MEMORANDUM OF CONVERSATION

PARTICIPANTS:
- Hans-Dietrich Genscher, Federal Vice Chancellor and Minister of Foreign Affairs, FRG
- Guenther Van Well, Political Director, MFA
- Berndt Von Staden, Ambassador of FRG
-President Gerald Ford
- Dr. Henry A. Kissinger, Secretary of State and Assistant to the President for National Security Affairs
- Lt. General Brent Scowcroft, Deputy Assistant to the President for National Security Affairs

DATE AND TIME: Thursday, September 26, 1974
5:35 - 6:38 p.m.

PLACE: The Oval Office
The White House

[Press and photographers were admitted briefly at the beginning.]

Kissinger: Mr. Van Well was a student of mine.

Genscher: I am the only German who wasn't!

President: I keep running into all sorts of people who were his students.

Kissinger: I don't brag about the one who was hanged in Burundi.

President: How long will you be here?

Genscher: I'll be going back Saturday. Forgive me for speaking German, but it is serious business.

Kissinger: The Foreign Minister made a special effort to stay over.
Genscher: The Chancellor asked me to express appreciation for your statement of support for us, Europe, or the Alliance. It came at a time of difficulty on Berlin, and it is comforting to know we have your support in need. I have used this to good effect with public opinion and the Bundestag.

President: I am looking forward to meeting the Chancellor. I want you to know I continue to rely on Secretary Kissinger. I have an excellent working relationship with Secretary Kissinger. We are working together on problems around the globe.

The Camp David meeting is very important. I am very pleased that you and the others are coming for this. We must find a way to implement what we have said in speeches and solve the terrible economic problems created by the oil prices.

Genscher: I heard Dr. Kissinger's speech and read yours. I said parallel things in New York. A German paper said that compared to you I had silk gloves. We see the problems like you have expressed. We hope to solve them by cooperation, not confrontation. It is serious for the industrialized countries, but more so for the Third World who have not the resources to cope. To us, this is a question not only of a shifting of economic power to the oil producers, but how the oil dollars will be recycled. We are concerned about the effect this will have on the world economic system. In our view it is not that they have ill will, but they may not understand the effect it could have on the world economic and political system. It is not a matter for central banks -- not ours, Europe's, or yours. We must find a joint solution to cope with this urgently.

President: In the meantime the energy sharing program will make a contribution.

Genscher: I am happy that the French will take part in the Saturday meeting.

President: As we move ahead to develop alternatives in the energy field, with coal and other resources, we want to work together with others who might be affected. The sharing is very important.

Kissinger: We have looked at this closely and will have preliminary ideas to advance. Later we will have ideas for dealing with the massive recycling problem, which hurts Italy, for example, and also for dealing with the producers.
President: If our economies collapse, the money doesn't do the producers much good.

Genscher: You are about to make important economic decisions. For our progress, economic stability is an important pillar. We are embedded in the Common Market so we can affect things only to a limited extent. We hope to hold inflation in 7-1/2% and wages to 2-1/2% in 1974. Germans view with concern the matters of inflation. Ten percent is the magic number. We have 2-1/2% now. The programs we have now are limited and goal oriented, 900 million marks. To go farther would undermine stability. We have a round table for discussion between government, industry and labor.

President: We have had several summit meetings, and tomorrow is the big one. I want the facts to be brought out and the recommendations of the best brains. In opening the conference I will say that we will work with our allies on a worldwide basis. Please tell the Chancellor that we will do nothing that is harmful, and hopefully things that are only helpful. We anticipate inflation of about 8-1/2 to 9 percent by year end. We had some setbacks in industrial production; unemployment is at 5.5%, and it is going up gradually. Probably it will be close to 6% at year's end. By our standards that is not good, but it is not a catastrophe. We have had it at 8%. If we can get a handle on it all, 1975 will be a good year. There is hope for a tax adjustment, and a good farm year. If we can get hold of oil prices, that would be the best shot in the arm. By any fair standards the U.S. economy is strong. We take strong action not to go into a slump, but not to let things get out of hand. It is a fine line to walk.

Genscher: We think the problems confronting you you can manage more easily than some have claimed. We are together with the others in the EC and this poses a problem. In Italy, for example, we have the potential not only of economic but of political instability. You will be able to manage and find the narrow path between inflation and recession. We are worried about the potential effect of the economic situation on political stability. That is why we give aid to Italy. The government is trying hard to restore stability. They have a strong Communist Party waiting to take over, God forbid. That would draw a cloud over other European countries. We don't want to see what NATO has prevented come about by the internal route.

President: We couldn't tolerate..., we would oppose the Communist Party having any substantive participation in the Italian or any other government.
Kissinger: Any participation

President: That's right. I didn't say it accurately. We don't want any participation.

Genscher: I have often discussed this with Secretary Kissinger. The entire Mediterranean area is in danger and must be carefully looked at. I don't know about Portugal--the Communists there are the best organized. In Greece things are not assured. In Spain and Yugoslavia we don't know what would happen after their leaders pass. If Yugoslavia joined the Warsaw Pact, that would be destabilizing in itself. We can't let NATO be undermined--it is the alpha and omega of our and your security. I believe it is necessary that we look at detente in the proper light. There is no alternative to supporting it, but there is a danger of playing down the threat which exists. I speak frequently of "realistic" detente because the Communist threat must always be kept in mind. We must keep NATO functioning smoothly and strong. US troops are essential to that, and I keep pointing that out.

President: There are those here who think because of detente and 20 years of peace in Europe we can cut back our strength and pull back our troops. We got where we are through strength, not weakness. But we have had some tough times with Congress on the question of the troop cut. It is easier this year because we worked harder at it. The Alliance must know we want to stand strong, but we have a problem with Congress.

Kissinger: Also the Germans were great in helping with the offset problem, and also we solved the debate within the Alliance. The Foreign Minister has been very helpful in this.

Genscher: You are right about the period of peace, but we must watch that it is not endangered by unilateral actions of the West. I do not think unilateral military measures are useful, or in MBFR also--which is the purpose of it. We worried about a military statute coming out of MBFR. We are the strongest European member, and the East European one has reliable partners and an imbalance is possible. On Berlin the danger is not over. We made progress with the Quadripartite Agreement but must watch that the GDR might take measures affecting Berlin in the 25th anniversary. We are reassured by your strong support on Berlin.
P/Geschwend/Von troll/Von Staden/K
26 Sep

K

von troll was a student of mine.

G

I don't know who the others are.

P

How long can we keep?

G

I told you about Saturday. I was surprised to find him in the audience. He must have heard something from you. The problem is that he's very dominant. He's very strong, very aggressive, and very determined. I think we need to meet with him and try to negotiate with him. We need to find a way to implement what you have said in your speech. The United States government needs to take action.

G

I heard K speak at a rally in New York. He's very popular. Very many people have spoken to him. How can we deal with him? We need a strategy that can work.

P

We need immediate emergency measures.
G. Happy French will take part in country life.

P. As we have been many times before, we do not wish to speak too much about war, but rather about the future. We must focus on peace and prosperity.

K. We have many ideas, but the health of our children is the most important. We have many dreams, but the future is uncertain.

P. From our colleagues, we have learned the importance of health.

G. Jean and I are making a new decision. I am going to teach my children. If we can make a difference, if we can help, then it is worth it.

P. We have had several meetings today, but our focus is on the future. We must move forward.

Jean: There are many people who are struggling. The government needs to do more.

P. We will continue to work for the betterment of our country. We will not give up.
We think that the situation for your country was
exceeded some time now. We have done our best to
make sure that the situation in Egypt is stable. I think
the Ayatollah Khomeini is a worthy leader of your
people. He has shown himself to be a true Islamic
leader. His actions are in line with Islamic teachings.
We believe that his leadership will bring stability to
the region. We are working hard to achieve peace in
the Middle East. We are committed to a two-state
solution for the Israeli-Palestinian conflict.

The current situation would appear to be a
party. Any party. Any state. Any state. Any state.

We understand this as well. Egypt's stability is
vital for the region and the world. We are working
closely with Egypt to ensure its stability. Our
presence in Egypt is a demonstration of our
commitment to regional security. We are providing
military support to Egypt to help it fight terrorism.
We are also working to strengthen the region's
economic ties.

The United States is a strong ally of Egypt. We
support the Egyptian government in its efforts to
secure the country's borders. We are working
closely with the Egyptian military to combat
terrorism. We are also providing economic aid to
Egypt to help support its economy.

The United States is committed to a peaceful
resolution of the Israeli-Palestinian conflict. We
are working to achieve an enduring peace in the
region. We are working with the United Nations
to find a solution that is acceptable to both sides.

The United States is committed to regional
stability. We are working to prevent the spread of
terrorism in the Middle East. We are also working
to promote economic growth in the region.

The United States is committed to regional
security. We are working to achieve a lasting peace
in the Middle East. We are working to prevent the
spread of terrorism in the region. We are also working
to promote economic growth in the region.
had some tough times in Camp. The place was a haven of the Allied forces. We tried to keep our spirits up. The French army was great. We went to see the sights, but we were in pretty tough situations.

The F.A. were great. They kept us supplied with food, which was a relief. The F.A. had been very helpful in this.

I'm afraid there are few of us left. I want to explain a few things. First, I think unilateral action is not acceptable. We must work together to find a solution. The F.A. was pivotal in this process.

I was worried about the outcome of the negotiations. I was concerned about the fate of the F.A. and the F.A. were quite concerned about it. The F.A. has a crucial role to play.

We must not forget the importance of cooperation. We must work together to find a solution. It's crucial to our success.