

Extract from

NOTE ON THE PRIME MINISTER'S CONVERSATION WITH PRESIDENT CARTER
OVER BREAKFAST AT THE WHITE HOUSE ON 26 JUNE 1978 AT 0730

The Prime Minister has given the following summary of the points which came up during his conversation with President Carter over breakfast at the White House this morning. He was with the President for just over an hour.

Economic Summit

In a discussion of the prospects for the Energy Bill, the Prime Minister said that it would be very important that the Bonn Summit should produce specific undertakings rather than vague expressions of intent. On energy, for example, it would be important for the President to name target dates for action. In response to this, President Carter told the Prime Minister that he would be prepared to say in Bonn that, if the US Congress did not ratify the Energy Bill before the end of this session, he would then introduce an import levy on oil and continue to raise oil prices so that they matched world levels by 1980. This, at any rate, was his present intention. President Carter expressed the view that there should be no difficulty over the passage of other related legislation, such as that on natural gas.

President Carter had clearly been briefed by his officials to raise the subject of MTNs. He told the Prime Minister that he had not so far briefed himself on all the details but, he suggested, he and the Prime Minister should now go into the subject in more depth and then exchange messages setting out their views. The purpose would be to identify the main sticking points and seeing if some accommodation could not be reached. President Carter said that MTNs were certain to figure substantially in the discussions at the Economic Summit. The Prime Minister told the President that, as he knew, the UK and the US were in agreement on the Common Agricultural Policy and there should be no difficulties over that. So far as other issues were concerned, the Prime Minister told President Carter that there was a problem in the fact that whereas the prospects on growth were uncertain, the MTNs involved definite binding commitments.

/He agreed

He agreed that President Carter's proposals on energy would also be definite: but, the Prime Minister said, the UK would want to see real progress in other fields before entering into firm commitments on MTNs. President Carter had made no direct reference to the problems of subsidies or Government purchasing.

In a discussion of the "fifth point" in the 5 Point Plan, namely capital flows to the developing countries and aid, the Prime Minister again took the line that it would be important to give specific commitments at the Summit. The Prime Minister informed the President of the UK's impending decision on Retrospective Terms Adjustment (RTAs). In this connection, President Carter commented that the reference in the Prime Minister's speech at the Hubert Humphrey dinner in New York to the Bill, bearing Humphrey's name, which was at present before Congress, would be very helpful. President Carter indicated that, up to now, he had left aid matters to other members of his staff and administration, but that he now intended to involve himself more directly. The Prime Minister told the President that he thought it very important that the developing countries should not feel that any decisions favourable to them which might emerge from the Bonn Summit were simply an incidental spin-off from decisions in other areas. President Carter said that he had recently had talks with Prime Minister Manley of Jamaica and President Perez of Venezuela in Mexico; and that he had met the leaders of other developing countries during his recent visit to Panama. He had been favourably impressed by Mr. Manley and had told him and others that it would be helpful if, when the industrialised countries made concessions to the developing world, these could be welcomed rather than invariably being condemned for their inadequacy. The Prime Minister expressed the view that agreement on the Common Fund should be possible if the will was there; though t should be given to what could be said about it at Bonn. President Carter told the Prime Minister that he was sending Dick to Latin America shortly for discussions on these issues and that he would keep in touch with the Prime Minister about them.