

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

~~SECRET/NODIS/XGDS~~

MEMORANDUM OF CONVERSATION

PARTICIPANTS: President Gerald R. Ford
James Callaghan, Secretary of State for
Foreign & Commonwealth Affairs
Sir Peter Ramsbotham, British Ambassador
to the United States
Lt. General Brent Scowcroft, Deputy Assistant
to the President for National Security Affairs
Anthony Acland, Private Secretary to
Mr. Callaghan

DATE AND TIME: Tuesday, September 24, 1974
4:30 p. m.

PLACE: The Oval Office
The White House

[The press was admitted briefly at the beginning for photographs.]

Callaghan: I do appreciate your giving up the time. I know what the President's time is. I congratulate you on assuming the leadership of the free world -- which is what you are.

President: Please give the Prime Minister my best. I got his message about the elections. I really thought your first speech was great; it was very well received here.

Callaghan: Thank you. It is my profound conviction. We feel a great weight has been lifted. The United States can now give the leadership the world needs. Any time the U. S. speaks with an uncertain voice, we are in trouble.

President: We had some rough times, but we are coming out of it now. When we get Nelson confirmed, we will get going. Henry has many things planned -- including a Middle East trip soon.

~~SECRET/NODIS/XGDS~~



DECLASSIFIED

E.O. 12958, SEC. 3.5

~~TOP SECRET - XGDS~~ (3)
CLASSIFIED BY: HENRY A. KISSINGER

Callaghan: The Europeans are ambivalent about the United States. We want you to take the lead but are a bit put out when you do. The Soviet Union accentuated it today. Gromyko today spoke to the U. S., not the UN. This irritates the others, and you, on occasion, have to take on more than it is worth.

President: We understand, but the American people don't always rise up in wrath when they are criticized. But we are getting more emotional.

Callaghan: European unity hasn't really gotten going. It is an agreed idea, but is a little different when you come right down to it. Harold and I see the Europeans working closer and closer, but not in unison. We see there will be some states still, but working together.

President: We have those here who are pushing Atlantic Union, but it can't be sold at least now.

Callaghan: Of course, but people like George Ball tried to push the United Europe too much. I think it was counterproductive.

Ramsbotham: Anytime the U. S. expresses an opinion on things like this, it can be so.

Callaghan: Seriously, we welcome your leadership. We'll kick when we get it but if you will just listen to us a bit, we'll be all right.

President: We won't be thin-skinned. We politicians learn that.

Callaghan: You have President Truman's picture up; you know what he said. I thought I was thick-skinned -- but Gunes!

President: What is your appraisal of how things are going on Cyprus?

Callaghan: There can be nothing before the Greek elections. They must first cut off from the Greek colonels. I think we're thinking the same on this -- to move slowly.

President: Are Denktash and Clerides doing okay?

Callaghan: Left to themselves, they would solve it. Makarios is the problem. It has been estimated he would be back in Cyprus in a month and move from far left to far right. I think he now is a national leader again.



Ramsbotham: He is a bit embarrassed by the Soviet support he's getting.

Callaghan: He's not a Communist, but he is able to use them.

Ramsbotham: He is a Byzantine.

President: Is he that skillful?

Ramsbotham: Yes. Only he could have held Cyprus together 14 years.

Callaghan: But he has blind spots. He can't see the Turks' case -- and they have one. If he had let the constitution work. . . I think Cyprus's chief military value is to deny it to others, isn't it?

Scowcroft: No, not entirely. It has strategic value in the Eastern Mediterranean.

President: How is the election going?

Callaghan: Too good. We are 12 points ahead. That is too good. We hope to get back to 4-5 points, then the people will turn out.

We have a list of the important issues. Ted Heath made as his first point "Who will govern?" and is pushing for a government of national unity. The issues are prices, housing, pensions. The Common Market is Number 9 or 10; the health services are coming up.

President: That is growing in this country, one way or another.

Callaghan: The only problem is that people don't like the deduction from their pay packet. But we think it worth fighting -- that this is the way to go on health and pensions.

President: It still is an issue of principle here.

Callaghan: It was with us in '47, but not even the doctors object now.

President: The AMA is opposed; there is a formidable opposition.

Callaghan: One point to make on inflation. We are watching your activities closely. As an outsider, let me say: Your people will be telling you of the consequences of your actions in the U. S. They won't tell you of the indirect



effects on other countries and the feedback on you. It happened the last time you had a near recession -- it was a full recession in Europe. What you do will have a severe impact in the world and especially in Europe.

President: In my opening statement I said we wouldn't take unilateral action but would consult with our friends. We have no intention of taking actions which would have serious impact on you.

Callaghan: If Burns keeps money too tight and interest too high, that would hurt.

President: There was a lot of criticism of Burns at the first meetings, and he has eased things a bit.

Callaghan: There is such a convergence of political and economic questions. The Soviets are backward on this. That is why I am pleased about the Camp David meeting this weekend.

President: If they can't get progress in that environment, it can't be done.

Callaghan: I think the emergency oil program is imaginative. I think it is good. We don't want to confront them now, but this mechanism is a good idea. The central bank mechanisms are not sufficient any more.

President: We don't want another embargo. Maybe after the North Sea and Alaska come into production, we can risk it, but not now.

Callaghan: I think they are surprised at their strength and will use it more sparingly.

I would like to have explored with the Arabs the recycling issue. We need an intermediary body which can guarantee their money, then we can lend it out where it is needed.

President: Are they getting more sophisticated in handling finances?

Callaghan: Yes, they have set up a 5-bank consortium in London. But that is too small to handle the sums. We have to devise a way to sop up the funds before they use them in ways we wouldn't like. There ought to be a mechanism to get the money to Africa, and so on, where it is needed, but to assure the Arabs the security of the money and the interest.



It is the medium-size nations who will run amok -- Greece, India, Cyprus. We must work on the NPT or else India and the other will run amok .

President: How long have you been in politics?

Callaghan: Since 1945.

President: I started in 1948, when Truman surprised everyone. I supported Internationalism against an isolationist -- even in the heartland of the Midwest -- and we won handily.

Callaghan: Why did Kennedy withdraw?

President: Several things. One, what happened to his brothers; two, his wife; three, his son; four, the rush of articles on Chappaquidick. It would have been an issue. Adding it all up -- the key in what he said is he would still be young enough in 1984.

Callaghan: Do you think there is a natural Democratic majority in Congress?

President: To some extent, but growing affluence and the move to the suburbs are modifying that. The polls show that there is growing conservatism.

Callaghan: How does a Republican President handle a Democratic Congress? It is inhibiting?

President: In some ways. I had a dinner with 27 last night. I have good relations with the Democratic leadership. Do you have that support?

Callaghan: Not the same way, but personalities play a big role.

President: We do well when there is not a philosophical difference.

Callaghan: You do this more openly than we. We do some, but all of it is behind the scenes.

President: We do it openly. I have joint groups to breakfast, and so on.

Callaghan: These questions of handling people are fascinating. Your Constitution is fascinating.



President: We tried some new provisions!

Callaghan: The marvelous thing is how they worked. What a tough thing for you. How is President Nixon?

President: He is doing all right. I talked to him ten days ago. He is very interested in foreign affairs.

* * * * *

Callaghan: It is very nice to have talked with you.

President: Likewise. I am looking forward to meeting the Prime Minister.

Callaghan: I wish you success -- for your and our sakes.

President: I am enjoying it.

Callaghan: Anything we can do, we would be happy to try.

President: Some of our critics may say differently, but Secretary Kissinger has at least as strong a role with me as before. You tell everyone that is the way it is and the way it will stay.

Callaghan: I will. There are people who will do that -- they have between him and me.

On Cyprus, you got a lot of criticism. But we couldn't have stopped the Turks, whatever he did. I reproach myself for not bringing a proposal forward earlier, but no one could have stopped the Turks.

President: Is it going to be OK?

Callaghan: If the Turks are willing to reduce their troops and the Greeks will agree to a federal solution and its implications, we will be on the way.

[The meeting ended.]

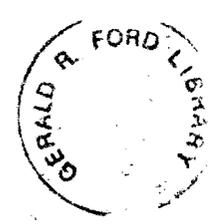


24 Sept 74



Small Text
(lines)

- C I do appreciate ~~getting~~ ^{your} time. I know what P time is. I conveyed your on leadership of free world which is about you are.
- P Please give P on my best. Got his msg about this. Really that your ^{first} speech was great, it was very well received.
- C Thank you. It ~~was~~ ^{is} profound conviction. We feel a great weight left - US in our great leadership & world needs. Anytime US speaks w/ conviction, we are in trouble.
- P We had some rough time, but we coming out of it now. When we get to where we planned, we will be get going. Henry has things planned - ME ^{high} team
- C I was ~~not~~ ^{not} ambivalent about US. We want you to work & lead but over a bit part out whenever do. The SV accelerated it today. George has today got to - US, not - UK. For this initiative others & you an occasion have to take more more than it is worth.
- P We understand, but Am people don't always - real opinion worth when are criticized. But we are getting more motions.
- C Euro unity hasn't really gotten going. It is a good idea, but is a little different when you come right down to it. Harold & I see Euro working closer & closer, but not united - we see some states still, but working together.
- P We have those pushing Atlantic Union, but can't be sold at least now.
- C Of course, but people like George Ball tried to push a United Euro too much. I think it was counterproductive.
- P Anytime US expresses an opinion on things like this, it can be so



C Seriously, we welcome ^{your} leadership, we'd like what we get it but if you will just listen to us a short while we'll be all right

P We won't be thin skinned, we're politicians learn that.

C You had Truman pictures up. You know what he said. I think I think skinned - but Amos!

P What your appraisal

C Nothing before Greek election. They must 12th cent off from a Greek labour. I think we're thinking of and on this - most slowly

P ~~But~~ are Denmark & Churches doing all

C Left to them unless they would solvent. Makarios is a problem. It has been estimated he would be back in Cyprus in a month or more from far left to far right. I think he now is a real leadership

R He's a bit embarrassed by Sov support he getting

C He's not a crust, but able to use it them.

R He's a Byzantine

P Is he that skilful?

R Yes. Only he could have held Cyprus together 14 years.

C But he has blind spots - he can't see a Turkish case - & they have one. If he had let a constitutions work... I think Cyprus chief mid - where is to do it to do it isn't it?

Seco

NO, not entirely
- some statutory control in Ethel

P How election

C Too good. We 12 points ahead. That is too good. Hope to get back to 4-5 points, then a people will turn out.

Case have list of important issues

Tel Health made his for 12th point who will go on & is pushing for part of natio unity. The issue are price, housing, pensions. Common market #9 or 10, health power coming up.



Devin

- P That grows in this country, one way or another
- C Only prob is that people don't like a deduction from a pay packet. But we think it worth fighting - that this way fits on health & pensions.
- R It still ~~was~~ a sense of principle here
- C Was w/ us in '47 but not even a doctors object was
- P AHA opposed; ~~the~~ there a formidable opposition.
- C One point on inflation. We watching your activities closely. As a counter, your people will be talking you of consequences of your actions on U.S. They want tell you of indirect effects on other countries + feedback on you. ~~It~~ It happened last time you had near recession - it was a ~~to~~ full mess in E.M. What you do will have a severe impact since world log in E.M.
- P In my opening statement I said we wouldn't take unilateral action but would consult w/ our friends. We have no intention of taking actions which would have serious impact on you
- C If Bureau keep money too tight & interest too high, that would hurt.
- P There was lot of criticism of Bureau at 1st meeting & he has eased things a bit.
- C There is some convergence of pol & economic questions. The Suss are behind backward on this. That why I pleased about C.D. only this weekend.
- P If they can't get progress in that direction, it can't be done
- C I think - some pit very imaginative. I think it is good. We don't want to confront them now, but this mechanism is good idea. The central bank mechanisms are not self-corr. mech.
- P We don't want another embargo. Trouble of the health Sea + Alaska, but not now
- C I think they surprised at their strength & will use it more sparingly
I would like to discuss w/ C. Cross a very ching issue -



We need an intermediary ~~body~~ ^{body which can} ~~mechanism~~ ^{mechanism} ~~to~~ ^{to} ~~control~~ ^{control} ~~the~~ ^{the} ~~money~~ ^{money}, then we can ~~send it out where~~ ^{send it out where} ~~needed~~ ^{needed}

P are they getting more sophisticated in handling finances
C Yes they have set up 5 bank consortium in London.
But that too small to handle a sum. We have
to devise a way to try ~~of~~ ^{of} ~~any~~ ^{any} ~~of~~ ^{of} funds before
they use them in way we wouldn't like.

There ought to be a mechanism to get a money
to Africa, etc where needed, but assume a ~~control~~ ^{control} ~~the~~ ^{the} ~~security~~ ^{security} of money & interest
It's medium size nations who will run amok -
Greece, India, Cyprus

We must work on NPT as India & others will run
amok.

P How long you been in politics

C Since 45

P I started in 48, when Truman surprised everyone
I supported the isolation against an isolationist - even
in a heartland of Midwest & we were ~~for~~ ^{for} ~~handily~~ ^{handily}

C Why Kennedy over there?

P Several things. (1) His brother's fate, (2) Wife, (3) Son (4) Rush
of articles on Chappaynick. It would have been an issue.
Adding it all up - the key in what he said is he would
still be young enough in 84.

C Do you think there is natural dems majority in Cong.

P Some extent, but giving offense & need to submit
is modifying vote. Polls show there is growing conservatism.

C How does a Republic like handle dems Cong. Is it inevitable

P In some way? Had a dinner w/ 27 last night. I have
good relations w/ dems leadership. Do you have that
support?

C Not a sure way, but personalities play a big role.

P We do well when there not a photo. diff.

C ~~at~~ You do this more openly than we. We do some
but all behind a scenes.



Revised

P Attendance at Winston Churchill dinner.

- P We do it gently. I have joint groups to breakfast, etc.
- C Those questions of handling people are fascinating. You must, is fascinating
- P We tried some new provisions
- C The remarkable thing is how they worked. What a tough thing for you. How is it for him.
- P He is doing alright. I talked to him 10 days ago - he very interested in Far affairs.

- C Nice to have talked w/ you
- P In Beirut, looking forward to meeting PM.
- C Wish you success - for your & our sake.
- P I'm enjoying it.
- C Anything we can do, we would be happy to try.
- P Some are critical w/ any difficulty, but K has at least as strong a will as w/ me as before. You tell everyone that is way it is & way it will stay
- C I will. There are people who will do that - they have both him & me.
- On Cyprus - ^{you got} lot of criticism. But he wouldn't have stopped. Thanks whatever he did. I reproach myself for not bringing proposal forward earlier, but word could have stopped. Thanks

- P Going to be OK?
- C If the Turks are willing to withdraw their troops and the Greeks will agree to a federal solution and into negotiations, we will be on the way.

