

Mr. David Ignatius, editor Outlook
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Dear Mr. Ignatius,

I'm packed, ready to go and anxious as hell so with a few minutes I write to express appreciation for your article, "While Washington Slept," in yesterday's paper. Too little thought has been given to the problem you state so well and that thinking should have begun years ago.

While I and perhaps you and most others do not like thinking of our country as an empire, I've believed since before Reagan made it certain that our own land was beginning to crumble economically. It is, I believe, an inevitable consequence of the Cold War.

Before coming to the JFK article about which I wrote you yesterday I'd read this piece and when I came to the bottom of the middle column, where you refer to the reasons given for empires crumbling, I thought there today could be another one. It is perhaps implicit in "fail to adapt to changing circumstances" but I think it can be explicit, that ironclad ideologies also contribute to such crumbling.

Because of your interest in the World War II ^{period} ~~period~~ I ~~enclose~~ enclose a copy of a hastily-written letter to the librarian at the local college where all my records will be a permanent, public archive.

If you ever develop an interest in the beginnings of the Cold War much of which is largely unknown, let me know. I doubt that colleges teach it fully and impartially. Some British reporters have done some magnificent books relating to that in snatches but basically on their traitors and movers and shakers.

When he was a college freshman a friend who is now general counsel for Lucas Films did a thesis on the early days of the cold war that he then revised into a book published by a university press. My copy is missing and when we spoke the other day I asked him if he can replace it and he said it would. So I'll have it. It is based on disclosed and ignored official documents.

It is a much more complicated matter than is generally believed here and it really began much earlier than Churchill's Fulton speech.

Of even the end of World War II.

Best wishes,


Harold Weisberg

While Washington Slept . . .

An Empire Is Crumbling, and the Germans Are Getting All the Goodies

By David Ignatius

LET'S PUT aside the emotional pictures of Germans dancing on the Berlin Wall for a moment and get serious. The reason the United States should provide economic aid to the Soviet Union and Eastern Europe isn't because it's a nice and decent thing to do. It's because if we don't, we may get left in the dust by our economic competitors.

The simple truth is that an empire is crumbling. What caused this collapse, and how "real" are the peace-loving intentions of the current Soviet leadership, would make a good term paper for Vice President Dan Quayle. But the issue that ought to concern crass pragmatists right now, as we watch the breakup of the Soviet empire, is who will get the spoils? Who will be first to exploit the new markets and business opportunities of the 21st century? On present evidence, the winner is likely to be Germany, followed closely by Japan.

The Bush administration doesn't seem to get this point. They act as if financing economic development in Poland and Hungary—not to mention Mikhail Gorbachev's Soviet Union—is a matter of altruism, of doing them a favor. Our economic competitors have no such illusions. They recognize that exploiting new opportunities is a matter of national self-interest.

David Ignatius is editor of Outlook.

"We're doing ourselves a favor by investing in Eastern Europe," says Felix Rohatyn, managing director of Lazard Freres & Co. "We're creating viable economies and new markets." Or as Jan Vanous, head of the PlanEcon consulting firm, puts it: "This country is running a substantial trade deficit. It's in the interest of U.S. business to look for new markets."

The Germans certainly are no sentimentalists when it comes to Eastern Europe, as any student of the 20th century knows. The Germans understand that if you can buy relatively skilled labor for about 20 cents an hour (as you can these days in Poland) you're crazy not to take advantage of the opportunity. They understand, too, that the nation that can help the Soviet Union construct a modern economy on the ruins of its present mess may be able to dominate the global economic system in the next century. Perhaps that's why the Germans were helping the Soviets build a natural gas pipeline in the early 1980s, long before Gorbachev.

Lech Walesa, who likes to describe himself as a simple electrician, put the nuts-and-bolts case pretty well in a session at The Post last week: "In Eastern Europe, a great business deal can be made. The question is: Will you use the opportunity? Do you want to use it?"

The scramble for Eastern Europe is on, whether we join in or not. It's a bit like the race of the great economic powers of the 19th century to exploit the new markets of that time. They hovered over the Ottoman Empire, that era's "sick man of Europe,"

like a flock of vultures, waiting to devour its pieces. They rushed into each new area of the world that was opened to trade—India, China, Japan, Africa—convinced that their nations' economic destinies depended on seizing the moment.

What role will the United States play in the newly emerging system? Will we be the Great Britain of the new order, aggressively exploiting new opportunities? Or will we be the Spain, doggedly maintaining an expensive and outmoded pattern of trade and empire? That was the question posed by Paul Kennedy in his recent book "The Rise and Fall of the Great Powers," and each passing month has brought his thesis into sharper focus.

The danger for the United States is obvious: Having built an economy geared to the production of exotic weapons—and with it, a political infrastructure that supports lavish military spending—will we be unable to make the transition to an alternative order? Will we continue building our bombers and aircraft carriers, to the cheers of generals and admirals and defense contractors, even as the other industrialized powers rush to capture the new markets and opportunities?

That is how empires decline, as Kennedy explains in his book. It is not a result of moral failure, or of any iron law of history. Great powers, on occasion, simply fail to adapt to changing circumstances—because they are too tired, too overextended or too broke.

We now have a moment—as the old order collapses in Europe—when we can measure the ability of the United States to adapt to change. How well are we doing? Alas, the evidence thus far is not encouraging. Official American reactions to the revolution in Eastern Europe have ranged from “Whoopie! We won the Cold War!” to “Wait a minute! Is this for real?” to “Hey, this guy Gorbachev is pretty *amazing!*” No one seems to be asking the crass but essential question: How can we exploit the new situation in Eastern Europe to our nation’s greatest advantage?

Most of our economic competitors have been asking this question for years, and have long since geared up for the new challenge in Eastern Europe. Their representatives have been in Warsaw, Budapest, Prague and Moscow—making contacts, making loans, making business. Jan Vanous reports that as of Oct. 1, the number of Soviet joint ventures with foreign partners had reached 940, up nearly five-fold from 191 registered last Dec. 31. West European and Japanese companies account for 596 of these joint ventures; the United States accounts for just 97.

Vanous cites another index of America’s relative disinterest in Eastern Europe. Of the approximately 500 clients that receive PlanEcon’s data on Eastern Europe, 75 percent are European or Japanese. And PlanEcon is based here in Washington!

The Bush administration does seem to have a strategy of sorts, buried under the half-measures and bad syntax. In a more jingoistic era, it would be called “defeatism.”

The premise of the Bush administration response to Eastern Europe is that the United States is, in fact, too weak economically to play a leading role in rebuilding the economies of the East Bloc. Let the Europeans and Japanese do it, is the implicit as-

sumption. They have the money; they have the ambition. And they’re the ones who have been getting a free ride from us all these years. Let them be the new imperialists, if they like—and let them pay the bills.

David Calleo, a professor at the Nitze School of Advanced International Studies, summarizes the Bush administration approach this way: “We are saying to the Europeans, ‘Look, it’s your continent. We can’t solve all your problems. You take the initiative . . .’ We are passing the primary responsibility for things to them. This is our equivalent of what Gorbachev is doing.”

Given America’s heavy deficits, argues Calleo, the Bush approach “makes a certain kind of sense.” To play a more active role, he says, “we’d have to borrow money from the Japanese to lend to the East Europeans.”

Fortunately, a handful of American corporations don’t seem to be quite so “realistic” as our politicians. What the British economist Joan Robinson called “animal spirits”—which she regarded as the true source of economic development—still prevail in at least a few corporate boardrooms. General Electric has just plunked down \$150 million for control of a Hungarian light-bulb company; Guardian Industries of Detroit is spending \$100 million to build a glass plant in Hungary; the Pritzker family’s Marmon Group just bought a Hungarian trading company.

Don’t these tycoons realize that America is a declining power? Haven’t they read the explanations of why America shouldn’t try to take the lead in Eastern Europe? It’s too risky, we’re overextended, it’s the age of limits. What are they trying to do, anyway? Exploit the situation? Take advantage of the Soviet Union’s troubles? Why, it’s downright un-American.