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MEMORANDUM

THE WHITE HOUSE

WASHINGTON

SEGRET/NODIS/XGDS

DECLASSIFIED E.O. 12958, Sec. 3.5 NSC Memo, 11/24/98, State Dept. Guidelines(Subser) By <u>ISBH</u>, NARA, Date <u>G129199</u>

MEMORANDUM OF CONVERSATION

PARTICIPANTS: President Ford Ambassador Gaja, Ambassador of Italy Lt. General Brent Scowcroft, Deputy Assistant to the President for National Security Affairs

DATE AND TIME: Monday, July 14, 1975 4:30 p.m.

PLACE: The Oval Office The White House

President: We have wonderful pictures of that day in Rome.

[The press is admitted for photographs.]

It was a perfect day and we have some beautiful helicopter pictures. Also of the grounds, the ceremony, the luncheon.

<u>Gaja</u>: We hope we will have the honor of welcoming you there again sometime when you can stay longer.

[The press goes out.]

<u>President:</u> Mrs. Ford and I have been there two times before -- the last time was in 1956.

Please give President Leone and Prime Minister Moro my best. We had a very fine day there and we greatly appreciate their hospitality.

<u>Gaja</u>: Our elections were a surprise. What was completely new was the advance of the Communist Party.

<u>President:</u> Yes. Your loss was expected -- it was the Communist advance that was unexpected.

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<u>Gaja</u>: Yes. We lost only 2-3%. But all the other closses went to the Communists, especially from the Socialist Democrats and the Liberals. They got some from the extreme left also. This is the first time the 18-year-olds could vote and that may have made the difference.

<u>President:</u> We wish you the best. The last thing we want is Communist influence in your government.

It is not comparable, but we are very worried by the situation in Portugal. Soares and the PPD are now out and the situation is now very troublesome.

<u>Gaja</u>: Our loyalties both to NATO and to the European Community are beyond doubt. For the time being there is no danger of Communists in the government. There will be local governments controlled by the Communists and that will also be troublesome. With the Socialists we can still have a majority so there is no need for the Communists. The Socialists' position is delicate but we will have a majority with them.

President: When is the next election?

Gaja: Two years, and we won't want one earlier.

President: You have done very well with your economy.

<u>Gaja</u>: Yes, we have. The price of oil has made it very difficult, but we hope 1976 will be a good year.

<u>President</u>: Things are bottoming out for us. We see things going steadily upward in 1976, if we can avoid recreating the situation which brought about the current situation. One problem is OPEC, but we hope there will be no big price increase, and I hope the IEA can work toward reducing its dependence on OPEC.



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