

MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

SECRET/NODIS/XGDS

MEMORANDUM OF CONVERSATION

PARTICIPANTS: President Ford  
Dr. Henry A. Kissinger, Secretary of State  
and Assistant to the President for  
National Security Affairs  
Lt. General Brent Scowcroft, Deputy Assistant  
to the President for National Security Affairs

DATE AND TIME: Thursday, December 5, 1974

PLACE: The Oval Office

Kissinger: Echeverria has his whole ego wrapped up in the Charter of Economic Rights and Duties. Now it has a number of highly objectionable features. We can buy about 80%. We can vote paragraph by paragraph. But then there will be a vote on the Charter as a whole. So far, no one plans to vote against. The EC will probably not. You can try it out on Schmidt.

The President: Can we knock any of them out?

Kissinger: Unfortunately, Percy is handling it and doesn't understand the realities with the Mexicans. Echeverria just wants his name on it. I think we should abstain and make a strong statement. The lawyers and Treasury are against it. My view is they are right on substance; it is only because of our relations with Mexico. But I have told Rabasa we would oppose it unless some changes would be made.

The President: Would abstention satisfy Echeverria?

Kissinger: Yes, because he thinks we will oppose.

On Schmidt. Energy. With Trudeau it doesn't matter, but I would be a little firmer with Schmidt. I would say this is the way we are



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NSC MEMO, 11/24/08, STATE DEPT. GUIDELINES, STATE DEPT. 3/10/04  
BY: [initials], MARA, DATE 5/2/04

going to go -- alone if necessary. Especially regarding the consumer-producer conference. He will want a date set. Don't agree to a preliminary conference. You can give him a working deadline of summer, because we can do all that is required in six months. We need to show the Europeans that when we are determined we will not waver. Giscard put himself into a trap with his proposal.

Schmidt will mumble about not wanting a confrontation. It is a false argument. We are not seeking one -- but the key is the solidarity of the consumers. Schmidt will want a producer contribution to the fund. But that defeats the purpose and destroys our solidarity -- they could contribute after the second year, after we get going. You must put this to him on the unity of the West. Schmidt worries that he and we will bear the burden and the others will relax. He is right. Tell him we will insist on a country putting its own house in order before it can borrow.

Schmidt thinks the US screwed up the world economy for 12 years. He thinks we irresponsibly financed the Vietnam war by inflation, flooded Europe with Euro-dollars, and then deflated. Schmidt despises Simon because he thinks he is a lightweight. He likes Shultz and Burns. Flatter Schmidt, not by making him look a fool, but by saying that if you and he don't handle the world, it won't be done.

The President: Explain the IMF.

Kissinger: Britain wants to get producer money and participation. It is easy and doesn't require new facilities or national legislation. It would demoralize the West and automatically start a consumer/producer dialogue within the IMF on terms of trade. If we don't get the West together now, the disintegration of the West will be too far gone. The Brits want a quick fix until North Sea oil comes in. Wilson has no long-run vision and is totally unreliable.

Schmidt wants to save Giscard's face. We can't do that by catering to Gaullism. They have nailed themselves to the wall with a call for a producer conference. This gives us leverage.

Schmidt is losing all the by-elections.

Genscher and the Free Democrats could leave the SPD and rejoin the CDU. Strauss is a wild man, but if he can solve his (George Wallace) South German problem, he could sweep everything.



On CSCE, no deal with Brezhnev. We don't want it done before early February, but then we should work together to get it settled.

[Senator Mansfield calls.]

Nuclear weapons in Europe. They are not a big problem, but just insure that he knows there must be no side deal. Schlesinger wants to put a nuclear package in now. That would look like condominium. We should wait until next spring so you can get the credit.



✓ P/K Dec 74  
5 ~~Sept~~

K. Echevarria has his whole eye wrapped up in a Charter. <sup>(CERDO)</sup> Now it has a lot of highly objectionable features. We can try about 80%. We can vote para by para. But then there will be a vote on the Charter as a whole. So far, no one ~~will~~ <sup>plans to</sup> vote against. EC will probably vote. You can try it out on Schmidt.

P. Can we knock any of them out?

K. Unfortunately Percy is handling it & doesn't understand the relation w/c Mexico (Ech. just wants his name on it). I think we should abstain & make a strong statement. The lawyers & Treasury are against. My view is they are right on substance, it is only because of our relations w/ Mexico. But I have told Rodasa we would oppose unless some changes could be made.

P. Would abstention satisfy Ech?

K. Yes, unless he thinks we will oppose.

On Schmidt. E. says. W/ Trudeau it doesn't matter, but should be a little firmer w/ Schmidt. I would say this is the way we are going to go - alone if necessary. Esp regarding E-P Conf. He will want a date set. Don't agree to put him off. If you can get you can give him a working deadline of summer, because we can do all required in 6 mos. We need to show E. now when we are determined we will not waver. He can't put himself into a trap w/ his proposal. Schmidt will mumble about not wanting confrontation. It is a false argument. We not seeking one - but the key is solidarity of consumers. Schmidt will want producer contributions to a fund. But that defeats purpose & destroys solidarity - they could

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NSC MEMO, 11/24/98, STATE DEPT. GUIDELINES, State Review 3/10/04  
BY           , NARA, DATE 5/7/01



before  
pushover  
CWF

{ Common position for CWF.  
{ Common institution

Contributors of the C 2 <sup>and</sup> year after are not going. You must put this to him on unity of the west. Schmidt worries that he + us will bear a burden + others will delay. He might + tell him we will insist on putting house in order before a big can be done.

Schmidt thinks US screwing up world economy for 10 yrs. Thinks we need a similar - financial UN war by inflation, flooded Euro w/ Eurodollars, ~~then~~ then deflated. Schmidt despises Simon because he thinks he is a hypochondriac - like Schultz + Beano. Flatly Schmidt won't by making him look a fool, but by saying if you + he don't handle it well, it will be done.

P. Explain C F M F

K. Br. wants to get producer money + silver. It's easy + doesn't require new facilities or world legs. It would demoralize the west + automatically start C-p dialogue w/ in IMF on terms of trade. If we don't get C west together now, a disintegration of the west will be too far gone. Br. wants a quick fix til ~~the~~ N Sea oil comes in. Wilson has no long term vision + is totally unreliable.

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Schmidt is losing all C by-elections. Genscher + FDI could leave SPD + require C CDU. Itanzy is a wild man, but if he can solve his (George Wallace) S. German prob, he could sweep away things.

On C S C E, we deal w/ Bez. We don't want it



done before early Feb, but then we should work together to get it settled.

(Wansfield calls)

True upside in Feb. Not a big profit, but first insure that he knows we will deal. Schlos

wants to put <sup>the package</sup> ~~it~~ in know. That would look like

condemned. We should wait til next spring to see how we get credit

