

State
[NA sent]

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

~~TOP SECRET~~/SENSITIVE/EXCLUSIVELY EYES ONLY

December 20, 1971

MEMORANDUM FOR THE PRESIDENT'S FILE

FROM: HENRY A. KISSINGER

SUBJECT: The President's Private Meeting with British Prime Minister Edward Heath on Monday, December 20, 1971, 1:30 - 5:00 p. m. , in the Sitting Room of Government House, Bermuda

PARTICIPANTS: The President
Prime Minister Heath
Henry A. Kissinger
Sir Burke Trend, Secretary to the Cabinet

After a brief photo opportunity in the drawing room of Government House, and a one-half hour informal luncheon in the Sitting Room, the President and the Prime Minister began a three and one-half hour private discussion.

The conversation opened on the subject of the reverse preferences granted by the UK and EC to developing countries. The President expressed the view that the political side of Europe's relationship with the U.S. must override the economic side. He then referred to Britain's impending disengagement from the Caribbean and spoke at length about Nassau's probable inability to take care of itself. The turn of events will be sharply to the left, he said, if there is chaos after the British leave. "So we must have you there." A strong British presence is desirable -- "if you can handle it."

The Prime Minister replied that Britain's concern was really the opposite. "We can stay, but we must justify it by making a contribution to the area's economic progress." The President noted that Britain's former colonies were much better off than the French ones. "Can we do the job if the British leave?" he asked. Dr. Kissinger explained the U.S. position on

~~TOP SECRET~~/SENSITIVE/EXCLUSIVELY EYES ONLY

DECLASSIFIED
E.O. 12958, as amended, S. ct 3.5
NUN 03-84 H pm
By: CIM
Date: 18 Feb 2009
Date: 23 Mar 2009
1971

reverse preferences. [We were opposed to expanding any selective preferential arrangements.] But maybe the U.S. could grant such preferences under the national security exception.

The Prime Minister asked about the situation in Cuba. "The man Castro is a radical," the President replied, "too radical even for Allende and the Peruvians. Our position is supported by Brazil, which is after all the key to the future. Chile is another case -- the left is in trouble. Castro is still bent on Hemispheric subversion." The Prime Minister asked whether there was any sign of Cuba's attempting to come to terms. None whatever, the President replied. Castro was still extremely belligerent.

The Prime Minister asked how the President found Pompidou. The President remarked that Pompidou at their recent meeting in the Azores had been more confident than previously. We had to meet Pompidou first because he was the key to the monetary situation. Pompidou spoke more about the world situation than before. "What did you think, Henry?" the President then asked. Dr. Kissinger agreed, adding that Pompidou still spoke more naturally and spontaneously about economics than about global politics.

The President pointed out that that was why we encouraged British entry into the Common Market. "Britain is the only European country with a world view. Germany is a domestic mess; Italy seldom has a government. It is in the long-term interest of Europe -- if it is to be a power center in the world capable of playing a viable role -- to have Britain in the Common Market. Your opportunity for leadership is enormous. It will be a healthier world if Europe does develop a more cohesive line towards the rest of the world. The U.S. could play a short-run game of keeping everybody divided - but this won't do anybody any good." The major objective is to achieve the long-term objective of political stability.

"As I have often said," the President continued, "we want you in Singapore because we don't want to be the only non-Asian country there." He then discussed Japan, which will soon be the third strongest country in the world.

"This confirms my experience," the Prime Minister said in reference to the President's remarks about Pompidou. "When I met with Pompidou at the end of May, I followed the advice previously given me by Brandt not to discuss abstract subjects. Instead of the future of Europe, I went straight to the issue of preferences, etc., and we settled it quickly on a business-like basis." The President remarked that "we need vision rather than technicians."

Prime Minister Heath asked whether Pompidou had raised the defense problem. "Not directly," the President replied. "I indicated bearishness towards MBFR. He shared that view. I reassured him with regard to our withdrawal; the U.S. was not going to withdraw from Europe. With respect to a European Security Conference, he took quite well our view that (1) Berlin has to be wrapped up first, and (2) we had to be concrete in the subjects being discussed. We don't want a conference in 1972. We allies should discuss the matter first. Pompidou stressed that a Conference could have a salutary effect on the countries of Eastern Europe, leavening their policies."

"Will you be under enormous pressure to yield on MBFR in Moscow?" the Prime Minister wanted to know. The President said no. They have excluded MBFR from the agenda of a Security Conference. "Why do they want a Conference then?" the Prime Minister asked. The President noted that it was a public-relations problem: "We will have to give as much rhetoric as we can without yielding anything real. The Romanians may be wrong; a Conference may strengthen Soviet domination of Eastern Europe. Maybe the Soviets want it as a way of bringing pressure on the Chinese; the Soviets are paranoid about the Chinese. It may also be related to the German problem." The Prime Minister noted that it might be a way of looking for European confirmation of Brandt's Ostpolitik. "The Soviets now accuse us of being an obstacle to detente," he added.

The President asked how this affected the Heath Government's public support. The Prime Minister replied that 80 percent of the British public supported his position. "Then what about Pompidou's argument that public opinion demands it?" the President wondered. The Prime Minister asked if the President would be in a position to agree to such a Conference in 1973. The President said we would have to look at it seriously for then.

"We'll soon reach a situation of nuclear parity," the President went on. "We are increasing our conventional forces. People say a war will always escalate. I used to think that; I'm no longer so sure. For 25 years we have said this. This is not the time to weaken it. These fellows haven't changed. They're not as subtle as the Chinese. Their degree of toleration of us is in direct proportion to their fears."

"You have had some success in SALT," the Prime Minister remarked. The President said, "They are bargaining for everything they can get. We can

get some agreement. My present guess would be that, unless the Russians decide -- for other reasons -- that they don't want an agreement, there will be one." The President went on to explain our negotiating position. "We had an enormous problem in Congress, but ABM is what made SALT successful. The difficulty is that we have no Establishment anymore. It's not just on Vietnam -- on which it's understandable -- but across the board. Our only sure support, strangely, comes from the hard-hats. Henry used to say that this couldn't happen in Britain. You must occasionally get the impression that the President is out of step with the country; the media, the so-called intellectuals, are against us. This must look rough in Britain. It's a hard fight -- but we have won them all. You can assume that my own position will be unwavering -- but the question is, can I deliver the country? It sometimes looks as if we move impetuously. But really we have moved deliberately; we have had to move seemingly impetuously in order to rally public opinion."

The President then made an eloquent statement of his personal world view: "The Establishment has a guilt complex. They can't stand the fact that I, their political opponent, am rectifying their mistakes. In addition, the Establishment has this growing obsession with domestic problems. The intellectual establishment is confused and frustrated by their own role, and by the United States' role. They have never believed that there was any real danger from the Left. They are turning inward. They have made it a problem whether we are going to continue our involvement in the world. The point of this too-long discourse is this: I know the issue; I'll see it through; we will have a world role. You'll wake up day after day wondering what's happening to us. Our initiatives are necessary to give our people hope. A political leader must constantly feed hope -- but he must constantly know what he is doing, without illusion. One reason these present visits are so helpful is because the Right has become worried about our actions' impact on our friends. Our answer is that we will not sacrifice our friends to detente. We must do it to keep our negotiating partners."

The President emphasized to Prime Minister Heath that "We feel that you should take an active role in world affairs. We must have better communications. We should reach some sort of agreement on general objectives. As for China, when you have two enemies, we want to tilt towards the weaker, not towards the stronger -- though not in a way that we can be

caught at it." Dr. Kissinger explained why it was not possible to inform allied governments any sooner before the July 15 announcement. The ROC had a better claim to advance notice than the Japanese had, but they would have leaked it. The Japanese themselves have the leakiest government in the world, so we couldn't afford to give them advance word.

The President said, "Let's look at Japan and Germany: Both have a sense of frustration and a memory of defeat. What must be done is to make sure we have a home for them. Maybe NATO is no longer relevant. Japan is today denied a nuclear capability; in terms of security, if our nuclear umbrella should become less credible, the effect on Japan would be a catastrophe. The biggest reason for our holding on in Vietnam is Japan. (An example of that is the impact the end of the bombing had on the Japanese.) We have to reassure the Asians that the Nixon Doctrine is not a way for us to get out of Asia at their expense. The August 15 thing was agony to me; I'm very glad that Connally and Barber worked things out, because it was vital also for Japan. Sato, you know, wanted to come to Hawaii."

"They are very thick-skinned," the Prime Minister noted. "We ought to tie them in." The President agreed: "We mustn't leave Japan completely isolated. We give aid stupidly; the Japanese give aid too selfishly. We shouldn't resent that if the Japanese play a constructive role ultimately; it won't necessarily be the same kind of role as ours."

After a break, the conversation resumed on the India/Pakistan problem.

The President emphasized that our actions were not motivated by spite. "As we saw it, Yahya badly bungled the situation. We faced the question, should we keep our communication with Yahya? We decided to do it." The President then enumerated all we did to elicit conciliatory steps from Yahya and to try to restrain the Indians. "The major mistake we made was to be too reassuring. We were the only restraining factor. We knew what the relative numbers were; we knew what the outcome of a war would be. Why not let it move? I felt that if it was true that her goal was to force Pakistan to surrender in the West, there would be serious repercussions on the world scene. It could be a lesson for other parts of the world if India's success would be sobering."

"The Soviets may believe that they can do anything because of the summit," the President continued. "Churchill saw the danger. With respect to the Soviets, we'll play an arm's-length game. We won't recognize Bangla Desh. The President showed Prime Minister Heath a copy of his reply to Mme. Gandhi's letter. "We won't engage in volleys of rhetoric with either the Indians or the Soviets," he stated. The Prime Minister described British policy. "We feel we must persuade Pakistan to recognize that it has lost the East. We need to put Bangla Desh on a self-sustaining basis, or at least to mitigate its losses. We shall help both West Pakistan and Bangla Desh, and also help in the consortium for India."

The Prime Minister then posed a philosophical question. "We are moving more and more into a state of world affairs in which effective action is no longer possible. How much can you do?" The President replied, "The Soviets have tested us to see if they could control events. Of course you have to consider the much bigger stakes in the Middle East and Europe. Part of the reason for conducting our Vietnam withdrawal so slowly is to give some message that we are not prepared to pay any price for ending a war; we must now ask ourselves what we are willing to pay to avert war. If we are not, we have tough days ahead." The President repeated that the U.S. would not recognize Bangla Desh. With respect to our future policy towards India, the President posed a series of questions: Do we push India into the arms of the Soviets or do we try a conciliatory policy?

Does China prefer the Soviets to be unchallenged in India, or do they prefer us to maintain some influence? We would have to try to answer these questions first.

The first day's conversation soon came to an end.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

~~TOP SECRET~~/SENSITIVE
EXCLUSIVELY EYES ONLY

December 21, 1971

MEMORANDUM FOR: THE PRESIDENT'S FILE

FROM: HENRY A. KISSINGER

SUBJECT: The President's Private Meeting with British Prime Minister Edward Heath, on Tuesday, December 21, 1971, 9:30 a.m. to Noon, in the Sitting Room at Government House, Bermuda

PARTICIPANTS: The President
Prime Minister Heath
Henry A. Kissinger
Sir Burke Trend, Secretary to the Cabinet

The President proceeded to the sitting room after breakfast and met the Prime Minister to begin the second day's session of their private conversation.

The first topic raised was the Middle East.

The President said, "My own feeling is that public discussions will not get anywhere. I believe that once they start to talk they'll reach an impasse in a matter of weeks. If the talks break down, how can we prevent the inevitable escalation? This is why we must explore with the Israelis ways of solving the problem. The Soviets are putting in a large amount of equipment; this is affecting the balance though it has not yet overturned it. The India/Pakistan experience is relevant here. There is a danger of the Soviets getting a free shot -- which they could do by gradually escalating their air commitment to the point of providing air cover. The situation is this: You could say that Israel is intransigent. Here, as distinguished from the India/Pakistan situation, our client is the stronger, and again as distinguished from India/Pakistan, we will be under pressure to intervene."

"We must keep the diplomatic track open and keep it from collapsing. Of course, it is argued that we can bring pressure enough on Israel

~~TOP SECRET~~/SENSITIVE/EXCLUSIVELY EYES ONLY

[NLN 03-84/4 P 78 d]

to make it go. I doubt it. First of all, Israel doesn't have the domestic structure to do it, and second, they'll wait us out through the elections. To make it work, we need to keep the confidence of Mrs. Meir. We'll have to go forward, without fanfare, with Phantom deliveries. Another way of playing that is to let the Israelis stare them down."

Prime Minister Heath then referred to Britain's defense arrangements with the Trucial States in the Persian Gulf which were being terminated at the end of 1971. "We would have preferred to stay on, but the previous government settled that." The pledge of withdrawal whetted Iran's appetite. "The best thing for us," the President suggested, "would be for you to stay everywhere you can. The previous government fell into the error of our own new isolationism. Not for reasons of empire but for reasons of peace, you should stay where you can."

The Prime Minister raised the problem of maintaining the flow of raw materials. "We have to diversify if there is a cut-off of supplies. We shall have to have a bigger boost behind nuclear reactors. We will need a world-wide resources policy." The President added that we are trying also for a world-wide expropriation policy. Prime Minister Heath mentioned the Libyan expropriation of BP Oil Company properties in response to Iran's seizure of the islands in the Persian Gulf. The companies have agreed to work together in cases like that, he pointed out.

The discussion then turned to Britain's entry into the Common Market. The Prime Minister explained that Britain had to get its economy into shape for entry. Europe had to have a common policy on major development projects, and therefore Britain wanted a European summit meeting. Europe also needed a consensus on overseas policy. "We are starting bilateral talks with the French and Germans very similar to the Franco-German talks," the Prime Minister continued. "These will start in the middle of February." The President asked when the European summit would take place; the Prime Minister said it would probably be in mid-September, depending upon Norwegian and Danish accession.

The Prime Minister then turned to the next steps in relations between the United States and Europe. "How do we define our relationship, as a partnership which is essential for the future of the free world?" he asked. "There are very tough issues for both sides of the Atlantic, and

these must be discussed. On the economic side, we must move towards a new monetary system. This is important from our point of view because of the reserve-currency aspect of our currency. We want an arrangement with Pompidou to run down sterling balances; they feel we can simply tip the ship anytime without our partners' having control. Thus we need a long-term solution. We have proposed that SDR's be used instead of dollars and sterling. There also must be some relationship to gold. The sooner we can get a firm solution, the better. I don't know whether you can make a settlement in 1972 even in principle (even if you don't implement it). As for trade, we need a comprehensive look at the monetary system and a look at the obstructions to trade." The President said that the big problem the U.S. had was convertibility; we should keep it fuzzed up.

Prime Minister Heath said, "At some future time we two countries should find a way of thrashing out world problems on a common basis. Some people think we are pursuing policies that are designed to show that we are "Europeans." But our relations haven't changed. The real purposes of the Soviets haven't changed. The Western world has little to be complacent about. We must find a common basis." The President agreed: "Some fear that Europe and the U.S. will be very intense competitors. But on fundamentals we must find ways to work together." The Prime Minister stated that we should not view the relationship as a confrontation but perhaps as competition. "It can never be in our interest to have your economy as anything but thriving." Pompidou had told him that Europe needed common regional development policies to keep them from cutting each other's throats with differential incentives.

The Prime Minister turned to US-UK-French relations: "We want to continue our intelligence arrangements and our Polaris agreement with you. When it comes to nuclear cooperation and the French, you said we have the same reasoning. We must also think of the next stage of missile systems; before we actually go to that, we want to talk with you about it." The President pointed out that the U.S. could not take a public position, but we encouraged any official action. "We can let you explore."

Dr. Kissinger, after a question from the Prime Minister, explained the relationship of SALT to this question. The Prime Minister then raised the question of a possible no-transfer clause in the SALT agreement. The British were concerned that this might adversely affect their military arrangements with us. The President expressed his view by citing the analogy of the merger of the two football leagues: "Everybody can do better when two large entities, instead of competing, decide to cooperate."

The conversation then ranged back over a number of issues. The Prime Minister noted that it had been a difficult five months, but it had made Europe realize how closely interwoven our two economies were. "Maybe even the Japanese now realize this," he said. The Prime Minister raised the question of Taiwan, and the President explained U.S. policy. Prime Minister Heath also raised the question of exports of micro-wave technology to Poland.

Toward the end of the conversation, the Prime Minister gave a very able description of the Ulster problem and of his government's efforts to end the violence and reach a solution.

At 12:00 noon the meeting concluded. The participants departed for lunch, to reconvene at the plenary meeting at 2:30 p. m.