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U.S. Export Controls: Dispute in Soviet Case

By CLYDE H. FARNSWORTH

Special to The New York Times

WASHINGTON, Nov. 28 — A bitter dispute within the Commerce Department is being aired in Congress. The dispute is over the way American export control regulations have been administered in connection with a giant Soviet truck factory on the Kama River in Siberia, newly built with American technology.

→ Stanley J. Marcuss, Deputy Assistant Secretary of Commerce for Industry and Trade, testified today before a Senate subcommittee on international finance. He denied a subordinate's accusations that he was compromising national security by allegedly covering up diversion of the plant's product to the military.

Last spring there were American intelligence reports that the Soviet Union was making some military use of the trucks, which had been spotted in both Soviet and Warsaw Pact military units, despite assurances that the vehicles would be used only for agricultural and industrial needs.

→ Mr. Marcuss, a political appointee, had been accused by Lawrence J. Brady, deputy director of the Office of Export Administration and a career civil servant, of misleading Congress

by testifying that export control regulations were effectively preventing the flow of critical technology to the Soviet Union.

Mr. Marcuss, stung by the charges, said in his Congressional testimony today and also in a special Commerce Department briefing for reporters, that, under the law, export licenses were denied for security reasons only if the proposed export would make a "significant" contribution to the military potential of another country to the detriment of the United States.

He said that American participation in the plant — built with \$500 million worth of American designs and equipment — was decided by the Nixon Administration with the recognition that some of the trucks could end up in Soviet military motor pools.

Joined by C. L. Haslam, general counsel of the Commerce Department, Mr. Marcuss said the Nixon Administration had nevertheless approved the licenses because it determined that use of the trucks by military personnel would not result in a significant contribution to Soviet military capabilities.

Mr. Brady, who also testified before the subcommittee today, said that end-use statements certifying civilian use of the vehicles had been violated and

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THE WHITE HOUSE
WASHINGTON

November 28, 1979

file

MEMORANDUM FOR LUTHER HODGES

FROM: Hamilton Jordan

Subject: U.S. Technology

Lawrence Brady has apparently raised some very serious charges in an interview, as summarized in the attached.

Please give me a full report on this matter as soon as possible.

DAILY PRESS

OFFICIAL: COMMERCE COMPROMISED U.S. SECURITY -- Lawrence J. Brady, deputy director of the Commerce Department's Office of Export Administration, has accused Deputy Assistant Secretary Stanley J. Marcuss and others at Commerce of compromising national security through a "massive and systematic cover-up" of the Soviet Union's diversion of U.S. technology to the Soviet military. Brady's charges relate to an IBM computer in the Soviets' giant Kama River truck foundry; the plant was designed and engineered by U.S. firms, and 30 percent of its equipment is supplied from the United States. Brady claims the Soviets have been diverting trucks and engines from the plant for military purposes. He also said there is evidence Kama River vehicles are being sent to other Warsaw Pact countries, in "clear violation" of U.S. export control laws. Brady charged that Marcuss and other Commerce officials have "misled" Congress in testifying that U.S. export control laws are effectively preventing the flow of critical technology to the Soviet Union. (Raymond Coffey, Knight-Ridder, Dallas Times Herald, 11/20)

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DAILY PRESS

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FALSE ALARM AT PENTAGON RAISES SEVERAL QUESTIONS -- Congressional and Pentagon sources told Newsday several important questions have been raised as a result of the Nov. 9 computer error that had officials thinking the Soviets had launched an attack on the United States. Among the questions: Why weren't any top-level defense officials notified of the alert? Why weren't the B-52s that carry atomic bombs deployed immediately? And what would have happened if the U.S. or the Soviets had been operating under a policy of launching the missile on warning instead of under the current policy of launch-after-attack? Such a policy might be the result of the deployment of large, very accurate land-based missiles such as the MX. (Jim Klurfeld, Newsday, 11/19)

CARTER HAVING TROUBLE RESTORING CONFIDENCE -- Although Sen. Edward Kennedy's lead over President Carter has narrowed from 24 to 16 points during the past month, Carter still appears to be having a rough time restoring the confidence of the electorate in himself and in his presidency. According to an ABC News-Harris survey, a 66-30 percent majority feels Carter "does not inspire confidence personally as a president should." An 83-14 majority thinks that "in some of the mistakes he has made, his lack of experience is clear to see." And a 74-24 percent majority continues to agree with the claim that "Although he is well intentioned, at times you begin to wonder if he has the basic competence to do the job." A sizable 82-14 majority feels "he is a man of high integrity." (Louis Harris, Gannett News Service, 11/21)

EPA CAN'T DETERMINE LOVE CANAL CANCER RATE -- The EPA says it can't accurately calculate how much of a chance someone living near Niagara Falls' Love Canal has of getting cancer. However, based on the limited data available, the EPA did say that the increased odds of a Love Canal resident's contracting cancer are no more than 1 in 100 in the worst possible case. This contradicts previous EPA figures that the risk could be increased to as much as 1 in 10. The EPA's Carcinogen Assessment Group said in order to make a conclusive determination on the cancer risk, it needs more comprehensive data than that supplied by the New York State Health Department. The area was evacuated in August 1978 after it was found chemicals from an abandoned waste dump were seeping toward people's homes. (Louis Peck, Gannett News Service, 11/19)