

Will USA Participate In 'Deal Of The Century?'

In a series of actions during the past week, Western European governments have assembled an economic development package for the Mideast and Africa worth scores of billions of dollars, opening an entire range of political and economic possibilities for the United States.

The development package, brought about through the actions of the French, West German governments and state-sector companies, points directly to an internationally-agreed, development-based political settlement for the Mideast and Africa.

Deal of the Century

At a closed-door session of the West German Social Democratic parliamentary faction last week, Chancellor Helmut Schmidt briefed his party's leadership on a package of at least 120 trade deals with the Soviet Union that will be discussed with Soviet President Leonid Brezhnev when he arrives in Bonn May 4. These deals will cover billions of dollars worth of goods up until the 1990s, and will require international consortia for financing and marketing the gigantic trade flows involved. Their effect on domestic West German politics will be enormous, for the quantity of trade and manufacturing involved will be able to soak up a good portion of West Germany's one million permanently unemployed, and will also save a good many West German factories from bankruptcy.

Although the scope of the trade efforts themselves is staggering — one of the many deals involves a \$20 billion nuclear reactor sale to Iran — the global political context identifies the successful Western European trade mission of the past days as an advanced form of diplomacy, including the United States and the Soviet Union. The crucial background development was the limited success of U.S. Secretary of State Cyrus Vance's weekend discussions in Moscow with Soviet leaders on strategic arms limitation. Vance, who renounced previous Administration attempts to undercut the SALT talks through so-called linkage of the arms negotiations to "human rights," National Security Advisor Brzezinski's monkey-wrench, opened the door to a peace and economic development package in cooperation with the Soviets.

Vance, and even more emphatically U.N. Ambassador Andrew Young, have supported that policy in the past, particularly for the Mideast and Africa, but the arms negotiations bottleneck had kept it off the active agenda.

In a nationally televised speech, Soviet party leader Leonid Brezhnev called for Western cooperation in the Soviet Union's own economic development, while Politburo member Boris Ponomarev called for "restructuring the whole system of economic relations on the basis of peaceful coexistence." The Soviet view

converges on Western European proposals to "overhaul the world economic system," as a West German official told the press after the Copenhagen summit meeting of Western European leaders on April 10.

Centerpiece: New Solidarity

The centerpiece of Europe's offensive is nuclear energy policy. Following a visit by senior West German officials to Iran, the two governments announced an export package worth a stupendous \$20 billion, including four nuclear reactors and a group of naval vessels. In Western Europe, the Germans and French signed an agreement according to which France will reprocess enriched nuclear reactor fuel for West Germany, rebuffing Energy Secretary James Schlesinger's recent threat to shut off supplies of enriched fuel unless Europe abandoned its policy of exporting nuclear technologies.

Reportedly, Italy, Austria, the Netherlands and Finland are prepared to sign identical agreements with France. In addition, West German and Japanese corporations will invest in the construction of a new reprocessing plant in France. As a package, these agreements give Europe the independence and capacity to kick off an extraordinary nuclear development plan — and present a compelling challenge to the United States.

On the rim of Europe's nuclear policy agreement, Western European firms have initiated factory-construction and related development proposals involving virtually all of the Mediterranean area, from the Balkans to the Persian Gulf.

Since Schmidt's parliamentary briefing, all of West Germany has been speculating about the 120 economic and technological agreements. The total package is so important that the April 27 daily *Frankfurter Allgemeine Zeitung* wrote that it will be based on state-to-state agreements already existing between the USSR and Finland and the USSR and France. The master agreement will also set up joint West German-Soviet factory construction in the Third World.

The Moscow-based correspondent for the daily *Kieler Nachrichten*, Heinz Lathe, wrote the same day that since West German-Soviet trade has already passed the 11 billion deutschmarks level (\$5.5 billion), the Soviets want to begin calculating West German economic cooperation into their Five Year Plan.

There are further reports circulating that one of the agreements will be joint West German-Soviet production of machine tool prototypes, and in an interview with *Der Spiegel* magazine, the president of the German Chamber of Commerce and Industry, Otto Wolf von Amerongen, stated that oil, uranium and electricity are under discussion as Soviet exports to West Germany.

Although this package clearly overshadows the

original 1922 Rapallo cooperation treaty between the Soviet Union and Germany in volume, it will also require serious American, French and Italian support in providing both financing and markets. Amerongen stated that certain agreements, such as one around copper mining, will involve quantities so huge that only international consortia could finance and market them.

Technically, Chancellor Schmidt has been addressing this question correctly by his well-known support for the dollar, and his insistence that the dollar keep its proper role as the international reserve currency. Schmidt knows that these international consortia will not work without dollar support from the world's largest market, the United States.

U.S.: Not Left Out...

There are other strong indications that the American private sector has not been left out of the bonanza. According to business sources, a large number of American corporations, including Pepsico, Coca-Cola, and Motorola are moving heavily into Egyptian investments, with the understanding that they will receive financial support from the Saudi- and Kuwait-funded Gulf Organization for the Development of Egypt.

That would mark the first occasion that the oil-rich Persian Gulf Arab states have agreed to joint ventures with American corporations, a project that senior staff of the Export-Import Bank have been working on for several years. Leading Arab spokesmen now touring the United States in a five-city visit organized by the Arab-American Chamber of Commerce announced last week a proposal for cooperation with the United States in channeling "petrodollars" into development efforts internationally.

A central figure on the American side is former Vice-President Nelson A. Rockefeller, recently returned from a visit to the Persian Gulf. Rockefeller recently formed a corporation, Sarabam, to recycle petrodollars into investments in the United States, and joint projects in the developing sector.

West Germany and France are acting as intermediaries between the U.S. and the Soviets on the issue of East-West cooperation for Third World development — with the quiet support of the U.S. State Department.

Kissinger Wrecking

The Western European initiative has provoked a political crisis in leading American circles, marked,

among other things, by covert efforts by Henry Kissinger and his flunky Senator Jacob Javits to wreck American participation. Business sources report that Kissinger and Javits have conducted a harassment campaign against the Arab-American Chamber of Commerce's tour of leading Arab businessmen and government officials, which aims to double American trade with the Mideast.

Even more ominously, Dr. K has now betaken his corpulent self to West Germany. His arrival on the eve of Brezhnev's May 4 visit is clearly timed to undercut Schmidt's support for the U.S.-Soviet cooperation which would make the "deal of the century" work. Kissinger's line is that the future of the "West" depends on confronting the USSR in Africa and Asia and on replacing the U.S. dollar as world trade reserve currency with the British-proposed funny-money, Special Drawing Rights.

From the boardrooms of Chicago and Houston to the downtown commercial banks in New York City, a fierce debate is underway over whether to throw in with the European-initiated development efforts, or tag along with Fed Chairman William Miller's "fiscal conservative" plans for a credit crunch against the U.S. economy.

However, the public behavior of Jake "the Snake" Javits indicates that panic is spreading among the ranks of London agents in the United States. On the Senate floor April 25, Javits presented a strange "Sense of the Senate Resolution," calling on President Carter to establish a \$50 billion to \$100 billion pool of oil-producing country funds for "directed investment" in the developing sector.

Sources close to Javits emphasized that the Senator was *not* talking about transfer of technology, and had made the proposal in opposition to Nelson Rockefeller's efforts to rechannel OPEC dollars into development efforts. Javits also proposed that the Administration bludgeon Europe into a "coordinated" program of reflation at the July summit meeting of the leaders of key industrial countries, a plan to pick a fight with the Europeans at exactly the wrong time.

Javits' sudden rush to present an "alternative" to what the Europeans already have on line indicates the immense political potential in the United States. If sufficient American political, and business and labor leaders have the guts to ignore the mess in the Administration, and create a "counterpole" of political organizing in response to developments abroad, the British faction will dissolve.