

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

SECRET/NODIS/XGDS

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.



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DECLASSIFIED
E.O. 12958, SEC. 3.5
NSC MEMO, 11/26/00, STATE DEPT. GUIDELINES, State Dep. memo 3/19/04
BY JA, NARA, DATE 5/22/04

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.

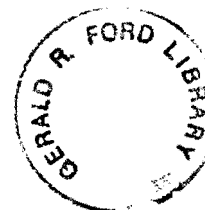
President: Turning to politics, to have done so well economically in Italy and have it so undermined by the elections.... We have to watch the situation carefully.

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 Scheel 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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 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
 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?

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NSC MEMO, 11/24/08, STATE DEPT. GUIDELINES, state review 3/9/04
 BY llh, NARA, DATE 5/27/04



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.

P/Econ Min Friedrichs / Charge' Hanson

10:55 am - 11:52 am 3 June 75

Simon

F. Being you getting from Fred Chandler

P. Throughly appear being P & W. School here.

O. Personal from Chandler in Busset & we had some fruitful mtgs.

A. Common press had very favorable reaction to Schol visit

P. My wife had an excellent mtg w/ Schol in NY.

Press out

F. I had had good mtg w/ Simon

P. How you met w/ 2 wks

F. Yes

P. We trying very hard to get Compt & explanation every of cases. I will take action myself and also push explanation & all same. I will keep a process on Compt. They just don't seem to be able to move.

F. In my talk w/ Simon & Burns we covered a large picture of world as whole but also a limited disc of your materials & your com adv.

P. I hope we can make program c-p mtg as well. We writing to consider other conditions but to put them with c-p mtg which would be a mistake.

A. We very much in agreement on this issue & method w/ Simon. You & we are primary users of your materials & should have primary input in disc. I hope some of c proposals would



have serious impact on us.

" Some of the advice we've seen from our own
members that I don't think we can't ourselves
down. I think we are making headway,
Frankly & to let ourselves down to many
of our agreements could be a mistake, I
think.

F As much as trying to harmonize our own needs w/
F.P., & that way is on a case by case basis, but
if one were to go along w/ 3rd world ideas it would
be transfers of resources which would be clearly down
to alleged countries.

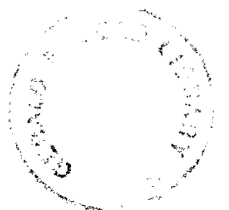
P All have had some good news. Our inflation
rate is 4-5%, 1/2 that of yee ago. If
we don't get too concerned about unemployment
we can make it. To react to some would
risk a gain in our market.

F I discussed this at length w/ S & B & our sites
are parallel. We also have high unemployment
& inflation. We can't maintain that w/o generating
damaging inflation.

P I agree clearly w/ Burns that he anticipates that
is prudent - that we not working in opposition
of our own to pin & not lose our cool we be
ok. Other good news - retail sales, housing, etc.
Big problem is non-resp. in auto industry.
Economic's don't have answer to this.

Surveys show consumer Conf. is improving.

F Don't be pork, I was surprised about how



strong you see picture is. Didn't know
things were trying to quickly. We 5-6 used behind
Spain & countries can ~~work~~ together we can
now could every sort of deal done & we
many railways, but I expect it to go up before
end of year.

P Disappointed about it in GB & not anything
in France is exactly but if we can work together
we can provide a leadership to bring countries together.

F I completely agree. It will largely depend on
2 elements. I see France picture a little more
positively. General X has done new things &
they have a good guy in infantry. We disagree
on some things like power. We see part
sides in Italy but in GB, we have no
idea.

P Trying to get, & have done so well even in
Italy & have it to understand by the elections...
we have to watch & get carefully.

F I agree fully. This is a challenging job & we must
create trust area more closely than before -
also Part & Greece. Pol sit in Italy not get
joined up, but I do see some pl. improvement
in Italy where our ~~was~~ members & part
area but lower members & part which is most
difficult.

P I have a sure Chancellor we will work
together not only in part areas but in
every, more in abstract & all other areas



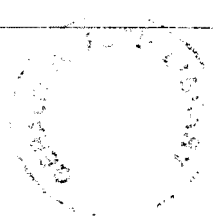
to my interest to me both.

F. I happy to convey this to Schell & Chomsky.

* *

My best regards if any thing to be done
w/ respect to E, please let us know. The
sit is explained economically

" We have not yet worked anything & not yet
made final decision. We will be in contact
of conceptual but not too get into now



✓ ~~K~~ K/F Friedrichs

23 June 75 11:18 - 11:33 a.m.

K. I'm pretty sure on my way to Atlanta. I got here for Friday. Sylvia always takes longer than they are scheduled.

(Speaking German)
F. I had good talks w/ Simon & ~~Bernard~~ Zohar had talks in N.Y. . . . we talked at length about a new materials situation.

K. My basic view is if we're trying to prevent cartels, my strategy is best. If we force those countries together we will get cartels or not even years. I noticed Algerian minister commented favorably on my speech. I think we should have a discussion as much as possible to avoid strategic aspects.

F. I believe there is some hope of working w/ Treasury & others in this area. ? ?

(Discussion of soccer.)

K. I keep hearing Germany preparing a new new materials policy. Could we see it?

F. Yes

K. That would be very helpful. We're also looking at it & I suggest our views ~~are~~ are parallel.

F. If low production prices were included, about 1/2 of the increase would go to technical materials

We calculated where our materials exist from.

less than 7% come from WDC.

K. What would you think about statistical by any means

F. Several possibilities there. We could aggregate new materials and add down when new materials go up. Basic idea is to get

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E.O. 12958, SEC. 3.5

NSC MEMO, 11/24/99, STATE DEPT. GUIDELINES, State Dep. aw 3/9/04

BY ll, NARA, DATE 5/22/04

at B P note - using ~~the~~ gold, French
bayer

K This is an area where I understand a part
but not a solution.

F I will send you a letter writing you

K One thing we're in not agreement. It's not set
a floor price. Our people think 7-7.50

F Our people thinking lower, but don't think that
important. Won't fall that far. I talked to all
companies in NY. They think 10% in fall

K I think they participating but not interested to
see your than

F I don't see a company effect on US market.
Ours is structured very diff.

K I looking into it. C my