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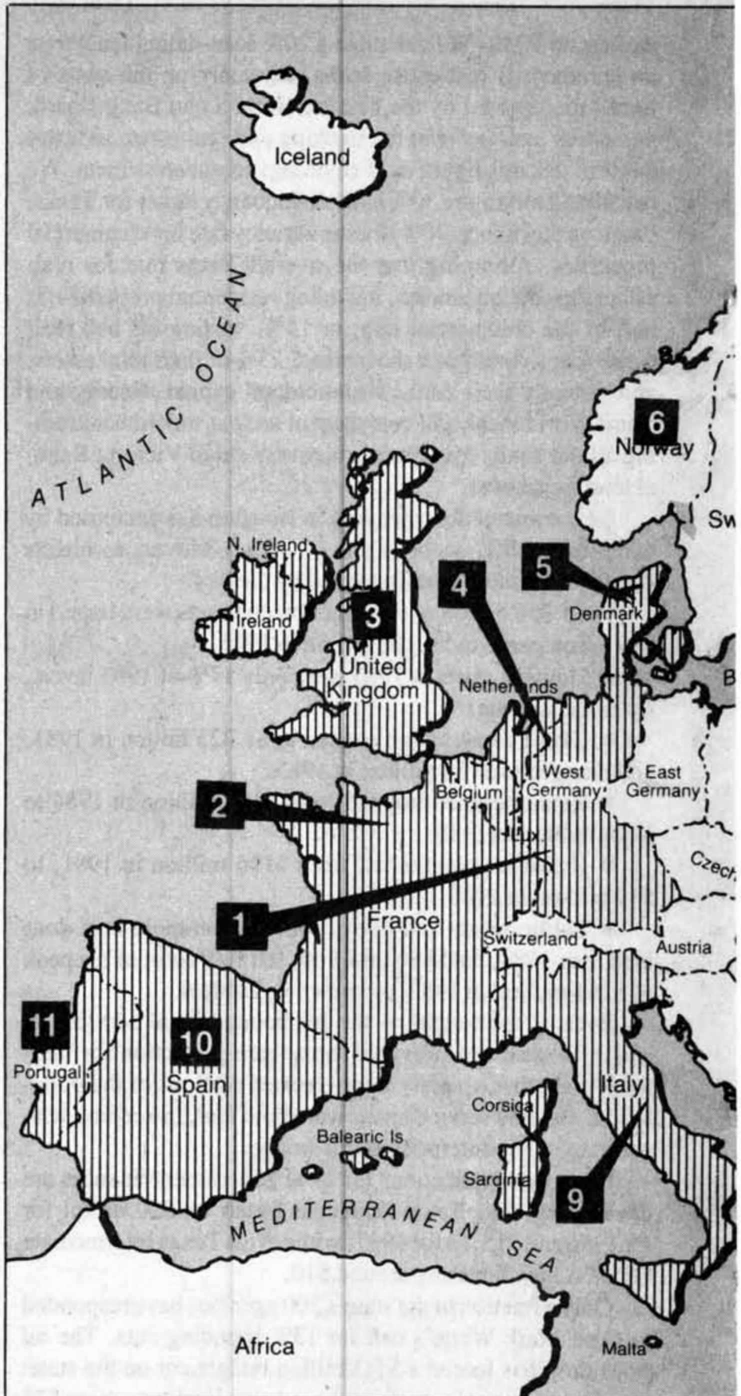
Western Europe: Financial disaster imperils NATO more

The European Community (EC) Commission announced on April 2 a slide toward budgetary chaos, warning that it will not be able to meet in full this year's commitments in social, regional, and agricultural spending. This is a prelude to the full bankruptcy of the EC budget officially expected by 1987-88, at the latest. The financial crisis heightens the danger that Europe will come under Soviet domination, in the "New Yalta" deal being fashioned by Moscow and Western oligarchist interests. Since 1983 the Soviet Union has spared no efforts in propaganda and military and political blackmail to ensure that Western Europe would not accept repeated U.S. offers to share in the Strategic Defense Initiative and its economic spinoffs.



1. Federal Republic of Germany:

If the ruling Christian Union parties lose badly in the June 15 state elections in Lower Saxony, as they did in the Schleswig-Holstein vote of March 6, it is very doubtful they can hold national power in the January 1987 general elections. Polls show support for the Kohl government has fallen in direct relation to its "free market" economic policies, which are ruining the German agro-industrial sector. The Free Democratic minority partners in the coalition, and the opposition Social Democrats, known for their pro-Soviet, anti-SDI bent, have been playing on Germany's economic weakness to lobby for greater trade with the Soviet bloc. Economics Minister Bangemann, who just negotiated a watered-down SDI accord with Washington, went to Moscow in early April to seek large trade deals.

2. France: On March 16, the conservatives came to power in a "co-habitation" agreement with Socialist President François Mitterrand, shifting France to a strong anti-terrorist stance. The new premier, Jacques Chirac, is sympathetic to the Strategic Defense Initiative. The Achilles Heel of his government is economic policy. Chirac has given himself 100 days to fulfill Phase 1 of his project to return France to a "free market economy."

3. United Kingdom: Margaret Thatcher's government, the first to sign a full SDI collaboration accord with Washington, is buffeted by scandals by the opposition Labor Party and under sharp attack from Moscow. Thatcher's foes are led by a coalition around her ex-foreign minister, NATO Secretary-General Peter Carrington, a key figure in "New Yalta" plans. The oil price crisis has taken away the only prop of an economy which Thatcher long ago brought to its knees with "free market" policies.

4. Netherlands-Belgium-Luxembourg: A net 5% loss of votes for the two government parties in local March 19 *Netherlands* elections bodes ill for the center-right coalition in the May 21 general elections. Polls show that the only reason the government did not lose more to Labor, despite popular disaffection with an austerity policy that has led to record unemployment, was because Labor leader Joop den Uyl failed to hone in on those issues. *Belgium*'s cabinet held a marathon session in late March to reach agreement on new austerity measures. They agreed to

cut the deficit from the current 12% to 8%. The center-right government of Wilfried Martens will try to do this, even though latest opinion polls show support for the coalition as having plunged from 45% in January, to 29% in late March.

5. Denmark: The narrow victory of the center-right Danish coalition on Feb. 27, in a referendum whose net effect is to keep Denmark inside the EC, was both a victory for NATO and a signal of how precarious the Alliance has become. The Social Democrats' aim in provoking the referendum to withdraw from the EC was, ruling party spokesmen charged, a first step to a pullout from NATO.

6. Sweden: The Feb. 28 murder of Prime Minister Olof Palme only temporarily halted dramatic conflicts between the government, and the labor unions and the military. One-fifth of Sweden's military officers announced in late March their withdrawal from service because the Social Democrats' military budget has wrecked Sweden's capacity to remain neutral in the face of a massive Soviet buildup. The greatest naval concentration of power in the world is located at Soviet Murmansk, next to Sweden.

7. Turkey: One of the staunchest U.S. allies has been victimized by the U.S. administration's refusal, at the prompting of Secretary of State Shultz, to increase military aid, desperately required to modernize Turkey's large but largely obsolete armed forces. Also, recently, the U.S. removed its old "Honest John" tactical nuclear weapons from Turkey. No plans exist for any replacement with modern tactical nuclear weapons.

8. Greece: The official 1988 deadline proclaimed by Premier Papandreou still exists for the removal of U.S. bases, nuclear weapons, and troops from Greece. Under Papandreou, since 1981, Greece has shifted into a violently anti-American direction, becoming one of the world's main staging bases for terrorism, and working closely with the Soviet Union and Bulgaria, including promoting the Soviet demand for a Balkan "Nuclear Free Zone." Greece is a NATO member in name only.

9. Italy: Bettino Craxi's government, the most stable and long-lived in postwar Italy, is close to signing an accord for SDI collaboration with the United States. Since the U.S.-Libya crisis of March 24-25, Italy has become the target for massive terrorism. For months, Parliament has been debating Craxi's austerity budget. If approved, the budget will further erode an economy of which already 40% is officially estimated to be the black market.

10. Spain: The national election slated for October, will likely consolidate the government of Socialist Felipe González, whose line won in the March 12 NATO referendum. González's version of Spain in NATO featured the gradual pullout of U.S. troops. Yet, the overwhelmingly pro-NATO vote opens the way for Spain to collaborate in the SDI. The stock market is soaring, fed by Latin American cocaine money, but Spain is Western Europe's poorest country, with the highest jobless rate, and under IMF pressure to further cut the budget.

11. Portugal: Socialist International leader Mario Soares was elected President in February, beating right-wing rival Freitas do Amaral, with support from the U.S. State Department, financing from the German Social Democrats, and the votes of the Communist Party. The perilous economic situation of a nation already weakened by the IMF, and the "cohabitation" of Soares with right-wing Premier Carvaco Silva, herald further instability.