
U.S. Foreign Policy

Schmidt opponents gear up with terrorism, East-West tension, and economic chaos

by Susan Johnson, Managing Editor

It is unlikely that President Reagan realizes to what extent U.S. foreign policy is being directed toward the overthrow of one individual: an ally who has become a friend of Mr. Reagan, Chancellor Helmut Schmidt of West Germany.

Secretary of State Haig, although some of the Chancellor's enemies accuse him of being "soft" on the question, is using the East-West tensions to undercut Schmidt's government. According to the lead article in the Feb. 2 *Frankfurter Allgemeine Zeitung*, Haig has refused to set a date for continuation of the "START" negotiations (Haig-speak for SALT) and will pursue the Kissinger policy of "linkage" over Poland; differences have also emerged between Washington and Bonn on the next round of the European Conference on Security and Cooperation in Madrid, which the State Department wants to postpone from its Feb. 9 opening date. West German Foreign Minister Hans-Dietrich Genscher has sent a letter to Haig outlining his government's position, which Haig has thus far refused to answer, according to the West German press. This is part of the overall strategy, supplied to Haig by the British Foreign Office, of pressuring Schmidt into adapting to their policies—which sets him up for a split in his Social Democratic Party (SPD)—or, as the statements below indicate, physically eliminating him.

Defense Secretary Weinberger and his deputy Fred Iklé also have an ulterior motive in their effort to force a Polish default: they leaked to the *New York Times* on Feb. 4 that a default would make it possible to disrupt or delay the Soviet-Western European natural gas pipeline project from Siberia, which Schmidt has tenaciously upheld. Sources in Weinberger's circle confirm that the central target of the Secretary's move is not Moscow, but Bonn.

"Schmidt responds to pressure," Midge Decter, spokesman for the Committee for the Free World, told a journalist at the committee's Jan. 22-24 conference in

Washington, which in its official and unofficial moments made the elimination of the Chancellor an urgent theme. "If we build up a lot of pressure, he will respond." These circles are particularly incensed at the recent decision by the SPD's Presidium to preserve the sovereign right to block the deployment of medium-range "Euromissiles" on West German soil in 1983.

Over the past several weeks, Schmidt's domestic political position has strengthened conspicuously. He secured cabinet acceptance at the beginning of this month for his economic program, which specifies a 4 billion DM fund to provide investment bonuses and 6 billion DM for reducing interest rates on credits to industry, an approach the Chancellor insists is superior to job-creation through Keynesian pump-priming.

Schmidt next proceeded to call a parliamentary vote of confidence on Feb. 5, stating that his purpose was to send a signal to both the United States and the Soviet Union that his government is stable, and making it clear he wants to hamstring his various left- and right-wing opponents.

All 269 parliamentary members of the SPD and its coalition partner, the little Free Democratic Party (FDP), voted for Schmidt, cancelling rumors of defections; some think tankers unsympathetic to Schmidt predict that the vote will silence his opponents for months. On the other hand, John Vinocur of the *New York Times*, one of the most vindictive Schmidt-watchers around, commented in a Feb. 6 article from Bonn that while "the vote may serve as a tonic and arguing point for the Chancellor inside West Germany and abroad," "the Chancellor's margin for maneuver appears considerably narrower, without his having eliminated the basic problems" of his left wing, the state elections this year in Hamburg, Hesse, Lower Saxony, and West Germany's economic decline. Vinocur expresses cheerful hope that "the confidence motion can be overtaken by the results of the party congress" in April, when the Euromissile

question and other nuclear defense issues will be debated.

Schmidt astutely pegged the vote of confidence to his economic program, which no other political faction wanted to publicly oppose at a time when the \$800 billion economy is lurching into the danger zone, thanks to the efforts of the U.S. Federal Reserve Board. Heinz-Oskar Vetter, chairman of the national trade-union federation, the DGB, endorsed the economic program the day before the vote, and on Feb. 5, endorsement came from the umbrella industrialists' association, the BDI.

However, as the interviews below attest, Schmidt's enemies in the United States and elsewhere are prepared to resort to the weapon of terrorism used against the German industrial development spokesmen over the past four and a half years. Security for the Chancellor has to be heightened following intelligence reports that he is now the prime target of the Revolutionäre Zellen (Revolutionary Cells) terrorist group in particular. According to the Feb. 3 *Mainzer Allgemeine Zeitung*, in several different West German cities the same slogan has appeared on walls: "Reagan—Schmidt—Duarte: Death to the Pigs." The Revolutionäre Zellen, a sub-unit of the Red Army Fraction, have joined the green-fascist environmentalists in attacks on the Frankfurt international airport expansion, and are working with the Red Brigades in Italy through an operative in Switzerland named Joerg Lang, an associate of the terrorist defense lawyer Klaus Croissant.

'There is going to be a mass upsurge of terrorism'

Below are excerpts from a Feb. 2 interview, provided to EIR, with a senior official of the Washington-based German Marshall Fund, whose members include former U.S. High Commissioner John J. McCloy, investment banker George Ball, and Socialist International Chairman Willy Brandt. This official, an American, has a Fortune 500 background.

Q: Let's talk about the stability of the Schmidt government.

A: I don't think he can last out the year. I think he will get through the [SPD] party congress in April, but he will run into deep trouble in late spring.

Q: If he survives the congress, why should he be in trouble?

A: For a few reasons. The real tests will occur in the state elections —Hesse [in September] and Hamburg [in June] are key, with Lower Saxony less important because no one is expecting the SPD to do well there. If he loses one or both of these, he is finished.

Q: But why should he lose?

A: In normal times, he probably wouldn't. But these are not normal times. There are two problems Schmidt will not be able to shake—the economy, which is hurting bad, and the Green movement. It is the opinion of several people that I know that two things are going to happen in the spring and summer in Germany. There is going to be a mass upsurge of terrorism, Italian-style terrorism. And there are going to be great mass demonstrations by the Greens. The two things will only be partially related, but the effect will be chaos in Germany. The Schmidt government will look horribly compromised. I am told that the next wave of Green demonstrations will not be these simple mass protests. They will target Americans and American business. The Green movement, except for a few rocks here and there, has not disrupted German economic life. Well, what if the Greens targeted Americans and American business, wrecking things, hurting people? And what if there is a spinoff of Italian terrorist activity into Germany? People would worry about doing business there—and that would scare the s--- out of the Germans, and they will blame Schmidt.

Q: But I thought Schmidt was moving against the Greens, especially in his own party.

A: That is not completely true. Let me explain how the SPD works. There are three currents in the SPD left. There is a drug-ecologist current, like the old flower children. They are numerous, but not really all that influential. Then there is the middle of the road, pacifist antiwar crowd. These are religious humanists. I have contact with some of them. They are not bad people—this group has a political voice in the party. Then there is the outer-party left—the anarchists and Marxists. And finally there is everybody else, the middle, that Schmidt represents. Schmidt can move against the extreme left, but they are not in the party. But he can't touch the others. Willy Brandt protects them and as long as he is SPD chairman, they will not be purged. The Green Party is really a composite of all three groups. It is a battering ram against the SPD center and that is its most important political effect.

Q: And Brandt protects the Greens.

A: That's right, he is a pluralist. So you will have some kind of chaos in Germany in the next several months.

The government will not let things get out of control, but Schmidt will be a casualty politically. . . .

There are some very active people giving advice to people in Germany on dumping Schmidt. But they have to be careful not to look like they are interfering in Germany. It is true that Reagan supports none of this. . . .

'It is proper for the U.S. to interfere in Germany'

From a Feb. 4 interview provided to EIR with an international defense expert linked to the "Team B" group of strategic planners in the United States and to the British intelligence faction around Lord Carrington:

Q: . . . What is your conclusion about Chancellor Schmidt?

A: Getting the Schmidt government out is one of the most vital questions for the future of the West. I can tell you the picture is bleak. Schmidt is stable, and the opposition doesn't know what to do, because it can't get straight signals from here. . . . If there is anything that comes out against the Schmidt government, it will have to come from the congressional delegation and maybe Arthur Burns [now U.S. Ambassador to West Germany] on economic matters.

Q: What scares you about Schmidt?

A: I hate him—not personally, he is a very likable fellow. I hate him the way I hated de Gaulle or Giscard. He really means this nonsense about "the Atlantic to the Urals," and I think he wants a collective security arrangement. . . .

Schmidt is a goddamned political genius; he makes the opposition look like fools most of the time. But it is really our fault. . . . We need to get some GOP figures seen in Germany with CDUers [Christian Democrats], that's what I am working on. There are some good people in the CDU—Helmut Kohl, Manfred Woerner—but I don't see a chancellor candidate that works. . . .

The FDP is really key. To knock Schmidt out, you have to get Genscher and the FDP to walk over. That is what I told them, and that is what they have been told by a lot of people. But Genscher is not going to move yet.

Q: This sounds very pessimistic.

A: I can give you two scenarios. The first one I call the overly optimistic scenario, because I don't think that it

will really work. The way it goes, Schmidt gets bit on the left at the SPD congress. At the same time, the Green movement kicks into gear with big demonstrations against the missiles. The economy continues to falter—unemployment is at the highest levels in nearly 30 years. Then we have the state elections in Hesse and Hamburg: Schmidt loses, and he loses control over the Bundesrat [upper house of the legislature, representing state governments]. Then Genscher takes a walk and Schmidt resigns. It is very nice, but I don't buy it, because Schmidt is too smart politically and the FDP and CDU too weak and divided themselves.

Q: So does anything make this work?

A: Well, there is the surprise factor. Several people who know the matter say any terrorist groups are going to start operating again in Germany. Now, Schmidt could be a target for such groups—ironically, for his nominal pro-NATO stance. Schmidt could be removed from office by a terrorist attack. A fortunate development, you know what I mean. Or there could be something else, like a new spy scandal. . . .

Q: But isn't there anyone inside the [U.S.] government working to get Schmidt out?

A: Sure. You want some names? Start at DOD—Weinberger hates Schmidt. Then you have [Fred] Iklé and Dick Perle. Over at State, you have Dick Burt, and at the NSC you have Dick Pipes and Fritz Kraemer, who is doing a great deal quietly. But the problem is, for things to work, we have to convince people in the White House that it is all very proper for the U.S. to interfere in German politics to accomplish policy objectives. . . .

Germany is going to be a real disaster area next year: unemployment may hit 10 percent, and the psychological impact will be unbelievable. Germany will get little or no relief on interest rates, but Schmidt won't be able to scapegoat anybody. I had a long talk with Horst Ehmke, who is no friend of Schmidt and was until recently a raving leftist. Now he is trying to sell himself as a centrist. He is useful. He told me that by late this year, unemployment will drown out the security issues, and get Schmidt. He may be right, if Schmidt lasts that long. . . .

'Let Schmidt have some austerity to help Reagan'

From Feb. 1 remarks off the record by a European "brain-truster" at the U.S. Council of Economic Advisers:

What Schmidt's protests over interest rates mean is that Schmidt is really pulling away from the United States. He's heeding the Russian bear at his door, and he's becoming more independent, even on monetary policy. . . . Mr. Schmidt had better figure out what bloc he's in. He can't have it both ways. We have to keep interest rates high to keep the dollar high. We need a militarily strong country as the basis for any world currency, and Europe won't do it. The only way we can fight the Russian bear is with a military power behind the world currency [i.e., the dollar].

President Reagan never told Schmidt that he wanted interest rates down. This is the era of monetarism, and this government will continue to do what he's doing. . . . If Helmut Schmidt wants to help President Reagan, he should cut the West German budget. Let him have some austerity. Why should he throw the blame on us?

'Everyone in London and Washington wants him out'

An adviser to the Senate Intelligence Committee made the following comments in a Jan. 28 interview provided to EIR:

Q: . . . You are saying that now is the time to move on Schmidt?

A: We have to take Schmidt out, but I'm afraid we will get no official and public help from the administration. Reagan is locked on a policy of saving Schmidt, and he won't listen to reason. The State Department is constrained. . . .

The SPD Presidium vote was the last straw. Schmidt has now basically violated his sacred oath at the 1979 Ottawa NATO meeting. He is saying with this vote that the SPD reserves the right to reject the deployment in 1983, regardless of what is going on with the TNF [theatre nuclear force] talks. . . . The White House will say that Schmidt is just politicking to get by the April SPD Congress, and of course we want Schmidt to survive. Garbage. We can't count on help from the White House or the administration. But there are other ways, private ways. . . .

Q: But isn't Schmidt politically strong right now?

A: Yes, but that is temporary. It can change rather suddenly. Look how quick things turned on Nixon. There are a few factors on our side. You have these two elections in Hesse and Lower Saxony coming up. Schmidt doesn't have to lose them, just do worse than

people expected. The way to do that is to make the SPD look like a McGovernite coalition. The Germans hate the left—so let's tar Schmidt with the left. There is another factor, the Greens. The Greens help us. The CDU knows that. They are helping the Greens in quiet ways in Hesse.

Q: Are people giving the Greens money from here?

A: If people alleged that, it would hurt what we are trying to do. There are all sorts of ways the Greens can get funds. You could figure it out.

Q: Are there other things being done?

A: Sure. I don't think we could pass a full Mansfield Amendment right now [withdrawing U.S. military presence from West Germany], but we will pass something that pulls back some of the troops and some equipment. It will be quite a shock, even if the administration vetoes it, which they may not. Even debating this will help the CDU. . . . There isn't one person in the policy establishment that I talk to who doesn't want Schmidt out. There are other people in London who have reached the same conclusion. We must make Schmidt choose between NATO and the U.S., and the Soviets. If we force that choice, the SPD splits and Schmidt falls. That is what the pressure is about. . . .

'Germany can't afford to be odd man in the West'

From an editorial in the London Economist of Jan. 30, titled "The German Danger," warning that West Germany will become "isolated" over the issue of East bloc sanctions:

. . . The striking thing about the argument of the past few weeks has been the amount of latent anti-Germanism it has revealed. Even in countries, whose governments have been following politics not all that different from Mr. Schmidt's, public opinion has jumped on West Germany as the chief offender. . . .

Modern Germany should be judged in its own right. But it has to bear in mind that 37 years is not a long time in the memory of international policies, especially the memory of such things as happened between 1933 and 1945. The anti-German feelings that have surfaced in the past few weeks are partly the result of those memories. . . . Whatever depths they come from, the lesson for West Germany is clear: it cannot afford to be seen as the West's odd man out. . . .