

*Bob Dole*



NEWS

U. S. SENATOR FOR KANSAS

FROM:

SENATE REPUBLICAN LEADER

FOR IMMEDIATE RELEASE  
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CONTACT: WALT RIKER  
(202) 224-5358

## SOVIET AID

REMARKS AT VIRGINIA TECH LEADERSHIP FORUM  
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TODAY IS A PRETTY HISTORIC DAY. THE MIDDLE EAST PEACE CONFERENCE GETS UNDERWAY IN MADRID -- AND WE'RE ALL HOPEFUL THIS CONFERENCE CAN BE THE FIRST STEP ON THE ROAD TO A REAL PEACE IN THAT TROUBLED REGION.

BUT SAYING THIS IS A HISTORIC DAY, IN THIS ERA, IS PRETTY MUCH LIKE SAYING IT IS A NORMAL DAY. BECAUSE EACH NEW DAWN SEEMS TO BRING EXTRAORDINARY NEW DEVELOPMENTS, SOMEWHERE IN THE WORLD.

ONE THING THAT I KNOW IS OF SPECIAL INTEREST TO THIS GROUP IS OUR RELATIONSHIP WITH THE SOVIET UNION. AND, OF COURSE, ON THIS PARTICULAR HISTORIC DAY, ONE OTHER THING THAT DID HAPPEN IS THAT PRESIDENT BUSH AND PRESIDENT GORBACHEV HELD AN IMPORTANT MEETING IN MADRID. WHILE WE DON'T HAVE FULL REPORTING ON THAT MEETING, WE CAN SAFELY ASSUME THEY DISCUSSED NOT ONLY THE MIDDLE EAST PEACE PROCESS, BUT THE WHOLE RANGE OF CRITICAL BILATERAL ISSUES BETWEEN OUR NATIONS: THE POLITICAL AND ECONOMIC REVOLUTION THAT IS RESHAPING THE SOVIET UNION; THE QUESTION OF CONTROL OF NUCLEAR WEAPONS; THE PRESIDENT'S BOLD NEW ARMS REDUCTION PROPOSAL, THAT CAN TURN US FROM THE MADNESS OF M.A.D. -- MUTUALLY ASSURED DESTRUCTION -- TO THE SANITY OF A REAL SECURITY BASED ON LOWER LEVELS OF ARMS AND BETTER FORMS OF DEFENSE.

AND CERTAINLY ONE VERY IMPORTANT AND CONCRETE ISSUE ON THE AGENDA IS WHETHER, AND HOW, WE SHOULD PROVIDE AID TO THE SOVIETS. I'D LIKE TO FOCUS MY REMARKS ON THAT QUESTION TODAY, AND SUGGEST WE PROCEED WITH A THREE STEP APPROACH.

### STEP ONE: GETTING THROUGH THE WINTER

WE OUGHT TO HELP THE SOVIETS THROUGH THIS WINTER. WE'VE SEEN REMARKABLE PROGRESS TOWARD DEMOCRACY, AND THE FIRST REAL STEPS TOWARD FREE MARKETS, THESE PAST FEW MONTHS. BUT NOTHING WOULD JEOPARDIZE THAT PROGRESS MORE THAN FOOD AND ENERGY SHORTAGES, AND RESULTING UNREST, OVER THE COMING WINTER. SO IT'S IN OUR INTEREST TO HELP THE RUSSIANS AND THE OTHER REPUBLICS -- AND IT'S ALSO THE RIGHT THING TO DO, FROM A HUMANITARIAN STANDPOINT.

### STEP TWO: DON'T'S AND DO'S

THE QUESTION OF WHERE TO GO FROM THERE, THOUGH, IS A LOT LESS CLEAR AND SIMPLE.

ONE THING IS CLEAR: WE SHOULDN'T START WRITING OUT ANY CHECKS, IN THE FORM OF LARGE SCALE GRANTS OF CASH OR PROJECT AID. IN THE FIRST PLACE, WE CAN'T AFFORD IT. IN THE SECOND PLACE, THE SOVIETS COULDN'T ABSORB IT. THEIR SYSTEM IS IN A MESS, POLITICALLY AND ECONOMICALLY, AND WILL TAKE SOME SORTING OUT BEFORE THEY CAN REALLY ABSORB BIG TICKET CASH OR PROJECTS. IN THE THIRD PLACE, WE DON'T EVEN KNOW WHOSE NAME TO WRITE IN ON THE TOP LINE. PAY TO THE ORDER OF -- WHO? THE SOVIETS HAVEN'T EVEN SORTED THAT OUT YET.

BUT WITHIN THOSE EXTREMES -- YES TO EMERGENCY FOOD HELP, AND NO TO BIG TICKET CASH AND PROJECT AID -- THERE ARE SOME UNANSWERED QUESTIONS.

THE MOST IMMEDIATE ONE IS WHAT TO DO ABOUT THE SOVIETS' MOST RECENT REQUEST FOR CREDITS TO BUY AMERICAN AGRICULTURAL PRODUCTS. IN A LETTER TO PRESIDENT BUSH, PRESIDENT GORBACHEV HAS REPORTEDLY ASKED FOR ADDITIONAL CREDITS -- \$1.0 BILLION UP FRONT IN EMERGENCY HUMANITARIAN ASSISTANCE; AND SOME BALANCE IN THE FIRST HALF OF 1992.

AS A MATTER OF COMMON SENSE AND OUR LAW, ONE BIG THING TO LOOK AT IS: WILL THE SOVIETS REPAY THOSE CREDITS?

(MORE)

ONE THING THAT IS CLEAR IS THAT THE SOVIETS ARE DEEP IN DEBT; HAVE DWINDLING RESOURCES TO REPAY THOSE DEBTS; AND HAVE AN ECONOMY THAT, RIGHT NOW, IS PRETTY WELL FLAT ON ITS BACK AND NOT GENERATING MASSIVE AMOUNTS OF HARD CURRENCY.

AND THE AMERICAN TAXPAYER DOESN'T WANT TO ASSUME THE RISK AND BE LEFT HOLDING THE BAG ON BILLIONS OF DOLLARS IN NEW CREDIT. AND I HAPPEN TO BELIEVE, FROM TALKS WITH MANY RUSSIAN LEADERS, THAT THEY DON'T WANT TO BE SOME NEW KIND OF "WELFARE CLIENT," ON THE EASY-CREDIT/NO PAY-BACK ROLLS LIKE SOME THIRD-WORLD COUNTRY. THAT'S NOT AN OPTION, AS FAR AS WE ARE CONCERNED, AND NOT AN ANSWER, AS FAR AS THEY ARE CONCERNED.

BUT THEY DO NEED TO FIND SOME RESOURCES TO GET THEM OVER THIS TERRIBLE HUMP OF TRANSITION FROM ONE KIND OF SYSTEM TO A TOTALLY DIFFERENT -- AND BETTER -- KIND OF SYSTEM. IT TAKES RESOURCES TO THROW COMMUNISM IN THE TRASH CAN, WHERE IT SO CLEARLY BELONGS, AND INSTALL FREE MARKETS. AND, AGAIN, IF THE SOVIETS DO SUCCEED IN MAKING THIS TRANSITION, IN THE LONG RUN IT WILL BE BETTER NOT ONLY FOR THEM, BUT FOR US. AT THAT POINT, MAYBE, WE CAN REALLY BEGIN TO SEE A BANK-ABLE, SPEND-ABLE "PEACE DIVIDEND." SO, DESPITE VERY LEGITIMATE QUESTIONS ABOUT THEIR OVERALL CREDIT-WORTHINESS, I THINK WE SHOULD LOOK SYMPATHETICALLY AT GORBACHEV'S REQUEST.

MY GUT INSTINCT IS THAT -- EXCEPT IN THE MOST EXTREME CIRCUMSTANCES -- THEY WILL REPAY THE LOANS TO US, OR LOANS THAT WE GUARANTEE. THE FACT IS, THEY DESPERATELY NEED OUR HELP, POLITICALLY AND IN TERMS OF ECONOMIC, TECHNOLOGICAL AND ADVISORY ASSISTANCE. THEY CAN'T AFFORD NOT TO PAY US BACK. I TEND TO BELIEVE THAT WE'LL GET OUR MONEY UP FRONT, AND THE OTHER CREDITORS -- AND MAKE NO MISTAKE ABOUT IT, THERE ARE PLENTY OF THEM, AND THE LINE IS GROWING -- THEY'RE GOING TO HAVE TO LINE UP BEHIND US. THERE IS SOME RISK INVOLVED -- AND WE OUGHT TO MINIMIZE THAT RISK BY NEGOTIATING CLEAR AND STRINGENT AGREEMENTS ON THE USE AND REPAYMENT OF LOANS -- BUT IT IS A RISK THAT WE SHOULD TAKE, BECAUSE IT IS IN OUR INTEREST TO TAKE.

#### STEP THREE: LONGER-TERM NEEDS

I'VE HAD A LOT OF SOVIETS COMING THROUGH MY OFFICE RECENTLY, INCLUDING THE PRESIDENTS AND REPRESENTATIVES OF MOST OF THE SOVIET REPUBLICS. THEY ALL HAVE A LAUNDRY LIST OF THINGS THEY NEED AND WANT FROM US. BUT THE LISTS OF MOST OF THEM -- THE SMART ONES -- BOIL DOWN TO TWO THINGS. THEY WANT OUR EXPERTISE -- TECHNOLOGICAL, AND IN TERMS OF GETTING A FREE MARKET ECONOMY OFF THE GROUND AND RUNNING. AND THEY WANT THE FRUITS OF EXPANDING, MUTUALLY BENEFICIAL ECONOMIC RELATIONS -- INVESTMENT AND TRADE.

THEY DON'T WANT HANDOUTS. THEY WANT TO GET TO THE POINT WHERE THEY CAN BE EQUAL ECONOMIC PARTNERS, IN A MUTUALLY BENEFICIAL ECONOMIC RELATIONSHIP.

ONE OF THOSE SOVIETS, ANDREY KOLOSOVSKY, RUSSIA'S DEPUTY FOREIGN MINISTER, TRAVELLED WITH ME IN KANSAS TWO WEEKS AGO. WE WENT TO FIVE TOWN MEETINGS. HE WAS A BIG HIT.

ONE POINT KOLOSOVSKY MADE TIME AFTER TIME. THE SOVIET UNION IS IN A SORT OF MANAGERIAL VACUUM.

EVERYBODY IN POWER AGREES ON WHERE THEY WANT TO GO. BUT NOBODY HAS A CLUE ON HOW TO GET THERE.

AFTER DECADES OF HEAVY-HANDED, PLODDING, CENTRAL CONTROL, THE SOVIET PEOPLE NEED AND ARE LOOKING FOR FRESH IDEAS, CREATIVE LEADERSHIP, AND PRACTICAL BLUEPRINTS FOR REFORM.

MANY GROUPS AND INDIVIDUALS IN THE U.S., ESPECIALLY IN THE FIELD OF AGRICULTURE, ARE ALREADY INJECTING SOME OF THAT MUCH NEEDED EXPERTISE AND GUIDANCE, THROUGH FARMER-TO-FARMER AND SIMILAR PROGRAMS.

BUT WE'VE ONLY JUST BEGUN TO MEET THE CRYING NEED THAT EXISTS -- FOR CAPITAL, INVESTMENT, TECHNOLOGY, AND ENTREPRENEURIAL EXPERTISE -- THINGS WHICH HAVE NOT EXISTED IN THAT COUNTRY FOR MORE THAN A LIFETIME.

WE CAN PLAY A KEY, CATALYTIC ROLE. THE SOVIETS ARE LOOKING TO US. THEY'RE OPENING THE DOORS. WE OUGHT TO START MARCHING THROUGH -- AGAIN, BECAUSE IT IS IN OUR LONG-TERM INTEREST TO DO SO.

(MORE)

THE SOVIET UNION AS A NEW MARKET

SOME PEOPLE -- INCLUDING SOME IN FARM COUNTRY -- ARE ASKING THEMSELVES WHY EVERYBODY SEEMS TO BE IN SUCH A HURRY TO HELP OUT THE SOVIETS.

WELL, I HAPPEN TO THINK THAT SOME PEOPLE ARE BEING A BIT HASTY ABOUT SOME AID PROPOSALS, AS I SAID ABOVE. BUT THERE IS A GOOD, SOUND REASON FOR US TO HELP IN SOME WAYS -- THE WAYS I HAVE LISTED: EMERGENCY FOOD AID, PERHAPS SOME AG CREDITS OR CREDIT GUARANTEES, AND CERTAINLY THE PROVISION OF TECHNICAL AND ADVISORY HELP TO SPUR SOVIET FREE MARKET REFORM. AND THAT REASON IS GOOD, OLD FASHIONED SELF-INTEREST. A COLLAPSING, CHAOTIC SOVIET STATE AND ECONOMY IS IN NO ONE'S INTEREST. A DEMOCRATIC, FREE MARKET SOVIET UNION, WITH A DYNAMIC, GROWING, INTERNATIONALLY ORIENTED SOVIET ECONOMY -- THAT SERVES OUR INTEREST AS WELL AS THE INTERESTS OF THE SOVIET PEOPLE.

AS THE SOVIET ECONOMY STABILIZES AND BEGINS TO GROW, SO DO THE PROSPECTS FOR AMERICAN INVESTMENT. AS SOVIET INCOMES AND DEMAND RISES, SO DO OUR EXPORTS.

THE BOTTOM LINE IS THAT THE SOVIET UNION -- POPULATION, 270 MILLION -- REPRESENTS A MASSIVE AND LARGELY UNTAPPED MARKET; A NEW ECONOMIC FRONTIER FOR THE UNITED STATES.

OTHERS ARE OUT THERE ALREADY, EXPLORING THAT FRONTIER: THE JAPANESE, THE GERMANS, AND SO MANY OTHER OF OUR FRIENDS. THEY'RE STAKING THEIR CLAIMS, AND SOWING THEIR SEEDS. THEIR GARDENS ARE GOING TO GROW. HOW ABOUT OURS? MUCH WILL DEPEND ON WHAT WE DO IN THESE NEXT COUPLE OF YEARS.

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