

**Conversation No. 026-008**

**Date: June 26, 1972**

**Time: 11:45 - 11:47 a.m.**

**Location: White House Telephone**

**Participants: Nixon, George P. Shultz**

*George P. Shultz became the secretary of the treasury after John Connally stepped down in May 1972 to head the “Democrats for Nixon” campaign. In this phone conversation, Nixon brought his new treasury secretary, Shultz, up to speed that his agency should “oppose loans to any country that expropriates” and “any country that has kicked us around.” Shultz and Nixon lamented the State Department’s noncompliance or “claws” against Nixon’s preferred policy of dealing toughly with countries that did not fall into line with U.S. interests.*

[026-008.mp3](#) (1m; 1:19)

**Shultz:** Good morning, Mr. President.

**Nixon:** Just a—I’ll just take a second, George, ‘cause Pete Flanigan can fill you in. I wanted to tell you that I’ve asked him to talk to you about this situation with regard to the votes in the World Bank, where McNamara is, you know, is taking the position of making loans to Chile, to Iraq, to India after they’ve just kicked us around—she [Indira Gandhi] has—and so forth and so on. Now, I’m totally against all of those, and I just wanted you to know that I expect the Treasury Department—whoever you have—to take that line unless I give other instructions. In other words, the United States is to oppose loans to any country that expropriates. It is to oppose loans to any country that has kicked us around, as Mrs. Gandhi has. Is that clear?

**Shultz:** I’m just delighted to have that instruction—

**Nixon:** Yeah. Yeah.

**Shultz:** That is the position we have been on—

**Nixon:** Well I thought so—

**Shultz:** —and the State Department has been clawing at us—

**Nixon:** Yeah.

**Shultz:** —and we just say, “No, we don’t see any evidence here—”

**Nixon:** All right, when the State Department claws, good. I know that that's—I know John [Connally] felt that way, but I know—and I know that you do, [*of course, but*] I just wanted you to know so that—I told John that at one time, but I'm—now, I'm telling you, and Pete has also talked about the organization of the thing, and he will talk to you about that—about us setting up an executive committee. Pete and Henry and I are talking here now, but Pete will fill you in on the whole thing, and you work it out. Ok?

**Shultz:** Ok, sir.

**Nixon:** All right. Fine.

**Shultz:** Yup.

**Nixon:** All right.

[End of conversation.]