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 By J NARA Date 7/10/88 LITE HOUSE

1974-4-24, WASHINGTON, Sadat, Nixon, Meeting About

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MEMORANDUM OF CONVERSATION

PARTICIPANTS:

President Nixon  
 Vice President Ford  
 Dr. Henry A. Kissinger, Secretary of State  
 and Assistant to the President for  
 National Security Affairs  
 Major General Brent Scowcroft, Deputy Assistant  
 to the President for National Security Affairs  
 Congressional Leadership

DATE AND TIME:

Wednesday, April 24, 1974

PLACE:

The Cabinet Room

The President: We have a subject which does not command unanimity -- foreign aid. A lot of people will support it because the interests of the nation require it, despite the views of most of their constituents. We need to go over it all, but there are two areas where peacekeeping is especially important -- one is Vietnam. I will only say we believe it is a good investment in keeping the peace in the area. It's better to take this step rather than one which will drift into another conflict.

The other area is the Middle East. The controversial area is Israel. Also Egypt and an increase to Jordan. I support both. Aid for Israel is important if it is to survive, and we had to support it against the Soviet-supported attack. For Egypt, some Israeli supporters oppose it, saying we should support only Israel. But it is far better that we support Egypt than that others do. I know no constituency in the U.S. for Israel's neighbors, and there's a big one for Israel because of Jewish contributors to this country. But this aid is of great importance to Israel. The idea that Israel can defend itself with only American arms was proved false in October. Israel can't survive against Soviet opposition.

Brent Scowcroft

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We are at a watershed period in foreign policy, in a period when often we are tied exclusively to Israel. We are now developing a relationship of friendship with the whole area. It's not to get the Soviet Union out -- that is self-defeating -- but to have us in. Not with a big giveaway, but to play a peacekeeping role. Others may have designs on the Middle East. The Arabs who are turning to us know they have nothing to fear from us. This is a great price for their independence and peace in the area.

It's the same for Southeast Asia -- whether we will have the strength and vision to play the role that only we can play in bringing an at best uneasy peace in the area.

Speaker Albert: We should assess this situation and examine your recommendations. I will do everything I can in a period of divisiveness to show that we stand united behind this important foreign policy program.

Secretary Kissinger: The program has development assistance, a significant program for the Middle East, and Indochina. With respect to general development assistance, they have been carefully reviewed with respect to functional categories and the poorer countries. Having just come from a Latin American conference, I would say this program has great political significance. It's not just do good. It comes at time of attempts at producer control and consumer-producer confrontation. We can stand this better than most, but it is dangerous for the world. We want to defuse the confrontation. We have drawn even the Algerians into cooperation with us.

Our basic point is not that of the 50's and 60's, that raising living standards in undeveloped countries would bring stability, but in order to build cooperation which would prevent bloc confrontation.

So when you study our proposals, you should know that our basic philosophy is to induce cooperation, and to prevent confrontation or pressure on our allies.

We will be available to your committees.

First, Middle East progress. We are introducing one of significant diplomatic revolutions of the postwar world. Before we

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did it we assumed that most Middle East countries were Soviet satellites. We assumed that we spoke for Israel and the Soviet Union spoke for the Arabs whenever we had a summit. It was the President's firmness at the summit which showed the Arabs that the Soviet Union couldn't deliver anything but arms.

The structure needed in the Middle East is an Israel strong enough that it can't be defeated by the Arabs and an American diplomacy not so one-sided that the Arabs won't talk to us. That is why both are important in the progress we have achieved.

The President: Our Israeli aid is ten times that of the Arabs.

Secretary Kissinger: We're asking \$250 million for Egypt plus \$100 million for a contingency fund.

You who have been in the Middle East know that Egypt has made an enormous turn in its foreign policy -- from war to peace. Sadat is the first leader to commit his country to peace on terms other than the extermination of Israel. The disengagement couldn't have happened without Sadat's wisdom and his willingness to look to the long range. He has also broken the Soviet link, which made Egypt the focal point for Soviet aid and Soviet propaganda. Cairo Radio used to be the spearhead. Egypt is now making a positive effort to introduce the U.S. in the Middle East. A lifting of the embargo is not possible without Egypt's help. Egypt needs help partly because of the need for reconstruction and partly because Sadat has to demonstrate to his people that the new policy has benefits and that he has ties to the United States.

The items in line for Egypt are extremely modest, and we can't exclude that we might need more. But this is our best judgment now.

Other items are for Jordan. As long as Jordan represents the Palestinians and leads the negotiation on that front, there is hope for stability and progress.

We also support the traditional amounts for Israel. We can make progress with Israel only to the extent they don't feel their security is jeopardized. The usual amounts are in, plus a breakout of the \$2.2 billion.

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Senator Brooke: If Israel would send signals that it would accept this approach, it would help this proposal.

Secretary Kissinger: I saw Dinitz last night. I told him if the Soviet Union cut off Egypt, we couldn't let Egypt down. He said "I understand what you are doing." I will ask him today about sending a signal.

Senator Brooke: It would be a practical move.

Secretary Kissinger: I will make the point, and also with the American Jewish leaders. All the money is for the Suez Canal Zone. Israel's withdrawal from the Canal was on the assumption of a massive reconstruction effort as an inducement for peace.

The President: Why don't you discuss a breakdown of the emergency package.

Secretary Kissinger: The President determined that one billion would be grant and 1.2 billion credit with an increase of \$500 million after a continuation of the negotiation. Our problem was to make a determination at the time that wouldn't pay too great a cost in the Arab world. It is strongly supported by Israel.

Congressman Rhodes: Do we have any understanding about the use of the Suez Canal by all nations, and warships?

Secretary Kissinger: It's use is regulated by the Treaty of Constantinople of 1888. Egypt will regulate the speed of the Canal clearing. They cannot prevent the passage of warships. We don't think it will change the strategic situation. We have had task forces in the Indian Ocean for months with this in mind. Privately I can tell you that Egypt will allow Israeli cargoes, not Israeli flag ships for now. Israel is happy about this, and most Israeli ships go to Eilat and Haifa; Israel is contented with this.

Vice President Ford: Could the Congress help your negotiation?

Secretary Kissinger: Not by next week, but some sympathetic words would be helpful.

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Congressman Frelinghuysen: You referred to my trip to Egypt. President Sadat is very impressive. I asked how we could help. He said "Support Nixon."

Secretary Kissinger: The more the Canal is rehabilitated, the more stake Sadat has in peace. That is what Israel wants.

Senator Brooke: What do you mean for the contingency fund? Is that for Syria?

Secretary Kissinger: Syria's situation is more complex and Asad is not a leader like Sadat. Russia's ability to make enemies among the Arabs is phenomenal. Asad may try a cautious move like Sadat did. We then may need some for Syria.

Congressman O'Neill: When is the bill coming up?

Secretary Kissinger: Maybe today.

Congressman Zablocki: What happened to the \$750 million?

Secretary Kissinger: It went for equipment.

Vice President Ford: Doesn't that mean that without a disengagement agreement it would have cost more?

Secretary Kissinger: Yes. This \$2.2 billion is for the last war. We are seeking a disengagement agreement so we can calmly consider peace.

The President: Let's talk a bit about Southeast Asia.

Secretary Kissinger: This is a painful subject, but remember we accomplished what we set about -- to prevent imposition of Communist government. There has been massive infiltration and massive aid by the Soviet Union, China and Eastern Europe. Without that, South Vietnam's difficulties would largely disappear. Our hope is to put large amounts into South Vietnam now so as to induce self-sustaining growth. We could cut back now, but at the expense of increases in the future. The Senate Foreign Relations Committee asked us to submit a longer term projection for South Vietnam. We are happy to do so. We foresee a down turn in the future if we give enough now.

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Considering the 50 thousand American dead, the enormous total of wounded, not to spend a few hundred million to get them going seems to be a big mistake. We cut the Ambassador's recommendation substantially. In large measure the increase was due to the huge increase in the costs of fertilizer and fuel, neither of which is South Vietnam's fault.

On development assistance, we have attempted to respond to the Congressional mandate and emphasize food, health, education.

Congressman O'Neill: What is the total?

Secretary Kissinger: \$4.2 billion. For Indochina \$943 million. \$650 for Vietnam.

Senator Brooke: I think one of the problems is coming in perennially. I think a five-year projection would be helpful. I see us on our way out, so we know what we are up against.

The President: Projections must recognize the world is changing and our projection would be on the high side.

Congressman Albert: What is it for Israel?

Secretary Kissinger: \$300 million in FMS and \$50 for Supporting Assistance.

The President: That doesn't include the \$2.2. India.

Secretary Kissinger: \$75 million.

Congressman Mahon: We had a hassle in the House over MASF increased for South Vietnam from 1.1 to 1.6.

Secretary Kissinger: That is military aid which we can't really control.

The President: You must remember that what we provide South Vietnam is under conditions of a peace agreement on a replacement basis. We are continuing diplomatic initiatives with the Soviet Union to make clear that neither side profits by fueling this conflict.

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This may not immediately change our five-year projection, but gradually it may, and the more progress we can make, the less it will cost us. The better off we can make the GVN, the less incentive there is for the DRV to start it up again. We know it is unpopular, but we think it is a good investment in peace.

On the Middle East, the most unreasonable people supporting Israel are not their government, but the American Jewish community. Look at Israel; it has no natural resources, only courageous people. It's able to survive only because the United States has poured in massive aid, in amounts which dwarf what we've given to Southeast Asia. The United States has stood up, especially last October, to keep the Soviet Union out of the area. When the Soviet Union thought of sending troops . . . none of you want to use U.S. troops . . . the old-line Israeli supporters say just give us the tools and we will do the job; they don't need military troops. It worked three times, but Israel now knows the Arabs can fight and the old policy is not enough. We need to resolve the dispute. So we have to give heavy aid to Israel to give them the security to have the flexibility to make peace. From Israel's standpoint, they should not want their neighbors to be supported only by the Soviet Union.

If there is another war, who will pay? We will. That is what the \$2.2 is for. So the \$250 is an investment to prevent another war.

Don't put this in terms of kicking the Soviet Union out. That is not our policy. Only the United States can bring a peace, but it is not possible if the Soviet Union is against it. What is our policy toward the Soviet Union? This is what I have told Gromyko and what I will tell Brezhnev -- if they think we are trying to drive them out, we have problems, because their hard-liners can't take that. We don't seek hegemony, but peace for all, and all states who wish to should play a role. That is the American policy.

The Balkans used to be the source of European wars -- today the Middle East is the Balkans of the world.

Henry has done a masterful job in dealing with those people. For the first time in 1,000 years, there is a chance that if we use skill and have the Soviet Union play a role where they can be useful, that we can have peace and build strong, peaceful and stable countries in the area.

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