

Genscher lauds Russia at Potsdam meeting

by Mark Burdman

The June 9-11 meeting in Potsdam, East Germany on "New Approaches to East-West Security," co-sponsored by the New York-based Institute for East-West Security Studies (IEWSS) and the East German Foreign Ministry, was billed by the institute as "the first major international conference following the Moscow summit between President Reagan and General Secretary Gorbachov."

Be that as it may, participants at the Potsdam sessions report that the meeting brought about no major departures in East-West relations and initiatives. This is not the appropriate time: The factional and policy turmoil inside the Soviet Union is too intense, and there is a vacuum in the United States caused by the demolition of the Reagan presidency and the presidential election campaign. So, the Soviets at Potsdam made no new proposals and even the most enthusiastic "bipolar world" advocates on the Western side tended to be cautious.

The notable exception to that pattern was the startling behavior of West German Foreign Minister Hans-Dietrich Genscher. So emotionally overwhelmed by his first *official* political intervention in East Germany, his native homeland, Genscher made a public metamorphosis from his usual Soviet agent-of-influence behavior into overt Soviet agentry. This embarrassed even some of his usual friends among American, British, and French "Trust" layers.

Upon arrival, Genscher listened for half an hour to a speech by the East German Minister of Trade Gerhard Beil, following which, Genscher disappeared for an hour-and-a-half. Astute participants noted that Genscher's East German counterpart Oskar Fischer had also disappeared. While these participants were drawing the obvious conclusion, Genscher returned and delivered his speech.

The speech was extraordinary on several counts:

Genscher gave what the *Financial Times* of London on June 13 characterized as a "ringing endorsement" of Mikhail Gorbachov's "common European house." The West German foreign minister stated his own aim to be "to reactivate the once so varied and fruitful bonds between Russians and Germans," and "to develop and deepen them with the aim of overcoming the division in Europe." He echoed a famous slogan of the late Gen. Charles de Gaulle of France saying that "Europe includes all Europeans—from the Atlantic to the Urals." He continued, "A bold design is wanted for a peaceful order for one *Europe*, in which all Europeans will

find peace and be able to exercise their inalienable rights." Contrary to Genscher's speech, what de Gaulle had specifically meant was that Western Judeo-Christian culture should emanate *from* the West *to* the East, hence from "the Atlantic to the Urals."

Genscher endorsed the latest Soviet proposal to cut conventional forces in Europe, calling them "very important," and claiming they would serve as "a good foundation" for discussions between the two blocs on reducing non-nuclear forces. Under the heading, "Genscher backs Moscow," the June 13 *International Herald Tribune* noted that he was "the first high-ranking Western official to welcome the Soviet plan." Gorbachov's proposal during the latest summit was for both the Warsaw Pact and NATO to each withdraw 500,000 troops from Europe, which is looked on unfavorably by Western nations, since it would massively favor the Russians' overwhelming conventional capabilities in Europe.

A similar proposal was made by Soviet Foreign Minister Eduard Shevardnadze, in his speech to the United Nations in New York during the week of June 6. In Potsdam June 10, Gen. Nikolai Chervov, the Soviet General Staff's expert on arms control, repeated the same proposal in substance, disappointing those who had hoped that Chervov's suave mannerisms implied some breakthrough in Soviet thinking.

During the Potsdam meetings, Chervov and British Minister of State for Foreign Affairs David Mellor got into a shouting match over the issue of Soviet compliance with verification and data provision protocols of arms control agreements. In his own speech, Mellor said that Soviet armament programs were proceeding at a rate 30% higher than in the early 1980s.

Genscher's speech also gave a warm welcome to the "new security concept . . . based on a non-aggressive defense capacity" outlined in New York by Shevardnadze, a bit of *maskirovka* invented by Soviet Chief of the General Staff Marshal Sergei Akhromeyev, as we discussed in last week's *EIR*.

Genscher called, *de facto*, for terminating the CoCom restrictions on technological exports to the East, demanding that the restrictions "must be reduced to the lowest possible level," and attacked those in the West who want to use Western technological superiority against the East. On the CoCom issue, U.S. Commerce Secretary C. William Verity agreed, in substance, with Genscher. While insisting that CoCom restrictions on security-sensitive material to the East would be maintained and the "means of enforcement strengthened," Verity said that the Commerce Department aimed to "reduce substantially the list of prohibited items."

In the question period, Genscher was asked about Western Europe's military and other relations to the United States, since he had, remarkably, never mentioned this once. He answered by locating U.S.-West German ties in the context of the Helsinki European Conference on Security and Cooperation—an astonishing departure from NATO as the usu-

al reference-point for this relationship.

In comparison with Genscher's effusiveness, other Western delegates were generally quite cautious and unwilling to come up with major initiatives, such as the much-discussed "Marshall Plan" for the East bloc. Even so, the speakers' list represented an interesting cross-section of think tanks, academia, press, and government from both sides of the Iron Curtain, including: Czech Foreign Minister Bohoslav Chnoupek; East German Foreign Minister Oskar Fischer; U.S. Deputy Secretary of State John Whitehead; U.S. Sen. William Cohen (R-Me.); former British Foreign Secretary David Owen; Vikenti Matveyev, political correspondent for *Izvestia*; Dr. Vitali Zhurkin, director of the Institute of Europe of the Soviet Academy of Sciences; speakers from the Soviet IMEMO think tank; various participants in the Anglo-Soviet Round Table from the Royal Institute of International Affairs and St. Antony's College, Oxford; and former Italian Prime Minister Bettino Craxi. Two of the participants, Theo Sommer, editor-in-chief of Hamburg's liberal weekly *Die Zeit* and former French Foreign Minister Jean François-Poncet had both attended the Bilderberg conference in Innsbruck, Austria on June 3-5.

'For the benefit of Gorbachov'

The only intervention comparable to Genscher's came from Hungarian-born American financier and "offshore" speculator George Soros, an Armand Hammer-associated operative who has been busily setting up trusts for East-West cultural, legal, and similar cooperation.

On June 10, Soros declared that Gorbachov's attempts to overcome Stalinism bore the same weight as the overcoming of Nazism in Germany. Soros warned, however, that Gorbachov could not solve this situation alone, but required Western help, and the consequences of his failure would be devastating for the West. What the West must do, he said, is to build an international agency to provide know-how and give the Russians huge access to computer goods. Furthermore, he said, "Everything that we economize as a function of weapons reductions should be for the benefit of Gorbachov."

According to the daily *Frankfurter Allgemeine Zeitung* June 11, many Western delegates started laughing as Soros put forward his "Save Gorbachov Fund" proposal. Again, to be an agent-of-influence is one thing, but to act as an outright agent is a different thing. Perhaps to avoid more chuckles, Soros presented a watered-down version of this idea in a commentary in the *Financial Times* of London June 15, under the heading, "The Soviet Economy/Joint Ventures: A Way to Make Perestroika Work."

Repeating his comparison of the overcoming of Nazism and Stalinism, he warned that "one cannot avoid having grave doubts about [Gorbachov's] chances of success. . . . In the absence of economic progress, the hopes raised by glasnost will yield to disappointment and eventually disorder. Disor-

der will invite repression and the window opened by Gorbachov will be shut tight." The problem, stressed Soros, is that "in the Soviet Union, the infrastructure necessary for economic reform is simply nonexistent. . . . Perestroika cannot succeed without the infusion of managerial and entrepreneurial skills from abroad."

Soros asserted that joint ventures could, in this manner, become "enclaves of efficiency." They would have to function on the basis of a "two-tier currency system consisting of a convertible and non-convertible ruble," accomplished by "allowing domestic distributors of consumer goods to bid for convertible rubles on a competitive basis." Such "auctions" could "establish an exchange rate between convertible and non-convertible rubles," and would best be financed by "an international banking syndicate. . . . Half the capital would be subscribed by the Soviet Union" pledging some of its gold reserves and "half by the developed countries, including Japan and Korea." This would be tied to "large-scale reduction in conventional armaments. Since both issues are complex and time is short, the two sets of negotiations would be best carried on concurrently."

An East-West joint venture

Even if the Institute for East-West Security Studies was not able to rally as much enthusiasm behind new bipolar arrangements as its directors might have wished, we can be sure they will provide public platforms in the future for the likes of Genscher and Soros. Since its creation in the early 1980s, it has emerged as one of the key organizations for back-channel "Trust" negotiations. Its special nature is that it is, from top to bottom, a *joint East-West* venture.

The IEWSS was set up by John Mroz, a Polish-American wheeler-dealer who had worked earlier with the International Peace Academy. Mroz is today the group's president. Its co-chairmen are Academician Ivan T. Berend, president of the Hungarian Academy of Sciences, and Whitney MacMillan, chairman and chief executive officer of Cargill, Inc., in the state of Minnesota, where IEWSS held its conference last year. For that occasion, MacMillan had overseen a study on developing steps toward an East-West security partnership, in which he drew upon leading policy planners from the foreign offices of Britain, France, Italy, West Germany, and many other countries.

The IEWSS's chief patrons since its inception have been Berthold Beitz of the Essen, West Germany, Krupp steel giant, and Ira Wallach, chairman of the New York-based Central National-Gottesman Corporation. Beitz, now honorary chairman of the board of the IEWSS and president of the Alfred Krupp von Bohlen und Halbach-Foundation of Essen, is a leading Western Trust figure, who has extremely close ties to the Soviet Union and Bulgaria. In the past weeks, Krupp/Essen and the Lonrho PLC conglomerate of Britain's "Tiny" Rowland have consolidated a joint venture, "Krupp Lonrho GmbH," based in Düsseldorf.