

# Will Bush bail out Mikhail Gorbachov?

by Kathleen Klenetsky

President-elect George Bush is expected to come under early intense pressure to agree to a taxpayer-financed bailout of the West's chief opponent: the Soviet Union.

Bush is already being deluged with advice from various quarters that he must allow, if not encourage, a significant increase in credits, investment, and other forms of economic dealings with Moscow, on the grounds that, unless the West helps out the "moderate" Gorbachov, he will be replaced by dangerous militants.

Secretary of State-designate James Baker III is considered a leading proponent of this view, which was avidly promoted by Michael Dukakis's policy advisers. But it is still an open question where Bush himself will come down on this first litmus test of his administration.

## Joint ventures

The Soviets made a major bid to lure Western funds when it announced just a few weeks before the U.S. presidential elections that it had relaxed its laws governing joint ventures. The Oct. 29 *New York Times* disclosed that Soviet Prime Minister Nikolai Ryzhkov told European officials that foreign firms could now own as much as 80% of a joint venture. Combined with the recent spate of European and Japanese lending to the Soviets, and indications that the ruble may be made convertible in the not-too-distant future, this change is expected to spur the flow of U.S. dollars to the East.

Advocates of a Gorbachov bailout are trying to make their case by using the tantalizing prospect of massive profits ripe for the grabbing. Omaha lawyer John Cavanaugh, who just recently negotiated a precedent-setting joint-venture agreement between U.S. food processors and Soviet authorities, told the Oct. 25 *New York Times* that the Soviets intend to spend \$60 billion in the next five years on their food processing industry alone.

In a subsequent conversation, Cavanaugh predicted, "The political climate in the United States [on American-Soviet economic ties] will change immediately after the election. . . . By early next year, U.S. banks will revise their current attitudes," and will dramatically increase their lending to the Soviet bloc.

Cavanaugh premised his predictions of closer U.S.-Soviet economic ties, on the conclusion of a strategic arms control accord. Once such an agreement is signed—which, Cavanaugh thinks, will happen next year—then increased economic relations and Soviet membership in the IMF and

World Bank "will follow."

Cavanaugh said he believes that a Bush administration will adopt a "realistic" approach to the issue, and drop its campaign-trail "hardline rhetoric." One specific initiative he expects Bush to take is suspending the Jackson-Vanik and Stevens Amendments. Another East-West trade consultant, Dr. Timothy Stanley, agrees. A board member of the influential Atlantic Institute, has written a monograph urging the United States to give positive feedback to Gorbachov's phony "reforms" by easing existing restrictions on U.S.-Soviet economic relations. Moscow "perceives the West's restrictions as economic warfare," and that must come to an end, he said recently.

In addition to the food processors agreement, a consortium of six leading U.S. manufacturers (among them, Eastman Kodak, Archer Daniels Midland, and Ford Motor Co.), are said to be on the verge of a major joint-ventures accord with Moscow.

Whether or not the United States participates in this rush to bail out the Soviets depends in large measure on whether George Bush can be convinced that to do so, will only serve Moscow's imperial ambitions.

So far, there are mixed signals emanating from the circles around him. Reagan-Bush National Security Adviser Lt. Gen. Colin Powell told an international investors conference Nov. 8 that the recent lending binge by Japanese and European banks to the Soviet Union does not pose a threat to Western security interests. He noted that President Reagan "strongly supports the expansion of mutually beneficial trade and economic relations with the Soviet Union," but cautioned that the primary relationship between the U.S.S.R. and the United States is "competitive and adversarial" and "will remain so in our lifetime."

A report by an administration interagency task-force, which became public a few days after Powell's remarks, said basically the same thing. But Bush adviser Henry Kissinger has taken a warier attitude, as has Bush himself. In an interview with the Nov. 9 *Le Figaro*, he cautioned against taking Gorbachov's "reforms" at face value and pouring money into the Soviet economy. Moreover, conservative Republicans, led by Sen. Steve Symms (R-Idaho), are already screaming about untied loans to the Soviets.

The "bail out Gorbachov" push will get a big boost from a major conference on the idea of a "Marshall Plan for the East" slated for Dec. 13 in Los Angeles. Co-sponsored by UCLA and the Alcide de Gaspari Foundation, the meeting will feature an international cast of influentials, including Italian Prime Minister Ciriaco De Mita—already on record favoring such a plan—as well as Giulio Andreotti, senior Reagan-Bush arms control adviser Paul Nitze, former Democratic Party chairman Charles Manatt, Republican National Committee chair Frank Fahrenkopf, Sen. Alan Cranston (D-Calif.), and a few dissenters, notably ex-Pentagon chief Cap Weinberger.