

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

~~SECRET/NODIS/XGDS~~

MEMORANDUM OF CONVERSATION

PARTICIPANTS: President Nixon
 Henry A. Kissinger, Assistant to the President
 for National Security Affairs
 George Shultz, Secretary of the Treasury
 William Simon, Administrator, Federal Energy Office
 Maj. Gen. Brent Scowcroft, Deputy Assistant
 to the President for National Security Affairs

DATE AND TIME: February 9, 1974
 10:35 a. m.

PLACE: The Western White House
 San Clemente

SUBJECT: Washington Energy Conference

The President: I want to thank all of you for the work on the conference. We face serious problems in handling the conference. We may be forced to a position where the Europeans go into business for themselves or where it look like confrontation with the producers. I hope not -- although it is a confrontation, it would not be a good public position.

The Europeans, especially the French, are playing a lousy game. The British are in trouble, so it's easy out to kick the United States around. The Foreign Ministers basically represent their governments, some Finance Ministers, some Mineral Resources Ministers, At the technical level, there is no feeling of confrontation.

The Foreign Minister want to cooperate in the military field, and some in the financial field, but on energy and the Arabs they want to kick us around.

In our private talks, we need to say I am pro-Europe. But in Congress there is a dangerous attitude: If Europe wants to go it alone, we will. This is true in several areas. This would be a bigger disaster for the Europeans than for us.



CLASSIFIED BY Henry A. Kissinger
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NSC MEMO, 11/24/88, STATE DEPT. GUIDELINES, State Dep. aw 3/8/04

BY l/ll MARK DATE 7/19/04

Don't get a feeling of bitterness or confrontation with the Europeans, but they must know they can't have it both ways.

Kissinger: This is a well prepared conference and there is unanimity among us. Our strategy is unified.

We don't want anything from the Europeans except to contribute to a cooperative world, a multilateral approach. I will give them an overall pitch in the morning Bill Simon will give the supply situation in the afternoon.

The President: Give the press something after each session so we get something positive on TV.

Kissinger: We will put an analysis of the situation before them -- comprehensive than any of them can do. It will show that the problem is manageable if we work together. If not, we will suffer the least. We can make the best deals bilaterally and we are really self-sufficient.

Simon: The situation is moving fast. This development about them having a meeting with the Arabs two days after the conference is very dangerous.

Kissinger: Today I got a copy of this agenda and it's scary. This means the Europeans will add their weight to the Arabs in negotiations we have to carry.

Simon: So how do we position ourselves -- with the Japanese and Canadians, etc.?

Kissinger: The present posture is we get nothing -- what we propose is in the tradition of Atlantic cooperation.

The President What are we proposing?

Kissinger: An international task force to deal with consumer restraints, R & D, conservation, preparations now, and then a consumer-producer conference.

A second meeting will be held and then within 90 days with the producers.

The President: What do the producers want?

Kissinger: The producers would get regularity of investment and long-term planning for development.

Half of the objections from the producers have been generated by the Europeans.

I saw the Algerian oil minister. He said: Our oil won't be as valuable after project Independence." He wants assurance of investment over the long-term.

Simon: He needs access to capital.

Shultz: The tricky thing is to bring out that oil now is not more valuable than oil in the ground. For example, if you think oil in ten years will be \$10, the price now must be \$8.50.

The price is going down.

The President: Why?

Shultz: The price. People respond to price.

Kissinger: If the Arabs restore production, we predict a slight surplus.

The President: Looking at the long run in the U.S. -- 20 years -- no question that coal, nuclear power, and shale will be competitive.

Simon: It's competitive now.

The President: We've got to show them that oil in ten years will be less valuable than now, so don't keep it in the ground. I told the Saudi Ambassador we want to keep buying oil in ten years -- otherwise they would think we were planning to freeze them out.

Kissinger: We've got to show Project Independence is not our form of unilateralism.

The President: We want to show that Project Independence is not one way of saying we will go it alone.

Kissinger: Also to the extent that we reduce foreign purchases, we are easing the market for Europeans, and our offer for technical cooperation and sharing in an emergency is cooperative in nature.

Shultz: What should we tell the Europeans about their Arab conference? We have this great meeting and then they go off on another track.

The President: I think you and Bill can talk to the technical types and talk turkey to them -- they don't have to posture like the Foreign Ministers. Tell them they can't do this and expect us to hold our military role in Europe -- Congress won't let us.

If they keep going into business for themselves, it will lead to the U. S. turning against Europe and opening their weak states to the Soviet Union. That is not in their own interest.

We are acting in their interest.

Kissinger: That won't do it any more. If we say we are committed but Congress will force us, they won't buy it.

The President: But you know we shield the Europeans from the Soviet Union and China.

Kissinger: Right now if a war started in Europe, within five days, we would be in a nuclear war. If we started pulling our forces out, the argument has been that Europe would go neutralist. If they are going that way anyway, we could leave the trip wire and go nuclear like we would have to anyway. Our forces give Europe the security to bitch at us.

The Europeans are now picking at Japan in spite of us -- led by France and others too weak to resist. We agreed with the Chinese not to compete in Japan -- and now the Europeans are.

Shultz and Simon should talk -- because the Foreign Ministers are idiots, except for Home. Moro, Scheel, Jobert -- they're all bad.

In France there will be a popular front within five years. That will drag Italy the same way or there'll be a right wing coup.

The President: That depends on the guts of the Italian military.

Kissinger: And who our Ambassador is.

The President: Volpe will do what he is told. We are agreed -- it's only a matter of tactics.

Kissinger: Yes.

The President: What can the Europeans do for Japan? They won't open their markets -- the Japanese would kill them. There is another reason for our agreement with the Chinese on Japan-- the Chinese are afraid of them. We frequently focus on the wrong thing. Roosevelt at Yalta thought it was a choice of the UN or gobbling up Poland.

Our China policy succeeds because they need us. What the Europeans must understand is that the whole world will fall apart if we withdraw from Europe or Japan.

Kissinger: The Japanese at this conference will not be anti-American. The real problem is spitefulness of the Europeans. The Europeans are not united in the monetary field and Shultz can deal with them separately.

The President: The biggest thing we can get from the conference is private talks with the delegations. We have to talk in sorrow rather than anger if they continue -- because I have been fighting a lonely battle to maintain our defenses in Europe: The President will have to reevaluate his policies -- and there is strong support in the U. S. for such a reevaluation.

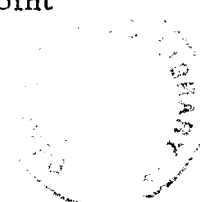
Kissinger: We should be harder on the Europeans than the Japanese.

The President: The Chinese are so clever you never know whether they are lying or not. The Soviet Union is not so good.

Kissinger: The Soviet Union spent \$5 billion in the Middle East and Sadat and Asad don't want us to tell the Soviet Union anything.

The President: Do you really want us to tell the Europeans we lead or else?

Kissinger: I am an Atlanticist. But if we don't take tough action, we will lose the pro-American people in Europe, because they can't point out the bad consequences of anti-American actions.



The President: But can we follow through on our threat?

Kissinger: We've got to define the question. We keep forces there so they won't go neutralist. If we withdraw half our troops, how will they behave differently? I don't suggest troop withdrawal now, but honestly we don't need all these forces.

The President: We have such a lousy strategy that a trip wire is probably as good as anything. What might happen in five-to-ten years is a President might have to ask if he might risk Atlanta for Bonn.

Kissinger: Europe is organizing overall on an anti-American basis.

The President: They can have Africa -- we will take South Africa and get out of the UN. Why does State hate South Africa?

Kissinger: I have abolished the Political Science division in State.

The President: I noticed the Lamizana coup. The can hardly wait for the New York Times editorial -- like in Greece.

Kissinger: Look at Amin. He used to be ours and the Kenyans bought him.

The President: The problem with Amin is not something he ate but someone he ate. I feel sorry for the Africans, but it will take a long time.

I am sure the Europeans will try to give us the shaft everywhere, but we must concentrate on the critical areas.

Simon: I am even stronger than Henry. I don't think we can change the Europeans -- they will call for the Arab meeting.

The President: What do we say?

Kissinger: Nothing publicly, but tell them if they insist on going it alone, we will.

The President: We must get this across. These are reasonable men -- it's the press and leftist leaders who can't stand up to it.



Shultz: It will be a gay conference.

Kissinger: If we had this position, we will be okay.

The President: George, we get back to linkage. A healthy U. S. -- Europeans relationship, is the best way to keep the Soviet Union and China in line.

Simon: I agree, but we have to shock the Europeans.

Kissinger: The last thing we want is a rupture. But now we are putting a bandaid on a cancer. We have tried and they have kicked us.

The President: Can we go to Europe in April?

Kissinger: Yes, if we stay on this course. We have never failed by being strong.

The President: Who would be at the NATO meeting? Foreign Ministers?

Kissinger: No, if the heads of government don't come, you can't.

The President: If Pompidou doesn't, we should hold a meeting in London.

Kissinger: It makes sense because NATO really started in London.



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Pres/HK/ Shultz/ Simon

9 Feb 1035 1974

S.C.

P want to thank all of you for work on conf.
We face serious jobs in handling conf.
May be forced to position where Euro goes with business
for themselves or where looks like cooperation w/
business. Shye not - altho it is cooperation, and
not be good public position.

Euro, esp Fr, are playing a loosey game. Brits are
in trouble, so easy out to kick us around. FMI's
by basically relevant parts, some finance mins, some
monetary mins. At each level, there is no feeling
of cooperation. D

FMI want to cooperate in military field, +
some in financial, but on energy + arms they
want to kick us around.

In our private talks, we need to say I am pro Euro.
But in Cong there is dangerous attitude - if Euro
wants to go it alone, we will. This is true in
Korea. This could be bigger disaster for Euro
than for us.

Don't get feeling of bitterness or cooperation w/ Euro,
but they must know they can't have it both ways.

K This is well prepared conf + there is unanimity
among us. Our strategy is unified.

We don't want any thing from Euro except control
& cooperative world, a ~~cooperative~~ multilateral approach.

I will give them an overall pitch in April

Simon will give a supply set. in April

P Give the press something after each session
so we get something positive for TV

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NSC MEMO, 11/24/98, STATE DEPT. GUIDELINES State Div. ex 3/8/04

BY: [initials]

NARA, DATE 7/14/04



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comprehensive than any of them can do. It will show
that problem is manageable if we work together - if
not, we will suffer best. We can make best
decide bilaterally & are nearly self-suff.

S Site is moving fast. This blueprint about them having
only w/ Arabs 2 days after we say is very dangerous

K Today I got a copy of this agenda & it is ^{dearly} scary.
So this means E.U. will add their weight to Arabs
in the negot we have to carry.

S So should we position - w/ Japan, Canada, etc.

K- Pure posture is we get nothing - what we propose is
in tradition of Atlantic Corp.

P what are we proposing

K- Can we take care to deal w/ consumer interests,
R+D

Conservation

Regulate some

impulses

~~at~~ @ send 2 net meeting will be held & then w/ in
90 days w/ producers

P what producers want

K Producers would get regularity of investment, long
term planning for blueprint.

Have of objection from producers have been generated
by E.U.

I saw Algerian oil minister. He said our
oil would be as valuable after 1975 - but price will
wants assurance of investment over long term



Si He needs access & capital

Sh Today's thing is to bring out oil in ground not more valuable than oil in ground. Ex: If you think oil in 10 yrs will be \$10, the price now must be \$8.10

The price is going down now

P why?

Sh Price. People respond to price

K If Arabs reduce production, we predict a slight surplus.

P Looking at long run in US (20 yrs), no question that coal, nuclear, shale, will be competitors

Si ^{that} it is competitive now.

P Cost to show that oil in 10 yrs ~~to~~ will be less than now, so don't buy it in ground. & told Saudis that we want to keep buying oil in 10 yrs - otherwise they would think we planning to freeze them out

K Cost to show P. I. not our form of industrial

P want to show that P. I. is in world's interests so we don't use up a world's oil supply.

P. I. is not some way of saying we will just share

K Oils to extract we reduce foreign purchases, we losing market for E. gas & offer for tech. exp. & sharing in developing is cooperation in nature.

Sh What should we tell E. countries about their Arab exp. We have the great oil, & then they go off on another cost track.



P I think you & Bill can talk to a technical
types & talk turkey to them - they don't have to
posture like the F.N.s. Tell them they can do
this & expect us to hold our military role
in Euro - Cong won't let us.

If they keep going into business for the world,
it will lead to US changing agreement from Euro, &
open their whole status to SU - that not in our
interest.

We acting in their interest

K That won't do it any more. If we say they
are committed but Cong will force us, they
won't try it.

P Best you know we need Euro for SU & China

K Right now if a war started in Euro, as in
5 days, we would be in unbroken war.

If we started pulling force out, argument ^{has} ~~was~~
been that Euro ~~going~~ would go neutralist. If
they are going that way any way, we could just
leave a trip wire go nuclear like we would
have to anyway. Our facts give Euro of
security to latch at us.

Euro are now picking at Japan - in
spite of us - led by France & others to
work to resist. (As agreed w/PRC not
to invade Japan - how Euro are)

S&S + Si should talk - because F.N.s are
idiot except for Home. Home, Schul, Jotist,
all bad.



In France there will be popular front w/ in
5 yrs. That will drag stark some way or right
wing comp.

P That depends on guts of Italian leadership

K And who one Arab is

P Urge ~~it~~ would do what he told

W'd ~~only~~ regard - only matter of tasks

K yes

P What come Euro do for Japan. They want open
markets - Japs would kill them. There is
another reason for our agreement w/ PRC on Japan -
PRC afraid of them. We frequently possess
a wrong thing (Roosevelt at Yalta - US vs grabbing
up Poland, etc).

Our China policy succeeds because they need us.

What Euro must understand that the whole ~~off~~
world will fall apart if w/ w/ chaos from Euro
or Japan

K Japs at this conf will not be anti-US

The real problem is spitefulness of Euro.

Euro are not united in monetary field & sh
can deal w/ them separately.

P Biggest thing we can get from Conf is private
talks w/ a delegation. We have to talk in
private rather than anger - if they continue that

- because I have been fighting a lonely battle
to win over delegates from Euro - P will
hard to neutralize his policies - and there
is strong support in US for reconciliation.



K We should be harder on Euros than Japs.

P The Chinese are so clever you never know whether lying or not. So not so good

K So spend \$ billion A/E + Salat + Carol doesn't want us to tell SO anything.

P Do you really want us to tell Euros we had in or chi

K I am alternatist. Best if we don't take tough action we will lose per US graph in Euro, because they can't point out bad consequences of anti US actions

P But can we follow them on one threat

K Got to define a position. We keep press them so they won't go neutralist. If we w/ draw 1/2 our troops, how will they behave differently. I don't suggest trap w/ chemical war, but honestly we don't need ~~it~~ all these forces.

P It's hard such a loose strategy that a tripwire is probably as good as anything.

What might happen in 5-10 yrs is a P might have to work if he will risk Alternates for Brown

K Euro is organizing overall on an anti-US basis.

P They can have Africa - we will take S. Africa + get out of UN. Why does State hate S. Africa

K I have advised Pol Sci class in State.

P I noticed humanized emp - can hardly expect for NYT editorial - like in Archer

K Look at Greece - used to be arms + religious fight



them him.

P Problem w/ Commun is not something he can just
down one he etc. I feel sorry for Americans, but
it will take a long time.

Since Ennes will try to give us a short description,
but we must concentrate on ~~the~~ critical ones.

S: I mean stronger than H. I don't think we can
change a Euro. They will call for a deal with.

P What do we say?

K Nothing publicly, but all coming if they insist
on going it ahead, we will

P We must get this across. These are reasonable
men - it is just a leftists & radicals can't
stand up to.

S: It will be a long way.

K If you hold this position, we will be ok

P George, we get back to linkage. I am a healthy
US Euro relationship is best to keep UK & PRC
in line.

S: I agree but we have to shock the Euros.

K Last thing we want is a rupture. But now
we are putting boundaries on Commun. We have
tried & they have backed us.

P Can we go to Euro in April

K Yes if we stay on this course. We have never
failed by being strong.

P Who would be at a NATO meeting. FMs

K No, if heads of govt don't come - you can't

P If Pomperon doesn't, we should hold party in London



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