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MEMORANDUM

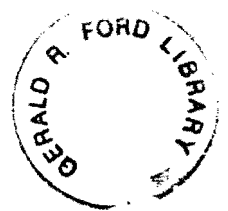
THE WHITE HOUSE

~~SECRET~~/SENSITIVE

WASHINGTON

MEMORANDUM OF CONVERSATION

Subject: CABINET MEETING
Wednesday - June 4, 1975
2:00 - 3:15 p. m.



Place: The Cabinet Room
The White House

President: I want to thank you all for the warm welcome. It makes me feel good. I feel even better since we just sustained the jobs bill veto 273-143. My argument was that winning this would set the tone for the future. If the Committees think they can just add money, they will do it; if they think the membership and the White House will hang tough, they won't do it.

I note you all were out pitching while I was away. Mo Udall couldn't stand up to Zarb and Morton. Cap gave them something to think about -- this will give the Congress something they'll be sorry about. The procedure is wrong constitutionally and I hope they choke on it. The procedure is wrong.

To get to the real business -- my trip: We left with hopes and with an objective. We could not see what the answers would be, but there were no real disappointments and some real benefits. Henry said if he had to do it again he would not structure it differently. I don't think we ought to gloat about it -- there are still many problems. But we made our points at NATO. We got the Alliance to recognize that Spain must sooner or later be part of Europe. Our bilateral arrangement with Spain contributes to the defense of Europe and they know it.

I had an interesting hour with the Prime Minister of Portugal. We were firm -- maybe blunt -- in saying we didn't like the treatment of the forces of democracy and we were concerned about developments there. Following the welcome words I asked him to describe the political system -- it was one for the books. Some governments can look at Portugal with one attitude, yet look at Spain with a different one.

There were many other points, but the overall feeling was excellent.

~~SECRET~~/SENSITIVE

CLASSIFIED BY HENRY A. KISSINGER
EXEMPT FROM GENERAL DECLASSIFICATION
SCHEDULE OF EXECUTIVE ORDER 11652
EXEMPTION CATEGORY 5 (b) 3
AUTOMATICALLY DECLASSIFIED ON Imp. to Det.

DECLASSIFIED
E.O. 12958, SEC. 3.5
NSC MEMO, 1/18/00, STATE DEPT. GUIDELINES, State Div. as 3/9/04
BY MLA, NARA, DATE 5/13/04

We then went to Spain and concentrated on the military situation. It is a difficult political situation at this time. We were welcomed by all the elements in Spain.

From there we went to Salzburg. We had two good days there. The atmosphere with Sadat was excellent. In our reassessment we want as many points of view as possible. I told Sadat that and I will tell Rabin that. When we finish, we will be in a better position to make our decisions.

We have basically three options. To continue with the step-by-step; to go for a comprehensive settlement -- that raises the problems of the borders, the boycott and all the elements of peace. But if we don't make progress in these talks, it is hard to argue we shouldn't go the comprehensive route. I am not saying we will, but it must be considered, and many -- Congressmen included -- now say it is the only way. Or we could go comprehensive with an interim step under that umbrella. We will welcome Rabin here, to get the benefit of his knowledge and views as we have the others.

In Rome we discussed the critical political-military situation in the Mediterranean: Portugal, Spain, Italy and Greece and Turkey. They are serious problems for anyone who is realistic. I think Italy, which still has serious problems, has made much more headway than anyone would have thought possible. I met with President Leone, Prime Minister Moro, and their top staffs, and then concluded with an inspirational meeting with the Pope. I heard his health was serious but he gave no indication his health wasn't good. He spoke, shook hands firmly, and discussed a wide range of things. I was very impressed.

The hours were long and we were well fed -- but I only gained a pound. Henry, do you want to add anything?

Kissinger: Let me make a couple of points that are not easy for the President to make. When we proposed a summit, many of our allies agreed only because we asked; they were not enthusiastic at all. Then it happened during Vietnam, when many thought we would come up with some razzle dazzle. We thought of coming up with a spectacular, but decided that was a bad idea.

It came out better than we thought possible. We discussed four agenda issues: problems of Western defense, East-West relations, economic and energy issues, and other problems of the Alliance. We showed we



were back in business, and not loaded down with Vietnam. It was proposed by Trudeau to have annual meetings like this -- and this idea would have passed except for the French. There was a consensus of going in the direction of our OECD and IEA initiatives. There was total agreement on East-West issues.

The President had extensive talks with the heads of Government of Greece and Turkey. On Saturday they issued a communique which showed an amazing degree of agreement and conciliation. The biggest problem is our aid cutoff. A framework was created at Brussels. The problem is who will put forward the first proposition. Another problem is the domestic situation in both countries.

In retrospect I think the summit will appear as a psychological breakthrough. On Portugal, the press is writing that we like a right-wing dictator but not a left-wing dictator. Goncalves said the only representative of the people was the Armed Forces Movement -- though they have been in Africa for 20 years. He said the parties only represent portions of the people. It's an anomaly for Portugal to be in NATO. Why Goncalves would want to remain in NATO is a good question -- for the Communists, or because his domestic situation is not ready to leave. This could be a bad signal for Spain, for Italy, etc. In Spain we are hoping to avoid a Portuguese situation.

The President has said everything that is possible to say on the Middle East, except that if we can generate the same spirit in Israel that was present in Egypt, we are in good shape. Especially with the Arabs, personal relationships are vital and here the results were superb. A mood has been created which we will hope to pursue with Rabin.

Morton: How much did you get into energy?

President: The Italians were very interested in nuclear energy. They are in a tough position -- they have no oil and they desperately need alternative sources.

Kissinger: Many of them asked about enrichment orders.

President: They want the order book open. If we don't right away, they will be going to other sources. Nuclear fuel is an excellent lever for our long-term foreign policy. They were pleased with the moves I made on oil before I left. Subjectively they were pleased with our progress but they didn't comment much.



Schmidt didn't think we were making enough progress economically. I showed him some statistical data which was very helpful.

Wilson is mainly concerned about the EC referendum. The polls show over 60 percent are in favor of staying in the Community.

Buchen: Was there any mention of Congressional attitudes toward NATO?

President: Fortunately we had some good votes on the Defense bill which helped. Also we noted the Mansfield statement that he wouldn't submit his amendment.

Kissinger: They said we shouldn't take the cheese case as a precedent. They would be tough on the others.

Butz: We gave as much to Europe as we could without violating the law.

President: They give us a different picture.

Dent: Is Europe optimistic or pessimistic about things now?

President: They are having their problems of recession, unemployment, inflation. They are aware of the political potential of unemployment. Italy has an election coming up.

Simon: They want an export-led recovery. They think if our economy would take off, it would bring them along. It won't really; their exports to us aren't that big. Their intra-Europe trade is bigger.

President: I had a good meeting with Giscard. He couldn't for domestic reasons come to NATO, but he wanted to make the gesture, so he came to dinner.

[There was a discussion of strip mining. Then the President asked all the members of the Cabinet for a brief progress report on their activities.]



Cabinet Mtg
4 June 75

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P Thanks for warm welcome. Probe on fuel goal. Even better - we ^{just sustained} 273-143 jobs had into. My argument was that winning this would set a tone for future. If countries think they can add money, they will. If they think a ~~loss~~ membership or NATO will hang tough, they won't do it.

Don't get out ahead of pitching which does away. Most could not stand up to fact + matter. Gave them something to think about - this will give me something they'll be saying about. The procedure is very emotionally + I hope they check on it. The procedure is wrong.

To get the real business. We left w/ hopes + some rejection. We could not see what answers would be - but there were no real ~~for~~ disappointments + some real benefits. K said if he had to do it again he would not structure it this way. I don't think we ought to gloat about it - still many pros. We made our points at NATO. got ~~admission~~ to say that Spain must sooner or later be part of ECU. Our booklet w/ Spain contribute to the ~~of~~ ECU + they know it. Had interesting hour w/ PM Portugal. We were firm - people about - in saying and didn't let the treatment of forces of demand + were concerned about delays + following a welcome camp. Asked him to describe job system - it is one for both. Some govt can look at that w/ our attitude, yet look at Spain w/ a different one. There were many other points, but overall feeling was equal.

We then went to Sp. + concentrated on what we had.

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E.O. 12958, SEC. 3.5

NSC MEMO, 11/24/08, STATE DEPT. GUIDELINES, statelev.ew3/9/04

BY lba NARA DATE 5/18/04



It is a big job set at this time. We were welcomed by all elements.

From there to Sol, had 2 good days there. Atmos w/ Saint pulled. In an assessment we want as many points of view as possible. At total Sabat & visited Rome that. When we finish we'll in

^{later} position to make our decision. We have 5 options: continue w/ etc; comprehensive settlement - that raises parts of border, long cut, plan. But if we don't make prog in these talks, had to argue short but go surge - massive with. Not saying we will, but must be considered & many. Very involved - near say it only way; comprehensive of interim steps under that umbrella. We will welcome Kelvin for his knowledge as we have others.

In Rome we discussed initial pol - mil set in Iraq - Portugal, Spain, Italy - G-T. Serious job for any one who is substantive. I think Italy - still has serious job - have made more headway than any could have that possible. But w/ Rome, more, & then try steps & then understand/ important work w/ Pope. I heard health was serious but he gave me initiative in settlement good. He spoke & show books fairly, discussed with range of things - I was very impressed.

Things were long & we were well fed - ~~at~~ but don't paid a pound.

K Let me make a couple of points not easy for you to make. We have no proposed commitment

Jan also agreed daily because we had -
not enthusiastic. Then it happened during 8/11
when many that we would come by w/ a large
use that of coming by w/ a ^{preparation} but decided
that was ~~not~~ ^{impossible}. It came out better than
that possible. We observed 4 agenda items

USA should we were back in business, not break
down w/ U.K. It was proposed ^{by French} to have annual meeting -
would have passed except for E. Concerns of going
in direction of an OEC or ICA initiative. Total
agreement on E-W issues. Pled & tentative talks
w/ G-T. On Sat they raised concerns which
showed amazing agreement - evolution. Biggest
part is aid cutoff. Framework at budgets with
part is who will put forward ^{the} proposition. Another
part is done. sit in both. In retrospect I
think a summit will appear as psycho breakthrough.
On Port, plus everything we like right away direct.
not left wing. Concerns - not only w/ people
was AFN (the in Africa for 20 yrs). Parties don't
only w/ partners of people. Annex for Nat in
NATO. Why Gaudes want to regard goals - for
Crestor because his done. it not really. This could
be bad regard for Spain, Italy, etc. In Spain we
hoping to avoid a last sit.

P has said every thing possible on ME, except if one
can generate some spirit in E. There was
present in E, we in good shape. E up in Chok,

personal relationships are vital & have a useful value
support. A model has been created which we will
hope to present at Rubin

Question How much get into ~~the~~ energy

P Statisticians very interested in our energy. In Europe
particular - they have model & especially relationships

K Many asked about investment costs

P They want a credible book of price. If we don't right away
they will begin to question some. There still is
a very different level for our long term program price.
They were pleased w/ my oil words before I left.
Slightly later they were pleased as far as price but they didn't
comment much.

Schmitt didn't think we were making any progress
even. I showed him some statistics. Later which
was very helpful.

Wilson mainly concerned about E.C. election.

Banks' show was 60% in power.

Beckham C of mention of Cong attitude toward NATO.

P Fortunately we had some good votes on DOD bill which
helped. also noted honorable statement. we did say
how ^{Butz} Sec Ag. was saying from

K They said we shouldn't take any a class case as
a precedent. They would be tough on others

Butz was going on much to E was as we could w/o violating
a law

P They give us a big picture.

Dart G E was optimistic or pessimistic.

P They having their jobs of recession, unemployment,

277
145

1422
140

~~1422~~

inflation. They are aware of the potential of unemployment.
Italy has inflation coming up.

Simon says about an X spot ^{and currency} ~~edges~~ ~~in~~ ~~the~~ ~~area~~. They think if
our currency would take off, it would happen.
Went really, then X aren't that big - bigger intra-
Euro.

P Had good meeting w/ Crawford. He would like for domestic
visitors come to Nats, but he wanted to make a
gesture

(Stop my discussion)

(asked ~~some~~ ^{all members} people for brief paper reports on their
activities)