

RUSH!

The Executive Memorandum

The Heritage Foundation

513 C Street N.E. Washington, D.C. 20002 (202) 546-4400

8/27/82

Number 4

STANDING FIRM ON THE PIPELINE--AT LAST

The decision by the French government to order Dresser Industries' French subsidiary to proceed with the shipment and production of compressors for the Yamal pipeline has renewed strains in U.S.-European relations. On this issue the U.S. has reacted toughly and responsibly by focusing Western attention on the extreme vulnerability of the Soviet economy to possible Western trade sanctions while at the same time indicating the potential dangers of the dependency of Europe on Soviet sources of energy.

Both of these problems should have become an evident source of concern and concerted actions in the West years ago. Instead the West contributed substantially to the economic growth of the Soviet Union and concomitantly augmented the Kremlin's aggressive military capabilities. Supporting the pipeline has been particularly foolish for the West because it means strenghtening greatly the Soviet Union's strategic industrial infrastructure.

Poland provided the proper catalyst for a strong united Western response to Soviet actions benignly neglected for so many years. U.S. patience wore thin as the Polish military regime continued to bear down upon Solidarity and placed a tighter straitjacket on the faltering Polish economy. Rather than calling for a moratorium on construction of the gas pipeline (which suddenly became critical for satisfying both psychological and financial needs of Moscow), Western European nations allowed the project to proceed.

The action this week by Western European nations to compel American manufacturers to contribute to the construction of the pipeline has precipitated the present crisis. President Reagan's decision on June 18 not to permit American cooperation now has been formally defied by the French government which refused to proceed with the more cumbersome--but sounder--process of finding alternative energy supplies. Even if Europeans could not follow the belated U.S. leadership on halting the project, they could have respected Washington's desires to abstain from it. While it now appears that the Europeans will defy the U.S. position, if President Reagan takes a strong principled stand on this issue, he may ultimately earn the respect of Europeans and others around the world seriously concerned about the growing power of the Soviet Union. He, at least, is acting on behalf of Western security interests.

The U.S. should adhere as rigidly as possible to sanctions that can, at the very least, delay construction and intensify

costs of the pipeline project. Soviet substitutes for American products will have a permanently debilitating effect on the project. For example, Soviet turbines require overhauls every 800 hours in contrast to only every 20,000 hours for comparable GE units. By making the pipeline more costly, the margin of profit the Soviets may earn will inevitably fall. This will be especially true if the U.S. simultaneously seeks continued cooperation from the Europeans to develop alternative sources of energy, such as Norwegian gas fields and American coal.

Also, for both moral and political reasons the U.S. should seek broad European support for carefully monitoring the character of the Soviet pipeline construction crews. Increasing reports of the use of slave labor by political and other Soviet prisoners, as well as "volunteer" workers from Vietnamese re-education camps, cannot be ignored by the democratic countries of Western Europe. These nations have a right and obligation to on-site inspection of the pipeline construction and thereby a guarantee that their energy is not being supplied at the expense of the lives of hapless victims of Soviet repression.

Finally, the pipeline controversy must be contained within the broader context of East-West relations, particularly the security of Europe. Although the pipeline clearly represents a breach in the economic security of Western Europe, the U.S. should seek a re-affirmation by our NATO allies of their support for increased defense spending and the deployment of Pershing and Cruise missiles in Europe. At a time of disagreement on one important issue, we need to solidify a common front in dealing with larger questions of rectifying the military imbalance in Europe. Only in this manner can the West indicate both to its own citizens and the Soviet leadership that, on most fundamental questions, the U.S. and Western European nations remain united.

Jeffrey Gayner
Director, Foreign Policy
and Defense Studies

For further reading:

"How well do sanctions work?", Business Week, August 2, 1982, pp. 56-57; Milton R. Copulos, "Resisting Pipeline Pressures," Heritage Foundation Executive Memorandum No. 2, July 27, 1982; William Safire, "Pipeline Slaves," New York Times, August 26, 1982, p. A27; Heritage Backgrounders #171, "Is the Soviet Pipeline a Steel Noose?"; #179, "The Norwegian Natural Gas Option"; #190, "New Opportunities for Coal." Also see "Breach of Contract," editorial, The Wall Street Journal, July 23, 1982; and, Senator William L. Armstrong, "Soviet Pipeline Impossible Without Massive Forced Labor," The Washington Times, June 28, 1982, William Armstrong News Release, August 20, 1982.