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THE WHITE HOUSE

WASHINGTON,


~~June~~ ^{July} 10, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

L. William Seidman

FROM:

James E. Connor 

SUBJECT:

Negotiating Strategy on Gold

Confirming verbal communication to you some time ago, the President reviewed your memorandum of June 10th on the above subject and approved the following option:

Gold should be traded between countries only on an emergency basis.

cc: Don Rumsfeld




THE WHITE HOUSE
WASHINGTON

Jim -

Do you want this handled as if
we just received in outbox?

If so, I will write the usual letter.

Trudy


yes handle
as new



MEMORANDUM

THE WHITE HOUSE
WASHINGTON

July 5, 1975

MEMORANDUM

FOR: JIM CONNOR
FROM: DICK CHENEY

D

The attached decision memorandum on gold was communicated verbally to Seidman some time ago. But, you will want this paper for the files.



THE PRESIDENT HAS SEEN....

THE WHITE HOUSE

WASHINGTON

June 10, 1975

MEMORANDUM FOR THE PRESIDENT

FROM: L. WILLIAM SEIDMAN *LWS*
SUBJECT: Negotiating Strategy on Gold

The central question regarding our negotiating strategy on gold at the International Monetary Fund Interim Committee meeting in progress in Paris is whether IMF countries should be allowed to freely trade gold between themselves.

Secretary Simon and Chairman Burns had reached agreement on a compromise based on attempting to secure Chancellor Schmidt's support for the original U.S. position that such gold trading should be done only in emergencies. However, Chancellor Schmidt declined to support this position and instead is supporting the French position that intercountry trading of gold should be allowed under a global limit.

We have received a joint call from Secretary Simon and Chairman Burns asking direction on which of two recommended options should be supported by the U.S.

Option 1: Gold should be traded between countries only on an emergency basis.

This position is supported by Chairman Burns and the central bankers of almost all countries on the basis that it is the most certain way to prevent gold returning to the center of the international monetary system.

Secretary Simon and Paul Volker would support this position if they felt agreement on it was attainable but the French remain intransigent on the issue.

Option 2: Gold could be freely traded between governments under a global limit.

This is essentially the French position and is supported by most other European finance ministers. Secretary Simon

is willing to accept such an arrangement in order to obtain an overall agreement. All other issues on the agenda at the meetings (quotas, etc.) have been agreed on by the participants. Secretary Simon believes that failure to reach an agreement on the gold issue will prevent any overall agreement.

This position is supported by Secretary Dunlop and N.Y. Federal Reserve Director Paul Volker. Alan Greenspan also supports this option on the assumption that no deferral can be obtained to negotiate this matter at a later date.

A decision on this matter is needed today.

Decision

Option 1

RR7

Gold should be traded between countries only on an emergency basis.

Option 2

Gold could be freely traded between governments under a global limit.