

Dark Clouds Are Gathering over U.S.-European Policy Conflicts

by Rainer Apel

Well-informed observers of transatlantic relations have pointed out over recent weeks, that the money-pumping methods of U.S. Treasury Secretary Lawrence Summers to keep the Wall Street bubble aloft, by means of giant capital extraction from Europe, have dangerously undermined U.S.-European relations. For a long time, criticism of U.S. monetary policies has been voiced only behind closed doors in Europe, and particularly in Germany. But sentiment has been building also among longtime pro-Americans here, that “enough is enough, now we have to speak up.” Indicative of this shift, is the monthly report of the German Bundesbank, the central bank, for September, which addresses statistical forgery on the American side, as a crucial factor behind the increased outflow of German and European capital to the allegedly “booming” United States economy.

Indicative is also what Oskar Lafontaine, the Social Democratic former finance minister of Germany (from October 1998 to March 1999), said in an interview with the British daily the *Guardian* on Feb. 11. Along with attacking British Prime Minister Tony Blair’s “Third Way” policy as a “pack of lies, having nothing to do with social democratic tradition,” Lafontaine said that without a new international financial architecture, no social democratic policy could be implemented, because the existing architecture was a “machine for the redistribution of wealth from the poor to the rich.” He said that his own recipe for change in Europe would include stabilizing exchange rates and curbing short-term capital movements to prevent speculation. Measures to do so could easily be agreed to by the Group of Seven’s most powerful nations, he said, but there is little hope they would do so, for the time being, because of a big political problem on the American side: “The two candidates for the Presidency of the United States are financed by Wall Street, and so, if you are financed by Wall Street, you must respect the interests of Wall Street.”

Not having an official position in the German government any more, Lafontaine certainly finds it easier to speak out on such problems, than those members of the Social Democratic Party (SPD) who are directly linked to the government of Chancellor Gerhard Schröder. But, while nobody else among the SPD prominents has yet spoken up, Lafontaine is assured of a lot of non-public support from among the Social Democratic Party organization, the party’s constituencies, and even from inside the government apparatus. Given the aggressive-

ness of policies of the U.S. Treasury, the State Department, the Department of Justice, and other U.S. offices toward the Germans and other Europeans, it is only a question of time, when more Social Democrats will be provoked to speak up, and particularly on economic matters.

For the time being, the harshest German criticism of the present U.S. policy is voiced by prominents of the opposition Christian Democrats, and those media associated with them. Unlike the Social Democrats, who have had a long tradition of being anti-American (very often in an unreasonable way), most of the leading Christian Democrats have been pro-American, pro-NATO, and pro-free market. The fact that this has changed considerably, tells a lot about the depth of transatlantic frictions that have developed.

Insulting Incidents

What contributed immensely to that change, were two incidents of Sept. 4-5: the humiliating, insulting treatment of a high-ranking North Korean delegation by security staff of American Airlines at the Frankfurt Airport, and the “accident” at the Pentagon, in which the car of visiting German Defense Minister Rudolf Scharping was involved, with the safety barrier directly at the main gate.

Coming from non-public talks in Berlin, the North Korean delegation was scheduled to fly on, from Frankfurt, to the United Nations Millennium Summit, and the German government had notified the American authorities of that flight. But the delegation, which included President Kim Young-nam of North Korea, was subjected to security checks; when the President refused to strip naked for a search, the airline cancelled their flight to New York. Trying to get a reasonable explanation from the American side, the German government received contradictory reports both from the Department of State and the airline, which left the Germans baffled and enraged. German officials would have filed all that away, as usual, under the category of “problems with the Americans,” if that other incident with Defense Minister Scharping had not occurred.

While driving toward the Pentagon’s main gate, Scharping’s car was lifted several feet into the air, as the heavy safety barrier went up unexpectedly. The car was severely damaged, as if in a major traffic accident, and Scharping and the military attaché at the German Embassy in Washington suffered minor injuries and had to be treated at an Arlington hospital.

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„Das war der Scharping, wer kommt denn als Nächster?“

A cartoon in the German newspaper *Welt am Sonntag*, which reads, “That was Scharping, who’s next?”

Most German media, except a few television broadcasts from Washington, did not even cover the affair promptly, burying it on the back pages among other small news items. And hardly any German newspapers reported on that strange commentary, which appeared in the *Washington Times*, the day after the incident, saying about Scharping: “And what country would he be from? Germany, of course. . . . Coincidence? After all these years of supposedly close relations.” That it was more than just coincidence, is what many Germans thought, indeed, and the cartoon, which the second-largest Sunday newspaper of Germany, *Welt am Sonntag*, ran on Sept. 10, reflected what many Germans felt. One has to keep in mind that the weekly has been a traditionally pro-American, pro-NATO newspaper, one that keeps contact with only those Social Democrats from the most conservative wing of the party.

Von Weizsäcker Speaks Out

It happened that the same *Welt am Sonntag* was host to a conference on the future of the German armed forces and of the Western alliance, held in Berlin on Sept. 19. And, it happened right there, that the former Christian Democratic President of Germany, Richard von Weizsäcker, decided to depart from the text of his manuscript and dedicated a good part of his speech to the frictions between Americans and Germans.

He charged the United States with an increasing tendency toward “unilateralism,” deciding things on their own, without consulting with the European allies. Weizsäcker said that “Americans undoubtedly have the greatest difficulties rethinking the disposition of their role” in the world after the end of the Cold War. Against all the uncertainty that has accompanied the past ten years since the Iron Curtain came down, the American tendency to not only be, but also behave

like the sole superpower, is causing deep concern in Europe, he said, adding that Europe “must be allowed to speak up about European irritations.”

Weizsäcker also said that the fall of the Iron Curtain and the end of the Cold War confrontation with the Soviet Union, which had been a great force of discipline within NATO, have led to a new situation in which “acceptance of internal imbalances” in the West has decreased. Europeans, including Germans, feel encouraged nowadays to voice more criticism of the Americans, and whenever Americans refuse to take that seriously, it is counterproductive, and will undermine the transatlantic partnership and alliance—which Weizsäcker endorsed, once again, in his remarks. Opposition in Europe to U.S. plans for a unilateral national missile defense system, European interest in building its own currency, the euro,

in order to be more independent from the dollar, and other controversies, such as over the conduct of the 1999 NATO air war over Kosovo, were all addressed by Weizsäcker.

But instead of entering a fair but frank discussion, the U.S. Ambassador to Germany, John Kornblum, walked out. This is the more deplorable, as Kornblum has done a lot, during his term in Germany, to mollify many policy conflicts between the Department of State and the Germans.

Economic Frictions

The front line of U.S.-German frictions is, however, monetary and economic affairs. What the left-wing Social Democrat Lafontaine said in his remarks regarding Wall Street, on Sept. 11, is what many “conservative” Christian Democrats think as well. And, unlike in the past, they are beginning to say it. To the surprise of many in Germany, Angela Merkel, chairwoman of the Christian Democratic Union party, said in an interview on the morning magazine program of Germany’s second national television channel, on Sept. 18, that the price of oil is increasing throughout Europe, because of the unjust devaluation of the euro against the dollar. She proposed a discussion for a new scheme under which future oil imports would be denominated in euros. This would imply breaking with the dollar as the speculative “oil currency,” as well as interfering with the free oil market and going for government-to-government arrangements between Europe and the Organization of Petroleum Exporting Countries.

Certainly, this is something which oil price speculators at the Nymex, on Wall Street, will not like at all. The next high-ranking German visitor to the United States may be well-advised to listen to the recommendation made by that strange *Washington Times* article: It also said that future visitors might better take the subway to the Pentagon, rather than risking a crash at the safety barrier.