, the big money and big business interests of the world.

THIRD WORLD NATIONS' DEBTS

I can believe that a non-conspiratorial President, if we had one, could be swayed by the threats of the third-world nations. Threats of bringing down the banking system of the West are quite possible. The third-world nations owe somewhere in the neighborhood of \$227 billion to the West, a

major portion to the United States and to U.S. private banks. The Panamanians can't even pay the interest, let alone any principal. However, it would be bad, if not totally destructive to the West, for them to default openly and massively on all these debts. Panama is obviously part of this group, and with pressure they can gain a lot of favors from the West with the threat of bringing on an international banking crisis. Behind the scene, there is a frantic attempt to keep the fiat dollar system together for a while longer by bailing it out with more massive loans from the IMF and the World Bank to the third-world nations. Again, who do you think gets stuck with the bill? The American taxpayer.

PARTNERS: TORRIJOS AND WALL STREET

These treaties were undoubtedly written by the banking and big business interests of Wall Street. It is no secret that Torrijos is in hock to the Wall Street bankers for nearly two billion dollars. Nor is it a secret, although totally ignored by the managed news, that Torrijos has provided a banking haven for the international bankers. Since 1970, when the coalition of Torrijos and the bankers became evident, the laws were changed to protect the international bankers. Before this, there were a few million dollars of assets in a few banks; and yet today there are 73 international banks with assets of nearly \$9 billion conducting business throughout the world. Torrijos was unable to continue this partnership without an increase in cash flow, since his debt service to the New York banks was costing him 40% of his budget. The New York banks needed Torrijos to remain "solvent" in order to protect their direct loan investments as well as their special banking paradise.

The connections of Carter, and essentially all his advisors, to the Chase Manhattan Bank and David Rockefeller have been widely published, even in the open press like U.S. News and World Report. The boldness of those who once kept secret the relationships between the ruling politicians and the big banking and big business interests

demonstrates an arrogant display of confidence on their part that's rather frightening. The Trilateral Commission is no longer known only by those who are knowledgeable about international conspiracies, but is routinely mentioned in the daily news. Evidence of its influence on the Republican and Democratic administrations is all about us. Jimmy Carter's membership in the Trilateral Commission is hardly a coincidence.

STRANGE COALITION

There was a time when I was baffled about apparent evidence that American business interests aided and abetted leftist organizations or Marxist governments. I believe an understanding about the Panama Canal giveaway gives a clear example of how well these two groups can marshal the forces of government to the benefit of both left-wing dictatorships and big business interests.

First, it must be made clear that the big business interests about which I am complaining are not the large majority of businesses run by individuals who truly believe in the free market and reject any special help or assistance from government. It is the group who have grown fat on protective-type legislation, direct subsidies, government contracts, or any of many other deceitful practices where government is used to gain special help at the expense of someone else that I'm criticizing. In a moderate form, this is known as interventionism for the benefit of business; and in an extreme form, it is facism. In contrast, a moderate form of government intervention which promotes the welfare state is liberalism, and in the extreme form it becomes true socialism or communism.

THE ILLEGITIMATE USE OF GOVERNMENT POWER

It is not too difficult then to see why a left-wing dictator who uses government coercion to enhance his political power position by promoting welfare to the working class negotiates an alliance with a group who uses government coercion to enhance its own position of money and power in the banking and business community.

On the long run for both groups, it's all power, politics, and money. The only difference is the approach in gaining some semblance of popular support. Both sides have erroneously accepted the notion that the coercive power of government is legitimate, and they use it at their discretion for their own special benefits. If one would accept the notion that neither an individual nor government should be allowed to initiate force, interventionism, facism, socialism, and communism would not be possible. In thinking about it as a coalition of different forms of government force, it is then not all that surprising to find a Hitler and a Stalin drawing up treaties of mutual benefit, even if these treaties are short-lived.

THE NEW OWNERS

I believe, in reality, the Canal is now "owned" by facist-oriented, international banking and business interests and is merely managed by the Marxist-oriented Torrijos dictatorship, with the bills being paid by the American taxpayers - a rather sad set of circumstances.

Further confirmation of this unlikely partnership of business interests and a left-wing dictatorship is the fact that the controversial Marine-Midland Bank has become "partners" with the Hong Kong and Shanghai Banking Corporation, whereby this far eastern bank will purchase 51% of the stock of the New York-based bank. Interesting indeed, since it is the Marine-Midland Bank that acts as the sole agent for the Panamanian Government for all its banking dealings in the United States. Sol Linowitz was a director of this same bank prior to his becoming the chief negotiator for the United States in working out the details of the new treaties.

In addition to the direct relationship of the New York bankers to the Torrijos dictatorship, we also find that there are backdoor advantages for business interests not even mentioned in the canal treaties. The

Export-Import Bank, the Agency for International Development, and the Overseas Private Investment Corporation will subsidize the Panama Government to the tune of three hundred million dollars over the next five years. These are called loans, but no one really expects them to be repaid. The expense ultimately will be laid on the American taxpayer, either through direct taxes or through the invisible tax of inflation. The funds are given with the specific understanding that they must be spent on American goods; again, an indirect subsidy to American business interests who get to sell the goods to Panama at a profit.

THE ELEPHANT REMEMBERS

Even though it looks like the Canal is gone, hopefully our memories will not be short. The participants in the giveaway should be removed from office. Not one cent of appropriation should be made for the transfer of the Canal to the Torrijos government. All foreign aid should stop to Panama immediately. No taxpayer-backed loan should be permitted to Panama. All usable equipment should be removed from the Zone and not be handed over to the Castro-Torrijos coalition. Past loans from the U.S. to Panama should be called and collected with interest.

The passage of the Panama Canal Treaties represents one of the saddest events in the history of the United States.

When the Treaties are taken into consideration with our overall foreign policy, it gives us a right to show concern for the security of our Nation. With the Singlaub firing, the pending Salt II Agreement and the obsession of Paul Warnke to unilaterally disarm, we have reason for deep concern. A policy of rational self interest dedicated to protecting our National security would insure peaceful co-existence even with the non peace loving countries of the world.

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