

British Ruling Circles Split On Foreign Policy

A brawl has broken out in British ruling circles over what foreign policy options Great Britain's government should pursue — or should appear to be pursuing — in the critical period leading up to the July economic summit in Bonn. With the Bonn summit developing into a launching pad for a "Grand Design" strategy for trade and development, the British are in a quandary. Should they grab onto the coattails of the Grand Design and cash in on the opportunities involved or should they keep trying to wield total political control and risk losing everything?

GREAT BRITAIN

The faction fight over this issue has filtered down from the highest British intelligence circles to the press, the government, and all forums of public debate. Indicating the seriousness of the issue, the City of London, which traditionally serves as a nexus of financial and political control for Her Majesty's ruling circles, has just gotten its hands slapped, for refusing to steady the government by purchasing special "gilt"-edged bonds offered for sale by the British Treasury.

The shift in British thinking became perceptible just after Zbigniew Brzezinski returned from his China trip. Just after the visit, British Prime Minister Callaghan, along with intelligence factions behind the *Financial Times* and *Guardian* newspapers began expressing uncharacteristic outbursts of alarm at the dangers inherent in feeding China's vision of the "inevitable" superpower confrontation. As these factions read the situation, an East-West clash over Africa or resulting from a conflict in the Mideast could easily lead to a thermonuclear war in Britain's own backyard — something which even the most sinister British intelligence chief would be loathe to consider. One of the top spokesmen for this point of view, Conservative Member of Parliament Winston Churchill III put it this way after his own recent visit to China: it is fine to sell arms to the Chinese, but only "weapons which cannot reach us."

Indicators of Strategic Shift

The recent activities of British Prime Minister Callaghan and his Foreign Secretary David Owen are the chief indicators of a change in British strategic thinking. Both have expressed their government's determination to avoid a super-power confrontation over Africa and have stressed that detente and a new SALT agreement are essential ingredients in maintaining world peace.

In a briefing to Parliament following last month's NATO meeting, Callaghan emphasized that "an East-

West collision over Africa can lead to World War III if we do not stop it... We are presently living in a powderkeg situation." Callaghan stressed the necessity of pursuing "as constructive and positive a relationship with the Soviet Union and the other East European countries as possible," and urged that situations of regional conflicts in the developing world should not be viewed exclusively in East-West terms.

Attacking the "reckless" behavior of the Conservative opposition in Britain who are hell-bent on provoking the Soviets, Callaghan said: "We are ready to meet any threat. The Soviet Union understands that. The Soviet Union also understands that this government is not anti-Soviet for its own sake. We intend to live with that country in the world and not set up any artificial confrontation with it. . . I have been impressed and depressed by the possibilities of another arms race unless we get some agreement on these issues. That is why I am not trying to raise the temperature with the Soviet Union. I am trying to lower it."

Callaghan's Foreign Secretary David Owen, who has previously attempted to steer the government toward a more reckless foreign policy course, has now softened and is advancing the proposal that the post-Shaba problem in Africa can be solved by a mutual agreement among Angola's Neto, Zaire's Mobutu, and Zambia's Kaunda, in the context of a policy for regional economic development. In a press conference early this month, Owen charged the West with over-reacting on the question of Cuban involvement in the Zaire invasion and the *Financial Times* has cast serious doubt on the strength of CIA Director Turner's "evidence." On the other hand, the *Times* of London, the Tory Party of Mrs. Thatcher, and certain key spokesmen in the British military are presently mobilized to draw NATO and the United States into a full-scale nuclear confrontation over Africa. Tory member Winston Churchill III, scion of another well known Cold Warrior, recently journeyed to Peking within weeks of the visits of British Chief of Defense Staff Neil Cameron and U.S. National Security advisor Brzezinski. Both Churchill and Cameron pledged that Britain and China were partners against a "common enemy", the Soviet Union, while Brzezinski's even more bellicose commitments to the Chinese leadership have frightened his controllers in Britain into their present policy shift.

Nevertheless, both the London *Times* and the *Daily Telegraph* ran stories day after day about the growing Chinese influence in world affairs, and constantly attempt to heat up the "war of nerve" between the Soviet Union and China. These newspapers have not only chastised Callaghan for giving President Carter the wrong advice "just when Washington is waking up to the

vital character of the Soviet threat in Africa," but have actually called for Brzezinski to be made Secretary of State. The London *Economist*, even more confidently claimed on its cover two weeks ago that everything was "going Brzezinski's way."

Economic Policy Crucial

The determining factor in the debate over Britain's foreign policy course is economics. A combination of events has brought the country to the brink of bankruptcy, with the possibility that a major collapse of British financial institutions will occur in short order following the refusal by U.S. and continental investment firms to purchase any significant part of £1 billion in Government debt ("gilts") offered by the British Exchequer. A climate of revenge is now building up among international bankers tired of London's relentless currency warfare and global financial manipulation. *Deutsche Zeitung*, West Germany's leading conservative-industrial newspaper, predicted last week that London was headed for a "Herstatt collapse", referring to the collapse of a major German bank in 1974.

Gross "mismanagment" of the British economy was what provoked the opposition parties in the British Parliament to call for a motion of "no confidence in

Chancellor of the Exchequer Denis Healey" on June 14. The confidence vote threw into stark relief the dilemma facing Callaghan if he intends to veer Britain in a direction nearer to the Grand Design. Healey is the City of London's spokesman in the government and would like nothing better than to turn the Bonn summit into a rallying cry for the construction of a "super-International Monetary Fund" to police the world's economies, Callaghan had to back him in the confidence vote, or risk a government defeat.

However, the Callaghan government may yet get its revenge on the City. Reports in the *Sunday Telegraph* of June 18 indicated that the Treasury is studying options which it could use to force London's financial institutions to buy up government debt, thereby sopping up the volatile short-term money which the London banks use to buy assets and political influence abroad. Should Healey and the London banking set be reined in by such moves, Britain would stand a chance of joining in plans for trade and economic development set for discussion at the summit. To keep up the pressure on Callaghan, West German Chancellor Helmut Schmidt has offered Britain several very lucrative propositions recently, including a proposal to bail out Britain's major shipyards.

—Marla Minnicino