



H. R. Haldeman Diaries Collection, January 18, 1969 – April 30, 1973

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Saturday, August 21st. The President called at 9:00 in the morning to ask how everything had played. Unfortunately, I had just gotten up and hadn't even seen the local papers, so I had no answer for him. He mused a bit on the Finch wedding and the crowds there, and also the crowds at Loma Linda, feels that things still look good. Said that a number of people caught him out at the helicopter and said, we sure liked your speech. So that pleased him, too.

I called Connally, following up on Ehrlichman's call with him yesterday, which John discussed with me at the wedding reception last night. Felt that we had a problem and I needed to follow up on it, and it turned out that was right. Connally said he detected a power play going on, that there was a lot of individual politics and gutting underway, and he was disappointed that the President would think that anything would be done without his approval.

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DECLASSIFIED - E.O. 13526, Sect. 3.4: by MS, NARA, June 12, 2013  
Audio Cassette 13, Side A, Withdrawn Item Number 2 [AC-13 (A) Sel 2-1]  
Duration: 16 seconds

He feels we should not rush in on this. The Japs are swamping everybody, trying to lobby their cause. And he detects some weakness on their part. He thinks we should play the hard line; demand basic changes in trade practices; and that it may be months and months before we get this done.

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He says all this started by Shultz peddling the stuff, that, because he was upset about a Dale story in the *New York Times* on convertibility of the dollar. The question is whether we want convertibility. Shultz is opposed to setting an exchange rate; he wants all currency to float. Most



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of the others want some rate established. Connally's plan is to float until we get what we want and then set it, but we have to say to everybody that we're ready to meet; we will talk, but we must have some things first.

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Audio Cassette 13, Side A, Withdrawn Item Number 2 [AC-13 (A) Sel 2-2]  
Duration: 5 seconds

His view is that we want to divide the other countries, not unite them against us.

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So he takes the position that the surcharge and the suspension are temporary, and that you can't talk any other way: that this is the President's line. We have to feel our way in the meantime and see what is possible. The other nations can't agree on what they want, so they don't have a common position either. He does think the Volcker group should consider all those things, and they should not sit with Rogers, Connally, and Burns yet. He's going to use all the former Secretaries of State and Under Secretaries, orchestrating them to develop a major international campaign on this. He's concerned, he says, because he doesn't mind being used, but he resents the petty little moves, such as Sunday night at Camp David, he didn't sit in on the wage-price freeze meeting. The President said he wanted wage prices handled at Treasury, Connally didn't. So they put it at OEP, and the next thing you know, he's designated as the Chairman of the Cost of Living Council. At the Sunday night meeting, they developed an organization chart for the Council, set up an executive policy committee with McCracken as Chairman and didn't even tell Connally. They're immediately making a grab at the White House, Shultz and McCracken, so that they can control it. He thinks this is ridiculous nit-picking. He apparently had written, he apparently wrote a memo to me on this whole thing after the Ehrlichman call, but he says now he



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won't send it since we've had a chance to talk it over. Says we've got to recognize we are all groping in this thing; that we can't dictate the conclusion at this point, because we don't know where we can arrive at an agreement. Said one question is very disturbing. That's the question of the extent that gold is in the picture. No one wants to go back to a fixed gold price, but we have to tie the currency to something.

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Audio Cassette 13, Side A, Withdrawn Item Number 3 [AC-13 (A) Sel 3]  
Duration: 20 seconds

We want to keep the US preeminent. We're developing three blocs; Europe, the Far East, and the US, which is not good, but it's going to evolve. So, first we have to determine how we maintain the strongest position for the US; second, how we reduce trade barriers and quotas; and third, how we revalue to improve our trade position and give us a surplus.

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Most of them want some sort of fixed exchange rate with wide margins. Shultz and his group don't agree, they want to float. He then mentioned the Texas Governor and said he's going to get his pants taken off before he's through. When he goes on *Face the Nation*, the reporters will eat him alive. Connally seemed to view that with considerable relish.

Later in the day I talked with Peterson, who also is upset. His first point was that he was concerned about my memo to him, telling him to fill Mills in on the Japanese textile agreement, and let him take some of the credit. He says he can't do that ahead of time, because Mills will leak it. Instead, he thinks that we should say that with the new situation we can now act



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unilaterally, but it's still best to get a voluntary deal, and then let Mills try to help us on that. On a somewhat broader point, he said there's a problem with Flanigan in the textile deals, and that it got very embarrassing with Milliken at the meeting last Tuesday, because they dislike and mistrust Flanigan, and Milliken really froze up when Pete came in. If the industry thought that Flanigan was representing the President, this would be very bad. Dent was extremely upset because of Flanigan coming in, and said this aggravated the problem, but it's been worked out. On an even more general basis, he said it's been very difficult for him in the last several weeks to see the President. He has a problem with Connally, because the economic advisors are concerned regarding the lack of a negotiating plan; that Burns, Shultz and McCracken have strong views, they do not respect Volcker. The plan is to try to get him straightened out. But the problem is that Volcker's making statements and hitting in a direction that the President doesn't want to go. Apparently, they're all going to be out here next week for a meeting on the Japan, regarding the Japanese ministerial meeting, so he says he'll talk to us out here then.

I had no further contact with the President during the day.

End of August 21st.