

## Economic Program Of French-German Alliance Takes Shape

Whereas the emergence of an alliance between France and West Germany in mid-October was largely around the issues of fighting terrorism and expanding nuclear energy production, in the past week the alliance has begun to discuss long-range economic policy. The principles of the joint policy were set forth in statements by West German Chancellor Helmut Schmidt and his close allies in industry; at the same time, France continued its practical efforts to exert a benign influence in the Mediterranean area and to improve its relations with the East bloc.

The fact that Chancellor Schmidt delivered his plea for a growth-oriented economic policy to the London-based International Institute for Strategic Studies is ironic. Schmidt's rise as a political figure was largely made possible through the influence of this organization, of which he is still an Associate Member. Last week, however, he returned to lay out a policy diametrically opposed to the destructive policies of deflation and industrial decay which its British directors are now recommending.

### Saltzgitter Head: "Compete" By Upgrading Workforce

*Hans Birnbaum, Chairman of the West German steel firm Saltzgitter AG, presented in an address to business leaders of the Baden-Baden region a five-point program for orienting the West German economy to a push for industrialization in the underdeveloped countries. Stressing the need for upgrading the skill levels of the workforce, Mr. Birnbaum said that the structural changes incurred by Third World industrialization are "logical and are not the cause for the present economic crisis." The five points are:*

(1) It is necessary to orient toward the opening of new markets for exports, which include, above all, the Third World and the oil-producing countries;

(2) The "Japanese challenge" — i.e., the challenge represented by Japan's successful efforts under adverse world market conditions — should not be taken up in the sense of imposing further restrictions on trade, but rather in the sense of competing to produce the highest quality products;

(3) The development of a new export concept, whose cornerstone is the ability to remain competitive through constant upgrading of the qualification of high-technology engineers. This new concept "will make necessary an even more extensive financial involvement in countries abroad;"

(4) Constant modernization of the West German

economy, including the development of the necessary new infrastructure and of new technologies like the pipeline transportation of coal and iron ore;

(5) Higher qualifications of the work force are essential, as well as an upgrading of management abilities. The workforce must be able to react more quickly and flexibly to structural changes, and must possess the latest technological information.

Birnbaum, whose firm is wholly owned by the West German Federal government, is known to be a close advisor to Chancellor Schmidt. Saltzgitter's business is primarily oriented to markets within the Socialist countries and with such developing countries as Brazil.

### West German Industrialist Calls For Investment Drive

Only a serious drive for capital investment in West German industry can close the country's chronic employment gap, according to Otto Wolff von Amerongen,

### A New "Super North-South Conference"?

Industrial development of the Third World will be a central topic at a new "Super North-South Conference," according to the Paris daily *Le Figaro*. France and Tunisia, it reports, are using their excellent mutual relations as a basis for bringing European industrialized countries together with the Third World, especially those Arab countries not rich in oil reserves. Although no formal proposals for such a conference have been made yet, its tentative agenda would include questions of both economic and political cooperation. This would make it a useful extension of discussions of the Mediterranean question at the ongoing European Security and Cooperation Conference in Belgrade.

France's Prime Minister Raymond Barre, the probable source of this initiative, is also continuing his series of modest but significant breakthroughs in relations with the Soviet Union and Eastern Europe. At the conclusion of his recent visit to Hungary, Barre announced his intention to double the volume of trade between the two countries within a short period. "We must shake our trade out of hibernation," he commented on the signing of contracts for a number of heavy industrial plants to be erected in Hungary.

the influential leader of the German Association of Chambers of Commerce. "Innovations, research, and realization of production palettes are gaining more significance in corporations' activities," he said in a television interview this week, "but dropping profits are not motivating corporations to undertake risky investments."

The most crucial aspect of any solution to this problem, Wolff said, is "more growth along with stability — and

therefore also more employment in the medium term." This is a full reversal of his statement one month ago that West Germany was "overindustrialized" and needed to cut back on all forms of technological growth.

Wolff also called for the reconvening of the "Concerted Action" council of labor, industry, and government representatives in order to realize these goals. This council has not met for two years because of the inability of labor and industry to find common ground.

## Schmidt: 'We Need Nuclear Energy Despite Carter's Reservations'

*Helmut Schmidt, Federal Chancellor of West Germany, outlined the fundamental features of his government's economic policies in an Oct. 28 address to the London International Institute for Strategic Studies. Excerpts are reprinted below:*

I would like at this juncture to dwell on three tasks which the West will have to resolve in the economic sector, also for the sake of its common security.

The first task is constructing and safeguarding a liberal, flexible and hence working world economic system.... The recession has become a great threat to our world economic system because the tendency to try to solve the problems by means of protectionist measures has increased. We must ward off this threat with a united effort.... In practice, nations have lost their autonomy of economic policy. Any attempt to make room for a return to national measures would be disastrous. The only way out is through closer economic cooperation.

The Western democracies are about to embark on this road. Since the recession, we have successfully intensified our efforts to coordinate economic policy. We have agreed to pursue growth and full employment without repeating the old inflationary mistakes.

Let me make this point clear: There are no economic panaceas which can be recommended to or prescribed by governments by majority decisions, as it were....

The Western countries depend on massive imports from the Third World. This means that there are two sources of danger as regards our raw materials supplies. These supplies can be endangered, for one thing, by the outbreak of war or civil war in Third World regions, and, for another, by insufficient production due to insufficient investment....

To avert the dangers arising out of Third World instability, the West has to pursue a policy aimed at the peaceful solution of conflicts and a peaceful conciliation of interests.... Raw material investment in developing countries is no longer financed and undertaken the way it used to be. In the mining sector in particular, exploration and prospecting in the Third World have largely come to a standstill. There can be no doubt about the long-term consequences of this.... In other words, the said danger to our raw material supplies does not affect us today, but it

is today that we must act to avert it.

The indispensable cooperation between industrial and developing countries in the opening up of raw material resources must be restored and intensified. The job cannot be done without increasing private direct investments of the industrialized countries of the world. For a stable and close cooperation between industrialized and developing countries I consider it necessary and justified that guarantees of those private investments should be given by the host countries....

More than half of the Western world's energy

### FBIS Caught In Distortion Of Schmidt's IISS Speech

The Foreign Broadcast Information Service (FBIS) of the U.S. Department of Commerce, which is the United States government's major public record of foreign government and foreign press statements, seriously distorted West German Chancellor Helmut Schmidt's Oct. 28 address to the London International Institute for Strategic Studies. The FBIS account of Chancellor Schmidt's speech, which they claim was based on the English text distributed by the Bonn Federal Press Office, omitted Chancellor Schmidt's endorsement of nuclear energy and his criticism of President Carter's antinuclear outlook.

According to FBIS, Schmidt said: "... oil supplies may not suffice to cover requirements already in the 1980s. And I am afraid this fundamental fact won't even be changed to any large extent by the new oil wells you (Britain —ed.) have discovered under the sea. The main conclusion of this is that the wasteful use of energy of which we have made a habit must stop."

On Nov. 1, the West German daily *Kieler Nachrichten* reported Schmidt as saying: "We are facing an oil shortage in the 1980s. No North Sea oil can prevent that. We need nuclear energy... even though President Carter has his own reservations in respect to the non-proliferation aspects."