

Other policy-making level officials offered their views on the outlook the U.S. will have at Bonn.

A top aide to a leading economic advisor to President Carter: "The Bremen decision sounds good. It's a political response. It's very good on their part in terms of their relations with the U.S. and it is also a good signal to OPEC....but when Bergsten gets through with Carter, this may not be the approach Carter takes at the summit."

Secretary of State Cyrus Vance: "The Administration has looked with favor on European efforts to work out monetary arrangements but we will have to wait and see what the details are when we get to Bonn."

A State Department official who is attending Bonn with Henry Owen: (Questioned as he was about to depart for Europe, this official's remarks in this eleventh-hour interview reflected a significantly different outlook than his statements a week earlier.)

"Carter has determined to go to Bonn with an open mind." He did not believe, however, that Carter would have to respond to the European Monetary Fund initiative directly at Bonn since "all the guidelines have not yet been worked out." "The U.S. is going to Bonn with a strategy to gain concerted action on growth, and there is no *a priori* reason why the U.S. should think that the European proposals would be harmful to the U.S. economy.

"Unlike the last economic conference, the United States is definitely not going to this summit with a demand that our allies make specific cutbacks in their surpluses or that they put a figure on their expansion rate.

"We also want to have cooperation on energy and scientific research and development."

U.S. Press Pushes London's Line On Bonn Summit

The British government claimed "U.S. support" last week for its attempt to wreck the Bonn Summit and derail the Franco-German proposal for a European Monetary Fund. As shown below, its "U.S. support" consisted of American press outlets open to City of London influence, which peddled Britain's call for West German and Japanese reflation and export cuts and U.S. energy conservation.

New York Times "French-German Money Plan is Debated" by Paul Lewis, July 7:

A major quarrel was brewing here tonight among Western European leaders over a French-West German plan to create a zone of monetary stability in Western Europe early next year

The quarrel threatens the success of the Western economic summit in Bonn.

British Prime Minister James Callaghan was reported strongly attacking the plan In particular Mr. Callaghan is understood to be demanding that Germany

and other rich European countries provide more direct financial assistance to Britain

Washington Post "Common Market to Consider Mini-IMF," by Hobart Rowen, July 8:

European heads of state yesterday announced agreement to study a new monetary stabilization system for Europe, but so far there is more cosmetics than substance to the scheme "There is an old German saying," an experienced hand here reminded, "that the devil is in the details." . . .

The plan is sufficiently far from a reality so that it can be a dominant factor in discussions at Bonn.

Washington Post, Bernard Nossiter, July 8:

Britain intends to block a German-French plan to stop currency gyrations. (Callaghan's) government, convinced that it has the support of the U.S., will resist the secret draft drawn up by Helmut Schmidt, and Valery Giscard d'Estaing. The draft is said to omit what London and Washington regard as a crucial element. This is a commitment that strong economies like Germany shall be compelled to take domestic action to reduce the surpluses in their foreign trade

Chicago Tribune, July 9:

(It is to be hoped) that the fact of the summit being held in Germany will put pressure on Schmidt to reflate Germany's economy.

Washington Post, "The Carter-Schmidt Connection," by Hobart Rowen, July 13:

The British argue that the entire delicate game of summitry for 1978 depends on whether Schmidt is willing to boost German growth by 1 percent of gross national product. And the price that Schmidt will exact for that is a Carter commitment to curb U.S. energy consumption.

"The Germans attach enormous importance (to a U.S. energy commitment), more than we do," says a British official. The British have tried to persuade the Germans that there is another side to the American trade-deficit picture — that created by the differential in growth rates that sucks in imports of manufactured goods from Europe and Asia The world outside Germany fears an economic bust if the Germans don't step forward and take the growth leadership

New York Times, "Through the Clouds to the Summit," Editorial, July 13:

The task facing the Western leaders assembling in Bonn this weekend has not changed much over the last 18 months, though the agenda has broadened. Essentially, the question is how to get West Germany and Japan, but especially Germany, to expand their economies and to reduce their huge trade surpluses so as to assure healthy growth to the entire industrial community. Unwilling to jeopardize the low inflation rate on which he has staked his political future, Chancellor Schmidt insists that German growth requires more exports; more exports require a stronger dollar; a stronger dollar requires a balanced American trade; and such balance requires the United States to reduce its imports of oil. Heal thyself, he kept telling us.