P.S. to the NEWS
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TRADING JOBS WITH THE RUSSIANS

It's bad enough when American taxpayers are forced to finance the export of jobs to Western nations, but it is incredible that we should be forced to finance the export of jobs to the Soviet Union. Yet the State-Commerce Department policy of detente and subsidized trade is shoring up the Soviet economic system, developing new Russian industries with U.S. technology and credits so the Soviets will enjoy full employment, and giving the Kremlin the leverage to throw Americans out of their jobs.

In 1971 the Soviet Union started a program of building 40 large ammonia plants to be completed by 1982. Russia began exporting ammonia to the United States in 1976. By 1978 the Russians exported 300,000 short tons, and in 1979 they will export one million tons to the United States. The 1980 figure is expected to be 1.5 million tons and the 1981 figure two million.

The Russians have had no problem stealing the ammonia market away from U.S. producers. The Russians offer 10-year contracts with prices fixed during the first three years and a promise not to raise the price more than 3 percent after that.

Since no U.S. ammonia producer can meet the Russian price or future guarantees, 29 anhydrous ammonia plants have closed in the United States in the last two years. One of the major ammonia producers, Agrico of Tulsa, saw its profits decreased $92.3 million in just one year.

How can Russia undersell American ammonia plants? The U.S.S.R. is not a free market economy; the government operates state monopolies and can set the price wherever it chooses for economic or political advantage. But that's not the only reason.

It turns out that Occidental Petroleum, Inc., a $5.4 billion company of California, was granted the exclusive right to sell Russian-produced ammonia in the United States. Occidental's chief executive officer and guiding force is Armand Hammer who lists himself in Who's Who as "active in U.S.-U.S.S.R. trade negotiations."

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Don't get the idea that the "trade" promoted by Occidental is mutual, reciprocal, the result of hard bargaining, or handled by Occidental on a philanthropic basis. It is highly profitable for those who promote it, but the U.S. taxpayer foots the bill and the U.S. worker lays his job on the line.

The ammonia deal would never have gotten off the ground as a good business investment by Occidental. Loans to the Soviet Union of $900 million from the Export-Import Bank of the United States and a group of U.S. and foreign banks enabled Russia to construct various fertilizer facilities, including pipeline and storage tanks. The Russians by 1980 will be able to capture an estimated 85 percent of the world ammonia market.

When the Russian ammonia imports began to close U.S. plants, a group of ammonia companies filed a petition with the U.S. International Trade Commission asking the ITC to use its legal powers to impose a tariff on Russian ammonia exports to the United States. Occidental denies that it has disrupted the market because only 2.8 million tons were imported out of the 22 million tons used.

If the Russians can export 2.8 million tons, they can control the market because they can keep the price so low that no domestic plants can match it. The Russians will then be able to control the ammonia market like OPEC controls the oil market.

Senator Henry Bellmon argues that this would expose the United States to a "virulent form of extortion" because "without nitrogen-based fertilizer, our food production will be severely reduced. Bread lines will far outreach gas lines." Bellmon cited a CIA report which warned that U.S. farmers should not depend on Russian ammonia for fertilizer.

It is pretty clear that the "powers that be" are lining up on the side of Occidental and a continuation of subsidized trade with the Soviets. Armand Hammer is a major Carter supporter and campaign contributor. And, if Russia cannot repay the $900 million it borrowed to build the ammonia plants, that would be an embarrassment for the U.S. banks, which would then call on the U.S. Treasury to bail them out, just as the U.S. banks which made bad loans to Panama were bailed out by the Panama Canal Treaty.

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