



The Phyllis Schlafly Report



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How Your Taxes Build Up Soviet Power

When the House of Representatives voted 319 to 80 on December 11, 1973, to bar loans and most-favored-nation status to the Soviet Union, it reflected the growing majority feeling of the American people who are fed up with the costly and dangerous policy of taxing Americans to provide handouts to the Russians, so they can deny freedom to their own people, and spend their money on weapons to threaten or destroy us.

The Soviets have already received \$750 million in loans from the Commodity Credit Corporation to buy our wheat and other grains, plus \$760 million in loans and guarantees from our Export-Import Bank to finance the world's largest truck plant and a huge fertilizer plant. The Soviets are continuing to buy our wheat on credit, and additional loans to duplicate vital American technologies are now being negotiated.

The pending deals include a 10-year agreement that the Soviet Union has signed with the Control Data Corporation for joint computer development, involving both big computers and technical data. The Control Data machines envisaged for the projected network for planning and management are bigger and more powerful than the Control Data equipment at the Dubna Nuclear Research Institute.

Congressman John Ashbrook made a most important speech in the Congress on October 24, 1973 in which he provided the documentation for his conclusion that "there is no such thing as Soviet technology. Perhaps as much as 90 to 95 percent of Soviet technology came directly or indirectly from the United States and its allies. Now this may sound incredible, but the facts substantiate this claim. Soviet aggression is dependent upon American-made and Western-made technology."

"In effect," Congressman Ashbrook continued, "the United States and the NATO countries have built the Soviet Union -- its industrial and its military capabilities. This massive construction job has taken 50 years. Since the revolution in 1917, it has been carried out through trade and the sale of plants, equipment, and technical assistance.

"Fifty years of dealing with the Soviets has been an economic success for the U.S.S.R. and a political and economic disaster for the United States. It has not stopped war, it has not given us peace. It has given the Soviets increased industrial and military power and the

ability to accomplish its never ceasing goal of world domination."

Even Ambassador Averell Harriman, who spent a lifetime promoting *detente* with the Soviets, told the State Department that Stalin said to him: "About two-thirds of all the large industrial enterprises in the Soviet Union had been built with United States help or technical assistance."

National Protection Act

The same week that the House voted so overwhelmingly against further handouts to the Soviet Union, Congressman Ben Blackburn announced that he is introducing a bill called the "National Protection Act" to prevent the exportation of American products, technology, and capital equipment to any country which takes actions to harm the U. S. economy or endanger the security of the United States.

Congressman John Ashbrook, and Anthony Sutton in his new book called *National Suicide*, have described how American-built plants in Russia made the weapons, and the trucks which carried them, to kill American boys in Korea and Vietnam, and to kill Israeli boys in the Sinai. As an additional example of current folly, Congressman Blackburn stated that the sale of an American scientific computer to Russia enabled the Soviet military to shorten by about two years the time required to create and perfect their first MIRV missile -- the only nuclear area in which the United States had enjoyed a definite lead.

When we give loans to the Soviet Union to build modern industrial plants, we are not only making our overburdened taxpayers pay for Soviet military and economic weapons, but we are also taking jobs away from American workers. Such self-defeating policies could be stopped if Congress would pass Congressman Blackburn's bill on "National Protection."

Where Giveaway Bills Originate

Some 77 Senators and 285 Congressmen are co-sponsors of the Jackson-Vanik-Mills Amendment to bar most-favored-nation tariff benefits to the Soviet Union. Yet, in the face of this clear Congressional intent, President Nixon met at the White House on September 28, 1973 with Soviet Foreign Minister Andrei Gromyko and promised to make a "diligent" effort to overcome Congressional opposition.

It is somewhere between inappropriate and unconstitutional for the President of the United States to meet privately with an official of a foreign government and promise him to mount a campaign to outwit the majority of Congress. Our President was not elected to obtain favors for foreign governments from the American Congress and taxpayers.

About the same time that President Nixon was making his pledges to Gromyko, the World Bank was holding its annual meeting in Nairobi in Kenya. World Bank President Robert McNamara and U. S. Treasury Secretary George Shultz agreed on September 25 there that the United States should put up one-third of the World Bank money for the next three years, which means continuing at approximately our current rate of \$375 million per year. Secretary Shultz pledged that the Nixon Administration will "strongly" urge Congress to continue doling out U.S. funds to the World Bank.

Such deals made with foreigners are almost always contrary to the best interests of American financial, economic or military security. Administration officials consistently make their deals with the foreign governments, and then undertake to fulfill those pledges by pressuring and propagandizing Congress. Our Government officials need an elementary course in the U.S. Constitution, which clearly provides that treaties must be made with the advice as well as the consent of the Senate, and that all money bills must originate in the House of Representatives, and not in Moscow or Nairobi.

While Americans suffered a 20 percent loss in the value of our dollars because of President Nixon's two devaluations of the dollar, Congress made sure that the foreigners who receive handouts of U. S. tax money will not have to suffer any loss whatsoever. At the Administration's request, Congress quietly appropriated billions to the World Bank and four other foreign giveaway organizations in order to reimburse them for the U.S. devaluation of the dollar. This cost \$1.6 billion in 1972 to cover the first Nixon devaluation, and \$2.2 billion in 1973 to cover the second devaluation. Meanwhile, foreigners can still get easy cheap loans from international organizations which have a pipeline into the U.S. Treasury, ranging from the 6 percent charged by the Export-Import Bank, down to 2 percent charged for the soft-loans granted by the International Development Association.

Isn't it about time that our money system were operated for the benefit of Americans instead of for foreigners?

Extending Ex-Im Credits

On Nov. 20, 1967, Candidate Richard Nixon said it "makes no sense to give credit to the Soviet Union." Yet, he has given hundreds of millions of dollars of U.S. taxpayers' money in subsidies and loans to provide the Soviet Union with American wheat, industrial plants and technology.

Now the Nixon Administration is pushing legislation extending the life of the Export-Import Bank for four years, to June 30, 1978, and to increase its maximum outstanding lending and guarantee authority from \$27.5 billion to \$45 billion. This is an increase of 64 per cent! The reason for this big increase is the Administration's frantic push to give loans to the

Soviet Union and other Communist countries, including Red China.

Until 1971, the Ex-Im Bank was prohibited from providing financing to Communist countries. In 1971, legislation was passed authorizing this financing *if* the President made the decision that it is in the national interest. Under this 1971 law, the Export-Import Bank has been extending credits and guarantees to the Soviet Union, Romania and Poland. If those Communist countries were good credit risks, they could get financing from commercial banks. They are not good credit risks, so the U.S. taxpayer is forced to put up the money through the Export-Import Bank, usually on a deal which is half a direct loan and half a Government-guarantee of a loan made by commercial banks. Under this deal, the commercial bank can't lose, but the taxpayers surely will. In addition, the Export-Import Bank loans to Communist countries are at only 6 percent interest. This means that the U.S. Government has to borrow money at up to 10 percent interest in order to lend to foreigners at 6 percent.

Trade With China, Too

At the recent AFL-CIO Convention in Miami, George Meany told his laughing audience that "*detente* is a French word which, in case you didn't know, means relaxation." It has led, he said, to "Russian-made tanks relaxing on the Golan Heights, and Russian shells relaxing in Israel."

Mr. Meany gave a good description of the military madness of *detente*. In addition, *detente* usually means relaxing with our enemies at the expense of our friends. Take the matter, for example, of soybeans. This miracle, high-protein food is the principal feed for our livestock and poultry, and is the most sought-after commodity in the world today.

As soon as *detente* began in Asia, we eagerly sold Red China 1,211,000 bushels of our soybeans, and made commitments for much larger sales in the future. When the demand for our soybeans completely outran our supplies, the government slapped on a soybean embargo which forced traders to cancel some contracts already made with Japan and South Korea. This so angered Japan that she made arrangements to invest in Brazil in order to have another source of supply. Japan has plenty of money and know-how to build soybean processing plants, buy the machinery, and finance the production.

Henry Kissinger then traveled to China and told Chou En-lai that "the United States is determined to have a complete normalization of relations with Peking." "Normalization of relations" is just diplomatic language for "Come on, you all. Climb aboard the giveaway gravy-train and cash in on American aid and trade, credits and commodities -- all at the expense of the U.S. taxpayers."

Putting aside the question of whether it is moral to fraternize with Red China, which has murdered more than 50 million people and bragged of making dope addicts of our servicemen, the policy just doesn't make sense. Red China is not a good cash customer and is a poor credit risk. Japan, on the other hand, is one of the wealthiest countries in the world, eager to spend cash for our products and for investment.

Detente with Communist countries is not only bad politics, it is also bad business.

Congressman Blackburn on Trade With Communist Countries

Here are verbatim excerpts from Congressman Ben B. Blackburn's remarks on December 10, 1973 when he announced that he was proposing a "National Protection Act" to prevent the exportation of American products, including agricultural commodities, technology, scientific accomplishments and capital equipment, or re-exporting of the same, to any country which takes actions to harm the U.S. economy or endanger the security of the United States.

The present policies of this Administration of allowing the indiscriminate exportation of American capital goods and technology to countries possessing both abundant natural resources and utilizing slave labor poses a serious threat to the competitive position of America's economy in world markets. The threat is twofold: first, a threat to the employment of skilled American labor which should not be expected to compete with slave labor; second, a threat to American industry which has developed a high degree of technology and sophistication in production under the stimulus of a competitive and market-oriented economy. . . .

The backward nature of Soviet technology should be an embarrassment to the Soviet leadership, but they have found a way to avoid the economic effects of such embarrassment. They have found that the American Government is now willing to make available to them technology which their economy has proven incapable of developing. Thus, present trade policies of the United States are making available to the Soviet Union, and her allies, the fruits of America's industries, her scientists, and her workers. . . . It appears that the Soviet Government's intention is to use America's finest scientific and technological developments to further the expansion of her military capability while, at the same time, exploiting the citizens of her country for slave labor purposes in order to disrupt the Western economy, including that of the United States. . . .

If the Communist governments were paying in hard cash or gold for the capital goods and technology, one could argue that the sales are improving America's balance of payments as well as our balance of trade. Such is not the case. We are transferring at a staggering pace benefits to the Soviet Union and her satellites and receiving in turn I.O.U.s of questionable value, I.O.U.s which, at best, can only be repaid out of the proceeds of exploitation of slave labor and at the cost of unemployment and economic disruptions in our realm.

National Security

The other area of national concern adversely affected by the transfer of American technological know-how, capital equipment and scientific achievement to the Soviet Union and Warsaw Pact nations is that of national defense. . . . Most of Soviet technology, probably as high as 90%, is imported from the West, copied from the West, or obtained via military and industrial espionage. The primary beneficiary of the transfer of Western technology has been the Soviet military-industrial complex, and ultimately Soviet military power.

For example, the sale of an American scientific computer to the Soviet Union has enabled the Soviet military to shorten by about two years the time required to create and perfect their first MIRV (Multiple Independent Re-entry Vehicle), the only area of sophisticated military technology in which the

United States had enjoyed a definite lead. The American strategic advantage due to existence of our MIRVs has been erased by a successful test of a Soviet MIRV SS-18.

We have received disturbing reports regarding a continuing and increasing flow of sophisticated American technology to the Soviet Union and to some of the Warsaw Pact governments. Most of the technology being transferred has a direct military application.

Transfer of American capital goods and technological know-how having an immediate military utility to the Soviet Union and Warsaw Pact governments is, to me, a direct contribution to the Soviets' ability to ultimately destroy our country and our allies. . . .

When questioned by other leaders in the Communist government of Soviet Russia as well as other Communist leaders in the Iron Curtain countries about the true meaning of accommodation with the West, Mr. Brezhnev's response was clear, and to date, unchallenged. In effect, Mr. Brezhnev reassured the leadership of the Communist world that detente was merely a period for strengthening the Soviet economy through the utilization of Western technology while continuing the pursuit of clear Soviet nuclear and other military superiority over the West. . . .

The famous words, that Vladimir Lenin (the founder of the Soviet Communist State) once used to describe a capitalist as "a man who will sell you the rope that will be used to hang him," are the best illustration of the mentality of those persons in the United States who are involved in transfer of sophisticated technology, scientific achievements and capital equipment on credit to the U.S.S.R.

Recent Trade Deals

Recent reports about an agreement signed by General Dynamics Corporation (which, we would like to stress is one of the nation's largest defense contractors) and the Soviet Union's State Committee for Science and Technology is extremely disturbing. The five-year agreement for scientific and technological cooperation covers such defense-related fields as ships and shipbuilding, telecommunications equipment, asbestos mining and processing, commercial and special purpose aircraft, computer-operated microfilm equipment, and navigation and water buoys.

Control Data Corporation has also recently signed a broad agreement for scientific and technological cooperation with the State Committee of the Soviet Union's Council of Ministers for Science and Technology. That accord calls for cooperation in the joint development of advance computer technology and related services. This agreement will transfer to the Soviet Union a knowledge of computer techniques that it does not now possess. But, will that be in this

country's interest? The most recent and most disturbing news is about a deal between the Fairchild Corporation and the Communist Government of Poland for the sale of United States integrated circuit technology, which is extensively used in modern weapons systems as well as in advanced computers.

All these have been made possible by the policy of the drastically pared list of commodities embargoed for export to the Soviet Union for strategic reasons and by practically dismantling the Office of Export Control in the U.S. Department of Commerce. . . .

To term scientific discussions with Soviet scientists and technicians as "mutual exchanges" is a thin facade which can be best described as an absolute fraud on the American public. There is only one beneficiary of such "scientific exchanges" and that beneficiary is the Soviet Government and the Soviet military machine.

Lessons of Middle East War

The military technical virtuosity of some of the Soviet weapons which have been in the spotlight during and after the most recent Middle East conflict has forced upon me and my colleagues in Congress disquieting thoughts which require not only the re-evaluation of the entire concept of detente but also re-evaluation of the premises of our trade with the Soviet Union. . . .

The impression is inevitable that the Soviet Union has concentrated its resources of scientific and technological talent overwhelmingly on military needs -- including the military related space programs -- while totally neglecting civilian technology. Moscow is asking now that the United States play a major role in repairing the backwardness of the Soviet civilian technology on the one hand and military technological shortcomings due to the lag in the computer field.

The Middle Eastern War has demonstrated the Soviet understanding of *detente*. They have armed Arabs and pushed them into the war against Israel and by doing so they have violated the obligations undertaken under the Basic Principles of Relations which were signed in Moscow in 1972 and re-affirmed in Washington last June. . . .

Similar consideration is due the gigantic Siberian natural gas deals that Moscow is seeking to conclude with some American companies. The energy crisis is real enough, but is dependence upon Soviet oil or gas the way out of the nation's problems?

A negative answer is unavoidable. This is particularly true at this time when the Arab nations have put an oil and natural gas embargo on the United States. I personally harbor a deep suspicion that the use of oil as a weapon for political purposes was the brain-child of the Soviet government. If the Soviets would encourage others to use energy as a political weapon, can any rational man doubt that they would use the same weapon when possessed by her and when it suits her own political purposes? . . . More than ever, therefore, the question now arises why the United States should put this potential energy weapon in Moscow's hands and pay billions of dollars in capital investments for the privilege of doing so. . . .

The Middle East Crisis and then the frightening Soviet-American confrontation of October 24-25, should help put sober calculation in place of euphoria.

The experience of the recent Middle East War and concerted Soviet effort to promote instability around the world point up the lack of any substance in any claims that *detente* has meant a de facto improvement in American-Soviet relations. The experience is to the effect that Soviet global intentions did not change. . . .

The Soviet strategy in the Middle East, by encouraging the oil embargo, had as its objective the creation of dissension in the NATO and ultimately to weaken the capability and will of the Western World to defend itself.

IGOR SAMORAVICH SAYS:

“NOTHING MAKES ME FEEL BETTER AFTER A DAY OF CHAINING UP POETS, WRITERS AND INTELLECTUALS THAN BITING INTO A WHOLESOME PIECE OF

DETENTE BREAD



* MADE FROM 100% AMERICAN WHEAT

Phyllis Schlafly is the co-author of three books on nuclear strategy, *The Gravediggers* (1964), *Strike From Space* (1965), and *The Betrayers* (1968), which accurately predicted that the Soviet Union had a program to overtake and surpass the U.S. in nuclear weapons. She has testified on national security before the Senate Foreign Relations and Armed Services Committees. She is now a commentator on *Spectrum* for CBS radio and television. Her 1972 series of interviews with military and nuclear experts was aired on 70 television and 50 radio stations. Her first book was *A Choice Not An Echo* (1964), and her latest book is a biography entitled *Mindszenty the Man* (1972). An honors graduate of Washington University and member of Phi Beta Kappa, she has a Master's Degree from Harvard University.

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