Professor Shellenberger goes to Russia

by Roger T. Johnson

Twenty-three years ago, in June, 1987, Professor Eli Posner of this Department was in Moscow and, through an interpreter, engaged in an animated and friendly discussion with a specialist in Soviet flour milling, Dr. George Zelinsky. At one point, Dr. Zelinsky said, through the interpreter, “We do not speak the same language, but we both speak the language of flour milling.” Twenty-three years earlier, in February, 1964, Professor John Shellenberger had gone to the Soviet Union and demonstrated directly that these shared scientific interests can transcend the barriers of language.

The prelude to Professor Shellenberger’s visit occurred a year and a half earlier. In October, 1962, the United States was, as we are now, in the final stages of the mid-term elections, and President Kennedy was actively campaigning for Democratic candidates. In the midst of his speaking tour he abruptly returned to Washington. He had a cold, the White House spokesman said. It turned out, of course, that he didn’t. Monday, October 22, 1962 buzzed with activity. During the day the Washington press corps knew that something was up, but they did not know what. Perhaps there was trouble about Berlin, where the wall had gone up little more than a year earlier. Or perhaps something was going on with Cuba. That evening President Kennedy addressed the nation in what was arguably the most chilling speech ever to come from the White House. The Soviet Union, President Kennedy said, was placing missiles with nuclear weapons in Cuba, just 90 miles away from the United States. The United States was imposing a blockade on Cuba and would maintain that blockade until the Soviet Union withdrew the missiles. In his
most spine-tingling words, President Kennedy said: “It shall be the policy of this nation to regard any nuclear missile launched from Cuba against any nation in the Western Hemisphere as an attack by the Soviet Union on the United States, requiring a full retaliatory response on the Soviet Union.” Around the nation and throughout the world people gasped at those chilling words. For the next six days the world sat on the brink of nuclear devastation; one evening, towards the end of the crisis, Secretary of Defense Robert McNamara gazed out of the windows of the White House at the scene of Washington in front of him and wondered whether this would still be here tomorrow. At the end of the week the crisis ended suddenly when Soviet Premier Nikita Khrushchev agreed to withdraw the missiles. The world had come closer than ever before or since to nuclear annihilation.

Ten months later, in August 1963, the world breathed a collective sigh of relief when representatives of the world’s three nuclear powers—the United States, the Soviet Union and Great Britain—met in Moscow and signed the nuclear test ban agreement, which barred the three nations from testing nuclear weapons in the atmosphere, in outer space or underwater. Later that summer, as President Kennedy traveled through the western United States, reporters noticed that every time the President mentioned the test-ban treaty audiences burst into enthusiastic applause.

In this pre-Vietnam atmosphere in the summer of 1963—the Cold War appeared to be easing somewhat but the Soviet Union and Cuba remained dangerous foes—a surprising development hit the world grain markets. That summer the U.S.S.R. bought large quantities of Canadian wheat.
The Soviet Union had been looked upon as self-sufficient in wheat, so its sudden entry into the world market as a buyer was quite startling; Russia needing to import wheat seemed like Alaska needing to import salmon. And the question arose as to whether Soviet needs might be so great that it would need to turn to the United States for even more wheat.

As this issue developed in 1963 and generated considerable publicity, five key questions loomed. First, should the United States even consider selling wheat to its cold-war foe, the U.S.S.R? Second, would not such a transaction benefit, at least indirectly, Cuba, the only openly Communist nation in the Western Hemisphere? These two questions aroused considerable controversy, and leading politicians—Republican and Democrat alike—angrily denounced the prospect of wheat sales to the Soviet Union as helpful to our enemy rather than a commercial transaction benefitting both parties.

The other three questions were more technical, having to do with the mechanics of any such sale. The third question was, if the U.S. government should let negotiations for a sale go forward, should it be essentially a government-to-government transaction, as it was in Canada, or individual sales by separate grain companies, as was the practice in the United States? The fourth question was, if wheat sales to the Soviet Union were consummated, should all or part of that grain be required to be shipped in U.S.-flag vessels, even though labor costs made them far more costly than foreign-flag vessels? The fifth question, related to the fourth, was how to cover the additional cost of shipping any portion of the wheat on U.S.-flag vessels.
The story of the sale of U.S. wheat to the Soviet Union in 1963-64 is quite long and complicated, and cannot possibly be told here, but these five questions shaped the context of Professor Shellenberger’s trip to the Soviet Union in early 1964. President Kennedy readily agreed to pursue the prospect of U.S. wheat sales to the U.S.S.R., and pointed to the diplomatic and commercial benefits. Diplomatically, such a transaction could lessen Cold-War tensions, while commercially it would not only be a profitable sale for U.S. agriculture but it would also help reduce the huge wheat surplus. Hubert Humphrey, Minnesota’s senior Democratic Senator, pointed out that it was mutually beneficial if the United States could get money for selling something to the U.S.S.R. that the Soviets couldn’t shoot back at us.

The International Longshoremen’s Union insisted that any U.S. wheat sold to the Soviet Union must be carried in U.S. flag vessels; otherwise, the union said, the longshoremen would refuse to load the grain. Ultimately a compromise was reached; half of any wheat sales to the Soviet Union would be carried in U.S. flag vessels, if such ships were available when needed. But using any U.S. flag vessels would increase the costs, and the question was how these extra costs would be covered.

The mechanics proved to be quite complicated, but basically the U.S. Department of Agriculture used the durum export subsidy to cover these extra shipping costs. Because the export market for durum, the smallest class of U.S. wheat in terms of production, was quite limited, current law granted the Secretary of Agriculture very broad discretion in setting the export subsidy in any sale of durum. In this manner the sale could be consummated while covering the extra cost of
shipping some of the wheat in U.S. flag vessels by a very large durum export subsidy. The problem was to persuade the Soviets to accept durum in any purchase of U.S. wheat. Decades later, Secretary of Agriculture Orville Freeman still talked about his key role in putting together this complicated transaction.

At his last formal Cabinet Meeting, President Kennedy discussed the proposed sale of U.S. wheat to the U.S.S.R., and his doodles from that session showed references to Cargill and Continental Grain Company and transactions as large as one million metric tons. Despite pressure from some individuals with strong ties to leading Democratic Party officials that a special government-approved consortium be formed to pursue any wheat sale to the Soviet Union, President Kennedy decided that, from the American point of view, this would be a regular commercial transaction made by private companies. After the assassination of President Kennedy, President Johnson reaffirmed Kennedy’s decision to allow negotiations to proceed between Soviet buyers and U.S. grain exporters.

In the last week of 1963 two officials of Continental Grain Company went to Moscow to negotiate the sale of one million metric tons of U.S. wheat, including a sizable quantity of subsidized durum. Within the next two weeks both the U.S. Department of Agriculture and the U.S. Department of Commerce granted the appropriate export subsidies and licenses so that the sale could be completed.

For several years Continental Grain Company had used Professor John A. Shellenberger as a
consultant. Immediately after the U.S. government approved the transaction Continental Grain asked Professor Shellenberger to go to the Soviet Union as its representative to observe the unloading of the first shipments of U.S. wheat. The main reason was that the contract with Exportkleb, the Soviet buying agency, contained a list of objectionable factors, including seeds, diseases, and foreign matter, and Continental believed that Shellenberger’s expertise would be helpful if any issues arose during the unloading. Also, Continental Grain knew that the Soviets were unfamiliar with the fumigants used on the shipments. For these reasons, Continental wanted its own expert to be at hand to defend its interests.

Professor Shellenberger was credible to Soviet grain officials for several reasons. First, Shellenberger was an important official with the International Association for Cereal Science and Technology (ICC) and had gotten to know several Soviet officials over the years. During his two decades as Head of the Department, Professor Shellenberger traveled frequently to Europe for technical meetings. Just three months earlier, in September, 1963, Professor Shellenberger had attended a conference of the International Association for Cereal Chemistry in Vienna, Austria. In every case he was all business, sticking closely to the specific task at hand and rarely seeing anything else; as his daughter Margo Caley put it: “He traveled all over Europe, but never saw any of it.”

Second, Shellenberger had been to the Soviet Union five years earlier. In December, 1958, following an ICC meeting in Vienna, Austria, Professor Shellenberger went to Moscow to visit the Soviet Milling Engineering School and the Scientific Research Institute for Grain. Upon his
return home he told his family that he had been treated “wonderfully well” but described his arrival and clearance through customs as somewhat intimidating. He also told his family that he was especially impressed with his young interpreter, who had never been outside of the Soviet Union but who was very useful to him because she had previously translated from English to Russian highly technical material on flour milling and biochemistry. He added a very interesting personal postscript of his work with his interpreter:

When I said goodbye to the interpreter the evening before I was to leave, I asked her if there was anything I could do to reward her for her good service to me. She replied in the negative and said that she was paid for being of assistance and that she enjoyed her work and that she particularly enjoyed being with me because of my interest in a variety of things and the fact that I took her to places in the Dept of Agriculture where she had never been before and did not even know existed. After saying goodbye I went to my hotel room and had just taken off my coat to wash when there was a timid knock at the door. When I opened the door, my interpreter was there with a gift all neatly wrapped which she handed to me and then practically ran down the hallway. The gift turned out to be a small wooden jewel box.

Beyond these personal observations his public comments were quite positive. He noted that Russian scientists were “working on the same problems and are at about the same stage of development” as their American counterparts.

Professor Shellenberger also observed that the Soviets had a larger, more elaborate and more modern flour mill pilot plant than the one at Kansas State University which had been destroyed by fire in 1957. The Russian facility was quite different from universities in the United States, he noted, pointing out the lack of education in social sciences, music, art and economics as well as the absence of fraternities, bands or athletics. Professor Shellenberger also said: “Russian students evidenced earnest determination in their school work and didn’t exhibit indifference
which is sometimes found in American students.”

So Professor Shellenberger appeared to be an excellent choice as the American representative when the first shipment of U.S. wheat reached Soviet ports. This happened at 4:15 PM, local time, February 21, 1964, when 6,500 metric tons of durum wheat, arrived at the port of Odessa on the Black Sea. It was carried on the “Exilona,” of the American-Export Isbrandtsen line. The ship traveled through a storm and the port was ice-covered; the ice had to be chipped away before the gangplank could be lowered for Soviet officials to board the ship. There was no ceremony, as workers watched the first U.S. ship to dock since the early post-war years. Officials from the U.S. Embassy, who had planned to meet the ship, didn’t get there because their flight from Moscow was canceled.

But Professor Shellenberger was there, as well as several U.S. reporters. Professor Shellenberger had flown into Moscow a few days earlier and then flew on to Odessa, where he met the London representative of Cargill, Milan Sladek, who spoke Russian. Sladek, it turned out, was, like Professor Shellenberger, an avid tennis player, but February in the Soviet Union does not offer good tennis weather.

After observing the unloading, Shellenberger said that the first shipment “went better than anyone expected.” He added that Odessa had wonderful facilities. The Soviets were generally satisfied with the quality of the wheat, but they did express concern that some of the wheat was spoiled because it was sticking to the wooden bin sides of the ship. This, Shellenberger said,
turned out to be a minor issue. Professor Shellenberger also explained the use of malathion as a fumigant. The Soviets had never heard of this fumigant and were therefore quite skeptical, but Professor Shellenberger assured them that it was well-known in the United States and approved by the government; malathion he explained controlled insect life, left no odors and had no objectionable traits.

More broadly, Professor Shellenberger said: “My impression was that [the Soviets] are hard bargainers and they are not going to accept anything if there is a chance of getting something better. When they negotiate they don’t expect to come out second best.” He thought that the deal was good for both nations because it didn’t involve politics directly or armaments. He assumed that the Soviet government would try to block public awareness of the wheat purchase, and was therefore surprised that all the Russians he talked with were aware of the fact that the Soviet Union was buying wheat from the United States.

Officials of Continental Grain Company privately echoed Shellenberger’s evaluation that the Soviets were tough bargainers, but in even stronger terms. One Continental vice-president with years of experience in international trade said that the Soviets were easily the most difficult negotiators he had ever encountered.

One day in Odessa Shellenberger and Sladek went to what they termed a “poor man’s restaurant” and sat at a table with four chairs. They did not expect privacy and did not receive it; two Russian men in working clothes took the other two chairs. The two Russians, Shellenberger
noted, had been drinking vodka, and each brought a bottle to the table. Sladek explained to the two Russians that his American colleague was from the wheat state of Kansas. The two Russians condemned their government for buying U.S. wheat. No real shortage existed, they maintained; the trouble was that Russian farmers were hoarding the wheat on their own farms.

Continental Grain Company quickly shipped the balance of the one-million metric tons, and chartered the shipping so that only 38% went in U.S. flag vessels, because, the company said, U.S. flag vessels were otherwise not available. The longshoremen’s union engaged in a brief strike until the U.S. government guaranteed that half of any future sales to the Soviet Union would be shipped in U.S. flag vessels.

Soviet traders asked Professor Shellenberger about the short-lived dock strike in the United States, as longshoremen protested that more of the wheat was not being shipped in U.S. flag vessels. The Soviets could not understand why the government didn’t simply put an end to such nonsense. Professor Shellenberger tried to explain that in America labor had the right to strike, but he wasn’t sure that the Soviets accepted his explanation.

Professor Shellenberger remained in the U.S.S.R. for 10 days and worked with Soviet officials involved in grain quality. Upon his return to the United States, Professor Shellenberger reported his observations to Continental Grain in New York, whose top officials praised him for doing “an excellent job.” Before coming home he traveled to Washington D.C. to discuss his time in the Soviet Union with officials of the Department of Agriculture. He also had a private
meeting with Secretary of Agriculture Freeman.

Shortly after the Continental transaction, Cargill, Inc. sold 500,000 metric tons of wheat to the U.S.S.R, but because of the 50-50 requirement of U.S. flag vessels no more sales were made to the Soviet Union until the blockbuster year of 1972.

About three years after Professor Shellenberger went to the Soviet Union to observe the unloading of this first shipment of U.S. wheat to the U.S.S.R., he contributed to Continental Grain Company’s sale of wheat to Yugoslavia under the P.L. 480 program. Under the government loan program, the Commodity Credit Corporation had acquired a significant quantity of hard red spring wheat which it stored for many years in the “mothball fleet” on the James River in Virginia, very near the port of Norfolk. On a confidential assignment from Continental Grain, Professor Shellenberger analyzed the quality of that wheat, and determined that a blend with soft red winter wheat would produce an excellent milling product. Continental Grain had previously sold Yugoslavia a large amount of soft red wheat under P.L. 480, and as a result of Professor Shellenberger’s analysis Continental Grain was able to persuade the Yugoslav buyers to take a 50-50 blend. Accordingly, in a transaction negotiated directly with Secretary Freeman Continental purchased the entire inventory of hard red spring wheat from the CCC to complete the P.L.480 sale to Yugoslavia.

In the years to come Professor Shellenberger was to travel again to Europe and to the Soviet Union, and his legacy lasted long after he stepped down as Department head in 1966.
The long Cold War with the Soviet Union was to endure another quarter of a century. During that period several small steps here and there eased tensions between the world’s two nuclear powers. Professor Shellenberger’s visit to the U.S.S.R. in early 1964 was one of those steps.

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