

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

~~SECRET/NODIS/XGDS~~

MEMORANDUM OF CONVERSATION

PARTICIPANTS: Walter Scheel, President of the Federal Republic of Germany
 Hans-Dietrich Genscher, Vice Chancellor and Minister of Foreign Affairs of the FRG
 Ambassador Berndt von Staden, FRG Ambassador to the US.
 Paul Frank, State Secretary, Director of President's Office
 Dr. Heinz Weber, Foreign Ministry (interpreter)

President Ford
 Dr. Henry A. Kissinger, Secretary of State and Assistant to the President for National Security Affairs
 Ambassador Martin Hillenbrand, U.S. Ambassador to the FRG
 Lt. General Brent Scowcroft, Deputy Assistant to the President for National Security Affairs

DATE AND TIME: Monday, June 16, 1975
11:45 a.m.

PLACE: The Oval Office
The White House

Scheel: You said it was rainy.

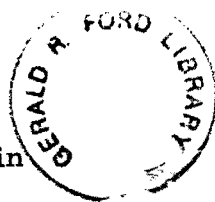
President: I said we expected rain. Did you have a good visit in Williamsburg?

Scheel: Yes, it was fine. That is really a unique reconstruction-- to create the atmosphere of the 18th century. Also the articles of handicraft.

President: It is a real drawing card in our country.

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CLASSIFIED BY Henry A Kissinger
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BY [Signature], NARA, DATE 5/18/04

Scheel: It's so quiet and calm.

President: It is very good to welcome you here and I appreciate your kind words about our country and my trip to Brussels. We wanted to say we are still committed to the Alliance. The recent votes in the Congress have backed up what I said and I hope our friends are reassured. I appreciate your invitation to visit. I have been there half a dozen times, but would very much like to do it as President. Henry and I were thinking if there is a CSCE summit we might go there on the way.

Scheel: That could be very useful, to harmonize the last points at Geneva.

Our Constitution is different and your functions are divided between me and Helmut.

It was very important that you came to Brussels and made the NATO conference a conference at the summit. There is, of course, uneasiness over events of the recent period, and we have to give reassurance to the people. Your visit was important in that regard.

I want to explain why the Europeans need a political union so we can be a stronger partner. The economies are not naturally harmonized and we have difficulty keeping them together. Whether the French will or won't come into a monetary union is not decided. Tindemans will do his best to prepare something. Giscard I think will contribute his own ideas. But it can't be done without the United States. You must kick us a little. A political cooperation of the European states -- even military cooperation -- can only be based on a close--even closer-- cooperation between Europe and the United States.

President: Do you have a blueprint?

Scheel: Let me frankly explain. There are different ideas among us. There are the romantic states and the Germanic ones and they have different ideas. I think there is a chance to come to some rough outline. I think Giscard may like to inspire the whole development with his ideas. But he is very set concerning the United States. In Europe he does like--for domestic reasons -- to play an independent role. But he knows what the Europeans could do and what they cannot.



President: We had an excellent meeting in Martinique and a short but fruitful one in Brussels.

Scheel: Kissinger knows the difficult structure of the government and the fact that he is not a member of the main party.

President: What is the significance of the Chirac move?

Scheel: I think to give more freedom to the party.

Kissinger: That is not necessarily a helpful thing.

Scheel: I didn't mean it is.

Kissinger: Because a new party leader could attack the government whereas Chirac as Prime Minister couldn't.

President: What is your reaction to recent developments in Portugal? We had frank talks with Goncalves in Brussels and weren't too encouraged. Subsequent developments haven't further encouraged us.

Scheel: In principle the United States and Europe look at Portugal the same way. We are glad the dictatorship was abolished. We know it is difficult to create a democracy right away. We differ a bit about the future. You are a bit more pessimistic. That is the only difference.

President: We want to help however we can, but what we have seen hasn't been encouraging. We don't see the democratic forces having enough impact on the government to do anything.

Scheel: Let me turn to the Foreign Minister.

Genscher: We have the impression the Foreign Minister has moved a bit to the center after some bad initial experiences but whether he will have much influence we do not know. Our Defense Minister has invited the red Admiral to visit. We will see.

President: Their economic situation is deteriorating. I hear the middle class is leaving when it can.



Scheel: Their economic problems are bad -- and there is really no middle class. The Spanish over the past 50 years did create a middle class. I don't know how the Portuguese will cope with their economic problems. The former economy was based on the colonies. It must be completely reconstituted.

Genscher: We told them they needed tourism and foreign investment, for which they needed tranquility.

President: I heard last night that Juan Carlos' father is now asserting his rights.

Kissinger: For the monarchist forces in Spain to split is suicidal.

President: I was impressed with Juan Carlos. I felt he was more than anxious to get a hold on the situation. He impressed me with his understanding of the problems in Spain, so I was disturbed by his father's statement.

Kissinger: There is also a cousin of Juan Carlos involved. The Bourbons have always made a mess whenever they governed.

Scheel: We have no bilateral problems.

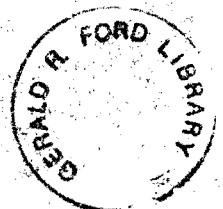
Kissinger: Not since you left as foreign minister. [Laughter]

President: What do you foresee about CSCE? Are the compromises going to permit progress, Mr. Foreign Minister?

Genscher: I hear from Kissinger there is a good prospect of agreement on the 300-kilometer line in CBM's.

Kissinger: No, I said we would support it. I don't know about the Soviet Union.

Genscher: That is the most important thing for us. Then there is the question of reserved rights and how the French will stand. That is important to me for Berlin.



President: Will the Russians hold fast for follow-on machinery?

Kissinger: Ceausescu argued here for it. We are not interested and neither are the Soviets.

Genscher: I don't think the Russians will make much of it. They will probably agree to consultations in 1977.

Kissinger: The Soviets are now going in the other direction -- Gromyko even suggested four years.

Scheel: If not July, then will it meet in September?

Kissinger: Probably October if not July -- the elections are in September.

Genscher: The Finns require four weeks to prepare.

Kissinger: We are trying to stay a half step behind Europe. We are not pushing for July.

Scheel: I didn't see any real push from the Soviet Union.

Kissinger: I have the impression they want it in July. Their planning seems geared to that. Since 300 kilometers are the only issue, they could resolve it tomorrow if they wanted.

Genscher: I think they have one fixed date--the Party Conference in early '76. Three months after CSCE they want a summit meeting of Communist leaders to prepare for the Party Congress.

Scheel: Isn't it in our interest to facilitate their Congress, because this is a basic policy determination for them -- whether or not to continue detente?

Kissinger: Yes. I think that is why a successful CSCE and SALT have symbolic importance.

President: I am pleased to see Brezhnev's health seems improved. It looked worrisome for a time.



Kissinger: But he is in his late 60s. He wants to solidify his policy at the Party Meeting. If they shift it it will take five years to change again. Jackson doesn't realize that. If he doesn't have successes for this Party Congress it may set a new course.

Did you negotiate the German Treaty with him, or with Gromyko?

Scheel: Partly with him, but he was not too familiar with it, and he dealt with foreign policy problems in an open way. His first talks were completely prepared by his staff, but later on he launched on his own. At first he wouldn't even answer questions.

Kissinger: When I first met with him, he mostly read from his briefing notes.

Scheel: He doesn't like me. I wouldn't give him a 21-gun salute and I left while he was visiting and flew to Cairo. I had already planned the Egyptian trip when he announced his visit -- to force me to cancel my Egyptian trip. I couldn't let him.

That visit had many problems. I explained European democracy to him and the role of parties. He had no conception. He couldn't understand coalition politics. It was a very unpleasant visit.

President: Brandt was then Chancellor.

Scheel: Yes. He was fully informed. It was not very pleasant. Brandt left 12 days before I did. I was actually nominated Chancellor for that period. Parliament did not act, of course.

Kissinger: I didn't know the President had that power.

Scheel: He doesn't. It is very complicated and everyone knew the time was very limited.

President: You have had some good results in the last elections.

Scheel: Yes. I think we are in a stable period in the development of the parties. Public opinion has accepted the three-party system. There is now no discussion of a majority electoral system. This is the most important result of our joining the Socialists in '69.



Kissinger: One of the great strategic mistakes was Kiesinger bringing in the coalition and threatening majority elections. That gave the Socialists votes.

Scheel: Wehner could have formed a government with us in '66. But he limited the coalition to the CDU.

Kissinger: If it happened I think you would have fallen below 5 percent.

President: Is that the cutoff point?

Scheel: Yes. It has made a three-party rather than a multi-party system. It keeps us from going back to our earlier system. We otherwise would have rightists and Communists in the system. Our recession now has led to unemployment, but there is no social unrest.

President: There was an article recently on unemployment. Ours is 9.2 percent but there is no social unrest.

Scheel: Our labor organizations have not tried to stimulate emotion. They have cooperated to find stabilization measures. They have been responsible with the employers. They increased their political reputation greatly.

President: Wilson wishes he had that cooperation. They want a 35 percent pay increase there.

Kissinger: On top of the 50 percent they got last year.

President: Our economic news has been encouraging since I got back from Europe. It could be better but this is still encouraging.

Scheel: You are leading the world markets by your decisions and I have heard encouraging things about what is taking place here. We are doing what we can. We cut the expansion rate to 4 percent and won't even reach that. We have to act in harmonization together.

President: Schmidt and I spoke of that last December. His program was announced then, and mine in January fit in very nicely. We have done well in every policy area. Congress gave too big a tax cut, but it is in the right direction.



Scheel: We think private enterprise should be the sector to expand, not the government.

President: That is my philosophy.

* * *

Kissinger: Scheel was Foreign Minister when we set up the IEA. It has worked very well.

Scheel: I remember all the fighting with Jobert.

President: I thank you for your very nice Bicentennial gift named after McCloy.

Scheel: Yes, it is a combination of the Bicentennial and his birthday.

President: I got to know him on the Warren Commission. He is a great man.

Scheel: He is very popular in Germany. In our eyes he is a typical American -- open-minded.

Kissinger: I wish we had ten of them in my generation. We don't have public servants like this any more.



P/Schell / Genscher / Frank / von Staden
K/Billenbrand
16 June 75

S You said it was raining 11:45

P I said we expected rain, Did you have good
exp in Wiesbaden

S Yes it was fine. That is really important
reconstruction to with a ^{of 1800 at center} ~~strong plan~~ also a
article of manuscript.

P It's a real charming card in our country.

S It's a great center.

P Very good to welcome you here & I appreciate
your kind words about our country - my trip
to Brussels. We wanted to say we are still
excited. The ^{next} visit in a long time to be held by
what I said & I hope our points are reassured.
I appreciate your invitation to visit. Been there
4 ~~days~~ times but would say in a letter to
do it as Dr. K & I thinking of ESCF summit
we might go there one way

S That could be very useful & harmonize
last visits at Genscher. Our visit is
diff & your practices we don't last me
& debut. It very important that you can to
Brussels & make a NATO exp one at a summit.
There is of course ~~involvement~~ ~~over~~ ~~events~~
of visit period & we have to give maximum
to a people. Your visit was important in that
regard. I want to explain why a Euro
and an ~~other~~ ^{pol.} human so we can be
a stronger partner. The discussions
are not mutually harmonized & we



have by keeping them together whether the
French will or want constitute a monetary union
is not decided. Tindemans will do his best
to prepare something - Giscard I think will
contribute his own ideas. But it can't be done
w/o US. You must think up a little. A
first cooperation for E and states - even incl
most exp - commonly be based on a choice -
even close - exp but Euro + US.

P Do you have a blueprint

S Let me firstly explain. There are diff ideas
among us. I think one is somewhat static & a
Giscardian & they have diff ideas. I think a
chance to come to some agreement - I think
Giscard may like to imagine - whole different
w/ his ideas. But he is very set concerning a
US. In Euro he does like - for domestic reasons -
to play implicit role. But he knows what a Euro
implies & what they cannot.

P we had a meeting in Montignies & short
but fruitful one in Brussels

S K has diff structure of party - fact he not
member of main party

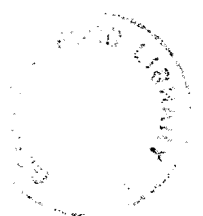
P What is say of Chirac move

S I think to give more freedom to party

K That not real - helpful

S I don't know it so

K Same as new party leader could attack
against, whereas Chirac as PM could not



P What your intention & recent efforts in Port are but people talk w/ Congress in Brussels & wasn't encouraged. Subsequent efforts haven't further encouraged us.

S In principle US & E are like at Port & some way. Glad dictatorship abolished. Korea it left to create class, right away. We differ a bit about a future, you a bit more pessimistic. That's only by diff.

P We want to help but we can't but what we have seen hasn't been encouraging. We don't see a demand / pressure being enough to get the govt to do anything.

S Let me ask you to FM

G We have impression FM has made a little more after some local initial experiences but whether he will have much influence. Our diff here has invited a Admiral to visit. We will see.

P There is a sit deteriorating. I have a middle class during when it can

S There is a job as bad - and there is really no middle class. They go with a car & just to go did create a middle class. I don't know how a Port will cope w/ their new job.

The former economy was based on a subsidies. It must be completely unsubsidized

G Also told them they needed tourism & foreign investment, for which they needed transparency



P I heard last night that Juan Carlos' father is now asserting his rights.

K For a monarchist press in Spain split is suicidal.

P I was impressed w/ Juan Carlos. I felt however that a first step is to sit. I expressed my w/ his understanding - probably in Spain, to I distanced by his father's statement.

K There is also a cousin of Juan Carlos involved. The Bourbons have always ^{to} make mess whenever they govern.

S G & has no political role

K Not since you left as FM

P What do you foresee about C.S.C.E.? Areas

emphasizing going to permit progress, the FM.

G I have from K there a general prospect of agreement on 300 line in CBN

K No, I would not recommend it. I don't know about S.U.

G That is most important for us. There is ^{type} a question of reserved rights & how a few will stand. That important to us for Berlin

P Well, Remainia hold fast for follows on reaching

K Remainia agreed here for it. We not naturalist within our Sess

G I don't think Remainia will make too much of it. They will put eyes to consultation in 77.

K Sess one now going in a construction - maybe learn by past eyes.

S If not July, then Sept?

K Prob Oct if not July. elections in Sept

C Ennis resigns & who to replace

K We are trying to stay 1/2 step behind Ennis.
We are not pushing for July.

S I don't see any real push from S ✓

K I have no opinion they want it in July. Their
planning seems geared to that. Since you have
an opinion they could resolve it tomorrow if
they wanted.

C I think they have 1 fixed date. A party early
early 76. 3 mos after CSEF they want a
summit with of bank leaders to prepare
for party cong.

S Don't it in our interest to paralyze their
cong, because this a basic policy determination
for them - whether or not to continue detente

K Yes. I think that would be successful CSEF
Don't have symbolic importance

P I pleased to see big growth even in regional.
It's a big increase in a time

K But he is in hot water. He wants to solidify his
policy at party cong. If they shift it will
take 5 yrs to change again. You know don't
worry about that. If he doesn't have success
for this party cong at any set a new
course. Did you report Gorman Treaty w
him & Gromyko

S Party w/him, but he was not the politician



+ he dealt w/ FP pub in open way. His first talks were completely prepared by his staff, but later on he launched on his own. At first he wouldn't even answer questions.

" When I first met w/ him, he mostly read from his briefing notes.

S He doesn't look like he would give him a 20 year salute + I left while he was trying + flew to Cairo. I had already planned to try when he announced his visit - to force me to camp w/ my E troops. I couldn't let him.

That visit had many parts. I explained E was done to him + role of parties. He had no conception. He couldn't understand realistic politics. It was very unpleasant to visit.

P Brundt was then Chancellor

S Yes. He was fully informed. It was not very pleasant. Brundt left 12 days before I died. I was actually nominated Chancellor for that period. Parliament did not vote, of course.

K I didn't know P had that power.

S He doesn't. It was emphasized + my own power + time was very limited.

P Your home had some good results in a short election.

S Yes. I think we are in a stable period in a change of parties. Part opinion has accepted a 3 party system. There is now no discussion of a majority electoral system. That visit signified

result of once joining Socialists # in 69

K One of great short. mistakes was Kissinger
going bringing in coalition & Christening
majority election. That gave a Socialists
votes.

S Wehner could have formed govt w/ us in 64.
But he said limited coalition & CDV.

K If it had happened I think you would have fallen
below 5%.

P Is that = cutoff point?

S Yes. It has made a 3 party rather than a
multiparty system. Keeps us from going back
to our 2 party system

~~start~~

We had otherwise would have rightist & create
in a system. Our recession has led to un-
employment, but there ~~was~~ no social unrest.

P There was article recently on unemployment. Shows
9.2% but there is no social unrest.

S Our labor organizers have not tried to stimulate election.
They have every 6 find stabilizing measures.
They have been ~~the~~ w/ employers. They
concerned than pub. representation growth.

P Whaton matters he had that every. They want
35% pay increases there

K Quantity of 55% last year

P Our economy has been encouraging
since I got back from E. Could be better
but this still encouraging.

S You are leading world markets by your decisions &
I have heard encouraging things about what taking

plan here. We doing what we can. We cut
X-pension rate to 4% + won't even reach that.

We have to act in harmonization together

* Schmidt + I spoke of that last Dec. His prog
was announced there + mine in Jan fit in
very nicely. We have done well in European
area. Cong gave too big a tax cut, but it is
in right direction.

↳ We think private enterprise should be a sector
to expand, not a govt.

P That my philosophy.
(I left)

K Schul was FXX when we set up IEA. It
has worked very well.

S I remember all fighting w/ Robert.

P I thank you for your very nice inscription
gift ~~as~~ received after the New Blog

S Yes it is an indication of inscription + his
birthday

P I got to observe him on Warsaw Cruise.
A great man.

S He is very popular in Germany. In some ways
a typical American open minded.

K I wish we had 10 of them in my government
We don't have public servants like this any
more