

Mosbacher rains on U.S.-Soviet trade parade

by Scott Thompson

Despite the May 12 "peace in our time" appeasement rhetoric of President George Bush in his Texas A&M speech, the Soviets are increasingly irritated at the slow pace of growth in East-West trade and credits, according to statements from top Soviet officials at the 12th annual meeting of the U.S.-U.S.S.R. Trade and Economic Council (USTEC) in McLean, Virginia May 15-17. Apparently, instead of words of caution combined with significant growth in joint ventures and transfer of modern technology to the U.S.S.R., Czar Gorbachov, facing difficulties with modernization of the Soviet economy, wants the tribute wagons of food and militarily relevant turnkey plants to start rolling toward Russia this instant.

Vladislav L. Malkevich, who is chairman of the KGB's technology espionage front, the U.S.S.R. Chamber of Commerce and Industry (as well as Soviet co-chairman of USTEC) went so far during a press conference on May 17 to say that Commerce Secretary Robert Mosbacher's "cautious" speech to the trade council had been like "having drops of cold rain fall on your head."

Malkevich said unequivocally that there would be high-level deliberation in Moscow to determine whether this cold-shouldering was the Bush administration program or merely the statement of an individual member of the administration who could be outmaneuvered. Malkevich characterized President Bush as "pragmatic, realistic, and a grassroots businessman," who could eventually be brought around to the Soviet perspective for unrestricted trade. There certainly are mixed signals that Commerce Secretary Mosbacher's stance may be simply more of the "cautious rhetoric" put out for credulous gulls.

On May 2, for example, after debate within the Bush administration, it signed on to a sweetheart deal to sell 1.5

million tons of subsidized wheat to the Soviet Union, which may constitute a return to the "great grain robbery" of 1972-73, when then National Security Adviser Henry Kissinger orchestrated a subsidized grain sale as the opening "scenario" of détente. Given the significantly reduced surpluses available because of the drought, this subsidized catering to the Soviet Union will take bread from the mouths of poor Americans, as food prices rise an estimated 8-10% this year. U.S. Sovietologists, who have studied the issue, point out that this grain will go to replenish civil defense stockpiles that are maintained at strategic locations in the U.S.S.R. to feed the Russian people for the first year after a Soviet surprise thermonuclear attack.

American USTEC co-chairman Dwayne O. Andreas, who is also chairman of the board and chief executive of the grain cartel firm Archer Daniels Midland Co., and a member of the Rockefeller-Kissinger Trilateral Commission, defended the Bush administration decision to subsidize grain sales to the U.S.S.R. on the basis that the Soviets were good customers, who paid cash-on-the-barrelhead. Malkevich chimed in that the Soviets will only honor their "Long-Term Grain Agreement" with the United States if they are offered such bargain basement prices. What this overlooks is that the United States is one of a handful of countries with sufficient surplus to cater to the U.S.S.R. and that the drought will likely continue into this year. Canada, another major supplier, has unilaterally decided to curtail sales to the Soviets this year because of the drought, cutting off another of the limited sources.

Malkevich pointed to another harbinger that the Western tribute wagons, steered by the "I Love Gorby" crowd (whom Lenin referred to as the "useful idiots") are getting ready to roll. This was the announcement in March that the American Trade Consortium was in business to invest more than \$10

billion in joint ventures in the U.S.S.R. over the coming decade. Not surprisingly, the head of the consortium, James Giffen, had been a president of USTEC until his recent resignation to create the Mercator Corporation as the mercantile banking linchpin of the Consortium. During his watch at USTEC, Giffen told a nationwide television audience that it was in the interest of United States businessmen to transform the U.S.S.R. into an "economic superpower."

One of the unique features of the Consortium is that it gets around the Soviets' refusal to permit repatriation of profits from Western joint ventures by the participation of Chevron Oil Co., which has an agreement to sell Soviet petroleum products and natural gas on Western markets. At present, the only profits that can be repatriated from such joint ventures must come from the hard currency earnings derived from sales on the world market, which means that if a firm builds an industry in the U.S.S.R., that plant's products must be sold on world markets in competition with those produced by the same firm elsewhere.

Soviet membership in IMF?

The big surprise let out by Andreas at the USTEC press conference was that the Soviets have asked for an International Monetary Fund team to visit the U.S.S.R., and consult with its leaders upon the steps that would be necessary for full membership in the IMF. Such a move had been endorsed by Chase Manhattan's David Rockefeller and his deputy, Kissinger, when they met with Gorbachov this January, with the Trilateral Commission delegation. Kissinger reportedly offered to "integrate the Soviet Union into global economic structures such as GATT and the IMF."

One of the chief impediments to fulfillment of this plan, which would place the Soviets in a condominium with the United States as the chief enforcers of IMF austerity "conditionalities" upon Third World debtors, has been the fact that the ruble is not convertible. At the press conference, Andreas said that work was being done in the U.S.S.R. toward such convertibility. But, in reality, the Soviets are unlikely to take such a suicidal measure within the near future, as the only thing they have to back-up a convertible ruble is some raw materials (e.g., gold and petroleum products), some armaments production, and drugs. The ruble would likely plunge through the floor, if it were made convertible.

The secret operating plan for fiscal 1989 of USTEC that *EIR* investigators obtained, belied another point made by Andreas and Malkevich, namely, that USTEC would not "lobby" for repeal of Jackson-Vanik, as that was contrary to its guidelines as a tax-exempt organization. Andreas was explicit in his opposition to President Bush's reservation in his Texas A&M speech, that he would wait to request waiver of the Jackson-Vanik Amendment, that keeps the U.S.S.R. from getting Most Favored Nation trading status, until the Soviet Union codified a law that permitted residents to emigrate as they choose in accordance with the Helsinki Accords.

EIR earlier reported that Andreas is so opposed to Jackson-Vanik, that he even met with USTEC board member Edgar Bronfman, who is head of the World Jewish Congress, to attempt to arrange for Soviet Refuseniks to have no other choice than to emigrate to Israel, rather than to the United States, as most Jews presently prefer. However, while Andreas said that USTEC was forbidden to lobby, the objectives of its fiscal operating plan include provisions not only to lobby with the National Security Council, State Department, and other executive agencies, but also to expand contacts with members of Congress who have an interest in such legislation.

The first question at the USTEC press conference came from this *EIR* correspondent, who asked, based upon a declassified CIA report printed by the State Department entitled, "The U.S.S.R. Chamber of Commerce and Industry," why Malkevich's Chamber had seen fit to nominate a lieutenant general of the KGB to USTEC's board. After much shrugging of his shoulders and eyebrows, Malkevich volunteered that General Pitovranov had retired from the KGB before joining the Chamber and then USTEC, and he was now retired from both. On a redirect question as to why the State Department estimated that one-third of Malkevich's Chamber employees were either KGB or GRU agents, Malkevich responded that they had likewise all returned from their intelligence services before entering the Chamber. Andreas piped in that he did not mind dealing with "former" KGB and GRU agents, because, after all, President Bush had once been Director of Central Intelligence.

Actually, the State Department is explicit that the KGB and GRU use Malkevich's Chamber as a front for technological espionage, which, after all, is a major component of Soviet business practices.

Interestingly, USTEC co-chairman Dwayne Andreas has earned the nickname "Bugsy," because he recently offered to buy the U.S. embassy in Moscow, which is riddled with bugs, as a headquarters for the American Trade Consortium. Apparently, James Giffen of the Consortium doesn't care whether advanced technology banned from sale by the Com list might leak in this way, since he has already announced his desire to turn the U.S.S.R. into an "economic superpower." The American Trade Consortium, as it is presently conceived, holds the promise of becoming a rebirth of the American International Corporation of 120 Broadway, that, shortly after the Bolshevik Revolution, was used to negotiate secret U.S.-Soviet treaties, to design all the major industrial projects of the Soviets' first Five Year Plan, and generally to act as a back channel for the notorious "Trust" deception of Felix Dzerzhinsky: that the New Economic Policy meant a "retreat from socialism," as Lenin wanted Westerners to believe. Czar Gorbachov has shown a remarkable capability to carry out the same sort of deception operations today, using traders who claim that they are not really traitors.