

# The rush to provoke a showdown between Reagan and Europe

by Vivian Zoakos

As West German Chancellor Helmut Schmidt arrived in Washington this week for talks with Carter and Reagan, continental Europe found itself facing efforts from various quarters to lock the new U.S. administration into policy showdowns with its allies. While the outcome is by no means predetermined, the lineup has become quite clear.

The British Foreign Office and its sympathizers in the NATO command and the Kissinger faction of the Republican Party intend to maintain and intensify the current Anglo-American "special relationship"—shaped around economic austerity and East-West confrontation.

Continental Europe, for its part, has quietly pursued economic cooperation with the U.S.S.R. and the Arab oil producers, and looks to a comprehensive settlement of Middle East questions as a means to that end.

The Chancellor and French President Valéry Giscard d'Estaing have welcomed the Reagan victory and expressed their desire for improved relations with Washington—in a Nov. 16 interview with ABC's Issues and Answers, Schmidt stated: "I have the feeling of a new decisiveness in the American nation."

The initiatives Schmidt and Giscard have taken over the past four years in response to the policy disaster in Washington under Carter would inherently appeal to the partisans of growth within the Reagan camp. They include support for Iraq and its plans for rapid industrialization of the Middle East; strengthening the dollar and world trade through a new monetary system based on gold; and the "Gaullist" approach adopted by Eisenhower's second administration to dealing with the Soviet Union, especially on economic matters.

Maneuvering to preempt the establishment of a close collaborative relationship between the incoming administration and the Franco-German alliance, British Foreign Secretary Lord Carrington in a front-page interview in the *International Herald Tribune* published Nov. 14 announced the U.K.'s intention to use its influence to "delay" a European diplomatic initiative on the Middle East. At the same time, the issue of the NATO budget is

being heated up as a wedge to press West Germany toward NATO's counterpolicy for the Middle East, the "rapid deployment" scenario for superpower brinkmanship in the region.

In discussions Nov. 17 between Schmidt and British Prime Minister Margaret Thatcher in Bonn, disagreements came to the fore over Thatcher's insistence on the "special relationship" between London and Washington, according to German reports. Schmidt proposed a four-way summit meeting among himself, Giscard, Thatcher and the new Reagan administration, along the lines of the 1979 summit in Guadaloupe; Thatcher, apparently averse to the potential influence of "the continentals" on the new American president, emerged from her talks with Schmidt to tell the press that her schedule is too full for the next eight months to include even the possibility of such a meeting.

As the Europeans see it, their survival depends on a continued flow of Arab oil and petrodollars for deficit financing and capital investment; and their prosperity requires expanded new markets based on the European Monetary System's potential for underwriting transfer of technology to OPEC and the Third World. Therefore, Europe has cautiously proceeded in its dialogue with the Arabs, and the heads of state of the European Community (EC) will meet early this month to discuss launching an independent initiative for Mideast peace.

The EC, to which Britain belongs, is one arena where Carrington hopes to force his "delay." The initiative was the subject of a heated disagreement in Paris this week between French Foreign Minister Jean François-Poncet and Henry Kissinger, where François-Poncet declared, according to Radio Jerusalem, that France favors recognition of the Palestine Liberation Organization, and if the rest of the EC refuses to make such a move, France will do it alone. France has responded immediately to Carrington's interview; when a senior government official leaked through the Nov. 15 issue of *Le Figaro* that political cooperation will not be increased by halting initiatives and hinging action on

the United States.

The Kissinger formula on all this was summarized Nov. 18 by syndicated columnist Joseph Kraft from Washington, in a commentary titled "Plain Talk for Schmidt." "Among the losers in the American elections you can count the European allies: they no longer have Jimmy Carter to kick around," Kraft wrote. "Without Mr. Carter as an excuse, the the Europeans either have to acknowledge the differences with the United States on fundamentals or modify some of their independent positions. The test of which way Europe goes begins with the visit of Chancellor Helmut Schmidt to Washington this week. . . .

"As befits his central role, the Chancellor has played a lead part in the allied assault on President Carter. . . . He intimated that because of Mr. Carter, Europeans have had to strike out on their own in dealings with Russia and the Near East." Now, however, "the French and Germans intend to continue to work out a Near East settlement outside the Camp David process, and an understanding with Moscow outside the Big Two framework. Americans, in these conditions, owe the Chancellor some plain talk."

### **Military questions**

This "bipartisan" pressure on Europe and on Reagan policy was elaborated by Reagan transition team member Alexander Haig, the former NATO supreme commander and one of Reagan's candidates for defense secretary. Speaking to the annual Heinz Seminar in the Senate Caucus Room on Nov. 13, Haig characterized Europe as the main threat to U.S. security, on the grounds that West Germany in particular is "not contributing their share" to NATO, and rebuked the Germans, French and Japanese for "actively competing with us for markets at home and abroad." The seminar, which was cosponsored by Georgetown University's Center for Strategic and International Studies and Sen. John Heinz III, a former sponsor of Haig's presidential aspirations, included Zbigniew Brzezinski, who demanded that Europe "support the Camp David accords" and "join the United States in creating a security framework in the Middle East" through NATO.

General Haig's fulminations followed the recent announcement from Bonn that, owing to economic difficulties, West Germany (like Italy, Belgium, and Denmark) will be unable to meet the 3 percent increase in defense spending agreed upon by NATO members. Schmidt has repeatedly asserted that his government has always lived up to its defense obligations, while, he says, the real problem is the failure of the United States and Britain to maintain conscripted armed forces. Schmidt's political associate, Social Democratic leader Hans-Jürgen Wischnewski, was quoted Nov. 18 by the German press bluntly commenting that a 3 percent



*President Giscard and Chancellor Schmidt.*

increase is meaningless; if there is a crisis, the defense budget might be raised by 15 percent, and if not it might stay at current levels.

Other German spokesmen point to the fact that the Carter administration had to fudge its own bookkeeping for fiscal 1979 in order to show a 3 percent defense increase for fiscal 1980, and that U.S. outlays are bloated by the huge proportion of salary payments for the All-Volunteer Army.

### **Economic entente not dead**

The West German view of these military questions is put in a larger perspective by the fact that, despite the Carter administration's strictures against any such dealings, a consortium of 20 West German banks is moving forward with a giant project to build a pipeline from western Siberia to Western Europe. For the first phase of the project, a \$5.3 billion credit was recently negotiated; the pipeline is expected to reach double that amount by the time it is completed, making it the largest single business deal concluded thus far between Eastern and Western Europe.

The German credits will be repaid in the form of deliveries of 40 billion cubic meters of natural gas annually to Western Europe starting in 1984, of which 12 to 15 billion cubic meters per year will go to the Federal Republic. According to West German news reports, the initial loan will be at 7 $\frac{3}{4}$  percent interest rates.