



OFFICE OF THE SECRETARY OF THE TREASURY

WASHINGTON, D.C. 20220

June 7, 1977

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MEMORANDUM TO: THE SECRETARY OF STATE

DIRECTOR OF CENTRAL INTELLIGENCE

ASSISTANT TO THE PRESIDENT FOR
NATIONAL SECURITY AFFAIRS

PRESIDENT'S SPECIAL REPRESENTATIVE
FOR TRADE NEGOTIATIONS

SUBJECT: Secretary Blumenthal's Conversation with
President Adolfo Suarez of Spain

Herewith, for your information, is a copy of the memorandum of Secretary Blumenthal's recent conversation with President Adolfo Suarez.

PSB

Peter S. Bridges
Executive Secretary

Attachment

ON-FILE TREASURY RELEASE INSTRUCTIONS
APPLY

MEMORANDUM OF CONVERSATION

Participants:

Spain: President Adolfo Suarez
Foreign Minister Oreja
Ambassador Juan José Rovira

U.S.: Secretary Blumenthal
Jill Gianola, Office of
Developing Nations Finance

Time and Place: 12:30 p.m., Friday, April 29, 1977
Blair House

Subject: Courtesy Visit

Distribution: Messrs. Blumenthal, Solomon,
Bergsten, Widman, Syvrud, Stoga,
and Mrs. Gianola

SECRETARY BLUMENTHAL began by affirming the U.S.' desire to cooperate with Spain in various economic areas and particularly with Spain's efforts to stabilize its economy. He added that there had already been contact between officials of the U.S. Treasury and the Spanish finance ministry and he looked forward to meeting his Spanish counterpart.

PRESIDENT SUAREZ thanked the Secretary for his offer of cooperation and said he would pass this on to his finance minister. He noted that Spain is experiencing economic and political difficulties and that the understanding of the U.S. is vital. PRESIDENT SUAREZ stated that Spain is an important country--particularly, geographically--and could and must be the U.S.' best ally in Europe.

SECRETARY BLUMENTHAL asked if Spain was getting inflation under control. PRESIDENT SUAREZ answered that the Spanish Government's policy was directed at avoiding any increase in the inflation rate but the proximity of the elections (scheduled for June 15) precluded a policy aimed at a reduction of the inflation rate. He noted that the Barre Plan had good long-term prospects but the announcement of the plan had been ill-timed and had been a factor in the leftist victories in the French municipal elections.

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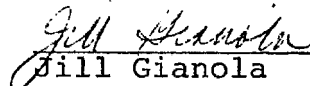
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PRESIDENT SUAREZ said it was crucial that the outcome of Spanish elections reflect the will of the populace and, thus, the necessary economic measures, including fiscal reform, would be taken immediately after the elections. At the moment, Spanish economic policy could be characterized as mildly expansionary. A 50 billion peseta investment fund had been established to aid areas with special unemployment problems.

SECRETARY BLUMENTHAL asked if, after the elections, Spain would need IMF assistance in dealing with external imbalances. PRESIDENT SUAREZ replied affirmatively but agreed that any arrangement with the Fund would be negotiated after the elections.

SECRETARY BLUMENTHAL mentioned the recent decision on U.S. shoe imports, noting that Spain is a very important supplier. He added that the U.S. is currently working out limitations on shoe imports with Korea and Taiwan.

PRESIDENT SUAREZ said he was extremely grateful for President Carter's decision and hoped this attitude would extend to other areas. SECRETARY BLUMENTHAL admitted that protectionism exists in other areas but the USG is doing its best to liberalize trade.


Bill Gianola
Recording Officer

Approve:  _____

As Amended: _____

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Remarks:

Executive Secretary
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Treasurer

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