



DEPARTMENT OF STATE

Washington, D.C. 20520

May 13, 1975

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MEMORANDUM FOR LIEUTENANT GENERAL BRENT SCOWCROFT  
THE WHITE HOUSE

Subject: President's Meeting with New  
Zealand Prime Minister Rowling

Attached is a memorandum of conversation covering the President's recent meeting with Prime Minister Rowling. It is submitted for your approval.

No distribution will be made within the Department of State pending your approval.

*George S. Springsteen*  
George S. Springsteen  
Executive Secretary

Attachment: As stated.

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DEPARTMENT OF STATE

Memorandum of Conversation

DATE: May 7, 1975  
TIME: 11:00 AM  
PLACE: The White House

SUBJECT: President Ford's Meeting with Prime Minister Rowling

PARTICIPANTS: US: President Ford  
Secretary Kissinger  
Ambassador Selden, US Ambassador to New Zealand  
General Scowcroft  
Assistant Secretary Habib

New Zealand: W. E. Rowling, Prime Minister  
Lloyd White, Ambassador to the United States  
H. H. Francis, Assistant Secretary of Foreign Affairs

DISTRIBUTION:

PRESIDENT: Was your Commonwealth Ministers Meeting successful?

PRIME MINISTER: Generally, yes. There were no tremendous conclusions reached at the meeting.

PRESIDENT: How frequently are they held?

PRIME MINISTER: Biennially.

KISSINGER: (Jokingly) I pointed out to the Prime Minister that such a meeting was a violation of the Monroe Doctrine.

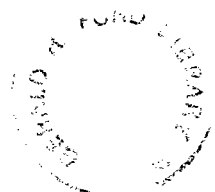
PRIME MINISTER: There were thirty-three States participating and twenty-eight heads of government were there, five did not show up.

KISSINGER: Who was not present?

PRIME MINISTER: Williams of Trinidad, and Amin of Uganda.

KISSINGER: The latter does not surprise me.

*Jm for PCH*  
EA: PCHabib:mhs  
(Drafting Office and Officer)



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PRESIDENT: (Pointing at Ambassador Selden) Our Ambassador is an old colleague of mine. We were sixteen years together in the House. I hope he has been behaving himself in your country.

PRIME MINISTER: He has done very well. He has made his presence felt. It is useful to have someone who has a good in at the Capitol and understands political affairs.

AMB SELDEN: I received a very cordial reception. I am ashamed how hospitable the Prime Minister is whenever I ask to see him.

PRIME MINISTER: There are very close relations between our people and that association will continue to improve strongly. We do not forget our relations beginning from World War II.

PRESIDENT: I was in the area on an aircraft carrier in World War II over Christmas and New Year, and a few days after, of 1943-44. We conducted a strike on Rabaul. It was a risky business.

KISSINGER: Was it as late as that?

PRESIDENT: Rabaul was a big Japanese base in the area.

AMB SELDEN: They are carrying on the Coral Sea celebrations now in New Zealand. Secretary Weinberger is there.

PRIME MINISTER: We also have very good relations in our common effort in the Antarctic.

PRESIDENT: Do they operate from New Zealand?

PRIME MINISTER: You supply your Antarctic base through Christchurch.

PRESIDENT: I was scheduled to go to the Antarctic once with a group but I could not make it. Those who did go were terribly impressed.

PRIME MINISTER: I would also like to go but the landscape will not change.

AMB SELDEN: We are getting great cooperation from the New Zealanders in our Antarctic bases.

PRESIDENT: Since when have we been there?

AMB WHITE: The beginning of 1957 and 1958.

KISSINGER: How long does it take to get to the South Pole from New Zealand?



AMB SELDEN: By C-130 it takes nine hours, by jet you can do it in five hours. But that is only possible for five months out of the year.

PRIME MINISTER: Maybe you could jet there for one of your Middle East conferences.

KISSINGER: We could hold a Middle East conference there. I know a few foreign ministers I would like to leave behind.

PRESIDENT: I am delighted to meet and exchange views on problems with you. About a week ago today, we had a traumatic experience. This was a setback for us and now we will be taking a look at the long-range in the Pacific and Asia. It has been reported and we have said that we will continue to play a major role there and elsewhere. We will state that publicly and privately. The American people will not retreat to a 1920 attitude. But they will have to be led by the benefits which will come from our international relations. Our relations with you are good and we want to maximize the opportunity of continuing them. The Congress has also been through a difficult period. It is not the same Congress we knew in the past, Ambassador Selden. There are many differences now, particularly on the majority side. I think the Congress will continue to support our broad policies. We will continue our associations and our commitments with the countries with whom we have been associated so long. What disturbs me is instead of taking the long view, some people are taking the short view and trying to get limited benefits. We will keep up our strength. We may have some trouble with Congress, but in the final analysis they will give me what I recommend. We have asked for a military budget of \$94 billion but we will keep strong and I want you to know that as far as our commitments are concerned we will stand by them.

PRIME MINISTER: That is encouraging from our point of view. I accept them with some relief. We hope you stay in the Pacific. We are aware of your domestic problems. That is an inevitable part of the political situation. But it is encouraging to hear the things you have said. The traumatic experience of the United States has been shared by Southeast Asia and in the Pacific according to the distance which a country has from the problem. Lee, Razak and others at the Commonwealth meeting were concerned with the remote possibility that the United States would turn inward and they would feel marooned. As said to Dr. Kissinger earlier, we hold the view that you must not only be strong militarily but also assist in the economic strength of the region. For us, when the United States hiccups, we get a stitch. When you do more than hiccup, we get really ill.

PRESIDENT: It might be useful if I give you some of the economic analysis I now have. We feel we have reached the bottom of the recession. A number of indicators show that we are at the bottom and poised for a revival. This has been a unique recession involving a great deal of inventory liquidation. Retailers and manufactures have been liquidating at the most rapid rate in history. This is now done and we are seeing a reduction in inflation from a previous rate of 12% to about 2-3%. There has been some increase in unemployment. That is unfortunate but the last statistics showed a gain in the number of people employed. It increased by 250,000 and the lay-off rate is slowing down. Unemployment compensation showed a slight decline. Altogether the evidence shows that by July 1 there should be encouraging developments at home. One of the benefits of meeting with you, Prime Minister Wilson and others is that it gives us a chance to coordinate economic programs to help the Western World generally.

PRIME MINISTER: We are running behind you. We took a beating in our trade relations with the United States as well as with other countries. Our export sales went down by at least 15%.

AMB SELDEN: Last year the United States ran its first favorable balance with New Zealand in over fifteen years.

PRESIDENT: You are one of the few countries about which we can say that.

PRIME MINISTER: We are heavily dependent on the United States market for beef. We know the circumstances which produced a voluntary scheme for controls.

PRESIDENT: I am glad you cooperated on that.

PRIME MINISTER: We had to accept it reluctantly. We had to bow to the inevitable. We hope you will review the matter as circumstances change.

PRESIDENT: We will do so. Our beef prices have gone up in the last two weeks. They had gone down too low.

PRIME MINISTER: Prices are getting more solid. We don't want to see the high prices of 1973. They were too high. We would prefer more stability. We were accused of being protectionist. We are not really. Our inflation rate is running about 13% but we have almost no unemployment.

PRESIDENT: You are fortunate. Our unemployment rate has gone up but it appears to be levelling off. Nevertheless, we budgeted a deficit of \$6 billion for unemployment compensation but that has increased to \$8 billion now. That kind of deficit is far too large and we may even see Congress doing things that would add to it.

PRIME MINISTER: We are running a deficit too but we expect improvement in a private sector which will help keep our budget in balance. If I could sneak a point in, I would like to remind you of the fact that IMF is in the process of new allocations on drawings. The general allocation has been increased by 32% but we come out short to about 7%. There is a Directors' meeting coming up and without wishing to take anything from the United States it would be helpful if your directors could put in a word for us.

PRESIDENT: How has New Zealand been affected by energy prices?

PRIME MINISTER: Our energy costs increased by three times. 96% of our manufacturing requirements are imported. Fortunately 25% is supplied by hydro and geo-thermal. We could have ridden out the oil price rise if commodity prices had not dropped. The costs of our imports have increased and that has accounted for 40% of our inflation.

PRESIDENT: Between energy and food price increases, our costs rose but the recent stability of food and energy prices reduced the inflationary pressure. We hope a boom does not get started again.

PRIME MINISTER: Our commodity imports have been a problem. For example sugar prices rose by three times.

KISSINGER: I thought the world price was down.

PRIME MINISTER: Yes, but we buy our sugar by contract from Fiji and Australia, and we have been paying some higher prices in Fiji, partly as an economic subsidy.

PRESIDENT: There has been a substantial drop from past prices by about half.

PRIME MINISTER: There has been some drop in commodity prices.

KISSINGER: Some people are talking about the indexation of oil prices. That would have meant oil prices would have gone down with commodity prices.

PRIME MINISTER: There was some opposition to indexation at the Commonwealth Conference.

KISSINGER: We are opposed to it.

PRESIDENT: Indexation looks good when prices are up but not when they are going down.

AMB SELDEN: New Zealand has been doing some off-shore drilling.

PRIME MINISTER: We have not struck oil, but we have a good gas strike which will be helpful.

PRESIDENT: I visited oil rigs in the Gulf of Mexico about two weeks ago. They are massive and expensive. \$26 million for one rig.

KISSINGER: The Trinidad Prime Minister came with the idea that sovereignty began where oil rigs were because of the need to police them. That is a novel idea that would push out Trinidad well into the sea.

PRESIDENT: How can we work out the problem of naval facilities in Singapore?

PRIME MINISTER: Lee will want to deal directly with you. It has been suggested that we fill the gap left by the British. I had some talk with Lee on it and I interpret his view that if there is to be any arrangement it should be directly between his Government and the United States. I see no difficulty in getting facilities from him but he will take an even-handed stance with respect to others. There could be security problems, but Lee felt that these could be handled. He regards the UK departure as putting the asset back into Singapore hands. It is no longer a part of the five-power arrangement. New Zealand is not enthusiastic about taking on the facilities, but in any event Lee will prefer to deal on a Government-to-Government basis.

PRESIDENT: If he were to have a different point of view, would your Government be willing to reconsider?

PRIME MINISTER: We would have to take a look at it. We did not consider it further on the basis of his reaction. If he changes we will look at it.

KISSINGER: We are seeing him tomorrow. He is a tough fellow.

PRIME MINISTER: He has been Prime Minister since 1959 and has had his troubles in the past.

KISSINGER: He is much better organized now. He came to Harvard when I was a professor there. Everyone thought he would be a soft-minded Socialist. He shook up my colleagues by showing them how tough-minded he was.

PRIME MINISTER: He has done a good job.

KISSINGER: He is outstanding. He is a realistic person. He had to work Singapore loose from Malaysia. Some people think otherwise he would have taken it over.

PRIME MINISTER: Maybe today he wished he had not worked loose.

KISSINGER: His problem is that his talents are greater than his country. He is really a leader who understands regional problems. He is not a parochial thinker.

PRIME MINISTER: I agree. There is no one who has a better conception of the situation. At the Commonwealth Conference he was feeling pessimistic.

KISSINGER: He came to see me after the last Commonwealth Conference. It was the time of Watergate. His only interest was in a strong Presidency and whether it would hold until 1976.

PRIME MINISTER: You will find him well informed. He has strong views of the United States' overall interest in Asia.

KISSINGER: He always has a strong interest in Thailand also.

PRIME MINISTER: He always has. As I mentioned to the Secretary, whatever action can be taken to boost morale in Thailand would be helpful.

PRESIDENT: They are in jeopardy. They have asked us to reduce all our military personnel in twelve months. Our preference would be not to do so, but if they insist we will comply.

KISSINGER: Our strategy would be to go out grudgingly. Not give them the idea that one word from them and we are on the next boat. We should make them force the pace.

PRESIDENT: The more we delay and phase it out, the better for the area as a whole.

PRIME MINISTER: They are not the strongest Government but they are the only one around at the moment. Could we take a moment to discuss the energy situation?

KISSINGER: The Paris Meeting broke down on two issues: (1) the intransigence of the Algerians being mistakenly influenced by the French; (2) the linkage between energy and other commodities. We are reexamining the issue and some flexibility can be developed. We cannot accept indexation and not all commodities can be discussed at once but we are developing a position in our Government and making progress. The big problem is to avoid confrontation with the third world by talking with Venezuela, Saudi Arabia and Indonesia. If they are flexible, we can meet them more than half way.

PRIME MINISTER: No doubt they are flexing their muscles and they have power that cannot be discounted.





PRESIDENT: We cannot let them run free and loose either.

KISSINGER: If they are willing to take a basically cooperative stance, we have no interest in confrontation but if they get organized in a bloc and act in confrontation then we will have a problem.

PRIME MINISTER: I think they will be willing to calm down. At the Jamaica Conference, as we worked through the various problems, and the more mature nations had a chance to have their say, the others moved to a more sensible approach.

PRESIDENT: We will be responsive to that kind of attitude, but if they behave as they have at the UN the last several years, we will have to act differently. We are prepared to sit down but if they are going to act as a hard-nosed bloc, we will not accept it. Whether at the UN or elsewhere. Some reciprocity is required.

PRIME MINISTER: Some of them are quite responsible. Gowon of Nigeria showed up very well.

PRESIDENT: That is encouraging. How long will you be remaining in the United States?

PRIME MINISTER: I am leaving at 3 PM this afternoon. We have a Party Conference in New Zealand that I must get back to.

PRESIDENT: How do you fly back?

PRIME MINISTER: To Honolulu and then onward.

PRESIDENT: That is a long flight. It is ten hours to Honolulu.

AMB SELDEN: And it is nine hours from there.

PRIME MINISTER: I would like to invite you to take that flight. We would welcome your visiting New Zealand.

PRESIDENT: I would love to. I have never been there. I do have other commitments, but I would like very much to. Thank you for the invitation. We will think about it.

PRIME MINISTER: We would welcome you.

AMB SELDEN: Johnson is the only President who visited New Zealand while in office. Nixon came once as a Vice President.

PRIME MINISTER: Agnew came as Vice President but things were tense at the time and it was not a good experience.



PRESIDENT: When did Johnson go?

AMB WHITE: In 1966.

KISSINGER: On another occasion Johnson went to Australia and then ended up going around the world without telling anyone of his plans.

PRIME MINISTER: There is always planning for the security problems. We do not have much of a problem in New Zealand. We have two constables in front of the Parliament. One old fellow and a younger one being trained.

PRESIDENT: It is different here.

PRIME MINISTER: So far we have been fortunate.

PRESIDENT: Is there anything else to talk about?

PRIME MINISTER: One other point. What could develop in the Middle East? We had a visit from the Israeli representative in Asia and he was not so depressed.

PRESIDENT: We were disappointed over the suspension of the talks. We had been working on the problem on a step-by-step advance but it did not work out. We have been reviewing the situation and there are three possibilities: (1) the resumption of the step-by-step approach; (2) make a bid for a broad over-all, comprehensive approach; (3) under the umbrella of the over-all approach go through a step-by-step process. I am seeing Sadat on the first of June and Rabin on the 11th. After that we will make our decision. We feel strongly that we cannot let things drift. If we do, everyone is certain that war will come with all the problems that it would involve, such as an oil embargo. We are determined to keep the momentum going but we have no final decision at the moment. The risks are too great for us to just sit back.

PRIME MINISTER: Is there any risk that Israel will take preemptive action?

KISSINGER: That would get them into massive difficulties with us.

PRESIDENT: They would misread American public opinion if they did so. We want all parties to keep cool.

PRIME MINISTER: Is there coordination between Egypt and Syria?

KISSINGER: In war or in the negotiations?

PRIME MINISTER: In the negotiations.



KISSINGER: There is no extensive coordination but that is an asset. If we get agreement with one then we can use it with the other. The biggest problem is the Israeli position. We cannot underwrite a stalemate. One other question we would like to discuss. You have talked about a Nuclear Free Zone and introducing a resolution. Your Acting Prime Minister has said some things and we wonder if before such a resolution is introduced by New Zealand we could have consultations. If things go badly in Southeast Asia and Indonesia goes bad, there could be problems. It depends on how a Nuclear Free Zone would be defined. It may not turn out to be in the long-term interest.

PRIME MINISTER: It would be wrong for us as an ally to make such a proposition at the UN without talking to you. We would plan to talk it through with you. It is not a new idea, it has been in our Party platform. But it is a matter of definition, how it applies, to whom and what constraints there may be.

KISSINGER: We can defend ourselves without nuclear weapons in the South Pacific. But the question arises as to what is in the best interest of the people there.

PRIME MINISTER: In any event, Fiji will promote the subject. They are taking this line because of the French nuclear activity.

KISSINGER: The French are planning to stop testing anyway.

PRIME MINISTER: In any event they have no plans to test this year and I do not think they will go to atmospheric testing again.

AMB SELDEN: I talked to the Fijian Prime Minister and asked him if he really wanted a Nuclear Free Zone. I pointed out that one-third of our Navy was nuclear-powered and a Nuclear Free Zone could have some broad implications. He had not thought about that.

PRIME MINISTER: There would be no problem with respect to movement.

PRESIDENT: I commissioned the nuclear carrier NIMITZ the other day. It is an important part of our long-range establishment. Too restrictive a definition on nuclear zones would require us to take a look at our defense commitments.

PRIME MINISTER: It is a fair requirement and we will be ready to consult. I do not think there will be any difficulty in coming to an agreement.

KISSINGER: Not that we would be insulted if you were to drop the matter.

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PRIME MINISTER: Our concern is non-proliferation. It may take some time and we are fully aware of our impotence in this field. We do believe we have had some influence on France and that is what we intended to do.

PRESIDENT: I have enjoyed chatting with you, and I appreciate your kind invitation. We will see if we can work it out.

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