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2. *Mr Penn* 4 *Mr Otter*
3 *Mr Smith*



British Embassy

PARIS.

11 July 1975.

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HM Treasury
London SW1.

CABINET OFFICE
TA 3487
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FILE NO.

Dear Christopher,

GISCARD'S PROPOSAL FOR A MONETARY SUMMIT CONFERENCE.

A smokescreen of unusual density was created here around the proposal attributed to the President in his interview with the Hearst Press. False trails were laid by everybody from the President himself downwards until the proposal was clarified by Fourcade at the Finance Council (UKRep Brussels telegram No. 3360) and by the President himself to Kissinger (Paris telegram No. 715).

... 2. I enclose a copy of the text of the interview which we have finally obtained from the American Embassy. The Americans had to obtain it themselves from Washington. The initial press accounts on 8 and 9 July, were based only on agency reports, and neither the Elysée nor the local office of Hearst Newspapers had copies of the full text. In any case, it is not clear from the text whether Giscard was really advocating this idea of a monetary summit or simply responding politely to his interviewers' questions.

3. When Ronald Arculus eventually made contact with de Combret at the Elysée (the only economic advisor in Giscard's Cabinet not on leave) de Combret said firmly that the Hearst press interview had given improper emphasis to some remarks of the President. Giscard, he said, was certainly very worried about international monetary instability; but he had no specific proposal to make and would not raise this at the European Council. Frank Giles, the Editor of the Sunday Times, who had an interview with Giscard himself on 9 July, asked the President (at the Ambassador's suggestion), what his proposal was. But even Giscard was evasive, making no mention of a proposed conference in the autumn, and suggesting that an international monetary problems, though serious, needed treatment over a long period.

4. At the Ministry of Finance, Fourcade's Cabinet were un-informed, as were the Trésor from de Larosière downwards. Bloch-Lainé (Trésor), as we reported, did not think Fourcade would raise the matter in Brussels, though he did say that Fourcade had a date with the President on the evening of 9 July.

5. Bloch-Lainé also said that they had been speculating in the Trésor on what the President really intended: and I report this in case it may be useful. The President had decided that no satisfactory outcome could be expected from the current round of discussions in the IMF; there would be no results from the Interim Committee and the IMF Annual Conference in August/September. The President therefore wanted to stimulate a fresh start to discussions of international monetary problems and feed in some new basic concepts. Bloch-Lainé thought that these might be based

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on the idea of a "crocodile" which was raised, but never followed through, in the deliberations of the Committee of Twenty. This would involve the creation of areas of relative monetary stability centering on important currencies or groups of currencies. One such area would centre on the dollar; the snake currencies would form the nucleus of another.

6. I did not report this before, as the Elysée seemed so concerned to dismiss the proposal in the Hearst Press. But now that Giscard has admitted paternity there may be something in it.

Yours sincerely

Nicholas Bayne

N.P. Bayne.

cc: J.G. Littler Esq - HM Treasury
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P.S. Since this was drafted we have learnt some more from the American Embassy here about the discussions between Giscard and Kissinger on this subject. They report that Kissinger temporised, while Enders let it be known that the United States would be opposed. In addition, the American Ambassador had tried to find out from Pierre-Brossolette, the Head of Giscard's Cabinet, what the President had in mind; but Pierre-Brossolette was no more informative than the people we had asked.