

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

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MEMORANDUM OF CONVERSATION

PARTICIPANTS: President Ford's Meeting with the Cabinet

DATE AND TIME: Friday - February 21, 1975
11:00 a.m. - 12:30 p.m.

PLACE: The Cabinet Room
The White House

[The President opened the meeting with a discussion of the Savings Bond Program, the organization of the White House, and the Domestic Council. The Vice President described the organization and operation of the Domestic Council.]

President: I want to discuss the import tariff vote, and emphasize how important it is. Every day that goes by makes us more vulnerable to outside pressure. We have seen no other plan offered. By the time they [the Democrats] get together, it probably won't have much substance. We will talk about compromise, but only if there is some real substance.

Let me turn to the Middle East. Henry has just come back from there. Henry?

Kissinger: It is important to understand what we are trying to do in the Middle East. We hear a lot of criticisms. Most of them are two-fold: Why not do it with the Soviet Union? And why not go back to Geneva?

Let me stress that we would be happy to work with the Soviet Union, but the only position they have ever offered is support of the radical Arab line -- the '67 borders, return of Jerusalem and rights of the Palestinians. If we were ready to do that, we could do it directly without the Soviet Union. Whenever the Soviet Union is willing to make a moderate proposition or put some pressure on their clients, we will be delighted to work with them. Until then, this is just a debating option.

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Secondly, we are happy to go to Geneva, but it depends under what conditions we go to Geneva. If we go there after a failure of step-by-step diplomacy, we can't even urge a moderate program -- since it will have been shown we couldn't deliver. The Soviet radical program will be supported by everyone there. If we go to Geneva after a success, every Arab state will know that only we have delivered. Then we have a chance to get either a moderate program or hold the Soviet Union up as the obstructionist. With a failure, we would face massive pressures from the Europeans and the Japanese to come up with something to avoid the economic problems and another oil embargo.

This is strategically what is at issue. Tactically, the issue is whether we can get one more step before Geneva. If we could move simultaneously in the Sinai and Golan, we could really settle things down. But the Israeli domestic situation won't permit that now -- it would require that some of their settlements be moved.

The problem now is to match specific territorial moves by Israel with some intangible political moves by the Egyptians. The Israeli Government has an extraordinarily difficult domestic situation. They have a very thin majority and a massive leaking problem. The problem is, can they do what is necessary, and can they present it in such a way as to present it acceptably to their people? That is a problem.

Sadat is a statesman who understands the need for peace.

Butz: He has implicit confidence in Kissinger.

Kissinger: The problem is that Sadat can do more than he can say. The problem is working out some de facto arrangements with Egypt and Israel. The tragedy is that the less he says, the more he can do -- and Israel needs to demonstrate to its people that they got something.

Then there is the Syrian complication. They have one way or another been behind every war that has occurred there. They are more of a problem now that they are more moderate than when they were so radical that they wouldn't even talk. There is almost no way we can move with them simultaneously. They are already lining up support to prevent Sadat from moving. Syria has a real problem -- they lost 10,000 men in the war and have nothing to show for it -- but we must keep Syria quiescent if we are to succeed.



Then the Soviet Union has only one play. Gromyko keeps saying go back to Geneva, but he has no idea what to do there. Geneva is partly a matter of prestige for them, but they don't understand the Syrians and they enshrine the extreme Syrian initial proposals as serious negotiating positions. The Arabs right now think that one way or another we are going to help. If we strike out, they will move massively to the Soviet Union and we will have a huge problem with them, the Soviet Union, the Europeans and the Japanese.

We have a 50% chance. But we also have to help the Saudis in line.

It is obvious that the President's talks in Vladivostok were a very positive development. We hear this not only from the Soviet Union, but from what they have told the Europeans. But there is a slight cooling -- everything is maybe 5% harder. Also they think we have added conditions, for in the 1972 economic discussions, none of these problems were brought up that were later added on. Secondly, they are moving massively to the Europeans. The Europeans have given about \$7.5 billion in credits to them now. The economic impact is obvious, but there is also a political cost. While detente was warm, we held the Europeans at bay. They were scared. Now the danger is they will go running to the Soviet Union and we have lost control.

We should do something about reversing the trade decision.

Our relations with the Europeans are better than they have ever been, except that they greatly fear a Middle East crisis. I get the impression that in energy, the bargaining perception is beginning to swing from the producers to the consumers. Our cooperation in energy is going well.

President: Thank you, Henry. Our energy policy has foreign policy ramifications that are equal to the domestic ones. We have now a strong position at home and abroad and we have to stand together to achieve our program and confirm that perception. We have to insist on a guaranteed price and alternative sources.

Morton: How can we ease the burden of the Trade Act?

Kissinger: We should urge Congressional movement, but without any specific proposals right now. One solution may be to try to separate the Export-Import from the Trade Bill.



Lynn: We now will run into Hill opposition that if we have money to loan, we should loan it here. It is shortsighted, but it's a fact. It is an illustrative problem and your argument will have to be supported with facts and figures.

President: We should point out that the Europeans have loaned \$7.5 billion to them already.



Kissinger
Draft

Cabinet Mtg

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25 minutes
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on *

P Savings Bonds Program.

Origins of US St

Domestic Council

VP (Describes origins & opn of Domestic Council)

P (Discussed M tariff vote)

Every day makes us more vulnerable to outside pressure.

We have seen no other plan. By the time they get

together, it prob won't have much substance.

We will talk compromise, but only if there is some real substance.

K Impulsively involved what we trying to do in ME.
In most countries are 2-fold: Why not do it w/ SU, &
why not go back to Geneva.

We would be happy to work w/ SU but they support
< socialist Czech line. If we ready to do that, we
could do it directly. Whether SU willing to accept
moderate position or pressure their clients, we
be delighted. Then then this is just a debating option.

We happy to go to Geneva, but depends on what
we believe. If we go w/ a partner, we can't bring up
or moderate prop - since we couldn't defend it &

for socialist prop will be supported. If we go w/ a
partner, we all will know that only we have
changed. We can get either moderate prop or hold
SU as obstructivist. w/ partner, we could face

massive pressure from So E now & try to force us
w/ something to avoid a massive power change.

This is strategically what we at issue.

Tactically, a question is whether we can get
more steps before Geneva. If we can't meet
sooner or later in Sino + Golm we could very
settle things down. But I don't think it won't

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permit that now - would require settlements to be moved.

First move is to match specific territorial moves w/
intangible moves by c/E.

~~Egypt~~ Israel has understanding of domestic sit -
their their majority & massive linking post.

Post is currently does what necessary & present it
in such a way to present it acceptably to this place.
That is a post.

Sadat is a statesman who works towards welfare place.

Points He has significant reservations in K.

R Sadat needs more than he can say. Post is
working out some de facto arrangements w/ E & I.

Toughly is a loss he says a nice record & I will
is to demonstrate they got something. →

Then there is a Syrian negotiation. They have
1 every a another breakdown in each case.

They are more of a post now that they are more
involved than when they so called they wouldn't
even talk. Almost as long we can move w/ them
limits. They are already bring up suggest to prevent
Sadat from moving. Syria has a real post (less in
area) but we must keep Syria present if we are
to succeed.

Tan Scl has only 1 play. George keeps saying go back
to Cameron, but he has no idea what to do there.

George is partly prestige for them, but they don't
understand Syria's & Israels extreme Syria-initiated
~~negotiations~~, present as friend-enemy positions.

The Arabs right now think we are another one
one going to help. If we strike out, they will move
massively to S & we will have a huge part w/

Then, S.J., Ennos, + J.

If we have 50% chance, but we have to help Santos in his.

It shows - Vlad talk was a very positive disrupt. Not only from S.J. but they have told Times. But there is a slight ending - everything is maybe 5% harder. Also they ~~just~~ think we have added constraints - ~~now~~ in 2nd even discussions, more of c plots are brought up. 2nd, they are moving massively to Ennos. There about 2.5 bil credits to them now. Econ impact obvious, but there also pol cost. While Letwin was away, we held Ennos at bay. Now change is they will go ~~right~~ - SV + we have lost control.

We should do something about our running track decision.

Our relations w/ Ennos are better than they have ever been, except they growth from NE issues. I get impression that in energy, a changing perception is beginning to swing from producers to consumers. Coop in energy is going well.

P Thinks, Our energy policy has F P implications equal to domestic. We have more strong position at home & abroad + we must stand together to which are pro + confirm that perception. We had to invest on guaranteed fossil + alt sources.

Murton Non-com will usage ease c burden of it trade off.

R We should single Clegg movement but w/o any specific agenda right now. One side may start trying to separate UK from track w/ it.

Hugh We now will run into R&M opposition think if we have

worry & down, we should ban it here. It shortsighted, but a fact. It is an environmental problem & your argument will have to be supported w/ facts & figures.

P We should protest Enron home bound 7, 5