



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

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Wednesday, December 15th. At the staff meeting this morning, Kissinger got into the India-Pakistan question, made the point that we need a maximum attack on the Hill against India. And felt that we needed to get a Congressional meeting cranked up with Connally, to try to get this kind of reaction going. The settlement that he was working on yesterday, that forced us to come home last night rather than going to Florida, seems to be worked out now, and he says that actually we could have gone to Florida last night after all. Things are really on track, and he's practically ecstatic. He thinks that the deal has been made with the Russians and that it's primarily his maneuvering that has backed them down. There was some discussion about the threat in his backgrounder that we would call off the Soviet Summit, which CBS made a big thing about. The President told Ziegler to cool that, on the grounds that the issue hasn't reached that point and that it might later if the Russians don't act to stop the cannibalizing there. Henry argued that his Summit threat was good, because it showed that the President is now in this, so when we get the settlement, which we are going to get, the President will get the credit for it. And he thinks that, therefore, what he did, while he didn't intend to put that line out, does work to our long range benefit.

Then later tonight when we got down to Florida, the President called me on the phone to say he had just finished talking with Kissinger and that he's really down...

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Audio Cassette 17, Side A, Withdrawn Item Number 7 [AC-17(B) Sel 6-1]
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...because the Soviets now have said they're going to veto the British resolution at the UN, which they were supposed to back. And so we've now lost our deal on Pakistan...



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...and the President handled it very well. He said Henry's just putting too much emphasis on it. He has to realize you win some and you lose some. He wanted me to call Henry and tell him the trip was a great achievement, and that his breakfast with Pompidou was historic, and all that sort of thing. So that he won't bug the President all weekend about India-Pakistan. And he says...

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...we can't act as if it's a great defeat, because the people don't know that it is. And we can still bring it off as at least no change.

Also at the staff meeting, we got into the Congressional adjournment question. There's a real problem that they're moving to a filibuster on foreign assistance, with Fulbright and all those people trying to push the Mansfield Amendment. They're getting close to the problem of having no quorum and, therefore, being unable to transact business, even though they aren't ready to move to adjournment. The President did agree to meet with the Congressional leaders today, and we hastily put a meeting together and he met with them for, I guess, a good hour late this morning, before leaving for Key Biscayne.

The big item of discussion during the morning was the Azores follow-up. He had Henry in first thing, and there was some discussion on just sort of evaluating the Azores agreement, with both



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of them feeling that we had come out extremely well. He then had Connally come in. Got into a discussion on how to handle the PR for the rest of the week. He emphasized that all questions on the monetary matters must be directed to the Secretary, and that we've got to hit the more jobs for the US line. He talked about going back and covering the percentages, that all they would give is 5 percent, and then when the actual percentage comes out, we'll look good. They made, Connally made the point on, that we insisted on trade as well as monetary settlement. We took a hard line and really knocked over the last obstacle on the trade question. Connally makes the point that first, we already have burden-sharing. Second, we now have major progress on trade. And third, we've enormously improved America's position in the world, which will mean more American jobs. This is also in the interest of our trading partners, because now there'll be no recession abroad as was feared, and the whole economic international situation is more stable.

The President told Connally that he should use Ziegler and Scali for whatever he wants to put out, and that they will fully cooperate with him. Connally said we need to translate this into jobs, and we can make the point that the US since World War II has been the domestic world capital in political and military matters. That now, that in the past we've acceded to Europe in financial and economic matters, but now we have asserted US leadership in the monetary world, as well as the political, and military world. Also we've got to assert what this means regarding jobs and expansion at home and point out that it won't have any immediate effect. It'll be 18 months, except for the trade benefits. Kissinger was in and out of some of these meetings. Then the President added Ziegler and Scali to the Connally meeting, and Kissinger left. And the President again gave instructions to Ziegler and Scali that nothing is to be said without Connally's okay. And he said, we've got the immediate problem for the next two or three days that we must say nothing which might jeopardize the negotiations, that we've got to watch to see if the wrong line gets out and, if so, tell Connally. Connally then reiterated to them what the line should be, making the points that first, the triumvirate is beginning to take shape. First of all, we had the wage-price freeze to solve the inflation problem. Secondly, we had the major initiative on the tax



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front for job creation. And third, we have the international front, which in the long run is the most important of the three and that now is falling into line. The President's leadership will be a major success, and we have to bear, recognize that this is the most sweeping move that a US President has ever taken. It was conceived and designed within the August 15 announcements. In other words, the new economic policy was not just inflation. It's a broader picture, and that's now shown.

Secondly, devaluation has to be defined in terms of American goods being more competitive. Therefore, there are more jobs in the US This is a means of keeping jobs at home and stopping the exporting of jobs. He feels that we can't peddle this line, but that others should. Any nation always wants to devalue, because then they can outsell everyone else. Since World War II, the US has been locked in place, and other nations have devalued about 60 times. At this point, Kissinger rejoined the meeting. The President, or Connally made the point that the dollar is not undervalued, that we're trying to get it to its real value. It's been overvalued. His third point was that we can't expect a great increase in trade for at least 18 months to two years. Long-term this is the most important move, but it doesn't have immediate effects. His fourth point was that it can't come from the Administration, but there should be an in-depth piece that no one ever questioned the US political and military leadership of the free world. This move now results in US leadership in the monetary and financial field as well. We should compare the Azores to Guam and that this is burden-sharing in the broadest sense. The President was advised by many to continue floating the dollar and take no responsibility for the other countries. Especially Arthur Burns felt this would lead to instability and recession abroad. The President made the decision on the basis of the US responsibility of leadership. We have, of course, done more on defense and aid than our share, but this is our role. Now we're taking the same role in international monetary matters. Regarding the question of who won, the French or us, in the Azores, no one won or lost, this is a multilateral problem. The two presidents both understood that they had to agree to something that would work out in the interest of both countries. This is



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very much in our interest and in the French interest. It should not become com--, postured as competition with the French. We need to set out, first, that we've increased the allies percentage of burden-sharing. We have that worked out in Brussels with the billion dollar agreement and the offset agreement. Second, we have a major realignment of the current world currencies which is in the offing. And third, we have trade concessions that are fair to the US We don't want to get into the ring with France. We have a bigger game to play. We're not trying to make petty points.

The President mentioned at this point that he had said to Pompidou, when they got into haggling over specific percentages that I won't bargain with you like a Lebanese rug merchant. The basic point to make is that it's a victory for everybody; it's in the interest of both. The President interjected again that actually we won, but we can't say it. The French won in theory, we won in substance, and that's a good way to leave it. The President feels this is a major vindication of the Secretary of the Treasury's initiatives. He recommended that the dollar float. He recommended the hard line in negotiations with the G-10. And people said he's too tough. As a result of his astute bargaining and the position he took, we now have in sight a final agreement along the lines we wanted. We don't have to flush others down the tube. We want others to survive too.

As a result of all these developments, the President decided not to have a press conference this week in Florida or up here, so we canceled that. On the plane to Florida we went through all of the appointments questions and had considerable discussion with him on the whole ambassadorial appointment go-around.

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He wanted to use some of the appointments we've got coming up, Spain, Australia, Holland, and Argentina, to try to get rid of some people he'd like to get out of the country. Namely Wiley Buchanan and Jack Drown.

He definitely decided to go to Hawaii on the way to China, rather than stopping in Southern California. And he was looking back again on the whole Azores meeting and feels that it really worked out very well.

End of December 15th.