

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

PARTICIPANTS: Tour Group (See attached List)

President Ford
Ron Nessen, Press Secretary to the President
John Marsh, Counsellor to the President
Lt. Gen. Brent Scowcroft, Deputy Assistant to the
President for National Security Affairs

DATE AND TIME: Wednesday, February 12, 1975
4:00 p. m.

PLACE: The Oval Office
The White House

President: It was nice of you all to come in. I am interested in hearing about your trip.

[Publisher to John Marsh's left]: We wanted to discuss the issues of war and peace in the Middle East.

Group Member: People who are in the Middle East for two weeks write a book; those who are there for months write a poem, and those who live there are silent. Peace is a burning question in the Mideast. We were impressed with the unity of the Arabs. We were impressed there was not much empty rhetoric. We think now is the moment we must trust the Arabs.

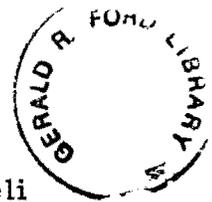
Linowitz: I think we came back with a sense of optimism and yet of concern.

All the leaders we met spoke of peace and clearly desired it. The Arab leaders were more moderate than we anticipated. All the Arabs explicitly or implicitly recognized the right of Israel to exist.

President: Even the PLO?

Linowitz: Some of us were disappointed at the failure of the Israeli leaders to articulate a persuasive case.

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BY [redacted] MARRA, DATE 5/13/04



The heritage of history hangs heavy everywhere. It is hard to underestimate the key role of the United States. No one mentioned the Soviet Union unless we did.

Group Member: We are an individualistic group, and our unity comes through because of the unanimity of the message we received. We found a sense of confidence among the Arabs -- coming from the October war, their new oil power, and their unity on insisting that the Palestine problem must be resolved.

It is surprising how many of the second-and third-echelon Arabs were educated in the United States. There was little affection expressed for the Soviet Union. They were, of course, on their best behavior, but they were convincing and sincere.

We shouldn't diminish our support of Israel, but we should deal with them.

Israel is even more adamant, inflexible, suspicious and unwilling to trust the Arabs. One of the problems is that among the Zionists it is a religious conflict and that is bad.

John Lawson: We think the most serious problems are the Palestinians and Jerusalem. But there is a great willingness to make peace and great faith and hope in the United States.

Chauncey Schmidt: The investment of oil wealth is a critical and complex issue. We didn't really see the impact of this, but we did get an impression of affluence in the Gulf area. Kuwait especially had a lot of young talented people. It's less so going down the gulf. There were many who questioned whether we wanted investment and what kinds.

There is a great need for this Arab capital.

We were impressed by the investment in their own countries. Imports are increasing rapidly -- perhaps this will solve the problem in the long run-- but in the short run we see a need for the \$25 billion fund and for guidelines for investment in the U.S.

President: We agree with this. Any recommendations you have would be welcome. Congress is getting into this also. My reaction is we want investment but must be careful about some industries.

John Lawson: We would hope they would help finance new capacity, and not just invest in the stock of going concerns.



Group Member: Oil was a natural subject. The gut issue is the time issue. They all talked about their depletable asset which they had to turn into wealth while they had the chance.

King Faisal passed off Kissinger's saber-rattling statement by saying you had said American interests would come first. King Faisal described those interests as anti-Soviet.

We can't--in my industry--we can't stand another embargo. Most of them didn't say there would be another embargo, but they got our attention.

Their whole strategy seemed to be the maintenance of their purchasing power, through indexing or something.

Most of them implicitly or explicitly linked the price of oil to movement to peace. Abu Dhabi has a million-bbd. capacity and is only pumping 300,000. But they are going along with the price.

They got the message we wouldn't permit an embargo--they never raised that issue except when we did.

John Lawson: They never mentioned the Soviet Union except that Faisal said we forced Syria to go to the Soviet Union.

I think they did not take offense at our war threats; they did have their effect and all of them were very careful in talking about the embargo.

We got the impression that all but one PLO group were willing to accept the existence of Israel.

Sadat and Asad impressed us especially.

That is a broad summing up. We saw many people. It was very well done by Time. Are there any other thoughts?

Group Member: One of the surprising reasons they gave for their urge to peace was a desire to develop -- they said they couldn't afford a "no war-no peace" situation. They said peace is necessary to let development go forward. Their big armies are very costly. The expansion of peace would let them turn their efforts more to their development.



John Lawson: We think time is of the essence, before the people change their attitude.

We saw the Golan from both sides, and I got a different view.

Group Member: The Golan is critical for whoever holds it. We see Israel's concern and also the Syrian worry with the present position.

We spoke about demilitarized zones with the Arabs, but they want them on the Israeli as well as the Arabs' side.

President: Did you get into the matter of the passes and the oil?

Group Member: Israel is willing to give up the oil if it can get it replaced. The passes will require a strong quid pro quo. Israel said they needed to retain access to Aqaba.

President: Did you discuss the Israeli settlements on the Golan?

Linowitz: [Didn't respond]

Let me clarify our attitude about Israel. We went expecting not much from the Arabs and were pleasantly surprised, and we went to Israel expecting much. . . . The Israelis seemed to be fearing that if they sounded dovish they would be open to attack, partly as a reflection of internal weaknesses.

President: Rabin is in a difficult situation. Some people there are waiting for an opening which could upset the balance.

You went at a critical time . Secretary Kissinger is there now and we think time is of the essence. Had there been movement last fall, Rabat might have been avoided.

Henry is there now for an exploratory visit. We hope something can be done on the Sinai. This would give us time. Israel is confident militarily and they are probably stronger than before the October war. Yet Sadat is strengthened by the fact of his better performance in October. But if he doesn't get some results, his position could be weakened or lost. I don't think it is in anyone's interest to go to Geneva now. The first issue would be the seating of the PLO and that would mean a deadlock.



Golan is significant psychologically and militarily to Israel, but also important to Syria. It will be hard for Israel to give up the settlements but Asad said he might be ready to move.

Without movement, another war is more possible, and also an oil embargo. The potentiality of a crisis between the U. S. and Soviet Union is always there in a war situation. The Soviet Union might have to move in a war to show its credibility.

We have to make every effort to get movement.

Fortunately the attitude seems reasonably receptive, but I shouldn't speculate --no matter what you read in the paper about the oil and the passes in return for some "piece of peace".

Group Member: Do you have a time frame for this chance of movement?

President: I would say within six weeks, or we must be ready for the results of a deadlock.

I know Israel's problem, but the Jewish community in the U. S. must realize the need for movement. The Israelis had terrible casualties in the last war and I don't think they can afford not to give. But they must get something in return.

We can't dictate the policy, but only urge the states in the area to move toward peace.

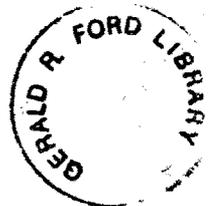
The Soviet Union urges a return to Geneva, but we don't see that.

Group Member: The Arabs constantly told us that a policy of divide and conquer wouldn't work--that all the issues had to be dealt with, not just the Sinai. Faisal especially said that.

President: A simple return to '67 is not reasonable.

John Lawson: Sadat said he could accept step-by-step if they were giant steps.

Group Member: We would hope there would be some step toward the PLO. Some of these young people are so pessimistic and some movement there is necessary.



President: What if the U. S. was asked to use troops for guarantee?

Several: Under the UN?

President: There are two questions: Should we do it and should Soviet troops be let in?

Group Member: I would rather pay the bill and let others do it.

Group Member: I think we must give Israel a sense of security.

Group Member: The Israeli military said they wanted U. S. Marines on the line. If that is what it would take, we should consider it.

President: In a desert war, the side having the longest lines has always lost. So the Sinai may not mean that much.

Group Member: One thing which impressed us is that military leaders head these governments. I am not sure these people can sit down themselves and make peace -- our intervention is essential.

Israel mentioned the \$2 billion it wants. We said it was a problem for us. They said it was a problem for their own budget.

President: I understand they have it in their budget -- it is not in ours. I am not saying it couldn't be, but there is a different attitude now in the U. S.

We must keep Israel strong, but not so strong they won't negotiate. But I am not sure we and the Soviet Union can impose a settlement.

Murray Gart: Rabin mentioned \$2.2 billion to us. He said you start at a point and maybe you end up with a billion or one and a quarter billion.

Group Member: Are we doing enough to support American industry in Arab lands?

President: We have joint commissions in many of these countries to help them in economic and social development.



Group Member: We are the only country where business and government are on an adversary basis. If we deal jointly with other countries, we are prohibited by the anti-trust laws. We can't compete with the French, or the others as independent private enterprise. I do think we need to be able to deal with this situation more effectively.

President: I would like to know if the commissions are inhibiting U.S. companies' activities. If there are problems, I want to know about it in specifics.

John Lawson: The French and German Governments give a much more active support to their firms.

President: Is that evident with our Ambassadors or with State? I would appreciate specifics.

Severall: None of the Embassies mentioned the Commissions to any of us.

Jamison: With all of the talk, we have difficulty finding one major project which has been consummated.

Group Member: We have to change our methods. We aren't used to selling technology, just products.

[They present the President with a Steuben glass eagle, which had been given to each head of state they met.]

President: Thank you. It's a beautiful piece of art. It will be reported to State and kept in the Oval Office.

Thanks more importantly for your contribution. No problem is more urgent.



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BUSINESS AND HOME ADDRESS LIST

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January, 1975

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P/Tank, Inc. Middle East
Tour Group
12 Feb

Wife of you all to come in

Reaction

John kept us until to take discuss the aspects of women
presence in the ME

✓ ^{Cher} ~~John~~ then in ME 2 weeks with a book, those for business
a part of those who live there are about
Peace is a burning question in ME.
We were impressed w/c unity of Arabs.
We were impressed there was not much empty
 rhetoric. We think now is moment we must
 trust Arabs.

Community

I think we can look w/ sense of optimism &
opt of success.

All leaders spoke of peace & clearly desired it.
Arab leaders were more moderate than we
contingated.

All Arabs explicitly & implicitly recognized
right of I to ~~let it be~~ but in peace

P E. W. K. O.?

K

Some of us were disappointed at failure of I leaders
to articulate personal case.

The heritage of history being heavy very where -
It hard to reconstruct a key why US. We are
mentioned SD unless we did.

kept QUP

We are individualistic group & our unity comes thru
because of a unanimity for a way we need.

We found a sense of confidence among Arabs -
coming from Oct war, oil power, & unity our
invested factories it prob must be washed
It surprising how many of 2 & 3rd exiles
Arabs were educated in US. Little affection



for US. They were, of course, an choir best behaviors,
but they were examining + sincere.

We shouldn't diminish our support of it but we
should deal w

I was more a lament, irreflexible, suspicion + ~~inability~~
unwilling to trust + Arab. One of the problems is among
friends it is a relig. conflict + that bad.

John L We think a most serious prob as Arabs + Jews.
But there is great ~~unhappiness~~ peace + faith + hope
in US.

Chamney Smith Investment is a critical + ^{joint interests} everyday issue. We didn't
really see a impact of this, but we did get an impression
of ~~affluence~~ in Gulf area. Kuwait exp had a bit
of young talented people. Less see going down a gulf.
There were many who questioned whether we would
invest + what kinds.

There is a great need for this Arab capital.

We were impressed by a investment in their own
countries. It are ~~investing~~ rightly - perhaps this
will solve a part in a long run - but in a short
run we see a need for a 25 bil + ~~for growth~~
time for investment in US.

P We agree. Any ~~investor~~ you have would be welcome.
Easy getting into the area. My reaction is one want
investment but must be careful about some ~~investments~~.

John L We would hope they would help finance new
expansion not just in stock of going concerns.

3 mpt for Oil. A great issue is a time issue. They all
talked about their depletion asset which they had to
turn into

Fossil passed off R's paper withing statement by saying
you had said US investments would come 1st. Fossil



described those interests as anti-Sov.

We can't - my industry - can't stand another embargo.

Most of them didn't say there would be another embargo - but they got our attention.

Their whole strategy seemed to be capture of purchasing power - then making a something.

Most of them implicitly or explicitly looked a piece of aid to movement to peace. Abu Dhabi has 1 barrel/day cap. & only pumping zero barrels - but they are going along w/ a price.

They got a message we wouldn't permit an embargo - they were raised that issue except when we did.

John L They were worried a SU effort to avoid said we would ^{Syria} have to go to SU.

* ~~For~~ I think they did not take offense at our war threats, they did hear their effort & all were very careful in talking about embargos.

We got a impression that all but 1 Ph.D group were willing to accept exist of I.

Sadat & Assad impressed no less.

That's a hard lesson up. We saw many people. It was very well done by Time. Any other title?

back home One of surprising reasons for surge to peace was desire to stop - they couldn't afford "no war no peace" sit. Peace necessary to let client go forward. Their big armies are very costly. Expansion of peace would hit them hard & more serious deterrent.

John L We think time is of essence, before people change attitudes.

At East We saw a new picture from both sides - I got a list of names. Cohen is critical for whatever reason it is. We see I mean & also Syrian way w/ present position.



as - spoke of demilitarized zones or areas, but they want them on I as well as Arab side.

P Did you get much peace & aid?

Roger and I nothing to give up aid for replacement. Peace was well equated strong peace. I said they would retain access to Algaba.

P Did you discuss I settlement on Golan heights (didn't respond)

Let me clarify our attitudes about I, we were not expecting not much from Arabs & were pleasantly & to I expecting much.

I seemed to be ~~too~~ fearing if they founded a wish they would be open to attack, partly as a reflection of internal weakness.

P Rabin is in a big fix. Some are wanting for an option which could create balance.

You want at critical time. K then would we think time is opport. It had been moment last fall, Rabin might have been avoided.

Many times from for X possibly visit. We hope something can be done on Sinai. This could give us time. I is confident militarily & they are not hungry than before Oct. Yet Sadat is strengthened by his better performance. But if he doesn't get some results, his position could be weakened or lost. I don't think it is an organic interest to get to Golan now. (most issue would be getting the Israeli man ~~back~~ deal).

Golan is sig. for I, but also sig. to Syria. We'd be hard put to give up settlements but Golan would be might be ready to move.



W/o movement another way is more possible & also
an oil embargo. Potentially of Paris US-SU is
always there in case SU might have to move
in a way to show its credibility.

We have to make very fast a get movement.

Fortunately a attitude seems reasonably receptive,

but I should like speculate - but what you need for a

paper about oil/passage in return for ^{speed} ^{plan}

Right P As you have time please for this change of movement

P I won't say up in Cairo or we must be ready for
needs of deadlock

I know it's just, but a Jewish unity in US must
unlike need for movement. I have terrible casualties
in last war & don't think they can afford not to
give - but must get something in return.

We can't initiate a policy, but only single states.

SU urges return to Geneva, but we don't see that.

Back now P And constantly told us divide & conquer would not
work - that all issues had to be dealt w/ - not just
Soviet. Faced up with that.

P Return to G? ^{not} reasonable.

John C. Beadit said he would accept step by step if they
were present steps

UP We would hope some step toward P.O. Some of these
young people are so passionate & have movement close
to military.

^{General} P What if US was asked to use troops for guarantees?
Under UN?

P 2 questions: Should we & should we have troops to return.

Right + 2 I would rather pay a bid & let return.

UP I think we must give I a sense of security.

+ 3 I wouldn't mind they would US guarantee one time. If



that is what it would take, we should consider it.
P In desert war, a side having longer lines has lost.
So Sinai may not mean that much.

Sept 2nd
One thing which surprised us is that mil leaders had
those guests. I not sure these people can sit down
themselves a whole place - ~~the~~ our intervention is
essential.

I mentioned 2 bil. ~~to~~ we said it was a job for
us - they said it was job for our budget.

P I understand they have it in their budget - it
not in ours. Not saying it couldn't be, but that
is a big attack now in a US.

We must keep I theory, but not so strong they
won't negotiate. But I not sure we & SU can
negotiate a settlement.

Gen ~~the~~ Rubin mentioned 2.2 bil. to us. He said you
start at a point a maybe you end up w/ a bill
of 1 1/4 bil.

Sept 2nd
Are we doing enough to support American
industry in Arab lands

P We have just census in many of these
countries to help them in export market abroad.

VP We are a only country where business & Govt are on
adversary basis. If we deal jointly w/ other countries,
we are prohibited by anti-trust. We can't compete w/
a French, etc. as a private enterprise. I suggested
do think we need to be able to deal w/ this in more
effectively.

P I would like to know if a Congress are inhibiting US
company activities. If there are funds, I want to know
about it ~~it~~ in specifics.

John
The Fed & American Govt ^{govt} ~~govt~~ a much more active

support.

P Is that entire Ambassador or a State.

Several appropriate agencies

Several would be E Ambassadors mentioned a cross to any of us.
Jamaica w/ all of a talk, we have a big funding one major
project which has been consummated.

NY We have to change our will think. We aren't used to
selling technology, just products.

Presented Stations plus single - one given to
each head of state.

P Thank you. Beautiful piece of art. Will be reported
to State & kept in Ord Office.

Thanks more in gratitude for your contribution.
The gift is more valuable.

