The U.S.-Europe rift on trade: *cui bono?*

by Laurent Murawiec

"West Germany will not tolerate," the Economics Minister Martin Bangemann spoke without mincing words, "that the United States extend the reach of its legislation extra-territorially." And Bonn lawmakers will act to shelter West German companies from U.S. retaliation should disputes arise on high-technology exports to the Soviet Union and its Comecon satellites. Coming from a government which has shown unheard-of meekness toward savage Soviet pressure, Bangemann's outburst should raise a few eyebrows, especially since on Aug. 9, the following day, London's *Financial Times* in an editorial warned the United States to "get its own house in order" rather than pressuring "allies," and recalled that in 1980, Margaret Thatcher had pushed through legislation that insulated British companies from such undue "pressures." Then *Le Monde* of Paris praised Bangemann, commenting that "the U.S. is waging economic war with all the means at its disposal." It would seem that "business as usual" has become the motto this side of the Atlantic, in an abject imitation of Stalin's June 1941 policy, when he insisted on fulfilling the deliveries of strategic raw materials to Hitler's Germany, in disregard of intelligence reports showing the imminence of "Operation Barbarossa."

Short-lived euphoria

What is the flap about? Some euphoria emerged in July, after the Coordinating Committee (COCOM) of the OECD/NATO nations (minus Iceland plus Japan), the entity in charge of drawing lists of sensitive technologies whose export to the Soviet Union should be reviewed and vetoed when necessary, established, for the first time in more than a decade, a new list. After a lot of give and take, advanced telecommunication, electronics, robotics, and space technologies were included, while older, more common technologies were dropped.

As shown by Bangemann's tantrum, the euphoria was short-lived. Pursuing its offensive, the *Financial Times* ran a front-page, banner headline article on Aug. 15 reporting supposed irked reactions in the French government in the face of U.S. pressures—without citing any facts. In the meantime, a diplomatic incident has strained U.S.-Austrian relations. The *Wall Street Journal* published a report incriminating Austrian business and authorities: "All our trails turn cold in Austria," U.S. agents in charge of tracking illicit technology transfers stated. Chancellor Sinowatz and his government instructed their ambassador in Washington to demand of the State Department if the *Journal*'s piece expressed official views. In Sweden, another major leak-point, the large L. M. Ericksson telecommunication group, has had to cancel a large contract for delivery of digital telephone exchanges to Bulgaria.

The political temperature increased when the Institute of the German Economy of Cologne, an adjunct of the West German Business Confederation and an old fief of the Siemens family and company, issued a report blasting American "high technology protectionism," arguing that "the motive . . . does not lie in the security field, as is often claimed; the real aim to protect the domestic high-technology industry from its . . . competitors."

Economic decoupling

Endless argument could be devoted to the pros and cons of the dispute, but some clues indicate that the business decouplers are at work in Europe. First, statistical data indicate that rarely in the history of postwar East-West trade has money been flowing so freely and abundantly from West to East than in the last few months. While the Bank of International Settlements reports $1.8 billion of loan commitments to the East in the second half of 1983, the May 15-July 17 period this year recorded a total of $1.35 billion Euro-currency loans to Comecon countries—an annual rate of more than $8 billion—compared to the $3.93 billion in 1979. The above total includes the World Bank's largest-ever co-financing package with commercial banks, a loan that went to Hungary.

The politics of the matter were discussed at a July symposium in East Berlin to discuss "cooperation on third markets," an innocent-sounding enough subject which drew 171 participants from 21 countries and an "astonishngly high number of top-level Western European managers," as the *Neue Zürcher Zeitung* reported. Organizers of the meeting were the IPW institute of East-Berlin, known as the long political-intelligence arm of East Germany's secret police, the dreaded Stasi of Gen. Markus "Micha" Wolf; the East German Committee for European Security and Cooperation; and an East-West entity called "Council for New Initiatives in East-West Trade." The council was established in 1983 by since-deceased Club of Rome founder Aurelio Peccei, along with KGB Gen. Dzhermen Gvishiani, deputy minister for science and technology and the KGB's top S&T (science and technology) spy; Pepsico's Donald Kendall, a well-known figure in East-West affairs; Olivier Giscard d'Estaing, younger brother of the former French President and a high-level employee of IBM; and Hannes Androsch, ex-finance minister of Austria, today the head of its largest bank, the Creditanstalt-Bankverein.

"New initiatives"? Apparently, the danger of a Soviet-launched showdown in Europe does not bother some business leaders any more than it does governments: presumably the economics of decoupling. "Trade follows the white flag"?