

FOR IMMEDIATE RELEASE

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OFFICE OF THE WHITE HOUSE PRESS SECRETARY
(Dorado Beach, Puerto Rico)

THE WHITE HOUSE

PRESS CONFERENCE
OF
HENRY A. KISSINGER
SECRETARY OF STATE
AND
WILLIAM E. SIMON
SECRETARY OF THE TREASURY

SATELLITE PRESS CENTER

4:15 P.M. AST

SECRETARY KISSINGER: Let me say that basically the purpose of this conference was to enable the leaders of the industrial democracies, a group of nations that between them have 60 percent of the world's GNP, to discuss a number of economic issues and to discuss a number of issues where economic and political considerations merge, such as East-West and North-South issues. They discussed them in a very free and relaxed atmosphere.

It was not a question of reading prepared statements at each other, but, as Prime Minister Callaghan said, there was usually one of the leaders who introduced one of the issues and then there was a free and easy discussion

We believe that on the major issues confronting these countries a large degree of understanding was reached that should help encourage the economic processes and it should also enable the countries represented here to work together on international issues such as those that were mentioned in the communique, but what no communique can reflect is the many conversations that took place at the side, the attitude of the participants that reflected the conviction that they represented parallel values and the realization that their destinies were linked together.

With this, let us answer your specific questions

Q Can any of you quantify the type of assistance that is in mind for Italy?

SECRETARY KISSINGER: There was no specific discussion of any particular amount nor indeed of the framework within which assistance can take place. There is a general statement in this document that we would apply to all circumstances in which there is persistent or temporary disequilibrium and perhaps Bill can explain its significance better.

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(OVER)

SECRETARY SIMON: Well, there is an existing agreement in the international monetary fund that loans can be made on a supplementary basis when resources are needed to forestall or to cope with a temporary problem in the international monetary system that is impairing its proper functioning and we discussed the possibility of, if something like this were needed, as I believe the communique says verbatim, what type mechanism should be brought into place for transitory financing, for balance of payments purposes under very stringent economic conditions.

Q May I ask the first Secretary -- (Laughter) -- given the fact that you said we should not expect any dramatic developments out of this, can you give us an idea of any changes that might come about as a result of this meeting, or any new directions that the United States' policy might take?

SECRETARY KISSINGER: Well, first of all, one cannot expect that the foreign policy of major countries can be redesigned every six months and if that were to happen, that would be a reason for alarm rather than for congratulations.

On the economic side, all of the countries face the situation now that the recession which seemed to be the dominant problem at Rambouillet has turned to a greater or lesser degree on the various countries into a recovery problem, and the problem that had to be discussed was how to sustain this recovery without inflation.

On the East-West trade, this was not discussed at Rambouillet at all and we agreed to study the various implications of the relationship between state economies and market economies so that commerce can develop to the mutual benefit and cannot be used for political purposes.

With respect to North-South, there was a very full and detailed discussion in the light of the experience which we have all had at UNCTAD in Nairobi and at the meeting of the Conference for Economic Cooperation in Paris to how the industrialized countries, the industrialized democracies, that between them contribute almost the entire development effort -- the socialist countries contribute nothing -- how those countries can cooperate for the mutual benefit of both developed and developing countries and for the benefit of the world economy. That, too, was not an entirely new direction but a new emphasis on which very fruitful discussions took place.

Q Can you tell us anything, Mr. Secretary, about the President's talks with Giscard, Moro, Callaghan, Miki?

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SECRETARY KISSINGER: Of course, one of the great benefits of these meetings is the ability to exchange ideas not only in a meeting room but on a bilateral basis, and with the various leaders there was an exchange because, obviously, with the Italian Prime Minister, there was a discussion of the implications of what political developments might occur in Italy that could be most conducive to reform and we got the assessment of the Italian leaders.

We will see the Japanese Prime Minister again on Wednesday in Washington, so this was more in the nature of a preliminary talk.

The talk with President Giscard concerned the review of the entire world situation, including some topics that were not discussed in the general session, such as the Middle East and Africa. And you will remember I said it is only to point out why there were no bilaterals with certain other people, that the President has seen Prime Minister Trudeau two weeks ago and will see Chancellor Schmidt two weeks from now. So, this is the essence of his conversations.

Q Did you get any further in the North-South deal on getting a common approach?

SECRETARY KISSINGER: I don't think it is possible nor did we attempt to get all the details of a common approach in a meeting of a day and a half, but there was a general understanding that there should be a common approach or at least a parallel approach.

There was also a general understanding, as the communique reflects, that the developed countries can make their best contribution by putting forward sound positions rather than wait for proposals to be put to them and let themselves be driven by the negotiating tactics of a particular conference, and it was agreed that we would work closely together in preparation for other meetings.

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Q Mr. Secretary, in view of the fact that much of the developing payment deficit results from oil, was that discussed, any stand to be taken on that question?

SECRETARY KISSINGER: Well, there was a general discussion of the energy problem but more from the point of view of what the industrial democracies can do to reduce their dependence on it and there were general discussions of the economic aspects of balance of payments deficits which I will let Secretary Simon answer.

SECRETARY SIMON: There was one important point, if I understood your question and statement correctly, that the balance of payments problem stems entirely from oil. That is not correct. Obviously the quadrupling of the oil price had a significant part to play but there are those countries who have not sufficiently adjusted their economic policies to compensate for the increased cost of oil, and these adjustments, while difficult politically and socially, must indeed be made and it was in that framework of the responsibilities of nations in surplus as well as in deficit that we discussed the balance of payments problems that President Ford explained to the participants this year.

The United States is going to have a dramatic swing of \$15 to \$16 billion in our current account balance from a \$12 billion surplus last year to approximately \$3 billion deficit this year. We view this with equanimity and indeed as other countries in surplus positions should, too.

Q Mr. Secretary Simon, should we interpret the Communique to indicate that Prime Minister Miki is receptive to the idea of re-valuating the yen?

SECRETARY SIMON: When we talk about re-valuation of a currency, the Japanese yen is a floating currency that is subjected to the market evaluation, if you will, and that is what occurs. Now there are occasions which I don't say the Japanese have been guilty of where one can artificially attempt for a time to peg a rate but I have not seen this occur, no. Floating rates, the market sets the rate.

Q Mr. Secretary, was there any discussion at all of Southern Africa and Rhodesia?

SECRETARY KISSINGER: Not in the meetings as such but at the fringes of the meetings.

Q Was there anything decided about it?

SECRETARY KISSINGER: There was no attempt made to decide anything. As I pointed out after my meetings with Prime Minister Vorster, he has now to consider several problems with his colleagues and we are consulting various black African States and various of our allies before we can formulate the precise next move, but we also insist that the process which was set in motion is still underway and in our view has a chance of continuing.

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We also have called attention in Britain, and I want to do it here, about the central role that Britain can play with respect to Rhodesia and it is a responsibility which we have been of the impression the British Government has said it is willing to exercise.

Q Aside from having the agreement that there should be a common approach to it, do you know already or do you have a hint in which direction the North-South --

SECRETARY KISSINGER: There was a rather full discussion of various of the topics that have been on the international agenda and experts and others will work on that in the spirit of this meeting in the weeks ahead.

Q I would like to ask Secretary Simon what the prospects are for the British pound and how this was discussed at the meeting.

SECRETARY SIMON: Number one, we don't discuss other currencies of other countries; that is for obvious reasons. Going back to the Jamaica agreement, one of the basic tenets of that agreement was that exchange rate stability would only be achieved when we achieved underlying economic stability and as countries adjust to the durable inflation problems and other problems today their currencies indeed will stabilize, and actually most currencies in recent months since the Jamaica agreement have been remarkably stable. There have been a few notable exceptions due to the fundamental economic problems which are being corrected.

Q How much of the \$5 billion have the British drawn down?

SECRETARY SIMON: I don't have that figure and if I did I am not sure that that figure should not be announced, if indeed it should be at all, by the United Kingdom officials, not by an American finance official.

Q Mr. Secretary, was there any discussion with Giscard on the possible French force to Lebanon?

SECRETARY KISSINGER: That issue is not at this particular moment acute. The French Government knows our attitude and it is parallel to their own which is to say that, if under conditions of cease-fire, if all of the parties should invite a French force and if the French Government were prepared to send one, it could play a potentially useful role but it is not now being discussed and our impression is that the Arab League force will be the principal international instrument that is being used.

MR. NESSEN: We better allow some filing time now before the chopper goes, and besides, Mrs. Kissinger has come to get her husband.

SECRETARY KISSINGER: I would like to say one thing about the members of the drafting committee -- Mr. Greenspan, Mr. Yeo, Mr. Sonnenfeldt and Mr. Parsky who really worked all night to help put all these things together. We had to keep Sonnenfeldt and Parsky together to keep them from pronouncing doctrine separately. (Laughter)

THE PRESS: Thank you.

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(AT 4:30 P.M. AST)