

THE WHITE HOUSE  
WASHINGTONSECRET/NODIS/XGDSMEMORANDUM OF CONVERSATION

**PARTICIPANTS:** Prime Minister Harold Wilson  
James Callaghan, Secretary of State  
for Foreign and Commonwealth Affairs  
Sir John Hunt, Secretary to the Cabinet

President Ford  
Dr. Henry A. Kissinger, Secretary of State  
and Assistant to the President  
for National Security Affairs  
Lt. Gen. Brent Scowcroft, Deputy Assistant  
to the President for National Security Affairs

**DATE AND TIME:** Thursday, January 30, 1975  
11:00 a. m. - 12:50 p. m.

**PLACE:** The Oval Office  
The White House

**SUBJECT:** Economic Policy; Energy Cooperation; Africa

[There were opening pleasantries and small talk before sitting down. The press was admitted briefly and then ushered out.]

President: When are you going to Moscow?

Wilson: In two weeks -- on the 13th of February.

I signed the first Anglo-Soviet trade agreement in 1947. I worked closely with Mikoyan on it. When I first went there, Kosygin was a minor figure, and Brezhnev was never even heard of.

Kissinger: I remember you had some exciting moments with Kosygin in 1947.

Wilson: I remember telling him that Rasputin was a much maligned man!

SECRET/NODIS/XGDS

DECLASSIFIED  
E.O. 13526, SEC. 1.5  
NSC MEMO, 11/20/04, STATE DEPT/SECSTATE, State Dep. cw 3/10/04  
BY: ldg, NARA, DATE 5/13/04



President: We are happy to have you here.

Wilson: Thank you for that wonderful welcome. Where shall we start?

President: Anywhere at all.

Wilson: Economics, energy?

### ECONOMIC POLICY

President: Fine. Why don't I describe what we have done.

We found that the policies we announced in October were not appropriate for the unforeseen circumstances which then arose. We now have a program which doesn't ignore inflation but which deals with the recession which has hit us. My program has surprised my conservative friends -- with the large deficit -- but we must be realistic. We have proposed a \$12 billion tax cut for individuals and a \$4 billion cut for industry. I proposed a one-year tax relief of 12%. Congress has that now, and it's being criticized from various angles. They are moving toward our rebate on 1974 taxes, though, and also a permanent tax cut.

Wilson: The world was paying for the inflationary policy we conducted for several years. We knew it would take courage for you to do what you have done. Schmidt used a phrase with me about harmonization of different economic policies. Italy should perhaps still be deflating, but you make the difference. It is a major problem to decide when inflation and when recession is the main danger. We have done some modest boosting of our domestic economy. Like yours, our auto industry is suffering badly.

President: Unemployment, I am afraid, will go at least to 7 percent. We can't do much about that. Our economists say there will be very rapid liquidation of inventories. That's good.

Wilson: There is more confidence in both our stock markets. Our companies just couldn't raise money, or they are driven into bankruptcy by the high interest rates. Our stock market has now risen 70 percent; it went up at an incredible rate.

Callaghan: The psychological mood has changed even though the actual situation isn't all that different.



Kissinger: Because people see their governments trying to do something.

ENERGY COOPERATION

Wilson: People see you in your State of the Union really having a go at it.

President: It is a confidence-building program, even if it is changed somewhat by Congress.

Energy is a tougher problem, and I am accused of trying to ram something down their throats. But if I hadn't, Congress would have continued to drift. Congress is now trying to remove my authority to do it, but I will stick to it. They are trying to come up with something, but I don't think it will be comprehensive. We must save a million barrels a day; we must have better utilization of coal and develop other sources of energy.

Wilson: It takes a lot of time. During the war I was Chairman of the Production Resources Board of the U. S., Great Britain and Canada. So I know your resources.

Our newly discovered coal, you know, is equal to what we will gain from North Sea oil.

Kissinger: Where is this?

Wilson: In Yorkshire.

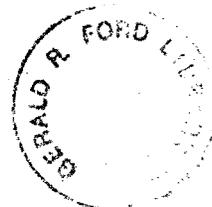
Callaghan: This is the first break we have had in a century.

Wilson: Our energy industry has been subsidized for years; now coal prices went up 75% last year. We are removing the subsidies from all the nationalized industries. We're also taxing gas more.

Callaghan: We have had no demand for rationing yet.

Wilson: What is popular is the idea of a two-tier pricing system. So it would be a somewhat lower price.

President: I am of the feeling that those who are proposing rationing have never experienced it. They don't realize we have to have a long-range program. This means five to ten years.



Wilson: We need a basic change in attitude if we are to be able to deal with the long-range problem. We are grateful for the international cooperative programs you have developed.

President: Henry has told me of the strong support you have given. We appreciate it.

Wilson: It was the right group to organize.

Callaghan: The next big problem is the consumer-producer conference. The French gave a friendly report of the Martinique meeting, but I still foresee them going in a somewhat different direction.

Kissinger: They tend to use the conference as a substitute for any other kind of action.

Wilson: At the EC-Nine Summit meeting, Giscard said he is prepared for a meeting of the consumers, but as the prelude to the consumer-producer conference. The first time he mentioned indexation, I said, OK, but it had to be at a lower price.

Callaghan: Timing is important. The French are already lining people up for the preparatory conference of consumers and producers in March.

Kissinger: But there can't be one if we won't come. And we will come to a conference when the preparations are made, but not when the consumers are still quarreling.

Callaghan: There won't be quarreling at the preparatory meeting. It is just to set up the consumer-producer conference.

The French want to chair it. They say it's because it was their idea, but it is deeper than that. I think the preparatory conference should be at the official, not the ministerial, level.

Wilson: That way you could more easily preserve your position. We have a problem with the French, and I think Giscard has a problem. The Gaullists are putting out this stuff about his private life. Schmidt thinks they are putting out that if Mitterand would break with the Communists, Giscard could join them and isolate both extremes.



Callaghan: He wants better cooperation with the United States.

Kissinger: Since Martinique he has been better.

Callaghan: But you can assume they will play with the Arabs on the Mideast.

Your financial plan went very well.

Kissinger: Healey gave us a hard time for a couple of hours.

Wilson: Names got put on proposals unfortunately. Ours is too little but it was early. Yours works late but adequately.

Kissinger: They are totally complementary.

Callaghan: Our consumer solidarity, the other aspects are conservation and alternative sources. How far do you want to go before you are ready?

Kissinger: On alternative sources we will be ready with proposals for the IEA meeting next week. We would like to have agreement on the direction in which we'll go. We could have mutual investment in each other's programs and a country would get a return proportionate to its investment. If all these things work, we could have agreement on a common overall price to protect the new investment in alternative sources.

Wilson: Our proven oil reserves, at OPEC prices less 10%, amount to \$120 billion. By 1980 we will be self-sufficient. We will refine about two-thirds of it ourselves. The rest of it will be sold non-discriminatorily.

President: Do you have a refining capacity?

Wilson: Not enough. We have to build some. It is beautiful low-sulfur oil. I think there is more oil west of Britain and North of France.

The first gas strike is much shallower than in the North Sea. We will run into a boundary problem with France.

Callaghan: The Saudis offered us 300,000 barrels a day in exchange for repayment with our oil after 1980. We don't know what interest they would charge. We wanted to talk to you first. We would like to pursue it, but wanted to let you know about it first.



President: What percent of your imports is that?

Callaghan: It is quite sizable, maybe 15 to 20 percent.

Wilson: We should get the Arabs interested in other forms of energy, because they will run out.

Kissinger: We heard that the Saudis would offer bilateral deals with the Europeans to ease the pressure on them.

Wilson: In six years, when Jim is Chairman of OPEC.....

Kissinger: A terrifying thought!

Wilson: Are you thinking about other "PEC's"? Many other raw materials prices are going down now, fortunately. But there's phosphate ore, copper, and so on. We are returning to the old producer cartels, which never worked. The tin agreement, the sugar agreement, never did well. But shouldn't we be looking into this?

Kissinger: We are looking at it, and we haven't come to any conclusion. We had a preliminary bureaucratic study which concluded it wasn't possible. We would be happy to study it jointly with you.

Callaghan: This question will be raised at the consumer-producer conference and at our next Commonwealth conference. If we could start some work in this area, we could maybe break up the Group of 77. The UN is always against us.

Wilson: Oil is all tied up with the Mideast. To the extent that we can look at price rigging without the oil/political aspects, we can see what might be done on a purely economic basis.

President: Producer cartels work well in good times but I wonder about it in bad times.

Kissinger: What the Prime Minister is saying is if we could get something going in a commodity in which the Third World would be interested -- like fertilizer -- we could use it as an example of how to go about this.



Wilson: The Commonwealth Conference is a good forum for members to look at things from a perspective which they don't ordinarily use. We should use it more.

AFRICA

Wilson: One sinister move was the way the Arabs bought the Africans. That was disgraceful. Jim did a lot of good on his visit there and we have good standing in Africa. Jim knew most of those people in prison or as students.

Callaghan: This meeting will be much more concerned about how to deal with oil prices and so on. They are disillusioned with the Arabs and I think the usefulness of the Commonwealth is now increasing, after a long decline. Some cooperation with you might be very useful.

Kissinger: We will look at it.

Callaghan: Because we will run into increasing isolation in the UN.

Wilson: One interesting thing that has happened is the little fresh air into Forster and the coalescing of African Presidents on this whole issue.

Callaghan: There is one small point of interest on Nigeria -- your abstention on the World Bank loans. Gowon asked me to mention this to you.

President: Henry and I have been talking about that.

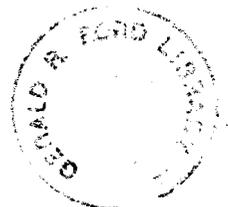
Kissinger: I didn't put him up to it!

Wilson: Gowon is a great student of Lincoln. He has problems, but he behaved with great generosity after the Civil War. I think he is worth building up as an African leader.

Kissinger: We invited him here.

Callaghan: Set aside a bit of time. He talks and talks! He told me a good story about Amin.

President: We will straighten that problem out. It is an irritant without any effect.



Callaghan: If your Ambassador would say a few words to him, it would help.

Kissinger: [to Scowcroft] Let's have that done.

Wilson: The French played an evil role in the Nigerian Civil War. Focard was behind it, and to his credit Giscard sacked him.

Callaghan: There are a lot of votes in Africa and they are not all lost to us. They can be won.

### ENERGY COOPERATION

Wilson: We are cutting our oil imports by about 5 percent. We haven't yet seen the full effect of the price rise.

President: Last year we imported about 6 million barrels a day. It has gone up since, and we must get a handle on it. We are getting flak for adding to inflation, but our experts think it means only a one-time boost of 2 percent.

Wilson: Ours is about the same, with the removal of our subsidies.

Callaghan: Conservation is important. We will be saving. But if we get a consolidation of the consumers, what do you have to interest the producers in -- other than price -- so they don't wreck our economies?

President: One thing is alternative sources. We would like to get them involved in R&D.

Kissinger: We are only at the preliminary stage in our thinking. But we could consider a long-term floor price.

Callaghan: That is important. In return for security of supply.

Kissinger: The second is the area the Prime Minister mentioned -- to offer technology for the development of fertilizer, and so on.

Wilson: A corollary to that is we must take in more technology students to train. They can't really think about technology until they have more education. It would have a long-term effect in getting them to be reasonable.

Kissinger: Look at the Commonwealth. The influence of the London School of Economics has been enormous.



Wilson: But a mixed blessing.

I met Lynn Townsend privately. He wanted to talk joint ventures with our auto industry. One thing we have to get going is mini-cars. We must do better.

President: Part of our program is to improve engine efficiency. Our industry says unless they get relief from pollution standards they can't improve the efficiency. They have agreed that if we will postpone imposition of the pollution standards they'll guarantee a 40 percent improvement in gas efficiency.

Wilson: We are doing nearly the same thing. We have stopped our pollution program where it is. As yet we have no deal with the industry.

President: We have a paradox. Our smaller cars are a glut on the market and the big cars are selling well.

We have finally gotten a 55 mile per hour speed limit. It has saved gasoline and maybe 10,000 highway deaths.

Wilson: Is that continuing? We imposed a speed limit for a time, but we took it off. We've now re-imposed a 50 mile per hour limit.

President: Our fatality rate has now leveled off at the lower level. It has helped insurance rates too.

Are you using a two-tier system?

Wilson: We are looking at it. We used to have a tax based on engine size, and now it is undifferentiated.

Callaghan: Can Congress force rationing on you?

President: They will probably give the President the option to do it. That way they win both ways.

Wilson: Rationing is a nightmare.

Callaghan: Ted argues that we should have rationing immediately and then phase it out as price rises come in. That reduces the inflationary impact.



President: The Congress still hasn't really come out with a plan. When they really face it, they may come up with something that's not too far off mine.

We have a big deficit. Congress will have to take responsibility.

Wilson: We are increasing our budget according to a five-year plan, less than the projected rise in GNP.

We have one advantage. Parliament can't propose increased spending or taxes.

Callaghan: You are not the only ones to have maverick newcomers in the legislature.

Wilson: We would like to hear about the Middle East. We can talk about our continued cooperation.

Kissinger: We would like to tell you what we are doing and get your cooperation.

Wilson: Allon came to me straight from seeing you.

Callaghan: We want to give you all the backing we can.

Kissinger: We will talk tomorrow.

Wilson: I would like to give you some stories about our EC colleagues and about their reaction.



THE WHITE HOUSE  
WASHINGTON

2a

Peter/Lora:

Attached one page [HAK/President]  
was included with the Memcon  
attached just beneath [Callaghan/  
Weir/HAK].

They are related but Pres/HAK is  
incomplete and of course separate  
from the other memcon.

Wilma



MEMORANDUM OF CONVERSATION

PARTICIPANTS: Dr. Henry A. Kissinger  
 James Callaghan, Secretary of State for  
 Foreign & Commonwealth Affairs  
Weir  
 Alfred L. Atherton, Jr., Assistant Secretary of State  
 for Near Eastern and South Asian Affairs  
 Lt. General Brent Scowcroft, Deputy Asst to the Pres.

DATE AND TIME: Thursday, January 30, 1975  
 Time - ???

PLACE:

Kissinger: Almost nothing going on in the Middle East which isn't in the newspaper.

Allon told you the same thing he did to us. P \_\_\_\_\_ Government can't keep anything secret, so we discouraged Allon from bringing specific proposals: (1) they would \_\_\_\_\_; (2) they would be used against us.

Allon said his meeting with the President was the best ever -- I frankly didn't know what meeting he had attended.

But the basic problem is -- is Sadat going to get the passes and oil fields. In return they must accept whatever Sadat thinks he can give without being overthrown. There is no one in the government who is leading. Allon is a good man, but he has no real base. I have no clear perception of what is possible.

Israel has been asking for things like ten years, five years -- it is all nonsense.

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 HQ MEMO, 11/20/00, STATE DEPT. GUIDELINES State Review 3/10/04  
 BY AM NARA DATE 5/13/04



Israel must know what the realities are but I have the impression the Jewish Community is being cranked up for a confrontation -- they are starting to talk about abandoning the step-by-step in favor of an overall settlement -- that is a prescription for a stalemate.

Callaghan: Allon gave me the impression they were ready for another step and you might tell me what Sadat was willing to give.

Kissinger: I know their tactics -- they always say they are willing to move, in return for something they know they can't get. They have been asking for ten years, non-belligerency, etc.

Callaghan: Can Sadat give up on equivalency package?

Kissinger: There is no equivalent package.

Callaghan: So why shouldn't Israel sit for two years since they know Sadat can't make war by then?

Kissinger: Should we finance that kind of stalemate?

Callaghan: You have to.

Kissinger: That turns the Arab world against you.

Callaghan: But the Jewish Community won't tolerate anything else. Wouldn't Sadat trade time for territory?

Kissinger: Not formally.

Callaghan: Maybe in terms of a longer UN mandate.

Kissinger: The Soviets won't agree.

Callaghan: Then how about an imposed solution?



Kissinger: A massive problem with the Jewish Community because that means near '67 borders.

Callaghan: I would think a time/territory bargain is possible.

Kissinger: It may be. I want to see if I can get an agreement on the strategic need. <sup>There is</sup> no point in being specific on details before that.

Callaghan: Would you then go to the Palestinians?

Kissinger: The options would be them, Syria, and Geneva. Why the European obsession with the Palestinians?

Callaghan: Because that is one area where the Arabs have a case. Arafat is trying to be moderate.

Kissinger: Israel has a basic decision -- they may have decided on a stalemate to get through the '76 elections -- if so, nothing will help. My judgment is that Rabin/Allon want movement.

Weir: But they are about the only ones. The others are talking Geneva.

Callaghan: Maybe because they think they are getting nothing from Egypt.

Kissinger: That is nonsense. They are getting Sadat separated. Then getting Saudi Arabia, Jordanian moderation. These are not inconsequential results -- even though you can't qualify it.

Callaghan: The Europeans feel the Palestinians have a case.

You \_\_\_\_\_ to case by case at least for the more move, you've got to get time for space.

Kissinger: The problem is how you describe the time.



Callaghan: You can do it.

Weir: What do the Israelis have to gain from a stalemate?

Kissinger: They will say they only give territory for progress toward peace. If they can get through this year, they will have until '77 free. They may have been able to extract from Democratic candidate in '76. If a Democratic regime, it will take at least six months to get organized for a confrontation. That gets them through '77 -- and probably have extracted enough arms to have relative independence.

Weir: If there is a stalemate, how long could it last?

Kissinger: Certainly a war by '77.

Callaghan: That is a somber picture.

Kissinger: I think we should do our best to discourage them from pursuing this strategy.

Callaghan: I wonder if my man [Marcus Cief] shouldn't go out before your trip to get another reading. sp?

Kissinger: I also think if there is war the Soviet Union will maneuver more recklessly.

Callaghan: Oh. Why?

Kissinger: They can't afford another loss, and if they look at Europe in '77? '73 and to some extent the U.S., they may think the risks are quite tolerable.

Weir: Have you considered a unilateral or bilateral guarantee? There is a lot of talk in Israel about a willingness to accept that.



SECRET/NODIS (?)

Kissinger: Why not ask me to sum up so Wilson hears it. Callaghan wants to send someone to Israel to see what their attitudes are.

We need an all-out fight with the Democrats -- I am going to negotiate under Congressional Turkey cutoff, OPEC restrictions, energy tax, cutoff.

They are attacking you now for cramming energy down their throats -- last year they said you weren't tough enough.

On Cambodia, Doc Morgan (fold in to Appropriation Bill).

President: Sure. But Doc isn't doing it for us. He doesn't want a Cambodia debate in his hands.

Kissinger: I would begin with Wilson on the Middle East. Anything he can do with the Israelis to indicate how serious we view it.

On Congressional delegation -- Humphrey thinks you should raise it Leadership meeting on Monday. We should not \_\_\_\_\_ the delegation.

President: Okay. [Leak of SALT NSC meeting. Gelb article.]

Kissinger: Food aid [described].

On Cyprus, the Turks are ready to move but are so screwed up they can't move before February 5. The Greek Cypriots and Makarios are badmouthing us. I am having some Greek Congressmen in tomorrow. Maybe I should expand it.

In Portugal, we will have to wait to see what happens.

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BY ld . NARA DATE 5/13/04



Faisal was very active in persuading Asad to do the step-by-step approach. We will have to face up to that on my trip -- whether we will be willing to make that effort. I think we are facing a falling out with Israel. It pains me to say it.

President: I can't in good conscience keep supporting . . .



P/Wilson/HK

1/30/75

Small talk before setting down  
(Poco in & out)

- P When going to dinner
- W 2 weeks - 13<sup>th</sup> of Feb
- Discussed a pt. Argyle saw track account in 47
- I was about to ask Morgan
- When I, it went dead, Kasper was small & Morgan had 1/2.
- K I remember you had some exciting moments w Kasper in 407
- W I remember saying Kasper was a much unaligned man.
- P Happy to have you here
- W Thank you for the warm welcome - when shall we start
- P Argyle at all
- W Economic, energy?
- P First, why don't I describe what we have done. Our O.T. policy was not opp for investment against, which was. We have pay which doesn't require inflation but does w/c reason which hit us. My pay has surprised my conservative friends but we must be realistic. We have proposed 12 bit tax cut for individuals & 4 bit for industry. Proposed a 1 yr 12% tax relief. Carry has that was & being criticized from various angles. Then moving toward our 77 rebate on 77 taxes, that, takes a permanent tax cut.
- W The world was paying for inflationary policy. We know it would take courage. Schmitt used a phrase w/ me about



humanization of dip seen before. I don't think  
perhaps still be deflation, but you best to  
dip. ~~to~~ look to decide when inflation & when  
recession - main danger. We had done some  
budget boosting. Like you, one auto incs.  
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P Unemployment will go at least to 7%. Can't do  
much about that. Some economists say  
why rapid monetary dip. That's good.

W There was a problem in both stock markets. One  
business just can't raise money. And  
they drive into bankruptcy by high interest rates.  
One stock market has  $\uparrow$  70%. ~~one~~ big went  
up at incredible rate.

C The pay model has changed even tho - actual  
sit out by.

K Because people see their jobs trying to do something.

W People see you in your 50 TV really having a  
good it.

P It is a very, building prog, even if changed some -  
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Cong was trying to remove my authority to do  
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me up something but I don't think it will  
be successful. We must ~~see~~ see & we  
I will talk/eng, better utilization of coal, dip  
other energies, etc.

W Talkers for a lot of time. During one I was

Change of price is based on US/GB/Canada  
is above your income.

Don't worry about coal cost is a part of the  
oil.

R Where this

W In Yorkshire.

C First time we have had in century

W Our energy industry has been subsidized for years.  
Coal prices went up 75% last year. We remove  
subsidies from all national industries. Not taking  
gas wave

C We have no demand for entering right.

W What is popular is 2-tier pricing system. So  
what a lower price.

P It's our feeling that those property owners have never  
experienced it + they don't realize we have to have  
long range 5-10 yrs.

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long range price. We've got to be with it for long

P K has told me of your strong support

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C Next big job is C-1 coal. For general priority  
regarding maintenance but I still have them  
going a somewhat big direction

K They tend to use a coal as substitute

W at a 9 summit, Council would be prepared  
for meeting of consumers, but perhaps to C-1.  
1st time he mentioned independent, don't  
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C Timing is important. For we bring people  
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C He wants better support.

K Give Ministerial be done better

C But you can assume they will play w/ c checks  
and ME.

You firm plan want well

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WS Don't get put on proposals unfortunately. I'm not  
too early but early. James is late but  
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K They are totally voluntary.

C On consumer side, a lot of objects are

consumer + alt source. How far you want  
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K or accepting that.

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## Endors

be bigger to study at present.

- C This question will be raised at C-P conf + at our next Commonwealth Conf. If we could start some work in this area we could maybe work up a group of 77. The UK is always against us.
- W Oil is all tied up w/ a UK. To extent we can look at price rigging w/o a oil political aspects, we can see what might be done on a purely economic basis.
- P Reserves create work well in good times, but I wonder about it in bad times.
- K What P/M saying is if we could get something going in country in which 3rd world <sup>or</sup> ~~developing~~ - like fertilizer - we could use it as a package of how to go about this.
- W Commonwealth Conf (ops) is good forum for members to look from perspective which doesn't admit ordinary war. We should use it more. One sinister move was a way Arabs brought a affair. That disastrous. Jim did lot of good on his visit + we have good standing in Africa. Jim know most of those people in prison as students.
- C This mtg will be much more concerned about how to deal w/ oil prices, etc. They don't discuss w/ Arabs + I think usefulness of Commonwealth is now increasing, after long decline since we were w/ you might be very useful.
- K We will look at it.
- C Because we will run into increasing isolation in UK.
- W One interesting thing is containing a little fresh air

(Comments) Tuba & Poo.

into Foster + the cooking of African Presidents on this whole issue.

C On small things important in Nigeria - your abstention on World Bank. Power asked me to mention -

P K + I have talked about that

K I didn't put him up to it.

W Gowon is a great student of Kenol. He has jets but he behaved w/ great generosity after war. I think he is worth building up as an African leader.

K We invited him here.

C Set aside a bit of time. He talks + talks. He told story about Amin. (Biyahm Wajee)

P We will straighten that part out. It is important w/o effect

C If you can't say a few words it would help  
\* (K to me) lets have that done.

W En played an evil role in a Nigerian war. Focard was behind it + to his credit Focard sacked him.

C There are a lot of fronts in Africa + they are not lost to us. They can be won.

W We are cutting oil MI by about 5%. Haven't yet seen effect of price ↑

P Last year we MI about 6 mil/day. It has gone up since + we must get a handle on it.

We are getting flake for adding to inflation but our X parts think it a 1-time boost of 2%

W Ours is about a 10% rise in a number of our subsidies

C On consumption, we will be saving, but if we get

Consumer Coordination, what do you have to interest  
producers in - other than price - so they don't  
work over companies.

P One thing is alternative sources. We would  
like to get them involved in R+D.

K We are only at preliminary stages in our thinking. But  
we would consider a long term price fix.

Q That is important. Security of supply.

K 2nd is once PCV market - offer technology  
for development of fastbacks, etc.

W A corollary to that is we must take in more  
technology students to train. They can't really  
think about tech until they have more education.  
It would have long term effect in getting them  
to be reasonable.

K boost of economic wealth. Influence of horizontal had  
has been increasing.

W But a mixed blessing

I met Leif Tomassen privately. He would like  
joint ventures w/ our auto industry. One thing  
we have to get going is minivans. We must  
do better.

P Part of our prop is to improve engine efficiency.  
Our industry says unless they get relief from  
pollution standards they can't improve efficiency. They  
have agreed if we will postpone requirements they will  
guarantee 40% improvement in efficiency.

W We doing nearly a same thing. We have stopped our  
production pay about it is. As yet we are no deal  
w/ industry.

P We have paradox. Our smaller cars are afloat on market  
& big cars are selling well.

We have finally gotten 55 mph speed limit. It has some gasoline + 10,000 highway dollars.

W Is that continuing? ~~It's a~~ <sup>We've</sup> ~~been~~ <sup>expressed</sup> ~~for~~ <sup>for</sup> a time, but we took it off & have now imposed a 50 mph.

P Ours has now been knocked off at a lower level. It has helped insurance rates too.

Are you using a 2 tier system

W We're looking at it. We used to have a <sup>based</sup> ~~tax~~ on engine size & now it is undifferentiated.

C Can they force rationing.

P They will probably get a option. That way they win both ways.

W Rationing is a nightmare

C Teeder argues rationing immediately & then phase it out w/ price rises. That causes decreases in explatory output.

P They still ~~hasn't~~ hasn't really come out w/ a plan. When they really face it, they may come up w/ something not too far off mine.

W ~~the~~ (Discuss Budget def + long exp)

W We are increasing budget on 5 yr plan ~~to~~ less than proj. ↑ in GNP.

We have one advantage. Parliament can't propose increased ~~of~~ spending or taxes.

C ~~the~~ You can not only cross to have massive increases.

W We would like to hear about ME & our continued exp.

R We would like to tell you & get your exp

W Allow come to me straight from you

C We want to give you all the looking and come

R We will talk ~~to~~

W I would like to give you some stories about  
our EC colleagues that exist



Aberton  
did memcon

No need to  
transcribe

K/ Gallagher/Weir/Aberton

30 Jan 75

K Almost nothing going on in ME which isn't in  
news paper.

Allan told you some thing he did to us -  
President Govt can't keep anything secret, <sup>we discussed</sup> so Allan from  
being specific proposals (1) They would help, (2) They  
would be used against us.

Allan said his info w/P was best ever - I frankly  
don't know what she had attempted.

Best a basic problem is - is Sabat going to get a  
passer-out fields. In return they must accept  
whatever Sabat thinks he can give w/o being over the top.  
There is no one in the govt who is leading - Allan is  
a good man, but no real base. I have no clear  
perception of what is possible.

I has been asking for things like 10 yrs, 5 yrs - it  
is all nonsense.

I want to know what ~~so~~ a committee can but I have  
impression Jewish community being wanted up for  
cooperation - they are starting to talk about  
/ abandoning step by step in favor of overall  
settlement - that a prescription for stagnation.

C Allan gave me impression they were ready for  
another step & you might tell me what Sabat  
was willing to give

K I know their tactics - they always say they willing  
to move, ~~to~~ in return for something they know  
they can't get. They been asking for 10 yrs, near-  
nothing, etc.

C Can Sabat give you an equiv. for keys?

K There is no equiv package.

C So why should we wait & ~~wait~~ I set for 2 yrs since  
they know Sabat can't wait more by then



K Should we forgive that kind of statements

C You have to.

K That means a Arab would be against you.

C But a Jewish Community would be against anything else  
Wouldn't Sabat trade ~~zone~~<sup>time</sup> for territory.

K Not formally

C Maybe in terms of longer 1/4 months.

K Secretariat agree

C Then how about an organized solution

K Massive part w/ Jewish law because that was  
what 67 books.

C I would think a time/territory bargain possible

K It may be. I want to see if I can get agreement  
on a strategic need, the point being specific  
on details before that.

C Would you then go to - Partition

K Options would be there, Syria, a Geneva, why  
C E an obsession w/ Paks

C Because that one area where Arabs have a case; Arab  
trying to be moderate.

K I have a basic decision - they may have decided on  
statements to get them to elections - if so nothing will  
help. My judgment is that Robin/Allen must  
move.

Wain  
K But they are about - only one. The others are taking  
control.

C They had some <sup>think</sup> they getting nothing from E

K That nonsense. They getting Sabat separated.  
They getting SA, Jordanian ~~involvement~~. There  
not ~~unsuccessful~~ ~~results~~ ~~in~~ ~~the~~ ~~year~~  
can't ~~possibly~~ ~~is~~.

C Eurus felt a Paks have a case.

you would be clear by case at least for some more



Wain

You've got 8 get time for space.

K Perhaps how you describe it then

C You can do it.

Wain What do I want to gain from statements

K They will say they only give priorities for progress toward peace.

If they can get there this year they will have it??

pegs They may have been able to extract from some

conditions in '76. If a peace regime, it will also

~~know~~ at least know to begin for implementation.

That gets them there?? - a few more extracted

being aware to ~~that~~ have relative independence

Wain If so, how statements, how long could it last?

K Certainly a way by '77.

C That a number picture.

K I think we should warn best to discourage them

from pursuing this strategy. (Thomas Cliff)

C I wonder if Street, should he go out before your trip to get another reading.

K I also think if we, SU will maintain more stability.

C Oh? why?

K They could afford another loss, & if they look at Europe, & to some extent US, they may think wishes are quite touchable.

Wain Have you considered a simulation or hypothetical negotiation? There is a lot of talk in I about willingness to accept that.



Saw Galt article for except NSC mtg.

No need to transcribe

K Why not ask me to turn up so Wilton <sup>hears it.</sup> ~~expects~~  
Galt says wants to send someone to I to see what  
their attitudes are.

We will on all out fight w/ Dems -  
I going to negotiate under Cuy Tansley ext. of  
OPEC restrictions, energy tax cut off.

They are attacking you now for crowning  
energy losses their threats - last year they said  
you would tempt wrath.

On Cambodia - Doc Wrayan (felt to be in  
to approp bill)

P Sure. But Doc isn't doing it for us. He doesn't  
want a Cambodia debate on his hands.

H I would begin w/ Wilton on N.E. Any thing he can  
do w/ C.I. to indicate how serious we view it.

O on Cuy delegation - Henry thinks you should  
be in leadership boundary. We should not  
~~have~~ have a delegation

P OK. (Check of SPT NSC mtg. Galt article)

R Ford and (discussed)

On Cyprus, Turks ready to move but are so screwed  
up they can't move before Feb. Greek Cypriots  
+ Makarios are badmouthing us. I have some  
Greek Cypriots in transition. Maybe I should  
expand it.

In Portugal, we will have to wait to see what happens  
Ford's concerning active in promoting. Used to stop by  
stage approach. We will have to face up to that  
on my trip - whether we will be willing to make  
that effort. I think we are facing a falling out

~~for~~ w/ I. It pains me to say it.

P I can't in good conscience do keep supporting

