

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

~~CONFIDENTIAL~~/XGDS

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.

~~CONFIDENTIAL~~/XGDS

DECLASSIFIED
E.O. 12958, SEC. 3.1
NSC MEMO, 11/10/08, STATE DEPT. GUIDELINES, Sec. Review 3/11/04
BY , NARA, DATE 5/13/04



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.

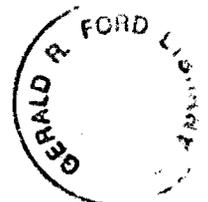
We should do something about reversing the trade decision.

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.



Russia Train
short

Cabinet Mtg
21 Feb 75

25 min from
E, S, I
Cabinet all *
or *

P Savings Bonds Program
Origins of US St
Domestic Council

VP (Describes origins & ops of Domestic Council)

P (Discusses 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 Important to understand what we're trying to do in ME.
Most criticisms are 2-fold: Why not do it w/ S U, &
Why not go back to Geneva.

We would be happy to work w/ S U but they support
a radical Arab line. If we're ready to do that, we
could do it directly, whereas S U willing to accept
moderate participation or pressure their clients, we
be delighted. Try then this is just a debating option.
We're happy to go to Geneva, but depends under what
conditions. If we go w/ a package, we can't even say
or moderate prog - since we couldn't deliver - &
for radical prog will be supported. If we go w/ a
package, all will be better. That's only we have
delivered. We can get either moderate prog or hold
S U as a obstructionist. w/ package, we would face
massive pressures from S E next + Japan to come up
w/ something to avoid economic prob + embargo.
This is strategically what is at stake.
Technically, a pr issue is whether we can get
more step before Geneva. If we can't make
something in Simon + Golson we could really
settle this down. But I domestic sit won't



percent that now - would reprise settlements to be
moved.

That now is to match specific territorial moves w/
intangible moves by E.

~~The~~ I least has experienced by domestic set -
their this majority & massive leading part.

Perk is can they do what necessary & present it
in such a way to present it acceptably to their people.
That is a perk.

Sadat is a statesman who understands a well placed.

Results

He has emphasized cooperation in K.

R Sadat can do more than he can say. Perk is
working out some de facto arrangements w/ E & I.
Tragedy is - also he says a move he can do & I will
is to demonstrate they get something. >

Then there is - Syrian cooperation. They have
1 way or another been behind each war.

They are more of a perk now that they are more
convinced than when they so convinced they wouldn't
even talk. Almost no way we can move w/ them
simult. They are already trying to suggest to permit
Sadat from moving. Syria has a real perk (loss in
area) but we must keep Syria present if we are
to succeed.

The SC has only 1 play. Gromyko keeps saying go back
to Geneva, but he has no idea what to do there.

Geneva is partly pretexts for them, but they don't
understand Syrians & Lebanese extreme Syrian-initiated
~~negotiations~~, proposals as serious-negotiations.

The Arabs might now think 1 way or another we
are going to help. If we strike out, they will move
massively to US & we will have a large part of



them, SD, Ems, + J.

Wx have a 50% chance, but we have to help
+ Santos in this.

It obvious + I had talk with a very positive dialog.
Not only from SD but they have told Ems. But
there is a slight cooling - every thing is very soft
handle. Also they ~~think~~ think we have added
conditions - ~~in~~ in a 22 day discussion, some of
+ plots were brought up. 2nd, they are moving
necessity to Ems. There about 7.5 bil credits
to them now. Ems impact obvious, but there
also pol cost. While detente + economic, we hold
Ems at bay. Now a change is they will go
moving to - S.V. + we have lost control.

We should do something about our remaining trade
decision.

Our relations w/ Ems are better than they have
ever been, except they greatly fear M.E. results.
I get impression that in energy, a changing
perception is beginning to swing from producers
to consumers. Coxy in energy is going well.

P Thanks. Our energy policy has F.P. similarities
equal to + domestic ones. We have more strong
position at home + abroad + we have to stand
together to which are prog + certain that
perception + we have to insist on guaranteed
price + alt sources.

Walter How can we wage case + bunch of trade off.

R We should urge any movement that w/o any
specific proposals right now. One idea may be to try
to separate X-11 from trade bill.

Lynn We now will run into a lot of questions that if we have

money to loan, we should loan it here. It
shortsighted, but a fact. It is an education
problem & your argument will have to be supported
w/ facts & figures.

P We should point out Essex have borrowed 7, 5

