

# Is Russia a 'most favored nation'?

by Vin Berg

Mikhail Gorbachov emerged from private talks with U.S. Secretary of Commerce Malcolm Baldrige in Moscow on Dec. 9, to loudly demand, in exchange for expanded U.S.-Soviet trade, a full round of political and economic concessions from the United States. The Soviet general-secretary's demands included the lifting of all restrictions on sensitive (e.g., military-related) technology, a lifting of all embargoes, (e.g., of the sort that followed the Afghanistan invasion), and massive expansion of trade credits.

He then lashed out: "We don't want outdated U.S. technology. If we have to, we'll do it ourselves. . . . We've done it before and we can do it again. The Soviet Union has outstanding scientists, engineers, and highly skilled workers. The Soviet Union was the first to build experimental rockets, it was the first to build a man-made satellite and the first to launch a spaceflight." It is the U.S. economy that is "severely effected" by Washington's policy of economic embargo.

To these demands, delivered to a U.S. business delegation led by the commerce secretary, Gorbachov then added the demand that the United States grant Russia "most-favored-nation" status in international trade, i.e., the lowest-offered commodity prices and credit rates—something generally reserved for nations whose easy access to American products is deemed in the national security interests of the United States.

Who in their right mind, under present strategic circumstances, would even consider such a demand from the Kremlin? Apparently, Malcolm Baldrige and his businessmen's delegation would. Not surprising, in that a leading member of the delegation is Occidental Petroleum's Armand Hammer, the representative of the Soviet state in the Western business community.

It is a ridiculous spectacle—Baldrige with 400 top U.S. businessmen in tow, basking in the Geneva summit's "new optimism" regarding East-West relations.

The Soviet party newspaper, *Pravda*, on Dec. 9, played this up: The summit had made it possible for "the regular forum of Soviet and American businessmen to become a major event." The editorial appeared under the headline, "Trade is a Bridge to Mutual Understanding."

But Moscow is in the middle of a massive military build-up, whose thrust is unmitigated by the summit. Moscow is in need of whatever it can find outside its borders, to keep its population fed and industry going, while it devotes every-

thing it can produce inside its borders to military build-up. And then, Moscow demands that the adversary power targeted by its build-up provide it with what it needs to sustain the build-up, on the most favorable possible terms!

Were things as they should be in Washington, the President would instruct his secretary of commerce to reply to the Soviet embassy in Washington: "Begging your pardon, but, are you nuts?"

Instead, the secretary of commerce has led 400 top U.S. corporate executives to Moscow, precisely to negotiate providing Russia with whatever it wants on the terms it wants. The American delegation includes executives from Coca-Cola, Kodak, Estée Lauder, Dow Chemicals, Levi Strauss, Pepsico, Union Carbide, American Express, and Chase Manhattan Bank.

The trip itself being appeasement, Gorbachov did not hesitate to raise demands: U.S.-Soviet trade will not increase unless the United States removes political "obstacles." Gorbachov told the businessmen: The United States is blocking U.S.-Soviet trade, by blocking trade credits to the U.S.S.R., banning Soviet products, breaking contracts through embargoes and boycotts, and denying it most-favored-nation status.

"As long as these obstacles exist, there will be no normal development of U.S.-Soviet trade and other economic ties on a large scale."

James Giffin, the president of the U.S.-U.S.S.R. Trade and Economic Council, quickly fell to kiss Gorbachov's feet. All obstacles, like the Jackson-Vanik Amendment's linkage of trade to emigration of Soviet Jews, have to go, he told a press conference in Moscow on Dec. 9:

"We believe the Jackson-Vanik amendment should be repealed. And we support most-favored-nation status for the Soviet Union. . . . We hope to continue the momentum begun in Geneva, to start the whole trade mechanism again."

Malcolm Baldrige, for his part, stated on Dec. 8: "The fact that about 400 American businessmen are coming to take part shows that the United States is willing to develop trade with the Soviet Union."

## 'New Yalta' trade

The Treasury Department's delegation is part of pattern of peace-loving dealings which are providing the economic underpinnings to the U.S. State Department's "New Yalta" agreements with the Kremlin. Among already standing economic concessions:

In September, Agriculture Undersecretary Daniel Amstutz, the once-and-future Cargill executive, assured a Soviet trade delegation that the U.S.S.R. could have at least 22 million tons of U.S. grain during this trading year. In November, just before the summit, a group of five banks led by First National of Chicago put together a special \$400 million loan facility for the Soviets to draw on to buy such grain from the United States and Canada—the first credit in five years, since the Soviet invasion of Afghanistan.