MEMORANDUM

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

PARTICIPANTS:
President Nixon
Henry A. Kissinger, Assistant to the President for National Security Affairs
George Shultz, Secretary of the Treasury
William Simon, Administrator, Federal Energy Office
Maj. Gen. Brent Scowcroft, Deputy Assistant to the President for National Security Affairs

DATE AND TIME:  February 9, 1974
10:35 a.m.

PLACE:  The Western White House
San Clemente

SUBJECT:  Washington Energy Conference

The President:  I want to thank all of you for the work on the conference. We face serious problems in handling the conference. We may be forced to a position where the Europeans go into business for themselves or where it looks like confrontation with the producers. I hope not -- although it is a confrontation, it would not be a good public position.

The Europeans, especially the French, are playing a lousy game. The British are in trouble, so it's easy out to kick the United States around. The Foreign Ministers basically represent their governments, some Finance Ministers, some Mineral Resources Ministers. At the technical level, there is no feeling of confrontation.

The Foreign Minister want to cooperate in the military field, and some in the financial field, but on energy and the Arabs they want to kick us around.

In our private talks, we need to say I am pro-Europe. But in Congress there is a dangerous attitude: If Europe wants to go it alone, we will. This is true in several areas. This would be a bigger disaster for the Europeans than for us.

CLASSIFIED BY Henry A. Kissinger
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AUTOMATICALLY DECLASSIFIED ON Imp. to det.
Don't get a feeling of bitterness or confrontation with the Europeans, but they must know they can't have it both ways.

Kissinger: This is a well prepared conference and there is unanimity among us. Our strategy is unified.

We don't want anything from the Europeans except to contribute to a cooperative world, a multilateral approach. I will give them an overall pitch in the morning Bill Simon will give the supply situation in the afternoon.

The President: Give the press something after each session so we get something positive on TV.

Kissinger: We will put an analysis of the situation before them -- comprehensive than any of them can do. It will show that the problem is manageable if we work together. If not, we will suffer the least. We can make the best deals bilaterally and we are really self-sufficient.

Simon: The situation is moving fast. This development about them having a meeting with the Arabs two days after the conference is very dangerous.

Kissinger: Today I got a copy of this agenda and it's scary. This means the Europeans will add their weight to the Arabs in negotiations we have to carry.

Simon: So how do we position ourselves -- with the Japanese and Canadians, etc.?

Kissinger: The present posture is we get nothing -- what we propose is in the tradition of Atlantic cooperation.

The President: What are we proposing?

Kissinger: An international task force to deal with consumer restraints, R & D, conservation, preparations now, and then a consumer-producer conference.

A second meeting will be held and then within 90 days with the producers.
The President: What do the producers want?

Kissinger: The producers would get regularity of investment and long-term planning for development.

Half of the objections from the producers have been generated by the Europeans.

I saw the Algerian oil minister. He said: Our oil won’t be as valuable after project Independence. He wants assurance of investment over the long-term.

Simon: He needs access to capital.

Shultz: The tricky thing is to bring out that oil now is not more valuable than oil in the ground. For example, if you think oil in ten years will be $10, the price now must be $8.50.

The price is going down.

The President: Why?

Shultz: The price. People respond to price.

Kissinger: If the Arabs restore production, we predict a slight surplus.

The President: Looking at the long run in the U.S. -- 20 years -- no question that coal, nuclear power, and shale will be competitive.

Simon: It's competitive now.

The President: We've got to show them that oil in ten years will be less valuable than now, so don't keep it in the ground. I told the Saudi Ambassador we want to keep buying oil in ten years -- otherwise they would think we were planning to freeze them out.

Kissinger: We've got to show Project Independence is not our form of unilateralism.

The President: We want to show that Project Independence is not one way of saying we will go it alone.
Kissinger: Also to the extent that we reduce foreign purchases, we are easing the market for Europeans, and our offer for technical cooperation and sharing in an emergency is cooperative in nature.

Shultz: What should we tell the Europeans about their Arab conference? We have this great meeting and then they go off on another track.

The President: I think you and Bill can talk to the technical types and talk turkey to them -- they don't have to posture like the Foreign Ministers. Tell them they can't do this and expect us to hold our military role in Europe -- Congress won't let us.

If they keep going into business for themselves, it will lead to the U.S. turning against Europe and opening their weak states to the Soviet Union. That is not in their own interest.

We are acting in their interest.

Kissinger: That won't do it any more. If we say we are committed but Congress will force us, they won't buy it.

The President: But you know we shield the Europeans from the Soviet Union and China.

Kissinger: Right now if a war started in Europe, within five days, we would be in a nuclear war. If we started pulling our forces out, the argument has been that Europe would go neutralist. If they are going that way anyway, we could leave the trip wire and go nuclear like we would have to anyway. Our forces give Europe the security to bitch at us.

The Europeans are now picking at Japan in spite of us -- led by France and others too weak to resist. We agreed with the Chinese not to compete in Japan -- and now the Europeans are.

Shultz and Simon should talk -- because the Foreign Ministers are idiots, except for Home. Moro, Scheel, Jobert -- they're all bad.

In France there will be a popular front within five years. That will drag Italy the same way or there'll be a right wing coup.

The President: That depends on the guts of the Italian military.
Kissinger: And who our Ambassador is.

The President: Volpe will do what he is told. We are agreed -- it's only a matter of tactics.

Kissinger: Yes.

The President: What can the Europeans do for Japan? They won't open their markets -- the Japanese would kill them. There is another reason for our agreement with the Chinese on Japan-- the Chinese are afraid of them. We frequently focus on the wrong thing. Roosevelt at Yalta thought it was a choice of the UN or gobbling up Poland.

Our China policy succeeds because they need us. What the Europeans must understand is that the whole world will fall apart if we withdraw from Europe or Japan.

Kissinger: The Japanese at this conference will not be anti-American. The real problem is spitefulness of the Europeans. The Europeans are not united in the monetary field and Shultz can deal with them separately.

The President: The biggest thing we can get from the conference is private talks with the delegations. We have to talk in sorrow rather than anger if they continue -- because I have been fighting a lonely battle to maintain our defenses in Europe: The President will have to reevaluate his policies -- and there is strong support in the U.S. for such a reevaluation.

Kissinger: We should be harder on the Europeans than the Japanese.

The President: The Chinese are so lever you never know whether they are lying or not. The Soviet Union is not so good.

Kissinger: The Soviet Union spent $5 billion in the Middle East and Sadat and Asad don't want us to tell the Soviet Union anything.

The President: Do you really want us to tell the Europeans we lead or else?

Kissinger: I am an Atlanticist. But if we don't take tough action, we will lose the pro-American people in Europe, because they can't point out the bad consequences of anti-American actions.
The President: But can we follow through on our threat?

Kissinger: We've got to define the question. We keep forces there so they won't go neutralist. If we withdraw half our troops, how will they behave differently? I don't suggest troop withdrawal now, but honestly we don't need all these forces.

The President: We have such a lousy strategy that a trip wire is probably as good as anything. What might happen in five-to-ten years is a President might have to ask if he might risk Atlanta for Bonn.

Kissinger: Europe is organizing overall on an anti-American basis.

The President: They can have Africa -- we will take South Africa and get out of the UN. Why does State hate South Africa?

Kissinger: I have abolished the Political Science division in State.

The President: I noticed the Lamizana coup. The can hardly wait for the New York Times editorial -- like in Greece.

Kissinger: Look at Amin. He used to be ours and the Kenyans bought him.

The President: The problem with Amin is not something he ate but someone he ate. I feel sorry for the Africans, but it will take a long time.

I am sure the Europeans will try to give us the shaft everywhere, but we must concentrate on the critical areas.

Simon: I am even stronger than Henry. I don't think we can change the Europeans -- they will call for the Arab meeting.

The President: What do we say?

Kissinger: Nothing publicly, but tell them if they insist on going it alone, we will.

The President: We must get this across. These are reasonable men -- it's the press and leftist leaders who can't stand up to it.
Shultz: It will be a gay conference.

Kissinger: If we had this position, we will be okay.

The President: George, we get back to linkage. A healthy U.S. -- Europeans relationship, is the best way to keep the Soviet Union and China in line.

Simon: I agree, but we have to shock the Europeans.

Kissinger: The last thing we want is a rupture. But now we are putting a bandaid on a cancer. We have tried and they have kicked us.

The President: Can we go to Europe in April?

Kissinger: Yes, if we stay on this course. We have never failed by being strong.

The President: Who would be at the NATO meeting? Foreign Ministers?

Kissinger: No, if the heads of government don't come, you can't.

The President: If Pompidou doesn't, we should hold a meeting in London.

Kissinger: It makes sense because NATO really started in London.
Ed
Old
Savoyt-Rye
Can we think about how you see me in this context?

Can we finish the part where I saw you with someone else, someone who likes cooperation? If you want to depict that situation, it may not be good public perception.

For example, if we're playing a lesser game, but we're in the final round, we're not in the final round.

At each level, there is no feeling of cooperation.

PM may want to cooperate on a minority field, but can't manage because they want to be in the minority.

For our primary task, we tried to keep clam from East.

But in the case of dangerous attitude of East, we may try to get it done, we will. This is true in our literature. This would be a bigger alternative for East than for us.

Despite feeling of bitterness on cooperation with East, we have a good, firm, and honest at both ways.

K This is to be expected, and there is no discrepancy among us. Our standing is simple.

Let's hope that nothing from East expect control.

If cooperation would, a common multinational group would join them on overall wish in this.

Simon will give him political title for PM.

F Give the people something deeper, but sharing.

As we get somewhere positive for JV.
K. We will put analysis of it before them. More comprehensive than any of them.
It will show that problem is manage at not and together of not, and will support best. We can make best
ideas into literally yet our minds. P.S. - conf.
S. Set in morning fact. Their layout about there having
unity w/ends 1 day 2 days. need long are long gone
K. Today I got a copy of the agenda. It is thing.
It seems Euros will add their weight & choices in the subject we have to carry.
S. So that's what position. W/F for example, etc.
K. Pss that no one got writing what we propose in
the minutes. Euros will add their weight & choices in the subject we have to carry.
S. Won't we use position W/F for example, etc.
K. Can we ask this place to deal w/ companies must
R & D
K. Proposal could get significant amount, any
time planning for elegant
K. Proposal would get significant amount, any
time planning for elegant.
K. Proposal could get significant amount, any
time planning for elegant.
K. Proposal could get significant amount, any
time planning for elegant.
Se the next move expected
These things are bring out and in present not move

builable than oil on ground Ex: If you think

tomorrow well be 10, the prime cost must
be 8, P

The prime is going down now
P why?

8a Picture, People to explain to price

K What will be the production, we predict a slight

expansion

P Let's go by way which AC (26 years) be purchase
tight end, machinery which will be competitive

8b It is competitive now

P Cost is lower than that oil is in 87 years too will

be lower than now, so don't buy it in ground.

I told someone that cost want to change buy high

prices otherwise they could think and planning
to forget it now

K Cost to decrease. P I not see price of oil .

8c I want to claim that PT is in world market
do not want more gas a world oil supply.

PT is not want any buying oil will put down

K Right to let that we started bring production in
easy market for LT uses + offer for tech

exist + filling up our development is required in

other

8d What Amanda told Ernest about this oil-

excep, we have the great cost, they
go after another cost task
9 Level 1. We can talk to technical experts. Talk turkey to them - they don't have to
believe what we say - their role is to build our industry
in Euro - Can we do this.

Getting buy-in from Europe for Britannia
will need us to change payment from Euros
to US dollars - tell Euro - that isn't in our
interest.

We can try to shorten this
That won't be easy since if we say this
can narrate that long and we can do it,
you can see it.

Read your know we need Euro for Saxo

K Revisit now if a case treated in Euro, eg. in
Saxo, we would be in another
if we started putting pressure, argue that
them that Euros are preferable, no longer.
If they were going that way or any other way, we could just
place a buy order for dollars. We would
have to anyway. Our fees and Euro
security to date at use.

Europe are more willing as it seems. -
may be able to list. France - others to
can be treated (see agreed 1/2020 not
to get in your head - have Euro case).

So this should talk - become Euros
and not corner for Home, Iran, Schul, Pakistan,
all fail.
On leave this will be popular part of in
 sensor. That will help them much more right
 with comp.

 1. That applied a part of African locality
 X and another Arab is

 2. I wish it would be what we told
 you only agreed and no matter of line
 X says

 3. What came Euros did for Japan. They sent for
 another reason as Japan's aid to PRC on Japan
 PRC refused them. We frequently possessed
 a conference. Chongshu left 27th June getting
 my funeral, etc.

 Our Chinese policy reserved because a thing now,
 what Euros must understand that it is which offer
 would will fall apart if we'd change from Euros
 to Japan

 I hope all this way will not be anti-US
 I'm afraid I'm not in a good position no tranquility of Euro.
 Euros are not wanted in many fields so
 crowded up them separatly.

 I suggest they can get from my impor-
table to obligations. We have to talk in
 stronger within than anyone after the events that
 because I don't like fighting a hard battle
 to continue oligarches from Euro.- Russell
 have to understand his job was and there
 is strong support for us for the Shannon
We should sit harder on Europe than Japan.

The Chinese are so much more keen to their danger of not being in the war, not so good.

So start to tell them that is the main thing.

Do you really want to go to Korea and Japan?

I am an alternate, but if we don't take tough action we will lose the war. In Europe, because they can't point out the many many ways.

But can we follow them on one threat.

Can't obey a question. We keep this time.

I don't say we do nothing because we have to act, but they have to be different.

I can't say how they do chemically wrong, but honestly we don't need all three places.

We have such a strong strategy that a surprise is probably as good as anything.

What might happen is to go in a limited time, or if we will like Europe for Korea.

Europe is organizing something on an overall basis.

Try to have Africa, we will have Africa, get out of it. We don't care.

Europe.

2. I had asked for his advice in China.

3. The named here listed many of them.

4. Ask for the additional, the main areas.

Look at China - used to be a great people fought
P. No, I don't think it means he will. I think it means he will. But I think it means he will. It will take a long time.

S. I think it means he will. I think it means he will. But I think it means he will. It will take a long time.

P. I see. I think it means he will. I think it means he will. But I think it means he will. It will take a long time.

S. I see. I think it means he will. I think it means he will. But I think it means he will. It will take a long time.

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S. I see. I think it means he will. I think it means he will. But I think it means he will. It will take a long time.
It seems someplace was newly started in London.