

Post-Malta dyspepsia hits business world

by Scott Thompson

On Dec. 4, a two-day conference billed as a report back to U.S. business leaders on the economic agenda discussed at Malta, was held in New York City under the title, "The Opening of the Soviet Market: Implications of Perestroika for Global Business." Its sponsors were *Business Week*, the Soviet Association of Joint Ventures, and the Agnelli family's new International Council for New Initiatives in East-West Cooperation (Vienna). It attracted such speakers as Pepsico's Donald Kendall, Fiat's Umberto Agnelli, and Otto Wolff von Amerongen of West Germany—all leading members of the "Anglo-Soviet Trust," the generic name for those who, since Lenin's 1920s New Economic Policy (NEP), have viewed East-West trade as the means of building a global condominium to rule over lesser nations.

The *Journal of Commerce* wrote on Nov. 6, "The Soviet Union quietly strengthened the lineup at a [conference] scheduled to take place one day after President Bush and Soviet President Mikhail Gorbachov meet in the Mediterranean. Soviet-watchers believe this may signal an effort to use the momentum of the Bush-Gorbachov meeting to push for major advances in trade, such as repeal of the Jackson-Vanik Amendment, which prevents the Soviet Union from receiving most-favored-nation trade status with the United States until it eases emigration policies." While the "Club Med" summit was turned by winter waves into the "seasick" summit, the conference held in its wake proved to be a funeral celebration for Gorbachov and his doomed *perestroika* policies.

Despite speech after speech about the opportunities of a "vast, 280 million-person internal market" for Pizza Hut and Bloomingdale's, if only the ruble could be made convertible and means found to repatriate profits, the talk in the corridors betrayed anxiety that even though Bush had given Gorbachov almost everything on the Soviet "wish list" at Malta, he might not be around after the snow melts. Thus, Trilateral Commission financier Otto Wolff von Amerongen, who bragged to *EIR* that he "had originated East-West trade in Germany," added: "I travel to Moscow frequently. I have a lot of friends in IMEMO. They tell the danger this winter may not be so much the Soviets going to war to conquer food and essential supplies as the outbreak of civil war in the Soviet Union."

Price Lowenstein, who is director of International Political Risk Services at Frank B. Hall and Co. of California, told *EIR* that he had been warned against mentioning signs of a

coming Tiananmen-style crackdown in the session on "Understanding Risk in the New Soviet Business Environment," but in private he told *EIR* that the "CIA analysis" was that there would be a nationalist coup d'état against Gorbachov, possibly as early as this winter. His advice to businessmen: "Buy more political risk, transaction, and other kinds of insurance."

This sort of response betrayed the second major theme, namely that because of the depression collapse of real industrial potential, businessmen are desperate for new business and markets. The height of this was the furor that greeted word that the U.S. State Department had blocked a visa for the top Soviet official, Vladislav Malkevitch, who is chairman of the U.S.S.R. Chamber of Commerce and Industry and co-chairman with Dwayne Andreas of the U.S.-U.S.S.R. Trade and Economic Council. When this reporter explained to a businessman that this was possibly because even the State Department had published a report, based on declassified CIA information, that Malkevitch's Chamber was over one-third KGB and GRU units, and that his predecessor had used the Chamber to found a "KGB Special Reserve" which operated internationally, the businessman flared up: "The State Department can't do that. We're losing out to Germany on trade deals with the Soviets. So what if Malkevitch is KGB? That's old thinking."

Similarly, a spokesman for the powerful Bechtel Corp. construction firm told *EIR* that it would no longer wait for limited Soviet hard currency, but would barter construction for low-quality Soviet commodities, because "we just can't get any jobs."

'Bush did not go far enough'

Business Week editor-in-chief Stephen B. Shepard tried to open the conference on a euphoric tone, when he said: "Conservatives have criticized Malta, saying Bush gave away the store without concessions in Central America. This is nonsense. After Malta, the conservatives will be on the fringe."

Keynote speaker Donald Kendall, who had opened trade with the Soviets during Kissinger's détente, when he worked with Soviet boss Leonid Brezhnev to found the U.S.-U.S.S.R. Trade and Economic Council, said that Bush's concessions "did not go far enough." Among the steps Kendall wanted Bush to take was immediate repeal of the Jackson-Vanik Amendment to grant the Soviets most-favored-nation status. If that occurs, Kendall, who initiated the vodka-for-Pepsi deal, stands to pick up an extra \$10-15 profit on each case of Stolichnaya vodka sold.

In an interview with *EIR*, Kendall revealed some of his real thoughts. He said that food aid to get the U.S.S.R. and Poland through the winter must be a high priority, but added, "I'd worry more about food for Poland than the Soviet Union this winter." Kendall, an operative with Armand Hammer, Dwayne Andreas, and Edgar Bronfman of the U.S. part of

the Anglo-Soviet Trust, parroted the opposition that British Prime Minister Margaret Thatcher and the man Thatcher has a teenage crush on, Soviet boss Mikhail Gorbachov, have to German reunification.

Kendall broke off further questions from a group of journalists, after *EIR* asked him whether Deutsche Bank chairman Alfred Herrhausen might have been killed, because he was the architect of Chancellor Kohl's reunification drive. "I don't believe that," said Kendall as he stalked off. Otto Wolff von Amerongen insisted to *EIR* that former East German secret police (Stasi) deputy director "Markus Wolf would never kill my friend, Herrhausen." Wolff von Amerongen told *EIR*, "It is theoretically correct that Herrhausen had been an instrument of German reunification, but his assassination had nothing to do with the Soviet intelligence services. . . . [Siemens executive] Kurt Beckurts was killed because he was a high-tech man. Herrhausen was killed, because he was a symbol of capitalism in Germany. It had nothing to do with the KGB or Stasi, nor did it have anything to do with Herrhausen's friendship with Chancellor Kohl or the reunification issue."

A handful of optimists

Despite the desperation over Gorbachov's fate betrayed by most businessmen in private, there were a handful of optimists. Fiat part-owner Umberto Agnelli, whose International Council for New Initiatives in East-West Cooperation had co-sponsored the conference, said in his private discussions with businessmen at lunch, that "Bush got Gorbachov through the winter." Perhaps, what Agnelli was actually reflecting, was his personal euphoria over concluding a \$1.36 billion joint venture to make Fiats in the U.S.S.R. for export to Western Europe. Agnelli said in his speech that he was happy because he had tapped a workforce that earned \$50-150 a month, while the Soviets were happy because it was a new way to earn hard currency.

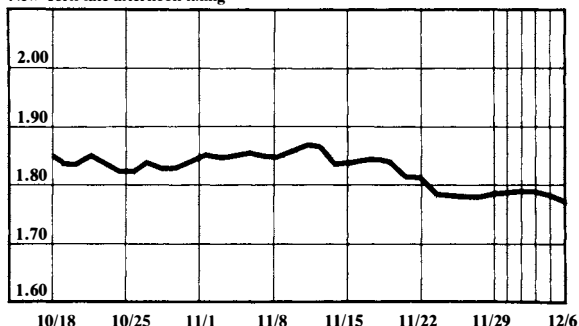
Agnelli's praise of Bush's appeasement was reported by luncheon keynote speaker Hedrick Smith, a former *New York Times* correspondent in Moscow and author of *The Russians*, initially attacked by the Soviets but a bestseller there since *glasnost*. Smith, too, said that despite the food shortages and the onset of winter, he thought Gorbachov would pull through, because Gorbachov, "being an excellent political strategist," had been given concessions he could parlay into political capital at home by Bush at Malta. Smith added that, while the opposition had been sabotaging *perestroika*, it could not find a new leader around whom to coalesce, especially since reputed Stalinist Yegor Ligachov lacked the "weight and power" to overthrow Gorbachov.

Few of the businessmen *EIR* spoke with in the corridors of the conference shared this optimism. Instead, they and their Soviet trade partners betrayed the mien of two stumbling drunks, trying to prop each other up, lest they fall into the gutter.

Currency Rates

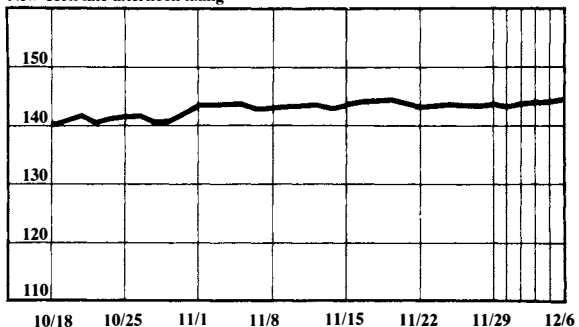
The dollar in deutschemarks

New York late afternoon fixing



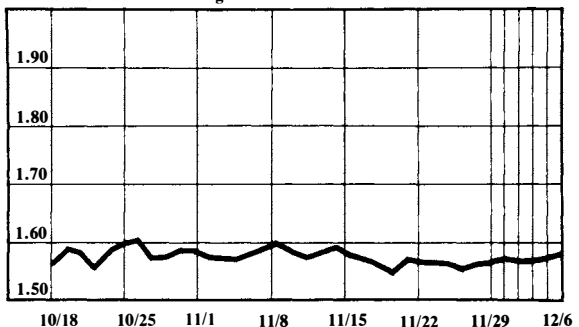
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

