

Will U.S. Join In East-West Trade Expansion?

As U.S. Secretary of State Cyrus Vance arrived in Moscow, a broad range of negotiations was taking place between Soviet sector, West European, and developing sector leaders to lay the groundwork for a massive expansion of economic cooperation and disarmament efforts.

In preparation for the May 4 visit of Soviet President Leonid Brezhnev to Bonn, the West German government outlined a draft program for expanded USSR-West German industrial cooperation into the 1990s, focusing on the development of Siberian natural resources and industrial potential. Press reports indicate that other European countries and Japan will be drawn into the effort, and that Brezhnev and West German Chancellor Helmut Schmidt will discuss joint ventures in the developing sector. Schmidt and French President Valery Giscard d'Estaing are also planning new disarmament initiatives which have drawn favorable comment from Soviet spokesmen.

The Soviets, for their part, have sent out feelers directly to the United States, inviting America into this East-West development and disarmament drive. Throughout the second week of April, Dr. E. Velikhov, the head of the Soviet Union's fusion energy effort, was in Washington to privately circulate a proposal for a vast expansion of U.S.-USSR cooperation in fusion research and development. Such cooperation would be an excellent basis for deepening U.S.—USSR economic ties as well as for a comprehensive strategic arms accord, as the U.S. Labor Party has repeatedly pointed out. Velikhov, in fact, formalized the offer with a plan for the U.S. and the Soviet Union to immediately build a prototype fusion power reactor in a third country like Finland, Japan, or East Germany.

The Velikhov offer, plus the preparations of the Western Europeans and Japanese, gives the political faction around Secretary of State Vance the lever which it needs to strengthen U.S. relations with the Soviet Union and, thereby, outflank the pro-British faction in the Administration which is set on forcing a deterioration of detente to the point of U.S.-USSR thermonuclear confrontation.

Such an outflanking movement is a political priority at this moment.

UN Ambassador Andrew Young has suggested a plan for the stabilization of southern Africa through the economic development of the entire region, and this type of export diplomacy is being organized for behind the scenes by sections of the State and Commerce Departments and the Export-Import Bank. However, the failure

of these peace-through-export forces to come out forcefully in public with their perspective has given Her Majesty's Foreign Secretary, David Owen, a free hand to proceed with his plans to split the Rhodesian Patriotic Front liberation forces and drag the U.S. into a confrontation with the Soviets over southern Africa. The Soviets, who otherwise are ready to fully cooperate with the West in developing Africa, would see the success of Owen in the region as a major provocation.

Just as important, the absence of a firm U.S. policy commitment to East-West economic and diplomatic cooperation could give leverage to the British-linked domestic enemies of Schmidt and Giscard, causing the collapse of Western Europe's detente push and the complete disruption of international relations.

Despite the fact that much of the U.S. and British press have been describing Vance's meeting with Brezhnev as inconsequential, the East bloc has made it clear that it expects these vital issues to be taken up at the meeting.

East German radio on April 19 called Vance's visit "an event of extraordinary importance"—but whether for good or ill remains to be determined by "the contents of Vance's briefcase...Vance has the chance to restore the credibility and stability of the Carter Administration's foreign policy," the broadcast said, but warned that the time for concluding a strategic arms limitation agreement with the U.S. is running short.

The type of "stable and credible" U.S. foreign policy required is detailed in a special U.S. Labor Party policy statement, "Solving the World Economic Crisis Through an East-West Entente," by Warren Hamerman (*Executive Intelligence Review* Vol. V, No. 15, April 18, 1978). It emphasizes U.S. high-technology exports, Siberian development, and a U.S.-Soviet division of labor for the rapid industrialization of the developing nations. Sabotage by British agents of influence in Washington—such as Henry Kissinger, National Security Council adviser Zbigniew Brzezinski, Sen. Henry Jackson, and Treasury Secretary W. Michael Blumenthal—has prevented such an entente from emerging. Significant private initiatives have occurred, as exemplified by the April 15 visit to Moscow of Harold B. Scott, the president of the U.S.-USSR Trade and Economic Council, who advocates lifting restrictions on Soviet-American trade. Scott conferred with Foreign Trade Minister Nikolai Patolichev, who next month will accompany President Brezhnev to Bonn.

Siberian Development

The ground is now being laid for every Western industrial nation to participate in the vast Siberian

development program. West German President Walter Scheel and Foreign Minister Hans Dietrich Genscher visited Tokyo this week to discuss the coordination of economic, trade and energy policy; it is likely that Siberia was a topic of their talks. Japanese involvement in Siberian development, including coal and natural gas extraction, is already quite extensive and awaits the coparticipation of the U.S. and Western Europe to move ahead. In Tokyo this May, U.S. firms are scheduled to meet with the Soviets and Japanese concerning the next stage of the Yakutsk (Eastern Siberia) multibillion dollar natural gas exploitation project. Genscher, in a statement in Tokyo, urged that "the U.S. should also be included" in economic agreements worked out with the Japanese.

In France this week, the standing Franco-Soviet commission on economic cooperation is in session; this group's mandate is to guide cooperation into the 1990s, a time frame which corresponds to the West German government's, and matches the Soviets' 1975-1990 "15-year plan," during which the major Siberian projects currently under construction are to be completed.

In Bonn, preparations are underway for Brezhnev's long-awaited visit. Schmidt is meeting with all of West Germany's major East-West trade firms, and Soviet Ambassador V. Falin has conducted extensive discussions with Foreign Ministry official Peter Hermes, who is known to favor expanded trade. Preliminary press reports on the government's draft proposal for economic cooperation indicate that long-term ties are also envisioned between Soviet enterprises and medium-sized West German firms. This would help to win support for Schmidt's detente policy from the opposition Christian Democratic Union party, based significantly in such industries, and in the long term, would signify an in-depth trading alliance of European industry "from the Atlantic to the Urals."

The potential Brezhnev's visit holds has been strongly emphasized in the Soviet press, which as Moscow's correspondent for the *Süddeutsche Zeitung* reported April 15, has ceased portraying West Germany as a hotbed of neofascism, describing it instead as an economic giant and detente partner. The official Soviet news agency *TASS* wrote that "all fields are open for cooperation between the Soviet Union and the Federal Republic of Germany. . . major opportunities can be used in the disarmament question. . . bilateral relations are already good and can be developed further." A *TASS* item carried in the major Soviet dailies praised Chancellor Schmidt's April 13 speech to parliament, in which he hailed the pro-development resolutions of the 1976

Colombo Conference of Non-Aligned Nations. The Czechoslovak daily *Rude Pravo* noted April 13 that Schmidt supports the idea of a pan-European conference on energy, proposed by Brezhnev two years ago and recently revived by the Soviet delegation at a session of the UN Economic Commission for Europe in Geneva.

Triangular Trade

Joint West German-Soviet projects in the developing sector are expected to be a significant feature of Brezhnev's discussions with Schmidt, as they were when Czech party leader Gustav Husak visited Bonn last week. Husak initiated negotiations with West German industrialists on triangular deals involving India and Iran. West German Central Bank head Otmar Emminger traveled to Prague April 18 to meet with Czech Prime Minister Lubomir Strougal, reportedly to work out the financing of such projects.

Romania too is strongly advocating triangular trade with the West and the developing sector. Romanian President Nicolae Ceausescu, during a tour of the United States, stressed the significance of joint ventures with U.S. firms in a speech in New York April 17. Two thirds of mankind today is underdeveloped, he said, and this places a limit on international economic exchanges, affecting the growth potentials not only of the underdeveloped countries themselves, but also of the industrialized ones.

The potential for such triangular cooperation is dramatized by the news that Jamaica and the Soviet Union have just concluded a major shipping agreement, which will give each country "most favored nation status." It envisions transforming Kingston into a major deep water port, creating a Jamaican merchant marine, and developing Jamaica's bauxite industry. This agreement gives crucial political support to Jamaican President Manley, whose economy is in process of being strangled by the International Monetary Fund—virtually all imports to the country have been cut off—and whose government has been subjected to massive destabilization operations.

But the accord also provides ready avenues for U.S. cooperation to develop the whole Caribbean region. A top corporate official in the U.S. indicated that if the Soviets are planning to develop Jamaican bauxite mining, this would most likely signal West German participation, since they could more readily handle the mining technology while the Soviets concentrated on infrastructure.

—Susan Welsh