

MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

~~SECRET/NODIS/XGDS~~

MEMORANDUM OF CONVERSATION

PARTICIPANTS: President Ford  
Vice President Rockefeller  
Brent Scowcroft, Assistant to  
the President for National Security  
Affairs

DATE AND TIME: Monday, May 17, 1976  
2:05 - 3:00 p.m.

PLACE: The Oval Office

[Following a briefing and discussion on Italian earthquake aid]

Vice President: The Foreign Minister said they were right down to the wire on the elections. They thought they could do it, but they urgently needed funds. Also they had used up most of their foreign exchange.

Arthur Burns rode back with me. He said Schmidt proposed a \$2 billion loan from the Economic Community and the US on the condition -- which would be secret -- that they take no communists into the government, and then get OECD to help with an economic and financial plug. Schmidt thinks they need help and guidance.

President: You are talking about Rambouillet II?

Vice President: Yes. Burns said that it would take a lot of doing and there is no way to do it before the elections. He has \$250 million he can use, but Congress may then add restrictions on the Federal Reserve. It could, though, be done through the Exchange Stabilization Fund, but Simon doesn't want to. Or we could loan against gold at the current market value. Treasury lawyers say we could only loan at formal value. All this would take is for Trasury to change its position.

President: Can this be coordinated with the Europeans? What would it be for?

~~SECRET/NODIS/XGDS~~

CLASSIFIED BY HENRY A. KISSINGER  
EXEMPT FROM GENERAL DECLASSIFICATION  
SCHEDULE OF EXECUTIVE ORDER 11652  
EXEMPTION CATEGORY 5 (b) (1-3)  
AUTOMATICALLY DECLASSIFIED ON Imp. to det.

DECLASSIFIED  
E.O. 12958, SEC. 3.5  
NSC MEMO, 11/10/00, STATE DEPT. GUIDELINES, State Div. 3/17/04  
BY hah NARA DATE 7/26/04

~~SECRET/NODIS/XGDS~~

Vice President: It can't be done before the elections. It would just be an exchange loan.

Also the 40 Committee has some money.

Scowcroft: [Described the situation with the \$6 million.]

President: Let's look into that.

Scowcroft: We would have to restructure any program. What we proposed was for a year or more and for specific projects rather than the parties themselves.

President: What about what Connally is doing?

Scowcroft: He's organized a private group of Italian-Americans.

President: If we do something, we have to make sure that the funds don't get into the wrong pockets.

Vice President: The \$1 billion against gold or a sto-gap measure looks good to me.

President: How do we look into it?

Scowcroft: I will have someone look into it.

Vice President: The Soviet Union has reacted strongly to my speech.

President: You are getting to be a hard-liner.

Vice President: It was well received in Berlin and Germany. They printed it up beforehand, so they knew what was in it. They applauded at all the tough points. I had nothing but good reactions.

President: I had a good trip. The reaction was really good and I can't help feel it will be reflected in the results. After a seven hour train ride we heloed to Holland for the tulip festival. There were 300,000 people in a town of 25,000, even in a light rain. No one knows how the crossovers will fall, but Broder thinks I will get 50% of the Wallaceites. And we will get some liberal Democrats. I will be goddamned disappointed if it isn't 55% and I hope for 60%.

~~SECRET/NODIS/XGDS~~



SECRET/NODIS/XGDS

Vice President: I talked to this Rabbi as you said the mood was changing, that something had to be done and the Israelis couldn't do it. He said he would like to think over what approach could be right and will get back to us. They are very afraid.

~~SECRET~~/NODIS/XGDS



(Following briefing & discussion on Italian emergency aid)

VP The FM said they were right down to the wire on a election. That they could do it, but urgently needed funds. Also they had used up most of their FX exchange.

Robert Brown said back of me. He said Schmidt proposed 2 bil loan from EC + US on condition (secret) no limits into Govt + then OECD get help w/ econ + financial pkg. Schmidt thinks they need help & guidance.

P you talking about commitment II?

VP yes. Brown said that would take a lot of doing + there no way to do it before elections.

He has 250 mil he can use, but they may then add restrictions on FRB. It could though be done thru Xchange stabilization fund, but Sonian doesn't want to. Or we could loan against gold at current market value. Treasury lawyers say we could only loan at formal value. All this would take is for Treasury to change its position.

P Can this be covered w/ EMU? What would it be for?

VP Can't be done before elections. It would first be an Xchange loan.

(also c 40 units has some money)

S (Described c 6 mil sub)

P Let's look into that.

S we would have to restructure any prog. what we proposed was for a year or more + for specific embolts rather than parcels themselves

P What about what Connally is doing

S (Described briefly)

P If we do something, we have to make sure

that a fund don't get into a wrong format.

\* VP The bill against gold as a stay-pay measure looks good to me.

P How do we look into it?

S I will have someone look into it.

VP The SV has reacted strongly to my speech.

P You getting to be a hard boss.

VP It was well used in Berlin & Germany. They printed it up beforehand, so they knew what was in it. They applauded <sup>at</sup> all the tough points. ~~Some~~ ~~nothing~~, I had nothing but good reactions.

P I had a good trip. The reaction was really good and I can't help feel it will be reflected in a results. After the train ride we headed to Holland for trip festival. 300,000 people in town of 25,000, even in a light rain.

~~We~~ ~~are~~ ~~know~~ how a crossover will fall, but Braden thinks I will get 50% of a Wallacites. And we will get some bits, Dems.

I will be G-D disappointed if it isn't 55% +

I hope for 60%

VP I talked to this Rabbi — you said I could.

He said a moral was changing, that something had to be done & I couldn't do it. Said he would like to think over what approach would be right & will get back to us. They are very opinionated