



Birds of a Feather

American and Soviet Traders are Flocking Together

by John W. Robbins

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In 1972 the governments of the United States and the Union of Soviet Socialist Republics signed an agreement on trade that established the Joint U.S.-USSR Commercial Commission. Signed by Richard Nixon and Leonid Brezhnev on May 26, 1972, the Agreement resulted in seven Soviet-American meetings during the period from 1972 to 1978, and then a six-year hiatus until the eighth meeting in 1985.

Born of the spirit of détente, the purpose of the Commercial Commission meetings was to increase trade between the United States and the Soviet Union by eliminating some of the obstacles to that trade and actively financing it as well. As a result of Commission activities in 1972, seventeen credit agreements totalling one billion dollars were reached between the United States and the Soviet Union within one year. These agreements were mediated by the Export-Import Bank, which also insured the terms.

The series of meetings was interrupted in December 1979 by the Soviet invasion of Afghanistan, which prompted the Carter Administration to impose a grain embargo on the Soviet Union and to prohibit American athletes from attending the 1980 Olympics in Moscow. During that period of official hostility, a little noticed but quite influential group continued to meet, with the blessing of the Carter Administration, in both the Soviet Union and the United States: the US-USSR Trade and Economic Council.* The Council has offices at 805 Third Avenue, New York, NY 10022, (212) 644-4550, and at 3 Shevchenko Embankment, Moscow 121248 USSR, 243-5470.

The Origins of the Council

In the October/November 1977 issue of the Council's magazine, the *Journal of the US-USSR Trade and Economic Council* David Rockefeller provided an account of the Council's origins: "It was at the seventh session of the Dartmouth Conference in Hanover [New Hampshire] in 1972 that the idea of forming a joint high-level Trade and Economic Council was first proposed." Unfortunately he does not tell us who proposed it, but the proposal was quickly acted upon. The following year, on June 22, 1973, George Shultz, then Secretary of the Treasury, and Nikolai Patolichev, Minister of Foreign Trade of the USSR, signed a Protocol, which stated in part:



The Secretary of Commerce of the USA will meet at an early date with members of the United States business and financial community to discuss the desirability of establishing in the United States private sector a USSR-US Chamber of Commerce [now the Council]. The Minister of Foreign Trade of the USSR will continue similar consultations with Soviet Foreign Trade Organizations. The results of these consultations shall be reported promptly to the joint USSR-US Commercial Commission.

The result of the consultations was, of course, the establishment of the US-USSR Trade and Economic Council. After the signing of the Protocol in June 1973, Donald Kendall, Chairman of Pepsico and signer of the Pepsi-vodka deal with the Soviet Government, was invited by Leonid Brezhnev to spend an entire day, August 28, 1973, at Brezhnev's dacha in Yalta to discuss the Trade Council.

By September 1973 the Council's board of directors had been named. On October 1st, a dinner was held in the Granovitovaya Palata in the Kremlin to inaugurate the Council. Treasury Secretary George Shultz was in attendance, discussing with Brezhnev the Nixon Administration's strategy for keeping the subsidies and goods flowing to the Soviets despite the opposition of the U.S. Congress.

In January 1974, the Council opened its New York headquarters. On February 24th of that year, the first full meeting of the board of directors was held. In April the Council opened its Moscow office. And that October the first board meeting was held in Moscow. **The Dartmouth Conference**

What sort of group is the Dartmouth Conference that its suggestions become subjects of international Protocols shortly after they are made? An issue of the Council's *Journal* published in 1976 contained a major article on the 10th session of the Conference held in Rio Rico, Arizona. The *Journal* described the meeting this way:

Dartmouth Conference X, tenth in a series of unofficial meetings between prominent American and Soviet businessmen, social scientists, and academicians [please notice that there is no mention of government officials] ... provided an opportunity for private US and USSR citizens to openly discuss critical issues affecting both nations in an environment conducive to increased understanding. Since its initial meeting on the Dartmouth College campus in 1960, the group has assembled on a regular basis in both full and task force sessions, alternating locations between the US and the USSR.

Co-chairmen of the U.S. delegation, according to the *Journal*, were Norman Cousins, editor of *Saturday Review*, and Robert G. Chollar, chairman of the board and president of the Kettering Foundation. The "private citizens" who functioned as co-chairmen of the Soviet delegation were Georgii Arbatov, director of the Institute of the U.S.A. and Canada; and Georgi Zhukov, deputy of the Supreme Soviet of the USSR and political commentator for *Pravda*, the government newspaper in Moscow. Other "private citizens" who attended from the USSR included S. M. Borisov, Deputy Minister of Finance of the Soviet Union; N. V. Mostovets, Chief of Section, International Department of the Central Committee of the Communist Party of the Soviet Union; V. A. Pekshev, deputy President of the US-USSR Trade and Economic Council; B. A. Rounov, Deputy Minister of



Agriculture of the USSR; M. I. Zakhmatov, Counselor to the Soviet Embassy in the United States; and V. P. Siradze, Deputy to the Supreme Soviet of the Georgian Soviet Socialist Republic.

From the American side came such “private citizens” as Representative Lee Hamilton, a Member of Congress from Indiana; Charles W. Yost, Ambassador; and Paul C. Warnke, former Assistant Secretary of Defense. Of course, there were many more Americans in attendance, most of whom were in fact private citizens: Landrum Bolling, president of The Lilly Endowment; Clifford Hardin, director of the Ralston Purina Company; G. William Miller, president and chief executive officer of Textron (and later Chairman of the Federal Reserve Board and Secretary of the Treasury); David Rockefeller, chairman of Chase Manhattan Bank; and Harold B. Scott, president of the US-USSR Trade and Economic Council.

It is obvious that the Dartmouth Conference is a very influential group of people. None of the Soviet representatives can be described as “private citizens,” for they represent the government of the Soviet Union; and most of the American representatives hold influential positions in American business, financial, and academic communities. So it is understandable that within a matter of months the highest levels of both governments took action to implement a joint US-USSR Trade and Economic Council. **The Purpose of the Council**

The Council describes itself in these words:

The US-USSR Trade and Economic Council is a non-profit membership organization of American and Soviet business-related enterprises devoted to facilitating trade expansion between the two countries. It draws its authority from a government-to-government protocol and its effectiveness from the active support of the governments and businessmen in both nations. The Council concerns itself with the dual responsibility of general market development and individual trade facilitation for members. Through a binational Board of Directors and membership, it works to develop and implement new business projects to meet the special conditions of US-Soviet trade. It provides a full range of trade-assistance services for members through its New York and Moscow offices. The Council maintains in each of these offices binational staff of trade and economic specialists uniquely qualified to promote business developments in the United States and the Soviet Union. Additionally, it offers members complete business support facilities to handle day-to-day dealings in both countries.

There are several noteworthy aspects of this description. We shall mention two: First, the Council recognizes that it “draws its authority from a government-to-government protocol and its effectiveness from the active support of the governments ...” The Council is not a private organization. This is a very important point, for it is governmental interference in international trade that has caused virtually all the foreign trade problems that we face today.

Second, the Council admits that it “concerns itself with the dual responsibility of general market development and individual trade facilitation for members.” Thus, the Council not only provides secretarial, linguistic, library, and research services that an international chamber of commerce might be expected to provide, but it performs functions that are designed to aid in the expansion of U.S.-USSR trade. Throughout the Council’s *Journal* there are repeated calls for most-favored-



nation treatment for the Soviet Union and for the extension of Export-Import Bank credits to U.S.-Soviet trade. Somewhat disingenuous in their argumentation, the articles advocating most-favored-nation status assert that this will simply give Soviet exports to the United States the same tariff treatment that goods from more than 100 other countries receive. It will do that, of course, for the phrase means that whatever trade terms are extended to the “most-favored-nation” will also be extended to the Soviet Union.

But the terms of trade are not limited strictly to tariffs. They extend to all sorts of credits, loans, loan guarantees, and other financial subsidies that the U.S. government now makes available through the Export-Import Bank, the Overseas Private Investment Corporation, the Commodity Credit Corporation, the Small Business Administration, and other agencies. Granting the Soviet Union most-favored-nation status means that it becomes eligible for all sorts of subsidies from the American taxpayers. The Council is not just a provider of business services to its members; it is an active proponent for changes in U.S. policy that will benefit the Soviet Union.

Not only does the Council “draw its authority” from a government-to-government protocol and its effectiveness from the active support of the governments of the Soviet Union and the United States; it receives financial support from both governments as well.

According to one of its own brochures, the Council is a membership organization composed of “around 250 American companies and 114 Soviet organizations.” Another brochure informs us that all members pay annual dues of \$1,100 to \$11,000, depending on their economic size. If we assume that the “Soviet organizations” — which are, of course, agencies of the Soviet government and not independent businesses — pay dues averaging \$5,000 per year, then the Council’s total annual income from Soviet dues alone would be \$570,000. If we add to that sum the advertising fees paid by the Soviet government agencies concerned with trade — then we can reasonably suppose that the government of the Soviet Union pays three-quarters of a million dollars per year toward the budget of the Council. Thus, more than one-third of the Council’s two million dollar operating budget is provided by the Soviet government.

The financial support provided by the United States government is less obvious. Through the Commerce, Housing and Urban Development, and State Departments, our government sponsors seminars, exhibitions, and conferences both in the Soviet Union and the United States.

The Secretary of HUD, Samuel Pierce, speaking in the Soviet Union last November, declared that HUD and GOSSTOY, the Soviet construction bureau, are “fostering the development of commercial relations between our two countries in civil construction, housing, and related industries to an extent unparalleled in our respective histories.” Last year the United States and the Soviet Union signed an agreement on housing and other construction. Present at the November festivities, when Secretary Pierce led a delegation of Council members to the Soviet Union, were representatives of several American companies, one of whom attributed the success of the meeting to Secretary Pierce.

In addition to financial support, the Council has enjoyed the accolades of both governments. For example, former Secretary of the Treasury, William Simon, commented: “I salute the dedicated



people on both sides who have carried forward the day-to-day work of the Council, and I congratulate the Council's leadership, which has been so important for its success in building the stronger economic ties we seek." **The Satellite Councils**

There are a number of councils similar to the US-USSR Trade and Economic Council. The Hungarian-U.S. Economic Trade Council, founded March 14, 1975, is composed of 12 U.S. companies, including Occidental Petroleum, International Harvester, 3M, and Control Data.

The U.S.-Yugoslav Economic Council (818 18th Street, N.W., Suite 818, Washington, DC 20006; telephone: 202-857-0170) publishes a monthly newsletter called *Business News*. The February 1987 issue reported that the Department of Commerce will host seminars on tourism in Yugoslavia in March, the Department of Commerce will hold a "video catalogue show" on energy in Belgrade in February and March, and the Department of Commerce will hold trade seminars in three Yugoslavian cities in 1988.

The Overseas Private Investment Corporation, an agency of the U.S. government, will lead an investment mission of U.S. corporate executives to Yugoslavia in May.

Most interesting of all, the U.S. Air Force Chief of Staff, General Larry Welch, led a military delegation to Yugoslavia in December 1986. In the words of the newsletter:

The [American] delegation met with the Federal Secretary for National Defense, Fleet Admiral Branko Mamula, as well as with the Yugoslav Air Force and Air Defense Commander ... Anton Tus. The visit included discussions of military, economic and technological cooperation between the two defense establishments as well as visits to several Yugoslav units and installations.

Other similar Councils link the United States with the governments of Poland and Rumania, and yet another Council is being planned for Bulgaria. In February 1987, the Reagan Administration restored most-favored-nation status to Poland, making it eligible once again for U.S. government credits. Thanks to credits obtained through the Commodity Credit Corporation, the government of Poland already owes the U.S. government two billion dollars that it is unwilling to repay.

Without subsidies, credits, loans, or loan guarantees of any sort provided by Western governments to foster East-West trade, it is doubtful there would be any. Those who favor the development of commercial relations with Communist and socialist countries understand that, and that is why they are constantly advocating that the U.S. government provide credits to Communist nations, especially to the Soviet Union.

Typical of the pleas for government credits is an article that appeared in the Council's *Journal* for October/November 1975. Written by Harold B. Scott, a former employee of the Department of Commerce and president of the Council, the article lamented that "Public rhetoric denigrates the availability of Ex-Im [Export-Import] Bank export credits as a major 'concession' to the Soviets. But the credit availability is a necessity to U.S. exporters and the lack of it makes them non-competitive Without Ex-Im Bank, the U.S. exporter has no suitable financing facilities." Scott argued: "We need a stronger business/government relation."

David Rockefeller commented in the January/February 1979 issue: "The U.S. Government, for its



part, is also placing added emphasis on recently-announced programs to increase exports. Included in this effort is a large expansion of the authorized resources of the Export-Import Bank — from \$25 billion to \$40 billion. At some point, and I trust without undue delay, I am hopeful Eximbank resources again will become available for trade with the Soviet Union.”**The**

Totalitarian View of Trade

Writing in the same issue, Secretary of Commerce Juanita Kreps reported that “direct assistance to American exporters will be increased through the Eximbank, the Commodity Credit Corporation, and the Small Business Administration.” Secretary Kreps even quoted Brezhnev with approval: “[P]olitics and economics, diplomacy and commerce, industrial production and trade are interwoven in our foreign and economic relations. Consequently, the approach to them and to management must be integrated, combining the efforts of all departments, our political and our economic interest.”

What is remarkable about Kreps’ agreement with Brezhnev is that his statement is a summary of how a totalitarian state must handle its international affairs and the antithesis of how a constitutional republic ought to handle its international relations. Yet the governments of both the United States and the Soviet Union have adopted the same totalitarian view of trade: That which is not prohibited is subsidized and regulated.

In a major speech before the 1985 meeting of the Council in the Soviet Union, Secretary Mikhail Gorbachev stressed the importance of U.S. government credits to finance trade with the United States:

The first such obstacle [to trade] is that the Soviet Union does not enjoy the so-called most-favored-nation treatment The second problem is the obstacles we have to face in the United States as regards credits There can be no serious trade without credits.

The present president of the Council, James H. Giffen, believes that “U.S. exporters will not be competitive on major projects without U.S. Export-Import Bank financing” This is true not only because other Western governments offer subsidies and credits for trade with the Soviet Union but because trade with the Soviet Union is uniquely difficult.

In the October/November 1977 issue of the *Journal*, Reginald Jones, chairman of General Electric, a company that has done business with the Soviet government since 1922, points out some of the difficulties of doing business with the Soviet government:

It should be clear that the time and effort required for a U.S. supplier to get an order from the Soviet Union can often be very substantial, with no indication or implied promise at any point that the result will be positive. The U.S. company that is seriously interested in obtaining a major contract must be prepared to invest considerably more time and effort than for a comparable project in the U.S.

That being the case, it is no wonder that trade with the Soviet Union must be largely subsidized by Western governments: It is simply more profitable to sell to non-Communist customers in the absence of such subsidies.



In the third volume of his *Western Technology and Soviet Economic Development*, Antony Sutton discusses the critical role of governments in East-West trade:

The financing of technical assistance has not normally taken the form of government-to-government transfers; until recently, it was usually accomplished through private loans and credits guaranteed by a Western government Although the role of Western governments has been obscure it has also been fundamental: it is unlikely that individual Western firms, financial institutions, and banks would have continued to provide long-term credits or loans without government guarantees The financing of U.S. equipment for the Volgograd automobile plant, to cite a recent example in the United States, was not of interest to private sources, and the original intent was to finance Volgograd through the Export-Import Bank. When this approach was rejected by Congress, other means were found by the administration to provide U.S. Government backing for construction of the largest automobile plant in the U.S.S.R.

What is the reason for the existence of the Council and the present push for more government-subsidized trade with the Soviet Union? Are the reforms that General Secretary Mikhail Gorbachev is instituting in the Soviet Union relevant to the renewed interest in trade?

In February and March 1986 the 27th Congress of the Communist Party of the Soviet Union adopted very ambitious five-year and fifteen-year plans for the economic development of the Soviet Union. When he addressed the Council in late 1985, Gorbachev alluded to these plans: "We have great plans for our economic, scientific, and technological development. And for that we would like to make the fullest possible use of the additional opportunities inherent in international cooperation, including cooperation with the United States." At a press conference during the summit meeting in Geneva in 1986, Gorbachev said: "We are ready to invite the American business circles to participate in realization of major projects. We have big plans."

These plans, entitled *Guidelines for the Economic and Social Development of the USSR for 1986-1990 and for the Period Ending in 2000*, are, in the words of Boris I. Aristov, Minister of Foreign Trade of the USSR and Honorary Director of the Council, a "vast program providing not only for significant increase in production but also for the transfer of the entire economy to intensive development and increased productivity based on scientific-technological progress."

Minister Aristov went on to explain how the Soviet government would make international contracts: "Specific fields of our business cooperation with the West will of course be determined by Soviet economic development priorities. For example, [the] mechanical engineering industry, especially machine-tool industry, computer industry, instrument engineering and electronic industry, industries connected with agribusiness, metallurgy, consumer goods industry and sphere of services will be developing at an overriding rate." **The 12th Five-Year Period**

V. N. Kirichenko, Director of the Economic Research Institute of the USSR State Planning Committee, writing in the Council's *Journal* in late 1986, explained the situation this way:

One of the principal tasks of the 12th five year period is *the creation of necessary preconditions to make the upward trend in the economic growth rates a long term one*. [Emphasis in original.] One of the ways to achieve it will be the accelerated growth of capital investments in the economy.



They will increase by 23.6 percent as against the 15.4 percent in the previous five years, while *the aggregate investments to be made in the national economy by the end of this century will exceed the total investments over all the previous years since the Soviet State was founded.*" [Emphasis ours.]

Communism, in short, is to be built by non-Communist hands. The Soviets' enormous need for both foreign capital and foreign technology explains why they are once again permitting joint ventures inside the Soviet Union. It explains the Soviet effort to join the General Agreement on Tariffs and Trade, which governs European trade relations. It explains the Soviet government's effort to join the International Monetary Fund and the World Bank. It explains the modest relaxation of emigration restrictions, especially for Jews wishing to go to Israel. Further relaxation is likely to come soon, for the United States stopped granting Export-Import Bank credits to the Soviet Union in 1974 because of its emigration restrictions.

The Soviet Union's need for foreign capital and expertise explains the supposed "relaxation" of political repression by the Gorbachev regime: Gorbachev is bidding for the favor of Western governments, especially the United States, so that they will enlarge their subsidies for trade with the Soviet Union. Gorbachev knows that without such subsidies there can be no serious trade. Western government credits and subsidies are necessary for such trade to exist.

None of this is new, of course. The history of the Soviet Union is the history of economic collapse followed by reconstruction by the West. Antony Sutton reports in the second volume of his *Western Technology and Soviet Economic Development*:

[H]undreds — perhaps thousands — of foreign companies were called in to supervise construction of the First Five-Year Plan American Lend-Lease after 1942 gave a massive injection of modern technology which carried the Soviet economy well into the 1950s. Although Congressional intent was to limit Lend-Lease to the military prosecution of the war against Germany and Japan, at least one-third of the shipments had reconstruction potential, and shipments continued through 1947, formalized in the "pipeline agreement" of October 15, 1945.

Josef Stalin himself acknowledged the help of the United States Government in building the Soviet economy. W. Averell Harriman reported a June 1944 conversation between Stalin and Eric Johnson of the State Department:

Stalin paid tribute to the assistance rendered by the United States to Soviet industry before and during the war. He said that about two-thirds of all the large industrial enterprises in the Soviet Union had been built with United States help or technical assistance.

The activities of the Council are simply the latest way that has been devised for the Soviet government to obtain the credits and subsidies it needs from the U.S. government. **The Great Pretense**

In an advertisement in the *Journal*, Ingersoll-Rand claims: "Trade builds trust, creates opportunities, stimulates growth, increases understanding, reduces conflict, contributes to world peace." Many Americans honestly believe such claims, but they are wrong.



In 1913 Norman Angell published a book entitled *The Great Illusion*, in which he argued that the “elaborate financial interdependence of the modern world” made war senseless. The book was a bestseller both in Europe and in the United States — just before the outbreak of World War I. Perhaps it could be argued in Angell’s defense that World War I was senseless — and it was — but, nevertheless, it did occur. Trade and interdependence do not prevent wars; wars are caused by governments, and governments are not, by definition, creatures of the market. The proper relationship between trade and politics was expressed by President Nixon in a 1969 meeting with the National Security Council: “I do not accept the philosophy that increased trade results in improved political relations. In fact, just the converse is true. Better political relations lead to improved trade.” Nevertheless, like other U.S. presidents, Nixon too followed a policy of subsidized trade with Communist nations.

It is an illusion to suppose that trade will lead to world peace or will cause the Communists to evolve into capitalists. What trade accomplishes is the reconstruction of the Soviet Union without any loss of power by the Communist Party. There are two possible methods to improve the Soviet economy: (1) a genuine reduction of political power and control within the Soviet Union, so that the people will be free to produce and even to vote; or (2) a massive absorption of foreign capital and technology. The Communist Party has always chosen the second course, not the first: It did so in the 1920s during Lenin’s New Economic Policy, it did so in the 1960s under Khrushchev, and it is doing so in the 1980s under Gorbachev.

To head off any public outcry in the West over subsidization of trade with a totalitarian country, the Soviet government must make a great show of reforming itself. Releasing a few dissidents, easing emigration restrictions, allowing farmers private plots to grow their own food and a little to sell on the side, allowing family businesses to function with reduced government interference — all these are the stock-in-trade of totalitarian governments intent on deceiving the obtuse Western public. By attracting aid from the non-Communist states, it can avoid a diversion of resources away from its vast military and secret police organizations and eliminate the need for any serious political or social reforms as well. The importation of foreign capital and technology ensures the continuation of Soviet repression, not its end.

But there is another threat posed by the subsidization of trade with the Soviet Union and its satellites. In 1983 the Pentagon issued a study, entitled *Soviet Military Power 1983*. It contained a passage that has not been repeated in any subsequent annual study of *Soviet Military Power* issued by the Pentagon:

The flow of Western technology, equipment and materials to the Soviet Union has made a considerable contribution to the Soviet military-industrial capabilities. Industrial machinery and products imported for the civilian industry often directly support the defense industries. Since a significant amount of defense production occurs in the machinery sector, it is likely that at least half of the machinery acquired from the West contributes to defense production. *Western, government-backed, low interest credits and loans provided to the Soviets have underwritten this trade and greatly facilitated the development and serial production of modern weapons* [Emphasis ours.]



It is significant that this reference to government loans and credits, which have “greatly facilitated the development and serial production of modern weapons,” has not been repeated in the subsequent studies issued by the Pentagon. Once the American people understand that it is their own government that is facilitating the production of modern weapons aimed at the United States, through loans and Credits financed by American taxpayers, then the pressure will become irresistible to end such welfare programs for the Communists and their trading partners.

The key issue is not trade at all — but aid. Nearly everyone concerned, from Gorbachev to the members of the US-USSR Trade and Economic Council, agrees that there would be no serious East-West trade if Western governments did not issue guarantees and credits to finance it. In fact, how can there be “free” trade between a free society and a totalitarian government?

Lenin, who led the Communist coup d'état that overthrew the government of Russia in 1917, had predicted the development of such government-financed trade:

The capitalists of the world and their governments, in pursuit of conquest of the Soviet market, will close their eyes to the indicated higher reality and thus will turn into deaf-mute blindmen. They will extend credits, which will strengthen for us the Communist party in their countries and, giving us the materials and technology we lack, they will restore our military industry, indispensable for our future victorious attack on our suppliers. In other words, they will labor for the preparations for their own suicide.

Although the US-USSR Trade and Economic Council is not registered as an agent of the Soviet government, it is one nonetheless. It receives at least a third of its financing from agencies of the Soviet government, and many of its activities involve advocacy and lobbying for subsidies and credits from the U.S. government. It keeps its membership list a secret, yet it derives its authority and effectiveness from the active support of the U.S. and Soviet governments.

In addition to exposing this Soviet project for what it is, it is necessary to seek the elimination, overnight if possible, of all forms of government credits, loans, and loan guarantees for foreign trade. Without such government subsidies, there would be little, if any, trade with socialist nations. Congress, if properly motivated, has the power to end such programs, but it must first discover them. They are not confined to the most visible agencies such as the Export-Import Bank and the Commerce Department. Agencies such as the Small Business Administration, the Departments of Housing and Urban Development, Agriculture, and Treasury, and several “independent” agencies are also deeply involved. **Free (from Government) Trade**

What must be challenged at the most fundamental level is the totalitarian mentality toward trade that Washington as well as Moscow has adopted. In the absence of any direct threat to the residents and the territory of the United States, trade should be free from unconstitutional government interference, whether the interference takes the form of subsidies or regulations.

The present activities of the U.S. government in our commercial relations with Communist states are an imminent threat to the American people. They need to be ended quickly. We must not allow ourselves to be misled by arguments about “competitiveness” and so-called “reform” in the Soviet Union. Instead, we must abolish those government programs that are aiding the growth of



Communism worldwide. Soviet Communism must not wear a "Made in the U.S.A." label. **Dwayne O. Andreas**

Dwayne Andreas's resume lists him as "Chairman, US-USSR Trade and Economic Council." The *Wall Street Journal* has called him "Gorbachev's Pal." Because of his role in the Council, he is worth some special attention.

A Mennonite farm boy and college dropout (Wheaton, Illinois), Andreas divides his time between his home in Miami Beach and his business in Decatur. He is chairman of the board and chief executive of Archer Daniels Midland company, whose graphic advertisement in the Council's *Journal* is displayed nearby. His business is grain, and he wants to make the Soviet Government one of his biggest customers.

He is chairman of the Foundation for the Commemoration of the United States Constitution, of the Economic Club of New York, and of President Reagan's Task Force on International Private Enterprise; a trustee of the Foreign Policy Association and The Hoover Institution on War, Revolution and Peace; and a member of the Trilateral Commission, among many other organizations.

Contributor of hundreds of thousands of dollars to political candidates, Andreas has vacationed with Senator Robert Dole, former majority leader of the Senate and Presidential candidate, and played golf with Tip O'Neill, former Speaker of the House of Representatives, and Nelson and Laurance Rockefeller. He was a close friend and confidante of Vice President Hubert Humphrey. Currently, he is building a statue of Ronald Reagan in Decatur, Illinois. When Tip O'Neill met Mikhail Gorbachev for the first time, Gorbachev greeted him, "Oh yes, Dwayne Andreas told me about you." Andreas meets socially with President Reagan about twice a month. One observer says, "I've seen Senators genuflect in front of him."

Andreas believes that "trade is the greatest promoter of peace and good will on earth. I feel pretty patriotic doing what I'm doing."

Not timid when it comes to receiving Government subsidies, Andreas's company collected \$29 million from the Department of Agriculture's gasohol program, 54 percent of the total subsidies paid by the Department to gasohol producers. Were he to get his way, Andreas would be carrying on subsidized trade with the Soviet Union. **Ties to U.S. Government Officials**

Although the US-USSR Trade and Economic Council claims to be a private organization, it receives about three-quarters of a million dollars per year from the Soviet Government agencies that comprise about one-third of its membership. It is supported by the government of the United States in less direct ways. The following U.S. Government officials have had official association with the Council:

Malcolm Baldrige, Jr., Secretary of Commerce*
Douglas Bereuter, Member of Congress from Nebraska
John R. Block, Secretary of Agriculture
Michael Blumenthal, Secretary of the Treasury*



Terry Branstad, Governor of Iowa
John Breaux, Member of Congress from Louisiana
William Brock, U.S. Trade Representative*
James Broyhill, Member of Congress from North Carolina
Jimmy Carter, President of the United States*
Richard Cooper, Under Secretary of State for Economic Affairs*
Frederick Dent, Secretary of Commerce
Robert Dole, U.S. Senator from Kansas
Peter V. Domenici, U.S. Senator from New Mexico
Dianne Feinstein, Mayor of San Francisco
Gerald Ford, President of the United States*
William Frenzel, Member of Congress from Minnesota
Philip Habib, Under Secretary of State*
Arthur Hartman, U.S. Ambassador to the Soviet Union*
Orrin Hatch, U.S. Senator from Utah
Juanita Kreps, Secretary of Commerce*
Robert Michel, Member of Congress from Illinois
G. William Miller, Chairman, Federal Reserve Board; Secretary of the Treasury
Richard Nixon, President of the United States
Lionel Olmer, Under Secretary of Commerce
Thomas P. O'Neill, Speaker of the House of Representatives
Claiborne Pell, U.S. Senator from Rhode Island
Charles H. Percy, U.S. Senator from Illinois
Samuel Pierce, Secretary of Housing and Urban Development
Ronald Reagan, President of the United States
Daniel Rostenkowski, Member of Congress from Illinois
George Shultz, Secretary of State*
Paul Simon, U.S. Senator from Illinois
William Simon, Secretary of the Treasury*
Robert S. Strauss, U.S. Ambassador*
Malcolm Toon, U.S. Ambassador to the Soviet Union

Council on Foreign Relations member* **U.S. Leadership in the Council

There are 32 U.S. directors of the US-USSR Trade and Economic Council, two of whom are permanent. There are also 31 directors from the Soviet Union. Past and present U.S. Directors include:

Dwayne O. Andreas, Chairman, Archer Daniels Midland Co. (U.S. Cochairman)
John J. Murphy, Chairman, Dresser Industries (U.S. Vice Cochairman) **Term Expires 1986**
Dwayne O. Andreas, Chairman, Archer Daniels Midland Company
John P. Diesel, President — Chief Executive Officer, Tenneco Inc.
Dr. Armand Hammer, Chairman, Occidental Petroleum Corporation



Walter C. Klein, chairman, Bunge Corporation

Lewis W. Lehr, Chairman, Minnesota Mining and Manufacturing Company

Richard J. Mahoney, President & Chief Executive Officer, Monsanto Company

Lee L. Morgan, Chairman, Caterpillar Tractor Company

Whitney MacMillan, Chairman, Cargill, Inc.

James D. Robinson III*, Chairman, American Express Company

William P. Stirtz, Chairman, Ralston Purina Company **Term Expires 1987**

Edwin D. Dodd, Chairman, Owens Illinois, Inc.

Roberto C. Goizueta*, Chairman, The Coca-Cola Company

Amory Houghton, Jr.*, Chairman of the Executive Committee, Corning Glass Works

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As of January 1, 1987, the government of the Soviet Union once again permits Western business firms to operate joint ventures (joint with the Soviet Government) within the Soviet Union. A similar form of economic enterprise had been permitted by Lenin as part of the New Economic Policy of the 1920s, but the ventures, or “concessions” as they were then called, were expropriated by the Soviet government in the 1930s. Over 30 American firms are negotiating joint ventures with the Soviet Government, among them: Archer-Daniels-Midland, Coca-Cola, General Electric, McDonald’s, Monsanto, Occidental Petroleum, Pepsico (Pizza Hut), and Singer.

Under the terms of the regulations that the Soviet government has issued, the partnerships must have at least 51 percent Soviet ownership, a Soviet chairman of the board and general director, and “mainly” Soviet personnel. The Soviet government announcement said the purpose of allowing the joint ventures is “to attract into the national economy advanced foreign technology, managerial expertise, additional material and financial’ resources, [and] to develop the country’s export base and reduce irrational imports.”

The new partnerships will be tax-free for two years, and thereafter will be taxed at the after-deduction rate of 30 percent. Foreign shareholders will be permitted to transfer hard currency earnings out of the Soviet Union.