

SUBJECT

PRIME MINISTER'S
PERSONAL MESSAGE

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PRIME MINISTER'S TELEPHONE CONVERSATION WITH PRESIDENT GISCARD
ON TUESDAY MORNING 4 APRIL 1978

Prime Minister: Good morning Mr. President

President Giscard: Good morning, how are you?

Prime Minister: I am fine, how are you?

President Giscard: Thank you very much for your personal letter.

Prime Minister: Not at all.

President Giscard: Which touched me very much.

Prime Minister: Not at all. I am very happy indeed - I am glad that you are.

President Giscard: I am calling you this morning, I know you have your Cabinet meeting, because I had the visit of Helmut last Sunday to suggest some initiatives concerning the European monetary organisation. Of course they are very advanced ideas and we thought the first to sound about it is yourself. To have your first personal reaction. And so at the suggestion of Helmut I would ask you if you could join us for a very early breakfast in Copenhagen on Saturday morning? I say very early because Helmut thinks he needs in a word a help to to develop the conceptions.

Prime Minister: I can't quite recall where I am on Saturday - I think I am at the Palace at Windsor.

President Giscard: Saturday morning you will be in Copenhagen.

Prime Minister: Oh will I? Oh I see it is Friday when we are starting. Well of course I will be very happy to join you.

President Giscard: It will be a discreet one and if we have some leaks about it we can cover that by an international question or your visit to the United States or Helmut plans to do something with Africa, or what. But the real purpose would be to spend an hour to an hour and a half on this subject, which is some kind of new European monetary structure, which is an idea which I favour but which deserves a study of course. But we thought of advancing the thinking and we want to have your reaction.

Prime Minister: Thank you very much. I would be very happy to come. Helmut did mention something to me about this when we met at his home in Bonn. My view is quite a clear one that if the effect of the arrangements is to prevent the strengthening of the Mark even further to the disadvantage of sterling I would not find it very attractive.

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President Giscard: Well that is not the purpose.

Prime Minister: I am sure it is not, but it might have the effect.

President Giscard: Well yes, this is a question for which we need to have a very open and discreet conversation.

Prime Minister: Correct, because obviously none of the three of us wishes to do something which is going to damage the other.

President Giscard: Yes exactly.

Prime Minister: And you and I might find ourselves in much the same position when it came to discussing these matters. I would be very happy to come because I do feel the monetary disorder we are suffering from is the cause of a great many other troubles including lack of confidence. And if we can do something I would very much welcome it. I spoke to Carter very strongly on these lines and I hope that I persuaded him of something that I didn't think he had focussed on before, namely the importance of the dollar is greater than that of a domestic currency, and that it does have its repercussions on the rest of the world and if he does have a so called reserve currency that does not have a constant store of value then there is trouble for everyone, including the Americans. We went into this in some detail and I found him interested in it and he had not reflected on it before. So I would be very happy indeed to join in talks about this on Saturday morning.

President Giscard: I suggest that we let you know when we meet in Copenhagen in the afternoon what time it will be in the morning - about 8 a.m. or 8.15 a.m.

Prime Minister: Will it be at your Embassy?

President Giscard: Yes

Prime Minister: Very good. By the way are you coming to the dinner on the Friday night?

President Giscard: Yes, there is some confusion with the Danes - but they are trying to explain and if they do properly I will join.

Prime Minister: Generosity always becomes someone like yourself. I got more into trouble with the French Socialist Party than with you I found - that was because private remarks of mine were leaked, not public statements.

President Giscard: Laughter - Oh well I will see you on Saturday morning.

Prime Minister: I will look forward to it very much - Good bye.

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