

# Europe Seeks Revival Of U.S. National Interest

French President Valéry Giscard d'Estaing and West German Chancellor Helmut Schmidt have agreed to jointly intervene in the American fight over economic and strategic policy. This was the story being relayed in European media reports and recent private statements following an unscheduled summit meeting between the two during the March 31 weekend.

The essence of the intervention is to transmit the facts that Europe "can no longer tolerate America's policy of benign neglect for the dollar" and "the U.S. cannot have both the neutron bomb and the SALT treaty," said French government radio broadcasts April 5.

The same day, a West German diplomat confirmed that continental governments are keenly monitoring the battles in and around the U.S. Administration over U.S. export-drive proposals. "They are all highly sympathetic to an export drive," he reported, "as long as it's not the trade-war variety."

Europe has actively looked to the U.S. over the past three decades for the simple reason that the fate of the continent depends on American policy. Wars, global economic contraction, and havoc in a monetary system that for sheer proportional reasons cannot forego the dollar are threatened by malign or incompetent U.S. policies. Full-speed self-expanding European growth is in contrast offered, should the U.S. mobilize its nuclear technology resources and preeminently skilled work force under conditions of a working peace with the USSR. To the extent that Schmidt and Giscard intend to pursue their national interests, they are obliged to press the United States to follow its own.

This incipient Schmidt-Giscard initiative is linked to other growth-promoting efforts at the private-sector level.

The public proposal by former Vice-President Nelson Rockefeller to create a new corporation for redeploying billions of Arab petrodollars into energy and agricultural investment in the U.S. and the developing sector, a proposal announced March 29 by the New York *Daily News*, is far better known in Western Europe, in fact, than in the United States. Even before the Rockefeller announcement the proposal was being intensively discussed among European government officials and financial directors.

In France, the key state administrators who run much of the economy were briefed on the plan by Premier Raymond Barre himself, Paris business and bureaucratic sources told this news service. Barre is in a good position to follow up on this development, since the new French cabinet shows a more definite bent than the

old toward trade promotion and high-technology industry. Announced April 5, it places French Atomic Energy Commission chief André Giraud at the head of the industry ministry, whose former head, Jacques Monory, will beef up a new economics ministry. The new minister of trade is Jean-François Deniau, until now the president of the Franco-Soviet Joint Commission.

The "Wall Street Journal" of France, *Les Echos*, gave the Rockefeller plan feature coverage, stressing the signs of a shift in Washington itself toward a commitment to global industrial growth. (We reprint a translation below.) For France and West Germany, no less important than the economic particulars of such a plan—still not known as Nelson Rockefeller prepares a spring trip to Saudi Arabia and Kuwait to wrap up agreement and work out details—is the political essence of Rockefeller's effort, namely, cooperation for technological modernization of the Middle East. This is opposed to the Kissinger-contrived showdowns with OPEC whose crippling effects on Western Europe are still apparent four and a half years after the 1973 oil embargo.

### *Honest Linkage*

Europe's need is for a sound U.S. policy toward the American economy, the Middle East — and, of course, the USSR. The Soviet dimension was summarized by David Satter, the Moscow correspondent of the *London Financial Times*, on April 5 (amidst a blizzard of twisted reports on the same page that Bonn demands a neutron bomb deployment). The correspondent writes that in the absence of the neutron bomb, Soviet President Leonid Brezhnev will at minimum take the occasion of his May trip to Bonn to sign long-delayed agreements on scientific, technical, and cultural cooperation, plus legal assistance (the latter probably involving joint efforts against terrorism). The visit could well end, continues the *Financial Times*, in an unprecedentedly strong declaration of detente coupled with "new large-scale joint ventures" for trade and investment. Clearly, West German complicity in neutron bomb deployment would untie the whole package, Satter observes in conclusion.

What is most important is that by all indications the French and West German leadership is not viewing itself as forced to choose between alliance with a schizophrenic Carter Administration or abandonment of the Atlantic alliance. Key public and private leaders are trying to actively support the best elements in the U.S., how well and how far being qualifications that mainly depend on those Americans. The *Les Echos* article's reference to a

trans-party "big business" grouping catalyzed by the U.S. Labor Party into challenging the Carter Administration's initial "zero-growth" direction amounts to a citation of programmatic organizing's impact on previously divided and semi-conscious "interest groups" in the national interest.

#### *Structure-Building or Citybuilding*

The convergence of Western Europe's own national interests with those of the U.S. as the key to world peace and prosperity was self-evident to leaders and populations around the world during and after World War II. It was equally plain that this common interest involved peaceful development of Soviet industry and resources in order to multiply the rate of world economic and energy growth. In other words, the U.S., working with the USSR, should and could take charge through a United Nations-International Monetary Fund framework of putting its industrial-political leverage to the best international use. Otherwise, the USSR and Europe could grow only slowly and autarkically, barring a third world war, and the post-colonial regions would suffer Malthusian horrors of population contraction. What in fact happened was a back-and-forth between the two extremes, depending on who defined U.S. national interest.

In the late 1940s, the Marshall Plan provided basic raw

materials and infrastructural goods to avert outright starvation and impel "European recovery." But this was a belated little Cold War *pis-aller* compared to the initial American conception of the Bretton Woods-founded World Bank as a true "Bank for Reconstruction and Development," issuing long-term credit for technological proliferation on a huge scale. By the late 1940s, the U.S. was not providing such capital to Europe, which would have spun off triangular trade with Eastern Europe and the other underdeveloped sectors.

Moreover, the "fiscal conservative" operators who took over the International Monetary Fund were insisting that everyone adopt the model that had supposedly produced a West German economic miracle—the only way to finance capital investment is within your own borders, by starving your work force; the only way to promote exports is bitter currency devaluations, import penalties for the population, and diversion of national resources from balanced, advanced industrial growth!

European opposition prevented Europe from being wholly conquered by this "Third World" formula. And the Eisenhower Administration finally moved to supersede the Cold War with its Atoms for Peace initiatives and to pump serious investment into Europe. While London-hired populists were allowed to screech "dollar imperialism" and "multinational bargain-

### French, German, Soviet Relations: Two Views

*In an April 6, 1978 interview, a senior Kennedy Administration foreign policy official discussed the importance of French-German relations:*

*Q: What do you think of reports this week that Schmidt and Giscard are going to "educate" President Carter?*

*A: It's certainly not something to be paranoid about. At this point, they have positive policies, we don't. They have a right to lecture us. During the Kennedy years we still had authority, moral sway, over the shape of Europe....*

*Q: What do you have in mind? What about the de Gaulle-Adenauer special relation, wasn't that against U.S. authority?*

*A: Well, when de Gaulle first made overtures to Adenauer for a special Franco-German summit, Adenauer came to us and asked us what we thought. My view was, "By all means, accept." At the time we were tied up in so much, we would have been happy to see a responsible French-German policy team. I encouraged the idea, Adenauer went ahead.*

*What really cooled the thing down was de Gaulle's refusal to give those concessions that Adenauer needed to make the thing stick domestically in West Germany....De Gaulle still had a fear of Germany overshadowing France, thought Germany had to be controlled. I once asked de Gaulle, "I don't really understand your concept of 'Europe,' can you explain it?" De Gaulle said*

*"France is the heartland of Europe, the core, France is Europe. We've seen what Germany has done to Europe in three wars, Germany is not Europe, Germany wanted to destroy Europe.... Italy, Benelux are not Europe.... Britain is nothing." In essence I think de Gaulle was right — France should have been the center of Europe — and had he not been so strident toward the Germans, it would have been.*

*Financial Times of London, "Bonn Favors Deployment," Moscow Correspondent David Salter, April 5, 1978.*

*For the Russians, Mr. Brezhnev's Bonn visit will be an opportunity to give fresh impetus to East-West détente but only if the question of the neutron bomb has been effectively laid to rest.*

*Soviet-German relations have been good since the 1970 Moscow Treaty.... There are three pending Soviet-German agreements on scientific and technical co-operation, legal assistance and cultural co-operation.... Mr. Brezhnev's visit could end with the signing of these agreements, or with a joint statement of principles on détente.... The visit could also be the occasion for announcing new large-scale joint projects.*

*A great deal will depend however on whether the West Germans have agreed to the deployment of neutron weapons on their soil.*

hunting," the late-1950 policy meant a real effort to bring integrated mass-scale advanced production to Europe, a policy in the immediate interests of USSR-Third World customers and U.S. exporters. A comparative "miracle" of European production and living-standard increases did occur at this point.

Although some of Kennedy's chief advisors on foreign policy not only sanctioned but welcomed the deGaulle-Adenauer alliance as in the European and American interest (see below), the Democratic administration's financial team moved at once to choke off direct private investment in Europe. This policy built up the Eurodollar market and also led to the 1971 U.S. trade deficit and dollar crash, while restoring the Cold War. In the early 1970s, the Nixon Administration proved that, with government political and financial sponsorship, America and Europe could simultaneously achieve rapid expansion of manufactured exports. During the Ford interregnum and throughout the Carter Administration, Europe ardently maintained private ties with groupings in the "Sunbelt," Midwest, and New York in an effort to restore and expand positive U.S. economic weight.

It is therefore the case that chatter about "Europe versus America," and actual policy mistakes like de Gaulle's backfiring pressure tactics against the dollar in 1967-68, are the product, not of reflection on national interests, but of London balance-of-power thinktanks and Rothschild manipulations.

Instructively, the linchpin West German financial diplomat during the Ford-Carter years, Jürgen Ponto, did not run around proposing European "blocs," "pegs," "coordinations," "zones," and the like. He pushed on all fronts for nuclear energy development, Third World industrialization, and state financing for both. His monetary proposals involving Soviet transfer rubles and South African gold supplies were, and are, strictly means to that end — which precisely explains their potency. When, in the words of French national radio, Schmidt and Giscard prepare to sort out "the incoherence of American foreign policy" and "educate President Carter," they do not express the repellent arrogance of Old World *declassés*, but an effort to draw practical prescriptions from the past 33 years of European-American experience.

—Susan Johnson

## Rockefeller's Development Proposal

*From the French financial daily Les Echos, April 4, "U.S. Initiatives to Better Cooperate with the Oil Producers," by Ralph Back:*

M. Nelson Rockefeller, former Republican Vice-President of the United States, one of the most influential men in the country in political and economic matters, is presently negotiating with Saudi Arabia setting up a joint-venture corporation whose aim would be to use the Saudi petrodollars for investments in the United States as well as in developing countries.

At the same time, at the request of the Rockefeller Foundation a group of energy experts, including some of the most famous, just pulled together a report advocating the creation of an international forum by the governments of the industrialized countries and the oil producers. Expecting a grave crisis in world oil supply, the experts estimate that such a forum should take certain measures to deal with this situation and avoid competition among consumer countries in the face of scarcity. Thus, a number of recommendations:

(1) Industrialized countries must establish incentives for oil exporters such as Saudi Arabia, the United Arab Emirates, Kuwait, and Libya (i.e., producers with small-size populations) to increase production to a maximum.

That would notably involve the possibility of facilitating their investment in industrialized countries, and the inclusion of the oil producers in the economic and political "summits."

(2) The exporting countries would be invited to play an increased role in the public and private international institutions dealing with finance, currency and trade.

(3) Participation in the effort of certain countries such as Mexico and Iraq, for them to be able to develop their energy resources.

(4) The objectives and agenda of certain oil exporters' development plans should be revised to avoid any shortfalls that could jeopardize their political stability, economic progress and the production of exported oil.

(5) Industrialized countries should economize efficiently on energy and develop alternate forms of energy.

The report further underlines the importance of continued friendly relations between the United States on the one hand, and Iran and Saudi Arabia on the other, so as to further political and military stability in the Gulf, provided, however, that those relations do not put the United States in a privileged position for oil supply, to the detriment of other consumer countries. Expert observers of White House policymaking see those two initiatives of the Rockefeller clan — when put side by side with the Caracas declarations of Jimmy Carter in favor of an economic "New Deal" with Third World countries, as a sign that Washington policy is in the process of shifting. The Rockefellers, who, it is known, have the President's ear, were, like the Carter Administration, hostile to OPEC investments in the U.S. and any institutionalized collaboration with developing countries.

The adversaries of Jimmy Carter, the "big business" faction in both the Democratic and Republican parties which opposed him along with the U.S. Labor Party which is very active in this battle against what it (the Labor Party) calls "zero growth," do not hesitate to welcome the initiatives of Mr. Rockefeller, whom they had fought up until now.