

Reflation Action Program otherwise known as the "convoy" theory'?

A: Yes, we will discuss how the coordinated targets are being met by the various countries and use the negotiations to pressure Germany and Japan into meeting their commitments.

Q: What about points 2-5?

A: Currencies, I cannot comment—too sensitive. North-South, the usual, commodity support programs, human rights, etc. We also intend to ask the Japanese to do more to aid the LDCs. Energy will naturally be conservation, cooperation, alternative energy sources...

Q: Including nuclear?

A: No, definitely not. We are not proposing any discussions nor do we want any nuclear. Trade, we will review all the multilateral trade negotiations, discuss how the growth coordination strategy can help reduce trade imbalances.

Q: This sounds very much like British Prime Minister James Callaghan's speech to the London Finance Houses Association two weeks ago calling for a very similar five-point program. Did you discuss this with Callaghan and his summit negotiator Sir John Hunt in Washington this week?

A: Certainly, we hammered it out, there is a general consensus on this.

Q: Is this a joint U.S.-U.K. strategy to pressure Germany and Japan?

A: Oh, no, no we wouldn't want anyone to think that!

State Department Expert on Bonn Summit

Q: It seems to me that Henry Owen's five point program for the Bonn summit will be rejected by Germany and Japan. Isn't it true for example that they won't do anything under "coordinated reflation" at all?

A: Well, they will review their growth targets and may make some more promises...but they won't reflate any more, that's correct.

Q: What about "currencies?" Will the U.S. actually discuss Callaghan's proposal to move off the dollar onto a five-currency basket and then onto the SDR?

A: Oh, no, certainly not...

Q: Well, what, then? What will be done about the dollar?

A: Nothing in particular, just general discussion...

Q: And trade? Do you really think Owen can get Germany and Japan to agree to cut their exports to give the U.S. a greater market share? Isn't that what is meant by dealing with trade within the "coordinated reflation" strategy?

A: Yes, and you're right, we could never directly discuss a cut in their exports, that's politically impossible...

Q: The impression I get from all my discussions with Washington sources on the summit is that it will accomplish nothing but to show the world that the U.S. is in a deep split with its allies. Won't it have in sum an even worse effect on the dollar than the recent flop of the U.S.-German communiqué on the dollar?

A: Yes, that is a distinct danger. These negotiations are very difficult.

Carter Seeking Breakthrough On SALT

President Carter intends to send Secretary of State Cyrus Vance to Geneva to meet with Soviet Foreign Minister Gromyko in April, in a new attempt to secure a SALT II arms control agreement, according to a *Washington Star* dispatch of March 10 by reporter Henry Bradsher, summarizing the views of high officials among the President's party in Brazil. Vance will reportedly explore the possibility of a summit meeting between Carter and Soviet President Brezhnev to finalize an agreement.

The *Star* report, together with last week's decision by Carter to postpone a March 27 Brussels meeting where the U.S. was to have informed its NATO partners of a decision to begin production of the neutron bomb, signals that the President is considering a major effort to rebuild deteriorating U.S.-Soviet relations.

Washington sources believe these developments signal pressure on Carter from Vance, chief arms control negotiator Paul Warnke, and Secretary of Defense Harold Brown, from the bellicose line of the President's Wake Forest speech, delivered under the influence of National Security Advisor Zbigniew Brzezinski, and to make conclusion of a SALT agreement a top Administration priority.

It is known that the State Department in particular took extremely seriously a 3,400 word Soviet policy statement published in *Pravda* March 28, which delivered the message that SALT II was a "now or never" proposition as far as the Soviet leadership is concerned. The article, under the byline of Moscow's USA-Canada Institute director Georgii Arbatov, affirmed that a "crucial decision" must now be made on SALT to determine the course of U.S.-USSR relations "for years to come."

Arbatov wrote that now is "the time when one must finally decide: will there be an agreement or not"; if not, the failure would amount to "torpedoing the Soviet-American dialogue on vital questions of security, and a considerable deterioration of the overall atmosphere."

Adding that remaining technical problems in the SALT negotiations are strictly secondary to the basic political decision of the Carter Administration for or against détente with the USSR, he seconded the concern expressed by the Soviet news agency TASS after Carter's March 17 Wake Forest speech that the Administration was shifting definitively into a mode of "threats and building tension."

State Department spokesmen described the Arbatov article as "serious and thoughtful" and said they were giving it "careful study." On March 29, the Baltimore *Sun* reported that Carter had dispatched new instructions to U.S. SALT negotiators in Geneva, "instructions which privately encouraged the most staunch advocates of arms control."

Meanwhile, the State Department has dispatched a team composed of Deputy Secretary Warren Christopher, Counselor Matthew Nimetz and Assistant Secretary George Vest to "explain to the USA's European allies the reasons for Carter's decision to delay production of the neutron bomb." Officials in Bonn should have little trouble understanding Carter's reasons, as West German Chancellor Helmut Schmidt has long sought to establish the preconditions under which the provocative weapon — which the Soviets correctly regard as evidence of U.S. belief that "limited nuclear war" can be fought in Europe — could be "negotiated away." According to a March 28 article in the *New York Times*, Carter personally vetoed the Brussels NATO announcement on the grounds that he remained unsure that NATO governments would agree to deployment of the bomb if it were actually produced. Although much of the U.S. press is now reporting that the State Department mission is an effort to twist the arm of Schmidt and other European leaders into requesting the bomb's deployment — something only Britain's James Callaghan has so far done — there are equally strong indications that Carter hopes to use the upcoming special session of the UN General Assembly on Disarmament in May and June to provide a context for defusing the whole issue.

The Soviets have repeatedly stated publicly that a full U.S. commitment to the neutron bomb would signal "a new round of the arms race." Members of a U.S. Congressional delegation in Moscow last week told reporters that "every other word" to them from Soviet officials was a condemnation of the n-bomb.

Carter Faces 'Acid Test' For U.S. Policy In Africa

On the verge of President Carter's scheduled meetings in Africa on his third international tour, UN Ambassador Andrew Young, speaking from Lagos, Nigeria, stated that an "internal solution" for Rhodesia is a "suicide policy" which, if supported by Great Britain, would lead to "civil war in Africa" and "the end of the British government." Young's statements, reported by ABC networks as representative of both the White House and the State Department, sets the stage for Carter's Africa policy. The question now is whether or not Carter will pursue the line established by Young and fight for it at home in the U.S. despite the activities of Henry Kissinger and Zbigniew Brzezinski, who favor a "tough line" for Africa against the Patriotic Front and Soviet presence.

Such a decision by Carter can no longer be put off, at the risk of a complete "blow-up" in the Horn of Africa. An Administration source this week admitted that the one world "hot spot" where U.S. "prodétente forces" do not have a handle on a solution is the southern African region.

Britain's desire for Carter couldn't be clearer. One British commentary charged Young with seeking black votes for Carter, while the *Daily Telegraph* challenged the President to "insist on more restraint and better manners." The *Daily Mail* editorialized: "The British are heartily sick of being insulted... We do not expect to get it from a member of the U.S. cabinet."

Memorandum on AFL-CIO Economic and Strategic Policy

The following memorandum was released on March 16, 1978 by Warren Hamerman, of the U.S. Labor Party's National Executive Committee.

I have before me for consideration three recent policy statements by the AFL-CIO leadership which go beyond the usual mere incompetence and indecency on economic and strategic issues that we have come to expect from AFL-CIO Secretary-Treasurer Lane Kirkland and his minions. While the duplicitous leadership presents for the credulous a monolithic policy front, I also happen to know that each of these statements is put forward in the most defensive "macho" fashion because the "Jewish Lobby" crew around Kirkland and the labor-intensive

Maoist networks of former UAW boss Woodcock are being opposed *policy by policy* by thinking men and women inside the AFL-CIO.

The three statements are: (1) *The AFL-CIO American Federationist* of February 1978, which contains the economic program of Felix Rohatyn, Mike Blumenthal, and Nazi Finance Minister Hjalmar Schacht reworded to simulate a labor movement policy; 2) the March 1978 *Free Trade Union News*, published by the AFL-CIO's Department of International Affairs under the "dictation" of Zbigniew Brzezinski and Henry Kissinger; and (3) Lane Kirkland's recent speech at the Chicago Council on Foreign Relations, on the near-term "inevitability" of U.S.-USSR confrontation.