

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

~~SECRET~~/NODIS/XGDS

MEMORANDUM OF CONVERSATION

PARTICIPANTS: President Nixon
Ambassador James Hodgson, U.S. Ambassador
Brent Scowcroft, Deputy Assistant to the
President for National Security Affairs

DATE AND TIME: Tuesday, July 9, 1974
12:00 - 12:25 p.m.

PLACE: The Oval Office

[The press comes in for photos.]

The President: When do you leave?

Hodgson: Thursday. I spend a couple of days at CINCPAC with Gayler and arrive Tokyo on the 15 th.

[The press leaves.]

Hodgson: My greatest acquaintance is the Labor Minister, with whom I have lost contact.

The President: It's one of the greatest posts in the world. The energy crisis has hit them hard. It is amazing that they are the world's second economic power without any energy resources.

Scowcroft: They have two things: unity, and people who work.

The President: Tanaka lost a bit but nothing disastrous.

Scowcroft: State says they may make personnel changes but no policy changes.

The President: They have never been comfortable with him.

Ikeda is our best friend.

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NSC MEMO, 11/24/98, STATE DEPT. GUIDELINES, STATE REV. 05/3/9/04
BY IA NARA DATE 3/6/04



Scowcroft: I thought so.

The President: As a matter of fact, if the Liberals change, he could still be in. You must keep contact with all of them.

You should assure the Japanese on the defense arrangements and in the economic area. We consider them partners equal to Europe. When I talk with the Europeans, I always insist the Japanese be included. The Europeans complain the Japanese have no defense expenses. The Japanese are hard bargainers -- they usually get back two for one. We want the Japanese to pick up some of the economic load we have been carrying.

It's a different world -- they are hard to read even though they maybe not appear so. On the other hand, they talk rather freely.

You will be asked about my visit. It has been under active consideration for some time but there's nothing specific yet. I would hope some time this year -- perhaps in November. Just say we are planning for this year -- then if we have to slip we could at least announce it this year.

When the Emperor and his wife can come, just say they are welcome. They planned to come once and had to postpone. I hope it will be soon.

Pay attention to the old guard -- Kishi and Sato. Pay courtesy calls on them. Anyone you see I probably will have met. The problems generally should be right down your alley. They will undoubtedly get a labor push -- they sure have controlled it. Their vertical structure -- keeping everyone employed -- is amazing.

Hodgson: On energy, can I say we hope to work with them?

The President: Absolutely. If we go into business for ourselves we will all be pushed against the wall. We must consult, cooperate, and try to get prices down to a reasonable level.

In terms of our own hopes for self-sufficiency, we will share our results with them. We are sympathetic to their moves with the Soviet energy projects.

Hodgson: We have to be careful there about the Chinese attitude.

The President: My, yes.

Hodgson: Like the pipeline is so emotional. Later it may be offensive.

Another thing -- are we serious about the NPT?

The President: Go through the motions. This is our position, but you have seen the country. You know our position.

On trade -- we are trying to get the Trade Bill through. There is Jewish opposition.

Hodgson: Our traveling Senators!

The President: The problem is our economy is so strong. Unemployment is steady but inflation is so strong. How do you feel?

Hodgson: I am not discouraged. I thought the first half would be tough. It is amazing how employment has held up.

The President: The major concern now is the financial markets, interest rates and inflation. The country needs to cut \$5-10 billion from the budget but what impact will that have in a trillion-dollar economy?

Hodgson: Businessmen bitch when it's good and when it's bad.

The President: I wouldn't trade our problems for anyone's else's -- Britain, France, for example.

I am sure you will like it. Hurley built the residence. It's splendid, marvelous for entertaining. Probably one of the best in the world.

Hodgson: We will ramble around in it.

The President: Don't go overboard on entertaining. Stay within your budget. You are not expected to lose money.

Hodgson: When you come, bring Pat.

Pres/ Hodgson ✓

9 July 1200-1235

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P When born

H There. Spend couple of days at CINC PAC w/ Gayler + ~~the~~ ^{on} ~~arrived~~

(Pres)

My greatest acquaintance is with Kim Hoan of whom I have long contact

P One of greatest jobs in a world. The money crisis has hit hard. Amazing that they still ^{work} w/ a money machine.

S They have 2 things unity + people who work

P Tencker lost a bit but nothing dramatic

S State may or may make procedural changes but no policy changes

P They have never been confidants w/ him. Ikeda is our last friend.

S I thought so

P as matter of fact, if he had change, he could still be. You must keep contact w/ act.

Assume Japs are doing arrangements + have idea. Constitution = factored w/ E. us. What talk w/ E. us, I always want Japs to resemble E. us explain Japs have no by Japan. Japanese have business - usually get back 2 p. 1. We want Japs to pick up some of our load we been carrying. It's different world - they hard to read even tho maybe not appear so. On other hand, they talk

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rather fresh.

You will be asked about my visit. Has been under active consideration for some time - but nothing specific yet. Would hope some time this year - perhaps in Nov just - my explaining this year - then if we have to slip could at least announce this year.

When E. and wife, arriving first try they are welcome. Planned to come over & had to postpone. Hope it will be soon.

Pay attention to old general - Kishi & SATO. Pay attention to cars. Any as you see I probably will have with.

Probs. gently should be right down your alley. They will undoubtedly get a labor pack - they are home controlled it. Their central structure - keeping someone employed.

On money - can I say we hope to work w/ them.

Absolutely. If we go into business for ourselves we will all be pushed against each other. Must consult, cooperate, try to get prices reasonable.

In terms of our hopes for my - ref. we will share our results w/ them. We sympathetic to their needs w/ Sov.

energy projects

H How to be careful there about Chinese
attitude

P My eyes.

H Like pipeline no embargo, better way
of access.

Another - ~~and~~ we discuss about NPT

P Go there - motions. This one particular,
but you seem country. You know
on the position

Trade - we trying to get trade bill there.
French position.

H Don't really matter

P But is our economy so so strong. Although
steady but inflation so strong. How you
feel

H I don't be convinced - I thought it is helpful
to tough. It concerning how employment
has held up

I May consider event is financial markets.
Interest rates inflation. The country to
cut 5-10 bil from budget, but what impact
in trillion \$ economy.

H Beavis - but when its good & when
bad.

P I wouldn't take our jobs for anyone else -
Be - France, for example.

I am sure you will like it. Have
built resistance. Spent billions, in millions

for entertaining. One of his in world

A He will walk around in it.

P Don't go overboard on entertaining. Stay
within your budget. Don't forget to
be money

When you find being P&E.

