MEMORANDUM

THE WHITE HOUSE
WASHINGTON

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MEMORANDUM OF CONVERSATION

PARTICIPANTS:  Dr. Henry A. Kissinger, Secretary of State and Assistant to the President for National Security Affairs
                Senator Dewey F. Bartlett (Oklahoma)
                Senator Paul J. Fannin (Arizona)
                Senator Clifford P. Hansen (Wyoming)
                William Timmons, Assistant to the President for Congressional Affairs
                Brent Scowcroft, Deputy Assistant to the President for National Security Affairs
                David Stang, Staff
                Harrison Loesch, Staff

DATE:          January 10, 1974
PLACE:         Secretary's Office
               Department of State

SUBJECT:       Congressional Trip to the Middle East

Kissinger: On Iran. They are supportive and a good friend. We are unhappy about the price rise. You could say it might produce a reaction in which they would be hit.

I have seen innumerable groups on the Middle East. The Arabs are very attractive and even have a good case.

Originally, we can't compete with Europe and Japan, we can't commit the Israelis that fast. The Arabs know we are the only ones who can deliver.

Faisal has a standard speech -- Palestine and Jerusalem. It's a good speech but can't be done quickly.
Take Israel. The Government has to have the Religious Party in the coalition. The easy part is Sinai and the hard part is the other parts. What the Arabs have to bear is we are breaking our backs. The danger is the people are going there blaming the people back in Washington. We will go back and tell them how things really are.

We must tell them what is really true -- everything which the Arabs have got has been through us. No one else can deliver.

I don't agree with their point of view. What they must know is we are doing our best, but we can't continue to do it under blackmail.

What is undoable now is progress in Palestine and Jerusalem -- especially Jerusalem. It may be in a year or 18 months. I told Faisal we promise less but we deliver what we promise. Right now I can't promise on Jerusalem. What confuses him is people who tell him he is right and they will go back to convince the dopes in Washington.

Stang: What say about refugees and upcoming conference?

Kissinger: We say rights of the Palestinian refugees must be taken into account. What that means is unclear. There are several factions among the Palestinians. We are not anti-Palestinian, but we think it's premature to get them involved right now.

I always tell the Arabs the truth -- what is totally possible, rather than contribute to their tendency toward euphoria. What they must realize is that OPEC is perpetrating an economic revolution. They will wipe out the balance of payments surpluses of the industrialized world -- except us. We will benefit relatively. Economic aid will be wiped out. The underdeveloped countries will have deficit of $29 billion. Our aid bill will increase $10 billion. The OPEC countries will have surplus of $65 billion in one year. They can't expect they can change the world economy without any thought or discussion.

The purpose of the Energy Conference is to define the nature of the problem and discuss a number of areas -- conservation, new sources, the impact on the economy, and to prepare for a meeting with the producers. If OPEC produces a recession, they will have nothing to buy or their currency will be depreciated. They can produce an economic crisis. Last year, a $4 billion shift produced the run on the dollar. That they didn't even intend. Now suppose they adopt a strategy of drawing $10 billion one day. They can break the dollar.
Fannin: How about food and trade problems and boycotts?

Kissinger: I wouldn't be specific, but you could say we couldn't continue to let this go on. They really are afraid of the CIA -- they overestimate its capability! We couldn't bring it off. But don't look soft and pleading -- we can't leave the world at the mercy of 20 million Bedouins. We are a great country. They simply happen to have scarce resources.

Fannin: They have to be told we have alternatives.

Kissinger: Tell them we have been evenhanded. Everything that has been done has been done by us.

Will you see Sadat? I will recommend it. But if you tell him, remember that Arabs are great talkers and leakers. Their administration is idiotic; it will be disastrous. If you say we can't continue to help if the American people are suffering as a result of oil blackmail.

Stang: What do we say about American suffering?

Kissinger: If we have to explain that the American people's hardships are being caused by blackmail... You could tell Sadat I think he is a great statesman.

Bartlett: We have to tell them that both sides must make concessions. Neither side can win totally.

Kissinger: That is right. I think there is no chance of a return to the '67 borders. I don't tell the Arabs that -- I am worried about the first 50 miles. I wouldn't discuss a final settlement.
K. [Handwritten note: This is my last word]

There is nothing more I can say now. I am too tired to write about

Our plan. They are very positive about our plan. The

question of whether or not to go to the

M.E. Centre and see other people is

very serious. Our plan is not

complete, but we are making

progress. We need to

continue to work on it. We must keep

the momentum going.

We must tell them what is really

need. We must do what we have been

told to do. We must keep moving.

I don't want to look back at what we

have done. We must keep moving forward.

We must keep the momentum going.
I told Frank we promised her that we'd visit
right away and I can't promise her. What
expresses him so perfectly, all him to
improviser, they will go back to examine the
sights again.

What say about purpose — remaining long
the slow region of Kabul suburbs must
be taken into account. What the number
is required. There are several factors
among them. We have met about Kaba but
think it premature to get them involved
right now.

General Fahmy told Anders truth — what is
totally possible, without them contributing to their
finishing toward happiness.

What the most realistic is that OPC is
preparing an economic revolution. It
will pay out $100 million to
the OPC to
world — excepting, one will benefit
relatively.

Even with the wage out, the budget
incomes will have deficit of 8.9 million
and will have received 10.5. OPC is to
will have surplus of 67 million. They
cannot affect they can change a world living
and tolerant in a generation.

Prepare for Bayes in to define criteria for post. It
facing correction, and sources, support on
recovery, prepare for stock of common.

If OPC produces then for remains they will
have nothing to say on this country will
doesn't involve. They can produce one
common sense. How we, a lot that pretend
Farvin: I have a few questions. First of all, I would like to clarify that the initial plan was to have 20 units in the first phase, but it seems that we might have to adjust the numbers. We are considering reducing the number to 15 units. 

K: I understand your concern. Let's discuss this further. 

Farvin: Yes, let's schedule a meeting to review the current status of our project. 

K: I agree. We need to ensure that we are on track to meet our deadlines. 

Farvin: I also wanted to discuss the budget. We need to reallocate funds to cover the increased costs due to the changes in the project scope. 

K: I see. That's a concern. We need to review the budget and make necessary adjustments. 

Farvin: Lastly, I would like to mention that I have received positive feedback from our clients. They are impressed with our progress so far. 

K: That's great to hear. Keep up the good work.