

Fiscal Integrity?

Barry Keane
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On Wednesday afternoon, January 31, 1962, President Kennedy made this extremely important statement at his regular press conference.

“I have an important announcement to make about the national stockpiling program.

The purpose of this program over a period of several years has been to store for future use those strategic materials which might be essential to the Nation in the event of an emergency.

After a review of this program, upon assuming the responsibilities of Office, I was astonished to find that the total stockpile now amounts to some 7.7 billion dollars' worth of materials, an amount that exceeds the CCC's total inventory of farm products; and of more importance, an amount that exceeded our emergency requirements as presently determined by nearly 3.4 billion dollars.



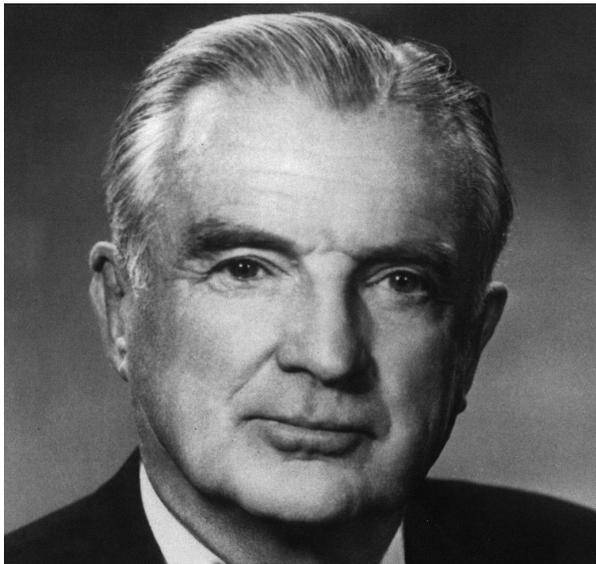
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This Administration has taken steps to halt any new acquisitions to the stockpile with the exception of three items, still critically short, and on which we have spent less than 2 million dollars.

Unfortunately, the surplus of other materials is still growing, as the result of contracts negotiated prior to this Administration's taking office.

It was apparent to me that this excessive storage of costly materials was a questionable burden on public funds, and in addition a potential source of excessive and unconscionable profits.

Last spring a detailed check was ordered, and our information to date has convinced me that a thorough investigation is warranted. The cloak of secrecy which has surrounded this program may have been justified originally to conceal our shortages, but this is no longer the case, and secrecy now is only an invitation to mismanagement.



I have therefore discussed this matter with Senator Symington, Chairman of the Senate Stockpiling Subcommittee. He agrees that the program should be completely explored, and without delay. I have assured him that we will make available to his Subcommittee all the material we have already discovered, and that the Executive Branch will cooperate fully with any

investigation.

In the meantime, I have directed the various departments and agencies to accelerate their review of materiel requirements. And I am appointing a commission to make a detailed review of our stockpiling policies, programs and goals, in the light of changed defence strategy and improved technology.

I am very much aware of the intricate and interrelated problems involved in this area, including the difficulties experienced by certain domestic mineral industries, the impact on world markets, and the heavy reliance of certain countries on producing one or more of these minerals. And I can say that we will take no action which will disrupt commodity prices.

All of these factors, in a careful review of the program, will be taken into account, but the cold facts on this matter must be open to the public.”

With this statement Kennedy sent in motion an investigation into a major financial corruption scandal which involved high placed officials in the Eisenhower administration, echoing the Tea-Pot Dome scandal of the 1920's.

See Jesse Hemingway's account in his book.

Friendly Fire on Holy Grounds: The Stockpile Conspiracy

Published by Author House

See also his article in the

July 2006 Echo, page 43

Subcommittee on the National Stockpile and Naval Petroleum Reserves

Following a request from President John F. Kennedy and pursuant to S. Res. 295, 87th Cong., this standing subcommittee was asked to study and make recommendations on the national stockpile of strategic and critical materials. Chaired by Stuart Symington, the subcommittee examined Kennedy's contention that the stockpile program, administered by the Office of Emergency Planning and its predecessors and the General Services Administration, was a questionable burden on public funds and a possible source of excess profits.

The printed record documents 52 public hearings and is 3,900 pages long.

In the report the committee stated:

“The evil of the price support program was that it loaded the stockpile with greater quantities of unneeded materials at a time when the Defence Department was seeking funds for more urgent defence needs. This was done without public knowledge under a

cloak of secrecy imposed because of the supposed demands of national security. Perhaps the primary lesson to be learned from this unfortunate stockpiling episode is that stockpile operations should be conducted with the full knowledge of the American taxpayer.”

Only three senators, Stuart Symington, Claire Engle and Howard W. Cannon (all Democrats) signed this highly critical report. Clifford Case and J. Glen Beall, the two Republicans refused to sign. So also did the Democrat, Strom Thurmond. As a result, the case got very little publicity and Kennedy privately condemned the way the media protected the Eisenhower administration.

After JFK was assassinated the findings and recommendations of Symington’s report were quickly buried. No one involved in this affair were prosecuted.

In fact, in April of 1973, hidden by the growing fervour over Watergate, President Nixon wrote off over four billion dollars of tax payer’s money that went missing during the scandal.

2008-Reaping the Whirlwind?



The US House of Representatives voted early in October 2008 in favour of a \$700bn (£394bn) bail-out plan aimed at rescuing the US financial system.

The House vote was the second in a week, following its shock rejection of an earlier version five days earlier. The Senate had

already approved the measure and President George W Bush wasted no time signing it into law shortly afterwards. The package was aimed at buying up the bad debts of failing institutions on Wall Street.

To pay for this \$700 billion-dollar bail-out bill, and to cover the ever-growing federal debt, the U.S. government sells securities - lots of securities. **The money is literally created from thin air** by authorization and subsequently lent to institutions, individuals, foreign governments and others for what basically boils down to the mother of all IOUs. A portion of it, of course, is physically printed by Team Bernanke and the **U.S. Federal Reserve** on its turbocharged printing presses - and put into circulation as currency.

(See my article in the July 2006 Echo, page 29, regarding the Federal Reserve)

The UK government also announced less than a week later a package of measures aimed at rescuing the domestic banking system that makes available £400bn (\$692bn) of fresh money. It initially made extra capital available to eight of the UK's largest banks and building societies in return for preference shares in them. It was "designed to put the British banking system on a sounder footing", said Prime Minister Gordon Brown.

So, the US and the UK Governments had pledge £794 billion pounds of tax payers money to bail out the irresponsible speculators who almost brought our financial system to its knees.

Fiscal Integrity?

In 1963 Press Secretary Pierre Salinger stated that the Kennedy administration planned to make stockpiling an issue in the 1964 campaign. As we know, JFK didn't live long enough to fulfil that promise.

If he had, and was able to instil some measure of control over these corrupt, and unaccountable financial institutions, would we

be in the mess we are now? Would the world have more fiscal integrity?

Difficult to say, but I believe the real tragedy of Kennedy's death is that we shall never know for certain.

Barry Keane

bkeane237@gmail.com