

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

SECRET/NODIS/XGDS

MEMORANDUM OF CONVERSATION

PARTICIPANTS: Pierre-Elliott Trudeau, Prime Minister of Canada
Allan MacEachen, Secretary of State for
External Affairs
Ivan Head, Special Assistant to the
Prime Minister
Ambassador Marcel Cadieux

President Gerald R. 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
Arthur A. Hartman, Assistant Secretary of
State for European Affairs
Ambassador William Porter, U.S. Ambassador
to Canada

DATE AND TIME: Wednesday, December 4, 1974
3:01 - 4:25 p.m.

PLACE: The Oval Office
The White House

SUBJECTS: The President's Trip to Far East and Vladivostok;
Energy Cooperation; Defense Issues; Economic
Policy; Environmental Cooperation

The President: It is very nice to have you here, Mr. Prime Minister.

Kissinger: I told the President we should let you rearrange the furniture,
to reciprocate [what happened when President Nixon visited Ottawa in
April 1972].

Trudeau: Well, it was an improvement.

President: I was with a group of parliamentarians as part of a Canadian-
US Parliamentarian group. I got to know many members of the Senate
and Parliament. When I became Minority Leader I had to drop it.

SECRET/NODIS/XGDS



~~SECRET~~ - XGDS (3)
CLASSIFIED BY: HENRY A. KISSINGER

DECLASSIFIED

E.O. 12958, SEC. 3.5

NSC MEMO, 112496, STATE DEPT. GUIDELINES, State Review 2/10/04
BY [signature], NARA, DATE 5/7/04

Trudeau: Our longevity is not high, but there still may be a few around.

President: We have had some problems in that regard.

Trudeau: Like our by-elections.

President: You had good elections.

Trudeau: Yes, but we had a tough 18-month period. It was tough, and our relations weren't dealt with as closely as they should have. You also had your problems.

President: I am looking forward to working with you. I will run again and I think the pendulum will swing back. I think with some progress we can turn things around not only within the United States but in a way which will benefit the world.

We think our relations with the Alliance have improved after a rocky year or two. We want to make our relations as firm as possible. I met with your Ambassador the day I entered office. I am committed to the continuity of our foreign policy. I was fortunate to have worked with Henry on some of the tough chores of 1971, '72 and '73, so we have worked closely.

The President's Trip to Far East and Vladivostok

My trip abroad was criticized by some here, but in the long run it will have significant benefits. Japan is interesting. A President had never been able to go there, and there were threats of violence. The Japanese did a superb job and the fears didn't materialize. It was good to see Tanaka. It is a consensus government there; so I saw many of the leaders. And I think all were pleased with the visit. They were interested in food exports and I said there would be no export controls. They were interested in energy and we promised to work closely.

With regard to South Korea -- if I hadn't gone, it would have been misunderstood by both North and South Korea.

Trudeau: Is that the first time an American President had been to Korea?



President: No. Johnson and Eisenhower both went there.

Kissinger: Johnson went when he couldn't go to Japan.

President: Then I went to Vladivostok. Brezhnev was the only one of the Soviets who had ever been there before. I think the SALT agreement will be signed and will be approved by Congress and the people. There is some criticism by the Left that the numbers are too high and from the right from those who haven't embraced detente. Both sides will be limited to 2400 strategic delivery vehicles. The limit of 2400 applies to ICBMs, SLBMs and heavy bombers, as well as other strategic delivery vehicles that might be deployed in the future, such as land-based ICBMs or ICBMs dropped from airplanes. Both sides will also be limited to 1320 missiles equipped with MIRVs. It has put a cap on the programs that would otherwise be implemented.

Kissinger: This ceiling is below their present forces by about 150. They are working on land-mobiles--and now these will have to come out of their hide. It doesn't make any real difference whether we are at 2,400, 2,200, 2,000, or 1,800--the capacity to destroy the world remains. For the first time the superpowers have stopped the quantitative race. The quality race continues but no one argues that quality alone can give strategic superiority. It takes a combination of quantity and quality. This was a critical agreement. Once an equal ceiling is agreed, it is easier to reduce, because the quest for strategic superiority is over. This is far below the capability of the Soviet forces. SALT I was a good stop-gap but SALT II was the turning point of the arms race.

Trudeau: We consider the agreement a marked success. It was very well received by the Government and the people. The principle of equality is important.

President: Unlike SALT I, where there was some disagreement within the government, there is unanimity here -- and I suspect over there.

Kissinger: We have had indications of Soviet military grumbling about the exclusion of Forward Based Systems.

President: That was a big concession. They no longer ask for compensation for FBS and British and French systems.

MacEachen: Why was Brezhnev willing to make such an agreement?



Kissinger: With Watergate aside, the Soviets didn't know what would follow Nixon. Now they have a potential six-year President. The President's past record is such that he could plausibly go for an arms race. They really have a stake in detente -- and to defuse people like Jackson. Finally, any serious student of the subject realizes a difference of a few numbers involves no difference.

Trudeau: Was this proposal like what was discussed last summer?

Kissinger: Last summer we gave them higher aggregates, in return for us having a higher MIRV figure. They almost took it--and we are glad he didn't. It could have divided the country explaining the asymmetry. Also, the five-year limit would cause difficulty.

Last summer Brezhnev had two generals with him at Oreanda. I could predict when they would jump up behind Brezhnev to complain about some concession he was about to make--it was exactly at the point when our generals would have jumped up if they had been sitting there.

Trudeau: Does this reveal something of the balance of power in the Soviet Union if he had to use such tactics? May I ask you also about CSCE?

President: It came up. Gromyko spent a long time going over the details. I thought that I understood it, but I will let Dr. Kissinger go through the details.

Kissinger: There is this excruciating debate between the Soviet and German positions. One says that "the principles should be equally valid," and the other says "the principles should be equally observed." We went over all the Basket III issues. We said we would make a serious negotiation, but we didn't discuss the content of the negotiation.

Trudeau: That is our assumption. But we heard from the Soviet Union that you may be not so concerned on the details.

Kissinger: It didn't come up that way. They wanted a June conclusion. We talked about early April for completion of the second phase.

Trudeau: That is interesting. They obviously want the appearance without giving anything.



President: Is that schedule okay?

Trudeau: Yes. We were thinking of June, but April would be okay.

Kissinger: Frankly, the longer it goes on, the more responsibly they will behave--if we can blame you. [Laughter]

Trudeau: That's fine. We have been very firm about insisting on freedom of movement. As long as they don't think they can just wear us down.

Kissinger: I was not being serious. Canada has not been mentioned.

Energy Cooperation

Trudeau: I am grateful for this briefing. On Japan, I guess they won't give the economic leadership the world needs. It is apparent the EC won't, so it is up to the United States. We want you to know we think that that leadership is important. There is no substitute for strong leadership, economic and military, and we look to you.

President: We want to work together with our allies, you and Western Europe. We all recognize the oil prices require us to get the consumers together. We don't rule out the possibility of getting together with producers, but we think we must get the consumers together first. Secretary Kissinger laid it out in his Chicago speech. We are pleased with the success of the IEA. We think we need the \$25 billion facility so we can handle the petrodollar problem if we are going to deal with the problem.

Trudeau: You know of our support in general for that. I suppose there are measures we might talk about. You have made clear you don't want confrontation, but we fear the counter-cartel idea. We rejected that on sulphur, iron ore, and copper. We think the world will be better off if the consumers and producers talk with each other rather than confront each other. Some Europeans fear that you are seeking a confrontation. We think that if the consumers get together first they will be stronger than the producers. If we bind together tightly and tell the producers we are on a collision course, given their history, we may be on a collision course. Maybe you do want a head-on collision. I would like your views.



President: We would prefer it without a tightly knit head-to-head confrontation. But if we find the problem magnified, with further price increases, and if the financial aspects continue to worsen, we may have to tighten the consensus to prevent a catastrophe.

Trudeau: I speak in confidence, but Giscard used pretty much the same language as you did. He thinks you are on a confrontation course. But he said the same as you if they insisted on raising the prices. I think your views this way are the same. But in this period he thinks you want too tight a group. We are in between.

President: I was impressed with the willingness of Japan not to lead but to support us.

Trudeau: After going behind our back last year.

Kissinger: We don't seek a confrontation. But if the consumers are not unified, a conference will only result in the sort of bilateral discussions that are already going on now. The President asked me to speak in Chicago to give the consumers the sense that they can master their destinies. If they are constantly confronted with the consequences of decisions made elsewhere, the confidence of the West will constantly erode. We have good relations with Iran and Saudia Arabia. The French are exaggerating our position.

Trudeau: Because they don't like you.

President: Fortunately the producers do. The Middle East was discussed in Vladivostok. We want to continue the step-by-step process. We can go to Geneva at some time, but not now.

MacEachen: Turner and the Government are concerned about trying to support the multilateral organizations in recycling while the private systems are doing some of it. We tend to want to use the multilateral systems like the IMF. That would tend to involve the producers more directly.

Kissinger: You know we don't agree with that at all.

MacEachen: Why?

Kissinger: There are two problems -- the developed and the least developed countries. With the underdeveloped it is the way to go. With ^{the} developed countries, they have to take steps themselves, and also they can't become dependent on decisions made elsewhere.



The producers will eventually seek the political benefits of their position. The developed world needs to feel they can master their own destinies.

Trudeau: Yes, unless they face 25% unemployment.

Kissinger: Of course, but we don't think it will come to that. We think it can be done in the developed countries without an increase in unemployment or protective unilateral moves. We made clear in Japan that conservation shouldn't be at the expense of growth.

President: This is why we are pushing voluntarism.

Trudeau: We will go that way too. I can't argue Turner's point. I'll let him talk to Simon.

President: I have been importuned by the Northern Tier states whose refineries ^{depend} on Canadian crude exports. They asked me to raise it with you. I see your problem -- you have your needs and considerations. Any tempering you can do will be appreciated.

Trudeau: I am having breakfast with some of them; I expect it to be raised. On January 1 we will go down to 800,000 barrels per day. The additional proposal -- which isn't policy -- which I must discuss with you and ^{the} provinces -- is to go down to 650,000 in July. Perhaps the provinces won't want to shut in that 150,000 but would rather sell. We know the problems of the refineries -- we understand their need is 650,000, and that they will get even with our additional plan. Of course, on next January 1 there would be a further cutback.

We would hope the companies would find ways to reallocate. There are some complicated formulas which I can't explain. I guess if the worst came, we could give you more in exchange for something. A while back, you asked that more not be sent in.

Frankly, it is a political problem. The Canadians know you have more than we have. You have Project Independence. We know we will be short in less than 10 years.

President: I appreciate hearing your views on this. These are some helpful congressmen who raised this, and I wanted to express their concern.



Trudeau: You stopped exporting years ago. Our ~~reasons~~^{reserves} are not what we thought they were. Why? Because we have been producing at a capacity to supply you. Who knows what decisions will be made? What arguments will I get?

Porter: They will say the refineries were built specifically for this oil. It is ^{true} we asked that no more come in, but informally it did increase.

Trudeau: What would an American do in our situation? On price, we are selling you oil at the same price we bring it in. There is no reason we should make a gift to the Americans. But the oil supply is embarrassing, but I can't see any other way.

MacEachen: Our decision resulted from a study of our reserves by our regulatory advisory board. Under law we can't export more than the board says is surplus. Another point is we have had criticism at home that our conservation hasn't been severe enough -- that we should have cut back faster.

President: One benefit of getting the consumers together is to expand alternative sources of energy. Project Independence needs to be more vigorous. It won't give us self-sufficiency by 1980. It is a good program, but it won't make that date. Our research would be shared with that group. If we can expand research in other energies, we can do more, but not by 1980. I think this can be an added incentive for cooperation.

Trudeau: I think under IEA there is a trigger. If a shortage gets to-- what--7%, sharing does start, and we of course would then supply the Mid-West refineries. By 1982 there will be a gap, even with tar sands. We are very willing to cooperate.

President: This will be a bipartisan group tomorrow.

Trudeau: What else will they bring up?

Defense Issues

President: I think we should discuss security. I think NATO is vitally important to peace. We have elements wanting us to withdraw forces.



They want to turn inward. We will keep the forces there in the absence of an agreement in MBFR. The British are thinking of a \$10 billion reduction, but they said it would be in areas other than NATO. I hope they exempt NATO.

Trudeau: We don't intend pulling out of NATO. It is our third priority: Canada, North America, NATO. Next year's budget is 11.2% above this year's. We think it is better than any other's, but admittedly from a smaller base. In this economic climate, we think this expansion is proof that we are not trying to renege on NATO. We have increased our effort in NORAD and peacekeeping.

President: You have done a fine job in peacekeeping.

Trudeau: I'm glad to hear that.

President: It is very important.

Trudeau: I am very pleased. The aim of our review is to give us the best for our defense dollar -- mobile forces, repairing dams, etcetera. We want to discuss with you your strategic concepts. How important is having an ASW effort as compared to surveillance only? Also the role you see for strategic bombers. Incidentally, the possible procurement of ASW patrol aircraft would help reduce the imbalance that Nixon and Kissinger discussed -- from \$500 to \$50 million.

We have no intention of pulling out of NATO or NORAD.

President: I am glad to hear that. Sometime I would like to hear how you managed to unify the services. Not that we could do it, but I would like to hear about it.

Economic Policy

Trudeau: We see that you think your economy is softening. We are so dependent on you. Could you talk about this a bit?

President: When I came in, we were in a very serious inflation. We came up with a plan which initially focused on inflation but recognized that the danger signals wouldn't let us put the clamps on too hard. The one million barrels a day conservation the economists said



would add to our downturn problem. We now are analyzing whether we should shift our emphasis. The auto industry has plunged. That industry depends so much on consumer attitude. But we feel we must get inflation down from 12% to 7 or 8% by the summer. If we can get it to 8% we are doing well. If we don't undercut this too much by stimulative measures, we think the recessive influences will be over by next summer or fall. If Congress panics and turns on the spigot, all the good we have done will be down the drain. We hope to keep a steady course and, depending on the next statisticswe are not frozen, but we don't want to panic.

Trudeau: I assume that price and wage controls are not anticipated now?

President: I have no plans for that. Congress may make a move to give me the control authority so they can wash their hands of it-- but labor won't buy that now.

Trudeau: We don't plan on going in that direction, but if you move, we would have to consider it. We are trying to do about the same as you. We are stimulating housing, and the consumers are still confident. That leads to automotive imports. As far as our auto agreement is concerned, two years ago we said we had an accidental year. I think our experts should get together and look over the automotive industry over the long run.

On trade in general, we don't have much to do, because our private sectors do most of it. We have the biggest trade of any two countries-- it is 66% free trade and with the trade bill, it will go to 88%.

President: Any influence you have with our Senators will help. We are hopeful, but time is running out. The Jewish immigration issue is worked out. Now one problem is non-germane amendments. I think we have a 75% chance of an acceptable bill by adjournment.

Trudeau: We wish you well because we need to get on with the negotiations. On tourism--another message for Kissinger--our last budget goes in the direction we said we would. American tourists spend \$1.2 billion and Canadians spend \$1.0 billion.

I want to mention beef. We think we were right, but our officials are talking and I am confident they will resolve it.



President: I hope they are making every effort.

Trudeau: I will concede the appearance of what we did was bad, but I think we were right on the substance.

President: I'll be frank. We had a political problem.

Trudeau: We did too. I would say we almost asked for it.

Environmental Cooperation

On environmental matters. I see the clock

President: Go ahead.

Trudeau: There are several irritants. We won't resolve them here, but our ministers should be told to work on it. The most serious is your Garrison Diversion Project in North Dakota, and its effect on Canada.

President: I am not an expert on that.

Trudeau: We see your experience with Mexico.

Porter: We know your fears, but have said we would not change the quality of the water.

MacEachen: I don't see how you can deliver on the content.

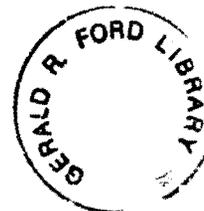
Porter: We will work with you.

President: We are slow on many things but we don't want to move out on inadequate treatment plants, but we will keep our commitment.

Trudeau: I'm glad to hear that.

President: Our major problem is technical.

Trudeau: Let me raise a couple of other items, just to say I mentioned them. [He mentioned the Skadjet (?) Valley project and the Juan de Fuca Straits.]



President: We will move cautiously.

Trudeau: People are very worried about big oil spills. It would badly influence our people.

President: I would like to mention our joint park efforts. Morton asked if we couldn't move more rapidly.

Trudeau: I'm all with him. If there is a slowdown on our part, we will take care of it.

President: It would give us a chance for an announcement for future get-togethers.

Trudeau: At dinner I will bend your ear on cultural identity and economic identity--the Canadian "third option" of more Canadian control over its destiny.



-Robin letter - Larry
Larry - Pass the pin books,

3:01 / P/T/Trudeau / McEwen / Head / Cochran
H:12 / Watt / HAK / Paton / Hartman
4 Dec 74

Transcribed

(Present)

P ~~It was~~ very nice to have him here, Mr. P
K & T & P we should let you arrange
a function to reappraise

T Well, it was an improvement.

P ~~#~~ I was not a group of parliamentarian ~~to~~ as part
of Canada - US Judicial group. Got to
know many of Senate & India. Wade
got to be Minority Ldr Wade I had to drop it.

T Our loyalty is not high, but still very
low a few around.

P We ~~both~~ have had some problems of ~~that~~ in
that regard.

T Let's ^{like our} one by - election

P You had good election

T Yes, but we had a tough 18 mos period, ~~and~~
It was tough & our relations weren't built
w/ or closely - you also had your job.

P History focused on making w/ you. I will run
a year & I think a production. I think w/ some
may. we continue things around not only
w/ in a US but in way which will benefit
us all.

We think our relation w/ Albania have
improved after seeing you or 2. We want
to make our relations as firm as possible - I
met w/ you about a day I visited.

I am committed to a continuity of our F.P. Future
I have worked w/ K and some of a trips have
of 71, 2 & 3, so we have worked closely.
My trips are entangled some here, but in



long with it will have sig benefits.
 Japan extracting. Para had never been able
 to go & there were threats of violence. Jays
 did superb job & a few didn't materialize.
 And to see Tomoko. It's a very good
 I think all were pleased w/ C asset. They were
 entertained for X & I said we X whole.
 They very enthusiastic in language & we personal
 to work closely. S.K. - If had not gone, would have
 been overwhelmed by both N & S Korea

T Is that a 1st?

P Mr. Johnson Eisen.

K ~~the~~ Johnson went when he couldn't go to Japan

P Eisen to Vlad. Big only we ever been there before.

I think a salt agreement would be original &
 opposed by Cong - pop. Some criticism by
 left of # 5 too high & from right from those
 who haven't embraced detente. (Gave # 5)
 It has put a cap on a prop.

K This selling is better present price by about 15%
 They working on long invo - they will have
 to come out of black. Don't make any deal
 by whether we at 24, 22, 20, 18 etc. Coz unity
 to destroy world remains. For 1st time
 a superpower has stopped a growth. Quality
 continues but we are arguing that qual alone
 can quit SS. Take work of fun & prod.
 This was a critical agreement. Once a =
 easily agreed, it is easier to reduce because
 a great part of SS is over. This is part
 before a responsibility of the Sov power. Salt



I was a good step gap but Scott II was training just
of arms race

T We consider a ^{a marked success} agreement ~~arrangement~~
Very well used by Govt + people. Principle
of equality important.

P Unlike Scott I, where some do agreement or in
best, there is unanimity here - + I suspect
more close

K We have had indications of some military gunnery
about exclusion of FAS.

P That was big concession - FAS + Ke + For
system compensation.

FM Why they willing to make such agreement?

K Waterloo aside, I was about to know what would
follow N. Now they have a potential to go for
Precedent such that he could plausibly go for
over arms race. They really have a stake in
detente - + to depose people like Jackson. Finally,
any serious student needs a big of a few
hundred envelopes or dig.

T How diff from this like last summer?

K Last summer we gave them higher eggs for
so having higher. Now they almost took
it + glad to limit. It would have divided a
country explaining a agreement. Also a 5 yr
limit would cause dip.

(Story about 2 Songbirds)

T Does this usual something on K P in SC if
he had to ~~use~~ use search tactics. How
about SC E

P It comes up. Gangles spent long time going

over a details. I ~~think~~ that I understood it, but I will let K go then details

K E fundamentally ^{EU-FRG diff} equal principles vs principles equally obtained. But over Basket III we said we would make serious negotiations but didn't discuss content of negotiation

T That an description but we heard from EU you maybe not so concerned on details

K Didn't come up that way. They wanted a firm conclusion. We talked about ^{early} April.

T That interesting. They obviously want a appearance w/o giving anything.

P That's what it is

T Yes. We're thinking of June, but April would be ok.

K Fairly, a budget for you, a course map. They will behave - if we can blame you (though)

T Fine. We have been very firm about freedom of movement. As long as they don't think they can just wave us down.

H I just serious. Comilla not mentioned.

T General for this meeting. On day, I guess they want give a leadership a world market. It's important & EC want, sort of like US. We want you to know we think that leadership important. There is no other sets. for strong leadership, even a visit & we talk to you.

P We need to work together w/ our allies, you & W. Eur. All energy oil price agreement was good & consumers together. We don't work out possibility of getting together w/ producers, but we think we must get answers together



1st. K laid it out in Chicago. We pleased w/ IFA. We think we need a 25 bil loan to handle a petrodollar prob if we are going to deal w/ a prob

T You have some support in your fav that I suppose does not mean we might talk about. You wish that you had more cooperation, but we fear counter cartel action. We rejected that on sulphur, iron ore, copper. We think would better if E + P talk rather than export. Some E can force you to talk cooperation. We think if we were put together they would be stronger than P. If we put together tightly E tell p we on collision course, given their history, we would be on collision course. Maybe you do want to lead on collision. Would like your views.

P we would prefer it w/o tightly knit lead to lead cooperation. But if we find a prob magnifies us/pres P + financial aspects worsen, we may have to tighten measures to prevent a crisis.

T I speak in confidence, but Grismond will pretty much be the language as you did. He thinks you are on cooperation course. (But he said (I think) a year if they are insisted on raising the price.) I think you intend to do some, but in this process he thinks you want to weight a heavy. We are in but.



V I was impressed w/ willingness of program not to lead but to support -

T after going behind ~~the~~ last year.

K We don't seek conf. But if consensus not reached, a conf will result in a sort of bilateral going on war. Pushed me to speak in Chicago to give consensus a test they can master their destiny. If they are consistently confronted w/ ^{exaggerated} ~~discussions~~ ~~make~~ ~~statements~~ ~~conf.~~ ~~of~~ ~~war~~ ~~will~~ ~~constantly~~ ~~erode~~. We have general relations w/ Iran + SA. French and expatriating on position.

T Cause they don't know you

P Fortunately a procedure do. ME was discussed at Khd. We want to continue a step by step process, & Geneva at some time, but not now.

FMI Turner + Co. Govt are concerned about trying to support a multi system in May China which private use system during some of it. We tend to want to no multi system like FMI. That would tend to involve producers more directly

K You know we don't agree w/ that at all

FMI Why

K 2 probs - developed ~~as~~ ^{best developed} ~~countries~~ ~~as~~ ~~well~~ ~~countries~~. w/ underdeveloped it is a way to go. w/ developed countries, they have to take steps themselves & also they can't become dependent on decisions made elsewhere. Producers will eventually seek political benefits. They would need to feel they can master their own destiny

T Yes, unless they face 25% unemployment

K Of course, but we don't think it will come that

We think it can be done in changed conditions w/o increase in unemployment or protective industrial zones. We make clear in Japan memorandum shouldn't be at expense of growth.

P This why we pushing voluntarism.

T We will go that way too, I sent organs Trueman point, I'll let him talk to Simon

P I have requested by Western ^{refinances} ~~states~~ ^{Chall} ~~states~~ whose expressions depend on Convention X. They asked me to raise w/ you. I see you put - you have your needs & cons. By tempting you can do well be represented.

T I bring breakfast w/ some. I'd like it to be sweet. On Jan 1 we will go down to 500 000 tbl/day.

The additional proposal, which isn't policy - which I must discuss w/ you & primes is to go down to 650 000 in July. Perhaps primes would want to short ^{short in} that 150 000 but rather sell. We know a part of expenses - we understand they their need is 650 000 + that they will get even w/ our additional plan. Of course, on next Jan 1 there would be further contract. We would hope a company would find ~~the~~ ^{some} way to negotiate. There are some complicated formulas which I don't exp. explain. I guess if worst case we could give you more in exchange for something. A while back, you asked that more not be sent in.

Frankly it a real prob. Conditions know you have more than we. You have prog. indep. We know we will be short in less than 10 yrs.

P I appreciate your views. There are some helpful suggestions and I wanted to express their essence.

T You stopped X year ago. Our reserves are not what we had they were. Why? Because we have produced at capacity to supply you. Who knows what decisions will be made? What arguments will I get.

Poste They will say refineries will be built specifically for this oil. (Time was asked to move forward in, but informally it did increase.

T What would an American do in our situation. Oil price, we selling you oil at some price we buying it. No reason we should make a gift to Americans. But oil supply is increasing but I can't see any other way.

FMI Our decision resulted from a study of our reserves by an regulatory advisory board. Under law we can't X more than a board board says is surplus. Another point is we have had criticism it shows our conservation hasn't been severe enough - we should have cut back faster.

P Our benefit of getting consumers together is to X found all forms of energy. Proj Dudgeon wants to be more vigorous. It won't give us self suff by 1980. A good prog but wait to see that date. Our research would be shared through (that group of various X found research in other energies, we can do more, but not by 1980. I think this an added incentive for exp.)

T I think under IEA there is a trigger. If shortage gets to - what - 7%, sharing does start, & we



of course would then roughly mid-west (ref. By 82
there will be a gap, even w/ tax funds. We very
wishing to crop.

P This will be beyond going to war

T what else will they bring up?

P I think we should discuss security. I think NATO
is initially important to peace. We have elements
wanting us to w/draw forces - they want to turn
united. We will keep forces there in absence of
N.B.F.A. But thinking of 10 bil reduction, but
said in other than NATO. I hope they exempt NATO

T We don't intend pulling out of NATO. It is 3rd
priority: Canada, N. America, Nato. Next year
you budget 11.2% above this year. We think
better than any other, but admittedly from a
smaller base. In this economic climate, we think

this is to prove we are not trying to urge on NATO
Nasal
to fear being.

P ~~to~~ You done a fine job in pluckering.

T Glad to hear that

P It is very important.

T Very pleased. Our mission is to give us a hand
best for our def\$ - mobile forces, requiring Quinn, etc.
We want to discuss w/you your strategic concepts
How important is heavy ASOS effort as compared
surveillance only. Also a role you see for
that bombers. Inevitably ~~not~~ ^{positive} permanent of

(11/13) ASOS patrol aft would help reduce a imbalance
N+K discussed - from \$500 to \$50 (mil) million

We have no intention of pulling out of Nato
a head.

P Glad to hear that. Sometimes I would like to hear how you managed to unify a service, but that we could do it, but lets be about it.

T We see you think your economy is softening. We so dependent on you. Could you talk about this a bit.

P When I came in, we were in a very serious inflation. We came up w/ a plan which initially focused on inflation but recognizing that changes signals would let us put a clamp on the hand. The 1 mil bill/day construction a loan fund would add to our downturn jobs. We were mainly trying whether we should shift our emphasis. Debt velocity has plunged. ^{targeted activity} ~~It depends~~ to much on consumer attitude. But we feel we must get inflation down from (2% to) 8% by summer. If we can get to 8% we doing well. If we don't moderate this too much by stimulative means, we think a recession influence will be over by next summer-fall. If Cong panics & takes one step out, all the good we have done will be down a drain. We hope to keep steady course & dependents on what statistics... we not program but we don't want to panic.

T I assume price & wage controls are not anticipated now?

P I have no plan for that. Cong may make their move to give me control authority so they can wash their hands of it - but I don't want by that name.

T We don't plan going in that direction, but if



accidental

(1)

Jack Carter fact - 2 yrs ago we said we had accidental year

you mean, we would have to consider it.
We trying to do about same as year - we stimulating housing + ~~consumer~~ ^{consumer} and still conf.
That leads to entrepreneur M. I think our efforts should look over a entrepreneur industry ^{over} a long run. >

On trade in general, we don't have much to do, because our private sector do most of it. We have biggest trade of any 2 countries - 66% free trade + w/ trade bill will go to 88(?) %.

P Any influence you have w/ our Congress would help. We are hopeful, but time is running out. The Joint immigration issue is worked out. Now one prob is non-germane amendments. I think we have 25% chance of an acceptable bill by adjournment.

T We wish you well because we need to get an w/ report. On tourism (another way for K) our last budget goes in direction we said we would. US tourists spend \$1.2 + conditions 1.0 bil (was more?) I want to mention help. We think we were right, but our officials are talking + I expect that they will resist it.

P I hope they making very effort.

T ~~But~~ I would concede a approximation of what we did was bad, but I think we right on substance.

P I'll be frank. We had pol. prob.

T We did too. I would say we almost a bad part.

Our ^{env.} environment ... have a clock ...

P Go ahead.

T Several variants. We want reform, but



Gen 4/1/11

5

0X99225

our minister should be told to work it. Most
series is - Garrison diversion

P I not an expert on that.

T We recognize presence of Indians

Kate We know your fears, but have said we would not
change quantity of water

EM Don't see how you can deliver on Contab.

Kate We will work w/you.

P We are slow on many things but we don't want
to move out on inadequate treatment plants, but
we will keep our commitment.

T Glad to hear that.

P Our major job is technical

T Just to say I mentioned it - S budget valley ^{valley} ^{Seattle}
+ from de Force shorts

P We will move cautiously.

T People are very worried about big oil spills. It
would badly influence our people.

P I would like to mention port park efforts. Water ^{Morton}
ask if we couldn't move more rapidly.

T I call within. If slowdown on one part, we
will take care of it. (Name?)

P It would give us a chance for arrangement
for future get together.

T At dinner I will heard your view on continued
identity, even identity. The Canadian
3rd option of more Canadian control over
to destiny?

