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MEMORANDUM OF CONVERSATION

Time: May 29, 1975
8:30-9:25 a.m.

Place: Ambassador Firestone's
Residence, Brussels,
Belgium

SUBJECT: Breakfast Meeting

PARTICIPANTS: Luxembourg:

Prime Minister Thorn
Pierre Wurth
Paul Helminger

U.S.:

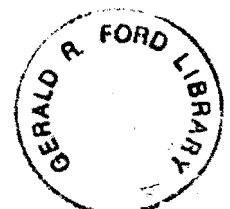
The President
Secretary of State Kissinger
Assistant Secretary for European Affairs Hartman

DISTRIBUTION:

Secretary: Gaston is a great European and a great Prime
Minister.

President: I am very delighted to see you here today.

Thorn: It is going to be a long day. What did you
think of our meetings yesterday in Paris?



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E.O. 12958, Sec. 3.5

State Dept. Guidelines, State Div. inv 2/9/04

By , NARA, Date 5/17/04

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CLASSIFIED BY: HENRY A. KISSINGER

Secretary: I thought the atmosphere at the OECD meeting was very good.

Thorn: People seem convinced that the IEA has made good progress.

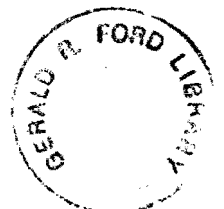
Secretary: Yes, it was very positive.

Thorn: After Viet Nam there seems to be a reaction in Europe that people say that we must now stick together.

Secretary: Mr. President, you see Gaston is about to run the whole world. He has a chance to become President of the UN General Assembly next fall and after that he will be the President of the European Community Council for six months beginning January 1.

President: That sounds like you are going to be busy.

Thorn: I am afraid so, but the Secretary has told me the one thing I cannot do is to take his flat at the Waldorf the way the Algerians did last year.



President: It must be a nice feeling to do all these jobs. You must have a big majority.

Thorn: There are 31 votes for me and 28 in opposition but the opposition is spread among left and right parties and therefore it cannot bring my government down.

President: We think that your becoming the President of the UNGA will be a fine thing. I know that it's not yet agreed.

Thorn: We are going to have serious problems with South Africa and Israel.

Secretary: Yes, there is going to be a tendency to try to expel members.

President: We were very unhappy with the rulings by last year's Algerian President.

Thorn: Yes, they were contrary to both the letter and spirit of the UN Charter.

Secretary: On the question of membership in the UN, we can veto a move to expel South Africa or Israel, but the General Assembly can refuse to let them take their seats on a session by session vote.

Wurth: This could mean the end of the UN.

President: As I have been saying and I will say it again, this afternoon there should be no doubt about the determination of this Administration to support NATO. The mood in the Congress is now for strengthening NATO. We have been



through a traumatic period and in my opinion we have come out with the wrong result but after this period of uncertainty, I think there is a tendency now to develop a good relationship with the Congress. This year there has been no Mansfield Resolution and recently there was a very good vote in the House against withdrawing 70,000 military personnel overseas. These words and actions are encouraging. Even the Secretary's Congressman-- Tip O'Neill-- has now come out against unilateral withdrawals.

Secretary: Yes, He represents the district in which Harvard is located and he has always been against troops in Europe.


Thorn: Some on our side, particularly during the Viet Nam war differed with your position but now people seem to be afraid and they don't want you to leave us. I think we should take advantage of this move and reaffirm our commitment to Europe's special relationship with the United States. Our relationship is not only dealing with security in the alliance. That is not positive enough. We need more content. We are after all, 2/3 of all the left democracies/in the world. We have a high standard of living and we must be able to explain to the young that they have a future in a democratic system.



Secretary: That is the sort of thinking the President will say in his speech today.

Thorn: I hope that you will not over-estimate the economic problem. Our friend, Helmut Schmidt, seems very pessimistic. You have higher unemployment than we do but on the other hand you are less dependent on external factors because of your large internal market. Our system doesn't work if the international economy is not working. Our real problem and our opportunity is to show the next generation and the East that democracies can solve these problems.

President: We have had to readjust our thinking about the economy. In September 1974 we had an economic summit and although many of the economists who attended now say that they gave different advice, in fact, they all put the emphasis on the inflation problem. Our rate ~~was~~ running at about 13 percent but this was due mainly to increases in food and energy prices. No one was predicting a recession, perhaps because they were not looking far enough ahead. We ~~are~~ now reaching 8.9 percent unemployment. This hits the young people very hard and particularly the blacks where unemployment is running at almost 40 percent. Even among white youth it may be as high as 20 percent. For graduating seniors there has been a 20 percent drop in job opportunities. But I believe that the trends ~~are~~ encouraging. Our rate of inflation is now down



to 6 percent or half of what it was in September and October of last year. By the end of this year it should be down to 5 or 5 1/2 percent. Unfortunately I think our unemployment may go up to about 9 percent because there seems to be a lag when manufacturers use their work force for longer hours rather than hiring new employees. But I think the upturn will bring down unemployment very soon. Moreover, for the first time in 5 months total employment has risen. To sum up, 3 months ago there were no indicators showing a better performance. Now increasing numbers of our indicators are showing that there is a slow upturn. I am still very concerned about Congressional authorization on spending. They have allowed too much spending. If this goes on in 18 months we could have another inflation problem despite my vetoes. We want to stimulate the economy but not to go wild.

Thorn: Inflation is still a serious problem.

Secretary: One of the difficulties is that there is no theory on inflation in our modern industrialized societies. All of the theory written in the past dealt with recession problems and how to cope with them.



President: We have been encouraged by our agricultural performance. This year there was plenty of rain and very few drought conditions. We may not have as big a crop as last year in some areas but corn is up and winter wheat which is already 80 percent harvested will be at an all-time high. This will help our fight against inflation.

Thorn: I am happy to hear that because Europe needs the stimulation of a healthy American economy.

Secretary: Why don't you tell the President how you see European and Atlantic problems.

Thorn: I do not see any incompatibility between our broader alliance and a unifying Europe. Some people seem to see dangers and fear that a choice has to be made between these two objectives. Part of the problem is that the French are not in the NATO organization and they are an important part of the EC integration. Some say that the Americans don't like this because they fear that the EC competes with NATO. I think that the question of US views is sometimes used by Europeans as an alibi when they don't want to reach a European decision. They say it would hurt the US when in reality they don't want to make the decision for other reasons. We consult



with the United States officially and unofficially. Of course there are pro- and anti-US forces within Europe. We also have some disturbing trends in The Netherlands and Denmark where the socialists seem to be moving in a neutralist direction. You see a certain amount of that in Belgium too. The French are very anxious to bring more of the Mediterranean countries into Europe because they feel that their influence will be increased by the support of countries like Greece and Spain.

Secretary: We would accept that because it would be better for countries like Spain to have a closer connection with Europe and for the Greeks too.

Thorn: Schmidt told me that he would never allow the Greeks in because it would completely upset the Community but Genscher tells me that when Caramanlis visited Bonn Schmidt did not take a hard line with him. I have also found out that Chirac told Caramanlis that they should come into the Common Market and get away from American domination. I fear that enlarging the Community would dilute it and it would remain just a customs union. By the end of the year we are going to have a report from Tindemans on the future of the Community and I will press him



to say that both the Alliance and Europe are possible. It is fundamental to have more European integration and that will make the Alliance stronger. I am also deeply disturbed about the evolution of Germany. I think that they are moving away from the firm connection we had established tying them to Europe.

Secretary: Schmidt is the best leader they could have but you are right there are disturbing trends. For example these terrorist gangs seem to combine German qualities of romanticism and discipline. You don't find the same phenomenon in France and Belgium. The Germans have a tendency to go to extremes but Schmidt is an outstanding leader; he is a socialist really only by chance because he entered politics in Hamburg and realized that he could only be elected there if he was a socialist.

Thorn: We know the problems of Germany very well in my country and we speak their language. Brandt told us that we have three to five years left to anchor Germany in a larger democratic Europe.

Secretary: We also have to worry about East Germany.

President: Yes, I have been wondering about that.

Secretary: They are disciplined Stalinists and they have the strongest economy in Eastern Europe.



There could be an appeal at some later date to West Germans on a nationalist basis.

Thorn: That is what the Poles fear and that is why they want to keep the Soviet Union and the United States involved in Europe. But for the moment the FRG is stable and it has a strong economy and military force. Other leaders in Germany are not as strong.

President: What do you think of the CDU leaders?

Thorn: Kohl is not really very strong and Strauss has too many handicaps.

Secretary: Schmidt is as I said deceptive; the majority in his party are much more to the left. If he goes Brandt is even already more to the left. You could have a neutralization and growth of nationalism and a general softening. In the CDU Kohl is not a leader.

President: Will Genscher gain strength and become more of a factor?

Thorn: As you know I like his party because I am a Liberal. The strength of the FDP helps to keep the socialists in the middle of the road. They use the necessity of governing with Genscher as an alibi not to accept policies of the left.



Secretary: And Genscher is tough too.

Thorn: To avoid these dangers with respect to Germany, it is very important that the European Community continue to grow and that we not just rely on the broader alliance. Germany still needs its anchor to the West just as we said 30 years ago.

President: Can we talk a little bit about Portugal?

I read somewhere this morning that the AFM is thinking of giving back the paper to the socialists. Do you think that Soares has a chance of coming back in? In the long run, unless some steps are taken, I think the trends in Portugal are very bad and there will be an adverse impact on NATO. To have the communists in the Alliance changes the whole character of the Alliance. It is a paradox that the Alliance was created to meet the challenges from the East and as those challenges seem less great the barriers to communists in governments in Western Europe are reduced. We don't like the trends in Portugal and think that they will have a bad effect elsewhere in Europe but we have no answer on what to do about it.



Thorn: I agree with you that the trend is bad. I come from a small country and therefore I do not have the information that you do but I have a feeling which is different in the sense that while I hate the trend I do not believe the situation is irreversible. If we turn our backs on the AFM and the political parties we may lose the chance of helping the moderates. I still think there is a chance to influence these young military officers. I think that they are not necessarily communists but they admire the order of the communists. Once in power we may find a way of separating them from the communists. This is the view of my friends and particularly people like Genscher.

President: We were pleased with the results of the referendum but it seems to have little impact on the way things are run in Portugal. Soares has strength and we don't think the people want communism.

Thorn: There is a truism that if the communists can get more than 15 percent of the vote in any country and the opposition is split among two or three parties, they can take over.



Secretary: That is one of the questions -- whether the communists will take over. The other question is what the Alliance will be like if one of its members has an Algerian-type foreign policy. What will ^{be} the impact on Italy and other places. The irony is that no one would be thinking of giving aid to Portugal if it had a Christian Democratic government -- it is only because of the communist challenge.

Thorn: That is one of the weaknesses of our system. But I agree it is a danger to have Portugal sitting at the table in NATO. Do you think that Goncalves is a communist?

Secretary: We have no proof. Early on I had a report that he was but since then we have received no confirmation. Every decision they take seems to move in the direction of the communists. Look at the control of the media.

Thorn: What should we do?

Secretary: The question I am unable to answer is how giving aid to the radicals will somehow strengthen the moderates. Also, why does Europe think that embracing Portugal helps the moderates but they refuse to do the same thing in Spain?



Thorn: Spain is a very special political case in Europe because of the history.

President: I am going to Spain and I will stress the importance of our bilateral defense arrangements and the contribution they make to the defense of the Mediterranean and the West. There are of course strong elements in the United States that don't like Franco but his regime should not last much longer. We have to show that there is an appreciation for the role Spain is playing in order to continue to get our military facilities. It is important, Mr. Prime Minister, that we try to keep in contact with Spanish leaders otherwise we may have a situation develop as it is in Portugal. Henry, are we meeting with those people?

Secretary: No, they felt it was wrong for a head of state to do so.

President: This is a slow step-by-step process but Spain could move in a democratic direction.

Secretary: If Europe is right on Portugal they ought to do the same thing in Spain. There is one concrete suggestion that I talked to Cortina about. He admits that they cannot get into NATO but he wants some recognition that the



NATO uses of our bases serve Western defense purposes. He would like an American statement on behalf of our NATO allies recognizing the value of our bilateral defense relations.

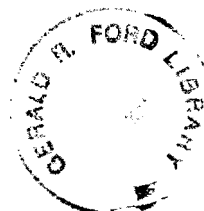
Thorn: Cortina talked to us about that and he seems to want Europe to acknowledge this US statement.

Secretary: That was not quite clear in our conversation. If we do not reach agreement all of the NATO-related facilities including our submarines and the gunnery ranges would have to be removed.

Thorn: This was discussed in Paris with me, the Belgians, Norwegians and Dutch. But I don't think it will go very far. Strangely enough the Italians gave a firm no. Rumor said that the Alliance should not give the impression that it is dealing with Spain.

Secretary: I just do not understand this. There is nothing in the Spanish situation that is imitable elsewhere in Europe whereas the Portuguese problem could be repeated in Italy and elsewhere.

Thorn: I would like to start the process of contacts with Spain.



President: This could be very helpful because otherwise in two years' time there might be something that was less acceptable.

Thorn: The situation in Spain is not stable. Spanish history is full of quarrels.

Secretary: Yes, these alternated between anarchy and autocracy.

Thorn: I don't think it is asking too much to bring them closer. They have very great qualities and very bad qualities. They asked us to help support a liberal party but do you know that they have seven liberal parties.

President: Can we talk a little bit about CSCE and MBFR?

Thorn: The question is how to wind up the CSCE meeting. First Brezhnev wanted it earlier and frankly, as far as the Europeans are concerned, if you and the Soviets are ready so are we.

Secretary: We do not want to be in a position where the Europeans accuse us of giving in.

Thorn: Chirac told me that he had been shown a document by the Soviets proving that the Americans had accepted in Vladivostok to have an early summit meeting.

Secretary: That is preposterous. We carefully avoided going further than the agreed formula that if the results justified we would be prepared



to go to the summit. The President sat through an intermidable discussion and refused to accept a time for the summit. Two weeks later we were amazed to hear that the French had agreed to the June 30 date.

Thorn: Either Chirac is a liar or Brezhnev showed him a false document.

Secretary: We discussed all of this at Martinique. But when do you think a summit could take place?

Thorn: If the Soviets make some concessions possibly by September.

Secretary: If they make maximum concessions in the next week I suppose it is still possible in July but we should tell them that we are not prepared to make any more concessions and that it is up to the Soviets. We have moved 80 percent of the way. I saw a cable that said that there had been some movement in Geneva.

President: On MBFR the talks seem to be stalemated. We had thought it might be possible to get some US-Soviet reductions but apparently our proposal won't fly. Therefore we are thinking of beginning some consultations on including a nuclear element in order to get a common ceiling and some withdrawal of Soviet armor.



Secretary: We will be introducing this in NATO soon. If we could get rid of a Soviet tank army and get agreement on a common ceiling perhaps we could throw in a reduction of one thousand nuclear warheads plus some reductions in Pershings and F-4's. The numbers are really unimportant; the real question is what the implications would be of agreeing to a weapons ceiling for the first time. We will introduce this subject in NATO. The worst outcome would be for Europe to accept the proposal and then say that the Americans were undercutting the defense of Europe with this proposal. We want you to tell us directly in the NATO consultations what you think of this proposal and not have any talk later about how the Americans double-crossed Europe.

Thorn: There is one last subject, Mr. President. I think it would be very important for the United States to make a strong statement in favor of European unification after the British referendum. This would help remove doubt about whether you see an incompatibility between European unification and the Alliance.

