

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

DECLASSIFIED

E.O. 12958, Sec. 3.5

NSC Memo, 11/24/98, State Dept. Guidelines (Subs)
By JCH, NARA, Date 6/29/99

SECRET/NODIS

MEMORANDUM OF CONVERSATION
President Ford's Meeting with President Leone

PARTICIPANTS:

President Giovanni Leone
 Prime Minister Aldo Moro
 Foreign Minister Mariano Rumor
 Italian Ambassador to United States Egidio Ortono
 Secretary General of the Ministry of Foreign
 Affairs Gaja
 Secretary General-Designate, Ministry of Foreign
 Affairs Manzini
 Secretary General to the President of the Republic
 Picella
 Diplomatic Adviser to the President Sensi

President Gerald Ford
 Secretary of State Henry A. Kissinger
 U.S. Ambassador to Italy John A. Volpe
 Helmut Sonnenfeldt, Counselor, Department of State
 Arthur H. Hartman, Assistant Secretary of State for
 European Affairs
 A. Denis Clift, Senior Staff Member, National Security
 Council

DATE AND TIME: June 3, 1975
12:00 - 12:55 p.m.

PLACE: President Leone's Office
Quirenale Palace
Rome, Italy



Leone: (During press photo session) Mr. President, I want to take this opportunity to welcome you to Italy on behalf of the people of Italy.

President: I am very pleased to be here, and I want to express the deep appreciation of the American people for the generous efforts being made by the Italian Government for our Bicentennial. It will be greatly appreciated by the American people. (Photographers leave)

SECRET/NODIS
XGDS

~~TOP SECRET - XGDS (3)~~
CLASSIFIED BY HE BY A. KISSINGER

Leone: Now that the spies have gone we can speak freely. As I told President Ford in conversation which we have just had alone, the Italian Government and Prime Minister Moro have continued to work hard and have had slight success in the economic area, and we are continuing these efforts. In our economic review, I included a note of caution. I spoke to David Rockefeller recently. We are in a phase of recession. While we have had to go it alone in the past, we will now need European and U.S. help. This is a subject which you can include in your meeting with Prime Minister Moro later today and which we can pursue at the ambassadorial level.

I am sorry to say it has been necessary to have Ambassador Ortona recalled, but you will find Mr. Gaja to be a most faithful diplomat.

I would emphasize that when we ask for cooperation with the United States, it is a request from a country greatly concerned with world events because of our geographic situation. The Commander in Chief of the French army recently spoke of the importance of Italy geographically and politically. However, as you know, I deplore the French attitude. Our foreign policy is one of seeking good relations with all countries. We are pursuing this with Iran and Iraq. We bore deep humiliations with Libya in order to keep her on our side. We have also been very active with Malta where there is the important question of bases.

I would also call your attention to the need for triangular cooperation. When there are situations where the United States cannot operate directly, we would be prepared to act as scouts -- as spokesmen -- to assist.

Mr. President, I point out our talk on economic matters because they fit into the general situation. We see three problems:

-- One is investment. There has been none from the United States since the current crisis began. I know that the United States Government cannot influence the free market, but I raise it as a statement of fact.

-- Two is the question of energy. The building of nuclear power plants in Italy is an absolutely excellent component of vital importance for the Italian economy.

-- Three is the general question of energy, on which we have had an exchange of views in our earlier conversation.



President: Mr. President, first let me say we will miss Ambassador Ortona. He has been a fine representative of your country. I know from my colleagues that Ambassador Gaja is one of your distinguished diplomats, and we look forward to working with him.

I do want to say a word about the economy. As I have said before, we live in an interdependent world. Economic problems in Europe effect the United States and U.S. problems effect Europe. We have had serious problems in the United States, a recession such as you have described the condition here. We are beginning to show substantial signs of recovery however. Inflation has been substantially reduced, and while we continue to have high unemployment the numbers of those employed are growing. There is also growing confidence in the business and economic community. Therefore, I think that in the 3rd and 4th quarters of 1975 we will see very encouraging improvements. And, 1976 will be a good year. If we come back in the United States it will have a beneficial impact on Europe -- and a beneficial impact on Italy.

With regard to energy, Secretary Kissinger has worked intensively and effectively to set up international energy meetings and to get cooperation going. The International Energy Agency has been set up, and we can strengthen our activities. We need consumer cooperation. If we can get it, I think we can then work out arrangements with the producers.

Generally, I am optimistic. The meetings in Brussels were good, and I think they brought us together. We do have the problem we discussed of the Soviets in the Mediterranean; and the situation in the Mediterranean is complicated by the situation in Portugal, developments in Spain and, unfortunately, the situation between Greece and Turkey. Despite these problems I am optimistic about the NATO Alliance. If we work together I am positive we can have a better economic, military and diplomatic situation in the next 12 months.

Leone: Mr. President, we would be extremely grateful if you would give us your impressions of detente, and the possibilities of gaining on detente and relaxing aggressive actions against the West. We are in favor of detente, but is it possible that the pressure of the Italian Communist Party is encouraged by the Soviet Union? Can this pressure be lessened as part of detente? What do you see as the situation in the Soviet Union, the situation in the post-Brezhnev world? Also, what can you tell us of your meetings with Sadat? We have had Egypt and Israel here, and we have preached responsibility to both. We should like to know what you feel -- your views on Greece and Turkey, the Middle East, and the possibilities of loosening ideological aggression.



President: Mr. President, we expect detente to continue. We do not expect it to be the ultimate solution for all issues. However, it can be used on numerous occasions -- it will grow, but can't be used for everything. I am cognizant about the pressures being exerted around the world by communist forces. I am not certain that detente can be used for that problem. The answer must be provided by forthright challenges by the people and by the governments of each country. We can't tolerate communist influence within NATO members. Difficulties in Portugal will come if the communists take over. It will create a serious undermining of the Alliance. I want to emphasize that I expressed my views to Prime Minister Goncalves in very forthright fashion. I told him that the democratic forces in Portugal should be allowed to grow. In response, I got a long dissertation to the effect that the Portuguese military represents all the people while the political parties represent only a few.

Kissinger: Especially an armed forces which have not been in Portugal for 20 years.

President: I was forthright in saying that a communist country could not be in the Alliance. We will see if democratic forces prevail.

On the Middle East, our fundamental criteria is that there cannot be stalemate or stagnation but there must be movement toward peace. Stagnation and stalemate would produce war, economic problems and a new embargo. We will keep the pressure on all parties to make progress.

We are currently in the process of reassessment of our policy. I will meet next week with Israeli Prime Minister Rabin to get his thoughts, just as I have met with Sadat in the last two days. We see three alternatives: 1) Resumption of the step-by-step negotiating process. We were disappointed in March by the failure of the negotiations. 2) A comprehensive presentation by the United States on all issues relating to a settlement -- borders everything. 3) While going to Geneva to work on a comprehensive Middle Eastern settlement we might try other procedures of interim agreements on specific issues.

Is there a third issue you raised? Oh yes, Greece and Turkey. We had good bilateral talks with Prime Minister Caramanlis and Demirel in Brussels. I was encouraged to read that the day after we talked they met and both pledged an open mind to solving their problems. We think that with this attitude it can lead to a solution of the Cyprus problem between Greece and Turkey.



Leone: Mr. President, before asking Prime Minister Moro and the Foreign Minister if they have anything to add, I would like to call your attention to our interest in the continuing efforts to construct a unified Europe. We would like your assurance that the United States will help promote this. All European statesmen are convinced that this is essential -- perhaps even a Europe with one army. A unified Europe is a must. I would like your impression. According to the polls, the referendum in Great Britain will go well.

President: Mr. President, we strongly endorse the EC. The economic integration of Europe is beneficial for the organization of Europe. We in the United States want the closest cooperation between Europe and the United States. I will be interested to see suggestions for the realization of a unified Europe. I haven't seen anything concrete. If proposals are made, we would be pleased to study them. Isn't Thorn doing something on this?

Kissinger: Tindemans.

President: Yes, Prime Minister Tindemans is making a study of the shape that this might take. I told him we would be pleased to see it. Until we have the chance to see such a study we will be sympathetic but not endorse it.

Leone: (Asks Moro and Rumor if they wish to speak and they both decline.) Well, they will be talking with you this afternoon. I don't want to give the impression that I'm taking all their lines. Unfortunately, I should only be seeing you during luncheon and I wanted to say as much as possible.

President: Well I think this has been very constructive, both our private talk and the larger meeting. I am looking forward to chatting with you at lunch time and (to Gaja) looking forward to seeing you in Washington.



MEMORANDUM

NATIONAL SECURITY COUNCIL

SECRET/NODIS

ACTION

June 6, 1975

MEMORANDUM FOR GENERAL SCOWCROFT

FROM: Mr. Clift 

SUBJECT: President's Meeting with Leone --
Memorandum of Conversation

The memorandum of conversation at Tab A covers the President's meeting with President Leone on June 3, 1975 in Rome, Italy.

RECOMMENDATION

That you approve the memcon at Tab A for forwarding to the President's files.

APPROVE



DISAPPROVE _____

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E.O. 12958, Sec. 3.5

NSC Memo, 11/24/98, State Dept. Guidelines

By KPH, NARA, Date 6/20/99

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MEMORANDUM

THE WHITE HOUSE
WASHINGTON

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E.O. 12958, Sec. 3.5
NSC Memo, 11/24/98, State Dept. Guidelines (Sulser)
By 12/21, NARA, Date 6/29/99

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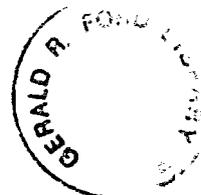
MEMORANDUM OF CONVERSATION
President's Meeting with Prime Minister Moro and Foreign
Minister Rumor of Italy

PARTICIPANTS: President Gerald Ford
Secretary of State Henry A. Kissinger
U. S. Ambassador to Italy John A. Volpe
Robert Hartmann, Counselor to the President
Ron Nessen, President's Press Secretary
William Greener, Deputy Press Secretary
Brent Scowcroft, Deputy Assistant to the President
for National Security Affairs
Helmut Sonnenfeldt, Counselor, Department of State
Arthur H. Hartman, Assistant Secretary of State for
European Affairs
A. Denis Clift, Senior Staff Member, National Security
Council *AD*

Prime Minister Aldo Moro
Foreign Minister Mariano Rumor
Italian Ambassador to United States Egidio Ortono
Roberto Gaja, Secretary General, Ministry of Foreign
Affairs
Raimondo Manzini, Secretary General designate of
Ministry of Foreign Affairs
Eugenio Plaja, Director General designate of Political
Affairs
Francesco Vallauri, Diplomatic Counselor to the Prime
Minister
Mr. Guerzoni, Chief of the Press Office of the President
Bruno Bottai, Head of the Press Office of the Ministry
of Foreign Affairs

DATE AND TIME: June 3, 1975
4:00 - 5:00 p.m.

PLACE: Villa Madama
Rome, Italy



SECRET/NODIS
XGDS

~~TOP SECRET~~ - XGDS (3)
CLASSIFIED BY: HENRY A. KISSINGER

Moro: Mr. President, first allow me to extend the thanks of the Italian Government for your welcome visit to Rome with Dr. Kissinger. Although your visit is short, it is significant to us and most welcome. I don't want to take up too much of your time this afternoon as I know your schedule is very heavy. It is kind of you to meet with the representatives of my government. Since you are the guest, I would like to know what you would like to talk about.

President: Mr. Prime Minister, Mr. Foreign Minister, I very much appreciate the warm hospitality shown us by your government and the Italian people. We have had enjoyable, constructive and beneficial meetings today. There are some issues we might discuss. Since we knew that we would meet with you here, we didn't meet in Brussels. There were several subjects I discussed there, and I think it would be appropriate to discuss them here in Rome.

(Moro indicates agreement.)

President: Among the areas we might discuss are Portugal, the Middle East and your feelings toward the European Security Conference. Those are three items of great interest to both our countries. I defer to you, Mr. Prime Minister, if you would like to give me your observations on any one or all three of those subjects.

Moro: Mr. President, thank you. As regards Portugal, we share the concern expressed by the allies on developments in Portugal. We Italians feel very much concerned over these events especially because of the aid given by Italian political parties to the Portuguese Socialist Party to help stabilize the situation. We see ups and downs; a situation has not reached a conclusion. There are real dangers and we must do all that we possibly can to help Portugal. We hope that this will bring about a less ambiguous role in the alliance. We are aware that there are some developments which might interfere with Portugal's participation, but we hope these developments won't occur. We feel we must help as much as possible in order to contribute through our assistance to democracy there, and we will continue to assess the situation.

Moro: Because of the geographic nearness of Spain to Portugal, I would like to touch briefly on Spain. We realize the contributions Spain makes to the Western World through your defense arrangements. However, at present, we cannot go any further. Our political parties would not encourage any

links with Franco Spain.

I myself was the first Italian Foreign Minister to meet with a Spanish Prime Minister -- the first in 25 years. We are cultivating informal contacts; however, we cannot consider formal arrangements. This is our attitude toward Spain. I would assure you that we will make every effort to normalize the situation.

As regards the Middle East, Mr. President, very briefly we are concerned about the situation, but we have confidence in the United States Government and particularly in what the Secretary of State is doing. We do not think the Middle East problem can be solved without the United States. I don't know what contacts were made between you and President Sadat. However, we think he is a wise and prudent man. Our Foreign Secretary has met with him twice.

On the question of Cyprus, I will ask my Foreign Secretary to say a few words since he has just met with the Foreign Ministers of Greece and Turkey.
the

Rumor: Actually, Mr. President, /Secretary of State has met with both after my meeting with them, so he knows more. My impression when the two Foreign Ministers came to Rome is that the Turks want to retain their position with regard to the territory they hold. They are keen on having a federal state, and there is the problem of overflight. As for the Greek Foreign Minister, he said that in the talks carried out thus far the results have been poor. My impression is that it is a complex and difficult situation and that it requires patience and what I would call collateral help. One other point is Greece's attitude to NATO which is more a product of domestic psychology rather than anything else. My impression from the Greek Foreign Minister is that once the Cyprus crisis is resolved it will be easy to bring Greece into the fold.

President: First with regard to Portugal, we have three or four deep concerns. In the first place the Portuguese people after having achieved democracy or at least after they thought they had, I am sure were disappointed to learn that their expression in their votes had little impact on their government. The democracy we want hasn't materialized. We could not help but note how poorly the communist did and the reaction of the Armed Forces Movement. Secondly, we are concerned over the communist influence within the AFM. Communist influence is strong, and we are concerned over this influence in the AFM as it relates to the question of Portugal's relationship to NATO.

I expressed these thoughts directly to Prime Minister Gonsalves when I met him in Brussels. He assured me that this is not the case, but his assurances appear to be contrary to the facts there. I do not see how an organization such as NATO, formed on the basis of opposition to communism, could exist with communist influence in one of its members. It makes no sense. We will watch the situation and hope it takes a turn for the better. However, it is not clear that there will be a turn for the better.

Then to Spain, we think the entire alliance is the beneficiary of Spanish-US military agreements. We think the alliance should take cognizance of this, and I was perplexed by the discussions in Brussels about dedication to democratic principles. Alliance members have a condoning attitude toward Portugal while at the same time condemning Spain. I don't understand this double standard; it simply doesn't make sense.

In the Middle East, we had the disappointment of Secretary Kissinger's February-March negotiations. This disappointment has resulted in an in-depth reassessment of our policy toward the Middle East. We see three alternatives. First is resumption of the step-by-step negotiating process, but we are not too optimistic about this at this point. Second, would be a comprehensive proposal by the United States, with all issues on the table -- borders, boycotts, the whole spectrum. This would involve going to Geneva while recognizing the difficulties involved in Geneva. If we can't make progress on a step-by-step basis, a comprehensive program is an option. It is paradoxical. When we were working on the step-by-step approach we were told that we should go to Geneva. Now when the step-by-step is suspended many people are not enthusiastic about Geneva. Third we have the option of a comprehensive program at Geneva plus settlements on a bilateral basis in the process. At this point there is no firm decision. I am awaiting my meeting with Prime Minister Rabin next week. I expect that this will involve a firm and forthright discussion. Afterwards, we'll make our views known and our policy set forth.

Moro: (interrupting translation of President's statement) On the Middle East, the second possibility you say would be comprehensive?

President: Yes, We would make a proposal for a comprehensive solution.

Moro: This would be something new?

President: It would be new as to details but aimed at the many problems which are so intricate in that area. Let me clarify one point Mr. Prime Minister; in the case of the Middle East we have made no decision.

We are looking at options and the option of a comprehensive approach is a concept, but we have made no definitive conclusion as to specifics.

On Cyprus, it is a very unfortunate situation. It began just before I became President, and we have been trying to assist ever since. We were very disappointed by the action of the U.S. Congress in cutting off assistance to Turkey. This was done supposedly to help Greece, but it has only been harmful and has only delayed settlement. We are trying to get Congress to rescind this action as soon as possible.

My meetings with Caramanlis and Demirel gave me the impression that they are receptive to discussions. If the parties continue to meet -- Denktash and Clerides, the Foreign Ministers and the Prime Ministers -- there may be progress. This is an area where just like the Middle East, progress has to be made. We cannot tolerate stagnation and stalemate. The Middle East is too volatile. In the case of Cyprus, Greece and Turkey stalemate will only be harmful to the strength of the Alliance. In both the Middle East and Cyprus the United States will seek to play a constructive role and to bring about a settlement in each case.

Mr. Prime Minister, I do want to express my appreciation for the interest of the Government of Italy in all of these areas which are of maximum importance to your country, to ours, to the Alliance and to the Free World.

Moro: Mr. President, I want to thank you. Before concluding these formalities I want to state two wishes for the Government of Italy. First a way should be found to open a conference between producers and consumers and to make arrangements for raw materials. Second is the matter of a floor price for oil, compensation for technology, supplying of materials, enriched uranium and financing. These technical issues have a political side to them which I hope you will address.

President: Mr. Prime Minister the concerns you have addressed are ours. We think the International Energy Agency can make progress. We are willing to work with the Secretary of State taking the lead on the matter of raw materials. We are aware of the problems on enriched uranium. We will be further in touch with you on these issues which I know are so important to you. I only wish we had more time now. Through the Secretary of State and through regular channels we will be in close contact with you.

Moro: Thank you Mr. President.



MEMORANDUM

Ed

NATIONAL SECURITY COUNCIL

SECRET/NODIS

ACTION
June 6, 1975

MEMORANDUM FOR GENERAL SCOWCROFT

FROM:

Mr. Clift



SUBJECT:

President's Meeting with Prime Minister Moro
and Foreign Minister Rumor of Italy

The memorandum of conversation at Tab A covers the President's meeting with Prime Minister Moro and Foreign Minister Rumor on June 3, 1975 in Rome, Italy.

RECOMMENDATION

That you approve the memcon at Tab A for forwarding to the President's files.

APPROVE



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By KBH, N 6/29/99

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DRAFT MEMORANDUM OF CONVERSATION - QUIRINALE PALACE - ROME - June 3rd, 75

U.S.

Italy

President FORD

President Giovanni LEONE

A. Jose De Seabra (State Dept. Interpreter)

Miss Tempini (Interpreter)

While pictures were being taken, there were very cordial and light humored amenities.

FORD. On my trip I had the opportunity to visit with a number of heads of state and of governments, and to reaffirm that the U.S. is devoted and dedicated to NATO.

LEONE. I understand the importance and the significance of your trip to Europe. We ourselves consider it greatly significant and we are very gratified that it concludes here in Rome. We are following with close interest your preparations for the Bicentennial. In that connection, Italy wants to make a small but significant contribution. At this brief meeting I cannot fill you in on all the details of our participation; I'll just say that we are making arrangements to send you the MEDICI VENUS.

F. The American people are most grateful to the Italian ~~people~~ people for their very generous effort in connection with the Bicentennial.

L. At this brief meeting, I will continue the conversation we had had in Washington by making a brief statement about the Italian domestic political situation. Then ~~##~~ I'll go on to foreign policy considerations which will be taken up in greater detail at the expanded meeting.

F. I am anxious to hear your analysis and interpretation of domestic issues



F. (cont'd) particularly as they may affect foreign policy matters.

L. There is no possibility for the Communists to participate in our Government and thus achieve the " historical compromise ". The Christian Democrats are strongly united in an anti-communist front, with Mr. Fanfani waging a very active and strong campaign. We are not worried about the attitude of some left-wing Christian Democrats with regard to the Communists. The only problem is that of the proper method of dealing with the Communists. Then there are three small ~~parties~~ parties which are friendly to the U.S., : the Liberal Party (PL), the Republican Party ~~party~~ (PR), and the Social Democratic Party (PSD). The MSI has identical views regarding the U.S., but since it is out of the game there is no need to elaborate. Now about the problem with the Socialist Party (PSI). I am convinced that ~~no~~ no Socialist wants the Communists to be in ~~power~~ power, because if that were to happen the Socialists would be crushed as it has been occurring in ~~some~~ certain countries. The case of Portugal can teach a great deal to the Italian Socialists. We follow very closely the attitudes and positions of the PSI, with a clear mind and our eyes open. The U.S. has known all along that Italy wanted the Socialists in the coalition government. The U.S. has supported us in that endeavor, which was not a mistake. If we look for a moment at the French political picture, we see that the Socialists together with the Communists almost reached a majority. But there are some Socialists that want to split from the Communists. Now in Italy the opening to the left was not a mistake, because we thus prevented the formation of a popular front and ~~all~~ all the serious ensuing dangers thereof. So there is a historical explanation of why we try to bring the Socialists into the government as part of the scheme to keep the Communists out. We are interested in all the aspects of the Socialist position that are ^{most} favorable to the Alliance



L. (cont'd) and to ~~#~~ democracy. Still, when the Socialists are in the Government, they are never given any of the key cabinet posts such as Defense, Interior or Foreign ~~#~~ Affairs. So they complain that the Christian Democrats take the lion's share. As to what will happen after the elections, I do not anticipate any big changes. There might be a few losses for the Christian Democrats, because of the specific nature of these elections where local interests and issues prevail over broader party considerations. My feeling is that situation will remain basically unchanged. Moro will continue with the government as it now is: Christian Democrats and Republicans or there may be a shuffle bringing in again the Socialists and the Social Democrats. ~~##~~ As far as I can see I do not anticipate a major change.

F. I am most encouraged by your analysis of the Italian domestic political situation. As I had told you at the time of your visit to Washington, we oppose the inclusion of the Communist Party in your government. It seems to me that you have strengthened your government to the point where the Communists have less and less potential to participate. We are impressed by the economic gains achieved by Italy which are highly beneficial to your government, and which constitute a good defense ~~##~~ against ~~#~~ Communists efforts to get a larger number of votes.

L. I appreciate your favorable comments about our economic situation, which run along the same lines as those made recently in a public statement by Mr. David Rockefeller. I was also glad to hear what you had to say ~~###~~ about the Communists. The greatest danger of Communist participation in the government is that it would bring about economic chaos, and even the possibility of a civil war. So our position is clear: we fight communism not just because of



L. (cont'd) our loyalty to the U.S. , but also because that fight is in the interest of our own salvation. And when I refer to our requests for military economic and ~~economic~~ assistance from the U.S., it is more than just a matter of its being the counterpart of our loyalty, it is indeed an essential element of our position against Communism. All in all our economic situation is good. It does present however some delicate aspects, as we are somewhat in a recession.



CONTINUATION MEETING OF TWO PRESIDENTS

L. Because of Italy's geographic position, it plays an ever more important role in any strategic considerations of an anti-communist nature, as brought recently in a statement by the French JCS Chairman. The increasingly strong Soviet presence in the Mediterranean makes the Soviet danger in that area greater than in continental Europe. I have been traveling through the Arab world and making significant contacts with the leaders of Iran, Saudi Arabia, Egypt, Tunisia, Morocco and Algeria. We try to make friends with all of them, including Libya which has inflicted harsh humiliations upon Italy (running tractors over graves of Italian soldiers).

F. Libyan situation discussed at length with Sadat. He is also concerned re Soviet infiltration and massive arms sales following agreement. I agree with your view re greater danger in Mediterranean, considering Portuguese situation, Greece/Turkey dispute and ~~###~~ period of transition in Spain. We need to watch closely developments in Mediterranean and elaborate proper strategy to counter growing Soviet threat.

L. I appreciate your interest in Spain. In that connection, may I advise you and Dr. Kissinger to persevere in your efforts to keep Spain close to us after Franco is out of the picture.

F. I found Franco in better health than when I saw him last. I had good talks with Prince Juan-Carlos and several leaders. We got a warm welcome. We shall watch the situation in that country with great care.

L. You did the right thing in visiting Spain. We ourselves also remain watchful, and keep good relations while trying to avoid any conflicts because of our domestic situation.

L. We also follow closely developments in Malta. Problem of their wavering between Khaddafi and the Soviets, also their economic needs and the coming renegotiation of the NATO bases ~~(agreement)~~. We try to help as best we can.

L.

One valid approach to the problem of providing assistance to countries where it is difficult for the U.S. to do so directly, would be through some form of "TRIANGULAR ARRANGEMENTS", using Italy's leverage and good offices.

F. How could we provide adequate economic assistance ?

L. There are countries that resent being helped directly by the U.S., so Italy could be the proper instrument or channel.

F. Italian assistance could be most helpful. ~~####~~ There are Third World or IDCs that for any number of reasons do not welcome U.S. assistance.

By coordinating and meshing our action with that of Italy and other nations it would then be possible to fill the vacuum and help those countries to gain economic stability and political strength, thus keeping them out of the Communist orbit.

L. I am glad to see you favor this approach.

F. In view of your considerable experience in Mediterranean affairs, I would like to hear your views on the Portuguese situation.

L. We are as deeply concerned as you re Portugal. I am glad that the Socialists and the moderated ^s are standing up to and testing the Communists and the Military Government. Nevertheless I am pessimistic, because history shows that the Communists may throw out all other groups and take over everything. The Communists have made substantial inroads in the media. I remember talking to you about the Portuguese situation in Washington, shortly before Spínola left. One good aspect of the Portuguese situation is that it gives

L. (cont'd) the French some food for thought. I am glad to see that you have dealt carefully with Portugal, as far as NATO is concerned. We do need to watch Portugal very closely.

F. I am very concerned about Communist influence on the Portuguese military. I do believe that the Portuguese military are naive, so the Communists take advantage of the military's lack of sophistication. We stated very firmly that we cannot tolerate a Communist government in ~~the~~NATO, ~~because~~ for the simple reason that NATO ~~was~~ was created to meet the Communist ~~is~~ challenge. It just does not make sense.

