

received the support of all the Gulf countries Giscard visited.

As revealed by French sources, the Baghdad summit will then transform itself into a major forum of propaganda toward the realization of the dialogue. The Iraqis want that conference to establish "a bridge between the Middle East and Europe, based on the privileged relationship between France and Iraq." And the concrete gestures are already there. French sources are reporting that Iraq has increased its oil production to its maximum both to meet the needs of the international market, and to increase its financial surplus to invest in more and bigger industrial projects in "third countries." The Saudis, who have also agreed to such an overall approach, have been following such a policy and are stabilizing their production at 9.5 million barrels a day. But as visiting U.S. Secretary of Energy Duncan learned painfully, such a production level is not meant to be used for stockpiling. That was what Saudi Oil Minister Zaki Yamani bluntly told him, when Duncan asked for supplies for U.S. reserves. Duncan came back empty-handed to the U.S.A. But France, according to the Iraqi daily *Baghdad Observer*, was requested to deliver two nuclear power plants to Saudi Arabia; Giscard is not likely to return empty-handed.

The best guarantee of security resides in the great efforts we must deploy to satisfy the aspiration of our peoples towards progress and prosperity. Our objective must be the coordination of our common efforts in view of creating our own force, autonomous and in solidarity, the only capable of realizing those objectives....

Though we are convinced of the positive results of our efforts, we estimate that we are only at the beginning of our task and that we must still operate to realize all our hopes, notably to raise the standard of living of our citizens and to provide them the cultural and technological knowledge that will improve their future and that of their children. The objective of industrialization is to create, below oil production, light and heavy manufacturing industries. This global strategy and the preparation for the post-oil era have led to considerable efforts to diversify the national revenue by increasing industrial potential... We have striven to create basic heavy industries and complementary industries which constitute the infrastructure from which we will realize all future development. Starting this year we are envisioning great projects, notably the creation of a natural gas liquification factory, a refinery and light manufacturing industries.

An exclusive report

U.S. foreign policy: the view from Vienna

by Edith Hassman

For Austria, more than for any other country in Europe, East-West trade is a question of survival. Over 40 percent of its fossil fuel and electricity supplies are imported from Comecon countries, and the trade with those countries accounts for 13 percent of Austria's total foreign trade volume. The city of Vienna is therefore much more than merely the capital of 7 million Austrians. Vienna is the European capital of East-West trade, and in this function has attracted a large part of the international business community. The fact that Austria declared its neutrality in May 1955, after the last Soviet occupation forces had left the country, certainly facilitated this role.

Besides being a center for East-West trade, Vienna also plays a key role in North-South relations. Its old imperial buildings, dating back to the Habsburg Empire, and the newly built "U.N. City" are the location of many international organizations, like the International Atomic Energy Agency (IAEA), OPEC, and various United Nations organizations. There is a conscious policy behind this concentration on the part of the Austrian government: Different from the American public which tends to deprecate the United Nations as essentially a waste of time and money, Austria views its engagement in these international organizations as a crucial means of protecting the interests of the neutral and nonaligned countries against what is termed here "the sometimes brutal bilateralism" of the two superpowers.

In their opinion, that neither the United States nor the Soviet Union should be allowed to run the world on their own, the Austrians feel themselves confirmed once more by the current situation, where the conflict between Moscow and Washington threatens to engulf the whole world in a new Cold War or worse. Austrian Chancellor Bruno Kreisky, who visited India and Saudi Arabia after the Soviet invasion of Afghanistan, underlined repeatedly in the past weeks the responsibility of the nonaligned

and neutral countries in putting up a "third power" capable of safeguarding world peace.

Ironically, the Austrians on the other hand seem to know the limitations of the United Nations much better than the administration in Washington. During my visit in Vienna last week, public emotions were riding high because Kreisky had come out in public with a blasting criticism against the United Nations' handling of the hostage affair in Teheran. Kreisky bluntly stated that U.N. General Secretary Waldheim, a fellow Austrian, who set up the international commission of inquiry into the Shah's crimes, must have been extremely "naive" to believe the promises of the "mad mullahs" concerning an early release of the hostages.

Why Afghanistan?

The question I was asked most by my Austrian discussion partners is why the Carter administration raised such a racket over the Soviet invasion in Afghanistan, a country which many people here privately believe, has been for decades the "backyard" of Russia, just as the United States has been treating Latin America as its own "backyard."

Dr. Woschnagg, the head of the Information Department in the Austrian Foreign Ministry, put the problem in the following way. If someone wanted to raise his voice on Afghanistan, Woschnagg said in a conversation with *EIR*, he should have done so two years ago when Premier Daud was toppled by the pro-Soviet Taraki regime. In his opinion, Afghanistan has been a Soviet satellite ever since. With the signing of the "friendship and cooperation treaty" in September 1979, clause 4 of which served as the legal justification of the Soviet military invasion, that country virtually acquired the status of a Warsaw Pact country, he said.

Similar to the French government, Austria has distanced itself from the "punitive measures" President Carter introduced as a retaliation against the Soviet invasion. In an interview with the latest issue of *Stern* magazine Bruno Kreisky reiterated the Austrian refusal to participate in a boycott of the Olympic games in Moscow. "I hold the opinion that if you quarrel with the Soviet Union because of Afghanistan, you should fight it out on the political field, which is broad enough," he said. Kreisky also rejected the wheat embargo and economic sanctions as essentially inappropriate measures.

With such a "broad political solution" in mind, the chancellor was quite skeptical concerning the usefulness of the "Afghan neutralization" proposal introduced by British foreign secretary Lord Carrington and passed as a resolution of the European Economic Community recently, which is intended to serve as a "face-saving" formula for the U.S.S.R. He had no illusions, Kreisky told the Austrian daily *Die Presse*, that the Soviet troops



Austrian
Chancellor
Bruno
Kreisky

would only withdraw after an "extremely loyal government" had stabilized its position in Kabul.

Virtually all of Austria was upset about the fact that Lord Carrington had proposed the 'Austrian model' for the neutralization of Afghanistan. "Austria was not neutralized in 1955," Dr. Woschnagg said. Neutralization meant that there had to be guarantee powers who also have the right to intervene if they see that neutrality is threatened. "We declared our neutrality voluntarily, and nobody guarantees it." In the same context, an associate professor of the Institute for International Politics which was founded on Kreisky's initiative, explained the difference between Austria in the early 1950s and Afghanistan today: "When Austria declared its neutrality in 1955, it was an internally stable country, and there was stability on the European continent as a whole. In Afghanistan today, you have civil war in which a backward population fights against the reforms of a progressive, though Marxist regime. Secondly, the whole region there is destabilized, and tensions between the two superpowers are high." He thought that if an Islamic (fundamentalist) regime would consolidate its power in neighboring Iran, possibly with American help, a Soviet troop withdrawal from Afghanistan would become all the more unlikely.

Kreisky's pilot project

Speaking to *EIR*, Dr. Woschnagg regretted the fact that the propagandistic success for the West in the Afghanistan debate at the United Nations, where a majority of the assembly voted against the Soviet intervention, was "gambled away" by the industrialized countries at

the January conference of the "United Nations Industrial Development Organization" (UNIDO) in New Delhi. Had they been "more flexible" concerning Third World demands for economic development, he said, the underdeveloped sector could have been allied firmly to the West.

An alliance between the Western countries and the Third World, based not on arms deliveries but on economic development, certainly constitutes one leg of Kreisky's foreign "crisis management" policy. Too few details are known of it, though (for example, on possible parallels to the current French efforts) to make a comprehensive evaluation possible.

After the failure of the UNIDO conference, at which Kreisky had called on the Arab oil producers to finance Third World development, he told *Stern* magazine that "for the time being," in his opinion "only a few light-minded countries" can be won over to a quick and efficient development aid." Asked about the thrust of such an aid program, Kreisky said: "It makes no sense to only put up factories in the developing sector. We must build railways. This is how the Europeans discovered America. Besides that, we must build irrigation projects and telecommunication. I want to push through a pilot project..."

Interestingly enough, Austria was among the first countries to welcome the creation of the European Monetary System which has the potential to expand into a credit-expanding agency. At the same time, Kreisky like the French, know that Arab petrodollars are essential to a genuine development policy. But the key to the Arab treasures is called "Palestinian state."

Therefore, the second leg of Kreisky's policy, without which the first one can't walk, is a solution to the Middle East conflict, based on the withdrawal of Israel to the 1967 borders and the formation of a Palestinian state. In the interview with *Stern*, Kreisky went so far as to deny the Americans the right of calling for a Soviet troop withdrawal from Afghanistan, as long as they tolerate the Israeli occupation of Arab lands: "You cannot, on the one hand, demand that the Soviet troops must leave Afghanistan, and on the other hand, not demand that the Israeli troops should leave the West Bank."

Since his meeting with PLO leader Ararat last year, Kreisky has been the target for ferocious Israeli attacks, but this doesn't seem to bother him too much. In the *Stern* interview, Kreisky said that while Arafat has "an understanding for the existence of Israel," which makes peaceful coexistence possible, Menachem Begin "has no understanding at all for the realization of the national identity of the Palestinians."

The problem, however, as Dr. Woschnagg expressed it, is that in an American election year, no American president will dare to touch Israel.

Austrian politicians are generally willing—at least, for the public record—to attribute a good deal of the current ups and downs in the American foreign policy to the presidential campaign in the United States, and they miss no occasion to curse the institution of the primaries which make the campaign an affair of nearly a full year. Privately, however, they will tell you that the whole four-year record of the Carter administration has been a "complete disaster."

Concerning the Republican candidates, an Austrian who wants to be polite says that Ronald Reagan is "not known." A Viennese professor who knows Reagan's opponent George Bush from personal meetings in the United Nations, was so imaginative as to call George "an asshole," which becomes "orschloch" in good Viennese.

Thus, since none of the major candidates made a striking impression in Austria so far, for the Austrians looking at the United States it is a question of "expecting the unexpected."

Fear of Cold War

The Austrians, whose capital was the site of the summit meeting between President Carter and Soviet President Brezhnev last June, are amazed at how rapidly American-Soviet relations have deteriorated since then. The current uncertainty, whether the Cold War will escalate or not, is putting a lot of pressure on those economic analysts in the service of industries and banks whose job it is to predict the prospects of East-West trade.

An economist at the well-known Institute for International Economic Comparison in Vienna told me that even without the Cold War, there are enough problems in East-West trade which in the opinion of many economists can only be solved by extending East-West cooperation to the Third World. Two major conferences are planned for this year on three way cooperation between East, West, and South, one in May in Dubrovnik, Yugoslavia, and another one in October in Budapest, Hungary.

The only problem is that nobody knows if they will actually take place. A conference on Siberian development, organized by the Organization for International Economic Relations (IER) for Moscow was postponed by the Soviet side for one year. As of now, it is also still uncertain, if the annual session of the Vienna East-West Conference, which is organized by Jerman Gvishiani (Moscow), Olivier Giscard d'Estaing (Paris) and Prof. Stock (Vienna) will take place as scheduled on April 21 and 22. Jerman Gvishiani, the Deputy Chairman of the Soviet State Committee on Science and Technology, recently cancelled two speaking appointments in Hamburg and Stuttgart.