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2. Complete Sections I, II, and III of NA Form 14020.
3. In Section III, for each document requested, simply provide the Executive Standard Document Number (ESDN) in the Document Subject/Title or Correspondents column. The ESDN will be printed on the top and bottom of the document, and written on the declassification authority stamp, and will follow this format:

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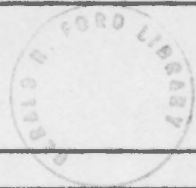
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~~CONFIDENTIAL~~

~~TOP SECRET~~
UK

1. WE ARE GRATEFUL FOR ADVANCE NOTICE OF THE PRESIDENT'S NUCLEAR POLICY REVIEW. BRITISH AND AMERICAN OFFICIALS HAVE ALREADY DISCUSSED IT IN LONDON, AND WE HOPE THAT THEY WILL CONTINUE TO KEEP IN CLOSE TOUCH.
2. WE SHOULD LIKE TO OFFER OUR INITIAL REACTIONS. AS THE US GOVERNMENT KNOW, WE FULLY SHARE THEIR EMPHASIS ON THE URGENT NEED TO AVOID THE DANGERS OF NUCLEAR PROLIFERATION. THE PRESIDENT'S POLICY REVIEW IS AN IMPORTANT STEP FORWARD AND SUGGESTS A NUMBER OF MEANS WHEREBY WE, AND OTHER MEMBERS OF THE NUCLEAR SUPPLIERS GROUP, CAN BUILD ON THE WORK THAT HAS ALREADY BEEN DONE IN THE LAST ONE AND A HALF YEARS.
3. WE NOTE WITH INTEREST THE EMPHASIS THAT THE US REVIEW GIVES TO THE POSSIBILITY OF INTERNATIONAL STORAGE OF PLUTONIUM. WE THINK THIS CONCEPT IS WELL WORTH STUDYING IN DETAIL, AND OFFICIALS OF THE SUPPLIERS GROUP HAD A PRELIMINARY DISCUSSION LAST WEEK AND IDENTIFIED AREAS FOR DETAILED DISCUSSION AT FUTURE MEETINGS.
4. WE PARTICULARLY WELCOME THE US INTENTION TO EXPRESS STRONG SUPPORT FOR A UNIFORM IAEA SAFEGUARDS SYSTEM. AS MR CALLAGHAN MADE CLEAR A YEAR AGO, WE BELIEVE THAT THE IAEA SAFEGUARDS SYSTEM, PARTICULARLY IF FULL FUEL-CYCLE SAFEGUARDS ARE ACCEPTED BY ALL, WHETHER PARTIES TO THE NON-PROLIFERATION TREATY OR NOT, OFFERS THE BEST MEANS OF PROTECTING THE WORLD AGAINST THE DANGERS OF NUCLEAR PROLIFERATION. WE WILL TAKE EVERY OPPORTUNITY TO REITERATE PUBLICLY OUR SUPPORT FOR EFFECTIVE ACTION.

DECLASSIFIED

E.O. 13526 (as amended) SEC 3.3

State Dept Guidelines

By

NARA Date

1/6/12

State v. car 12/1/03

~~CONFIDENTIAL~~



5. LIKE THE US GOVERNMENT, WE WANT TO SEE THE GREATEST POSSIBLE MEASURE OF CONSENSUS AMONG THE GOVERNMENTS CONCERNED WITH NUCLEAR EXPORT POLICIES. WE ALSO BELIEVE IT IS IMPORTANT TO CARRY THE DEVELOPING COUNTRIES WITH US AS FAR AS POSSIBLE IN A COMMON UNDERSTANDING OF THE ISSUES AT STAKE. WE SHALL CONTINUE TO EXERCISE THE UTMOST RESTRAINT OURSELVES, AND SHARE THE US INTEREST IN OBTAINING SUCH RESTRAINT BY OTHER SUPPLIERS, ON THE EXPORT OF SENSITIVE NUCLEAR FACILITIES. BUT WE FORESEE A DANGER THAT A PUBLICLY DECLARED MORATORIUM MAY BE SEIZED ON BY THE DEVELOPING COUNTRIES AS DEMONSTRATING THAT THE SUPPLIERS GROUP IS A CARTEL INTENT ON DENYING THEM MODERN TECHNOLOGY AND THUS ACTING CONTRARY TO THE UNDERTAKINGS OF THE NON-PROLIFERATION TREATY. IT COULD ALSO CAUSE STRAIN WITHIN THE SUPPLIERS GROUP. WE BELIEVE THAT THE US GOVERNMENT SHARE OUR CONCERN AT THE GROWING DIVISION BETWEEN THE DEVELOPED AND DEVELOPING COUNTRIES, AND WE ARE SURE THAT THE US GOVERNMENT WILL HAVE THIS ASPECT IN MIND WHEN CONSIDERING THE EFFECTS OF ANY PUBLIC PROPOSALS.

6. FINALLY, WE SHOULD LIKE TO MENTION A POINT ABOUT REPROCESSING AND THE POSSIBILITY OF EXCHANGING FRESH FOR SPENT REACTOR FUEL AS AN INDUCEMENT NOT TO REPROCESS. WE ACCEPT, AND ARE GRATEFUL FOR, THE US ASSURANCE THAT NEW NON-PROLIFERATION EFFORTS SHOULD NOT RESULT IN COMMERCIAL TENSIONS. AS THE US GOVERNMENT WILL KNOW, SOME EUROPEAN COUNTRIES, INCLUDING BRITAIN, HAVE A CLEAR NEED FOR REPROCESSING INDUSTRIES, WHICH REPRESENT MAJOR CAPITAL INVESTMENTS. FURTHERMORE, THE EUROPEAN COUNTRIES, UNLIKE THE US, HAVE TO IMPORT THEIR URANIUM AND ARE IN NO POSITION TO OFFER FRESH FUEL FOR SPENT FUEL ELEMENTS. WE WOULD WELCOME FURTHER DISCUSSION OF THIS IDEA, PERHAPS IN THE SUPPLIERS GROUP.

7. WE SHARE THE US GOVERNMENT'S OBJECTIVES. THIS IS ONE OF MANY AREAS WHERE BRITISH AND AMERICAN OFFICIALS WORK TOGETHER AS COLLEAGUES, AND WHERE THERE IS MUCH WORK STILL TO BE DONE. THEIR COOPERATION HAS ALREADY PRODUCED USEFUL RESULTS, AND WILL, WE ARE CONFIDENT, CONTINUE TO DO SO IN THE FUTURE.



2. LIKE THE US GOVERNMENT, WE WANT TO SEE THE GREATEST POSSIBLE MEASURE OF CONSENSUS AMONG THE GOVERNMENTS CONCERNED WITH NUCLEAR EXPORT POLICIES. WE ALSO BELIEVE IT IS IMPORTANT TO CLARIFY OUR STANDING ON THE ISSUES AT STAKE. WE SHALL CONTINUE TO OBTAIN THE GREATEST RESTRAINT OURSELVES, AND SHARE THE US INTEREST IN OBTAINING SUCH RESTRAINT BY OTHER SUPPLIERS, ON THE EXPORT OF NUCLEAR FACILITIES. BUT WE FORSEE A DANGER THAT A PUBLICLY DECLARED MORATORIUM MAY BE SEIZED ON BY THE DEVELOPING COUNTRIES AS DEMONSTRATING THAT THE SUPPLIERS GROUP IS A CARTEL INTENDING TO DENY THEM MODERN TECHNOLOGY AND THUS ACTING CONTRARY TO THE UNDERSTANDINGS OF THE NON-PROLIFERATION TREATY. IT COULD ALSO CAUSE SPLITTING WITHIN THE SUPPLIERS GROUP. WE BELIEVE THAT THE US GOVERNMENT SHARE OUR CONCERN AT THE GROWING DIVISION BETWEEN THE DEVELOPED AND DEVELOPING COUNTRIES, AND WE ARE SURE THAT THE US GOVERNMENT WILL HAVE THIS ASPECT IN MIND WHEN CONSIDERING THE EFFECTS OF ANY PUBLIC PROPOSALS.

3. FINALLY, WE SHOULD LIKE TO MENTION A POINT ABOUT REPROCESSING AND THE POSSIBILITY OF EXCHANGING FRESH FOR SPENT REACTOR FUEL AS AN INCENTIVE FOR REPROCESSING. WE ACCEPT, AND ARE GRATEFUL FOR, THE US ASSURANCE THAT NEW NON-PROLIFERATION EFFORTS SHOULD NOT RESULT IN COMPELLING TECHNOLOGY. AS THE US GOVERNMENT WILL KNOW, SOME EUROPEAN COUNTRIES, INCLUDING BRITAIN, HAVE A CLEAR NEED FOR REPROCESSING INDUSTRIES, WHICH REPRESENT MAJOR CAPITAL INVESTMENTS. FURTHERMORE, THE EUROPEAN COUNTRIES, UNLIKE THE US, HAVE TO IMPORT THEIR URANIUM AND ARE IN NO POSITION TO OFFER FRESH FUEL FOR SPENT FUEL ELEMENTS. WE WOULD WELCOME FURTHER DISCUSSION OF THIS IDEA, PERHAPS IN THE SUPPLIERS GROUP.

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WHITE HOUSE
WASHINGTON

OCT 13 AM 10:14 '76

MEMORANDUM

5696
INFORMATION - 6596

NATIONAL SECURITY COUNCIL

October 14, 1976

MEMORANDUM FOR: BRENT SCOWCROFT

FROM: DAVID ELLIOTT *D.E.*

SUBJECT: Government-to-Government Agreements
Constraining the Transfer of JT-10D
Technical Information

In approving the joint venture between Pratt and Whitney (P&W) and Rolls Royce to develop the JT-10D, it was required that government-to-government agreements be reached between the U.S., U.K., FRG, and Italy prohibiting the transfer to third countries of the technical design and manufacturing information that will be shared among these four partners. State has been coordinating with DOD and Justice the terms of such an agreement. This coordination process has taken several weeks. P&W is concerned that what was thought to be a perfunctory step is taking so long and is holding up the initiation of the joint activities connected with the JT-10D. Clark MacGregor has written to you and Bill Seidman asking for your assistance in getting the agreement moving (Tab A).

I talked to George Vest and he assures me the Circular 175 is with Habib for approval, and that we will be in a position to contact the other governments immediately. Assuming the other governments are agreeable to the terms of the constraining agreement, there is no reason that this matter cannot be concluded in short order. I have given the same information to Clark MacGregor. This will allay his concerns as long as quick action follows.

There does not seem to be any action necessary on your part at this time. If the inter-government negotiations hit a snag, I will inform you.



MacGregor
President

11 October 1976

Honorable Brent Scowcroft
Assistant to the President for
National Security Affairs
The White House
Washington, D.C. 20500

Honorable L. William Seidman
Assistant to the President for
Economic Affairs
The White House
Washington, D.C. 20500

Pratt & Whitney Aircraft Group
Otis
Essex Group
Sikorsky Aircraft
Hamilton Standard
Norden
Chemical Systems Division
Power Systems Division
Turbo Power and Marine Systems
United Technologies International
United Technologies Research Center

Re: JT10D - Pratt & Whitney/Rolls-Royce Joint Venture

Dear Brent and Bill:

When Sir Kenneth Keith and Mr. Harry J. Gray visited with you in your offices September 14, we discussed the need for prompt implementation of point 2. of the President's decision paper of July 21, 1976. Bill expressed the thought that this implementation could be accomplished in a matter of days.

Point 2. reads:

"2. Satisfactory agreements must be reached with the governments of the JT-10D partners constraining all parties from divulging any technical information on JT-10D design and manufacturing technology to third countries. Such constraints must also be embodied in the company-to-company agreements among the partners."

You will recall that following the Presidential decision of July 21, it took us until September 2 to gain final approval of the detailed joint venture arrangement and to get the export license issued. On page 2 of the September 2 letter signed by William B. Robinson, Director, Office of Munitions Control, Department of State, the following appears:

"2. This approval will not go into effect until after a satisfactory agreement has been reached with the governments of the JT10D partners constraining all parties from divulging any technical information on JT10D design and manufacturing technology to third parties. Such constraints will also have to be embodied in the company-to-company agreement among the parties."

In the past five weeks little or no progress has been made by the Department of State in executing the necessary government agreements. On October 8, my office was advised by a deputy to one of George Vest's assistants that

"internal U.S. Government agreement had not yet been reached



Honorable Brent Scowcroft
Honorable L. William Seidman

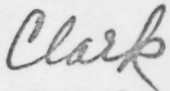
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10/11/76

on a U.S. text.... Circular 175 Authority is required before the Secretary of State could approve the negotiation of an international agreement... The Legal Adviser must draft the document. We hope to get the okay to negotiate in ten days or so."

May I respectfully ask you, working with the Secretary of State and other senior State Department officers, to expedite completion of the necessary agreement with the governments of the JT10D partners.

Cordially,



Clark MacGregor

CM/w

cc: Honorable George S. Vest
Director
Political-Military Affairs
Department of State
Washington, D.C. 20520



Clift UK 3A

~~SECRET/XGDS~~

ACTION
October 15, 1976

MEMORANDUM FOR BRENT SCOWCROFT

with B

FROM: A. Denis Clift *[Signature]*
Robert Hormats *[Signature]*

SUBJECT: Original of September 30 Message
from Callaghan to President

On October 15, the British Embassy delivered the original of Prime Minister Callaghan's message of September 30 to the President expressing gratitude for the President's sympathetic response to the UK's current economic difficulties (Tab A). The President acted on this message when it was first received by wire. We see no need for any further action. If you agree, we recommend that the original of the Prime Minister's message be forwarded to Central Files.

RECOMMENDATION

That you have the message at Tab A forwarded to Central Files, with no further action required.

~~SECRET/XGDS~~



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WITHDRAWAL ID 036942

REASON FOR WITHDRAWAL ÇNational security restriction

TYPE OF MATERIAL ÇLetter

CREATOR'S TITLE Prime Minister of Britian

RECEIVER'S NAME The President

DESCRIPTION re US-British Relations

CREATION DATE 09/30/1976

VOLUME 2 pages

COLLECTION/SERIES/FOLDER ID . 033900607

COLLECTION TITLE NATIONAL SECURITY ADVISER. NSC EUROPE,
CANADA, AND OCEAN AFFAIRS STAFF: FILES

BOX NUMBER 40

FOLDER TITLE United Kingdom, 1976 WH (12)

DATE WITHDRAWN 03/27/2012

WITHDRAWING ARCHIVIST TMH

4A
26 October 1976

To: Lieut. General Brent Scowcroft ~~BM~~



BS
6 Oct

With the compliments of *File UK*
THE UNITED KINGDOM TREASURY
AND SUPPLY DELEGATION

Mr. H.M. Griffiths
Economic Counsellor

WASHINGTON, D.C.



PRIME MINISTER'S TELEVISION INTERVIEW ON STERLING CRISIS.

THE FOLLOWING ARE EXTRACTS FROM THE TRANSCRIPT OF AN INTERVIEW BY THE PRIME MINISTER MR JAMES CALLAGHAN ON THE BBC-ONE PROGRAMME ..PANDRAMA.. ON 25TH OCTOBER 1976

DAVID DIMPLEBY: DOTS DOTS

PRIME MINISTER, CAN I START BY ASKING YOU HOW DAMAGING TO THE GOVERNMENT'S STRATEGY AND TO BRITAIN'S RECOVERY IS TODAY'S HEAVY FALL IN THE VALUE OF STERLING?

MR CALLAGHAN: IT IS DAMAGING OF COURSE BECAUSE ALTHOUGH IT DOESN'T MUCH AFFECT THE PRICE OF OUR EXPORTS AND PEOPLE ARE STILL GETTING MORE THAN THE NOMINAL VALUE OF THE POUND FOR THEIR EXPORTS, MUCH MORE IN FACT, IT DOES AFFECT THE COST OF WHAT WE BRING IN FROM OUTSIDE. THAT'S VERY DAMAGING. IT MEANS WE PAY MORE. IT AFFECTS OUR STRATEGY IN RELATION TO GETTING DOWN INFLATION BECAUSE IT PUTS UP THE RETAIL PRICE INDEX OVER A PERIOD. AND ALTOGETHER ITS....TO PUT IT MIDLY.. A VERY UNFORTUNATE THING TO HAPPAN.

DIMBLEBY: KNOCKED OFF COURSE ?

MR CALLAGHAN: NO NOT KNOCKED OFF COURSE I WOULDN'T SAY BECAUSE WE'VE GOT TO KEEP OUR EYE...ON THE LONG VIEW. AND THE LONG VIEW IS RE-GENERATING BRITISH INDUSTRY, MANUFACTURING INDUSTRY ESPECIALLY. THESE FINANCIAL CONCERNS ARE OTHER AND DIFFERENT CONCERNS, ONES THAT I WOULD LIKE TO SEE GO AND I DON'T THINK WE'VE GOT THE TRUE VALUE OF STERLING NOW. I THINK IT IS ABSURDLY LOW... BUT IT IS BECAUSE OF THE STERLING BALANCES WHICH I MUST SAY I'D LIKE TO GET RID OF IF WE COULD AND THEN WE WOULD BE ABLE TO GET BACK AND LOOK MORE EASILY AT OUR LONG-TERM STRATEGY.

PETER JENKINS: DOTS DOTS PEOPLE MUST FIND IT AMAZING WHEN THEY READ THEIR NEWSPAPERS AND WATCH THEIR TELEVISION SETS AND SEE THAT SEVEN CENTS CAN BE KNOCKED OFF THE VALUE OF OUR CURRENCY IN A MATTER OF HOURS AS A RESULT OF ONE NEWSPAPER'S STORY OR AS A RESULT OF A SPEECH BY AN AMERICAN PROFESSOR, PROFESSOR FRIEDMAN, IN WHICH HE SAYS NOTHING THAT HE HASN'T SAID BEFORE, NOW WHY ARE OUR FINANCES SO ORDERED THAT THIS CAN HAPPEN LIKE THIS ?

MR CALLAGHAN: BASICALLY IT'S BECAUSE WE ARE A RESERVE CURRENCY AND I MUST SAY I RUE IT. I WOULD LOVE TO GET RID OF THE RESERVE CURRENCY. I AM NOT SURE THAT EVERYBODY IN THE TREASURY WOULD, OR MAYBE IN THE BANK, I DON'T KNOW, BUT FROM BRITAIN'S POINT OF VIEW I SEE NO PARTICULAR ADVANTAGE OF BEING A RESERVE CURRENCY AT ALL. WE HAVE GOT THESE VAST SUMS...FROM OTHER COUNTRIES HELD IN STERLING AND SO IF IT STARTS TO GO DOWN AND ANYBODY SELLS ANYTHING AT ALL IT TENDS TO FEED ON ITSELF. NOW THIS ISN'T NECESSARILY RELATED. DOTS DOTS DOTS SO I WOULD VERY MUCH LIKE TO SEE US GET INTO A SITUATION WHERE THESE LIABILITIES OF OURS WHICH WE HAVE AS A RESERVE CURRENCY WERE TAKEN OVER IN SOME FORM OR OTHER. WHETHER THAN CAN BE ATTAINED OF COURSE ISNT. ONLY FOR ME.



(M)

(2)

BUT I DO SAY THIS. I THINK GERMANY AND THE UNITED STATES AND PERHAPS JAPAN HAVE GOT SOME RESPONSIBILITY HERE. THEY HAVE GOT VAST RESERVES. THE GERMAN RESERVES ARE SOMETHING BETWEEN THIRTY-FIVE AND FORTY BILLION DOLLARS. IF WE HAD THAT WE WOULDN'T BE WORRIED ABOUT A RUN TODAY. IT WOULD BE TRIVIAL. AND I THINK THAT IF, FOR EXAMPLE, THE INTERNATIONAL MONETARY FUND WERE TO TRY TO FORCE US INTO POLICIES WHICH WOULD BE SO HARMFUL TO THE ECONOMY THAT WE WOULD GO INTO A DOWNWARD SPIRAL, THEN WE WOULD HAVE TO SAY TO SOME OF THESE OTHER COUNTRIES LOOK THE INTERNATIONAL MONETARY FUND AND YOU YOURSELVES MUST ACCEPT THE POLITICAL CONSEQUENCES OF WHAT YOU ARE DOING
DOTS DOTS DOTS

L JENKINS: THE CHANCELLOR DID SAY IN THE HOUSE THIS AFTERNOON THAT AN ACTIVE CONSIDERATION WAS BEING GIVEN TO THE PROBLEM OF STERLING BALANCES, BUT THIS MUST AWAIT OUR APPLICATION TO THE INTERNATIONAL MONETARY FUND. NOW IS THIS APPLICATION BEING MADE, IS THE GOVERNMENT APPLYING TO THE IMF ON THE ASSUMPTION THAT THE STERLING BALANCES WILL BE FUNDED OR THAT THEY WON'T?

CALLAGHAN: NO. WE ARE APPLYING ON THE BASIS THAT WE HAVE THESE CREDIT FACILITIES AND WE ARE ASKING THAT THEY SHOULD BE MET. IT'S NOTHING TO DO WITH THE STERLING BALANCES AS SUCH WHICH IS A SEPARATE PROBLEM AND REALLY THE APPLICATION TO THE INTERNATIONAL MONETARY FUND IS TO ENABLE US TO FINANCE OUR BALANCE OF PAYMENTS DEFICIT AND OTHER MATTERS OF THAT SORT.

L JENKINS: BUT ISN'T THE WHOLE POINT OF TRYING TO FUND THE STERLING BALANCES TO GET THE WHERE-WITH-ALL SO THAT WE ARE NOT FORCED BY THE IMF OR BY EVENTS OR BY ANYBODY ELSE TO PURSUE POLICIES AGAINST OUR BETTER JUDGMENT?

L CALLAGHAN: RIGHT. AND YOU SEE I THINK THIS IS WHERE THE IMF WILL HAVE TO BE VERY CAREFUL BECAUSE THEY'VE GOT A GREAT RESPONSIBILITY HERE. AND THEY WILL HAVE TO SAY, IS IT RIGHT TO TRY TO FORCE BRITAIN INTO COURSES WHICH, UNLESS THE STERLING BALANCES ARE MET IN SOME OTHER WAY COULD BE VERY HARMFUL TO THE WHOLE POLITICS AND THE WHOLE STRUCTURE, NOT ONLY OF BRITAIN BUT OF THE WEST. AND WE'VE GOT TO PLAY THIS TO SOME EXTENT FROM STRENGTH, YOU KNOW, AS WELL AS FROM THE BASIC WEAKNESS OF OUR POSITION. I AM NOT THREATENING ANYBODY. WHAT I AM SAYING IS THAT WHEN ONE COUNTRY HAS BEEN A TRADITIONAL HOLDER OF STERLING FOR SO MANY YEARS AND HAS GOT THESE BALANCES AND HAS HELD THEM OVER A PERIOD OF YEARS AND THEN OTHERS HAVE GOT THESE VAST RESERVES, THEN IT'S TIME WE CAME MORE TOGETHER THAN WE HAVE BEEN AND TRY TO GET US ON TO A MORE RATIONAL BASIS.

DAVID ENGLISH: PRIME MINISTER, CAN I TALK ABOUT STRENGTH? YOU AND THE MEMBERS OF YOUR GOVERNMENT KEEP TALKING ABOUT STERLING BEING UNDERVALUED AND IT SEEMS TO ME THAT EVERY TIME YOU DO SO, OR IN VERY CLOSE RELATION WHEN YOU DO SO, THE POUND GOES DOWN. NOW CLEARLY YOU AND, BE FAIR, THE BRITISH PEOPLE AS A WHOLE ARE NOT DOING THE RIGHT THING. NOW YOU, WHEN YOU CAME INTO POWER, TALKED ABOUT THE NEED FOR SACRIFICE. DOTS DOTS DOTS HAVE WE GOT TO HAVE AN AUSTERITY CHRISTMAS? I MEAN WHAT HAVE WE GOT TO DO TO.. WHAT HAVE YOU GOT TO INSPIRE US TO DO TO MAKE THE REST OF THE WORLD SEE WHAT THIS COUNTRY CAN DO ABOUT TURNING ITSELF AROUND? CAN YOU BE HONEST WITH US?

CALLAGHAN: I HOPE I ALWAYS AM. AS TO THE QUESTION OF UNDERVALUATION, I THINK WHAT IS MEANT BY THAT IS THAT OUR GOODS WILL SELL IN OVERSEAS MARKETS FOR A HIGHER PRICE THAN STERLING IS VALUED AT. I'VE TOLD THE STORY BEFORE, I REPEAT IT AGAIN TONIGHT, ABOUT THE MIDLANDS EXPORTER I WAS WITH A FORTNIGHT AGO WHEN STERLING WAS ONE DOLLAR SIXTYFOUR TO THE POUND, WHO WAS PRICING HIS EXPORTS AT TWO DOLLARS TWENTY TO THE POUND AND GETTING IT. THAT'S WHAT I MEAN BY BEING UNDER-VALUED AND OF COURSE IT HAS A VERY ADVERSE EFFECT ON US BECAUSE WE HAVE TO PAY MORE FOR OUR IMPORTS. THAT SETS OFF THE RETAIL PRICE INDEX. IT DOESN'T HELP WITH THE SOCIAL CONTRACT. THE TRADE UNION LEADERS HAVE A HARDER TIME AND SO ON. AS TO WHAT WE CAN DO, THERE IS, LET ME MAKE THIS CLEAR, THERE IS NO SHORT-TERM CUT. NO SHORT CUT TO SUCCESS HERE. THERE IS NO ONE ACTION WHICH, IF TAKEN, AN AUSTERITY CHRISTMAS, WE'D BE ABLE TO SAY RIGHT NOW WE'VE GOT THAT OVER WE CAN HAVE A GOOD BLOW-OUT FOR THE NEAR.

MF

IT ISN'T THAT KIND OF SITUATION. WHAT WE HAVE GOT TO DO IS TO PERSUADE THE WORLD THAT BRITISH INDUSTRY IS CAPABLE OF COMPETING AS IT IS. THAT WE CAN DELIVER ON TIME. THAT THE MODELS WE MAKE ARE UP TO DATE. THAT THEY'VE GOT ALL THE LATEST THINGS IN THEM. THAT THEY ARE SOLD AT THE RIGHT PRICE. THESE ARE THE THINGS WE HAVE GOT TO DO.

3

ENGLISH: DOTS DOTS DOTS THE POINT I WAS TRYING TO MAKE IS THAT I BELIEVE YOU TALKED ABOUT... YOU TALK ABOUT TRUSTING THE BRITISH PEOPLE. I THINK YOU HAVE TO TRUST THEM AND TELL THEM JUST HOW BAD IT'S GOING TO BE. JUST WHAT THOSE SACRIFICES ARE TO THE ORDINARY MAN IN THE STREET. AND I BELIEVE THAT THEY WILL RESPOND BUT I DON'T THINK IT'S BEEN SPELLED OUT WHERE WE'VE GOT TO TIGHTEN OUR BELTS.

DIMBLEBY: DO YOU KNOW JUST HOW BAD IT'S GOING TO BE ?

CALLAGHAN: NO I DON'T. I AM NOT IN THE FORECASTING BUSINESS DOTS DOTS DOTS I THINK PEOPLE CAN ONLY JUST GO ON DOING THEIR BEST, DOING THEIR WORK PROPERLY. I THINK THIS IS ALL ONE CAN DEMAND OF THEM. IF THE GOVERNMENT HAS TO IN SOME OTHER WAY TAKE ACTION THEN IT WILL TAKE IT. AND THAT I DON'T THINK WE CAN BE SURE OF UNTIL WE SEE THE INTERNATIONAL MONETARY FUND AND TALK TO THEM ABOUT THE CONDITIONS THEY WILL MAKE TO US.

BUT, BASICALLY, WHAT I WANT TO MAKE CLEAR TO THE INTERNATIONAL MONETARY FUND, BECAUSE WE HAVE SOMETHING TO SAY TOO, IS THAT WE'VE GOT TO GO FOR SUSTAINABLE GROWTH. THIS IS WHAT WE REALLY MUST GO FOR.

DIMBLEBY: CAN I JUST PUT A SUPPLEMENTARY POINT ON THE IMF BEFORE WE LEAVE THAT? WHEN THE IMF LOAN WAS ANNOUNCED YOU SAID IN AN INTERVIEW THAT THERE WOULD BE NO CONDITIONS. THAT YOU WOULD NOT EXPECT CONDITIONS FROM IT. ARE YOU SAYING THAT THINGS HAVE WORSENERD SINCE THE APPLICATION FOR THE LOAN WAS MADE.

CALLAGHAN: DOTS DOTS DOTS DENIS HEALEY HAS SAID CONSISTENTLY HE IS APPLYING ON THE BASIS OF OUR EXISTING POLICIES. I THINK THIS IS THE PHRASE I'VE USED TOO. THEY MAY COME ALONG AND SAY OH NO, NO, THAT'S NOT GOOD ENOUGH, WE WANT OTHER THINGS. WE SHALL THEN HAVE TO CONSIDER WHETHER THE DEMANDS THAT THEY MAKE CAN BE MET.

HUGH STEPHENSON: COULD WE MOVE FROM WHAT FOREIGNERS MIGHT OR MIGHT NOT WANT US TO DO TO WHAT YOU THINK WE OUGHT TO DO DURING THE COURSE OF THIS WHAT YOU CALL LONG HAUL AND LOOK AT THE SORT OF WHAT APPEAR TO BE SOME DIMINISHING SET OF OPTIONS OPEN TO THE GOVERNMENT AS WE MOVE THROUGH THIS PERIOD OF CRISIS?

CALLAGHAN: DOTS DOTS DOTS YOU ASKED ME ABOUT OPTIONS AND OF COURSE THEY ARE PRETTY NARROW. YOU ARE QUITE RIGHT. WE'VE GOT TO TRY AND FUND THIS DEFICIT IF WE CAN BY SELLING GILT-EDGED AND IN MY VIEW INTEREST RATES ARE NOW TOO HIGH CERTAINLY FOR MANUFACTURING INDUSTRY, AND IF WE GOT A STABLE LEVEL FOR STERLING THEN I THINK THAT WOULD BECOME MORE EASY THAN IT IS NOW ESPECIALLY IF STERLING WERE TO BE ON A SLIGHTLY UPWARD COURSE FROM WHAT IT IS NOW.

THE OPTIONS, AND I AM NOT PRONOUNCING BETWEEN THEM MR. STEPHENSON, ONE IS OF COURSE THAT YOU... THAT YOU PRINT MONEY WHICH... WELL I DO PRONOUNCE ON THAT. AND WE TOOK VERY STRICT ACTION A FORTNIGHT AGO. TO AVOID THAT. THE OTHER OPTIONS ARE YOU EITHER CUT PUBLIC EXPENDITURE OR YOU INCREASE TAXES OR YOU BORROW. OR YOU DO A COMBINATION OF THOSE THINGS. NOW THE OTHER... THE OTHER OPTION THAT IS OPEN TO YOU BUT NOT IN THE SHORT RUN IS TO GROW AT A SUSTAINABLE RATE AND I THINK THIS IS THE ONE THAT I FAVOUR BUT NOT TO THE EXCLUSION OF ALL THE OTHERS. BUT DON'T ASKED ME TO CHOOSE BETWEEN THEM TONIGHT.

JENKINS: YOU SAY THAT INTEREST RATES ARE TOO HIGH AS IF YOU ARE COMMENTING ON THE FACT THAT IT IS RAINING AND IT IS A PITY AND IT'S NOTHING TO DO WITH YOU. YOU ARE THE PRIME MINISTER OF A GOVERNMENT WHICH HAS RAISED THE MINIMUM LENDING RATE TO FIFTEEN PER CENT AND YET YOUR MINISTERS KEEP GOING ON SAYING THAT WE HAVE AN INDUSTRIAL STRATEGY WHICH IS TO GIVE PRIORITY TO INVESTMENT, HOW CAN IT BE SO WITH INTEREST RATES AT THAT LEVEL?

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MF

CALLAGHAN: WELL IT WILL DEPEND HOW LONG THEY REMAIN THERE AND THAT DEPENDS ON HOW WE CAN FUND THE BORROWING REQUIREMENTS. OF COURSE IT'S GOT SOMETHING TO DO WITH ALL OF US, WHAT HAPPENS IN BRITISH FACTORIES AND WORKSHOPS AS WELL AS THE GOVERNMENT'S POLICY. I'M NOT TRYING TO DISCLAIM GOVERNMENT POLICY AT ALL. DOTS DOTS DOTS I THINK THAT WE'VE GOT OURSELVES INTO A POSITION WHERE OUR PUBLIC EXPENDITURE HAS BEEN EXTREMELY HIGH, ALL SPENT NO DOUBT ON EXCELLENT THINGS, ON HOUSING, EDUCATION, PENSIONS FOR THE OLD PEOPLE ARE GOING UP NEXT WEEK AND SOME OF THEM ARE SAYING THEY'RE NOT GOING UP ENOUGH. AND SOCIAL BENEFITS ARE GOING UP AND OTHERS ARE SAYING THEY ARE NOT GOING UP ENOUGH.

4

I BELIEVE MYSELF YOU'VE GOT TO REDUCE THIS BORROWING REQUIREMENT OVER A PERIOD. I THINK FOR EXAMPLE SOME HAVE SUGGESTED DOTS DOTS THAT WE CUT FIVE-BILLION OFF OUR BORROWING REQUIREMENT. I THINK IF YOU WERE TO DO THAT THE CONSEQUENCES IN TERMS OF WHAT I CALL THE SOCIAL STRUCTURE OF THE COUNTRY WOULD BE APPALLING BECAUSE THERE IS NO SHORT CUT. I MEAN SOME PEOPLE SAY ..OH CUT OUT THE NATIONALISATION OF THE AIRCRAFT INDUSTRY... WELL, AGAINST THE TOTALS WE ARE TALKING ABOUT IT REALLY IS VERY SMALL BEER INDEED. YOU WOULD HAVE TO DIG DEEPLY INTO THE SOCIAL BENEFITS, INTO THE PENSIONS AND THE REST OF IT. SO, MY OWN APPROACH, IF WE CAN CARRY THIS THROUGH, IS TO REDUCE THE BORROWING REQUIREMENT OVER THE NEXT TWO OR THREE YEARS BY A SLICE EVERY YEAR AND TO HELP TO MEET THAT BY GETTING MANUFACTURING INDUSTRY TO GROW. NOW I DON'T KNOW WHAT DENIS HEALEY IS GOING TO DO IN THE NEXT BUDGET, IT'S TOO SOON TO SAY YET, BUT I WANT TO SEE HELP GIVEN TO MANUFACTURING INDUSTRY. THE PEOPLE WE'VE GOT TO RELY ON. MR. STEPHENSON SAID DON'T TALK ABOUT THE FOREIGNERS.

STEPHENSON: BUT CAN WE BRING YOU BACK TO THE TIME SCALE. LET'S TALK IN TERMS OF SIX MONTHS OR A YEAR WHICH IS WHERE THIS CRISIS WILL NEED SOME SORT OF RESOLUTION. IN THAT SORT OF PERIOD GROWTH ISN'T GOING TO SOLVE ANY OF THESE DIFFICULT PROBLEMS DOTS DOTS DOTS

IN THAT SORT OF PERIOD YOU ARE GOING TO BE FACED WITH A CHOICE BETWEEN RAISING TAXES OR CUTTING SPENDING AND DO YOU THINK THAT OUR FURTHER PUBLIC EXPENDITURE CUTS THIS YEAR IS IN SOME SENSE POLITICALLY IMPOSSIBLE? OR BY FUNDING AND IN THAT CASE YOU ARE GOING TO BE FACED WITH LEVELS OF INTEREST RATES FOR A LONG PERIOD DOTS DOTS

CALLAGHAN : DOTS DOTS DOTS AS FAR AS RAISING TAXES IS CONCERNED, I THINK THEY ARE NOT AT A LEVEL THAT IS OUT OF LINE WITH A NUMBER OF OTHER COUNTRIES . THEREFORE THERE IS SCOPE THERE.

STEPHENSON: DIRECT AND INDIRECT.

CALLAGHAN: DIRECT? WELL I AM TALKING ABOUT THE TOTAL LEVEL OF TAXATION. I AM NOT DISTINGUISHING BETWEEN DIRECT OR INDIRECT UPON THIS. BUT IF YOU TAKE THE TOTAL LEVEL OF TAXATION IN THIS COUNTRY AGAINST THE TOTAL LEVEL IN SOME OTHER COUNTRIES WE ARE NOT OUT OF LINE ALTHOUGH IT'S ALWAYS SAID THAT WE ARE. SO THERE IS CLEARLY SOME MARGIN, IF YOU THOUGHT THIS WAS THE RIGHT WAY TO DO IT. NOW ON THE TIME SCALE, THIS IS WHERE I THINK THE IMF AND OTHER COUNTRIES HAVE GOT TO CONSIDER OUR POSITION. WE ARE STILL A VERY CONSIDERABLE POWER IN TERMS OF INFLUENCE IN THE WORLD. OUR CONTRIBUTION TO THE BRITISH ARMY ON THE RHINE IS A SUBSTANTIAL ONE. THAT IS NOT JUST A MERE NUMBER OF FIFTY-FIVE-THOUSAND SOLDIERS. IT HAS SOMETHING TO DO WITH THE STABILITY OF CENTRAL EUROPE. IT HAS SOMETHING TO DO WITH THE WHOLE POLITICS OF THE WESTERN WORLD. OUR POSITION AS AN ALLY IN OTHER AREAS IS VERY IMPORTANT TOO.

MF



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NOW IF WE ARE TO BE PUSHED BECAUSE THERE IS A SHORT-TERM PROBLEM AND I THINK IN SOME WAYS THIS IS A SHORT-TERM PROBLEM, BY SHORT-TERM I MEAN A TWO TO THREE YEAR PROBLEM, IF WE ARE TO BE PUSHED INTO A POSITION WHERE WE WOULD HAVE TO MAKE A CHOICE BETWEEN WHETHER WE CARRY ON WITH THESE RESPONSIBILITIES OR WE HAVE TO SAY SORRY OUR ECONOMIC SITUATION DEMANDS THAT WE PUT OUR OWN POSITION FIRST. THIS WOULD BE A VERY SERIOUS MATTER FOR EUROPE. I DON'T WANT US TO MAKE THAT CHOICE AND I AM VERY CLEAR ON THIS. I BELIEVE VERY STRONGLY IN NATO. I BELIEVE VERY STRONGLY THAT BRITAIN HAS A GREAT CONTRIBUTION TO MAKE TO THE STABILITY OF CENTRAL EUROPE. BUT OTHERS HAVE GOT TO TAKE THIS INTO ACCOUNT TOO. LET ME REPEAT THE FIGURES. GERMANY'S RESERVES TODAY ARE BETWEEN THIRTY-FIVE BILLION AND FORTY-BILLION DOLLARS. OUR RESERVES ARE ... WELL MR STEPHENSON WILL KNOW... FIVE BILLION ? SOMETHING OF THAT SORT. FIVE-BILLION DOLLARS. NOW THERE IT IS, IF WE ARE TO BE EQUAL PARTNERS IN TRYING TO GET THE POLITICAL STABILITY OF CENTRAL EUROPE THEN THERE IS SOMETHING THAT NEEDS TO BE DONE .

DIMBLEBY: BUT YOU TALK ALL THE TIME AND WITH YOUR POWERFUL REFERENCE TO OUR FORCES IN EUROPE, AS THOUGH IT WERE THE IMF WHO WERE GOING TO BE MAKING THE PROPOSALS, AND THAT YOU YOURSELF, IF I UNDERSTAND IT, BELIEVE THAT YOU ARE STILL ON COURSE AND DON'T INTEND TO MAKE ANY CHANGES.

CALLAGHAN: I WOULD - IF WE COULD FINANCE THE DEFICIT THIS YEAR, I WOULD NOT WISH TO PUSH US INTO A GREATER DEFLATION. I THINK IT WOULD BE QUITE WRONG TO DO SO. BECAUSE ALREADY ACTIVITY IS SUFFICIENTLY DEPRESSED AND WE OUGHT TO BE MOVING UP. SO THAT I THINK THE IMF OUGHT TO TAKE THIS INTO ACCOUNT. WE SHALL HAVE TO CONSIDER WHAT THEY SAY TO US. THEY HAVEN'T SAID ANYTHING TO US YET. IT MAY BE THEY WILL TAKE THESE MATTERS INTO ACCOUNT.

JENKINS: LET ME PUT TO THE PRIME MINISTER WHAT PEOPLE INCESSANTLY PUT TO ME, AND I FIND IT INCREASINGLY DIFFICULT TO REFUTE, ALTHOUGH I, LIKE HIM, I SEE NO REASON WHY WE SHOULD DEFLATE THE ECONOMY IF WE CAN POSSIBLY HELP IT. BUT PEOPLE INCREASINGLY SAY THAT THE ONLY WAY IN WHICH FINANCIAL CONFIDENCE IS GOING TO BE RESTORED NOW IS IF THIS GOVERNMENT - AND THEY USE THIS SORT OF LANGUAGE - IF THIS GOVERNMENT HAS THE GUTS TO CUT PUBLIC EXPENDITURE BY TWO, THREE BILLION POUNDS. PEOPLE ARE GOING TO BE WATCHING YOU TONIGHT AND THEY'RE GOING TO SAY, LOOK HE'S SITTING THERE, TALKING AS IF THE WORLD WILL GO ON, HE'S NOT SAYING ANYTHING ABOUT CUTTING PUBLIC EXPENDITURE, HE'S TALKING AS IF HIS STRATEGY IS GOING TO SOLVE THE PROBLEM, AND THEY ARE GOING TO GO OFF TOMORROW MORNING AND PROBABLY SELL THE POUND AND FORCE IT DOWN TO GOD KNOWS WHAT.

CALLAGHAN: I WILL REGRET THAT IF THEY DO THAT, BUT I CAN ONLY TELL YOU WHAT THE POSITION IS. YOU ARE RIGHT, THERE IS NO REAL CASE FOR DEFLATING THE ECONOMY ANY FURTHER, IT WILL MEAN MORE PEOPLE UNEMPLOYED IF WE DO DEFLATE THE ECONOMY ANY FURTHER. THEREFORE I WANT TO AVOID IT. WHETHER WE CUT PUBLIC EXPENDITURE IN THREE MONTHS, OR OVER A PERIOD OF THE NEXT TWO TO THREE YEARS IS ANOTHER QUESTION. I DON'T WANT TO BE PANIC-STRICKEN ON THIS, OR TO BE RUSHED INTO PANICKY DECISIONS ON IT. I'VE INDICATED, AND LET ME REPEAT IT AGAIN SO THAT THEY DON'T SELL THEIR STERLING TOMORROW. OVER THE NEXT THREE YEARS, AND I DRAW MY LINES AGAIN, I THINK THE PUBLIC EXPENDITURE HAS GOT TO COME DOWN AS A PROPORTION OF THE GROSS DOMESTIC PRODUCT. I THINK THIS WILL MAKE SENSE FOR BRITAIN AS AN ALLY, AS A STRONG ALLY IN THE WORLD.

ENGLISH DOTS DOTS DOTS NOW YOU SAID THAT YOU ARE WORRIED ABOUT MANAGERS, AND YOU'VE SAID IT BEFORE AND THE CHANCELLOR HAS SAID IT, THEY'RE BEING SQUEEZED, THEIR DIFFERENTIALS BEING PUSHED DOWN DOTS DOTS DOTS. CAN YOU CHANGE THE TAX STRUCTURE TO GIVE THEM THE INCENTIVE WHERE NECESSARY? DOTS DOTS DOTS

MF



CALLAGHAN: DOTS DOTS DOTS I CERTAINLY WANT TO SEE THESE DIFFERENTIALS IRON OUT, THAT IS TO SAY MAKE A SKILLED MAN'S JOB MORE WORTHWHILE. I CERTAINLY WANT TO SEE THE MANAGER GETTING A BETTER DEAL, WHETHER THAT'S DONE THROUGH THE TAX STRUCTURE OR IN SOME OTHER WAY. I THINK THAT IS SOMETHING FOR THE CHANCELLOR TO LOOK AT IN THE NEXT BUDGET. (6)

DIMBLEBY: PRIME MINISTER, CAN WE FOR THE MOMENT LEAVE THE ECONOMIC SITUATION AND PUT ONE OR TWO QUESTIONS TO YOU ABOUT THE PARLIAMENTARY AND POLITICAL SITUATION YOU'RE FACING. I'D LIKE TO START BY ASKING YOU WHETHER - DOTS DOTS YOU BELIEVE THAT THE HOUSE OF LORDS IS BEHAVING IMPROPERLY IN HOLDING UP YOUR COMMONS BILLS WHICH YOU REFERRED TO AT BLACKFOOT SO PROUDLY, AND IF YOU DO BELIEVE THAT, WHAT ACTION DO YOU THINK SHOULD BE TAKEN TO DEAL WITH IT?

L CALLAGHAN: WELL I'M NOT SURE I'M GOING TO ANSWER THE SECOND PART OF THE QUESTION DOTS DOTS DOTS AS REGARDS THE FIRST PART OF THE QUESTION, I THINK IT'S FAIR FOR THE LORDS TO SAY THAT THEY'VE BEEN GIVEN A LOT OF LEGISLATION VERY LATE. I THINK THAT'S RIGHT, AND I WOULDN'T DISAGREE WITH THAT. WHAT IS NOT FAIR FOR THEM TO DO IS TO DISEMBOWEL THAT LEGISLATION WHICH HAS GONE THROUGH THE COMMONS.

DIMBLEBY: ARE THERE ANY OF THOSE BILLS THAT YOU WOULD BE PREPARED TO DROP?

CALLAGHAN: MOST CERTAINLY NOT. THEY'VE ALL BEEN THROUGH THE COMMONS. THERE IS NO CASE AT ALL FOR THE LORDS TO SAY THAT THEY ARE GOING TO INSIST, THESE PEOPLE, THEY ARE GOING TO INSIST ON US DROPPING A BILL. ABSOLUTELY NOT.

JENKINS: IT'S INCREASINGLY SAID BY PEOPLE I THINK, LOOKING AT THOSE SITUATION IN THIS COUNTRY, BOTH BY BRITISH PEOPLE AND BY FOREIGNERS, THAT WE ARE EXPERIENCING NOT SIMPLY AN ECONOMIC CRISIS, BUT A POLITICAL CRISIS. NOW ONE OF THE THINGS THAT I THINK THEY HAVE IN MIND WHEN THEY SAY THIS IS THAT WHEN YOU SPEAK -- AS YOU DID EARLIER IN THIS PROGRAMME ABOUT THE SOCIAL COHESION OF THIS COUNTRY AND HOW MUCH STRAIN YOU COULD PUT UPON IT. NOW WHAT EXACTLY IS ONE TALKING ABOUT, ARE YOU TALKING ABOUT HOW MUCH STRAIN YOU CAN PUT UPON THE BRITISH PEOPLE? OR HOW MUCH STRAIN YOU CAN PUT UPON THE PARLIAMENTARY LABOUR PARTY? OR THE GENERAL COUNCIL OF THE T.U.C.? OR THE LABOUR PARTY EXECUTIVE? AND IS THE FUTURE OF THE COUNTRY TO BE DETERMINED BY THE TOLERANCES OF THESE BODIES?

CALLAGHAN: I THINK THAT IS A VERY IMPORTANT QUESTION AND ONE I OFTEN THINK ABOUT. I THINK WE'VE GOT INTO A POSITION WHERE PARTICULAR GROUPS OF PEOPLE ARE PUSHING THEIR OWN PARTICULAR INTEREST MUCH TOO HARD AGAINST THE GENERAL INTEREST. AND THIS IS WHAT I MEAN BY DISTURBING THE SOCIAL COHESION. THESE GROUPS ARE VERY POWERFUL AND UNTIL THEY CAN BE MADE TO SEE THAT THEY ARE ACTING, AND ACCEPT THAT THEY ARE ACTING AGAINST THE NATIONAL INTEREST, THEN OUR SOCIAL COHESION COULD BE IN MY VIEW VERY SERIOUSLY DISTURBED. I HAVE TO APPEAL TO ALL THE COUNTRY, AND WILL APPEAL TO ALL THE COUNTRY. BUT ONE OF THE THINGS I WOULD LIKE TO SAY TO THESE GROUPS, AND I WON'T PARTICULARISE THIS EVENING, I THINK EVERYBODY HAS GOT HIS OWN PARTICULAR INTEREST HASN'T HE. IT DOESN'T MATTER WHERE YOU -- WE COULD ALL THINK OF A DOZEN STRAIGHT AWAY. BUT TO SAY TO THEM THAT EACH OF THEM SHOULD NOT PUSH HIS PARTICULAR INTEREST BEYOND THE POINT WHERE HE MAKES IT IMPOSSIBLE FOR THE MEASURES TO BE TAKEN. WELL. I WON'T GIVE EXAMPLES, BUT I THINK WE CAN ALL THINK OF THEM.

ENDS VERBATIM SERVICE TWO ONE FOUR/SEVENTYSIX

L..P..S..

END



MEMORANDUM

NATIONAL SECURITY COUNCIL

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SHIFT
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ACTION
October 27, 1976
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Thanks.
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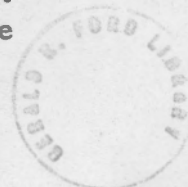
MEMORANDUM FOR: BRENT SNOWCROFT
FROM: ROBERT HORMATS RH
SUBJECT: Your Meeting with Yeo

The meeting will provide an opportunity for an update on the British economy and to plan future strategy for helping the UK deal with its problems.

Background: The British economy has barely turned out of recession. In addition, high rates of inflation and a poor balance of trade performance have put strong downward pressure on sterling. The Bank of England stopped supporting sterling on September 7 and allowed it to float down to \$1.63 on September 28. The drop reflects continued lack of confidence of Britain's economic policies. In order to bolster confidence, the UK announced on September 29 that it would negotiate a standby agreement enabling it to draw its remaining credit tranches from the IMF -- roughly \$3.9 billion. At least \$1.5 billion of this will be needed to repay drawings on the \$5.3 billion swap for the Group of Ten countries provided the UK last spring.

Announcement of the Fund drawings, however, did not reduce the pressure on sterling. Speculators apparently remain unconvinced that the UK can or will implement the tough economic measures required to narrow its deficits and reduce inflation. The jumpy market was further disturbed by an article by one Malcolm Crawford in the Sunday Times stating that the IMF, with US support, would require a sterling devaluation -- to \$1.50 -- as a condition for the standby. On Monday sterling dropped from \$1.65 to \$1.57, but recovered to \$1.59 by the day's end. Confidence was further eroded by Milton Friedman's TV interview in which he said that Britain is following Chile and New York City toward financial collapse.

Although Britain has already taken a series of measures to reduce money supply, further cuts in budget will probably be required by the IMF. Anticipating this, Callaghan has stated that if the IMF tried to force



Britain to take "harmful" economic measures, they and the richer countries of the world would have to take the "political consequences". If the IMF standby proves insufficient, or if the British cannot agree to the terms required by the IMF, the UK will probably ask us and Germany for bilateral support in the form of medium-term credits. They have already made some tentative approaches along these lines.

The following points should be pursued at your meeting:

-- What is the state of US and IMF discussions with the British? Is progress in UK-IMF negotiations rapid enough?

-- Then too will the actions taken by the British following Yeo's visit move the UK toward the conditions which the IMF will require for a standby; what further measures is the IMF likely to insist upon?

-- To what extent do we believe that Britain can do the sorts of things the IMF will require without jeopardizing the authority of the present government?

-- To what extent are US or German bilateral credits likely to be required by the British, and what would be our attitude for a UK request for bilateral assistance?



FOR IMMEDIATE RELEASE

OCTOBER 28, 1976

OFFICE OF THE WHITE HOUSE PRESS SECRETARY
(Cincinnati, Ohio)

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

The United States has the highest confidence in the ability of the United Kingdom to overcome its present economic difficulties. The British Government has taken a number of positive steps. We are further encouraged by Britain's decision to seek a standby agreement with the International Monetary Fund. As I have already stated publicly, the United States will fully support an agreement reached between Britain and the IMF. As a matter of general policy, it is the abiding purpose of the United States to see the United Kingdom as a vigorous member of the European Community, the North Atlantic Alliance and other international institutions whose goal it is to build a better and safer world.

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ROLLS-ROYCE LIMITED

NORFOLK HOUSE, St James's Square,
LONDON SW1Y 4JR
Telex: 918091 Telephone: 01-839-7888

PERSONAL

3rd November, 1976.

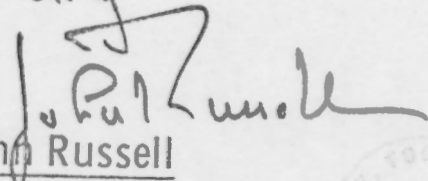
The Rt. Hon. Gerald Ford,
President of the United States of America,
The White House,
Washington D. C.
U. S. A.

Dear Mr President

It was with great sadness that I woke up to the news that you are no longer to be guiding the destinies of your great country, as you have done with such devotion, distinction and success these last two arduous years.

How long ago it seems already since we walked together at Admiral Carrero Blanco's funeral in Madrid (where I at that time was Ambassador). I have ever since followed your fortunes with close attention, sympathy and admiration. I hope that, now that you are once again "your own man", you will be free to travel the world and that we may have the pleasure one day soon of welcoming you here in London, when we shall be able to renew our acquaintance. My wife and I would count it an honour if you and Mrs. Ford could find time to come to our home.

With very best wishes to you, Mr President,
Yours very sincerely


Sir John Russell



MEMORANDUM

THE PRESIDENT HAS SEEN....

OK GA

6011X

THE WHITE HOUSE

WASHINGTON

ACTION

November 5, 1976

SECRET/XGDS

MEMORANDUM FOR: THE PRESIDENT

FROM: BRENT SCOWCROFT *B*

SUBJECT: Message from British Prime Minister

Prime Minister Callaghan has sent you the message at Tab B expressing his appreciation for the support you have given him and the friendship you have shown during his period as Prime Minister. He extends his best wishes and those of Mrs. Callaghan to you and your family for the future.

While I plan to present proposed responses to incoming messages to you as a group in a few days, I thought you might wish to respond to Callaghan right away. I have therefore prepared a message for your approval at Tab A, expressing your deep appreciation for his thoughtful words.

RECOMMENDATION:

That you approve the message to Prime Minister Callaghan at Tab A for dispatch via the Cabinet Line to London.

APPROVE

MR 7

DISAPPROVE _____

SECRET/XGDS

DECLASSIFIED

E.O. 13526 (as amended) SEC 3.3

NSC Memo, 3/30/06, State Dept. Guidelines

By *AM* NARA, Date *1/6/12*



Sent

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SECRET/XGDS

VIA CABINET LINE

TO: THE PRIME MINISTER

FROM: THE PRESIDENT *R. Ford*

Dear Jim:

Thank you for your most thoughtful message. I was very deeply touched by it. At times like this, the reassurance of friends expressing confidence in the correctness of our course is a source of great pride as well as consolation. The United Kingdom has always been our closest partner and friend. Together we must continue in our common determination to meet and overcome the substantial agenda of problems before us. Strengthened by the close, mutually supportive and successful record of the past two years, I am confident we will do so.

I deeply value our personal friendship and am certain we will have an occasion soon for carrying it forward. For the moment, please accept the gratitude of Betty and me for your kind message.

With our best wishes to you and Mrs. Callaghan.

Sincerely,

Jerry Ford

SECRET/XGDS

DECLASSIFIED
E.O. 13526 (as amended) SEC 3.3
NSC Memo, 3/30/06, State Dept. Guidelines
By *[Signature]* NARA, Date *2/6/12*



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CAH/WH 001/03

FOLLOWING IS TEXT OF SECRET AND PERSONAL MESSAGE FROM THE PRIME MINISTER TO PRESIDENT FORD.

BEGINS:

MY DEAR GERRY,

AT THIS MOMENT, AT THE END OF AN EXHAUSTING CAMPAIGN, WHEN MANY DIFFERENT EMOTIONS WILL BE CROWDING IN UPON YOU, PLEASE PUT ON THE CREDIT SIDE OF THE BALANCE SHEET HOW MUCH STRENGTH YOU HAVE GIVEN ME BY YOUR UNSWERVING SUPPORT AND FRIENDSHIP DURING MY PERIOD AS PRIME MINISTER. I SHALL NOT FORGET THE CLOSE CO-OPERATION WHICH I AND MY COLLEAGUES HAVE ENJOYED WITH THE UNITED STATES ADMINISTRATION UNDER YOUR PRESIDENCY. YOU HAVE LED THE WORLD WITH INTEGRITY AND TRUTH, AND NO MAN CAN GIVE MORE. I LOOK FORWARD TO CONTINUING CLOSE CONTACT BETWEEN US DURING YOUR REMAINING MONTHS AT THE WHITE HOUSE.

AUDREY JOINS ME IN SENDING TO MRS. FORD AND YOURSELF OUR THOUGHTS AND WARMEST GOOD WISHES FOR THE FUTURE. ALL WE POLITICIANS HAVE LIVED THROUGH TRIUMPH AND DEFEAT. THEY ARE PASSING PHANTOMS, BUT THE JOY OF OUR FAMILIES AND THE KNOWLEDGE THAT WE HAVE BEEN TRUE TO OURSELVES ARE THE SOLID BEDROCK ON WHICH WE CAN CONTINUE TO STAND WHATEVER THE FUTURE MAY HOLD. I HOPE VERY MUCH THAT IT WILL NOT BE TOO LONG BEFORE WE CAN ALL MEET AGAIN, WITH WARM PERSONAL REGARDS,
YOURS EVER,
JIM.
ENDS.

DECLASSIFIED
E.O. 13526 (as amended) SEC 3.3
NSC Memo, 3/30/06, State Dept. Guidelines
By WA NARA, Date 1/2/12



***** WNSR COMMENT *****

SCOWCROFT, BYLAND, McFARLANE

RECALLED

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PAGE 01

OF 01

TOP:308/18:02Z

DTG:031800Z NOV 76

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
Presidential Libraries Withdrawal Sheet

WITHDRAWAL ID 036943

REASON FOR WITHDRAWAL ÇNational security restriction

TYPE OF MATERIAL ÇMemorandum

CREATOR'S NAME Mr. Clift

RECEIVER'S NAME Brent Scowcroft

TITLE UK Expulsion of Philip Agee - Press
Guidance

CREATION DATE 11/08/1976

VOLUME 1 page

COLLECTION/SERIES/FOLDER ID . 033900607

COLLECTION TITLE NATIONAL SECURITY ADVISER. NSC EUROPE,
CANADA, AND OCEAN AFFAIRS STAFF: FILES

BOX NUMBER 40

FOLDER TITLE United Kingdom, 1976 WH (12)

DATE WITHDRAWN 03/27/2012

WITHDRAWING ARCHIVIST TMH

EXPULSION OF US CITIZEN FROM UK

Q: There are reports from London that the British Government is expelling former CIA employee Philip Agee and another American citizen, Mark Hesenhall. Was the US Government involved in this decision?

A: The British Government informed the United States Government of this decision a few days ago.

Q: Is the US behind these expulsions? Is this an attempt to hound Agee, in particular, for his anti-CIA activities?

A: Action involving these two Americans was the result of a decision by the British Government. I am unaware of the reasons for that decision. You may be able to obtain further information from the British Embassy.



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~~SECRET~~

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ROUTINE
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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 7303

~~SECRET~~ LONDON 17863

EXDIS
E.O. 11652: GDS
TAGS: PINR
SUBJECT: FCO APPROACH ON EX-CIA EMPLOYEE

RB - Please do brief GdA with cover from me BS

X1A. ON AFTERNOON OF 5 NOVEMBER, [REDACTED] MET WITH RICHARD SYKESGU DEPUTY UNDER SECRETARY, FCO, IN HIS OFFICE. SYKES REPORTED THAT HMG HAD DECIDED THAT ON 11 OR 12 NOVEMBER PHILIP AGEE AND MARK HOSENBALL (BOTH U.S. CITIZENS) WOULD BE TOLD THAT THEY ARE NO LONGER WELCOME TO STAY IN THE U.K. THIS INFORMATION WAS ALSO BEING SENT TO THE BRITISH EMBASSY IN WASHINGTON TO BE PASSED TO APPROPRIATE PERSONS IN THE USG.

2. SYKES EMPHASIZED THE FACT THAT HMG HAD DECIDED ON THIS COURSE OF ACTION ON THE BASIS OF ACTIVITIES OF THESE INDIVIDUALS WITH RESPECT TO THE U.K. HE NOTED THAT THERE MIGHT BE PRESS REPORTS SUGGESTING THAT OTHER COUNTRIES HAVE INFLUENCED THIS DECISION. HE REITERATED THAT QTE HMG HAD MADE THIS DECISION FOR REASONS OF THEIR OWN. UNQTE ON THIS BASIS SYKES ASKED THAT THE USG NOT COMMENT WHEN IT HITS THE PRESS EXCEPT TO RESPOND THAT QTE HMG HAD INFORMED THE USG OF THE DECISION A FEW DAYS AGO. UNQTE HE FEELS IT IMPORTANT THAT ALL APPROPRIATE ELEMENTS OF THE USG (INCLUDING THE WHITE HOUSE STAFF) WHICH MIGHT BE CONTACTED BY THE PRESS BE ALERTED TO PROVIDE SIMILAR RESPONSES. IF THE PRESS ASKS THE REASON FOR THE DECISION, THEY CAN BE REFERRED TO THE BRITISH EMBASSY IN WASHINGTON FOR AN EXPLANATION.

3. FYI: SYKES SAID THAT AGEE AND HOSENBALL PROBABLY WOULD BE GIVEN A FORTNIGHT TO CLEAN UP THEIR AFFAIRS. THEY ALSO HAVE THE RIGHT TO APPEAL TO AN ADMINISTRATIVE PANEL OF THREE RETIRED SENIOR CIVIL SERVANTS WHO WOULD



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AUTHORITY RAC 2/31/01 NLF-NSC E.C.OA-40-6-2; State review 12/1/03
BY SO NLF, DATE 6/27/08

RSN:046290

PAGE 01

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RTS:06002-7 NOV 76

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HEAR EVIDENCE IN CAMERA. SYKES WAS SURE THAT THE EVIDENCE WOULD BE SUFFICIENT TO REJECT THE APPEAL. IF AGEE AND HOSENBALL REQUESTED BRITISH ASSISTANCE IN GETTING PERMISSION TO LAND IN ANOTHER COUNTRY, THE PCO WOULD PROBABLY ASSIST, QTE EVEN IF THE COUNTRY IS CUBA. UNOTE

4. THIS INFORMATION IS ALSO BEING REPORTED BY [REDACTED]

25X1

SPERS



~~SECRET~~

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NATIONAL SECURITY COUNCIL

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~~SECRET~~

ACTION

November 10, 1976

MEMORANDUM FOR: BRENT SCOWCROFT
FROM: ROBERT HORMATS *RH*
SUBJECT: Message from Prime Minister Callaghan

Prime Minister Callaghan's message indicating his desire to send Harold Lever to Washington this weekend represents a further British effort to secure US support for assistance to Britain -- particularly support for measures to finance sterling balances. Clearly we cannot turn the Prime Minister down, but you should be aware that this visit puts us into a more visible position than we have chosen for ourselves, as we preferred keeping the IMF out in front and American involvement to a minimum. In addition, at this point we do not know the state of play of IMF discussions with the UK.

except for all the statements given 12/1/76

The wisest course of action is to agree to have Lever come, but indicate that the President will not be in Washington until Tuesday, at which time Lever would be welcome. In the interim, Yeo is planning to visit London and will ascertain from the IMF representative how the talks are going. Upon his return we will have a much better idea how to deal with Lever, and will have been able to prepare adequate talking points for the President, Kissinger, Simon, et al. If Lever cannot come on Tuesday, because his absence might bring the downfall of the Labour Government, next weekend would be an appropriate time. Alternatively, Lever could come on the weekend, talk to Simon, et al., and see the President on Tuesday.



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E.O. 13526 (as amended) SEC 3.3

NSC Memo, 3/30/06, State Dept. Guidelines; *5th rev. cw 12/1/03*

By *lm* NARA, Date *1/6/12*

~~SECRET~~ GDS

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

6163

[ca. 5/12/67] Clift: FYI

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U.K.

ADMINISTRATIVELY
CONFIDENTIAL

MEMORANDUM FOR RON NESSEN

FROM: Brent Scowcroft *B*
SUBJECT: President's Meeting with Harold Lever

only if asked

For your background, the following is the text of the press guidance being used on November 15 by the British Government to describe Harold Lever's meeting with the President on November 16:

BEGIN TEXT: Mr. Lever as a Treasury Minister has gone to the USA to give senior politicians and officials in Washington an account of British economic policies. He has not gone to negotiate with anyone. While he is there, he is taking a message from the Prime Minister to President Ford and the President has agreed to see him. The contents of the message are personal. The Prime Minister has a very high regard for President Ford as he is making clear tonight at the Lord Mayor's banquet. END TEXT.

ADMINISTRATIVELY
CONFIDENTIAL



11/7/76

file UK 12

Text of message:

Thank you for your recent message. I hope very much that you have been getting some rest after the arduous of the campaign.

I am more than grateful for the expressions of support which you have given to us recently. We are now approaching some very critical decisions over sterling and our negotiations with the IMF. I am determined that we should pursue our present course as a reliable ally and partner but our economic position must make this possible: and I have to take account of political realities here and in particular the catastrophic effect which a downward ratchet of deflation would have on business confidence at home and on our unemployment situation. I would like to send Harold Lever over to Washington this weekend if this would be convenient. He will bring with him a fuller personal message from me to you and if possible I would like you to see him. If that is not practicable it would be very helpful if he could have a talk with Henry Kissinger. He will in any case hope to see Bill Simon, Ed Yeo, Witteveen and certain other financial contacts.

DECLASSIFIED
E.O. 13526 (as amended) SEC 3.3
NSC Memo, 3/30/06, State Dept. Guidelines; *sterner.cw 4/1/03*
By W NARA, Date 1/6/12



BRIEFING ITEM FOR THE PRESIDENT

13 UK

CROSLAND'S TRIP TO BELGRADE

According to a British Embassy official in Belgrade, Foreign Minister Crosland visited Yugoslavia to:

--emphasize UK support for continued Yugoslav independence; and

--meet with as many of Tito's potential successors as possible, an objective readily supported by the Yugoslavs.

Influential Presidium member Dolanc told Crosland that Yugoslavia was more united than ever, did not fear the question of succession, and did not expect the Soviets to intervene, at least militarily, in Yugoslav affairs.

DECLASSIFIED

E.O. 13526 (as amended) SEC 3.3

NSC Memo, 3/30/06, State Dept. Guidelines

By jk NARA, Date 1/6/12

state review 12/1/03

INR Intelligence Summary (DClift:11/12/76)



LIMITED OFFICIAL USE

THE WHITE HOUSE
WASHINGTON

OK
Pres. response in Palm Spring
6110
SCHEDULE PROPOSAL
DATE: November 12, 1976
FROM: Brent Scowcroft
VIA: William Nicholson

CLIFT

MEETING: Private office visit with Harold Lever, personal emissary of Prime Minister Callaghan and British Chancellor of the Duchy of Lancaster.

DATE: November 16 (morning)

PURPOSE: To receive personal message from Prime Minister Callaghan regarding British economic problems and to convey US views regarding support for UK IMF negotiations.

FORMAT: -- Oval Office
-- 45 minutes

CABINET PARTICIPATION: Secretary Kissinger
Secretary Simon

SPEECH MATERIAL: Briefing papers and talking points to be prepared by Treasury and NSC.

PRESS COVERAGE: To be announced.
White House photographer only.

STAFF: Brent Scowcroft

RECOMMEND: Secretary Kissinger
Brent Scowcroft

OPPOSED: None

PREVIOUS PARTICIPATION: You have not met with, but may have been introduced to, Harold Lever.

BACKGROUND: Prime Minister Callaghan's message of November 9 indicates his desire to send Lever to Washington to bring you a fuller personal message from the Prime Minister. The British are currently in the process

LIMITED OFFICIAL USE



of negotiating an agreement with the IMF which would likely call for additional British measures to stabilize the UK economy in return for IMF financial support (roughly \$3.9 billion). The British are also pushing the idea, of which Lever is champion, of foreign financing of sterling balances (i. e., sterling held abroad). Your meeting provides an opportunity to indicate our belief that every effort should be made to reach early agreement between Britain and the IMF because we believe that such an agreement is capable of providing the basis for a solution to Britain's economic problems and that we will do everything possible to facilitate a UK agreement with IMF once it is reached. It will also enable you to underline our position that we cannot outside of the context of such an agreement lend support to any proposals designed to finance sterling balances as we do not believe that such a step would address the basic problems faced by the UK or constitute an appropriate way of providing any needed additional financing.

Text of the Prime Minister's message is at Tab I.



UK
ISA

ADMINISTRATIVELY
CONFIDENTIAL

ACTION
November 15, 1976

MEMORANDUM FOR BRENT SCOWCROFT

FROM: Mr. Clift

SUBJECT: President's Meeting with Harold Lever

Sir Peter's assistant has just called with two requests. First, the Prime Minister wishes to call the President prior to the President's meeting with Lever on November 16. Second, the British Embassy would like to include a third British participant -- Economic Counsellor William Ryrie -- in the Lever meeting.

Following consultation with Bill Hyland, I have advised the Embassy that Ryrie may accompany Sir Peter to the White House, but that it is not yet decided whether he would be able to participate in the meeting.

The memorandum for your signature to the President at Tab A would recommend that he agree to take the Prime Minister's call tomorrow morning.

The Embassy has provided us with the No. 10 Downing Street press guidance on the Lever meeting, being issued on the evening of November 15. I recommend that you forward this text to Ron Nessen with the memorandum at Tab B, permitting him to draw on it at the November 16 briefing.

RECOMMENDATION

1. That you sign the memorandum for the President at Tab A.
2. That you sign the memorandum for Ron Nessen at Tab B.

ADMINISTRATIVELY
CONFIDENTIAL

DCclift:nw:11/15/76



ADMINISTRATIVELY
CONFIDENTIAL

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: Brent Scowcroft

SUBJECT: Telephone Call From Prime Minister Callaghan

The British Embassy has informed us that Prime Minister Callaghan would like to place a call to you at 10:35 a. m. Tuesday, November 16, prior to your 11:00 a. m. meeting with Harold Lever. The call, we are advised, will relate to your meeting with Lever.

I recommend that you agree to accept the call. Your role, primarily, would be that of receiving the Prime Minister's message, and stating that you are looking forward to your meeting with Lever.

With your approval, I will inform the British Embassy that you would be pleased to receive Prime Minister Callaghan's call on the morning of November 16.

APPROVE _____

DISAPPROVE _____

ADMINISTRATIVELY
CONFIDENTIAL

DC11ft:nw:11/15/76



15C

6163

ADMINISTRATIVELY
CONFIDENTIAL

MEMORANDUM FOR RON NESSEN

FROM: Brent Scowcroft
SUBJECT: President's Meeting with Harold Lever

For your background, the following is the text of the press guidance being used on November 15 by the British Government to describe Harold Lever's meeting with the President on November 16:

BEGIN TEXT: Mr. Lever as a Treasury Minister has gone to the USA to give senior politicians and officials in Washington an account of British economic policies. He has not gone to negotiate with anyone. While he is there, he is taking a message from the Prime Minister to President Ford and the President has agreed to see him. The contents of the message are personal. The Prime Minister has a very high regard for President Ford as he is making clear tonight at the Lord Mayor's banquet. END TEXT.

ADMINISTRATIVELY
CONFIDENTIAL

C

DCHft:nw:11/15/76



INFORMATION

November 16, 1976

*Hand carried
to BS
by HQ. 16
file:
UK*

MEMORANDUM FOR THE PRESIDENT

FROM: Brent Scowcroft

SUBJECT: Speech by Prime Minister Callaghan

You may wish to glance at the attached speech given by the British Prime Minister last evening, prior to your telephone conversation with him this morning. (Tab A)

The speech, given before the Lord Mayor's Banquet, focusses on the priorities required to meet Great Britain's economic crisis.

At the bottom of the first page, the Prime Minister pays you a personal tribute.



THE WHITE HOUSE
WASHINGTON

17A

November 18, 1976

MEMORANDUM FOR

BRENT SCOWCROFT

The President has signed:

Proclamation of Extradition
Treaty with the United
Kingdom

Robert D. Linder
(over)

Robert D. Linder



THE WHITE HOUSE
WASHINGTON

6007

17B

ACTION
November 8, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: Brent Scowcroft *with for*

SUBJECT: Proclamation of Extradition Treaty with the United Kingdom

The Department of State has forwarded for your signature the proclamation (at Tab A) of the Treaty on Extradition between the United States and the United Kingdom of Great Britain and Northern Ireland, together with a Protocol of Signature and an exchange of notes, signed at London on June 8, 1972.

The Treaty is one of a series of extradition treaties being negotiated by the United States and contains provisions concerning aircraft hijacking, narcotics offenses, and conspiracy to commit certain listed offenses.

Following Senate advice and consent on June 21, 1976, you ratified the Treaty on September 10, 1976. The instruments of ratification were exchanged between the two countries on October 21, 1976. The Treaty and related documents will enter into force three months after the exchange of instruments of ratification -- on January 21, 1977.

The proclamation for your signature at Tab A would indicate US observance of and compliance with the Treaty, effective January 21, 1977.

Max Friedersdorf concurs.

RECOMMENDATION

That you sign the proclamation at Tab A.



MEMORANDUM

NATIONAL SECURITY COUNCIL

6007

*Hand to Cannon
etc 11/8 '100*

17C

ACTION

November 4, 1976

MEMORANDUM FOR BRENT SCOWCROFT

FROM: Mr. Clift *[Signature]*

SUBJECT: Proclamation of Extradition Treaty with the
United Kingdom

With the memorandum at Tab II, the Department of State has forwarded for the President's signature the proclamation of the Treaty on Extradition Between the United States and the United Kingdom, together with a Protocol of Signature and an exchange of notes, signed at London on June 8, 1972.

The Treaty is one of a series of extradition treaties being negotiated by the United States and contains provisions concerning aircraft hijacking, narcotics offenses, and conspiracy to commit certain listed offenses.

Following Senate advice and consent, the President ratified the Treaty on September 10, 1976. The instruments of ratification were exchanged at Washington on October 21, 1976. The Treaty and related documents will enter into force three months after the exchange of instruments of ratification, that is, on January 21, 1977.

The memorandum for your signature to the President at Tab I would forward the proclamation of US observance of the Treaty for his signature.

RECOMMENDATION

That you sign the memorandum for the President at Tab I.





DEPARTMENT OF STATE

S/S 7622533

Washington, D.C. 20520

November 2, 1976

MEMORANDUM FOR MR. BRENT SCOWCROFT
THE WHITE HOUSE

Subject: Proclamation of the Extradition
Treaty with the United Kingdom

Attached for signature by the President is the proclamation of the Treaty on Extradition between the United States of America and the United Kingdom of Great Britain and Northern Ireland, together with a Protocol of Signature and an exchange of notes, signed at London on June 8, 1972.

The Senate gave its advice and consent to ratification on June 21, 1976; the President signed the instrument of ratification on September 10, 1976; and instruments of ratification were exchanged at Washington on October 21, 1976. According to its provisions, the Treaty and related documents will enter into force three months after the exchange of instruments of ratification, that is on January 21, 1977.

The Treaty is one of a series of extradition treaties being negotiated by the United States and contains provisions concerning aircraft hijacking, narcotics offenses, and conspiracy to commit certain listed offenses.

In *hawk V. Ortiz*
C. Arthur Borg
Executive Secretary

Attachment:

Proclamation



17E

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA
A PROCLAMATION

CONSIDERING THAT:

The Treaty on Extradition between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland, a Protocol of Signature, and an exchange of notes were signed at London on June 8, 1972, the texts of which Treaty and related documents, are hereto annexed;

The Senate of the United States of America by its resolution of June 21, 1976, two-thirds of the Senators present concurring therein, gave its advice and consent to ratification of the Treaty and the related documents;

The Treaty and the related documents were ratified by the President of the United States of America on September 10, 1976, in pursuance of the advice and consent of the Senate, and were duly ratified on the part of the United Kingdom of Great Britain and Northern Ireland;

It is provided in Article XVI of the Treaty that the Treaty shall enter into force three months after the date of the exchange of instruments of ratification;

The instruments of ratification of the Treaty were exchanged at Washington on October 21, 1976; and accordingly the Treaty and the related documents enter into force on January 21, 1977;



NOW, THEREFORE, I, Gerald R. Ford, President of the United States of America, proclaim and make public the Treaty, Protocol of Signature, and the exchange of notes, to the end that they shall be observed and fulfilled with good faith on and after January 21, 1977, by the United States of America and by the citizens of the United States of America and all other persons subject to the jurisdiction thereof.

IN TESTIMONY WHEREOF, I have signed this proclamation and caused the Seal of the United States of America to be affixed.

DONE at the city of Washington

our Lord one thousand
nine hundred seventy-six
and of the Independence
of the United States of
America the two hundred
first.

By the President:

Secretary of State



EXTRADITION TREATY WITH THE UNITED
KINGDOM OF GREAT BRITAIN AND
NORTHERN IRELAND

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

THE EXTRADITION TREATY BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND, TOGETHER WITH A PROTOCOL OF SIGNATURE AND AN EXCHANGE OF NOTES, SIGNED AT LONDON ON JUNE 8, 1972



FEBRUARY 3, 1976.—Treaty was read the first time and, together with the accompanying papers, referred to the Committee on Foreign Relations and ordered to be printed for the use of the Senate

U.S. GOVERNMENT PRINTING OFFICE

57-118

WASHINGTON : 1976

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