

III. Europe struggles to save detente

Allies going sane?

New monetary system to save detente

France and West Germany have told the Carter administration that they will not permit the Afghanistan crisis to wreck detente. Not only have they refused to go along with the trade embargo against the U.S.S.R. sought by Carter—they have renewed their efforts to push through a new international monetary system based on high-technology, industrial development to remove the danger of “hot spot” crises leading to war.

French Foreign Minister Jean François-Poncet declared at a Jan. 6 press conference that France will not allow a revival of the Cold war; he called for “reestablishing the basis of international monetary and economic stability” in a way that will promote economic progress in the developing sector. French President Valéry Giscard d’Estaing is scheduled to make new proposals for revamping the world monetary system this spring. West German Chancellor Helmut Schmidt traveled to Paris Jan. 9 for urgent and unscheduled consultations with Giscard, while the disarmament spokesman for Schmidt’s Social Democratic Party, Alfons Pawelczyk, flew to Washington to try to get Carter and the Congress to keep detente on track.

Shocked at Washington’s readiness to throw detente to the winds over Afghanistan, a country well outside the U.S. defense perimeter, Western Europe is looking carefully at the presidential campaign of Democrat Lyndon H. LaRouche, Jr., who is widely known in Europe as the intellectual author of the European Monetary System. This was strikingly demonstrated by the statement of Silvio Golzio, president of the Italian Banking Association, concerning LaRouche’s campaign. “It seems to me very important and positive that there exists a candidate for the U.S. presidency who puts at the top of his program the realization of a monetary system based on gold.”

The Bonn and Paris governments founded the European Monetary System (EMS) one year ago as precisely the kind of war-avoidance measure LaRouche outlined in his widely circulated 1975 “International Development Bank” proposal. But due to outright sabotage by the United States and Great Britain, the EMS has not moved beyond its initial currency stabilization provisions into the “phase two” of a new monetary system.

The threat of a cutoff of Iranian oil supplies is just one weapon Washington and London have used to good effect to keep Continental Europe cowed.

With NATO’s Dec. 12 decision to deploy nuclear missiles in Europe which would be capable of reaching Soviet territory, Western Europe was on the retreat. The Afghanistan “warning” delivered by the Soviets has been taken in Washington as the last straw which destroys detente once and for all.

But the Carter administration is not getting its way, with France taking the lead for Western Europe, heeding the Soviet “warning.” Giscard convened the diplomatic corps in Paris Jan. 3 to announce that France is unconditionally determined to go ahead with the policy of detente and cooperation. The following day, he reportedly told the press “off the record” that the Soviet intervention in Afghanistan may not have been “premeditated.”

Then Giscard’s Foreign Minister François-Poncet said at his Jan. 6 press conference that unless detente is pursued with the Soviet Union, there will be a massive arms buildup which is in no one’s interest. Rejecting the Carter administration’s call for economic sanctions against the Soviets, François-Poncet emphasized that while the United States has refused Most Favored Nation status to the Soviet Union on political grounds, and its trade with the U.S.S.R. is relatively minimal, France’s trade relations are “completely different.” France exports a great deal of advanced technology to the Soviet Union and imports more oil from there than it does from Iran, so for France economic sanctions are out of the question, he said.

While independent-minded France has taken the lead in defending its detente policy, the Federal Republic of

Germany's refusal to go on an anti-Soviet confrontation course has the Anglo-American "war now" faction most dismayed. As the *Frankfurter Allgemeine Zeitung* commented Jan. 8, "France has always tended to distance itself from America," but now "people are starting to go around with the same approach in the Federal Republic."

Stressing that Bonn and Paris have essentially the same policy line, the Italian Communist Party daily *L'Unita* commented Jan. 8 that it is now clear to both countries that the Soviets will only become more rigid if they are threatened, and so the only effective way to deal with them is to launch some new detente signal. This is the only way to prevent the conflict from expanding to include the East and West as a whole, *L'Unita* said.

Bonn's view was officially confirmed by Chancellor Schmidt in a press conference in Madrid Jan. 9, following talks with Spanish Premier Suarez. Calling the Soviet move into Afghanistan a danger, Schmidt stressed the need for more dialogue with the East, and said there was

'Overheard' at the Elysee

On Jan. 4, during a New Year's party given for press at the Elysée Palace, President Valéry Giscard d'Estaing, who had forbidden anyone from taking notes, was reported to have said that: "It is possible the intervention of the U.S.S.R. into Afghanistan was not necessarily preplanned. One cannot say it was premeditated. Perhaps it was determined by the internal situation in Afghanistan." He also was heard saying: "The accumulation of dangers which we see in the Middle East is a fact. A thoughtful country such as ours cannot ignore that. It is not so much the situation in Afghanistan which is dangerous—though it poses grave problems—it is the tensions which are growing in the Middle East."

Those statements created quite a stir, understandably. Giscard seemed to have almost expressed sympathy for the Soviet views on the matter. The Elysée put out a release to the effect that statements made by the President had "reportedly been circulated in a distorted form and should not be considered official declarations." However, the interview on Radio Europe given by Foreign Minister Jean François-Poncet, suggested that while the Elysée does not endorse the Soviet invasion of Afghanistan, France will act to preserve detente and to restrain others from wild reactions.

no reason to think of postponing his upcoming meeting with East German leader Erich Honecker. "Concerning the field of East-West relations," he said, "It is within the interest of the European states ... not to dismantle that which has already been achieved."

Schmidt has also forced his Foreign Minister, Hans Dietrich Genscher, into line. In a speech Jan. 6 Genscher condemned Soviet "violation of the principle of peaceful coexistence," but nevertheless warned those "who think they have a chance now of imposing a shift on our detente policy. ... We will not allow a fall-back into the cold war. We will not allow the achievements of the past decade to be put at stake because of Afghanistan." This is an abrupt change in line for Genscher, who has hitherto limited himself to denunciation of the "reactionary" Soviet move into Afghanistan.

Genscher insisted that "no drastic steps must be taken by the West, but rather long-term policy coordination, especially towards the stabilizaton of the non-aligned Third World countries." Regretting the U.S. decision to postpone consideration of the SALT II treaty, Genscher said that Bonn will not postpone its own efforts for arms control.

Bonn government spokesman Armin Gruenewald told a largely hostile press corps Jan. 7, "I simply refuse to declare the end of detente for the German side."

This policy is strongly supported by West German industrialists, who are particularly adamant that economic sanctions are sheer suicide. The industrialists' association, the BDI, denounced the Carter administration's sanctions policy, saying that "mixing up political with trade questions" is senseless, and political problems should only be solved with political means.

There has as yet been no definitive response from the East to the West Europeans' shift, but East German Foreign Minister Oskar Fischer stated in Vienna Jan. 7 that despite the tense international situation, negotiations must go on, and efforts to improve disarmament discussion must be increased.

Kissinger fears "peace offensive"

These developments produced cries of alarm from former Secretary of State Henry Kissinger in a speech Jan. 7 in Boston. The United States should not worry about a Soviet invasion of Iran or Pakistan, he said, but rather about a Soviet "peace offensive" which Moscow allegedly always launches immediately after every military action it takes, Kissinger said. He speculated that the Soviets will approach the West Europeans in a few months, hoping to split them off from the United States. The U.S. faces a threat at least as serious as that faced in the late 1930s from Germany, he said.

Documentation

Francois-Poncet: 'detente and development'

Jean François-Poncet made the following statements during a Jan. 6 interview on Europe No. 1 Radio Station:

The fear of war is today darkening the horizon; that's a fact. But let us look beyond the immediate reality and view ourselves from the standpoint of the decade. It brings me to make five observations. The first one concerns the world population. In ten years, it will increase by 850 millions. Consequence: for that unique demographic reason, no power can hope to impose on the world its political or ideological hegemony.

The second observation: it is in those regions with an explosive demography, with explosive nationalist, cultural, or religious potential, that in the long run the future of the world will be decided. It is there that the battle will be waged against hunger and poverty for development. It is there that the new powers will assert themselves, such as Brazil, Mexico, Indonesia, India and Niger. ... The West will have to re-establish the bases of international monetary and economic stability. It is one of the great tasks of the decade to come.

Third observation: It is nonetheless what I will call the Northern Hemisphere which, for still a long time to come, will represent the decisive, determining zone for world peace. Any conflict occurring elsewhere must be contained. That would not be the case in the Northern Hemisphere. ... I do not believe that world peace is directly threatened there as long as on each side the leaders keep a cool head and preserve detente.

Fourth observation: It is Europe which will receive the rudest shocks in the Northern Hemisphere because of its dependency, notably for its energy and raw materials supplies. But Europe also has major assets, notably the following: more open to the world than any other continent, it is and will appear more and more as the natural partner of the developing world. It has the means and the technologies but none suspect it of trying to use those to impose an imperialism.

Fifth and last observation: In Europe and in the world, France is well placed for several reasons. It now has institutions that are stable, capable of taking in time the great decisions necessary for the future of the country. It has a great advance in the nuclear domain. It occupies an enviable and envied position in advanced technologies—Airbus, Ariane, Eurodif. It has an independent diplomacy and a national deterrent force. Final-

ly, it has an image in the world which is at the same time original and attractive and which it must develop...

On Afghanistan

Afghanistan since the beginning of the 19th century, has been torn between what is now called the East and the West—then, the empire of the czars, and Great Britain ... it has known several coup d'etats. Of the Soviet military operation starting on Dec. 24 we were informed by the U.S.S.R. on Dec. 27 and we were told the reasons for, at the same time, the existence of foreign interference and the existence of a pact, of an alliance between the two countries. ... The information which we have on the unfolding of events does not corroborate the information we were given. This led us to express, first on Dec. 28, the real concerns of the French government. France proposes to vote the resolution (of the UN Security Council) which in effect demands that the Soviet troops, by withdrawing, allow Afghanistan to exercise its right to self-determination.

Question: Does France plan to take retaliatory measures ... against the Soviets?

François-Poncet: You are here posing the problem of detente. ... As you know France, since 1965 with General de Gaulle, has been the country which has taken the initiative in detente. It is France that advanced it furthest and it is she who has inscribed the global character of detente in the existing agreements between France and the Soviet Union. It appears that the events which occurred are a breach in the global character of detente. It is a situation whose gravity is obvious. What must be the attitude of France? Should it be to conclude from this situation that one must relaunch the cold war, and, that one must hurriedly take a whole series of initiatives, "reprisals" or "retaliatory measures" that would—because this is really what is at stake—unleash a situation where, in fact, the chances for detente would disappear.

As far as we are concerned, we have always thought that detente is balanced, that it bears advantages that are reciprocal and mutual for both parties which engage it, and that before drawing the pessimistic conclusions which you invite me to take, it is important to pursue with the Soviet Union a dialogue, to present it with our reactions, and those of other countries. As a consequence we do not envision reprisals, but we envision conversations with the Soviet Union that will show her that we are attached to detente.

On grain sales

I would like to recall that commercial relations between the United States and the Soviet Union have always been dominated by political concerns. This is so true that the United States has never granted to the

Soviet Union the most favored nation status which is accepted all over the world. Why? Because they wanted to obtain in exchange the modification in the immigration policy of the Soviet Union. This is true in all the other domains and even in trade, which reaches something like ten billion Francs, and thus very little, just a little more than France. This trade is totally unbalanced since the United States has a surplus of 8 billions and it is made up practically exclusively of high technology material and grain. ...

The relations which we, as far as we are concerned, have with the Soviet Union are normal economic relations through which we export all kinds of advanced equipment, albeit not necessarily sophisticated, and we buy full price a whole series of goods, notably oil. We buy more oil from the Soviet Union than from Iran—and also cotton and several raw materials.

As a consequence the relations are totally different and to go further, I will add that France has as a principle not to use its trade relations with states for political ends....

Answering a journalist's remark that he is just "analyzing" things and not taking a position, François-Poncet said:

When detente is at stake, one knows that the opposite of detente is the cold war; that means the armaments race. It is easy to pronounce the word "firmness." This is what is at stake in practice. It is normal that we give ourselves time to reflect. We have taken and we will take an extremely clear position ... it will lead us in the conversations we have with the Soviets over the coming weeks, to present our point of view. We will see what must be the definitive position of France in the long term and not necessarily in the few days or weeks to come. ...

I will tell you that French policy in Africa is in certain respects exemplary when one regards the international situation as it is. Effectively this policy has set its goals as development and not military domination and furthermore, for all that, it doesn't leave defenseless its African friends who are subjected to foreign interference. Isn't it precisely the example of what should be done in other regions of the world? ...

I would like to add that France does not intend in this affair to see its diplomacy all of a sudden aligned with that of other countries. France, may I remind you, has an independent diplomacy and in terms of detente, for the reasons I indicated to you, she has a special responsibility. She is a bit like the witness of detente, a witness without complacency, but a witness who is not ready from one day to the next to undermine what has been built over fifteen years....

Germans: **'No return to the Cold War'**

Hans-Juergen Wischnewski, Secretary of State in the Chancellor's Office, was quoted in the Jan. 4 Die Welt:

Yesterday Wischnewski criticized the Soviets harshly, but at the same time also called for "limiting" the Afghanistan crisis and not expanding it. "This cannot be the hour for cold war."

Armin Gruenwald, Chancellor Helmut Schmidt's Press Spokesman, was quoted in the Jan. 4 Frankfurter Allgemeine Zeitung:

Government spokesman Armin Gruenwald recalled on Friday that Washington has been repeatedly encouraged by Bonn to ratify the Soviet-American (SALT) treaty. Chancellor Schmidt, who is still on vacation in Mallorca, is in constant contact with Foreign Minister Genscher. Both politicians agree that the Soviet Union's march in the Near East will not be without its effects on detente policy and see Carter's reaction as confirmation of this. But both also see no reason to question in principle the justification and necessity of the policy of detente in domestic political discussion. Therefore Bonn is also striving to resist the Americans' growing pressure for speculative 'actions' against the Soviet Union.

Foreign Minister Hans-Dietrich Genscher was quoted in the Jan. 7 daily Frankfurter Rundschau:

Genscher said in Stuttgart that what is called for now more than ever before are sober and responsible decisions. Those who want a readjustment in foreign and defense policy are acting just as dangerously as those who view good conduct as a means of policy. Genscher stressed that a return to cold war would not give the Liberal Party any advantage. What has been achieved in the last ten years cannot be placed in jeopardy. Those who now see a chance to reverse the policies of the last ten years must change their opinion.

Armin Gruenwald was quoted again in the Jan. 8 Frankfurter Rundschau:

In contrast to various opposition politicians, the Federal Government sees no reason for a basic change of course in its policies dealing with detente and the East, despite the Soviet invasion of Afghanistan. On Monday in Bonn, before the international press, government

spokesman Armin Gruenwald stated, after sharp questioning, that "I myself refuse to declare from the German side that detente is finished."

Siegfried Mann, Business Director of the German Industry Association was quoted in the daily Die Welt of Jan. 8:

It is confirmed from past experience that only exceptionally limited effects can be achieved by politicizing foreign trade through an economic boycott and embargo measures. Serious world political problems cannot be permanently solved through the economic means of foreign trade.

Hans Hartwig, President of West Germany's Federal Association of Major and Foreign Traders (BGA) was quoted in Die Welt of Jan. 8:

In a highly developed, diversified economy, embargo measures are difficult to control, and in the long term, their disadvantageous consequences for free world trade can hardly be assessed.

Italian bank chief: 'LaRouche plan important'

The president of the Italian Banking Association (Associazione Bancaria Italiana or ABI), Silvio Golzio, has endorsed the proposal of Lyndon H. LaRouche, Jr., U.S. Democratic presidential candidate, for reorganizing the world monetary system. In an interview with our Rome correspondent, Golzio, also a member of the Vatican Council of State, said that it is "important and positive" that a U.S. presidential candidate puts "the realization of a gold-based monetary system at the top of his program."

This support from the recently retired head of the Creditor Italiano—one of the three largest banks in Italy and among the top ten banks of Europe—is being read as indicative of support among leading Italian influentials for the sole U.S. presidential candidate who opposes those policies of the Carter administration—notably, the destruction of the U.S. dollar—which have produced the current world strategic crisis and prompted Soviet action in Afghanistan.

Nor is the Italian population being kept in the dark on the banking community's opinions. On Jan. 9, Il Tempo, Italy's second largest circulation daily, covered Golzio's statements in support of LaRouche's economic program, while Jan. 10 saw front-page coverage of his remarks in Il Fiorino, the national business daily.

Here are excerpts of the interview Golzio gave to the Executive Intelligence Review.

Q: What do you think of LaRouche's proposal to broaden key U.S. financial institutions in conjunction with the European Monetary System so that they could attract financial flows through issuing obligations on the basis of gold?

A: It seems to me very important and positive that there exists a candidate for the U.S. presidency, LaRouche, who puts at the top of his program the realization of a monetary system based on gold, even if the abnormal rise of the gold price makes its realization difficult. In the present conditions of grave monetary crisis, it is essential not only to stop the inflationary process in the U.S., but to reconstruct, on a less precarious basis, the international monetary system. Notwithstanding certain inconveniences, a gold base is preferable to the state of chronic and growing uncertainty linked to the monetary system, conditioned by economic policies of countries which feel only inflationary jumps. It is difficult for me to give a response on the immediate possibility of realizing LaRouche's proposals of a technical character; I can only say that they seem to me to be worthy of the most careful consideration. We all know that a more stable encouragement of the monetary system is the indispensable condition to confront the disequilibrium that results from the accumulation of foreign reserves by countries such as the oil producers; and until the monetary system is reorganized adequately, it will be difficult to recycle such liquidity into productive investments, and thus determine preconditions for industrial development and the expansion of international trade. In this sense the proposal to coordinate economic and financial policy between the U.S. financial apparatus, and those of the European Monetary System, seems useful and positive, provided the latter consolidates itself as an effective instrument of monetary unity for the countries which participate in it.

Q: In view of the situation in Afghanistan and Iran, many people speak of the danger of world war. What can you say about this?

A: Extreme political tension, and the threat of conflict, are weighing upon economic events. It appears indispensable to establish a secure basis for international collaboration with multilateral agreements, in which the developed countries—above all the U.S.—the oil producing countries, and the Third World, can agree. Accords of this kind could reopen a dialogue which now seems to be interrupted. I would like to recall, apropos of this, Paul VI, who said that peace is not reducible to the absence of war, but is built day by day.