



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

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Saturday, December 18th. From Key Biscayne this morning, I talked to Connally first thing. He says that the G-10 now is going pretty well, that we're about to reach a settlement with the European community.

DECLASSIFIED - E.O. 13526, Sect. 3.4: by MS, NARA, June 12, 2013
Audio Cassette 17, Side A, Withdrawn Item Number 16 [AC-17(A) Sel 15-1]
Duration: 1 minute 3 seconds

The Italians are having a hard time, because they can't agree and are apparently under heavy pressure from home not to take this much devaluation. The Europeans are meeting at 9:00. The Germans are within a half a point of agreeing, and he thinks we can settle the exchange rates this morning. He says none of them are forthcoming on trade, and Schuman is of the European Community, undercutting us in every possible way. The Canadians are not at all forthcoming, not even fair or reasonable. They still want to float, and he sums it up by saying they're basically a lousy bunch of bastards, and he just doesn't know what to do on that one. The Japs are very tough, not forthcoming on trade, trying to barter trade versus exchange rates. They've agreed to take 14.3 percentage points difference on the Yen and the Dollar, but this isn't enough. We're trying for a 19-point spread. Connally met with them until 11:00 last night and told them at the end of the meeting that they would have to be 7 points, 17 points or no deal.

The group goes into session at 10:30 this morning, and Connally will say at that time that they've got to wind up by 3:00 this afternoon or forget it and start over again at another meeting next month. He says he's really crowded them all day and that it's a grueling experience, and then he says but then it's worth it because what we're doing is unique in the experience of the world. He agreed it would be a nice thing at about 3:00 for the President to invite them all to the White



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House for coffee. Although it would be easier for him to go to the Smithsonian, because there's about 400 press there and he could cover all of them. They could limit it to a smaller group at the White House, but he thought the Smithsonian sounded better. Then at 12:45, or something a little after that, I talked to Connally again. He said, at that point, the morning had not gone well at all. There probably would be no agreement.

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That we can insist on floating and we may just, or Canada is insisting on floating. The Italians have taken a hard line and are totally intractable. The most they would accept is a 5.5 percent devaluation, where all the others have agreed to \$38 an ounce for gold, which is 8.6 in devaluation. The Japs weren't even in the meeting all morning. There's been no real progress on trade. They're all slow-playing it. Unless something breaks in the hour or two after lunch there's not much chance, but we may still do it. He says the Germans are the most helpful, but they've backed off from last night, because Brandt talked to Schuller on the phone and made him back off. He suspects the Italians are trying to show their importance on some basis that's tied into their elections and they can't afford to be criticized. He says we're driving, he's driving them as hard as he can. That he'll know by 3:15 or 4:00 what they can do. But Italy is basically the insoluble problem. They're totally inflexible. France and the UK may not accept Italy's position, whereas we would in order to get an agreement.

At that point, he seemed to feel there wasn't much chance of getting any kind of a settlement that would lead to a Presidential meeting. Then, late in the afternoon, as the President was about



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ready to leave for New York with the family, he apparently got an okay from Connally on the settlement and did go over to the Smithsonian and make the announcement himself. So he got the mileage out of it and then went right on from there to New York.

I had no contact with him during the latter part of the afternoon.

End of December 18th.