MEMORANDUM OF CONVERSATION

PARTICIPANTS:

Hans Friderichs, Minister of Economics, FRG
Chargé Niels Hansen, Minister, FRG Embassy
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:
Monday, June 23, 1975
10:55 - 11:19 a.m.

PLACE:
The Oval Office
The White House

[The press took photographs]

Friderichs: I bring you greetings from the Federal Chancellor.

President: I thoroughly appreciated having President and Mrs. Scheel here. Of course, I saw the Chancellor in Brussels and we had some fruitful meetings.

Friderichs: The German press had a very favorable reaction to President Scheel's visit.

President: My wife had an unexpected meeting with the Scheels in New York. [The press was ushered out.]

Friderichs: I have had good meetings with Secretary Simon.

President: Have you met with Frank Zarb?

Friderichs: Yes.
President: We are trying very hard to get Congress to cooperate on energy conservation. I will take action myself, and also push exploration and development of alternative sources. I will keep the pressure on Congress. They just don't seem to be able to move.

Friderichs: In my talk with Secretary Simon and Arthur Burns we covered the economic picture of the world as a whole but also had a candid discussion of raw materials and the new economic order.

President: I hope we can make progress on the consumer-producers meeting on oil. We are willing to consider other commodities, but to put them into the pot we think would be a mistake.

Friderichs: We are very much in agreement on this approach. I talked with Secretary Simon about it. You and we are primary users of raw materials and should have primary weight in the discussions. I agree that some of the proposals would have serious impact on us.

President: Some of the ideas are so far from our economic interest that I don't think we can tie ourselves down. I think we are making headway, though, and to tie ourselves down to more of these agreements would be a mistake, I think.

Friderichs: We must try to harmonize our economic needs with our foreign policy, and the best way is on a case-by-case basis, but if one wishes to go along with Third World ideas, it would be a transfer of resources which would be a deadly blow to the developed countries.

President: We have had some good news. Our inflation rate is down to 4-5%, half that of a year ago. If we don't get too concerned about unemployment we can make it. To react too soon would risk the gains we are making.

Friderichs: I discussed this at length with Simon and Burns and our situations are parallel. We also have high unemployment and inflation. We can't move too fast without generating a damaging inflation.

President: I work closely with Arthur Burns though he is autonomous. This is fortunate -- that we are not working in opposition. If we can be firm and not lose our cool, we will be o.k. The other good news is in retail sales, housing, etc. The big problem is non-responsiveness in the auto industry. Economists don't have the answer to this. Surveys show that consumer confidence is improving.
Friderichs: I must be frank, I was surprised about how strong your economic picture is. I didn't know things were turning so quickly. We are three to six months behind. If we two countries can move together we can move the world economy out of the doldrums. We are moving sideways, but I expect it to go up before the end of the year.

President: I am disappointed about the situation in Great Britain, and not everything in France is healthy, but if we can work together we can provide the leadership to bring the others along.

Friderichs: I completely agree. It will largely depend on our two economies. I see the French picture a little more positively. Giscard and Fourcade have done some things and they have a good grip on inflation. We disagree on some things like the snake. We see positive signs in Italy but in Great Britain, I have no idea.

President: Turning to politics, to have done so well economically in Italy and have it so undermined by the elections... We have to watch the situation carefully.

Friderichs: I agree fully. This is a disturbing problem and we must watch the Mediterranean area more closely than before -- also Portugal and Greece. The political situation in Italy is not yet firmed up, but I do see some political improvement in Italy when one considers the past war between the labor unions and government which is now over.

President: Please assure the Chancellor that we will work together, not only in the past areas, but in energy, raw materials, and all the other areas that are so important to us both.

Friderichs: I am happy to convey this to President Schesel and the Chancellor. My Government requests that if anything is to be done with respect to Egypt, please let us know. The situation is explosive economically.

President: We have not yet resolved anything and not yet made a final decision. We will be in contact. I am an optimist but not too optimistic now.
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DATE AND TIME: Monday, June 23, 1975
11:18 - 11:33 a.m.

PLACE: Secretary Kissinger's Office
The White House

Kissinger: I am, unfortunately, on my way to Atlanta. I apologize for
Friday. The Syrians always take longer than they are scheduled for.

Friderichs: [Speaking German] I had good talks with Simon and Burns.
I also had talks in New York... We talked at length about the raw
materials situation.

Kissinger: My basic view is if we are trying to prevent cartels, my
strategy is best. If we force these countries together, we will get
cartels on political instead of economic grounds. I noticed the Algerian
minister commented favorably on my speech. I think we should have the
discussions as concrete as possible to avoid the ideological aspects.

Friderichs: I believe there is more hope of working with Iran and
others in this area.

[There was a discussion of soccer.]

Kissinger: I keep hearing Germany is preparing a new raw materials
policy. Could we see it?
Friderichs: Yes.

Kissinger: That would be very helpful. We also are looking into it and I suspect our views are parallel.

Friderichs: If raw material prices were increased, about half of the increase would go to the industrial countries. We cannot tell where raw materials come from. Less than 7% come from the developing countries.

Kissinger: What would you think about stabilization by way of income?

Friderichs: There are several possibilities there. We could aggregate raw materials as aid goes down where raw materials go up. The main idea is to get at the balance of payments problem -- using IMF gold. The French disagree.

Kissinger: This is an area where I understand the problem but not the solution.

Friderichs: I will send you a letter describing our position.

Kissinger: On energy, we are in substantial agreement. We have to set a floor price. Our people think around $7.00 to $7.50.

Friderichs: Our people are thinking lower, but I don't think that is important. It won't fall that far. I talked to the oil companies in New York. They think it will go up 10% in the fall.

Kissinger: I think they are participating but we are reluctant to move against them.

Friderichs: I don't see the company effect on the U.S. market. Ours is structured very differently.

Kissinger: I am looking into it. The Congress is also.
I am in town F. May I get you going from Dr. Einstein? 
P. I finally figured out I use Schleisner 
Drews seven 1400s for business in 
but have good results. 
A. Come from book very familiar with Schleisner 
B. May I get you going with Schleisner in 
N.Y. 
P.Joe and 
F. School and good input of Simon 
P. Have you met w/ him? 
F. Yes. 
P. I was trying very hard to get you to say something 
ever y. Can. I will let you know myself and 
also Paul Schleisner 
I would 
keep up pressure on you. They just don't seem 
to be able to move. 
F. I am going to see Simon now. We can decide 
even picture of world as what but also 
a sibling abuse of your materials. 

F. How we can make program up very soon. 
We will try to consider other material but 
just from more after our claim would be 

F. We are much in agreement on this case. 
If not in, will furnish you with one paragraph. 
Our materials should have primary emphasis 
in choice of large part of a private and
that seems unjust on us.

Some of us are beginning to feel a little nervous that I don't think we need to start closing down. I think we need to build up. I think we need to build up. I think we need to build up. I think we need to build up. I think we need to build up.

We've been working on this for a long time. We've been working on this for a long time. We've been working on this for a long time.

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... very soon as possible in these times... they are trying to purify. We are... we are... to continue our work together. We can... and their... will be more... and I expect that you have... 

P. See you... to get... in GB and nothing in... is healthy, but... can work together... can provide leadership to bring... 

F. I completely agree. It will greatly... more... we need a partner in... We can... let them. We too... 

P. There is... but in... four... and in... 

F. I agree fully. This is... in... must... also... was... in Italy. I... in... our... part... 

P. I take serious... will work... only... strong... and...
to my intense & no. Booth.
F. Happy & many Thks to Schick & Chnny.
Any constant quests of any thing to be done
by request to E. please dit in short. The
sit is oppressive economically
We have not yet numbered anything out yet
made final selection. We will to the context
of acrimony but not too acrimony. Nor
K/Findings
23 June 71

K. Importance in my way & cellent, development
for Friday. Sydney always takes longer than
expected schedule.

F. Third good talks w/ Senior & Bureau. Set date
for talks in N.Y.; call at length
about new material situation.

K. My basic view is if we begin to present credible
strategy is best. If we face that variant
Together we will get Carter a real new foreign
I outlined German minister comprehensive Gaullist
on my speech. I think we should have decision
on variant as possible world industrial capital.
F. I believe time is ripe. Hope to make it. I'll ask
other in this area.

(Discussion of Interim)

K. Keep previous strategy premiers now there
minutes going forward.
F. Yes.

K. That would be very helpful. We haven't been
before.
F. If same direction prior -- again, familiar
The idea would go to appear in some
we saw. That is behind from N.D.C.

F. That would give Hinkin about strategy by any

F. General possibilities. I mean we well aggregate
more material to get down on
new materials by way. Brian return is to get
A: B.P. posts - using 11/20 7th Ave. for net

K: This is an area where I understand you

F: I saw you up near the 420s just

K: On Monday we'll set agreement. I think that's a fine line. Our people think it's a

F: Our people think it's one, but I think that important. Don't fall short for. I talked to all

K: My thinking facilitating that and maintaining a

F: I don't see a company effort in the U.S. market

K: I think we need to
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F: I don't see a 22 company effort in the U.S. market

K: I think we need to