



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

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Monday, August 23rd. Colson updated me this morning; again thinks that things are well set up for continuing follow-up on our part this week. The President came in around 9:00, spent the first half hour talking to Connally on the phone. He then called me in, and, at the same time, called Shultz. Told Shultz that, and I'm sure this was a follow-up from his Connally call, that he thinks we should let things ride awhile on the international monetary situation; and that we should not rush to conclusions or early action; that we aren't experts on this, but we must not be misled to a premature decision. He said that Connally's all set to hold back; also Burns and Volcker, the, that we shouldn't move ahead, so that'll restrain the action. He urged Shultz to get Friedman to write a piece on the need to be flexible and to have a new approach, and confirmed that basically he disagrees with the Volcker approach.

Kissinger came in at about 10:00...

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Audio Cassette 13, Side A, Withdrawn Item Number 5 [AC-13 (A) Sel 5]
Duration: 1 minute 9 seconds

...and said that the Vietnam elections are a real problem now, because Kee, although he has been reinstated by the Supreme Court as a candidate, has now decided not to run, so Thieu has no opponents. Henry feels we now have three options. First, we can postpone the election, but this would not be a good thing to do. Second, we can form a coalition government in effect. In other words, Thieu would agree that he would have Minh as his prime minister, and Minh would agree that he'd have Thieu as his prime minister, and then get both of them to run, or, as the President suggested, forming a three way coalition government, with Thieu, Minh, and Kee. The third alternative is to change the election from an election to a referendum and make it a vote of



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confidence, with Thieu promising to step down as President if he doesn't receive the vote of confidence. This latter seemed to be the only viable alternative and that was the view the President took.

Henry reports that the Japanese are pushing for a visit by the President to Japan, and he's considering late June or early July for this. The President made the point that it would have to be two weeks before the Democratic Convention, at least. The idea then would be as a Western Summit in the end of July or in early August.

They then got into some discussion of the Vietnam question. Henry feels that the North Vietnamese knew how the election screw-up was going to come up; and therefore, that's the reason they didn't come through with a settlement at his meeting with them last week. The President made the point that we have to settle Vietnam one way or the other before Congress returns in January.

The President mentioned that he had talked with Finch on the phone over the weekend regarding the Attorney General's meeting with Reagan. And that the AG says the Reagans are upset, because they weren't treated right at the Mexican dinner and the astronaut dinner, which must be something from Nancy. Finch is arguing that we ought to have a mailing to the Californians now, while they're feeling good. The President thinks that's a good idea, and asked me to cover it with the AG and also to suggest that maybe he should meet with the AG tomorrow. He also came up with the idea of having a Quadriad meeting on Friday out here, if Connally thinks it's a good idea, and he wanted me to follow up with Peterson on the textile thing, to be sure he doesn't go off too precipitously.



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I called Connally later in the day, and he said he wanted to go through with me some of the things he'd covered on the phone with the President. He, first of all, doesn't think we need a Quadriad meeting; he has a strong feeling that a lot's going on and that we are in touch, and we don't need to put up any front. He's afraid if we do have a meeting, they'll expect results, and it's better to avoid that kind of emphasis. Things are going so well that we need to now concentrate on answering questions on the wage-price freeze, and start mobilizing support groups around the country, and the President shouldn't be involved in either of those. He then said on the international monetary front, whether we like it or not—and Connally does like it—the President has changed the world. And it's hard to believe, that after all the Nixon defeats and criticism there has been of him, that he could come back and get the kind of great, strong action that he's brought through. Yet he now has taken two steps, China and the economy, and he is now the leader of the world, and from him must come further ideas. We have to have enough time to develop a five year plan, and maybe a 25 year plan. And also he understands the importance of the short run needs for next year. But the President has in his hands the future of the country, domestically, and the future of the world.

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We must not step back into the old monetary system. First of all, there is no such thing, and secondly, we now have Russian, China, Japan, and Europe as power bases and we're going to have to deal with them. The world is split into five segments, three are governed by the monetary system, but it must be restructured.



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We have to figure where the US fits and what our needs are. First, we're the largest independent nation. Second, we have the highest industrial and technical efficiency. Third, we're the largest user of raw materials. Fourth, we export less of our gross domestic product than any other leading industrial nation. So, where do our interests lie? With Canada and Mexico, because they are our neighbors, and, secondly, with the underdeveloped areas; those nations that have raw materials in great abundance and do not have technical proficiency like we have. Therefore, they can supply us with the raw materials and they can take advantage of the product of our proficiency. So why should we not accommodate our international plans to first the Arab world, special missions and so forth to all those nations; second, to the black nations, moving France into the—since they're still in Britain—out of the black area; third, a new Latin American policy, and an extension into Australia and Indonesia.

In other words, align ourselves with the nations that are rich in raw materials and have enormous consumption potential. Why tie to the British who can give us nothing but competition? Even assume that we get into a trade war with Germany; and say they tell us to take our troops home, that would be fine. We could put those dollars into a modernized navy and an extended missile capability instead of the archaic system of maintaining troops. And we'd be much better off and would not have to carry their defense burden for them.

In other words, we should think broad, and big, and new; take off our blinders; work on a broad basis instead of a traditional basis; and to do this, we need time; can't do it overnight.



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On the domestic side, he says all reports really show a high degree of acceptance of the wage-price thing. Now we've reordered society, we may be in a system of semi-controls for some period. The President should spend his time thinking in these big terms, not talking to his advisors about the nitty-gritty details. Because there's no common front internationally, we'll have a long period of negotiations. We should appear to be trying to settle all of these things, but we should drag our feet until we can get where we want, at least for the next decade. We're not prepared to talk about this now; the President should just be thinking about it.

I reported this to the President later, and when he called on the phone, and he made the point that I was right, and that Arthur could have been right in his concern about the international thing, but it appears now that he's not, and that we have taken a positive step forward by our moves rather than the negative step that Arthur was concerned about.

End of August 23rd.