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THE WHITE HOUSE

WASHINGTON

~~SECRET/SENSITIVE~~ XGDSMEMORANDUM OF CONVERSATION

SUBJECT: Summary of the President's Telephone Conversation
with Chancellor Schmidt

PARTICIPANTS: President Jimmy Carter
Chancellor Helmut Schmidt
Gregory F. Treverton, NSC Notetaker

DATE, TIME July 7, 1978; 11:42 - 11:51 a.m.
AND PLACE: Camp David, Maryland

The following is a paraphrase of the conversation.

The President: Hello.

The Chancellor: This is Helmut Schmidt speaking.

The President: Helmut, how are things?

The Chancellor: How are you doing?

The President: I'm at Camp David. I understand you just had a news conference.

The Chancellor: Are you preparing for your trip to Bonn?

The President: I am. I'm reading and studying. I'm looking forward to both my visit to Bonn and to the Economic Summit.

The Chancellor: I'd like to inform you: we just concluded the meeting of the so-called Eurocouncil -- the nine heads of state of the European Community. With regard to the preparations for the Bonn Summit, things went rather smoothly, as we had anticipated.

We did reach agreement on one item, about which I wanted to give you immediate notice. It's something you discussed with Valery Giscard d'Estaing, and we also discussed it at our breakfast at the NATO Summit. I'll send you a telegram tonight with the full text. But the headline would be that we agreed to consider a broad scheme for closer monetary cooperation in Europe, with

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the goal of greater monetary stability throughout the world. We have asked the competent bodies of the EC to prepare, by October 31, a plan for how such a scheme might function. That with a view toward enabling the member governments to reach a final decision at the meeting on December 4.

I'd like to add that I'm confident that greater cooperation in Europe won't fail to contribute to greater monetary stability between the United States and Europe. I'll send you all the details in a telex tonight. But I wanted to tell you now because I regard it as a major step.'.

The President: That's something I've talked about not only with you and Giscard, but also with Jim Callaghan. We've watched with interest, without trying to influence your decisions. We will want to hear more, as the technical people work out the details. I talked briefly this morning with Mike Blumenthal in Los Angeles. We want a closer European Community, in both political and economic terms. We'll reserve comment on this move until we know the details. At this point, we have no occasion to endorse or to criticize it. The decision is one for you in Europe. We'll plan on working with the economic specialists and on keeping informed.

The Chancellor: I think you'll be in a better position to judge, and to discuss it with your staff -- Mike Blumenthal and others -- after my cable. That should be on your desk Monday morning at the latest, if not tomorrow morning.

I'd like to return to your mention that you've discussed this with Jim Callaghan. The text was agreed to by him and by Italy, although it is clear that those two countries will remain uncommitted until the 5th or 6th of December. In order to respect their position, their desire to see the full scheme before deciding, the other nations did not commit themselves today either. Final decisions and commitments will be made between the end of October and the December meeting.

The President: I'll go over your telegram carefully; we can discuss it in detail when I'm in Germany. At the Summit I'll also have the opportunity to discuss it privately with Jim Callaghan and with Andreotti. We won't interfere; we want to keep informed. We're for a strong and united Europe. If, as the plan develops, there are elements that cause us concern, I'd like to reserve the right to discuss those with you.

I look forward to seeing you next week.

The Chancellor: So do I.

The President: Get some rest. I look forward to the opportunity for much. . .

The Chancellor: I understand that as a threat to exhaust me physically.

The President: Correct (laughter).

The Chancellor: Thank you very much, Jimmy.

The President: Thank you, Helmut. Good-bye.