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MEMORANDUM

THE WHITE HOUSE

WASHINGTON

October 15, 1979 16TOP SECRET

MEMORANDUM FOR:

THE PRESIDENT

FROM:

ZBIGNIEW BRZEZINSKI

SUBJECT:

NLC Review Completed.

Daily Report

NSC ActivityBritish Nuclear Force Modernization

At my regular luncheon meeting with Cy and Harold it was agreed to recommend to you that the U.S. indicate to the British that we would respond affirmatively to a request for assistance in modernizing their Polaris force -- including the C-4 Trident I missile system which the British clearly want -- but that the UK should delay making a formal request. You already approved a posture of being "positive and constructive" in response to British interest in SLBM modernization but they are now approaching a decision point. They have not made a formal request as yet and in the V-B-B luncheon it was agreed that such a request should be put off until after an alliance decision on TNF and SALT ratification. Otherwise, some of our Allies would have an excuse for not participating in TNF and the Soviets might have further incentive to scuttle SALT. Accordingly, a letter along these lines for your approval is being prepared from you to Margaret Thatcher which David Aaron can deliver this week in London. It will suggest that this issue be considered further during her visit here in December. (TS)

Information

Bleak Outlook for Curbing Japanese Inflation: Sharply higher dollar prices for imported raw materials -- particularly oil -- and a 20-percent depreciation of the yen since last October have touched off the most serious round of inflation in Japan since 1973-74. After declining most of last year, wholesale prices soared at a 20-percent annual pace in the April-June quarter, and consumer price inflation could hit double figures before the end of the year. (U)

State Department review
completed

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REVIEW ON OCTOBER 13, 2009

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A CIA economic analysis indicates that consumer price inflation will peak at roughly a 10-percent rate during the second half of 1979. For 1980, higher wage settlements generated by the inflation in late 1979 will keep consumer prices rising at an 8-percent clip even after the direct impact of higher import prices subsides. (U)

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