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THE WHITE HOUSE
PRESS CONFERENCE
OF
ARTHUR HARTMAN
ASSISTANT SECRETARY OF STATE
FOR EUROPEAN AFFAIRS

THE BRIEFING ROOM

3:37 P.M. EST

MR. SAVAGE: Ladies and gentlemen, we have here Assistant Secretary of State for European Affairs, Arthur Hartman, who is prepared to take the questions which you may have stemming from the joint statement, which we have just issued at the end of the talks between the President and Chancellor Schmidt.

Mr. Hartman will be on the record.

This is to announce that Secretary Kissinger will give a press conference tomorrow morning at 10:30 at the State Department. All White House press corps members are welcome. All they need to get into the building are their White House passes.

MR. HARTMAN: I think the best thing to do would be to proceed with questions. I will preface it by one sentence to say that these were really extraordinarily useful talks, they came at a particularly important moment in our economic and political relations, and I think they showed the value of the longstanding ties that we have had with the Federal Republic in discussing many things in the past, mainly in the security area, but now, mainly because of the importance of these topics, the discussion of the economic issues as well.

I think the main conclusion we drew from these talks in the last two days is the common concern we have for the economic situation that we face, but also the degree of the conclusions that we have drawn that these economic matters can really only be faced by joint cooperative efforts. The leadership of both the United States and the government of the Federal Republic are important to establishing our ability to deal with these problems cooperatively.

So, with that introduction, I will take your questions.

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Q Mr. Hartman, could you give us a frank answer, a candid answer, was it ever supposed it was otherwise? You state this as if this is something that was accomplished after these talks.

MR. HARTMAN: No, I think you probably are right in making that statement, but I must say I think in some of our recent discussions over the last couple of years some of us had wondered, not particularly with respect to our discussions with the government of the Federal Republic, but perhaps with others, whether or not there really was a will, particularly among the Western industrial nations, to act cooperatively together to deal with these problems.

I think the results of the discussions over the last year have gradually borne out our hope that indeed there is this will to approach these problems cooperatively, and I think our feelings of satisfaction after these meetings is that we got such a strong boost from the kinds of things that were said to us by Chancellor Schmidt.

Q Didn't you come to these conclusions at the Foreign Minister's Conference that was held -- I believe it was the Foreign Minister's Conference -- held at the State Department last year in the spring?

MR. HARTMAN: Yes, we talked about the energy situation at that time.

Q But wrapped in others, though.

MR. HARTMAN: Yes, but the energy situation was the primary focus of that conference. Although we did end up with an agreement among all the states attending the meeting, with the exception of France, we did sketch out a program for action in the energy front, which has been developing over this year.

But I think our talks with the Chancellor are really much broader than that. They dealt with the domestic economic situations, both in our two countries and in other countries as well, and the general world economic situation, not just limited to the energy problem.

Q Sir, is it fair to almost assume, then, since we agree with West Germany there were no real problems and a joint understanding would be anticipated, that he might have said something to the President about his talks with the French, for instance, or something like this that kind of underlay the sense of euphoria?

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MR. HARTMAN: First of all, as the statement says, there were certain conclusions reached about our own economic situations and about the inter-relationships of our economy and the European economies. We certainly did discuss as well the views of other countries and the possibility of making progress on a broader scale of cooperation which involves other countries.

As you know, we will be seeing President Giscard next week, and we expect to continue these discussions. We certainly hope there will be progress in bringing our views closer together.

Q If I could ask in another way, without trying to belabor it, was there anything said by the Chancellor that gave new optimism to your hopes for the talks that are coming up at Martinique?

MR. HARTMAN: Not specifically with respect to Martinique, but I must say we were much encouraged by the general views expressed by the Chancellor, who was speaking not for Europe, but he was reflecting views which are shared by other European leaders.

He did not attempt, of course, to speak for the French President, and those discussions will take place when we see the French President next week.

Q Mr. Hartman, the Chancellor at the Press Club today expressed considerable doubt in his public remarks about the U.S. proposal for the \$25 billion fund. He said there will be second thoughts about it concerning the form and the amount, which would seem to be the two central issues in the proposal.

I know that in the communique it refers to the establishment of a supplementary financial safety net in the framework of the OECD.

MR. HARTMAN: That is right.

Q Is that a departure?

MR. HARTMAN: It is not a departure from what we have suggested. It is a slight further elaboration of what Secretary Kissinger suggested in his Chicago speech. But I think rather than expressing disagreement with our ideas, I think the Chancellor was saying that he still wished to give consideration to these ideas and in fact, the discussions had been useful in explaining what we had in mind and in also giving us an opportunity to hear his own technical views on the subject.

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This is a very complex area and one in which we did not expect to make overnight progress. But we are very much encouraged by the talks that we have had with the Chancellor and feel that these next series of discussions we will be having on this will lead to a successful conclusion.

Q I did want to pursue that. He said, as I mentioned, that he believed that in West Germany's view the IMF is a proper instrument to be considered first. Did the United States agree with that?

MR. HARTMAN: I am not familiar with his exact remarks, but the position has been, I believe, and we share this view, that there is a role also for the international monetary institutions but as you see in our joint statement, we are talking about something that is supplementary and it is quite possible that that supplementary facility will not be connected with the present international monetary institutions but may, in fact, as we suggest, be formed in the framework of the OECD.

Q May I follow up? After the American proposal for a supplementary financial safety net to be put into place next year, do you really feel, from what you have been told by the Germans, that there is the remotest possibility of such a safety measure coming into existence?

MR. HARTMAN: Yes.

Q Why?

MR. HARTMAN: Because we feel very much encouraged by the kinds of discussions which we have had.

Q How much beyond "remotest" do you feel the possibility is?

MR. HARTMAN: I don't think it is at all useful for me to give these gradations. We had very useful talks. I think there was an approaching of the two viewpoints and in fact, it was not so much the establishment of two viewpoints, but more a question of raising problems that we have both foreseen from the beginning in dealing with this very complex issue.

I think on the basis of our talks we think it is possible to go ahead and reach a successful conclusion to these talks.

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Q Did the two sides discuss how to bring France into the partnership?

MR. HARTMAN: We both have in mind and, at various points in the conversations, the viewpoint of France was raised and, as I say, we will be having further discussions with the French next week.

I am sure this will be one topic that will come up, and I am sure also that the Chancellor will be discussing this not only with the French government but with his European partners at the meeting of the heads of government of the European community next week.

Q But was any thought of common approach to the French position developed between the Chancellor and the President?

MR. HARTMAN: No, I don't think that is the question. I think in discussing the substance, it was recognized there were differing views, and I think we will both be pursuing our own conversations with the French government to see whether there is a means of bringing these views more closely together.

As I say, this is something we will be doing next week with the French.

Q Mr. Hartman, the statement says that both sides agree on the importance of the IMF to be in a position to provide flexible financial assistance in 1975. Does this indicate that the United States is in favor of expanding the IMF oil facility?

MR. HARTMAN: As Secretary Kissinger suggested in his remarks in Chicago, we do believe that there should be a further expansion. When you say the IMF oil facility, I hope I am precise in agreeing with you, but I am not a great expert in the IMF.

But he did make the suggestion that there should be a further facility that would particularly be useful to the less developed countries and in his Chicago speech, he suggested various means for financing such a facility within the IMF, and that is what this refers to.

Q This says any member nation. It doesn't say developing countries.

MR. HARTMAN: Yes, but all members would be participating in financing this fund. Our idea is that it is directed mainly at those who have the greatest need at the moment.

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Q Now that we have this statement here, which represents a departure, a variation in the original U.S. proposal, could someone explain what this new departure actually amounts to?

MR. HARTMAN: Which statement are you referring to?

Q I am going back to the shift in position which now puts the financial safety net in the framework of the OECD.

MR. HARTMAN: No, that is not a shift in position. It may be a further elaboration. But if you look at the Secretary's speech, we were talking about a facility that would be available for the particular problems of the developed countries.

I can't remember, I don't recall, whether in the Secretary's speech we actually mentioned where this might be created. But I think the OECD may be a further elaboration of it. It is not a shift in position.

Q It is a broader context than the one the Secretary was speaking in originally, my recollection is that he said North America, the industrialized countries of Western Europe and Japan.

MR. HARTMAN: Yes.

Q Doesn't this become slightly larger than the OECD?

MR. HARTMAN: No, that is what the OECD is.

Q I thought there were about six or eight or ten countries. This becomes larger.

MR. HARTMAN: No, even the International Energy Agency is now larger than that. I forget how many, whether 16 or 17 at the moment, but we can have things established within the OECD that not all 24 members of the OECD participate in.

So, even if you establish such a mechanism within the OECD, not all members within the OECD would be participating.

Q I don't want to belabor the questions about the talks, but could you describe the talks with Mr. Schmidt as being, in relationship to the talks coming up with the French, were they useful in that context?

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MR. HARTMAN: As I say, the focus was not on France or the French position. The focus was on the economic situation on both sides of the Atlantic, and particularly the views -- which were very much appreciated on our side -- by a man who has had an extraordinary breadth of experience in the economic field, and he has very definite views and his ability not only to talk with the President and the Secretary of State, but also your economic experts, the Secretary of the Treasury, the Chairman of the Council of Economic Advisers, and the Chairman of the Federal Reserve Board.

To have this kind of discussion both of domestic economic policies and the international economic situation and the great frankness with which they were conducted, really for me, and I have been in this field for some time, represents something I think is a very hopeful development.

First of all, as the paper states, there is a great recognition of the interdependence of our economies. If you will recall last year when we were arguing with some countries about whether or not there was this interdependence, there is an acceptance of that fact now.

There is also an acceptance that we have to take into consideration when we make domestic policy decisions, domestic economic policy decisions, the effect these decisions are going to have on other countries, and I think the discussions between the two leaders, in this case, showed that that is well-recognized and that in their minds, as they make their domestic economic decisions, they are going to be aware of the effects of their actions on others.

I think it is also clear that these two economies, which are perhaps the strongest economies in the Western industrialized world, have an obligation of leadership which they must exercise and which I think has now been recognized that they should exercise in order to bring along some of the political leadership, and economic leadership, in other countries where perhaps they are less able, without this strong backing, to exercise the kinds of policies that they should be exercising in the present situation.

Both of the leaders expressed their concern about the possibility of increasing protectionism as these economic difficulties are faced, and I think they will both work in their own ways to avoid this eventuality.

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Q Mr. Hartman, on page 2 of the communique, you say, "The President and the Chancellor stressed their determination to improve cooperation with oil-producing countries." Could you give that some meaning?

I mean, specifically, how can these two countries improve their cooperation?

MR. HARTMAN: This has been one of the questions before us, and, indeed, it has been one of the questions raised particularly by the President of France, dating back to the conference we had last year on the energy situation. It was recognized that after the development of a consumer cooperation program, it would be necessary to have some means to carry on a dialogue with the producing countries.

The position we and certain other countries have taken very strongly is that there should be two conditions met before beginning this dialogue, if you hope to have a successful dialogue with the producing countries.

The first is that you have something positive to suggest to the producing countries to deal with the situation, and the second, that it would be necessary to have a firm, established consumer solidarity in order to be able to reach conclusions that could be put before the producers. And that, those two ingredients were necessary if you were to have a successful dialogue.

We have, ourselves, said that we believe there should be such an exchange with the producers, and we have not opposed that, but we do believe preparatory work is necessary before we get to such a conference.

Q Mr. Hartman, at the bottom of the second paragraph, first page, "A creative new effort to coordinate economic policies between the United States and the Federal Republic of Germany," does this envisage some new policies, some new organizations, some new line of thinking that isn't carried out in the rest of the communique?

In other words, for instance, beyond the current Common Market-U. S. position, or in any other field -- I mean does it go beyond what the communique later specifies as the OECD position?

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MR. HARTMAN: I don't think we have anything specific in mind at this point, although, I would say I believe these conversations marked a turning point in economic relations in the sense that there was this -- for the first time in my memory -- exchange of information, ideas, assessments about the economic situation and about the potential for future action between the United States and the Federal Republic.

Now, it may be that the pattern of those discussions should be extended to a broader group of countries and perhaps other mechanisms should be developed. We did not specifically discuss other mechanisms.

There has been for sometime an exchange of information in the OECD, but I think we are all quite frank about that that it hasn't worked particularly well. It certainly has never worked as well as it did in these discussions between the two principals.

Q To follow up, the breadth and tone of this communique suggests almost the discussions carried on between members of the Common Market themselves. Is it that sort of a closer relationship, well, in discussions and planning that the United States is seeking?

MR. HARTMAN: We are not seeking a form of relationship with our partners in the rest of the industrialized world, but we certainly are seeking a cooperative means to harmonize our policies, to deal with the issues where, if not common policies, at least parallel policies are necessary to deal with some of these important economic problems.

Within the community, they, too, are trying -- within the European community, they, too, are trying to reach a better means for harmonizing their policies. Quite frankly, they have had great difficulty. It may be that one of the lessons of the success of these conversations is that it is probably easier to have an exchange between two economies that are moving roughly in the same direction and have great strengths, and maybe the difficulty they have been having in the community is the unevenness of their economic situations.

Q Could I just follow this up and ask whether you are now abandoning all thoughts of having organized conversations with the nine member states?

MR. HARTMAN: No, this is quite different.

As a matter of fact, yesterday afternoon, I chaired part of our bilateral conversation with the ~~communities~~. Christopher Soames is also here this week. Those dealt with the matters on which the Commission of the Common Market has responsibility. Those will continue, and we will deal with those issues, particularly in the trade field, where the nine member states have given authority to the Commission to talk to us.

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As far as other conversations with the nine, we have been having conversations, particularly with the French during the periods of their Chairmanship, but we have also discussed with other member states some of the aspects of political cooperation that the nine have been discussing and, therefore, we have continued the political consultation process that we talked about last year.

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Q Could I still follow up this whole question of the relationship with France and the energy conference?

Chancellor Schmidt said this morning that he was still not certain whether a compromise would be possible with France and he himself obviously made the point that the producers must be brought in but is their any shift in the American position towards narrowing the time scale?

MR. HARTMAN: The time scale really has little to do with it because the conditions we think are necessary to produce a successful conference with producers don't depend on a time scale, they depend on certain common efforts being achieved.

First of all, that there be consumer solidarity, that consumers get together and agree on a program of consumption restraints, of bringing on new sources of energy, of dealing with their financial problems. Only when they begin to have those policies in order will it be possible for them to formulate proposals to put to producers.

Therefore, it is not a question of picking a date, it is a question of getting the job done and then you can go to the producers and have a successful conference.

Q Can you do that without France?

MR. HARTMAN: It certainly is conceivable that you can do it without France but it would be much better to do it with France.

Q It has been reported in Bonn that the Chancellor invited the President to come to West Germany next year. Can you say anything about that?

MR. HARTMAN: I am sorry, I was not present at any discussion where any invitations were discussed.

Q You just don't know?

MR. HARTMAN: I don't know. I will check, or they will check here.

Q Did Mr. Schmidt fully share the President's view on those two conditions you just mentioned?

MR. HARTMAN: I think if you read the statement, the conditions are set out in the statement.

Q You mentioned earlier that this was a turning point in economic relations between the United States and Germany.

MR. HARTMAN: I said it could be viewed as that, yes.

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Q Is this also sort of one reason that the United States so happily greets this session with Chancellor Schmidt? Is this sort of an example to the rest of the Common Market countries of what can or must be done?

MR. HARTMAN: Not just to the rest of the Common Market countries, but we, and I think if you look at the Secretary's speech in Chicago, you will see the concern that we have had that the whole world is facing an extraordinarily difficult, if not to say critical, economic situation.

We believe that the example of these talks and the degree of agreement shown in this joint statement is something that we would hope others, both in the developed and the less developed world, and indeed among the producers, would take as a guide to their thinking and activity because the extraordinary nature of this economic problem is such that it cannot be solved by the individual efforts of one or two countries. It will require the broadest kind of cooperation.

I think we are more hopeful after these discussions because we feel that there is a great shared view with a partner that has great economic strength and also great political influence.

Q Mr. Hartman, is there some political innovation tucked away in this language you would like to expound on?

MR. HARTMAN: No.

Q Mr. Hartman, the Federal Republic has been quite successful in limiting gas consumption, I think by about ten percent.

MR. HARTMAN: Gasoline or gas?

Q Gasoline. And the French have been quite successful. Did the Chancellor express perhaps some concern about the fact the United States has not been as successful in reducing consumption of petroleum products?

MR. HARTMAN: The question of consumption restraints was discussed and that is a firm part of the program that we have all agreed to in the International Energy Agency, and various expressions of interest -- well, various means were discussed for carrying this out. It has always been agreed in the International Energy Agency that the means to carry out the commitment to restrain consumption would not be the same in all the member States and that each would choose according to his own situation.

But I think it was made quite clear that we are going to do our part along with the others.

I am told that the Chancellor did indeed invite President Ford to visit Germany but no date was set.

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Q Was the invitation accepted?

MR. HARTMAN: I assume the invitation was accepted, yes.

Q Were there any specific details or programs discussed on consumption restraints by either side?

MR. HARTMAN: No, I think various means were discussed as examples.

Well, in terms of the German experience, I don't know. I am not directly familiar with that part of the conversation but I am sure the examples were given as to means that have been used on the European side.

From the U.S. side, I do not know.

Q Do you know if the Chancellor expressed any kind of thought that there is need for mandatory restraints throughout the Western world on this problem?

MR. HARTMAN: No, I think you ought to stand by the statement on this. There is need for restraint on demand. How that is accomplished is really up to the various States.

Q Mr. Hartman, you piqued my curiosity about political questions and I found one.

On the CSCE, as I recall the communique out of Vladivostock, the President and Secretary General Brezhnev expressed confidence that the CSCE will be considered at the highest level.

MR. HARTMAN: Yes.

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Q I gather from this language --

MR. HARTMAN: They expressed that, I think, on the assumption there would be a successful conclusion.

Q I gather from this language that, as things now stand, however, CSCE could not be held at the highest level. There are still things to be done.

MR. HARTMAN: No, that issue just was not dealt with here. The two were not addressing that. They were addressing the current state of the work in Geneva and what they were saying is that it looks as though they have made some progress in the first reading, which is the stage they are at the moment, and they hope to make further progress in the second stage. It doesn't go to the question of the level.

Q Could you give us a little reading on the state of play on the Declaration of Principles?

MR. HARTMAN: They are still proceeding with the first reading. I understand they are up to about the ninth principle out of ten. I would say sometime in January they probably will complete the first reading, which will mean you have the Declaration of Principles with some brackets and some hard bargaining to go to get those brackets out of there.

Q When do you think that will be concluded?

MR. HARTMAN: It is very hard to predict. We think it can be concluded early if all parties are willing to make compromises and get on with the job. But it has been a very slow conference up to now. Our own view is that it could be completed quite quickly if there were significant concessions made.

Q The Soviet Union has not yet agreed on a state of noninterference in the internal affairs of other countries?

MR. HARTMAN: I think the noninterference principle has been agreed now.

Q There is even less said about them in the other communique, just a few brief sentences. What does it mean?

MR. HARTMAN: It means this is a matter that will come up for early discussion next year, and you can't expect progress before then.

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Q Is there still a linkage between the two?

MR. HARTMAN: There seems to be a linkage in
time.

THE PRESS: Thank you, Mr. Hartman.

END (AT 4:09 P.M. EST)