

Schmidt's battle

by Susan Welsh

Since the July 20-21 Ottawa summit of major Western industrial powers and Japan, West German Chancellor Helmut Schmidt's international assertiveness has increased—at the same time that his domestic difficulties have intensified sharply, culminating in the largest anti-government “peace demonstration” in Bonn on Oct. 10, in the history of the Federal Republic of Germany.

Despite the most intense pressure from the United States government, including semi-official threats to withdraw U.S. ground forces from Europe, Schmidt has maintained economic ties with the Soviet Union, slowly but surely negotiating the multibillion-dollar Siberian natural gas pipeline project, which is expected to be wrapped up when Soviet President Leonid Brezhnev arrives in Bonn for a state visit at the end of November. Schmidt's moves have earned him the hatred of those U.S. political factions, centered in the State Department and the Heritage Foundation, that intend to impose on the world “controlled” economic disintegration, de-industrialization, and East-West confrontation. Since the inauguration of Jimmy Carter in 1977, these forces have sought to destabilize Schmidt and, if possible, topple his government. Thus far they have failed because of Schmidt's overwhelming domestic popularity and the lack of any credible alternative to his leadership. But the destabilization of the Chancellor's own party, the Social Democratic Party (SPD), by domestic supporters of Haig's Global 2000 policy has now matured to the point that 50 SPD parliamentarians attended the Oct. 10 anti-Schmidt demonstration of 250,000 in Bonn. Next, Christian Democratic Union head Helmut Kohl arrived in Washington Oct. 13, presenting himself as the Chancellor-in-the-wings.

In his speech to workers of AEG-Telefunken, Schmidt cited Walter Rathenau, the Foreign Minister of Weimar Germany and son of the AEG's founder, that “the economy is our destiny.” Rathenau, under pressure from German industrial and military leaders, had signed the famous Rapallo Treaty for industrial and military cooperation with the Soviet Union in 1922, when the Western powers lined up solidly against Germany.

While Schmidt's policy is not “Rapallo” in the sense of a break with the West and an alliance with the Soviets, his intent in citing Rathenau was clear: the Federal Republic will pursue its national interests, and will do everything in its power—including emphatically economic cooperation with the Soviet Union and Eastern Europe—to prevent U.S. economic policies from pulling the German economy into depression and the nation into social dislocation and a new fascism.

The following are excerpts from Chancellor Schmidt's speech to the workers at AEG-Telefunken on Oct. 9.

The German economy is in difficulty, the world economy is in difficulty, and AEG too has its own special difficulties. . . . There is an often-quoted statement by Walter Rathenau, the son of the founder of the firm [AEG], and German Foreign Minister during the Weimar period, made after the First World War: “The economy is our destiny.” A Marxist could have said the same thing. The economy is our destiny. Today one would have to say: the world economy is the destiny not only of us Germans, us Berliners, us Hamburgers, but of all the countries of the world. This goes for the developing countries, for Romania and Yugoslavia and Poland and the Soviet Union and the GDR [German Democratic Republic], as well as for the Federal Republic of Germany. . . .

Walter Rathenau can be a model for many of us. He was murdered by violent German extremists soon after the First World War—by members of an anti-Semitic right-wing extremist radical organization called “Kon-sul,” because he was slandered as a so-called *erfüllungs-politiker* [a politician who wanted to implement the harsh conditions of the Versailles Treaty—ed.]. This is one of the steps that led to German chaos: political murder. That was in 1922. Today we must also learn the lesson of this firm German republic: repudiation of all violence from right or left, repudiation of all terror.

We have had sad news in the last months. There was the assassination attempt against President Reagan, the attempt against the Pope in Rome; in Hesse the Economics Minister Karry was shot. At the beginning of this week in Cairo one of the bravest men of our time was shot, a man who took a great personal risk to make peace finally, after four wars between the Egyptians and the Israelis. This has moved me deeply. . . .

It is in our primary interest to bring interest rates down again. . . . Thank God the first signs have appeared of a lowering of interest rates. Rates have fallen a whole percentage point during the last four months. Yesterday [Oct. 8] the Bundesbank lowered short-term interest rates somewhat also by 1 percent. I truly hope that over the next months interest rates can be lowered more. Then construction activity and investments will pick up again, and this will also ease the gain and loss situation of your firm, AEG-Telefunken—which is in fact a loss situation, not a gain and loss situation.

The preservation of peace in the world is an important precondition for that. If, for example, the situation in the Middle East after the murder of Sadat should become more difficult than previously, then the world economy and money flows and world interest rates would suffer and worsen. It is therefore necessary that we, the Federal Republic of Germany, do everything we can, in our own



Helmut Schmidt

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interest, to stabilize peace. I support fully the "peace through disarmament" appeal of the German trade union federation [DGB]. . . . I am against appeals, however, which make it seem as though Soviet missiles are for peace and American missiles are for war. I don't go along with such one-eyed nonsense.

Next month I will receive the Soviet General Secretary, Mr. Brezhnev, for a visit in Bonn. This will be his third visit in Bonn. It will be the fifth time that I have met with him at length. Mr. Genscher will meet with Mr. Gromyko. Naturally, the opportunity will be taken to discuss missile armaments and the disarmament negotiations, and the best possible outcome would be "null"—the complete renunciation by both sides of medium-range missiles. But it is not we who are the main partners.

Secondly, we will discuss with Mr. Brezhnev our mutual wish for expansion of economic exchanges with the Soviet Union. We damn well do have an interest in expanding economic exchanges. We deliver highly complex, top-quality machines and capital equipment. They deliver to us raw materials, oil, and gas. We damn well do have an interest in expanding these economic exchanges, not only because it helped our employment situation—for example, in capital goods industries, in heavy-machine building, or electric engine building—but also because a country that relies economically on others finds it easier to understand that they should not stab one another in the back or threaten one another with missiles. Naturally, the third thing we will discuss when Mr. Brezhnev comes is continuation of cooperation in other areas, détente policy and its continuation pure and simple. . . .

We know that our exports must rise. And they can only rise if we are better than others (we cannot be cheaper), more punctual, more modern, more reliable respecting delivery dates, more reliable in supplying spare parts, more reliable in service.

I spoke before about exports to the Soviet Union. If the numbers are correct that I read today on the airplane, AEG will receive a very fine portion of the natural gas pipeline deal. I hope I'm not tempting fate to say so. Knock wood. A sum of over half a billion marks—orders for gas turbines. . . .

I said that AEG is in a difficult phase, undergoing a very difficult process. I know that. I know that you have suffered greatly because of the high interest rates, since you rely particularly heavily on foreign credit.

Text of Schmidt's speech that was to be delivered Oct. 12 at the Uebersee-Club in Hamburg. The speech was canceled due to illness.

Our policy is a peace policy. In our situation, at the heart of Europe, in consciousness of our history, with more neighbors around us Germans than other peoples have around them, there is no alternative. We do not want to exaggerate our possibilities to make peace more secure, or our possibilities to move things toward more justice, more freedom, more-human dignity—here and throughout the world. But the possibilities we do have, we want to use, not through loud demonstrations, certainly not through violent demonstrations, but through a carefully thought-out, consistent, and resolute policy.

What can we hope for?

We must take the world as it is—but we should not leave it that way. We should give the world form. This is one of the basic ideas in the new *Laborem Exercens* encyclical, which Pope John Paul II recently dedicated to workers and their labor—labor as a transforming force in service of the community. If we apply our force for the community, heedful of man and of nature, then we can hope that neither our earth nor the men on it, nor moral and ethical values will go under which originated thousands of years ago.

I will never forget the nighttime discussion on the Nile in which my friend Anwar el-Sadat explained to me how the three great religions of the Jews, Christians, and Muslims had such common historical origins and how much their basic values coincide.

I warn first of all against a petty or provincial treatment of the problems and the opportunities of the Federal Republic of Germany. We need a Hanseatic view of the world as a whole, across borders. The federal government can do nothing to talk down either the oil price or the interest rates.

A look across the borders shows that we have two big international problems to deal with at the same time: the *day-to-day* problems of high interest rates and the *struc-*

tural problem of adjustment to new terms of trade—particularly in energy—and to the new structure of national demand and its financing.

North-South

Cooperation between industrialized countries and developing countries is on the agenda next week at the so-called North-South summit in Cancún, Mexico. We do not want any formal negotiations in Cancún, but informal and intensive discussions with one another—about the problems and priorities of policy of equal partnership.

Independence of the developing countries is a factor for international stability. Help for the Third World—here I agree with Alexander Haig—is an investment in the preservation of peace and security.

Whoever has read the report of the North-South Commission that worked under the chairmanship of Willy Brandt, and then several weeks ago the report of the World Bank and the U.N. Conference on Trade and Development [UNCTAD], has understood the situation of the poorest developing countries, the oil-importing developing countries, must have great concern for the future of these countries, great concern for the future of humanity.

But we should not and we will not continue to nurse our anxiety. In Cancún we want to talk about ensuring food and agricultural development, about raw materials, trade and development, about energy, about monetary affairs and about development aid in the context of a functioning economy.

Food and energy are decisive aspects of development policy. Yet more important seems to me to be the question of how the world's population develops.

It took humanity tens of thousands of years to reach its first billion people in the year 1800. It took only a century to reach the second billion, and half a century to reach the third billion, hardly 25 years to reach the fourth billion, and by the year 2000, just 19 years away the population of the world will probably have grown by another 2 billion people.

In the American report *Global Future: Time to Act*, it is recommended that the U.S. government place the population problem on the agenda of all summit meetings. The report also impressively describes the so-called "other energy crisis," which, in the long term, is just as serious as the oil crisis: namely the widespread deforestation caused by procurement of firewood. Every year the forests of the earth shrink by 18 to 20 million hectares, with hitherto not completely determined effects on the earth's climate.

In view of such dimensions of the problem, what the Western industrial states provide in the way of development aid seems paltry—and this is many times what the communist industrial states provide.

Energy Insider

Gear-up in Sweden's nuclear program

by William Engdahl

In terms of percent of electric power derived from nuclear sources, Sweden today ranks as the world's leading nation. Nine plants supply some 6,500 megawatts to this energy-intensive, industrial export economy of some 8 million people. This is 30 percent of their electricity. By 1985, it will be at least 40 percent. Almost all the rest comes from major hydroelectric sources, giving Swedish industry one of the world's cheapest power sources for its high-technology export industries. France is the closest runner-up with about 27 percent nuclear.

Some background is useful to the Swedish case. In the hysteria surrounding press coverage of the 1979 Three Mile Island U.S. nuclear incident, ousted Socialist Prime Minister Olof Palme, a fanatical zero-growther, succeeded in swinging his reluctant party behind a nationwide referendum on the future of the country's substantial nuclear program. That vote was finally held in March 1980. Despite vague alternatives from the government, all agreed that a majority had voted to continue with nuclear energy, to Palme's dismay. The vote ended a two-year stalemate which had been used by a weak coalition government to block all economic decisions pending the referendum's result. Three nuclear reactors had been ready for loading, but stood idle while the debate lasted. Sweden was forced at one point to import power from its Scandinavian neighbors using a highly developed regional power transmission grid.

Once the referendum had passed and the press hysteria evaporated, work on the stalled program quietly, but significantly, resumed. According to John Hardwick, an editor of the widely respected pro-nuclear magazine *Energi och Utveckling*, Swedish industry is investing more, even in constant dollars, in nuclear construction than at any time in the 35-year history of the Swedish nuclear program. "In strictly practical terms," Hardwick stressed, "most thinking Swedes are beginning to realize the vital importance of this investment. It is the strongest single new source of high-skilled jobs in the country, and