

Scowcroft

MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

SECRET/XGDS

MEMORANDUM OF CONVERSATION

PARTICIPANTS: Mariano Rumor, Prime Minister of Italy  
President Richard M. Nixon  
Major General Brent Scowcroft, Deputy Assistant  
to the President for National Security Affairs

DATE AND TIME: Wednesday, June 26, 1974

PLACE: American Ambassador's Residence  
Brussels

Rumor: There are misconceptions, as reported in the press, about what is going on in my country. Undoubtedly Italy is going through an economic crisis and it would be a mistake to hide it from ourselves and the United States. We have big balance of payment difficulties. In the past three months there has been a descending curve in the trade balance and an increase in inflation which had started to level off.

The President: What is it now?

Rumor: It was 2.6 percent in March; at the May rate, it would be 16 to 18 percent. The rate has diminished somewhat. The budget influences are in balance. There are positive aspects. Production is good, despite the fact that we are not at full employment. We still have good reserves which we haven't yet touched. In the last few months, we have had the advantage, thanks to you, of the revaluation against the dollar.

We are using three major levers: First, in the next few days the Government will draw, through taxes, three hundred billion lira through 1974-75 to slow inflation. Second, we will reduce the State budget; this will not be easy because most parts of it are fixed. Thirdly, we will reduce credit without slowing the economy but so as to reduce speculation. The fourth lever is to discourage imports like beef and crude oil, which take a big slice out of the balance of payments.

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E.O. 12958, Sec. 3.5

NSC Memo, 11/24/92, State Dept. Guidelines (Subscr)  
By KPH, NARA, Date 6/29/99

We will impose heavy sacrifices on the Italian people. It will not be possible without the understanding and help of our Allies, and the United States especially.

The President: What do you want from us?

Rumor: Loans which can be handled by the technical end of the Government. If you were willing I know you could find the proper forum. We would like to do without it but we can't.

Now, as for our internal politics. We had a "non-crisis." This is a difficult condition but there is no alternative. Despite the fact that the Socialists are a difficult ally, I think they are willing to accept the coalition and keep the Communists in opposition. This is an opposition which is very powerful and has the trade unions and we must take it into account. We have not had what France had -- a running together of the Socialists and Communists. But I believe it will be good for the country. It is difficult but there is no other way.

Even the Communists have been willing to make some sacrifices for the good of the country. I am convinced the democratic forces will continue to control the country. We must remember we are a country of 55 million people perched on a cliff with a very difficult economic situation. On the other hand, some of our friends are also in a difficult position. We are not happy to see our friends thus, but we take some satisfaction in that.

I agree completely with your remarks this morning. Together we will save ourselves -- even the Italians.

The President: I realize Italy has always been one of the staunchest supporters of the Alliance. I am glad you appreciate, as I go to Moscow, some of the problems we have. We will not negotiate anything at the expense of the Alliance.

There is one major problem on which I want the Prime Minister's advice, and that is CSCE. Many European governments oppose having a summit unless there is more substance, for example, on confidence-building measures and freedom of movement. Should we hang tough for more substance before agreeing to a summit? Or should we agree without their making all the concessions some of our countries want?

Rumor: I agree with Belgium. I don't wish a summit for its own sake; it would give the impression we are settling just for the status quo. On the other hand, if there are Soviet concessions, then we can only judge when we know what the concessions are. We can't get everything, but we should get most of what we started out for.

The President: I agree. There should be no agreement for its own sake or at the expense of our allies.

Rumor: This is our prescription. I tell you frankly: We believe our effort to build the European Community must not be jeopardized by any agreement with the Soviets. We think that European unity is to your benefit also. The European Community serves as a magnet to draw in forces which might otherwise be drawn to the Soviet Union -- the Socialists, for example.

The President: The danger of detente is that it makes Communism respectable and therefore adds to the drawing power of the Communist groups.

Rumor: You are correct. Detente by itself would create those conditions. However, with the Alliance and the European Community, it will not -- on the one condition that agreement with the Soviet Union is not at the expense of European unity. Otherwise a movement of Socialists toward the Soviet Union is inevitable. Also, for Italy, it is important that the United States understand that the Alliance is not made up only of Britain, Germany and France, but also of Italy. Italy can help your brilliant Middle East policy.

The President: I insist that the Big Four be treated equally, and Italy is one of the Big Four. And with the United States there are Five.

Rumor: I assure you in your new policy toward the Middle East that Italy can help you, and were it desired we could work in collaboration with you.

The President: The main thing is to give everyone a stake in a Middle East peace. That is why we encourage our European friends to cultivate the Arabs. We appreciate Italy's representing us in Syria. We are now exchanging Ambassadors, but we give credit to Italy for arranging the marriage.

Rumor: I don't want to hold you. Just one last thing. I want to concur with what Schmidt said. The heaviest burden today is the economic collapse of the world. The Communists believe it is more possible than military collapse. In 1948 you guaranteed Europe with the atomic umbrella; now we need your aid with an economic umbrella.

The President: We have an answer on the military question. But we should move now toward economic agreements, realizing our French friends weren't keen on it earlier.

Rumor: What we first need, before help, is guidance. There has been resistance, but some things have changed.

The President: We will do our best. We must remember that NATO began and for years rested on fear. Detente has changed that and we need a new motivation -- hope -- to solve the economic, energy and other problems plaguing international society. We must bring to the solution of the problems of peace the same courage and dedication which we did to the problem of war. No one has to die for peace, but we need the same dedication and sacrifices that were given to meeting the problem of war.

R. Macmillan's about all over my country - as reported in press. Condemning it by going there  
Lem. Crisis could be mistake to hold it for  
considerable c.d. Big def. deficit. In part is  
a descending curve in trade balance. Increase in  
inflation which had slowed to hold off.

1 What is it

R. 2.6% in March. At May rate it would be 16-18%  
Rate has diminished somewhat. Budget influences down  
balance. There are positive aspects. Production is good, despite  
fact we not at full employment. We still have good  
reserves which not touched. In last few  
months we have had advantage, thanks to you, of monetary  
expansion c.d. We are using 3 major levers:

- (1) In next four days Govt will show three tasks as to  
how they 1974-75 to slow inflation
- (2) will reduce state budget - not easy cause most are  
fixed
- (3) Reduce credit w/o slowing economy but to reduce  
speculation.
- (4) 4th lever is to discourage M. the Govt + credit out, which  
take big slice of B.G.P.

Also will require heavy sacrifices on State people. We want as  
possible w/o uninteresting - help of allies + US esp.

1 What you want from us

R. Some which could be handled by a technical end of Govt. If you  
were willing I know you could find a paper form - would like  
to deal, but we can't.

Now as for our internal politics. We had a "non-crisis". There  
is a big evolution but there is no alternative. Despite fact socialist  
is big ally, I think it worthy to accept a coalition + key exists in  
opposition. It is an opposition which very powerful + has track record  
+ we must take it into account. We have not had what  
the France had - a coming together of Socialists + Centre  
But I believe it will be good for country - It different but there  
is no other way.



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E.O. 12958, SEC. 3.5  
NSC MEMO, 11/24/98, STATE DEPT. GUIDELINES (Su/ser)  
BY MA NARA DATE 8/20/04

UNITED STATES

Honorable Richard M. NIXON	President of the United States
Honorable Henry A. KISSINGER	Secretary of State
Ambassador Donald RUMSFELD	U.S. Permanent Representative on the North Atlantic Council
Ambassador Leonard K. FIRESTONE	U.S. Ambassador to Belgium
General Alexander M. HAIG, Jr. USA(Ret)	Assistant to the President
Mr. Ronald L. ZIEGLER	Assistant to the President and Press Secretary
Major General Brent SCOWCROFT, USAF	Deputy Assistant to the President for National Security Affairs
Honorable Helmut SONNENFELDT	Counselor of the Department of State
Honorable Arthur A. HARTMAN	Assistant Secretary of State for European Affairs
Mr. A. Denis CLIFT	Senior Staff Member, National Security Council
Mr. William G. HYLAND	Director, Bureau Intelligence and Research Department of State
Mr. Peter RODMAN	Staff Assistant, National Security Council
Mr. L. Paul BREMER, III	Special Assistant to the Secretary of State
Mr. Aram BAKSKIAN, Jr.	Deputy Special Assistant to the President



2. R E some trusts have been willing to make some sacrifices for a good cause. I criminal elements will continue to control the country as most members of country are still ignorant as a result of corruption. I am not happy to see the friends of the law, but I am not happy to see the friends of the law. I am not happy to see the friends of the law. I am not happy to see the friends of the law.

P I believe that the government has been successful in its efforts to bring about a change in the country. I am not happy to see the friends of the law. I am not happy to see the friends of the law. I am not happy to see the friends of the law. I am not happy to see the friends of the law.

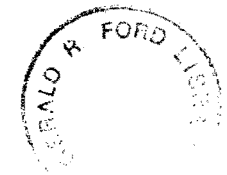
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P Danger of detente is it makes men responsible. I am not happy to see the friends of the law. I am not happy to see the friends of the law. I am not happy to see the friends of the law. I am not happy to see the friends of the law.

R For me, however, detente by itself would create the conditions. I am not happy to see the friends of the law. I am not happy to see the friends of the law. I am not happy to see the friends of the law. I am not happy to see the friends of the law.



Today, the very success of NATO provides the security for the pursuit of constructive national, regional and global interests. But the need for security and unity in pursuing our common objectives has not lessened. Indeed, it is more important than ever to keep before us the recognition of our common objectives and to reconcile our interests as individual nations with our interests as allies. The Western world needs nothing more than a reaffirmation of the possibility of great ideals and great conceptions.

As the Declaration recognizes, one of the most important means of reconciling diverse interests is close consultation. Consultation should not be viewed as a legally binding obligation, but as a manifestation of the spirit of cooperation. Consultation to be of value must be a common and natural practice rather than mere formula.

President Eisenhower called NATO "a way of grouping ability...." Each nation in this alliance has benefited from, as well as contributed to, the economic and defensive capacities of the members, and all have been able to maximize these benefits in an era of peace.

The document we sign here today demonstrates a recognition by all members that if we are to successfully pursue our individual interests, then we must do so in essential harmony and above all remain united in the common defense of every member of the alliance.







DRAFT STATEMENT TO BE ISSUED AT SIGNING OF NATO  
DECLARATION

Twenty-five years ago, when the NATO Treaty was signed in Washington, the meaning of the alliance was crystalized by one of the fathers of modern Europe, Paul-Henri Spaak. "The North Atlantic pact," he said, "is an act of faith in the destiny of Western civilization."

The Declaration on Atlantic Relations we are signing today is a reaffirmation of that faith. It recognizes the important role that the alliance has played for a quarter of a century in protecting Western freedom and diversity and in building a strong, prosperous Europe. Even more importantly, it lays the groundwork for another quarter century of Atlantic cooperation, solidarity and security. It signifies that as NATO enters its second quarter century, the alliance stands strong and more united.

The world we face in 1974 is very different from the world of 1949. At that time, peace was in serious jeopardy and the sovereignty of many of the nations of Europe was imperiled. The prime need was for unity in the common defense, so that a period of rebuilding could go forward.

