

agreed to accommodate the inability of the Polish government to pay its debts with a further loan. Last week, the same procedure was followed with San Salvador. One of the issues to be argued out this week is whether India should be permitted (as is its entitlement) to borrow more than \$7,000 million from the International Monetary Fund. The United States makes no secret of its view that the window should be closed, but has already been defeated on that proposition. The issue is, of course, quite simple. Should the impoverished developing countries of the world be subjected by their potential creditors to a financial discipline that appears to be as unpalatable in Washington as elsewhere, or should they be given the help they need in the secure knowledge that it will prove more burdensome than helpful? They, too, are in boxes of their own. Not borrowing means stagnation. Borrowing means a debt that can be serviced only by borrowing more. The second course is easier, because disaster is postponed. Yet disaster, when it comes, will mean more impoverishment, physical, intellectual and cultural. If the financial collapse of the past week continues, the beneficiaries of the Brandt Report will be the principal casualties.

So what is to be done? The only acceptable course is that the governments of the industrialized countries most affected by the stock market collapse should acknowledge that, however irrational it may be, it is also a fact of life. Somehow or other, they must cut their own expenditure still further until the financial markets are persuaded that there is prudence in public policies. It would be no shame if Mrs Margaret Thatcher, the British Prime Minister, or President Ronald Reagan, were to do this next week, even though both of them have been insisting that the courses they have been following are sensible in the circumstances. For the prizes at stake — no longer grand prospects of further progress in technology but merely the maintenance of what has been accomplished in the decades since the Second World War — are too important to be sacrificed to either ideology or pride. This time, however, each government should resolve that the consequences of prudent economic policy cannot be concealed from those affected. Better that pensioners (of whom there are a growing number) should be told that indexation of pensions cannot be afforded, or that employees of nationalized industries should know that their jobs are as much at risk as other people's, or even that the Third World should understand that advancement must be postponed, than that the whole fabric of the enterprise of prosperity created in the past thirty years should be thrown away.

## Trade-off on missiles

The United States and the Soviet Union have at last fixed a date — 30 November — for resuming negotiations on arms control. What will they talk about and how urgently? Last week's communique after the meeting between the United States Secretary of State, Mr Alexander Haig, and the Soviet Foreign Minister, Mr Andreii Gromyko, was laconic to the point of obscurity. It referred merely to "those nuclear arms which were earlier discussed...". The reference is to the inconclusive meeting in Geneva just a year ago, when Soviet and American representatives apparently agreed that there was scope for negotiation about nuclear missiles based either in the Soviet Union or in Western Europe that could have strategic implications and quarrelled about the relevance of other delivery systems, aircraft in particular. Nothing was said last week to suggest that the quarrel has been resolved.

Even so, this agenda will go some way towards quietening the recent wave of public anxiety in Western Europe that the prospect of nuclear war has become more real than a mere bad dream. The vigour with which the negotiations are conducted will, however, also be crucial. If the Soviet and American negotiators announce, on 30 November, that their first step will be a substantial adjournment, public opinion will take fright — and Mr Helmut Schmidt will have to keep on worrying about the survival of his coalition government in West Germany. Yet such a delay is all too likely.

Although it has been plain since the beginning of the year that arms control negotiations would be forced on the superpowers, the Reagan Administration has pretended otherwise, with the result that its negotiating position is ill-prepared. The most serious danger, now, is that the United States will plump for some simple agreement with the Soviet Union without full consultation with the governments of Western Europe, which will in due course have to provide house-room for the Pershing II and cruise missiles. That could spell trouble.

The underlying difficulty is that the Soviet deployment of SS20 missiles has changed the strategic balance between East and West. Hitherto, it has been supposed that the strategic forces of the Soviet Union and the United States, capable as they each are of visiting unacceptable destruction on the other side, would be sufficient to deter a nuclear exchange. The Soviet missiles, which cannot travel far enough to reach the United States, are a threat to cities and military targets in Western Europe. The American plan to put missiles of similar range in Western Europe does not, however, fully redress the balance. To many Europeans, especially the hawks, the most frightening prospect is a nuclear attack on Western Europe in which the United States would be inhibited from using its new missiles for fear of a retaliatory attack on the continental United States. In other words, the proposed deployment of the American missiles is not a symmetrical counter to what the Soviet Union has put in hand. The doves in Europe, on the other hand, argue that the American missiles would make Western Europe hostage to pre-emptive nuclear attack, a view which overlooks the mobility of both the Soviet and American missiles but which has struck a resonant chord of public anxiety.

The simplest objective of the negotiations promised for November would be to limit the numbers of missiles of intermediate range deployed by the two sides. The standard assumption is that each SS20 carries three independent warheads, suggesting an agreement in which three American missiles are equated with one SS20. There are, however, several snags. First, the United States Congress and the new Administration have been talking loudly about the importance of means of verification in arms control agreements; even if the Administration now settles for flexibility, the Senate may ensure that the unavoidable difficulty of verifying an agreement on the deployment of mobile missiles makes ratification impossible. Second, there is force in the Soviet point about the relevance of other means of delivery than missiles. Aircraft in Western Europe (as well, no doubt, as in the East) are equipped with nuclear bombs ostensibly on the calculation that they might be needed in some "tactical" situations, but plainly the same aircraft can operate strategically. So the deployment of potentially strategic nuclear weapons in and near Europe cannot logically be separated from their other potential uses. That, however, is a path to a morass of interminable talk about the feasibility of counting nuclear bombs in the bellies of aircraft and the feasibility of nuclear-free zones in central Europe.

Such projects are well worth while, but should appear on some future agenda. The best course, for November, is that the United States should agree not to insist for the time being on the full rigours of verification (and that the Administration should explain why to the United States Congress) and that the Soviet Union should agree (again for the time being) not to insist that aircraft should be included. They should at the same time acknowledge that they must resuscitate the Salt 2 agreement, which needs to be reworked but also ratified, and which is logically inseparable from the talks on "theatre nuclear weapons" now promised. And they should also pledge themselves to multilateral negotiations on the military balance in Europe, taking full account of the deployment of tactical nuclear weapons in the process. Then they should seek to strike a balance between the Soviet force of SS20s and the planned force of American Pershing II and cruise missiles that will not simply confirm the intended *status quo*. A sensible first objective would be to reduce the planned deployment of potentially strategic missiles by a half. Nothing less will satisfy the European need.