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MEMORANDUM OF CONVERSATION

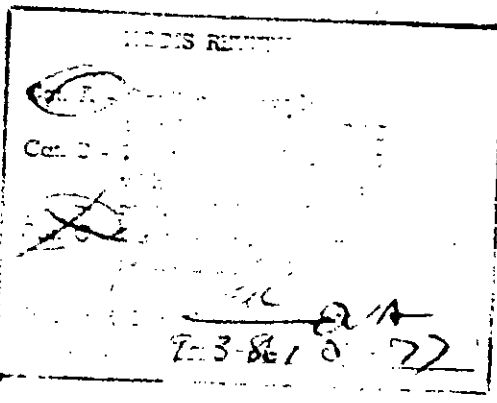
PARTICIPANTS: H.E. Luis Echeverria
President of Mexico

The Honorable
Henry Kissinger
U.S. Secretary of State

Ambassador Joseph John Jova

DATE/TIME: February 21, 1974 - 6:00 P.M.

PLACE: President's Residence -- "Los Pinos"



SECRETARY OF STATE KISSINGER:

The conference has a good atmosphere. You have that knack. It is beautifully organized.

PRESIDENT ECHEVERRIA:

It is cordial, respectful, high-level and can solve some useful problems.

SECRETARY OF STATE KISSINGER:

The mere fact of preparing for the agenda gives impetus to the U.S. Government. I, myself, learned a lot over these past weeks.

PRESIDENT ECHEVERRIA:

Lots you hadn't learned before.

SECRETARY OF STATE KISSINGER:

I am one of the problems: The President and Rabasa have had so much impact on me. This is one of my first experiences. I like the Latin American people.

PRESIDENT ECHEVERRIA:

We have a good opportunity here to look at our problems and see how they can be solved. You should say to U.S. companies -- go down there and look for partners and alliances. Looking ahead there are problems of unemployment; university graduates; the communist mirage; Cuba has spread this doctrine. Cuba's aggressiveness has lessened, but groups of youth were attracted

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to this mirage of China/Cuba. Thus, as a balance we need an alliance with the U.S. the State Department said we want clients and not friends. This has hurt all of Latin America.

SECRETARY OF STATE KISSINGER:

I doubt that this is State Department attitude -- but I have been told (by Calvani) that I was the first Secretary of State who called on him. For all of us this State Department preparing for this conference was a very useful thing. We've all aged!! It is important for the Western Hemisphere to form a community. We should not disperse our efforts here, but embody them in a new spirit.

PRESIDENT ECHEVERRIA: I agree, but if this is to be we must do concrete things. For instance, we need investment and technology: Foreign investment, partners, also local technologists and above all we need to create jobs.

SECRETARY OF STATE KISSINGER:

But we need some political cooperation.

PRESIDENT ECHEVERRIA:

Yes, but we need something to capture the imagination of youth. We must liberalize the political process and it can't be done with bayonets. Happenings in other continents are reflected here, in universities, in unions, etc. Thus, we need a series of economic promotions from whence political theories would flow. This conference is a meeting of friends among whom truths are exchanged and programs, concrete programs, must flow.

SECRETARY OF STATE KISSINGER:

I have been thinking of sending some high level, private person for a survey trip -- perhaps Peterson, formerly of Commerce, who might be good.

PRESIDENT ECHEVERRIA:

Yes, but I hope it doesn't merely create a diversion to dilute or delay progress.

SECRETARY OF STATE KISSINGER:

No, what I said will be implemented, though I have never drafted with Latin orators.

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PRESIDENT ECHEVERRIA:

They loved you. You were a great success today!

SECRETARY OF STATE KISSINGER:

What about Latin America and the Third World?

PRESIDENT ECHEVERRIA:

We are faced with the need for global solutions to global problems. If wheat/oil prices go up, it is felt everywhere. For instance, fertilizers, here, in China, in Africa. Thus we need study groups. The petroleum studies should be linked to food and raw material studies.

SECRETARY OF STATE KISSINGER:

I agree. This is what I proposed in my speech. Look ahead twenty years.

PRESIDENT ECHEVERRIA:

On my trip to Europe I passed through New York and heard that Boumedienne of Algeria would propose a special UNGA. I said I would support it. In Munich I spoke to him in Algiers via phone. My Minister of Labor was with me and we dialed direct in French and later arranged for the Labor Minister to go to Algeria.

SECRETARY OF STATE KISSINGER:

Interesting man, Boumedienne.

PRESIDENT ECHEVERRIA:

Yes, despite great Arab differences, they should get together and unite. He wants to succeed Tito as coordinator of unaligned countries. Tito is 89; has governed 30 years.

SECRETARY OF STATE KISSINGER:

Yes, too long. It is not good for any country. If Tito stays ten more years he will be like a king. Like in China -- the ruling group is more royal than in the non-communist countries.

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PRESIDENT ECHEVERRIA:

Yes, but Yugoslavia will have a new constitution. While there we met with the new politicians. A Federal system is necessary to avoid disintegration.

SECRETARY OF STATE KISSINGER:

This only guarantees disintegration. Look at the history of the area. With no strong government they will fall apart.

PRESIDENT ECHEVERRIA:

Yes, but non-aligned group is Tito's defense against USSR.

SECRETARY OF STATE KISSINGER:

What happens when the non-aligned are more numerous than the aligned -- then we are the non-aligned.

PRESIDENT ECHEVERRIA:

Yes, last time Castro tried to pass as non-aligned -- there are many shades.

SECRETARY OF STATE KISSINGER:

Don't confuse non-aligned and underdeveloped...

PRESIDENT ECHEVERRIA:

Yes, but they often are synonymous. In any case, Tito is on the way out and Boumedienne is moving in. He is a very interesting man but distrustful. He is trying to make of petroleum a unifying force for all the Arabs.

SECRETARY OF STATE KISSINGER:

But Boumedienne is poor; he needs his income to develop Algeria. On the other hand, for Faisal to develop Saudi Arabia would be very dangerous. But I like Boumedienne...

PRESIDENT ECHEVERRIA:

He wants to be head of the Arab world but there are conflicts between the Arabs and he doesn't have the strength of Tito.

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SECRETARY OF STATE KISSINGER:

Nor knowledge of the world!

PRESIDENT ECHEVERRIA:

Let's return to the first part of our talk. For the first time the underdeveloped feel they are strong and have a weapon.

SECRETARY OF STATE KISSINGER:

That is dangerous!! First, 800 million won't permit their life to be changed by 40 million and, secondly, economics are a fact of life. The higher the prices, the more alternatives will be developed. Chart: At \$6.50 oil shale is profitable, at \$7.00 oil tar; within five years a surplus of everything will be available and he won't get anything. By 1980 there will be no oil imports needed for the U.S., by 1985 we will be exporters! Hence both producers and consumers have similar interests. We have no interest in humiliating Boumediene. But Algeria and the others haven't taken the long term view. We said it at the Energy Conference. What we really offer is cooperation. If the problem is, as you said, investment and technology, here is a community of interests. We need supplies, they need investment.

PRESIDENT ECHEVERRIA:

He is beginning to see this...but he is not sophisticated enough. Also, he wants to lead the Arabs, he wants to succeed Tito. He is at a very unstable, delicate point. Thus, we need more plans, more projects, etc. This is most important for the Arabs.

SECRETARY OF STATE KISSINGER:

I will tell him. France is of no real importance in this. We will discuss investment programs with Saudi Arabia, etc.

PRESIDENT ECHEVERRIA:

The Lebanese Minister visited me, not as an oil-producing country, but he has investment and political objectives, i.e., Palestine.

SECRETARY OF STATE KISSINGER:

Yes, 200,000 refugees who will make a coup one day.

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PRESIDENT ECHEVERRIA:

Yes, they are afraid of them.

SECRETARY OF STATE KISSINGER:

Yes, each problems is more difficult than the last. Syria, Jerusalem. My political future is risky.

PRESIDENT ECHEVERRIA:

You will succeed! There is unease in Europe due to the gas shortage and inflation. If Europe's economic life is more complicated there will be acute political problems.

SECRETARY OF STATE KISSINGER:

Yes, this is the phenomem of contemporary world. All countries have domestic problems except Mexico (Ha, Ha!). One day you must tell me in confidence, how do you elect a President?

PRESIDENT ECHEVERRIA:

Well, it's no secret. We have one party. Its leaders are in contact with all the country's social forces. When time comes, the outgoing President only has one factor in the choice of the winner; more important is the prior work of the Cabinet members, etc. For instance, six years ago we had four candidates and I was youngest and weakest. Mexico had communist and student outbreaks. Three of us joined with Diaz Ordaz and maintained order. I was the one who had to be out front. We had a serious communist problem. In my three years we have not had a one. I think I was the candidate who won because of this. In the next year and a half we will have a candidate and all interest will be centered on the political process. Until then -- who knows? It is more risky. If I don't speak with the frankness of this morning, the students would take over. This will explain to you the reasons for certain aspects of my speech.

SECRETARY OF STATE KISSINGER:

I understand. You have to capture as much ground from your opposition as possible. We did same thing in the U.S. during the Vietnam troubles. I know how strong you showed up.

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PRESIDENT ECHEVERRIA:

Yes, It takes courage -- but we have now changed tactics completely.

SECRETARY OF STATE KISSINGER:

The lesson is Governors have to act or not act. If they act and act weakly it is a disaster, but they often don't have to act.

PRESIDENT ECHEVERRIA:

I hope you visit other countries -- Colombia, Venezuela, Costa Rica.

SECRETARY OF STATE KISSINGER:

Yes, what a good speech by Facio today. Actually, the only other country I have visited is Brazil but I hope to do more in the coming months.

PRESIDENT ECHEVERRIA:

The climate is favorable for a visit to four or five countries.

SECRETARY OF STATE KISSINGER:

Yes, but first I must calm the Middle East, then I want to spend a month in Latin America. I appreciate your frankness. We base much of our Latin policy on Mexico, it is an important country.

PRESIDENT ECHEVERRIA:

We will keep in touch with you. Also through Ambassador Jova and through Rabasa.

SECRETARY OF STATE KISSINGER:

Incidentally, we have full confidence in our Ambassador so, while Rabasa is always welcome in Washington, you should feel free to use Ambassador Jova to communicate.

PRESIDENT ECHEVERRIA:

Thank you. We will do so.

The meeting closed with the usual courtesies.

JJJova: jmj
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