WORLD TRADE

Kreps and Forrestal scuttle $30 billion in U.S.-Soviet trade

U.S. Commerce Secretary Juanita Kreps and U.S.-U.S.S.R. Trade and Economic Council chairman Michael Forrestal bear a major responsibility for sabotaging U.S. acceptance of a $30 billion Soviet "shopping list" handed to the U.S. at a meeting of the U.S.-U.S.S.R. Council in Moscow last December. Acceptance of that list would have set into motion direct and indirect processes to end the U.S. balance of trade deficit, and to create hundreds of thousands of high-skilled jobs in the U.S. It would also have precluded the Ayatollah Khomeini's destabilization of Iran, among whose principal victims were the U.S. and the Soviet Union.

Commerce Secretary Kreps has been leading the way in scuttling "Most Favored Nation" status for the Soviet Union—the prerequisite for expanded U.S.-Soviet trade. Kreps seeks instead to accord such status to the world's leading opium-exporting nation, the People's Republic of China. U.S.-U.S.S.R. Trade and Economic Council chairman Michael Forrestal, for his part, has devoted himself to seeing that American industry's protests against this suicidal policy are squelched. The Council he heads is the leading business spokesman for U.S.-Soviet economic relations.

State Dept., Congress Role

Kreps and Forrestal's efforts have been part of a broader sabotage. Instead of responding positively to the $30 billion Soviet "shopping list," the State Department's Cyrus Vance and Warren Christopher accelerated the destabilization of Iran's Shah and actively encouraged the Chinese Communists to invade the Soviet Union's ally, Vietnam.

At the same time, a passle of congressmen—including Senators Heinz, Roth, Ribicoff, and Danforth, and Congressmen Bingham and Wolff—rushed forward with a collection of spurious "pro-export" and "pro-East-West-trade" bills. Their intent has been to deflect U.S. business and labor export demands.

In reality, the legislative bills ef-

TRANSPORTATION

Rock Island strike cripples grain traffic

The Chicago and Rock Island Railroad strike is aggravating the transportation bottlenecks that have already disrupted Midwest grain deliveries and now threaten to severely contract U.S. grain exports. Despite record demand, thousands of farmers face economic ruin this year: storage elevators and terminals are filled to capacity, though the fall harvest is only beginning, and shipping snarls mean discounts of up to 40 percent on the prices farmers receive for their crops.

The Rock Island strike began on Aug. 28 as 1700 members of the Brotherhood of Railway and Airline Clerks (BRAC) walked out after working for over a year without a contract. The strike was forced upon BRAC when the Rock Island—a bankrupt line in receivership since 1975—refused to give the union pay increases retroactive to the original contract date negotiated by other railroads with BRAC locals last year. BRAC was soon joined by the United Transportation Union, which demanded similar provisions.

Shutting down

Although the Rock Island says it simply does not have the $14 million for these increases—a statement true enough in terms of its balance sheet—the fact is that Rock Island's management would just as soon cease operations altogether and sell its decrepit assets for scrap or to other railroads. It is no secret that the management is hoping the strike will put the railroad under once and for all.

The Rock Island carries 10 percent of all Midwest grain and over 20 percent of Iowa's corn, not to mention critical industrial products and farm machinery that cannot be moved by truck. Seventeen hundred grain elevators are served exclusively by the Rock Island, which has already cut scores of branch lines and thus forced hundreds of farmers to ship their grain by more costly means of transport. The Rock Island is the fifth largest rail originator of grain, carrying over 100,000 carloads per year and an average 8.5 million bushels per week.

fectively reinforce the anti-U.S.-Soviet-trade bias of the 1974 Jackson-Vanik bill, which denies MFN-status to the USSR on the issue of Soviet emigration policy. The bills would simply permit a finer-tuned ad hoc approach: if high-technology sales from the West cannot be blocked, this approach would try to ensure that Anglo-Americans, and not Europe or Japan, fill the orders.

Godfathers

Kreps's and Forrestal's motives are partly explained by links to international societies committed to derailing the USSR *and* U.S. because of those nations' technological prowess.

Juanita Kreps became a functionary for the Order of St. John of Jerusalem through the sponsorship of her academic career by the tobacco-fortune based Duke family of British-American Tobacco Co., Ltd., whose leading scion, Angier Biddle Duke, is a prominent officer of the Order of St. John. From 1955 until 1977, Mrs. Kreps was a professor of economics at Duke University, of which Angier Biddle Duke is a trustee. From 1972 Kreps was awarded the James B. Duke chair—the university's most prestigious post. From 1973 on she was Duke University vice-president.

Forrestal got his start as a special assistant to Averell Harriman, director of the Marshall Plan, from 1948-1950.

Averell Harriman's late brother E. Roland Harriman was an officer of the Order of St. John. Averell himself, a protégé of Sir Winston Churchill, acknowledges himself as one of the key individuals responsible for launching the Cold War. Averell has been a "Soviet handler" since the 1940s, adopting "soft cop" techniques as the Soviets built up their military and economic strength.

Michael Forrestal himself is the son of the notoriously pro-Cold War Navy Secretary James D. Forrestal. From 1962-1965 Michael was Harriman's man on the White House National Security Staff, working closely there with McGeorge Bundy. For two decades, Michael Forrestal has been associated with Citibank's law firm, Shearman and Sterling, which is connected to the Order of St. John through partner and Maltese officer William Rockefeller.

Such is the sad little story of a $30 billion death wish.

—*Richard Schulman*

Since the strike, nothing but a trickle of grain has moved on the railroad, which has abominable service anyway. For example, since August 9—almost three weeks before the strike—one train of 30 cars has moved only 30 miles, while dozens of others crawling toward market are now sitting idle.

The overall jam

The Rock Island strike is the latest in a series of transportation snafus that have imperiled grain delivery. It follows a two-month-old strike of millers at the Great Lakes port of Duluth-Superior, which normally handles 41 percent of all Great Lakes shipping and 7 percent of U.S. grain exports. That strike was provoked by eight elevator operators who refused to give the grain millers' union a cost of living escalator, offering only a miserable 21.5 percent wage increase over three years—less than half the rate of inflation.

Together, the Rock Island and Duluth-Superior strikes are affecting over 10 percent of U.S. grain exports. Combined with a severe shortage of railway covered hopper cars and grain-carrying boxcars and barges—plus an enormous traffic jam on the Mississippi caused by the bottleneck at the obsolete Lock 26 near St. Louis—the transportation situation in the grain belt is verging on chaos. Although it appears unlikely that the Rock Island strike will spread to other lines, as in the national railroad strike which followed last year's Norfolk & Western shutdown, UTU pickets have already partially shut down key Rock Island interchanges on the Santa Fe and Missouri Pacific lines.

So far, the Carter administration and Congress have done virtually nothing. But, in the last few days, the secretaries of the departments of transportation, labor and agriculture have been meeting with President Carter's advisor Stuart Eizenstat to develop emergency plans. It is rumored that the President may invoke Taft-Hartley to force the millers back to work in Duluth. Taft-Hartley would create an Emergency Board to deal with the Rock Island strike, which would automatically entail a 60-day cooling-off, back-to-work period.

This, however, is no solution. In no way is either Congress or the administration addressing the heart of the problem on the Rock Island and other transportation bottlenecks: how to generate sufficient investments in capital goods and equipment in the railroad and shipping industries to expand facilities, cheapen costs, and curtail inflation.

—*Steve Parsons*