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MEMORANDUM

THE WHITE HOUSE

WASHINGTON

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MEMORANDUM OF CONVERSATION

PARTICIPANTS:	President Ford Dr. Henry A. Kissinger, Secretary of State Brent Scowcroft, Assistant to the President for National Security Affairs
DATE AND TIME:	Monday, December 13, 1976 9:28 - 10:10 a.m.
PLACE:	The Oval Office

<u>Kissinger</u>: The upwelling of affection for you at NATO was really amazing.

 $\overline{/S}$ ome discussion about the election./

Let me say a few words about the IMF. We didn't interfere with the IMF negotiations. You sent a letter about sterling, which Burns says is qualified out of existence. I know you didn't mean to weasel on it.

The President: You are absolutely right.

<u>Kissinger</u>: Now Treasury has hit the British with an alternate to fund out the sterling balances. It may even be right, but it can't be completed in time to help Callaghan.

We could say we agree to the principle that sterling balances have to be protected.

The U.S. will cooperate with others to find a solution.

/More discussion of the sterling balance problem./

The President: What about Rhodesia?

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<u>Kissinger</u>: On Rhodesia there are really two negotiations -- between blacks and whites and between the moderate and the radical blacks. We have to support the blacks against the whites, but we have to support the moderates against the radicals.

The Soviets' plan is to keep pressing demand after demand to prevent any kind of agreement. I sent sharp letters to Nyerere and Kaunda to draw the line. Nyerere actually replied on a moderate basis. Kaunda threatened and wailed, but finally came around, and Mark Chona and I made a joint statement on behalf of the need for a multiracial society.

The British are proposing a new plan which goes 95% of the way to the blacks. I don't think we can support it. With some modifications we could, if the South Africans and Rhodesians are willing to. If not, I think we should ask them to hold off past January. It is still possible they may think it better to settle with us because Carter will be worse.

<u>The President:</u> I think you should go all out. It is in the national interest and I think we should do whatever we can.

<u>Kissinger</u>: The Soviets are sending Podgorny to Africa in February. If they can radicalize Rhodesia, they will have a radical belt across the south which will put terrible pressure on the moderates.

<u>The President:</u> I think definitely we should try to make as much substantive progress as possible. I guess we should go to the budget meeting now.

<u>Scowcroft</u>: First, there is a question of the equipment for Israel which you provided in October. Peres is in Washington and Don is after a decision. I have the package here for your approval.

<u>Kissinger</u>: I would hold off a week or two. It would have been okay to do it last week, but if you do it now, Peres will get the credit.

<u>Scowcroft:</u> We couldn't do it earlier because Defense has taken all this time to come in with a schedule for deliveries. They had an earlier draft which contained language like "if it is necessary to carry out the President's decision." I told them they really didn't want to say things like that.

The President: That is hard to believe.

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<u>Kissinger</u>: I would wait and do it with Rabin. We can get a letter from him to which you can respond. Otherwise it will look like it took Peres and Rumsfeld to get it done after your decision.

<u>The President</u>: Okay, you tell Rummie that I have the paper but I want to study it carefully before making a decision.

Scowcroft: Fine.

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