

SUBJECT

SECRET

PRIME MINISTER'S
PERSONAL MESSAGE

SERIAL No. T35/73

TELEPHONE CONVERSATION BETWEEN THE PRIME MINISTER AND HERR BRANDT

AT 11.40 A.M. G.M.T. ON 9 FEBRUARY 1973

Herr Brandt

Hello.

P.M.

Hello, Chancellor. Good morning.

Herr Brandt

Good morning. I am calling because, I am sure you understand, we have problems with our currency.

P.M.

Yes. It is not trouble with your currency.

Herr Brandt

I did send a message to President Nixon this morning explaining my worries which go much beyond the monetary and economic side of the problems. My worries are of a foreign political character as much as a foreign trade or monetary character and I proposed that someone who is entitled to speak on behalf of him might see someone from our side as soon as possible. When I had sent that message, but not as a reaction to it, but independently, I learned that someone - one of his people - is on his way to Germany and will be here this afternoon.

P.M.

I see, yes.

Herr Brandt

My Minister of Finance will be in another European capital tonight to discuss the problem if, over the weekend, either the three of us, you and that capital to which Schmidt is going tonight and we could meet, or in the framework, which I would prefer, of the Nine.

P.M.

Yes.

Herr Brandt

I just wanted to tell you this, but we have these contacts with our American friends who, of course, remain our friends even if they create some problems for us which are not very easy.

SECRET

SECRET

- 2 -

P.M. Yes.

Herr Brandt And that we would hope you would be ready to co-operate if we find - if our French colleagues find - that a meeting over the weekend of the finance people could be useful.

P.M. Well we will certainly stand by, Chancellor, now that we know your plans. It will be on Finance Minister level, will it ?

Herr Brandt I think so, yes.

P.M. With the Bank Governors or ...

Herr Brandt With the Bank Governors or alone, perhaps with the Bank Governors. We will in any case, as things stand, go through the day today, and even beyond that, but if we could come through the day today then we have two or three quiet days. The day today is a terrible, terrible one.

P.M. Yes.

Herr Brandt With \$1.5 billion until half an hour ago, and this will increase until 4.00 p.m. And we will go through that and not - because we are afraid that if we change our policy now without any contact with our American friends and European colleagues, we might have very, very bad psychological effect in this country. We have had no real anti-Americanism up till now. We are in a danger that we get it.

P.M. Do we know who the President is sending over ?

Herr Brandt Volcker

P.M. Oh, yes.

Herr Brandt He will be here at 5.00, I understand and I think will stay until tomorrow morning, and in the meantime, Herr Schmidt will see Giscard.

SECRET

SECRET

- 3 -

P.M. Would it be any help if we sent an official over first ?

Herr Brandt If you could do it, we think it would be a very great help.

P.M. Yes, well I will put that in hand at once then. We can do that quite quietly.

Herr Brandt And if Mr. Barber could be in some contact with Herr Schmidt

P.M. Yes.

Herr Brandt I think this would be very useful.

P.M. While I was with the President, Herr Schmidt was talking to Schultz, and we realised that at that time it seemed best, the President did discuss it, not to have anybody publicly flying across, because that would have denoted a crisis, but now that it has got to this stage I can quite see the importance of meeting. Well then I will ask Mr. Barber to stand by.

Herr Brandt Fine.

P.M. Well I am sorry you have got this terrible problem, because it is no fault of yours.

Herr Brandt Well, thank you very much.

P.M. I will lay that all on, Chancellor.

Herr Brandt Thank you so much. Goodbye.

9 February 1973

c.c. H.M. Treasury

SECRET