MEMORANDUM OF CONVERSATION

PARTICIPANTS:
President Ford
Dr. Henry A. Kissinger, Secretary of State and Assistant to the President for National Security Affairs
Dr. James T. Lynn, Director, OMB
Donald G. Ogilvie, Associate Director for National Security & International Affairs, OMB
Lt. Gen. Brent Scowcroft, Deputy Assistant to the President for National Security Affairs

DATE AND TIME:
Tuesday, October 28, 1975

PLACE:
The Oval Office
The White House

The President: The Hill is in favor of a high aid budget -- so they can cut it and complain about our helping the world and not the U.S.

We have a real problem when I tell Defense and the others that they have to cut and aid isn't being cut.

Lynn: If you don't leave out Indochina, Henry's figures don't look bad, but they have pocketed that.

A rough cut at a budget increase of the Kissinger figures are an outlay of $2.1 billion in '76 and $2.7 in '77. OMB would go $1.8 to $2.0. The increase percentage would be higher than almost any other area.

Kissinger: And the biggest area for saving is the Middle East. And in that it is the Israeli item of MAP forgiveness. That is not really a foreign policy issue, but you will face massive problems domestically.

Lynn: I am immensely sympathetic with Henry's position, but you should know how it would look.

Deeper cuts would have to be made elsewhere. Henry A. Kissinger
The President: Did we promise the Israelis?

Kissinger: No. But you know what they are assuming -- the same as in '73. It isn't a foreign policy decision.

The President: I am willing to take the heat by going to 50-50. Everyone else has had to take a cut and the Israelis should also.

Kissinger: We should not reduce the Egyptian portion. That would really have foreign policy consequences.

The President: I agree. I am afraid that Congress may cut it, but we shouldn't.

[There is a discussion of programs country by country. Korea was confirmed, and Indonesia; Philippines went up to $5 million foreign military sales (FMS); Malaysia to $15 million.]

Lynn: Yemen is a problem. This is a new MAP recipient, in the face of Congressional demands to release and eliminate MAP.

Kissinger: It is a small program. The Saudis are doing most of it and they want an earnest of our support. [No decision was made. On Ethiopia, it was decided to give II.7; the same as last year.]

The President: On Greece and Turkey: Here is where the hair gets short.

[They discussed the options]

Kissinger: Let me check what we have told the Greeks. If it isn't locked in concrete, I am prepared to cut the MAP and increase FMS. Maybe 75 MAP and 130 in FMS covers in Greece.

The President: The transition quarter.

Kissinger: I will go along with OMB.

[There was further discussion of Yemen.]
P. The Still is in favor of high oil budget.

We have a deal with them. I tell them, they have to wait until next year.

1. Japanese don't want direct aid, although Japanese don't have much, but they have placed high.

A very high or budget variance of 65 percent on the $2.1 bill in 76 + 77. OMB
now up 11.8 to 2.1. This increase was due to higher than expected oil revenues.

K. And the budget allows for saving in 76. And

I'm in that the IIB item of MAX propositions. That is totally a CE issue that you will
face in 1980, quite dramatically.

I. If you can remain in your position, but you should know how it would look.

People who would have to be made elsewhere.

P. Did we promise to?

K. No, but you knew you would have some savings in 76.

P. I am writing to Congress a short story going to 50-50.

Everyone who has had to take a cut. I should also.

K. Those who should have some Flex.

P. We are a small and on F position. That would carry some F. I consequence.

K. I promise, I have a copy now, but me.

SHOULD
\* Yemen - Would we agree to 2.5 or 3 in terms of \* \*> 1.5 MPR.

Program (Discplacement Concern & Contingency)
Program Korea Conferral, Indonesia,
Phil want 7.5 and CRI, Indonesia to \* 1.5 mil.

1) Yemen is a good step. This is a more MPR

2) Bring in some Con. demands & unclear

3) Decision is 1.7 - some as last year.

P Greece / Tunisia: This is where a bunch of that

(Deferred options)

K: Let me check what we have told Greeks. If
if we don't lock in concrete 8, proposed to
but MPR + + + new FM $ + larger at 75
75 + +80 FM $ + in FM $ + 63/18

Greece.

P Tunisian government

K would go along w/ ODI.

(Yemen direction)