

made Cyprus a base for terrorist destabilization of the entire region bordering on the Mediterranean.

Working hand in hand with Giscard, the West Germans, according to the *Frankfurter Allgemeine Zeitung*, have proposed to Turkish and Greek Premiers Ecevit and Karamanlis, respectively, that they cooperate in settling their differences in exchange for sizable economic development assistance. The *Financial Times* announced on June 20 that Greece had organized a conference to include top bankers and diplomats from every country in the Arab world for their consideration in funding 70 proposed development projects — a move which signals again the close coordination between Europe and leading Arabs in the Grand Design.

This was announced while West German Foreign Ministry state secretary Hermes was away on an extended visit to Greece. Ecevit meantime is in Moscow discussing economic cooperation in what the *Handelsblatt* calls “a boost for the already considerable” size of Soviet-Turkish cooperation.

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In a taste of things to come, the French and West Germans at the Brussels Finance Ministers meeting last week killed any hope of British Chancellor of the Exchequer Denis Healey to force adoption of even a mild reflation program. Instead, the Brussels meeting agreed to double the funding for the European Investment Bank, money which *Le Figaro* hints has typically been used to finance European nuclear programs and such projects as the improvement of the port of Marseilles.

European Press Reports Momentum Toward Grand Design

During his press conference on June 14, French President Giscard d'Estaing described the purpose of his upcoming trip to Spain in response to a journalist from the Madrid newspaper Ya.

This trip will give us the opportunity to examine in depth the ties between democratic Spain and France and to see how, in the face of the great tasks which we are speaking about here, we can tighten our cooperation and envision common actions, for example towards the Third World or Latin America.

The importance of joint European-Arab Mediterranean development efforts in the region was made clear on June 13 by the President of the Cyprus Republic, Spyros Kyprianou, at a press conference in Paris. Kyprianou's remarks were reported in the French daily Le Monde of June 15.

Kyprianou expressed “his desire to see the creation of a Committee, led by France, to assist the United Nations

In Italy, the general secretary of the Communist Party (PCI), Enrico Berlinguer, delivered a speech in the city of Trieste right on the Yugoslav border giving his approval for a program to turn the city and the surrounding region into a showcase for scientific research. Making public for the first time the existence of a project already approved by the Italian Parliament, Berlinguer said that the PCI had agreed to the Trieste Research Area Bill. (For Berlinguer's remarks, see below.)

Across the Mediterranean, in Algeria, the first phase of the Trans-Sahel highway opened this week. When fully completed, the new highway will join the developed sea-bordering region of the country with the poverty-stricken inland territory, providing some of the prerequisite infrastructure for full national development. The highway will also provide Mali and Niger with a convenient access to the Mediterranean and from there to the ports of Europe and European trade (see below).

In addition, the Saudis have chosen the moment of Fahd's trip to Bonn to give the final go-ahead for the construction of an important 750-mile long oil pipeline which will cut across the entire Arab peninsula to link Persian Gulf oil wells with the Red Sea. At the pipeline's proposed terminal, Yanbu on the Red Sea, the Saudis plan to construct a massive refining and petrochemical complex. Not only will the pipeline provide 1.6 million barrels of crude per day for export primarily to Europe, but the new Yanbu complex will create significant infrastructural links with the Sudan on the other side of the Red Sea. The basic construction work will be done by Italy's national oil conglomerate ENI.

General Secretary in the search for a solution to the problems of the island....” Kyprianou indicated that this committee could be the body in charge of controlling the police force, made up of Greek or Turkish Cypriots, in proportion to the importance of their population, which he has proposed to set up. . . . The Cypriot leader, who met French President Giscard d'Estaing declared that the ‘relations between France and Cyprus are excellent.’

What follows is an Executive Intelligence Review synopsis of European press reports on the June 17 meeting between West German Chancellor Helmut Schmidt and Italian Prime Minister Giulio Andreotti:

According to a variety of press sources, Schmidt and Andreotti held extensive discussions on the 25-year economic treaty signed in May between West Germany and the Soviet Union. In addition, Schmidt proposed the formation of an area of monetary stability, including the dollar, — a “transoceanic snake.” It was furthermore agreed that West German industrialists will hold a September meeting devoted to the organization of

development financing for the depressed Mezzogiorno region of Italy.

The following are excerpts from a speech delivered in Trieste by Enrico Berlinguer, General Secretary of the Italian Communist Party, on June 18:

The city of Trieste must play a new and dynamic industrial role. . . . This will be a grand productive project, utilizing the most advanced accomplishments of technology and science. . . . The realization of this project is of great national interest. . . . The Communists agree on the necessity of utilizing Trieste's advantageous location in order to get in touch with the other European Community countries, with Yugoslavia, Austria, the Comecon countries and the developing countries overseas.

On June 19 the French daily Le Matin provided the following report on the opening of the Trans-Sahel highway in Algeria, a project that will join the poverty stricken African inland with the developed shoreline and the Mediterranean Sea.

The inauguration of the first 1100 km long section (about 660 miles — ed.) of the transsaharian road between Ghardaia and Tamanrasset, crowns seven years of efforts by thousands of young Algerian conscripts and will break the isolation of the extreme southern part of the country as well as of the bordering Sahelian regions. . . .

Also called the "Road of African Unity," the new highway will improve exchanges between neighboring nations and accelerate the transfusions of aid to the Sahel desert. Furthermore, it offers an access to the

Mediterranean for Mali and Niger — who do not have a coast line — as well as Nigeria whose port of Lagos is glutted.

. . . Several projects concern the "Transafrican" highway between Kenya and Nigeria, the "transsahelian" route between Senegal and Chad, and the "trans-East African" highway between the Botswana and Egypt.

These are excerpts from an interview with West German Chancellor Helmut Schmidt, appearing in Business Week, June 26:

Q: What are the prospects for a European monetary union, or enlarged "snake," emerging from the summit talks?

Schmidt: One of the most urgent problems of the world economy, certainly, is to bring about greater stability in exchange relations. One of the possible ways could be a greater combination of European Community currencies to function as a heavier counter-weight to the international currency markets vis-à-vis the U.S. dollar, in order to stabilize exchange rates between the dollar, European currencies, and the Japanese yen.

I'm not so much thinking in terms of enlarging the snake, but of something which goes a little beyond the present snake. I am thinking in terms of pooling some currency reserves, not only dollars and SDR's, but also national currencies. I am thinking about a European unit of account that would also be the medium in which you settle accounts between the European central banks. I could imagine additional instruments of monetary assistance, of broadening the existing instruments and extrapolating them into the long-range field.

Q: What do you mean by that?

Schmidt: I don't want to be more specific right now. . . .

Britain At The Summit

Le Figaro's "The Franc, the Mark and the Snake" by Alain Vernay, June 21:

Let's admit that Great Britain will do everything possible to prevent or delay a European monetary agreement, for several reasons. Thanks to the remarkable cleverness of the City, England draws a good part of its invisible earnings from disorderly currency fluctuations. Jim Callaghan is also thinking of re-establishing a special relationship with the U.S., encouraging it; nothing pays off more for the party in power (in England) than to act brutal, and if possible 'bestly' towards Europe three months before the elections.

But this doesn't mean one should fixate on the English obstacle: in the European monetary framework, there is no obstacle that could stand up to a full accord between Germany, France, and the (EEC) Commission.

On June 16, the Financial Times used its "Politics Today" column by Malcolm Rutherford to air expectations that Great Britain would not control the agenda at the Bonn meeting.

If the West German Economics Ministry has its way, there will be little in the Bonn economic summit meeting

next month to please the British government...The Germans...believe that they have a cast-iron intellectual case in that the German economic experience has proved more successful than the British, and that the British in time can be persuaded to adopt it...

The Germans already pride themselves, in a small way, on what they have done for Portugal in the days since the revolution and for Turkey since the American arms embargo. But this time the thinking is more ambitious. Aid for southern Europe would have to be dressed up as coming from the Community as a whole...yet the basic contribution would still be German. . . .

One senses a conflict here between those who want to help the Third World and those who are still suspicious of the developing countries in general and who believe that German interests lie closer to home. But there is also a certain acceptance that there could be a division of labor within the Community. France, for instance, could devote its attention to Africa while Germany concentrates on the poorer part of Europe. Certainly, Franco-German relations at present seem quite remarkably close.