

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

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MEMORANDUM OF CONVERSATION
President's Meeting with Norwegian Prime Minister

PARTICIPANTS: Trygve Bratteli, Prime Minister of Norway
Knut Frydenlund, Minister of Foreign Affairs
Kjeld Vibe, Foreign Ministry Director General
of Political Affairs

The President
Henry A. Kissinger, Secretary of State
A. Denis Clift, Senior Staff Member, National
Security Council *ADL*

DATE AND TIME: May 30, 1975
4:56 - 5:35 p.m.

PLACE: Ambassador Firestone's Residence
Brussels, Belgium

President: It is a pleasure to have this opportunity, Mr. Prime Minister, to chat bilaterally instead of being in the atmosphere of the NATO gathering. It is encouraging to me that our relations are on such a firm and productive basis. We feel our bilateral relations are excellent and that we have no major or minor problems.

Bratteli: I want to thank you for this opportunity to meet during this visit. I think that it is best that we use the 30 minutes to exchange information on some subjects. Perhaps I should start by mentioning that Norway is preparing to celebrate our more permanent contacts with the United States -- the 150th anniversary of Norwegian emigration to the United States.

President: Is that right?

Bratteli: Yes in 1825, a small ship, 42 tons with 50 passengers, the first emigrants took three months to get to the United States. From 1860 - 1930, one third of the Norwegian population, 800,000 emigrated to the United States.

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CLASSIFIED BY: HENRY A. KISSINGER

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President: I didn't realize that the emigration from Norway was of that magnitude.

Bratteli: I mention this because it is the basis of our relations and the contacts between our peoples. Millions of letters move back and forth across the Atlantic. Most Norwegians have relatives in the United States -- half of my family.

President: Where?

Bratteli: In Brooklyn and Staten Island. Thus, Mr. President, besides political contacts we have personal and family contacts.

Kissinger: I had good communications with Norway until my marriage -- Liv Ullman, a good friend.

Frydenlund: When we negotiated the international energy agreement, Liv was much our best asset.

Kissinger: Yes, that's right, we were gentle with you.

Bratteli: I had applied for a visa to the United States in 1928, but I was stopped. The yearly quota was reduced to a few hundred. When I finally got a visa in 1931, you had a crisis. I decided to stay here and work.

Frydenlund: He might have become the U.S. Secretary of State.

President: Or President ... no, he couldn't have done that.

Bratteli: Well, Mr. President, East-West issues are linked to our two days of NATO meetings -- these problems of detente and of central force reductions.

We are not in the center of Europe; we are on the north of Europe. But we are in the middle of one of the biggest military concentrations. We do not think this presently is a problem between Norway and the Soviet Union. We don't feel threatened nationally, but we are well aware of the danger if there should be a European or East-West conflict. We don't want this forgotten in the arms reduction talks.

President: MBFR will, under no circumstances, involve unilateral withdrawal. In MBFR, Phase I, our proposal involves the United States and the Soviet Union, but with a second phase.



The talks have gotten no where. We are, as you know, having consultations. However, anything we foresee will not be harmful to the overall strength of the Alliance. We are cognizant of the flank problem. Whatever comes about will not be a tipping of the balance.

Kissinger: Mr. Prime Minister, what precisely did you have in mind?

Bratteli: The military danger. There are military facts, and our military, of course, is better prepared to discuss this than I am. The fact is that during this period of prolonged discussion on MBFR in Central Europe, it is obvious that there is a strengthening of the USSR's northern base. Even if we don't feel threatened today, certainly, if there are more favorable developments including reduction of military forces, we would be happy if there was a reduction of the Soviet base.

President: Is this the Soviet Army?

Kissinger: It's a tremendous complex.

Frydenlund: Submarines.

Bratteli: The other thing -- and, if I am wrong, the Foreign Minister will correct me -- for sometime bilateral contact between the Soviet Union and Norway has rather eased. In the last 3-5 years, from the USSR side, they have worked to ease the situation. Thus, we have no special feeling of a bilateral problem. What I have said is of a general nature.

President: Has the Soviet military presence in the North expanded significantly in recent years?

Frydenlund: In quality more than in quantity. We also face important negotiations with the Soviet Union on the northern continental shelf. The Russians say they have security interests.

Bratteli: Mr. President, we would be interested, if it is possible for you to give us some information on the present situation in the Middle East.

President: Surely. You are very familiar with the tremendous effort that Henry made, and the success -- which was most important -- following the Yom Kippur War. We resumed these efforts in the spring of this year with optimism and with high expectations. We hoped there would be new agreement between Israel and Egypt. Unfortunately, this didn't materialize.

We were disappointed, and as a consequence we have undertaken a comprehensive review of our policy. We are hopeful of a permanent settlement. We cannot afford stagnation or stalemate; we risk the peril of war.

We have been evaluating the situation both within and without our government. We will discuss it at length with President Sadat on Sunday and Monday. On June 11 and 12, Prime Minister Rabin will come to Washington. Then we'll take a decision on one of three alternatives:

1) We could resume the suspended negotiations, but we're not too optimistic about this possibility.

2) We could pursue a broad, comprehensive approach, seeking a solution involving the entire area. This most likely would involve Geneva, not a certainty but most likely.

3) The third alternative would be negotiations on a broad policy and an interim basis. If we're tilting, I'd say we're tilting toward a comprehensive agreement. But, I'll have to talk to Sadat and Rabin before making a final determination.

Would you offer any suggestions?

Bratteli: I'll ask the Foreign Minister to address that.

Frydenlund: It's a psychological problem as we see it. President Sadat is anxious in Salzburg to get to know what kind of guarantee you are prepared to give on Israeli borders -- the 67 borders, the present borders? He told me he is very interested to learn.

Kissinger: You were just there?

Frydenlund: Yes, four or five days ago. I was in Israel for one week. My impression is that Israel has a problem psychologically.

Kissinger: What is your impression?

Frydenlund: They feel cornered. The more they feel isolated the more they will insist on the current borders. As Sadat says, Israel is just as confused today as Egypt was in 1967. I think that between Sadat and Rabin there may be a possibility. Allon is in the trenches.

President: Did you talk to Peres?



Frydenlund: No.

Kissinger: The account the Israelis give of the last negotiations is totally untrue.

Bratteli: One of the difficulties for me is to get the Israelis to give me a more precise, better formulated statement of their views. I think they talk more openly to you. With me they find it difficult to discuss, and they talk in general language.

President: I think Henry knows every square inch of the Sinai.

Kissinger: As well as the Golan Heights!

Frydenlund: I told the Israelis that the present leadership of Egypt is their best chance.

Kissinger: You said this to the Israelis?

Frydenlund: Yes.

Bratteli: There is another problem. I have spent most of my political life in economics. While I am very interested in the problems discussed in NATO yesterday and today, I would like to give some attention to the economic questions.

For some reason, Norway has come through the last two-to-three years extremely easily. We have had low unemployment and economic growth.

President: Not bad inflation?

Bratteli: Just under 10 per cent and we estimate 11 per cent this year. We are not disturbed now, but we know that if the international economy, especially the European economy -- that if this depression should last a long time eventually it will be worse and will hit our country. I don't think it is necessary to argue that you are one of the keys to change. I would be interested to hear your estimation of growth in the United States.

President: To summarize the situation quickly we were hit badly by a tremendous jump in the rate of inflation in 1974. In October, November and December 1974 it went from 11 to 17 per cent. At that time it was agreed that we needed to do something about inflation. We tailored our policies to



meet that problem. None of the economists then -- Helmut Schmidt said so this morning -- none predicted the precipitous drop in economic growth.

We are now seeing some encouraging results -- a drop to 6.2 per cent in the rate of inflation, the experts say it will be down to five per cent by the end of the year.

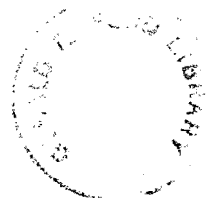
In unemployment, for the first time in five months there has been a slight increase in employment -- the unemployment percentage hasn't changed, but there has been an increase in jobs. Yesterday, after we left Washington, the Department of Commerce came out with its economic indicators -- some 12 indicators -- and they are most significant, a 4.2 plus in the economic indicators following less than one per cent the previous month. It's very encouraging. We expect the Federal Reserve Board, our central bank, to expand available money from 5 to 7 1/2 per cent. But it is not leading to inflation, that would mean a disaster in 18 months.

Industry is up, new housing is up -- not much, but encouraging. One problem, auto production, hasn't responded. The American auto buyer is holding off. Prices have gone up \$3-4 hundred last year, and the cost of gas has gone up. If we can get a resumption of auto purchases, the economy will be on the move. We are witnessing a development of Americans saving rather than spending. The inflow of money into our savings and loan institutions is the greatest since records have been kept. The money is there. We need consumer confidence.

In conclusion, with a return of consumer confidence, we'll see a rising trend. Overall, we've bottomed out and the 3rd and 4th quarters this year will show an improvement.

Bratteli: Thank you very much, Mr. President.

President: Thank you. Let me show you to your car.



MEMORANDUM

NATIONAL SECURITY COUNCIL


3851X

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ACTION

June 4, 1975

MEMORANDUM FOR GENERAL SCOWCROFT


FROM: Mr. Clift 

SUBJECT: President's Meeting with Norwegian Prime Minister
-- Memorandum of Conversation

The memorandum of conversation at Tab A covers the President's meeting with Norwegian Prime Minister Bratteli on May 30, 1975 in Brussels, Belgium.

RECOMMENDATION

That you approve the memcon at Tab A for forwarding to the President's files.

APPROVE  DISAPPROVE _____

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BY lck, NARA DATE 5/17/04



