

Bonn Leaders Map Industrial Strategy For Third World

European Finance Ministers met in Brussels this week to map out a division of labor among financial institutions, central banks and economics ministries for the implementation phase of the July 6-7 Bremen accords on currency stabilization.

At the same time, the French and German governments have begun to put political flesh on the bare bones financial agreement by moving to transform and expand the European Economic Community into a coherent system of economic relations, capable of bringing the underdeveloped regions of Europe, as well as the so-called Third World, into the new era of growth and technological cooperation.

The Franco-German strategy centers around two points. One is the perspective of nuclear energy development outlined in the communiqué issued at the Bonn summit of industrial-capitalist countries July 17. The second is the provision of "no strings attached" economic aid in order to most rapidly industrialize underdeveloped regions and enable them to contribute immediately to the realization of the Grand Design.

This was the viewpoint expressed in interviews with leading West German political figures and by France's top foreign policy commentators in the aftermath of the Bremen and Bonn summits.

The Deutsche Bank

Calling the Bremen decision to dismantle the Bretton Woods monetary system and set up a new one in its place "a courageous step in the right direction," Dr. Wilfred Guth, Chairman of the Board of Deutsche Bank — West Germany's largest private financial institution — expounded what must now be the view of every sane European banker in an interview with the *Welt am Sonntag* of July 23. Here is the text:

Welt: How do you view the currency decisions at the Bremen EEC conference?

Guth: I view these decisions as a courageous step in the right direction: towards a joint European currency policy . . . nevertheless, there is a good basis for the view that France can soon join the group. But on the other hand, in the case of Great Britain and Italy, there is the question as to whether these countries are ready, or, on the basis of their domestic political situation, are in the position of submitting themselves to the rules of the game of this system . . . one should not complain, because from time to time, just like now in Bremen, politicians disregard the thinking of experts and, so to say, 'take a great gamble,' for the world the world is put into motion by such initiatives. But what is decisive is that they are proven to have the same courage and the same consistency in the stability policy that

is necessary for the common goal, which is increasingly demanding hard day-to-day decisions.

Welt: The international currency disorders have in the most recent period . . . come from the dollar. Can this be generally overcome by European measures?

Guth: The fate of the dollar will continue to be decided in Washington . . . Above all, the Americans must get a grasp on their energy problem and inflation, and decrease their high balance of payments deficit. Only then will trust be basically reestablished in the most important currency institution and reserve currency in the world, and the exchange rate of the dollar will stabilize on the currency markets at a suitable level . . . in the past, the European central banks have actually intervened sometimes in the opposite direction, i.e., individual partner countries have for example sold dollars with currencies that were available while the Bundesbank has bought dollars . . . in the future, a joint investment strategy (is needed — ed).

Welt: In your opinion, what are the preconditions for greater international currency stability and to a solution to the economics and growth problems?

Guth: . . . national campaigns against inflation . . . the effectiveness of public expenditure programs is increasingly acknowledged as questionable . . . stimulating private investment . . . instead of maintaining the structures that have been handed down, the policies of the international trading countries in the future must, more than in the past, make economic change easy in production and sales. In particular, the industrial countries must open their markets to the developing countries. If this doesn't occur today, then tomorrow these countries cannot play their predetermined role as dynamic markets and as the economic growth motor of the world's economy....

Two-Tiered Community?

West German Chancellor Helmut Schmidt was similarly quoted by Reuters on July 20, emphasizing that "There would be a two tier (European Economic) Community if Britain and Italy failed to join a proposed enlarged European monetary system." However, Schmidt said he was hopeful of British and Italian cooperation in the new monetary arrangement, which West Germany and France plan to launch in January to create greater monetary stability.

Schmidt attacked recent British and German newspaper criticism of the new monetary plan as "petty" and said "anyone who just plays safe is no use in the construction of a European Community."

Reuters further reported: "The Chancellor said funds of up to \$50 billion in foreign exchange and gold reserves behind the proposed system would be large enough to deter speculation. The arrangement was not directed against currencies outside the proposed system like the

dollar. On the contrary, it would help curb fluctuations in these currencies, he added."

In an exclusive interview with NSIPS, former West German Development Minister Marie Schlei also stressed the critical necessity for third World industrialization and gave her full support to West German Chancellor Schmidt's Bremen policy. Schlei — an expert on Third World development policy — praised U.S. Secretary of State Cyrus Vance and Ambassador Andrew Young for their efforts to bring peace and economic development to southern Africa, in contrast to the approach of U.S. National Security Advisor Zbigniew Brzezinski.

The Namibia settlement reached last week was cited by Schlei as particularly crucial for the establishment of a climate for stable economic relations in Africa. She announced that West Germany now has under consideration a major development program for Namibia and nearby Botswana through an initial 3 billion deutschmark investment fund.

A source in the West German government confirmed that the exemplary Ponto model for regional development in southern Africa is operational West German policy. The plan, developed by Dresdner Bank official Jürgen Ponto, was based on the remonetization of gold. It included cooperation between key black African republics and white-ruled South Africa on the basis of the most rapid development of skilled labor within the region.

Human Rights: "Living Under Decent Conditions"

Hans-Dietrich Genscher, the Vice-Chancellor and Foreign Minister of the Federal Republic of Germany, detailed his country's policy towards the Third World in a July 23 article in the *Hamburger Abendblatt*. Mr. Genscher is also chairman of the small Free Democratic Party (FDP), which forms the West German coalition government together with the larger Social Democratic Party of Chancellor Helmut Schmidt.

During the week of July 23-28, Mr. Genscher was the chairman of the Second Lomé Treaty Conference in Brussels. The Lomé Treaty, signed in Lomé, Togo in 1976, reduced or eliminated European Economic Community tariffs on a wide range of goods produced in the Third World, and it is the best example so far of North-South cooperation on markets and trade.

... The BRD is an industrial country which produces, to a great degree, for the export market... the BRD must therefore be interested in peaceful international cooperation and exchange on the basis of a functioning world economy... In former times, political and economic problems of our world were handled by a few power centers, while today we are confronted with a complicated network of international relations... Therefore, the BRD has added to the main points of its foreign policy, the European Alliance and Ostpolitik, Third World Policy. This is now part of our overall policy...

One difficult source of conflict is always the lack of

attention to elementary human rights. We therefore demand, that these rights be realized everywhere. This means, that all human beings should be able to live under decent conditions. Therefore, we all have to fight actively against hunger and misery throughout the world. We should not forget that we also received help in the most difficult postwar period.

... already today, four out of every five marks given for development aid come back in the form of orders for industry. Therefore, the future of our industry, and of our jobs in the next ten years or so is not in simple mass production, but in the production and export of technologically highly developed goods. Cooperation between partners also means the international division of labor... philosophical discussion about fair prices does not help anyone... but there is a common interest in prices that are predictable for the long term. Everyone of us expects an increased living standard from our economy, and this also holds for the Third World.

Following the original division of labor between French President Giscard d'Estaing and West German Chancellor Helmut Schmidt to organize for Grand Design policies, the French are now concentrating their efforts on restructuring the European Economic Community. The French aim to offer development opportunities to the economically depressed southern tier (Spain, Portugal and Greece) while excluding troublemakers like Great Britain from the scheme should this become necessary.

In an important two-part article, *Le Figaro's* respected foreign policy commentator, Paul Marie de la Gorce, called for a renegotiation of the Treaty of Rome (which established the European Community) in order to "diversify" Europe's commercial and industrial potential. "Consolidation of democracy" in the Iberian peninsula — whether through direct entry into the EEC or through some other viable trading arrangement — would go a long way toward eliminating the destabilization efforts launched from this region, de la Gorce noted. Such an economic improvement would benefit both the southern European countries and the rest of Europe as well.

France and the Nuclear Debate

The following are excerpts from a two-part series of articles that appeared in *Le Monde* July 22 and July 23, by Paul Granet, a deputy from the U.D.F. coalition of parties that supports French President Giscard d'Estaing. In it he develops the reasons for France's commitment to nuclear energy and its development in the Third World, as well as a direct reply to the Carter Administration's policy.

It is true that the fight for national independence must always be fought. And today, everything is put into question in the nuclear field. It is relevant, now more than ever, to recall the legacy of General de Gaulle... independence, not denatured into a passive neutrality, but willed as an active contribution to international equilibrium, a condition for peace... No independence without energy autonomy and a nuclear industry, no independence without armed nuclear forces. To reach this double objective, there is one condition: to have uranium — or enriched uranium or plutonium — with no strings attached. In sum, to become

masters of the plutonium cycle

The spread of atomic techniques is not in itself a factor in the multiplication of weapons. Restrictive measures concerning the diffusion of knowledge or technology could be even more dangerous

As soon as he was elected, Mr. Carter launched a great offensive around the theme of nonproliferation The nuclear nonproliferation bill could also signify that the United States wants to force us to abandon recycling and the fast breeder by prohibiting the recycling of enriched uranium supplied by them. In that case, we would find ourselves under the obligation to carry out a new and total "war for independence," nothing being negotiable. . . .

On an international level it is remarkable that the developing countries are more and more turning towards us. They hope to realize their economic takeoff thanks to a nuclear industry benefiting from French support. Sellers of uranium ore, buyers of nuclear plants, and research installations, they can defeat the will of the two superpowers to "police" the world

Tomorrow, the Germans will have to choose. They can accept Carter's conditions But the Germans have been as struck by Carter's imperialism as others (they felt it with the Brazilian contract) and they are undoubtedly tempted to give a content, with the nuclear issue, to a political Europe. In this hypothesis, we could offer them participation in Eurodif and Coredif (uranium enrichment consortiums — ed)

We make only one recommendation (to the French government — ed): never give in when the conditions for independence are at stake.

"European Approach"

Yves Guena, Gaullist party deputy in the National Assembly and political advisor to Gaullist leader Jacques Chirac, wrote in the July 21 issue of *Le Monde* attacking Britain's historic opposition to Grand Design policies. Below is an excerpted translation.

Europe can become a great power and, in sum, it must become so. Through its population, its industry, its scientific capability, the Europe of the Nine is theoretically equivalent to the two giants who share the world; one day it should be able to balance them in the great planetary game.

We, the Gaullists, are partisans of the construction of Europe, and we give this word all its meaning From the start, let us stress that two snags must be avoided: the dilution of the Common Market into a free-exchange zone, and the follies of supranationality.

The free-exchange zone is, with or without this name, the alibi, the good conscience of those who speak about Europe but are resolved not to build it, of those who are inclined only to build the Europe of the merchants

In several circumstances already we have shown our resolve to avoid this bastardization of the European idea. One can recall the fight led by Couve de Murville (the Foreign Minister — ed) in December 1958 when General de Gaulle opposed . . . the sabotage attempt undertaken by England for the profit of the free-exchange zone. One can also recall how, later, in 1962, General de Gaulle said no to Great Britain which sought, for lack of being able to destroy the Common Market from the outside, to enter it, but without accepting its rules, and thus to undermine it from the inside. Twice, the Gaullists saved Europe from its fragile beginnings

Then, we succeeded in imposing the Common Agricultural Policy The second danger (is) the maximalism of the supranationalists

We denounce the deficiencies of Europe's energy policy. This is the great problem of the hour: would the European countries be without ideas or common will to face this crisis?

The response to the efforts undertaken by France and West Germany on the road to monetary unity will be the touchstone of the good will of each country. And no one should be surprised — it's in their nature — at the equivocations of the English.

To what avail all these efforts, and perhaps these sacrifices, this frenetic search for Europe, if Europe is only to be, according to Kissinger's expression, a regional power, a practical relay for American policy on one extreme of the Euro-Asian continent?

Portugal A Key

French President Giscard d'Estaing has just returned from an exceptionally fruitful visit to Portugal, part of a broader drive to draw southern Europe and Africa (via Portugal's former colonies) into the emerging Grand Design. The French government extended \$100 million in economic aid to Portugal, bypassing the IMF and its strictures.

The loan will help finance French exports to Portugal. French participation in Portugal's fledgling nuclear program is also under consideration.

Paul Granet, a French member of the European Parliament, has recently elaborated France's role in the international development of nuclear energy. He noted that because of France's unique position vis-à-vis the African countries, from which it can obtain uranium fuel, the Third World is looking to France to fulfill its nuclear needs.

Both France and West Germany are perfectly willing to exclude Great Britain from the new trade and development initiatives if its obstructionist behavior continues. According to the French financial daily *Les Echos*, Britain will be offered the choice: join and cooperate or be left behind.

Grand Design Versus Race War In South Africa

In the last two weeks, Western Europe's Grand Design policy has spurred a general entente on the continent of Africa — a rapid-fire series of settlements of conflicts including the Namibia settlement, rapprochement between Angola and Zaire, a cease-fire in the Mauritania guerrilla war, and a signal from South Africa that they want to resume détente with black Africa.

Scurrilous press reports to the contrary, U.S. Ambassador Andrew Young and his aide Donald McHenry have played the key American role in this process, along with West German Chancellor Helmut Schmidt and other European leaders. Like the European leaders, Young has explicitly and repeatedly based his vision of U.S. Africa policy on escalated U.S. aid for