

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

~~SECRET/NODIS/XGDS~~

MEMORANDUM OF CONVERSATION

PARTICIPANTS: President Nixon
 Vice President Ford
 Dr. Henry A. Kissinger, Secretary of State
 and Assistant to the President for
 National Security Affairs
 Major General Brent Scowcroft, Deputy Assistant
 to the President for National Security Affairs
 Congressional Leadership

DATE AND TIME: Wednesday, April 24, 1974

PLACE: The Cabinet Room

The President: We have a subject which does not command unanimity -- foreign aid. A lot of people will support it because the interests of the nation require it, despite the views of most of their constituents. We need to go over it all, but there are two areas where peacekeeping is especially important -- one is Vietnam. I will only say we believe it is a good investment in keeping the peace in the area. It's better to take this step rather than one which will drift into another conflict.

The other area is the Middle East. The controversial area is Israel. Also Egypt and an increase to Jordan. I support both. Aid for Israel is important if it is to survive, and we had to support it against the Soviet-supported attack. For Egypt, some Israeli supporters oppose it, saying we should support only Israel. But it is far better that we support Egypt than that others do. I know no constituency in the U.S. for Israel's neighbors, and there's a big one for Israel because of Jewish contributors to this country. But this aid is of great importance to Israel. The idea that Israel can defend itself with only American arms was proved false in October. Israel can't survive against Soviet opposition.



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DECLASSIFIED
 E.O. 12958, Sec. 3.5
 NSC Memo, 11/24/98, State Dept. Guide Lines
 By CLT Date 1/16/00

We are at a watershed period in foreign policy, in a period when often we are tied exclusively to Israel. We are now developing a relationship of friendship with the whole area. It's not to get the Soviet Union out -- that is self-defeating -- but to have us in. Not with a big giveaway, but to play a peacekeeping role. Others may have designs on the Middle East. The Arabs who are turning to us know they have nothing to fear from us. This is a great price for their independence and peace in the area.

It's the same for Southeast Asia -- whether we will have the strength and vision to play the role that only we can play in bringing an at best uneasy peace in the area.

Speaker Albert: We should assess this situation and examine your recommendations. I will do everything I can in a period of divisiveness to show that we stand united behind this important foreign policy program.

Secretary Kissinger: The program has development assistance, a significant program for the Middle East, and Indochina. With respect to general development assistance, they have been carefully reviewed with respect to functional categories and the poorer countries. Having just come from a Latin American conference, I would say this program has great political significance. It's not just do good. It comes at time of attempts at producer control and consumer-producer confrontation. We can stand this better than most, but it is dangerous for the world. We want to defuse the confrontation. We have drawn even the Algerians into cooperation with us.

Our basic point is not that of the 50's and 60's, that raising living standards in undeveloped countries would bring stability, but in order to build cooperation which would prevent bloc confrontation.

So when you study our proposals, you should know that our basic philosophy is to induce cooperation, and to prevent confrontation or pressure on our allies.

We will be available to your committees.

First, Middle East progress. We are introducing one of significant diplomatic revolutions of the postwar world. Before we



did it we assumed that most Middle East countries were Soviet satellites. We assumed that we spoke for Israel and the Soviet Union spoke for the Arabs whenever we had a summit. It was the President's firmness at the summit which showed the Arabs that the Soviet Union couldn't deliver anything but arms.

The structure needed in the Middle East is an Israel strong enough that it can't be defeated by the Arabs and an American diplomacy not so one-sided that the Arabs won't talk to us. That is why both are important in the progress we have achieved.

The President: Our Israeli aid is ten times that of the Arabs.

Secretary Kissinger: We're asking \$250 million for Egypt plus \$100 million for a contingency fund.

You who have been in the Middle East know that Egypt has made an enormous turn in its foreign policy -- from war to peace. Sadat is the first leader to commit his country to peace on terms other than the extermination of Israel. The disengagement couldn't have happened without Sadat's wisdom and his willingness to look to the long range. He has also broken the Soviet link, which made Egypt the focal point for Soviet aid and Soviet propaganda. Cairo Radio used to be the spearhead. Egypt is now making a positive effort to introduce the U.S. in the Middle East. A lifting of the embargo is not possible without Egypt's help. Egypt needs help partly because of the need for reconstruction and partly because Sadat has to demonstrate to his people that the new policy has benefits and that he has ties to the United States.

The items in line for Egypt are extremely modest, and we can't exclude that we might need more. But this is our best judgment now.

Other items are for Jordan. As long as Jordan represents the Palestinians and leads the negotiation on that front, there is hope for stability and progress.

We also support the traditional amounts for Israel. We can make progress with Israel only to the extent they don't feel their security is jeopardized. The usual amounts are in, plus a breakout of the \$2.2 billion.



Senator Brooke: If Israel would send signals that it would accept this approach, it would help this proposal.

Secretary Kissinger: I saw Dinitz last night. I told him if the Soviet Union cut off Egypt, we couldn't let Egypt down. He said "I understand what you are doing." I will ask him today about sending a signal.

Senator Brooke: It would be a practical move.

Secretary Kissinger: I will make the point, and also with the American Jewish leaders. All the money is for the Suez Canal Zone. Israel's withdrawal from the Canal was on the assumption of a massive reconstruction effort as an inducement for peace.

The President: Why don't you discuss a breakdown of the emergency package.

Secretary Kissinger: The President determined that one billion would be grant and 1.2 billion credit with an increase of \$500 million after a continuation of the negotiation. Our problem was to make a determination at the time that wouldn't pay too great a cost in the Arab world. It is strongly supported by Israel.

Congressman Rhodes: Do we have any understanding about the use of the Suez Canal by all nations, and warships?

Secretary Kissinger: It's use is regulated by the Treaty of Constantinople of 1888. Egypt will regulate the speed of the Canal clearing. They cannot prevent the passage of warships. We don't think it will change the strategic situation. We have had task forces in the Indian Ocean for months with this in mind. Privately I can tell you that Egypt will allow Israeli cargoes, not Israeli flag ships for now. Israel is happy about this, and most Israeli ships go to Eilat and Haifa; Israel is contented with this.

Vice President Ford: Could the Congress help your negotiation?

Secretary Kissinger: Not by next week, but some sympathetic words would be helpful.



Congressman Frelinghuysen: You referred to my trip to Egypt. President Sadat is very impressive. I asked how we could help. He said "Support Nixon."

Secretary Kissinger: The more the Canal is rehabilitated, the more stake Sadat has in peace. That is what Israel wants.

Senator Brooke: What do you mean for the contingency fund? Is that for Syria?

Secretary Kissinger: Syria's situation is more complex and Asad is not a leader like Sadat. Russia's ability to make enemies among the Arabs is phenomenal. Asad may try a cautious move like Sadat did. We then may need some for Syria.

Congressman O'Neill: When is the bill coming up?

Secretary Kissinger: Maybe today.

Congressman Zablocki: What happened to the \$750 million?

Secretary Kissinger: It went for equipment.

Vice President Ford: Doesn't that mean that without a disengagement agreement it would have cost more?

Secretary Kissinger: Yes. This \$2.2 billion is for the last war. We are seeking a disengagement agreement so we can calmly consider peace.

The President: Let's talk a bit about Southeast Asia.

Secretary Kissinger: This is a painful subject, but remember we accomplished what we set about -- to prevent imposition of Communist government. There has been massive infiltration and massive aid by the Soviet Union, China and Eastern Europe. Without that, South Vietnam's difficulties would largely disappear. Our hope is to put large amounts into South Vietnam now so as to induce self-sustaining growth. We could cut back now, but at the expense of increases in the future. The Senate Foreign Relations Committee asked us to submit a longer term projection for South Vietnam. We are happy to do so. We foresee a down turn in the future if we give enough now.



Considering the 50 thousand American dead, the enormous total of wounded, not to spend a few hundred million to get them going seems to be a big mistake. We cut the Ambassador's recommendation substantially. In large measure the increase was due to the huge increase in the costs of fertilizer and fuel, neither of which is South Vietnam's fault.

On development assistance, we have attempted to respond to the Congressional mandate and emphasize food, health, education.

Congressman O'Neill: What is the total?

Secretary Kissinger: \$4.2 billion. For Indochina \$943 million. \$650 for Vietnam.

Senator Brooke: I think one of the problems is coming in perennially. I think a five-year projection would be helpful. I see us on our way out, so we know what we are up against.

The President: Projections must recognize the world is changing and our projection would be on the high side.

Congressman Albert: What is it for Israel?

Secretary Kissinger: \$300 million in FMS and \$50 for Supporting Assistance.

The President: That doesn't include the \$2.2.

India.

Secretary Kissinger: \$75 million.

Congressman Mahon: We had a hassle in the House over MASF increased for South Vietnam from 1.1 to 1.6.

Secretary Kissinger: That is military aid which we can't really control.

The President: You must remember that what we provide South Vietnam is under conditions of a peace agreement on a replacement basis. We are continuing diplomatic initiatives with the Soviet Union to make clear that neither side profits by fueling this conflict.



This may not immediately change our five-year projection, but gradually it may, and the more progress we can make, the less it will cost us. The better off we can make the GVN, the less incentive there is for the DRV to start it up again. We know it is unpopular, but we think it is a good investment in peace.

On the Middle East, the most unreasonable people supporting Israel are not their government, but the American Jewish community. Look at Israel; it has no natural resources, only courageous people. It's able to survive only because the United States has poured in massive aid, in amounts which dwarf what we've given to Southeast Asia. The United States has stood up, especially last October, to keep the Soviet Union out of the area. When the Soviet Union thought of sending troops . . . none of you want to use U.S. troops . . . the old-line Israeli supporters say just give us the tools and we will do the job; they don't need military troops. It worked three times, but Israel now knows the Arabs can fight and the old policy is not enough. We need to resolve the dispute. So we have to give heavy aid to Israel to give them the security to have the flexibility to make peace. From Israel's standpoint, they should not want their neighbors to be supported only by the Soviet Union.

If there is another war, who will pay? We will. That is what the \$2.2 is for. So the \$250 is an investment to prevent another war.

Don't put this in terms of kicking the Soviet Union out. That is not our policy. Only the United States can bring a peace, but it is not possible if the Soviet Union is against it. What is our policy toward the Soviet Union? This is what I have told Gromyko and what I will tell Brezhnev -- if they think we are trying to drive them out, we have problems, because their hard-liners can't take that. We don't seek hegemony, but peace for all, and all states who wish to should play a role. That is the American policy.

The Balkans used to be the source of European wars -- today the Middle East is the Balkans of the world.

Henry has done a masterful job in dealing with those people. For the first time in 1,000 years, there is a chance that if we use skill and have the Soviet Union play a role where they can be useful, that we can have peace and build strong, peaceful and stable countries in the area.



THE WHITE HOUSE

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MEMORANDUM OF CONVERSATION

SUBJECT: Briefing of Bipartisan Congressional Leadership Meeting by Secretary Kissinger

PARTICIPANTS: (See attached list)

DATE & TIME: Wednesday, April 24, 1974; 8:30 a. m. -9:55 a. m.

PLACE: Cabinet Room
The White House

Secretary Kissinger: The Assistance Program for FY 75 contains development assistance and significant programs for both the Middle East and Indochina. The development assistance programs have been carefully reviewed with respect to the Congressional mandate on functional categories and emphasis on the four areas. Having just come from a conference with the Latin Americans, I would say that this program at this time has great political significance. It is not just a "do good" program. Instead it comes at a time when attempts are being made to form blocs such as producer cartels, consumer-producer cartels, etc. The United States is in a better position than most countries to withstand the development of these sorts of restrictive groupings, but it is dangerous for the world. We want to do what we can to de-fuse confrontation in our new move toward a cooperative approach to materials problems. We have even been able to draw the Algerians, who sponsored the UN Special Session, into cooperation with us. Our basic point is not that of the 1950's and 60's -- that raising the living standards in a few individual countries will bring stability and peace -- but to build a cooperative approach to the problem which will prevent confrontation of different blocs. When you study our proposals, therefore, I ask that you remember that the basic philosophy behind them is to promote cooperation and to prevent confrontation and pressure on our friends and allies. We will, of course, be available to your appropriate committees for discussion of our proposals.

Now to the Middle East program. We are witnessing one of the significant diplomatic revolutions of the post-war world. In previous

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E.O. 12958, Sec. 3.5

NSC Memo, 11/24/98, State Dept. Guidelines
By lit, NARA, Date 11/10/00



years we had assumed that a number of the Middle Eastern countries, with the exception of old friends such as the Saudis and the Jordanians, were Soviet satellites. We assumed, at the President's summit meetings with the Russians, for example, that we spoke for Israel and that the Soviet Union spoke for the Arabs. You should know that it was the President's firmness at summit meetings which has led the Arabs to realize that the Soviet Union cannot deliver anything but arms.

The structure which is needed in the Middle East is an Israel strong enough so that it cannot be defeated by the Arabs, in order that the Arabs need support for a solution, and a U.S. diplomacy not so biased that the Arabs will not cooperate with us. That is why both the Arabs and Israelis are included in this program today.

The President: I should point out that the aid to Israel is about ten times that to the Arabs. It is not at all a balance between the two.

Secretary Kissinger: Our proposal contains \$250 million for Egypt plus \$100 million for any contingencies which might arise in a rapidly developing situation. Those of you who have been to the Middle East realize that Egypt has made an enormous turn in foreign policy, from a war to a peace policy. Sadat is the first leader in the area to commit to peace on a basis other than the extermination of Israel. The Sinai disengagement could not have happened without Sadat's wisdom and willingness to view the issue in long-range terms. He has also broken the link which made Egypt the focal point for Soviet policy and Soviet propaganda. You will all recall that Cairo Radio was a spearhead of Soviet propaganda efforts in the Middle East. Egypt is now making a positive effort to introduce the U.S. into the Middle East. The lifting of the embargo would not have been possible without the strenuous efforts of Sadat. Egypt needs help now partly because of its massive reconstruction requirements and partly because Sadat now has to demonstrate to the people that his new policy will bring proofs that he has positive ties to the U.S.

The items in our proposal for Egypt are extremely modest and we cannot exclude the possibility that we might have to come back to you for additional funds. This program represents our best judgment at the moment.

The other items are for Jordan. As long as Jordan represents the Palestinians and leads negotiations on that front there is hope for stability and progress.



We also support the traditional amounts for Israel. We can make progress for Israel only to the extent that they do not feel that their security is jeopardized. As I said, there are the usual amounts for Israel, plus the fact that the President has made the break-out of the \$2.2 billion emergency assistance, to provide \$1 billion on a grant basis.

Senator Brooke: If Israel would send out some signals that it could accept this approach toward the Arabs it would be of considerable assistance to this proposal.

Secretary Kissinger: I saw the Israeli Ambassador last night. I told him that if the Soviet Union were to cut off all assistance to Egypt, we could not afford to let Egypt fail. He said Israel understood what we were doing. I did not ask him to do anything positive, but I will talk to him today about making some positive signals, and will do the same in my talks with US-Jewish leaders later this week. All the money proposed for Egypt is basically for the Suez Canal zone. Israel withdrew from the Canal on the assumption that there would be massive civilian reconstruction of the area, considering that this would be an inducement to peace.

The President: Henry, why don't you discuss the breakdown of the Israeli emergency package?

Secretary Kissinger: A couple of days ago the President determined that, of the \$2.2 billion appropriated for Israel, \$1 billion would be in grant aid and \$1.2 billion in credit, with a review of the additional \$500 million at some time after further Middle East negotiations. Our problem has been to make this determination at a time when we would not pay too great a cost in the Arab world. This break-out is strongly supported by Israel.

Congressman Rhodes: Do we have any understanding about the use of a reopened Suez Canal, by all countries and by war ships?

Secretary Kissinger: Use of the Canal is regulated by the Treaty of Constantinople of 1888. Egypt will carefully regulate the speed at which the Canal is cleared and it will not be done with undue urgency. Egypt cannot, however, prevent the passage of war ships. We do not think that the reopening of the Canal will change the strategic situation.



We have had task forces in the Indian Ocean for months now with this potential development in mind. Speaking confidentially, Egypt will allow Israeli cargoes through the Canal, but not, at least for the time, Israeli Flag ships. Israel is satisfied with this arrangement. Most Israeli Flag ships, in any event, would head either for Eilat or Haifa and would not be going through the Canal. The greater the extent of the rehabilitation of the Suez Canal the more stake which Egypt has in maintaining a peace. You will recall that previously reconstruction of the Canal area has been prohibited. Israel is strongly in favor of the rehabilitation of the Canal area for these reasons.

Senator Brooke: What do you mean to use the contingency fund for? For Syria?

Secretary Kissinger: The Syrian situation is more complex than that of Egypt and Asad is not a leader like Sadat. I might point out, however, that the Russian ability to make enemies among the Arabs seems phenomenal. It is not impossible that Asad may try to make, in a more cautious manner, some move such as Sadat has made. In that case, we may need something for Syria.

Congressman Zablocki: What happens to the other \$700 million?

Secretary Kissinger: That also goes for military re-equipment of Israeli forces.

The Vice President: Doesn't that mean that if we have not achieved disengagement the cost for supporting Israel would be even higher?

Secretary Kissinger: That is true. This \$2.2 billion is for the last war. What we are doing now is seeking disengagement in order that we can, in a position of some calm, consider a permanent peace.

The President: Why don't you now say a few words about Southeast Asia?

Secretary Kissinger: This is a painful subject, but we must all remember that we accomplished what we set out to do -- that is, to prevent the imposition of a communist government in Vietnam. We are faced now with the threat posed by massive infiltration and heavy



assistance by the Soviet Union, PRC, and Eastern Europe. Without that outside assistance to the North, the difficulties of the GVN would largely disappear. Our plan is to put large amounts into South Vietnam now in order that we might be able to induce self-sustaining growth and therefore be able to reduce our assistance in the out years. We could cut back somewhat now, but it would be at the expense of inducing the growth which would enable us to cut back in later years. The Senate Foreign Relations Committee has asked us to submit longer-term projections for aid requirements for South Vietnam. This we will be very happy to do. As I have said, we foresee a downturn if we are able to provide sufficient funds now.

Considering the 50,000 dead, the enormous numbers of wounded that we have already suffered, not to spend a few hundred million dollars to get the GVN going seems to us to be a big mistake. We have cut Ambassador Martin's recommendations substantially. In large measure the increase we are requesting is due to increases in the prices for fertilizer and fuel, neither of which is the GVN's fault.

On development assistance as a whole, we have attempted to respond to the Congressional mandate, to emphasize food, health and education.



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PARTICIPANTS

Executive

The President
The Vice President
The Secretary of State
The Administrator of AID

Senate (8)

Mike Mansfield
Robert Griffin
George Aiken
John Stennis
Strom Thurmond
Daniel Inouye, Appropriations Subcommittee
Edward Brooke, Appropriations Subcommittee
John Sparkman, Acting Chairman of Foreign Relations

House (14)

Carl Albert
Thoms O'Neill
John Rhodes
John McFall
Les Arends
~~Thomas Morgan (must leave early)~~
Peter Frelinghuysen
William Bray
George Mahon
Al Cederberg
Otto Passman, Appropriations Subcommittee
Garner Shriver, Appropriations Subcommittee
Clem Zablocki (at Morgan's request)
Bill Broomfield (at Morgan's request)



Staff

Anne Armstrong
Dean Burch
Roy Ash
Alexander Haig
Peter Flanigan
Ron Ziegler
Brent Scowcroft
Linwood Holton
William E. Timmons
Tom Korologos
Max Friedersdorf

Regrets

Sen. Hugh Scott
Sen. Robert Byrd
Sen. William Fulbright
Sen. John McClellan
Sen. Milton Young
Rep. Edward Hebert



Leadership Intg
24 April '74

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unanimity - For. Aid. A lot of people will have to
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K ~~the~~ Prog has drafted ~~as~~ ^{sup} ~~well~~ ^{well} ~~as~~ ^{as} ~~the~~ ^{the} ~~ME~~ ^{ME} ~~prog.~~ ^{prog.} ~~including~~ ^{including} ~~w/~~ ^{w/} ~~respect~~ ^{respect} ~~to~~ ^{to} ~~genl~~ ^{genl} ~~debt~~ ^{debt} ~~cost~~ ^{cost}, they have been carefully reviewed w/ respect to ~~function~~ ^{function} ~~entirely~~ ^{entirely} ~~&~~ [&] ~~power~~ ^{power} ~~countries~~ ^{countries}. Having just come from LA conf, I would say this prog has great pol sig. Not just do good. Comes at time of attempts at producer enttl, consumer-prod enttl, etc. We can stand this better than most, but it is dangerous for world. We want to defuse a confrontation. We have done even Algeria ~~passes~~ ^{passes} into cap w/ us. One basic point is not of 50, + 60, that reversing thing standards in ~~all~~ ^{all} ~~countries~~ ^{countries} would bring stability, but to build cap which would prevent the confrontation.

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K 250 for E plus 100 for outfitting.

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Thus in line for E are extremely modest market, & can't expand and might well more - this is our first judgment now.

Other things are for judgment. As long as Jordan represents Palestine & has ways on that point there is hope for stability & prog.

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START K

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P Projections must recognize world is changing &
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Index

K 75

Moham We had a break in House over MAF mission
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Schweizer-
Berg

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If there is another war, who will pay - we will.
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to be source of E's war - Today M.E. is Balkans
of world.

K. has done masterful job in dealing w/
these people. For 1st time in 1000 yrs, there
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we can have peace & build strong peaceful
& stable countries.

