

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

~~CONFIDENTIAL~~

MEMORANDUM OF CONVERSATION:

PARTICIPANTS: President Ford
 Bipartisan Congressional Leadership
 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

DATE & TIME: Thursday - September 12, 1974
 8:30 a.m.

PLACE: Cabinet Room

SUBJECT: Foreign Aid

President: I appreciate your coming and the cooperation you have given me. I was thinking last night of the many meetings I have been to, going back to LBJ, in this room on this problem. I want to talk on this problem for a minute and then Henry will talk. I meet with Henry every morning for over an hour. We face a number of difficult problems over the world. Whether it is Southeast Asia, the Middle East, or another part of the Mediterranean -- Greece and Turkey, where Henry is in daily contact with Greece and Turkey -- or the relationship with the Soviet Union where we are laying the groundwork for SALT and trade, or with Western Europe where we're trying to bring close cooperation, we are faced with problems and tough decisions. I wanted to get the Leadership together to lay out the problems with you.

That gets to legislation -- we must have what we need. On the defense appropriation, I appreciate what you have been able to do. In aid assistance there is a problem. We must assure that what we are trying to do in Vietnam is not destroyed through lack of funding or that our hands are not tied in using those funds. There are amendments which would limit me in emergencies. We need flexibility and an adequate amount of money.

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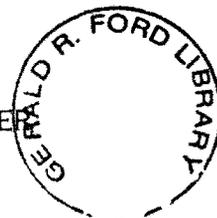
E.O. 12958, Sec. 3.5

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

By let, NARA, Date 1/21/00

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



There is a prospect of increased military activity in Vietnam, and also in the Mideast. We went through a crisis in Cyprus. We hope there won't be anything else, but we must be prepared in case there is. Now let me turn it over to Henry and then I hope for a frank discussion.

Kissinger: I strongly support the President's statement about the opportunities we face in foreign policy. There is new leadership in Europe, and with our new situation, it has created a new atmosphere. The Soviet Union has gone out of its way to create a good atmosphere. In SALT we are facing the best prospects we have faced in some time. In the Mideast we are facing a difficult negotiation. It is difficult to phase them to show progress and prevent a blowup. We are pursuing a low profile with Greece and Turkey because passions run so high; we want to nudge them to negotiate so we will not be blamed for a collapse. We are making progress though. This is by way of background:

In Southeast Asia, there is the problem of money and restrictions. If we bug out of Vietnam, it would affect our whole foreign policy and the reliance that countries can place on us. If the amounts are too small, it matters little whether it is barely too little or much too little. In MAP, you know the requests and the appropriation.

President: I was discussing this a day or so ago. A soldier on patrol normally carries 8 grenades. Now they carry two. What does that do to the soldier's morale. Their morale inevitably sags and that at the least unsettles the situation in South Vietnam.

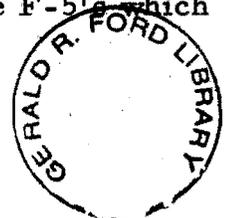
Kissinger: It is a vicious cycle. The psychology is as important as the military situation. Until June they felt good. Then their ammunition was reduced and their morale sagged. Then they gave up some outposts and their morale dropped more.

We think North Vietnam is on the brink of deciding whether or not to go the military route. To the extent we cut back, we encourage military action.

It is not a matter of economizing -- we don't have enough. We have done what we can. Unused equipment disintegrates rapidly.

We realize the funds are agreed.

Mahon: There is one area, though. There is \$77 million for the F-5's which can be used.



Kissinger: We agree, but we will still have to come in for a supplemental. It's not enough.

On the economic side, the funds are totally inadequate. We gave a 5-year program and we said the worst way is to give just too little because you can never get a process of growth. \$600 million is the minimum to stabilize the situation. At the levels now the situation will be seriously jeopardized. Food and fuel costs have risen tremendously. This has to do with political stability. In June we were impressed with Ambassador Martin's report of progress. Now the impact of these cutbacks is turning the situation around. The situation is a disaster.

Stennis: The actual facts as I understand. The money until now has come out of Defense without a method to let it be traced. This year there are requirements for proper accounting. I suggested a personal Presidential representative to watch the spending. I think we should try it and we should give \$800-900 million. With tightening up it should be enough. They were firing like we did. They have reduced that. I think we should try this.

President: Do you recommend a military man?

Stennis: He must have military knowledge.

Aiken: One reason for the cut is they still have a million men under arms.

President: I would assume they have kept the levels up because there has been no reduction in the opposition.

Kissinger: On the contrary, North Vietnamese forces have tripled since the Agreement. North Vietnam has built a whole system of roads so that equipment can come in in a day or so. They [the ARVN] were doing OK until these cuts.

We maybe shouldn't have trained them in our tactics, but we have and it is now their own and it would be disastrous to change.

McClellan: How much more do you need?

Kissinger: \$200 million in military and \$150 in economic.

Mahon: We can provide Kissinger with this money right now. We have to try to hold the line now and try in the new session for more.



McClellan: So how much more are you going to ask for?

Hays: I have never seen the Vietnam aid debate more acrimonious. This is an election year. Fertilizer is a sore point here -- you can't get it here. To talk two months before elections about more aid and more fertilizer is dreaming. Try to hold the line and come back after the elections. I think these are the facts.

President: I understand, but we are trying to lay things out frankly.

Hays: We could have done it earlier, but to reopen it now is really impossible.

Cederberg: I think we will not get a bill before the elections and will be working on a CR. The problem is the CR is low and doesn't include the Middle East.

Kissinger: That's right. The bill has been cut so badly that in many ways we would be better off with a CR, except it would cripple us in the Middle East.

Hebert: We defeated attempts in the House to cut to \$900 million. The Senate was lower but we gave \$1 billion. It was Appropriations which did the \$700 million. We will give you a supplemental; it is on the floor that the trouble will come.

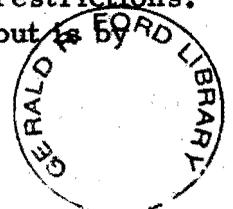
President: The Middle East is tough right now. We are negotiating with Rabin now. They are asking for substantial funds. Look at it in global terms: How can we be having a disaster in Southeast Asia while we are trying to negotiate in the Middle East?

Hays: I filibustered a cut-off of aid to Turkey. You can get Israeli aid, but Greece and Turkey is another problem. I am afraid the Committee may put the Turk prohibition in. You better work on that one.

President: A cut-off to Greece and Turkey would have dire consequences. Negotiations are moving in the direction which we think will be satisfactory.

Sparkman: My committee reported out a bill which had inadequacies. To be frank, though, I think we will have a fight on the floor trying to sustain what is in it.

Kissinger: In addition to the funds, we are concerned about the restrictions. In Greece and Turkey, the only way the situation can be worked out is by



American influence on the Turks. We have been husbanding that to use in the negotiations to get what is necessary. If we cut beforehand, we get nothing for it, and the Greeks get nothing for it. Turkey can't move except in the context of negotiations.

Hays: You should tell this to the House Foreign Affairs Committee.

Mahon: It is evident to me that there won't be a foreign aid appropriation bill by recess. We will need a new CR. If we could get a standard CR without gimmicks -- without Mideast funds -- we could avoid the restrictions for awhile.

Cederburg: But I think the CR would be amended to include the restrictions.

Speaker: A CR is modified by any authorization bill passed.

Kissinger: Our problems are not Israel, but Egypt and Syria.

Hays: But you have to tie them together to get anything for Egypt and Syria.

President: There are some very delicate problems which rely on use of contingency funds. It's almost gone. We will account for it after, but can't do it now.

Sparkman: I think we should take no action on Greek-Turkish aid until Kissinger finishes negotiations.

President: I agree. The situation in Greece is touchy. The government could go sharply right or left.

Kissinger: I say this privately -- Karamanlis has a tough problem. He has to maneuver to isolate the Papandreou group and to make anti-American statements to preempt the left.

Mahon: It is the consensus that we have a CR until November.

Speaker: I am not sure you should have a bill before January or February. How about the Senate?

Byrd: We had intended to take a bill up next week but could probably defer it until after recess. But we should make a CR until February.



Kissinger: We will pay a price in the Mideast, but maybe the President could use PL 480 to tide us over. I think the CR route is better. We will see what we can piece together.

Albert: If we pass a CR until February and then pass an authorization, does that change the CR?

Cederberg: But the CR could be subject to amendment.

Hays: Get a rule.....

President: Meanwhile, Henry and I will meet with the Foreign Affairs and Foreign Relations Groups next week. We will lay on the talk.

Albert: This will be one of our toughest jobs. There is a philosophical antipathy to aid.

Cederberg: Has anyone talked to the Greek leaders?

Kissinger: Yes. They aren't as well organized as the Israelis. The ones we talked to have left supportive and they understand our strategy is the only one. Only our influence on the Turks is the only way to help the Greeks.

Cederberg: The leader of AHEPA just sent me a letter asking for the Turkey aid cut-off.

Byrd: I think Kissinger should come up to talk to the Republican and Democratic caucuses.

Scott: Can you make it next Tuesday?

Kissinger: I will try.



Leadership Meeting Foreign Aid 12 Sept 74

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P Appreciate your energy & cooperation you have given me. I was thinking last night of a very early going back to LBJ as in this case on this part. Went to talk on this part for a minute & then K. I went w/ K every evening for an hour. We face a number of diff prob's over a world. Whether it SEA, M.E., or another part of world - G & T - where K in daily contact w/ G & T, or relationship w/ SU before laying groundwork for SA & T. We are trying to bring close esp, we faced w/ prob's & tough decisions. I wanted to get leadership together to lay out a path w/ focus. That gets to logic - we must have what we need. Def of prog - I appreciate what you have been able to do. In oil world there is a prob. We must assess that what we trying to do in UK is not destroyed through lack of funding or that our hands not tied in using those funds. There are elements which would hurt me in emergency. We need flexibility & an adequate amt of money. There is prospect of increased aid in UK, also in M.E. Went thru crisis in Cyprus. We hope won't be anything else - but we must be prepared in case there is. Ann K & then hope for frank discussion.

K Strongly support P statement about opportunities in F.P. Our leadership in E & W - our role set - created new structure. SU has gone out of way to create good atmosphere - in SEA we facing best prospects. In M.E. we facing diff negot. Diff to phase them to show prog & prevent blowback. We pursuing low profile w/ G & T cause pressures much higher we want to engage them to negot so we not to blame for collapse. We are making prog tho. This by



way of his grand-

In S.E.A, part of money & infrastructure -
If we buy out of VN it would affect over whole
FP & other countries can place on us.

If counts are too small, it matters little whether
it is barely too little or much too little.

Q In MAP, report — with — of prog —
(Consequences from buying)

P I was discussing this a few days ago. A soldier
on patrol normally carries 8 grenades. Now they
carry 2. What does that do to a soldier morale?
They march inevitably says and that at least
boastles a bit in S.V.N

K It's a vicious cycle. The pay is as important
as a unit set. Tell them they felt so good. Then
change was cut & morale sagged. Then they gave
up some outposts & morale dropped more.

We think N.V.N are brim of deciding whether a
unit to go with. To extent we cut back we
encourage mil action.

It's not a matter of economizing — we don't have
enough. We do what we can — ^{unaid} ~~unaided~~ ~~eyes~~
disintegrated rapidly.

We realize fund are equal

Unaided There is one area. There is 77 million for
F-5's which can be used.

K We agree, but we will have to come in for
supplemental — not enough.

On one side funds are totally inadequate — we
found 5 yr prog. & we find a correct way is
to give just too little unless you can never
get a process of growth. 600 is minimum to
stabilize. At a level now (described ~~of~~
effects) ~~that~~



Ford's final vote time with transparency. This has to do w/ political stability. If you will, were impressed w/ Martin report of prog. Under a majority of these setbacks is turning structure around. The set is a disaster

Stevens: Detailed parts as I understand. Many till now have come out of DOD w/o method to let it be traced. This year there are requirements for paper accounting. I suggested a personal P req to write a spending. I think we should try it & we should give 800-900 + w/ tightening up it should be enough. They were firing like we did. They have reduced that. I think we should try this

P: Do you want a real man?

Stevens: Must have real experience knowledge

Question: One reason for not is they still have 1 unit under arms.

P: I would assume they have better look by course ~~was~~ no reduction in opposition

K: On contrary, NVN forces have tripled since agreement. NVN has built whole system of roads so equip can come in in days etc. They were doing ok until these cuts.

We maybe shouldn't have trained them in our tactics, but we have & it is ~~not~~ now their arm & disastrous to change.

Uncle Sam: How much do you need

K: 200 in mid + 150 in e con

Question: We can't provide K w/ this money right now. We have to try to hold line now & try in new session for more.

McCallister: So how much more you going to ask for Hays. Never seen VN air debate more acrimonious. This is an election year. Futility is a sure point here - you can't get it here. To talk 2 was hope election



about more aid - + fertilizer - is decreasing. Try to hold line + come back after election. I think that are facts.

P I understand, but we trying to lay things out frankly

Hays We would have done it earlier, but to expect now is really impossible

C. Donkey ~~Richard~~ I think we will not get a bill type election + will be working on C.R. Park is C.R. here + doesn't include MIE, ~~G-T~~, etc.

R That's right. The bill has been out so long that in many ways we be better off w/ C.R., except it would supply us in MIE

Hobart We deferred attempts in House A cut A 900 mil. Senate was lower but we gave 1 bil. It was approx which did a 700 mil. We will give you a supplement, it is an area that a health will come

P The MIE is tough right now, we negotiating w/ Robin now. They ~~are~~ asking for sustained funds. Look at it in global terms. How can we be having disaster in S.E.A while not trying to get MIE.

Hays I fabricated a cutoff of aid to Turkey. You can get I aid, but G-T is another part. I afraid create some part a Turk prohibition in. Your letter work on that one

P A cutoff to G-T would have dire consequences - height are moving in direction which we think will be satis.

Sparkman My vote reported out a bill which had weaknesses. To be frank, tho, I think we will have a fight on floor trying to sustain what is in it.

K In addition to funds, we concerned about restrictions. In G-T, the only way a sit can be worked out



is by US influence on Turks. We have hushhanded that to not in negot to get what is necessary. If we cut beforehand, we get nothing for it, & we get nothing for it. I can't work except in context of negot.

Hayes You should tell Tavis to H F & C.

Michon Exhibit to me that there want to F & C approp bill by recess. We will need a new CR. If we could get a standard CR w/o gimmicks - w/o ME funds - we could avoid a fight & a restriction for a while

Calabony But I think a CR would be amended to include the restrictions

Speaker CR is unobjectionable by any other bill passed.

Rothman Our probs are not I, but E, & Syria

Hayes But you have to tie them together to get anything for E & S

P There are some very delicate probs which why are we of extrajury funds - it almost goes. We will account for it after, but can't do it now

Speaker I think we should take no action on G & hold until K finishes negot

P I agree. Sit on G is tough. Govt could go ~~out~~ sharply register byt.

K Personally. Karamanlis has tough prob. He has to maneuver to isolate a Payam. group & make anti-US statements to preempt a left.

Michon It is consensus that we have a CR until now.

Speaker I not sure you should have a bill before James Fish How about a Senate

Byrd We had intended to take a bill up next week but could not defer til after recess. But we should make a CR til Feb.

H We will pay a price in ME, but maybe P could use Ph & FO to take no action. I think CR route better. We see what we can piece together

Albent If we pass CR till Feb & then pass over, does that



Change CR

Cedarsburg But CR could be subject to amendment

Hays Get a rule - - - -

P Meanwhile, K & I meet w/ @ FA + FR group next week. We will lay out tasks

Allent This will be one of our toughest jobs. There is a philosophical controversy here

Cedarsburg Has anyone talked to a Crank leader.

K Yes. They aren't as well organized as C.F. The ones we talked to have left sympathetic & understood our strategy is only one. Only our influence on Tanks is only way to go help C Tanks.

Cedarsburg Leader of Ahepa just ~~sent~~ sent me a letter asking T and cutoff.

Byrd I think K should come up to talk to Ray + Don Evans.

Sust Can you make it except Tues?

K I try.

P Discribed

