MEMORANDUM OF CONVERSATION

PARTICIPANTS:  
President Ford  
Count Otto Lambsdorff  
Ambassador Von Staden, FRG  
Lt. Gen. Brent Scowcroft, Deputy Assistant  
to the President for National Security Affairs

DATE AND TIME:  
Friday - February 14, 1975  
12:30 p.m.

PLACE:  
The Oval Office  
The White House

Lambsdorff: I bring you the best regards of Chancellor Schmidt and  
Minister Genscher.

President: We had a very constructive group of meetings. Please give  
them my regards. I understand you have been meeting with my economic  
advisers.

Lambsdorff: We appreciate very much your ideas on energy and especially  
on the floor price. I especially see the Economic Community supporting  
it, and I hope Germany will follow. I have been for it for a long time.

There must be some safeguard for development of alternative sources  
whether it is by a tariff or a floor price. And it must be done by the  
consumers together.

President: I am encouraged by the cooperation we have had so far among  
the consumers. It will be good not only in developing cooperation, but for  
development of alternative sources of energy too.

Lambsdorff: Yes. As you know, we can't achieve energy independence, but  
we are trying. Without rationing. We have done it with prices.

President: We are trying too, if Congress will go along.
Lambsdorff: Compared with our experience, your suggestions of doing it with price are the right way.

President: Tell Chancellor Schmidt that many of his economic proposals are along the lines we have gone. We are trying to stimulate the economy.

Lambsdorff: We are trying to make the balance between inflation and stimulation. I think the U.S. economy is not as bad as the papers say. I see the first signs of recovery here and in my country.

President: In yours too?

Lambsdorff: Some of the first figures indicate that it will be not so long a recession. We did have a sharp break, with unemployment, which was frightening. But we are coming out of it now.

President: We have had a sharp inventory liquidation.

Lambsdorff: Ours was not so much, because we never have so much inventory buildup. A crucial figure for us is the jobs available -- and that is going up now. In a few months I think we will see an upturn.

President: How about the other countries?

Lambsdorff: The French are doing okay. The Dutch were hit hard but are coming along. The Italians have done better than anyone says. Without the oil, they would have had a balance of payments surplus over the past two months. I am most worried about Britain.

President: I notice the railroad workers there had a 40% wage increase.

Lambsdorff: They think you can finance everything with inflation. They are still following the old Keynes method and it doesn't work. Carrying Britain will be a heavy burden.

President: Their referendum on membership will be this summer.

Lambsdorff: I am sure it will be a positive vote. We have always been in favor of it politically. Economically, it will be a burden.

President: My impression is they are just trying to hang on, waiting for the North Sea oil.
Lambsdorff: I think they may have to mortgage it ahead of time.

President: It was a real pleasure meeting the Foreign Minister and having a long talk with the Chancellor. We count on you as friends, and as strong leaders of the West. We feel we have the best kind of relationship and we are anxious that it be continued.

Lambsdorff: We have no bilateral problems. I think our relations could not be better.

President: Thank you very much for coming. I appreciated your appraisal of the situation.

Lambsdorff: Thank you for receiving me.
1. Being proper part of Schmidt's operation.
2. We had a very constructive group of talks.
3. During our discussions.
4. Schmidt and our team of experts.
5. We appreciate very much your help in
6. Saving us from a false start.
7. But we cannot be involved in.
8. Schmidt's staff.
9. We are now in the process of.
10. We will follow through.
11. I have been patient for a long time.
12. However, we have some concern about
13. It is only a false start. And it cannot
14. Be done by a committee together.
15. This would compromise the work done now.
16. It would be good to only in sleeping bag
17. But the day will come.
18. Yes. As you know, we cannot get along
19. But we are trying. We are doing.
20. It is very hard.
21. We try to get along.
22. Very well of our efforts.
23. Your report.
24. It is in our favor the right way.
25. I read Schmidt that many of his new projects
26. Are going in line as we have pointed out.
27. They are trying to stimulate them
28. It is hard to make a balance but in itself
29. I think our economy is
30. And as we already say.
31. I see no reason
32. Of wanting more than our present.
33. Young.
34. Love it.
35. I suppose maybe not so long
36. A season? We'd have a strong basis
Unemployment which was frightening. But we won't count any more.
I see more and more people here.
I can't be much because we never had enough since last year. A special
famine for 1945 to be available. So that
we get some sort of food. In four months
I think we will see some

French are doing well. Dutch still hard hit
an evening along. Famine has been better
than expected. So I think they have big
opportunities for next summer. I must write
about that.

I write this numbers and yes. Some increase.

They think you can survive everything
of starvation. Still following S. E. Europe
in despair. cabins. Carrying but will be
a big problem.

I am sure it will be a hard winter. We
have always been in famine problems. Eating
it will be harder.

They say it is just trying to hang
in waiting for tomorrow.

I think they may have to work some of their

I feel we need to prepare and change. I feel
that we understand as French and as other leaders of world.
We feel we have to do the best think I can think and can imagine that it contains.
I. We have an industrial problem, which
some solution could not be better.

II. Though open many mends for coming
operation quite good. Preparation in this situation
III. Thanks again for coming and