

*Stern:* Do you believe that there are "democratic Communists" who, once they get into power, will also let themselves be defeated again in an election?

*Schmidt:* We will only know this more precisely 20 years from now. There is not one example of what you are asking about here. Nevertheless, after the war the Italian Communist Party did collaborate in drawing up the republican constitution and then later left the government. But they never had a majority.

*Stern:* Mr. Chancellor, unemployment figures are continuing to rise. Is our economic order still able to reduce the base level of one million unemployed?

*Schmidt:* This is not a problem of our own economic order. There is no such thing as German unemployment, but only world unemployment. Our market economy is sufficiently flexible. The question is the cooperation between those countries which are responsible for the world economic order.

*Stern:* What can be done to make the corporations invest in order to create new jobs, rather than to rationalize?

*Schmidt:* Without rationalization we would still be planting our fields with horses and plows today, and not with tractors. Rationalization is necessary. However, it is also possible to rationalize too early and too quickly. If, for example, an automobile firm is so overburdened that it must put on extra shifts, there is an incentive to invest in expansion, which leads to more jobs.

*Stern:* Of course, extra shifts don't take up more workers.

*Schmidt:* That's correct. But an expansion of technical capacity leads to the hiring of additional workers.

*Stern:* Do you have a better recipe (to reduce unemployment than does German Trade Union Federation head Heinz Oskar Vetter, who has called for shortening the working week)?

*Schmidt:* I am putting my hopes in cooperation between the most important countries in the world economy. This also includes the OPEC countries and the Third World.

For, the world economy can only get healthy if we aim at a predictable and continuous equalization of payments balances. That will not work without the participation of the OPEC countries, with their payments surpluses and a large number of developing countries which suffer from payments deficits.

*Stern:* Couldn't the public sector offer more jobs? We have about 10,000 unemployed teachers and still have classrooms with 44 pupils.

*Schmidt:* That might be possible. But these jobs would then have to be paid for. And that means higher taxes.

*Stern:* We have been saving one subject for last, one which is increasingly arousing people's feelings: nuclear energy. Why does the American government want to stop the (West) German-Brazilian nuclear power deal? Does the USA merely want to close out a bothersome competitor, or should we also take seriously the Americans' fear that nuclear energy deals could easily turn into atomic bomb deals? Is the treaty with Brazil a threat to peace?

*Schmidt:* Naturally, we have a great interest in remaining world-competitive in this area of high technology, and tens of thousands of jobs in our industry depend on this. In the treaty with Brazil we have taken special care that our partner will not perpetrate any misuse of nuclear energy. According to the treaty Brazil is subject to practically the same checks as the members of the international treaty system on the nonproliferation of nuclear weapons.

*Stern:* The Americans are apparently not convinced of that. How will you solve the dilemma of having to fulfill the treaty with Brazil without offending the USA at the same time?

*Schmidt:* This must be talked over calmly and carefully. There are ideas, but it is still too early to think about them in public. Talks with the Americans are just beginning. What is certain, is that we will fulfill our treaties. But I will not exclude the possibility of our making further treaty obligations.

## Wilson Government 'Scandal' Strengthens Callaghan's Growth Strategy

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### BRITAIN

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Successive revelations of covert operations which surrounded former Prime Minister Harold Wilson with agents of Rockefeller and Rothschild banking interests have strengthened the hand of current Prime Minister James Callaghan in his fight to consolidate a rational growth policy for the British economy against the wishes of what the British press call "international financiers" and commonly identified as the International Monetary

Fund and the New York banks. Most sensational were the facts made known by former Wilson press secretary Joe Haines in his book, *The Politics of Power*, published this week, which documents a concerted attempt by the Treasury and the Bank of England to implement a "civilian coup" against the Wilson government in late spring 1975, to force upon it the essentials of Rockefeller bank policies which ran directly counter to the platform upon which the Labour Party had been voted into power.

The book's publication conveniently coincided with this week's renewed attack on the British pound, and tends to preempt other new destabilization operations against the Callaghan government which New York bank and Carter

cabinet officials are known to have planned. Specifically, Haines charges that "the Old Lady" (the Bank of England) and the British Treasury manufactured a run on sterling on June 30, 1975 to force the government away from its negotiations for a social contract with the trades unions and towards more "drastic" austerity measures favored by the international banking community. "Suspicious that the Treasury and the Bank of England act together to thwart the honest yeoman of the Labour Government are always dismissed as part of the paranoia of the Left," writes Haines, a self-described "Cromwellian republican." "In this instance, they cannot be so easily dismissed ... Though it sounds melodramatic to say so, had they succeeded in the attempt, it would have been a civilian coup against the Government."

Backing up Haines's charges, Wilson's former Cabinet Secretary Sir John Hunt has called for the complete dismantling of the Treasury department during his testimony to the Commons Select Committee investigating the Civil Service. One member of the Parliament had asked him to confirm the veracity of the rumor that the Treasury had played a similar role during last fall's sterling crisis, which he did.

While Callaghan has been taking pains to stay above the scandals surrounding the Haines book, there is good reason to believe that he was not unaware of its content before publication. Not only is Bernard Donoghue, Haines's primary associate in the Wilson government, the head of Callaghan's policy planning staff, but the atmosphere generated by the book nicely complements the strategy that Callaghan has been following to make the

Treasury and Bank of England directly accountable to him and his personal staff.

Even the more popularly sensationalized sections of the book exposing the underhanded political maneuverings of Wilson's emotionally unstable personal secretary, Lady Falkender, indicate concerted effort within the Labour party to discredit the Rothschild-linked City of London financier figures, whom Lady Falkender numbered among her "friends." The most notorious of her acquaintances, Sir James Goldsmith (reportedly knighted by Wilson at the Lady's instructions) exhibited his "loyalty" to Callaghan last week by calling for the formation of a coalition government, the ploy being used to breakaway elements on the Labour Party right to bring the government down.

Sir Harold Wilson, himself now chairman of Callaghan's committee to investigate the City of London, has announced that the operations of the property speculators of Goldsmith's ilk will be the first to be investigated. Wilson said, that he intends to determine how it was that money was available in the early 1970s for speculation, but not for industrial investment.

Callaghan has an opportunity to further consolidate his position following the unfortunate stroke of Foreign Secretary Anthony Crosland, who led the fight against the Treasury's austerity package during IMF loan negotiations last fall. On the basis of Haines's charges that Lady Falkender personally directed Wilson's last cabinet reshuffle, Callaghan could easily sweep the decks of opponents to his industrial strategy by cleaning out the remnants of this "Falkender takeover" of the Wilson regime.

## What The 'Chirac Phenomenon' Will Do To French Atlanticists

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### FRANCE

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For the first time in ten centuries, Paris will actually have a mayor next month. Nationwide March municipal elections, the first major electoral test for French President Giscard D'Estaing since the beginning of his term in 1974, will pit thousands of "Union of the Left" Communist-Socialist lists against their opponents of the nominal "presidential majority," made up of the mass-based RPR Gaullist party, Giscard's Independent Republicans, and assorted social-democratic and centrist grouplets. However, everyone agrees that the crucial contest is the three-way Paris race, between an RPR list headed by former Prime Minister Jacques Chirac, a Giscardian list led by Industry Minister D'Ornano, and the Socialist-Communist coalition, whose list was established *in extremis* Feb. 14.

To the consternation of Giscard and all Atlanticists in France, Chirac has already been declared the winner. All polls — except for the fraudulent ones issued by the

pro-Carter magazine *L'Express* — agree that Chirac will crush D'Ornano and easily defeat the Union of the Left list, whose prospects in the "bourgeois town" of Paris were never good and whose protracted haggling for party position has not improved their image.

The great irony of the situation is that the Paris mayoralty race, which Giscard originally intended to use to submerge the Gaullists far down on a cumbersome "non-partisan" list headed by his pet D'Ornano, has turned into a potentially fatal political disaster for the President and Atlanticist interests in France. Chirac and his indignant followers simply pulled out of the alliance with the Independent Republicans, denouncing Giscard's "intolerable attack against faithful allies."

As Gaullist leader Michel Debré has said, the Mayor of Paris will be a towering political figure because of the inordinate weight of the capital in heavily centralized French political and administrative affairs. If the Mayor is a friend of the President, the government will see its action enhanced; if a political adversary, however, the government will be virtually incapable of ruling *against* the Mayor. That is precisely the reason why Paris has not had a Mayor for so long, and why it has been ruled by