MEMORANDUM

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

PARTICIPANTS: President 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, December 5, 1974

PLACE: The Oval Office

Kissinger: Echeverria has his whole ego wrapped up in the Charter of
Economic Rights and Duties. Now it has a number of highly objectionable
features. We can buy about 80%. We can vote paragraph by paragraph.
But then there will be a vote on the Charter as a whole. So far, no one
plans to vote against. The EC will probably not. You can try it out on
Schmidt.

The President: Can we knock any of them out?

Kissinger: Unfortunately, Percy is handling it and doesn't understand
the realities with the Mexicans. Echeverria just wants his name on it.
I think we should abstain and make a strong statement. The lawyers and
Treasury are against it. My view is they are right on substance; it is
only because of our relations with Mexico. But I have told Rabasa we
would oppose it unless some changes would be made.

The President: Would abstention satisfy Echeverria?

Kissinger: Yes, because he thinks we will oppose.

On Schmidt. Energy. With Trudeau it doesn't matter, but I
would be a little firmer with Schmidt. I would say this is the way we are
going to go -- alone if necessary. Especially regarding the consumer-producer conference. He will want a date set. Don’t agree to a preliminary conference. You can give him a working deadline of summer, because we can do all that is required in six months. We need to show the Europeans that when we are determined we will not waver. Giscard put himself into a trap with his proposal.

Schmidt will mumble about not wanting a confrontation. It is a false argument. We are not seeking one -- but the key is the solidarity of the consumers. Schmidt will want a producer contribution to the fund. But that defeats the purpose and destroys our solidarity -- they could contribute after the second year, after we get going. You must put this to him on the unity of the West. Schmidt worries that he and we will bear the burden and the others will relax. He is right. Tell him we will insist on a country putting its own house in order before it can borrow.

Schmidt thinks the US screwed up the world economy for 12 years. He thinks we irresponsibly financed the Vietnam war by inflation, flooded Europe with Euro-dollars, and then deflated. Schmidt despises Simon because he thinks he is a lightweight. He likes Shultz and Burns. Flatter Schmidt, not by making him look a fool, but by saying that if you and he don't handle the world, it won't be done.

The President: Explain the IMF.

Kissinger: Britain wants to get producer money and participation. It is easy and doesn't require new facilities or national legislation. It would demoralise the West and automatically start a consumer/producer dialogue within the IMF on terms of trade. If we don't get the West together now, the disintegration of the West will be too far gone. The Brits want a quick fix until North Sea oil comes in. Wilson has no long-run vision and is totally unreliable.

Schmidt wants to save Giscard's face. We can't do that by catering to Gaullism. They have nailed themselves to the wall with a call for a producer conference. This gives us leverage.

Schmidt is losing all the by-elections.

Genscher and the Free Democrats could leave the SPD and rejoin the CDU. Strauss is a wild man, but if he can solve his (George Wallace) South German problem, he could sweep everything.
On CSCE, no deal with Brezhnev. We don't want it done before early February, but then we should work together to get it settled.

[Senator Mansfield calls.]

Nuclear weapons in Europe. They are not a big problem, but just insure that he knows there must be no side deal. Schlesinger wants to put a nuclear package in now. That would look like condominium. We should wait until next spring so you can get the credit.
K. Eisenhower has his whole ego wrapped up in E. He, too, is a highly objective person. We can be about 80% sure. We can vote now or later. But then there will be a vote on E's charter or article. So far, we are both for E's charter. I agree with public women. I think we should abstain, make a strong statement. The lawyers & Treasury are against.

Any view so they can fight on substance, it is only become from substance of events. But I think we should oppose unless some change can be made.

P. Would abstention satisfy E?

K. Yes, except that it will make no apparent difference. I agree with Schmidt. It doesn't matter. It should be a little favor of Schmidt. I would say this is very clear was going to be the final view. If Schmidt &89 Con. will not go. But if the public may, you can join in a working relationship with Schmidt, because it can be a very important relation. It would be a very important change. We need to show c.

EMC [line crossed out] or we are determined we will not work. Schmidt put a spine in E's way on his proposal. Schmidt will hold out about this monetary construction, if it is a false argument. We are not rushing it - that the key is feasibility of consumers. Schmidt's condition prevents a minimum contribution to a fund. But that doesn't purpose to change. We think they would
Contribute chpt c 2 Revear after we get going. You
must put this to him or amount of west. Schmidt
considers that he & we with limes c lances & clothes will
delay. The night & all him we will insist on putting
him in order before or expiry chance.
Schmidt thinks vs. spending c small economy desires.
Thinks we mess around - financed UN case by
exploration, placed Eura / Eurafters, etc., then deflects.
Schmidt disputes because he trusts in a
repudiation of Hitler, Schulte & Bormann. Pletin Schmidt
will by making him lose a foot, but by saying if you do he don't handle c world, it won't be fine.

P. Eppstein c FNF

K. The words & put producer money & wield. It easy &
doesn't repress nor foundation or with legs & it
would draw into c west + demonstrate with c in
dialogue w/ineer on items of trade. Instead put c west together worse c destruction. He west
will be done from there. He wants a quick fix to

2 Neria and comes in. It does have no long
run vision + is totally unrealistic.

Schmidt went to same General P. We went to
that by catering to Gerhard. They have invited
themselves b/w west & east for producer every 6th
This goes on forever.

Schmidt go burning by methyls.
Gerhard is FYO's 1st real - line 8PS & replace 80P.
Still is a will smm. But if he can solve his
(Camp Wallace) S. Camm put, we won't have

any thing.

On c 5 c c, we can deal w/ him. We don't want w/
Some trouble nearly fixed, but there we should work together to get it settled.

(Monsfield calls)

Then upon it. Not a big part, but first

ensure that he knows we will do. I also

wants to put it in. Know. That would look like

Cavendish. We should want Ed kept away

so you can get rest.