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NOTE OF A CONVERSATION BETWEEN THE PRIME MINISTER AND THE  
FEDERAL GERMAN CHANCELLOR AFTER LUNCH IN THE CHANCELLERY  
IN BONN ON WEDNESDAY 30 JUNE 1976

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Present:   The Prime Minister                           Herr Helmut Schmidt  
          The Foreign and                            Herr Hans-Dietrich Genscher  
              Commonwealth Secretary               Dr. Ruhfus  
          Mr. P.R.H. Wright

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Puerto Rico

In response to a question from Chancellor Schmidt, the Prime Minister said that the Foreign and Commonwealth Secretary had told him that he thought that the discussions in Puerto Rico had been better than any similar Ministerial meeting he had ever attended. Personally, he thought that the Conference had taken all of us nearer to an understanding of world problems. Chancellor Schmidt agreed, and said that he had already made this point publicly. He was nevertheless still worried about the questions which had been unresolved at Puerto Rico. He wondered in particular what was likely to happen at CIEC, and commented that Dr. Kissinger invented a new conference every two weeks.

The Prime Minister said that, on commodities, he believed that some new thinking was required. Chancellor Schmidt said that he felt some inhibitions about this. He did not want to put himself in a position where people would accuse him of trying to teach the rest of the world what to do, or where they expected him to produce all the answers. The Prime Minister said that there might be a case for the British to take an initiative in this field. There was undoubtedly a black mark against us for having sided with the Americans and the Germans at Nairobi, and he had particularly in mind the Commonwealth Heads of Government meeting in London next year. He would like to take some sensible political initiative before then. The Foreign and Commonwealth Secretary said that the problem was that the Germans and ourselves had taken the intellectually correct position on the Common Fund. The figures which Chancellor Schmidt had circulated during the Conference at Puerto Rico were dramatic.

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Unfortunately, we had been out-flanked by both the French and the Americans at the end of the day at UNCTAD. He did not dissent from the Prime Minister's views. The difficulty was to marry an intellectual problem with political reality. He hoped that the newly appointed Deputy Under-Secretary for Economic Affairs in the Foreign and Commonwealth Office would address himself to this question. The Prime Minister welcomed this, and hoped that Mr. Butler would keep closely in touch with the Germans.

Chancellor Schmidt asked whether the Prime Minister had discussed the subject with President Giscard. The Prime Minister said that he had not done so in depth, particularly since there was some difference of approach between the French and ourselves on this question. The French tended to take an excessively political approach, although he did not know whether it was President Giscard or the Quai d'Orsay who had issued the instructions to the French delegation at Nairobi. Herr Genscher said that he thought that these had come from President Giscard.

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Economic Summits

The Foreign and Commonwealth Secretary reported on the discussion between the four Foreign Ministers at lunch on 27 June in Puerto Rico about the further organisation of economic summit meetings. There had been a desultory conversation about ways in which the four Foreign Ministers could meet in future and Herr Genscher had summed up the views of his colleagues when he had concluded that there was no simple method of regularising quadripartite meetings and that a new ad hoc pretext would have to be found in every case. Chancellor Schmidt said that he was sure we could not use the Berlin pretext as suggested by President Giscard.

The Prime Minister said that Mr. Miki obviously intended that the next economic summit meeting should be held in Japan. If he pursued this invitation, there could be a quadripartite meeting in that forum. Chancellor Schmidt said that he saw no reason to legitimise these meetings on a regular basis and that it was most important that there should not be meetings of this sort every six months, nor that they should become a standing institution. If, as Dr. Kissinger had suggested, the next President of the United States wanted a meeting within six months of taking office, he would himself take the view that the President must learn his job first.