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percent will be in the black.

"Much of the industry won't be competitive with the LDCs — their ore grade is twice as high, their labor costs are a fraction of ours, and they don't have to spend anything on pollution abatement... There's a constant adjustment going on and eventually the U.S. will produce much less of its total copper consumption than today," the expert said.

The Kennecott contract will add 6 to 8 cents a pound to the cost of producing copper in the U.S.

According to the same analyst, the one "consolation" of this inevitable rationalization of the U.S. copper industry is that the foreign exchange earnings of Zaire, Zambia, Peru and other heavy LDC debtors will be bolstered.

As of this writing about 38,000 out of 45,000 copper workers are still on strike — the workers at the six companies which have not settled, as well as Kennecott workers who have a national contract but are still out on strike on local issues such as work rules. The *Wall Street Journal* termed the continuing strike academic, since Kennecott has extended summer vacation closings at three of its four copper divisions. Kennecott, like the other copper companies, is hoping to work off stocks which were accumulated in expectation of a long strike. Reflecting this buildup at all levels of the economy, U.S. fabricators' stocks jumped three percent in May over April levels.

Kennecott's early settlement surprised most industry observers; many copper company officials had admitted that they wanted a long strike to work off the glut of copper stocks. Speculation on Wall Street is that Kennecott settled because the company figured "the situation is hopeless with or without a strike," and a strike in the copper industry would be especially costly — involving shutting down and then reopening the mines. Kennecott just received $1.1 billion in cash last week for its sale of Peabody Coal to a consortium headed up by Newmont Mining (the parent company of Magma), and thus was a prime candidate for a takeover bid. Kennecott may have settled early out of fear that it was about to be gobbled up in a merger, as at least three copper companies have been in the last year, and didn't want to be fighting two battles at once.

At the same time there is obviously desperate intercompany warfare going on behind the scenes. The six other copper companies are now under pressure to settle rather than lose business to the companies which are operating. But some of the weaker companies may be even less able to settle than Kennecott and Magma. The chairman of Inspiration Copper told the *Wall Street Journal*, "I'm so mad that when I spit, nothing hits the floor." Another competitor said, "Kennecott's settlement just isn't explainable in terms of copper industry economics. And neither is Newmont's following move. Maybe there is something in the financial arrangements of the Peabody deal that could explain this."

The Kennecott contract itself may be enough to push many U.S. copper mines into the red, but it is hardly a victory for the copper workers. The contract adds up to a three year 12 percent wage increase — far below the contracts won by other trade unionists over the last year. The copper workers will receive 85 cents over three years — ten cents short of the increases won by the steel and aluminum workers earlier in the year, an increase in their pension benefits, and the preservation of the existing cost-of-living and other allowances, which still leaves the copper workers' benefits substantially behind those of the steel and aluminum workers.

Agriculture Secretary Bergland Pushes Cartel, International Wheat Cutbacks

AGRICULTURE

Reports this week indicate that Carter Agriculture Secretary Bergland's months-long diplomatic efforts to organize an international wheat cartel are centering now on specific U.S. demands to reduce the 1978 wheat crop *internationally* by 10-20 percent!

The immediate targets of Carter Administration armtwisting to this end are Canada, Australia and Argentina — the same countries wooed by Bergland since at least January as prospective founding members of the proposed cartel, and the three countries which, together with the U.S., are responsible for the bulk of the world's grain supplies. According to the July 4 Montreal *Gazette*, international crop reductions were the subject of a two-day meeting of the four producer countries this week in Washington, D.C. hosted by Bergland.

At the same time, hoped-for public support for the scheme — not only to "set aside" part of the world's crop as a "reserve," but to systematically reduce output itself by "setting aside" cropland — is being laid by such major Wall Street press sources as the *New York Times* and *Washington Post*, which have begun a press campaign asserting that the problem facing U.S. agriculture is the "surplus" — too much production.

With U.S. farmers and agribusiness representatives near desperation as the selling price of wheat to farmers has fallen far below current production costs, the Administration hopes to con the farm community into supporting the scheme by intimating it will boost prices.

Carter's Cartel

As the Montreal *Gazette's* Washington correspondent stressed, the Carter Administration is pressing for an agreement on the crop reduction package by September. Such an agreement would cement the cartel Bergland hopes will act as a unit at the next International Wheat Council meeting to push through plans for an "international grain reserve" and associated production controls

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despite European and Soviet resistance.

Spokesmen for the Overseas Development Council, a Washington, D.C. based think tank allied with the Trilateral Commission and long-time proponents of various Rockefeller reserve schemes to add the "food weapon" to the U.S. arsenal, told EIR this week that the "real problem internationally" is the European Common Market and its well-protected agricultural sector. A substantial grains producer in its own right, Europe has been exporting wheat in increasing ouantities to Third World countries under Common Market trade and export subsidization agreements.

International Crop Reduction

Secretary Bergland himself has yet to make an official policy statement on his 1978 crop reduction plans, banking instead on the billowing liouidity crisis in the American Midwest to push aside producer resistance to the economically and politically onerous scheme at home. The same press conduits promoting the "wheat surplus" problem, however, also "leak" that the Bergland scheme will be "voluntary" — adding on good authority that non-participants will, of course, be declared ineligible for any of the federal farm price support programs!

The world crop-control scheme is modeled on the 1971 Canadian "Operation LIFT" which implemented a 50 percent reduction in Canadian wheat output, slashing wheat acreage from 28 to 18 million acres in the year. Widely considered a disaster by Canadian wheat-growers the operation seriously disrupted the agricultural sector just a year before foreign crop failures sent demand for wheat soaring.

The Hoax

Current real world food and nutrition reouirements far outstrip current American agricultural production levels, high as they are. Existing, much less new, markets are cut off by the burden of debt service obligations of principally developing sector nations to the bankrupt New York banks, whose international collection agency, the International Monetary Fund, has methodically dictated the reduction of Third World imports and ordered available foreign exchange channeled into principle and interest tribute.

On the other hand, given a healthy world monetary system and a rising amount of world trade, it is clear that the U.S. would find no difficulty whatsoever in marketing its 1.1 billion bushel so-called wheat surplus.

U.S. Protectionist Legislation Could Collapse World Shipping

SHIPPING

London's *Financial Times* predicted last week that, after months of stalling, the Carter Administration would endorse a modified version of the oil import shipping preference legislation pending in Congress. As it now stands, the bill calls for 30 percent of U.S. imported oil to be carried by the U.S. flag fleet by 1980 — less than four percent of this oil was shipped by the U.S. in 1976. If the additional tonnage needed is to be new ships built in the U.S., then the shipbuilding industry here could not meet the 1980 deadline. The cargo preference reouirements would mean adding 17 million tons to the existing U.S. fleet of 14 million tons providing $13 billion in new contracts for U.S. shipyards.

Shipbuilders, lobbying heavily for the bill, say they can meet those requirements by 1985. The shipbuilding lobby, calling itself the U.S. Wartime Committee to Turn the Tide, has engaged Gerald Rafshoon Advertising Inc. of Atlanta, Georgia to handle a well-funded publicity campaign that has included prime time television and a double-page ad in *Time Magazine*. The advertising agency's previous large account was Carter's presidential campaign. The lobby's loudest voices in Congress are Rep. John M. Murphy (D-NY) and Sen. Magnuson (R-Wash), both of whom head maritime committees in their respective legislative bodies.

The most vocal opposition to the proposed bill has come from British and Norwegian shipowners who make the following argument:

(1) The additional U.S. tonnage would further collapse the already depressed market leading to more defaults on tanker debts held by European banks and to the dismantling of European shipyards. Norway alone would lose $1.5 billion a year in revenues;

(2) The bill would not, as argued, increase U.S. war fighting capabilities since the shortage is not in tankers but in naval ships to accompany them;

(3) The cost to the U.S. consumer will be an additional $38 billion on the U.S. oil import bill equaling 3.7 cents per gallon of oil;

(4) The bill will increase the occurrence of oil spills since it will require the full utilization of the obsolete U.S. fleet. The average U.S. ship is three times as old as the average British ship and costs 30 percent more to operate than a Norwegian ship even though Norway pays 15 percent higher wages.

Opponents of the bill are hoping for an amendment that will allow the chartering of some of the idle tanker tonnage while the market is depressed. However, tanker safety legislation, also about to be passed by Congress, and the absence of deep-water port facilities in the U.S. prohibits 90 percent of the world fleet from docking here.

Proponents of the two proposed deep-water port projects in the Gulf of Mexico including Hugh C. Scott of the Houston-based Seadock, Inc. and Walter Reed, President of the New Orleans-based Loop Inc., are hopeful that con-