MEMORANDUM

THE WHITE HOUSE

WASHINGTON

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MEMORANDUM OF CONVERSATION

PARTICIPANTS: President Ford

Max Fisher

Lt. Gen. Brent Scowcroft, Deputy Assistant to the President for National Security Affairs

DATE AND TIME: Wednesday - January 22, 1975

5:15 p.m.

PLACE: The Oval Office

The White House

Fisher: I haven't seen the new decorations in this office before.

President: That's right. We just finished it recently, while I was in Colorado.

<u>Fisher:</u> I am leaving tomorrow for Israel. I was telling Brent that my first appointment is lunch with Rabin. I just need to have a chance to get a feel for the situation. I will hold what you tell me in confidence, but I want to do what I can for peace. We must do this.

<u>President:</u> I agree. My sense of what is the consensus of everyone in the area is that we have to move if the situation is not to deteriorate.

We think there is a unique opportunity to move. I have talked to Allon and I am in communication with Sadat. Henry is going to Jerusalem about the 10th, and if the situation develops properly, he'll go to Cairo briefly. If we can get a breakthrough, we should be guaranteed peace there for at least a year or two.

Fisher: What will it take?

<u>President:</u> I'm convinced Israel has to give up the passes and the oil fields -not to Egypt, but to make it a demilitarized zone. You will be asked what
is the time duration of the truce commitment; this must be negotiated.

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Israel wants a big one -- Egypt has offered nothing. Unless there is an agreement along this line, there will be a stalemate and the chance of conflict is greatly increased.

Fisher: Will Egypt be able to make an agreement by itself?

President: We think yes.

Fisher: If they give up the oil, what are the chances for a guaranteed supply of oil?

President: I haven't heard that it was mentioned. Was it, Brent?

Scowcroft: Allon did not mention it, as far as I know.

Fisher: That may come up, and I just wanted to know how to deal with it.

Scowcroft: I certainly think we would be willing to discuss arrangements.

Fisher: I can play a useful role if I speak to them frankly. I can't speak for you, but I can give them my honest appraisal.

President: They are very interested in military and economic aid. I talked about this and about the oil and passes to Allon. He made no commitment. I told him that it shouldn't be thought of in terms of a quid pro quo, but that if there is no progress, Congress wouldn't be receptive to an aid request and I couldn't propose it. If there is an Israeli/Egyptian agreement, it creates a totally different environment. The Congress and I are both interested in peace. A new outbreak of conflict, with another possible embargo, would ruin our influence with the Arabs and would be far bloodier than the last war. We want to keep the Soviets out and have friendship with the Arabs.

<u>Fisher:</u>, You don't have to put it on a quid pro quo basis; it is just reality. Is Egypt willing to give concessions?

<u>President:</u> Israel wants non-belligerency. Egypt can't do that, but they can give much of the substance without the fact of it.

Fisher: A piece of paper doesn't mean much anyway. I think I now have a feel for it and I will convey your thoughts.

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President: I had a good meeting with Allon. He is impressive -- he has a tough job. Sadat is in a tough spot -- he turned down Brezhnev and could use a settlement. Rabin could be a statesman and make an agreement which would help us all.

Fisher: I will talk with the opposition too, but I can't be so frank with them. Has there been any discussion of the Syrian situation?

<u>President:</u> There has been no discussion by us that Israel has to give up the Golan. There is no tying-in of Syria with a Sinai agreement.

Fisher: Is there anything else?

Scowcroft: Stress the need for movement now, as the President said. Allon may have a more relaxed view.

President: Absolutely. That is the key to it.

Fisher: When does the UN thing come up?

Scowcroft: The UNEF renewal is April.

Fisher: That fact that you and I talked will be useful with Rabin. I will give you a report of how it goes.

President: Henry and I would both like to see your report.

Fisher: I will see Rabin, Allon and Peres -- each alone.

Let me say one other thing. I am not worried about the trade thing. I think emigration will keep on. I made a lot of calls in the Jewish community and they have been very quiet.

On the economic package, I think the positive approach is good. I think we are at the bottom now and it will come up in the Spring. The 92 percent of the people with jobs feel secure. Easy money is the key. If you need a new Treasury Secretary, Paul McCracken is great.

President: I have my eye on him. He is one of my favorites. The Democrats have been trying to talk me out of my import tax. I am going to do it -- otherwise they would dawdle forever.

Fisher: I agree.

President: I am going to fight.

Fisher: I think what scared the people was the size of the package. People don't understand -- you have to sell it. The Democrats have no alternatives but rationing. That is the worst thing. You have to go to the people. It will take a selling job, and it will be a tough one over the next few months.

President: I hope the automotive people will help.

<u>Fisher:</u> They agree. When you are ready, I think they will enlist. I will help you. I was involved in the wartime rationing -- that would be a disaster. I will take an active role.

Things will turn up in April. You can't restore confidence in the winter time.

[The meeting ended.]

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