

Giscard attacks U.K. monetarism

by Vivian Zoakos

French President Valéry Giscard d'Estaing this week launched a blistering attack on British monetarism. Breaking all protocol for dealing with the head of state of a fellow European Community member, the French president said the British economy—already floundering under James Callaghan—has become “even worse” under Prime Minister Margaret Thatcher’s two-year monetarist rule.

Giscard’s statement came in response to a question about the French Socialist Party economic program of denationalization, decentralization, and “free enterprise.” He replied that it would be a “disaster, just as it has been in England.” What is happening in the United States and Britain, he continued, is the result of “monetarist theory, a disease that started in England . . . an extraordinarily dangerous philosophy.”

Giscard did not identify monetarism with the Reagan White House, saying it is not Reagan’s but Thatcher’s policy. However, the French president did not hesitate to demand that the U.S. Federal Reserve cease its current imposition of Thatcherite monetarism. He said it is “imperative” that the Fed change its policy. “These policies virtually destroyed Great Britain.”

The French president’s statements, made over French television, are a first dramatic indication that the honeymoon is over between Europe and the Reagan White House.

Paul-Marie de la Gorce, a well-known spokesman for the views of the Elysée, wrote in his column in *Le Figaro* March 11 that Europe has already granted President Reagan the necessary “time to adjust” to his new job. “Now we have to speak up on the differences between ourselves and Washington as a way of urging the new administration to adopt those priorities which continental Europeans—in distinct opposition to Thatcher’s Britain—have long stood for.

What these priorities might be were succinctly defined by President Giscard in the course of his television address. They are:

- Maintaining living standards. No monetarist budget slashing and setting of artificially high interest rates for the presumed purpose of fighting inflation.
- Total energy independence.

- Ensuring that France achieves 100 percent supply of energy needs through nuclear reactors as rapidly as possible.

- “Most importantly,” concluded Giscard, maintaining world peace.

Giscard’s statement demonstrates the reasoning behind French and West German support for the peace initiative launched last week by Soviet President Leonid Brezhnev in the course of the Soviet Party Congress.

Paul-Marie de la Gorce, voicing a conclusion often alluded to by Giscard, summed up in his column that policy toward the developing sector defines the crucial difference between Europeans and the U.S. The independent European Middle East peace initiative, and the poor treatment given to Reagan’s envoys in Europe last month when they attempted to explain American policy toward El Salvador, are each indications of the radical differences existing on either side of the Atlantic.

Underlying these case-by-case differences is a difference in fundamental approach to economics and foreign relations. France, together with West Germany, opposes the monetarism of the Federal Reserve and the confrontationist foreign policy of the State Department under Alexander Haig.

It is for these reasons, which have nothing to do with current mythologies of European self-Finlandization, that France and Germany are pressuring the United States to respond favorably and promptly to the peace offer made by Soviet President Brezhnev.

Brezhnev did not limit himself to offers made from the podium at the Soviet congress. These offers were reiterated in a series of personal letters sent to 20 governments, including each member of NATO. If the Italian case is exemplary, the letters also contained additional offers for economic deals.

Chancellor Schmidt’s immediate response, aired over German radio, was to welcome the Soviet proposals and say the controversial stationing of strategic Euromissiles now need not be “inevitable.” His foreign minister, Hans-Dietrich Genscher, flew to Washington to lobby with the Reagan administration to respond rapidly and positively to Brezhnev’s proposal of a U.S.-Soviet summit at the earliest date. It was the European pressure which forced Haig to dub the Brezhnev offer “very interesting,” and it was the Franco-German pressure that led the State Department to announce a likely U.S.-Soviet summit for sometime in June. A related announcement, also made in the course of the Genscher visit, was that the four-power economic summit will be held shortly before the Reagan-Brezhnev summit.

If Giscard’s “gloves off” statement on March 10 is any indication, the Europeans will be dictating terms to Reagan at that summit, creating the preconditions for a positive outcome to the Reagan-Brezhnev discussions.