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DEPARTMENT OF STATE

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Approved by White House
5/31/63

Memorandum of Conversation

The White House
11 a.m.

DATE: May 25, 1963

XR DEF 19-5 UK-US
DEF 12 nato

SUBJECT: Review of French Foreign Policy

US
PARTICIPANTS: The President
William R. Tyler,
Assistant Secretary

France
Foreign Minister Couve de Murville
Ambassador Hervé Alphand
Charles Lucet, Director of Political
Affairs, Foreign Office

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The President greeted the Foreign Minister and said he was glad to see him. He asked how things were going on in France. The Minister said the economic situation was generally favorable, but there was a danger of inflation. The government was taking certain measures such as limiting credit, increasing taxes, and liberalizing imports. The President stressed the importance the United States Government attaches to increasing the volume of trade. He said he thought so long as the interest rates and the costs of France and the United States remained relatively stable, we could look forward to such an increase. The Foreign Minister said he thought that the greatest need of the West was to have a sound monetary policy. This aspect of the common interest of the West was not being adequately discussed. The President agreed and said that matters of this sort tended to be treated too technically and to remain too much in the hands of the bankers, who do not see them in terms of the national interest.

The President then turned to the US balance of payments difficulties. He said that the United States would be short another \$2.5 billion this year. The danger was not so much a matter of loss of dollars, as the possibility of a run on gold. This was our big problem. The President said that every time it was proposed that

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we take some steps to bring our payments into balance, we were exposed to loss of confidence in our currency which took the form of a run on the dollar. Couve asked whether the United States Government had ever considered changing the international price of gold. The President asked in turn whether this would not cause a run on the dollar. Couve said it would not, because everyone would have already agreed on the new price beforehand, and each currency would be pegged to it when it came into effect. He went on to say that he thought that the United States was dealing with the problem of the balance of payments piecemeal. The United States, he said, does not have a real deficit. It has a foreign trade surplus. He said he thought that tourists should be counted under trade. He said the real trouble was that there was too much export of US capital abroad. The President agreed that tourists are a form of trade. He pointed out that we lose \$1.5 billion under this category in addition to our expenditures for military and foreign aid programs. Couve observed that tourists represented something more than trade, that they played an important political and psychological role in international relations.

The President asked the Foreign Minister what are the objectives of French foreign policy. Couve replied that France's first task was to bring about some kind of union of Western Europe. A start had been made with the Common Market and other international institutions. In the long run one must foresee the existence of the two big powers, the United States and the Soviet Union. The Soviet Union, as the result of the last war, now found itself partly in Europe. It was important that Europe help to keep the balance with the assistance of the United States. He thought that the present Soviet position and role in Europe would not last forever, perhaps 50 years or 20 years. In any case the only thing to do was to build up European unity and strength. Europe would never be able to fight alone or to provide by itself for its security. It would always need US support. Eventually, there would have to be some form of accommodation in Europe by the Soviet Union. This was what General de Gaulle meant when he said "Europe from the Atlantic to the Urals." He said Europe had begun the process of unification in the economic field and this would be followed by progress

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in the political and military fields, but this would not be outside the framework of the Atlantic alliance. It was important that ties within Europe between the various countries be multiplied. The Franco-German pact was an example of such drawing together. Couve said that the pact itself added nothing substantive to the relations between the two countries but tied them more closely to one another. He said that the object of French policy in Europe was to link Germany so tightly to the West that she would never be in a position to fight a war in Europe without French consent. There was increasing training of German troops, and stockpiling of supplies for the German armed forces in France. Couve said that the UK was part of Europe and in the long run must join Europe. The breakdown of negotiations in Brussels had been unfortunate but the real reason for this was that the EEC did not want the participation of the United Kingdom to change the nature of the European Economic Community. The UK was still subject to a conflict between its relations with the EEC, with the Commonwealth, and with the United States. Couve said he had already felt as long ago as last October that the UK would find itself unable to join the Common Market.

Couve then discussed the charges which were frequently aired publicly that France was promoting an inward-looking Europe. Some people continued to say this and thereby created misunderstanding. The facts were that Europe was only inward-looking politically to the extent that it was trying to find itself and to create its unity. In the economic and commercial fields, however, Europe was outward-looking in relation both to the liberalization and increase of trade, and its responsibilities toward the less developed countries. He pointed out that the common external tariff of the EEC was lower than that of the British, and relatively lower than the US tariff average. Couve then repeated again that Europe could only be said to be inward-looking in a very limited sense, and that in any case the United States could not be left out of the life of Europe in the political and defense fields.

The President thanked the Foreign Minister for his remarks and asked why it was that these thoughts which all sounded very

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reasonable seemed to take the form of being directed against the United States. The President mentioned specifically General de Gaulle's press conference of January 14, which had created this impression over here. The President said that the danger of a Soviet attack against Europe nowadays was minimal. He thought that Europe was quite secure militarily now. The Soviet Union's problem, he said, lay in the direction of Communist China rather than Europe. There were really no problems of major importance between the United States and France, and yet the general atmosphere seemed to reflect a situation in which there were basic differences and disputes between the two countries.

Couve agreed that the interests of France and the United States were essentially the same. He said he thought the only area in which there was a real dispute was in the nuclear field. He said that the United States felt that since it had more than enough to deter the Soviet Union, it was a waste for others to build nuclear weapons. France also understood the US position on the nonproliferation of nuclear weapons. However, France had a different position because France is a different country, and because she must herself look to her own future. From the French point of view there was a strong argument to be made in favor of her having nuclear weapons, just as the British had them. France, he said would never help the Germans to make nuclear weapons.

The President said he understood that these were the reasons why France had made the decision to be a nuclear power. We recognized this fact of life and he wondered just where it was that France and the United States were at odds. Couve said he did not think they were. The President said Western Europe was as militarily secure as any place could be these days. The nuclear matter has been settled. It is now merely a question of whether the United States was right or wrong. He didn't think there was any dispute at this time. Monetary policies were much more important. He thought the thing we must do a little later was to agree on the coordination of our nuclear forces. The President said that it seemed to him that the US decision to make an offer to the French on Skipjack, plus the open door

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held out to France at the time of the Nassau meeting represented a beginning of movement on what might have been a useful road of cooperation in the nuclear field. He said that the United States also felt that the concept of the MLF was responsive to major German and Italian concerns and desires to play a part in nuclear defense. The Nassau Agreement was not preventing Prime Minister Macmillan from fighting a campaign against Harold Wilson on the basis of maintenance of the national nuclear deterrent, which was what de Gaulle himself would be arguing for.

The Foreign Minister said that there was a basic difference in psychology between France and the UK. The French agreed to, or disagreed with, a proposition on the basis of principle. The British, on the other hand, made the decision on the basis of convenience, and then made the adjustment of a factual situation so as to conform to principle. The President pointed out that Macmillan had had a problem on his hands as a result of the failure of Skybolt. He had come to Nassau with a statement by over a hundred backbenchers protesting against the cancellation of Skybolt. Couve said France had nothing against the UK's special relationship to the US, which was understandable because of the special ties of language and tradition between the two countries. It was only when this special relationship intruded into problems of immediate concern to the UK and to Europe that there were difficulties. Ambassador Alphand at this point injected the remark that France does not oppose the idea of nuclear cooperation with the United States. Couve said that France did not wish to join the MLF, but was not opposed to it. The President mentioned the value of the idea of the MLF in relation to the German problem. Couve said he had misgivings on this point because he thought the MLF would look increasingly like an essentially US-German business, with a few other much less important countries "such as the Italians" added. He was not sure that the MLF really met German requirements, and feared that it would rather whet the German appetite in the direction of an increasing nuclear role, particularly in view of the size of the German contribution. The President observed that he thought the French force de frappe was a far greater incentive to Germany to play a national nuclear role, than the MLF. Couve said he was convinced that the Germans

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with their twelve divisions and their important share in the MLF would want to increase their nuclear role. He said it might be true that France was giving Germany a bad example, but France had done everything by herself and on her own. How could Germany do likewise? Where could she get uranium or testing sites? The President said that Israel was able to get uranium. Couve said that even if the Israelis get an atomic device they would be able to make trouble but they would not be able to wage nuclear war in the real sense of the word. The President asked Couve if it was his judgment that we would do better not to go ahead with the MLF. Couve said that from all the reports he had of what the Germans were saying about the MLF, he had doubts and apprehensions about it. The President asked if France would help the Germans in the nuclear field if the US gave up the MLF. Couve replied certainly not. He said that people speak about a European nuclear force but this could only happen if there existed a European political power. This might perhaps come about in 10 or 15 years' time. In that event the German problem would be a different one and Germany would be part of the European political power. In the meantime, there are the French and the UK independent deterrents with national vetos on their use.

The President said he hoped one day we could discuss with France what should be done about China. He asked what was the view of General de Gaulle. Couve said the French Government thinks that China's rift with the Soviet Union will develop and increase and will be a major factor in the next ten years. The President asked Couve what he thought the policies of the West should be in SEATO and in Southeast Asia. Couve said one should also consider the role of Japan, which considers herself as being the most knowledgeable of the Western-oriented powers about China. The President asked what should be done about Southeast Asia, and whether India should be built up. Couve said France did not think that China wanted to take over Southeast Asia but rather to establish a buffer region between the United States and China. If this view was correct, the best thing would be to achieve a political solution of the problems in that area. The President asked about Laos and what should be done there. He said that if things went

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on deteriorating as they are now we would all be in serious trouble. Couve said he did not think that much could be done other than to go on "with patience and modesty." He did not think that it was possible to pursue a major policy or that there was much that could be done.

The President brought up again the Israeli nuclear problem. He said he hoped that Couve would have an opportunity to discuss it with the Secretary of State. Couve said that France had made a mistake in having furnished Israel with plutonium. Now France was only leasing, and not selling, uranium to Israel. He went on to say that the "only cheerful area" was Africa. France had recently signed a good agreement with Guinea. He thought that things were going along pretty well with Algeria. The President mentioned that there were great difficulties in Haiti and asked about the French position there. Couve said there were several hundred French nationals in Haiti. He said that the message which de Gaulle had sent to Duvalier in reply to his letter had been sent off by coincidence at the time of the crisis. The President said we were watching the situation closely and that we could not allow the creation of another Castro-type regime in this hemisphere. Should this occur, we would have to intervene.

The President again asked the Foreign Minister what could be done to improve the image of our relations with France. He referred to the recent GATT Ministerial Meeting, and said that that had finally gone off all right after some difficulties. The President referred to rumors that France was contemplating taking more of her ships out of NATO. The Foreign Minister refrained from commenting on this last remark by the President, but said that France attached very great importance to the GATT meeting and to the trade field as a whole. The President recalled that he had told General de Gaulle when he had seen him in Paris in 1961 that the United States would welcome an increased European role in Latin America, and that France, because of her great cultural tradition, as well as her economic and commercial role, could play a considerable part in our efforts to improve and stabilize economic and political conditions in that area. The Foreign Minister agreed that this was in France's interest as well as ours.

The conversation came to an end at about 12:15.

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