

290. Conversation Among President Nixon, Gulf-Western Chairman Charles Bluhdorn, the President's Assistant for Domestic Affairs (Ehrlichman), and Secretary of Commerce Peterson, Washington, June 16, 1971, 3:40–4:30 p.m.¹

~~10:29, 523-4~~ DECLASS

[Underlined segments not available on public audio]

Bluhdorn: Mr. President, I know you're very busy. I appreciate that you could see me. I received a letter that was delivered to me from President Balaguer in the Dominican Republic. I realize that this is rather unusual, and I know that these things usually go through diplomatic channels—

Nixon: Um-hmm.

Bluhdorn: —and I think there are sometimes situations where the straight-way and the right-way under certain circumstances can be helpful. I would like, and I would appreciate that this letter is a letter that he wrote to me in Spanish, but there's an English translation with it.

Nixon: Sure.

Bluhdorn: And if you could look at it for a minute, Mr. President, I would appreciate it very much, because I think it will give you some gist of what this is all about. The other one there is the, the original, and that's the copy.

Nixon: Um-hmm.

Bluhdorn: The original is in Spanish.

Nixon: Um-hmm. [Nixon reads the letter]. Oh, this is about the House bill. Yeah. [Nixon continues to read the letter].

Bluhdorn: Now, Mr. President, the reason that I asked to see you is the following: Obviously, President Balaguer asked me through the head, through the head of our corporation and through one of my top people, if it would be possible for me to convey that letter to you—

Nixon: Um-hmm.

¹ Source: National Archives, Nixon Presidential Materials, White House Tapes, Conversation No. 523-4, Oval Office. No classification marking. The editors transcribed the portions of the tape recording published here specifically for this volume.

Bluhdorn: —in an informal matter. I would like to make some comments about this and explain why a letter like this should come this way. We became interested in that situation in 1966, when we acquired South Puerto Rico Sugar Company, which had large sugar holdings and land holdings in Florida, and was the largest American company in the Caribbean. I believe it was the largest company in the Western Hemisphere. Today, we employ 20,000 people there. Mr. President, let me tell you one thing, if I may: In 1966–67, when we got into that picture, the Dominican Republic, and that area, and the whole Dominican Republic, was in such a state of turmoil. Castro had sent his agents over there. Even with—after the aftermath of the revo—of the revolution and all the disorders that they had, President Johnson sent in the Marines at that time. The country did not settle down. Our sugar plantations there, and our chemical plants, were in complete disarray. The company was not only losing money, but effectively we employed 600 policemen that are now off the payroll. They were completely leftist-dominated—all the way.

Nixon: Hmm.

Bluhdorn: We could not get any order there, Mr. President. People were being shot. People were being killed. No sugar was being cut. Nothing was being ground up. The country was in a chaotic state of dilemma. People said, “Well, you know, Charlie, you're crazy. There's no chance. With this type of a situation, that country's going the way of all these countries.” At that time, we brought in a young team of men who were mostly of Latin American origin. Some American citizens, but some of Cuban extraction, particularly one young man who had been a bitter enemy of Castro, had fled Cuba as a young fellow. A brilliant young man; a dedicated fellow; a hardworking man who was not afraid—not a bit afraid, because I must tell you, Mr. President, to take that job at that time meant the distinct possibility of being shot in the back at any moment.

Nixon: Sure.

Bluhdorn: That's the type of a situation it was. I remember going down there; it looked like a place of siege. The man who ran our operation, Mr. President, it looked like he was a governor of the place, because he had, like the White House, guard boxes with people right out there. I can tell you that I've made many mistakes in

building my company. I've done some good things, but there isn't a single thing that I'm more proud of than what we have done in that place, because I'm not afraid to have anybody and everybody come down there today and see that this is almost a model of free enterprise of every shape and form. And I went to—one of the first things I did was—I went down to the Dominican Republic, and I went to see President Balaguer. And I had an interpreter with me, and he started to translate. And I said, "Mr. President, I'd rather not translate. I'd rather talk to you." And I began to talk to him in a combination of French, Spanish, Portuguese that I'd picked up—

Nixon: Uh-huh.

Bluhdorn: —and I started to tell him, "Look, we're not the ugly Americans. We didn't come here to take everything away from you. We want to try to build up this country to help you; to build back the sugar operation; to build up your chemical plants; to try to diversify; to put in a zone to manufacture other things. That is the free-enterprise system, which I believe in as an American, and which I think works not better, but is not comparable to what is going on next door in Cuba under Mr. Castro's beautiful rule." And he said to me, "Mr. Bluhdorn, we've got confidence in you. I like your spirit. We're going to work with you." I go to this young Cuban at that time, who has since worked very closely with President Balaguer and got his complete confidence.

Nixon: Hmm.

Bluhdorn: Mr. President, I can tell you this: This is not a question of just waving the flag. I had Gianni [Giovanni] Agnelli, who is the chairman of the board of the Fiat Company, over there.

Nixon: Hmm?

Bluhdorn: And he went down there because he was ribbing me, he said, "Charlie, I'd like to see what goes on in the Dominican." I said, "All right." And he came back, and he said, "My goodness." He said, "This is incredible, really fantastic." And really, it is something that you've got to see how the place is being transformed. Mr. President, last year, that place was the highest-producing sugar operation in the world. In a year when Castro could not meet his quotas, even remotely, as far as the Soviet

Union was concerned, that particular place there not only produced more than had ever been produced in the history of the country, but in the history of any operation of this type. But we did more than that. In arrangement with the Dominican government, we went forward. We put in a plant to manufacture cigars, because we have the largest cigar operation in the world. So here we went, and I said, "Let's divert some of our operations. This is a friendly country." So, we built a plant there. We are putting in a plant for automotive parts that we're doing together with General Motors and with Ford; talk to Henry Ford [III] about it. We're tangibly trying to do things. And it is really a showcase. We are now putting in a hotel with a golf course. We've got—We even took one of the old railroads, because we have three hundred miles of railroad going around those 300,000 acres. We have a private jet airport there with customs and everything. It's like a country by itself, almost. But, it's not run like an American compound, you see.

Nixon: Um-hmm.

Bluhdorn: It's run by them. And yet, let me tell you something, Mr. President: I talked to Jim Roach at General Motors, and I talked to Henry Ford about maybe putting in an assembly plant there, because I feel we have to do some of these things. Well, it's not a big enough thing for them. I, then, said to Gianni Agnelli, "Gianni, listen: You've got to do me a favor, and you've got to put in a Fiat assembly plant." He said, "Please, Charlie, don't bother me with these things. I don't want to put any Fiat plants in the Dominican Republic. I have enough troubles in Turin; I get nothing but strikes." I said, "Look, Gianni, don't argue with me. You got to do it for me." So, he [unclear] phoned the President of Fiat, and they decided to do it. They gave us a big plan to send people around. We've worked it all out. Mr. President, we sent in the plan, which was a plan where we would invest all the money in the plant and do all of these things ourselves—we were not taking the money out of the Dominican—and President Balaguer turned it down. He said, "I can't do this. How can I permit the Italians to come in here and assemble any cars? This is completely out of question, because my friends—" and I, I say this on my children's head— "see, my friends are the Americans." He says, "I'm not going to antag—antagonize in any shape, form, or manner—even remotely—our relationship with our commercial

affairs with the United States, because we deal with them. We don't want to give preferences in any way to the Italians." The reason I tell you that little story is because I thought, in that particular way, I was helping him. But this man, Mr. President—I have seen things happening. You've seen more things than we have in your lifetime, but up to this point, and I'm here to tell you this, that man has been for the United States and for President Richard Nixon what Fidel Castro is for Brezhnev in Moscow. That, I can tell you.

Nixon: Um-hmm.

Bluhdorn: And, I felt so strongly about it, when I received this letter, and knowing how busy you gentlemen are, I was reluctant to call John, but I had to call him, because I had to convey the letter personally and to say to you that Latin America is in a tremendous turmoil. I know you were always interested. Mr. President, we've got a situation with Chile. We've got a situation with Peru. We've got situations with Bolivia. Now, the question of the sugar situation, which concerned President Balaguer, I can understand very clearly. Let us be clear that we have a great sugar interest. And our 100,000 shareholders would certainly be greatly affected to what happens to the Dominican Republic. But, Mr. President, Peru, which has expropriated our properties, which has expropriated our properties, properties of American citizens and American companies, they have been rewarded in this act by a very small reduction. Bolivia, under this act, it will—with a pass, there'll be an increase. Now, I ask you: We, speaking—and I've discussed this with John a number of times previously—

Nixon: Um-hmm?

Bluhdorn: —I believe that American industry, today, has the most serious problem to compete with the Japanese and the Germans.

Nixon: Yeah.

Bluhdorn: The Japanese, working together in cartels, cooperating with their government, and I know—John knows this is my favorite line, but it's true—have beaten us many times out of our particular method of being able to compete with them. I have said, in a slightly joking way, that I wish of the President of the United

States would lease Mr. [Richard W.] McLaren to the Japanese to become Minister of Justice for one or two years, because why can't they have him, too, for a change?

Nixon: [Laughs]

Bluhdorn: Now, I want to, I want to say this to you, sir, and I say this with all respect and all in good humor, because I'm not interested in acquisitions today. What I am concerned about is this: We're competing with the Germans. We're competing with the Japanese. Now, if, in countries where American firms are to invest, where there's a vested interest for our nation to have friends like the Dominican Republic, we are involved in situations where we cannot get the backing from our government, here's what can happen, and it's very simple: The nationalists, and the leftists, and they disappear under the ground, as you know, but they don't disappear completely. They're there. They will go, and they say to the President, "Well, here: these are your great friends in Washington." And, of course, the first objective is naturally a company like ours. This is the American company. It is forgotten how we have worked closely and worked closely together with them. The great compensation is: let's nationalize it. If Peru is going to be in the position that they will not lose out when they take away American property, then why can't we, in the Dominican Republic, do the same, maybe in three years? When the Sugar Act comes up, we'll be compensated for this. Now, Mr. President, let me say this to you: The Deputy Assistant Secretary of State, Mr. Katz, told the House Committee that we cannot retaliate against people who mistreat Americans, because the experience of the past has been that when we retaliate against them, then they only escalate against us. Well, Mr. President, I think that your views on these things are fairly well-known. And I can only say, with all humility, that perhaps one of the companies we should also start in the Dominican Republic is a company making umbrellas, because perhaps we can supply some of the umbrellas that Mr.

Chamberlain used—

Nixon: Um-hmm.

Bluhdorn: —in export—and I say it humbly—to certain people who feel the United States flag, which must have meaning abroad, can—that it must be treated in a pussy-footing manner. Now, I'm sorry to speak so candidly—

Nixon: Who was the fellow that testified to this effect? Katz—?

Bluhdorn: Well, this was Assistant—Deputy Assistant Secretary—

Nixon: Julius Katz.

Bluhdorn: —Julius Katz. Now, the reason I say that, Mr. President, is that I really plead, as an American citizen, that I think that—I've have traveled widely, and I know how widely you've traveled around the world yourself—

Nixon: Um-hmm.

Bluhdorn: —that I think that the most important single thing for the United States, being born in Europe myself, is the respect for the Americans and for the American flag. And I don't believe that this type of an attitude does anything, sir, except to encourage these people to go forward and forward, and to continue a trend, which, in my opinion, will destroy whatever is left of the Monroe Doctrine, because we've had these subversive elements moving in. The Chilean Foreign Minister has been in Moscow. You've been to Russia. I've been to Russia. I know for a fact, sir, that there's great pride, great pride in Russia that they think they're infiltrating the Western Hemisphere. Now, I can only say this: I know how Balaguer has spoken about you, because this is a fact; this is not somebody telling it. Now, I don't believe that we can desert our best friends in this type of manner. Now, why does he write a letter like this? It's, it's most unusual for a President. Sure, it's not a big republic, but he does it because to him, sugar is the most all-important situation. In Brazil, where they cut some quotas, there's peace. In Mexico, they cut some quotas, but to a much lesser extent. Mr. President, 75 to 85 percent of their sugar is locally-consumed, so it's not the most important thing. And, for Brazil, the important crop is sugar—is coffee, not sugar. But for the Dominican Republic, today, 75 percent of their working-force is based on sugar.

Nixon: 75 percent?

Bluhdorn: 75 percent. Now, when a situation is—like this materializes, it has two aspects. The President of the Dominican Republic feels that I'm the closest ally, and I sit between Puerto Rico and Florida. They're cutting me 25 percent. At the same time, countries like Peru, Bolivia, and Ecuador either get more, or they get a very small reduction. Another thing happened, Mr. President, that I do not understand.

Someone, out of the goodness of their heart, suddenly started to assign away from the Western Hemisphere traditional quotas to Africa, dividing them among little countries, so much so, Mr. President, that, if you were still in private business, sir, you would go crazy, because Uganda is getting a quota, where they are a net importer of sugar.

Nixon: Hmm.

Bluhdorn: So, they are getting a quota. Now, these things, in themselves, are very small, and they take up Presidential time. But, these are the things that you read about 18 months later, when there's a coup d'état in a place like Santo Domingo and a new military government moves in. And you've seen it. And, all of a sudden, you read that they've nationalized the industry. And then, I'm coming down, and I run down, and I say, "Gentlemen, we've put—we've put so-and-so-much in." But, that's not the point. I'm proud to be an American. And, I spoke at Harvard University. When Pete Williams said to me, "You're going to talk about America? They're going to boo you down."

Nixon: Yeah.

Bluhdorn: And I said, "Let 'em boo me down. Everything I got, I got in this country." And I say that I don't believe—I, I don't believe in the theory that we have got to sit back and let people hit us and reply by saying, "Well, we will be this model republic." It's—Mr. President, you've got a thousand acres of land, and a—and somebody comes and takes 900 acres away from you, you would respond by saying to him, "I'm going to support you for Governor next year, because one of your aides says, 'You don't want to lose your last 100 acres.'" To me, that doesn't have any logic or any sense at all, because there's more involved. We have tried to show, in our little way, in the Caribbean, a showcase of what America can be about. Mr. Castro is a joke. I traveled in the Ukraine, and you know that area of Russia, and with—and, and the poverty there. There's the second-largest concentration camp in the world.

Nixon: When were you there? When did you go—?

Bluhdorn: I was—Mr. President, I was there two years ago, because we visited—

Nixon: You visited? Is it still bad now?

Bluhdorn: Well—

Nixon: You know, I wasn't—I've never been to the Ukraine.

Bluhdorn: Well, Mr. President, I went there because we had 18,000 troops, Russian troops, that were performing. It was—you see, we did a picture called Waterloo .

Nixon: Oh yeah. Oh, yeah. Of course. I saw it.

Bluhdorn: You saw that?

Nixon: Yeah.

Bluhdorn: And—

Nixon: It was done in Russia?

Bluhdorn: It was done in Russia. It was done on the Czech-Hungarian border, and when I spoke to the Russian generals, and they told me about the cost of their picture—this was during President Johnson's time—I said to them, I said, “It shouldn't cost you too much, because we can shoot the picture around Prague. You've got all of your troops in Czechoslovakia.” [Laughter]. And the Minister got absolutely white and blanched. And, he, he looked, he looked at me and said, “You know, Mr. Bluhdorn, you're very funny.” I said, “No, we are not funny at all. Mr. Kosygin is the one who said that there was no proof you were ever going into Czechoslovakia. So, don't complain about the cost of your pictures.” And—But, we travelled through the Ukraine, and the poverty, and the misery in the Ukraine was unbelievable. Naturally, the Army models, the scientist models, the man who directed the picture, Sergei Bondarchuk, who's a member of the Politburo and the whole organization, he—you know how they treat those people there—he was treated like a king. He—[Unclear exchange] That's right. And he even pushed the generals around, but, I don't believe, from what I've seen, with all their space efforts, and they—they try to impress us with the facts; they had us traveling through the Ukraine. The system doesn't work in Cuba any more than in Russia, Mr. President, and it can't work. But, when you compare two places 90 miles apart, I have to tell you that if you see the American flag waving around that place, it's not a bunch of fellows from up North trying to take the money away from those people there. We have created jobs. We have created industry. We have created a showplace that is an example for what can be done by private initiative. And we're willing to show it. And anybody from Washington who comes down and says, “Well, this fellow Bluhdorn

came in and told the President a nice story," I'll tell you: I'll—I won't come here and apologize. I'll lay everything down on the line here.

Ehrlichman: Well, your point is this House bill kicks our friends and punishes our, our—people that they're expropriating. That his prices are affected—?

Bluhdorn: It's my opinion that it rewards the—

Ehrlichman: It helps the expropriator.

Bluhdorn: Yes, sir.

Ehrlichman: Yeah.

Bluhdorn: And I—and I believe, I believe that if anybody—Frankly, John, I have to say that if anybody is to be punished, in my opinion, it should be countries like Peru. And I, personally, must admit to you that I felt very strongly that Peru should have received a tremendous cut, which should only be restored by presidential order when they start to have a certain degree of respect. Because, as a businessman, I would like to know from you, sir, how you feel, in the '70s, even aggressive companies like ours are going to compete when we have to face these facts. Now, it's true the Japanese have now opened up a little bit for automobile industries to come in. They've done this and that. But it's not an equal battle, Mr. President. It is really—is not an equal battle. And, if we are going to invest—Take it from the point of view, Mr. President, that American private industry is to invest. All right. How are we going to invest? We can compete, I think in our lifetime. I don't know what's going to happen to our labor rates here. That's an entirely different problem. But I do know this: We have brought a lot of dollars back from foreign investments over the years. General Motors has done it, we've done it, others have done it. But, if it's going to become, Mr. Peterson, a free-hunting session, where everybody can feel that they can take anything American away, then we're really in trouble. And I must tell you, John, let's get something straight: I'm not worried about President Balaguer. I'm not worried about President—President Balaguer will be very bitter, there's no question about it, because I don't think it's normal, because I know their mentality, for a President here to go around writing letters this way. You know, he has his ambassadors. But, he did tell the head of our operation—He said, "Now, I never have asked Mr. Bluhdorn for anything."

Nixon: Um-hmm.

Bluhdorn: "I've never asked anything, but this is a moment of truth. This is a—" And, that's why I called you. And I would do it again any day of the week—

Ehrlichman: And, and as—

Bluhdorn: —because I felt I had an obligation to respond to this situation. Now, what I'm saying in essence is this. That—It's not Balaguer that I'm scared of. I'm concerned about the leftists and the military, who would seize on this as an excuse.

Nixon: Um-hmm.

Bluhdorn: I—We have, today, the largest-remaining American property in the Western Hemisphere. Not only do we employ 20,000 people there, but we're still building, we're still re-investing, and you couldn't duplicate our investment there for 150 million dollars. There's no question about it.

Ehrlichman: It—The point here is—

Bluhdorn: But that's my point.

Ehrlichman: —that, of course, this is a Congressional action, as of, as of right now. It's the House—House Agricultural Committee—

Bluhdorn: John—John, there's no question. Please believe me: I didn't come in to lobby. I came—

Ehrlichman: No, I understand.

Bluhdorn: —with a letter of a President of a sovereign nation—

Ehrlichman: Sure, I understand completely.

Bluhdorn: —which he, which he made it very clear—If you read the Spanish, that he wrote originally, it was stronger than that—

Ehrlichman: Well—

Bluhdorn: —because it said, "Please tell them—"

Ehrlichman: Well—

Bluhdorn: "—they have to do it." But, the—But, I must say this to you, John: It's not just a question of that. You know these Congressional committees. I mean, you, John are a veteran; especially the President. They are guided, to some degree, by what the State Department tells them. And when Mr. Katz, who I'm not attacking—

Nixon: [Unclear]—

Bluhdorn: —but when he comes in to make a statement—

Nixon: Do you think that the, that the, the House, really, was reflecting the State Department?

Bluhdorn: Well, sir—

Nixon: Why was the 50,000 cut made? Who did that? Do you know?

Peterson: Yes—

Nixon: Tell us what happened.

Peterson: You remember what you proposed: You proposed growth...

Nixon: Uh-huh.

Peterson: ...some growth, for foreigners.

Nixon: Yeah.

Peterson: And the attitude was such that that was voted down, as you know—

Nixon: Yeah.

Peterson: —and the 300,000 tons was taken out—

Nixon: Yeah. Yeah. Yeah.

Bluhdorn: The Democrats would give it back to the mainland, right?

Nixon: Yeah.

Peterson: And that was just tremendous domestic lobbying pressure.

Nixon: Yeah.

Peterson: The second thing that happened, Mr. President, is that in addition to that—

Nixon: [Unclear]—

Peterson: —foreign lobbyists from overseas got involved in this picture.

Nixon: Yeah, yeah.

Peterson: And all of a sudden—Mr. Bluhdorn's right.

Nixon: Yeah.

Peterson: Honduras and Africa—

[Unclear exchange]

Nixon: Now, it goes to the Senate. What—But why did they knock off—Why did they knock 50,000 off of this country?

Bluhdorn: But, sir, excuse me, I don't want to divert you, but I—that 50,000 tons, sir, that's not the figure. The average amount of sugar, shipped by the Dominican Republic, including extra quotas granted by the President of the United States—

Nixon: Um-hmm?

Bluhdorn: —was 700,000 tons, which is being reduced to 520,000 tons—

Nixon: Hmm.

Bluhdorn: —so that the reduction is fantastic. I mean, the—it's not 50,000, Mr. President; it's a 172,000 ton reduction. And to give you a little bit more of an impact, the total reduction of the total foreign sugar—Mr. Peterson will confirm—is about 200 odd thousand—215,000 tons, or four percent of the total, so that from the Dominican Republic, they've practically taken the whole reduction. The—I tell you something, sir, and that's one of the things: They didn't—

Nixon: What, the point that I'm making at is that why did, why—how did that come about?

Bluhdorn: Nobody knows. We don't know.

Nixon: Did the Dominican Republic's ambassador [unclear]?

Peterson: No, the—the Philippines got the biggest flank of all.

[Unclear exchange]

Nixon: And this was the biggest cut?

Peterson: The biggest cut.

Bluhdorn: Sir—Excuse me, Mr. Peterson. Again, theoretically, you did, but practically you didn't. You know why? Because they never could deliver all the sugar quota that was given to them—

Peterson: That was conferred to them, yeah.

Bluhdorn: —and now, as a matter of fact, I can tell you, Mr. Peterson, that's the way it shows on paper. But, in actual fact, it's—I can tell you—that the Philippines are going to get an increase.

Nixon: Well, apart from that, and the main thing is: why did they cut the Dominican Republic? That's what I can't understand.

Peterson: Well, they cut a whole group of countries, actually—

Nixon: Yeah.

Peterson: Mexico, Dominican Republic, Brazil, and Peru, because the total, you remember, was cut back to take care of the domestic guys. The thing here that's totally unexplainable, I mean in any sense at all, is all these other countries that got increases from all over the world; Africa, and places like that.

Nixon: Um-hmm.

Peterson: Now, we've gone back and testified to leave the quotas on the '65 basis, which we think would be a great improvement over what they've done here.

Nixon: Um-hmm.

Peterson: Then, you'd get some Presidential authority, you know, to allocate some—

Nixon: Yeah.

Peterson: —where it isn't used. Then—

Bluhdorn: Some—

Peterson: —you can take of some of the special friends of yours through that route—

Nixon: Yeah. Yeah. Yeah.

Peterson: But we think—

Bluhdorn: Yes, but there won't be very much left. Now, Mr. Peterson, I don't know what figures they've given you, but I must tell you, sir, that Peru has been reduced. Actually, if you take the average of what was allocated by the United States between '68 and '70, over those three years, they received 416,000 tons, which is now formed at 14,000 tons; a reduction of 2,000 tons. So, Peru has not received any reduction, Peterson. Not effectually.

Peterson: I see.

[Unclear]

Ehrlichman: Well, this is—

Bluhdorn: And the reduction of Brazil and of Mexico in the middle is, frankly, less. I do not—John, I must tell you something: There're always two sides to every story. I can assure you, there's no other side to this story, because nobody has been able to tell—

[Unclear exchange]

Nixon: Let me say this: That I'll—I—I will have the—have this thing examined. First of all, let me be sure that I understand my position. I have no patience with those that are against the Dominican Republic. That is the attitude of the State Department, but it's not mine. They're against it because they consider it a dictatorship. I don't give a damn what it is; I'm for 'em. Is that clear? Second, I have no patience for the attitude that says we're going to—that does—that, in any way that, with regard to Peru, Bolivia, or Chile, gives them treatment that is the same as the Dominican Republic. Or, for that matter, Mexico; Mexico should be treated fairly. Dominican Republic should be treated fairly. They're both friends of the United States. Brazil should be treated fairly for other reasons; it's too important to us. Now, these little African countries? It's silly. It's silly. Those countries should not be encouraged to get in this business, because then they'll be in this market, and then they'll be coming in for more and more and more, and they're going to be lobbying. Now, what we can get through the Congress, I do not know, but that's my attitude. I—I don't want any countries added. None. If we can possibly get the Senate to be, be smart enough to do it, no country should be added. We don't want any new people in the sugar business. And, we've got to play to our friends and, and punish our enemies to the extent that we can! Now, having said all this, this is the part—this, at least, overrides the State Department.

Bluhdorn: Yeah.

Nixon: They've got to do what I say. But, the other thing—having said all this—we're up against a very serious problem in Congress. The sugar lobbies—That's the—As you know, the—it's the most effective, the best paid in the world, and they—they're murderous. They're working on all these people, out right and left. But, those are my views. I mean—But, most of all, the thing that I want clearly understood—and I know that State does not approve of this. State is against Brazil, and they're against Brazil and the Dominican Republic for the wrong reasons. They're against them because they think they're both dictatorships. I like them because they are; because—not because they're dictatorships, but because they're friends of the United States. Now, that has got to be made clear to these people. Friends of the United States will be rewarded! Enemies of the United States will be

punished! And that includes Peru to the extent we can. It includes Bolivia to the extent we can. And it includes, by all means, Chile, to the extent we can. That's the way the game has to be played. And as far as the African countries are concerned, they don't matter. Not on, not on sugar. Not on sugar. I don't want any African countries added. They're not our problem. They're the problem of Europe, and not the problem of the United States. That Africa desk, [David] Newsom, doesn't know anything. It never is going to mean anything. He's gotten us his—For example, that—that thing that got us embarrassed with the French—that Algerian thing—that is not to go through. Never. Where there is ever expropriation without adequate compensation, the United States does never guarantee a loan, of any kind! On that Ex-Im Bank loan to Algeria, it can't be done. And that's the way it has to be done. Now, the, the arguments you hear at State on this are going to be very different, but—because they have different fish to fry. But, we—we've got to do it. We've got to play it very strong on here. Now, what will come out of this, I cannot say. You'll get some more, because the Senate will be more responsible than the House. And, [Rep. Harold Dunbar] Cooley is gone now, and he, of course, ran the [House] Floor. But, but, if you get some more, that's a, that's a great improvement. But our attitude, you see—our—we can only do so much with the Congress. Each Congressman, each Senator, has got some lobbies that he's pimpin' for. And that's what—that's a real problem. And so those votes are all counted up, and whatever we do—And you can't veto the bill. Basically, the bill comes in and you send it right back. The interests are so powerful here, but we will try to carry out these things as best we can. But, our influence with this kind of a Congress is somewhat limited, because of the enormous potency of the lobbyists. But we'll handle the State Department; don't worry about that. That's the way it's going to be.

Bluhdorn: Mr. President, I can only say that—There's nothing I can say, because I'm deeply appreciative. You said it all in a few words. I—I really and truly believe that what—that, that this is like a little thing in a, perhaps, in a teapot—a tempest in a teapot to be told what you said. I'm really deeply appreciative and grateful for it, because I don't—I completely understand the situation in Congress, sir—

Nixon: Yeah.

Bluhdorn: —but I do believe that the State Department has a very powerful and tangible influence, because a number of Senators do not understand that—what has happened at all [unclear]—

Nixon: Well, we cannot encourage—We cannot encourage this virus of expropriation, and it's getting to be, Pete is [unclear]—

Bluhdorn: He's tough.

Nixon: —a better man than Pete, and he knows it. John Connally knows it. In fact, the two of them are arguing with the State Department over that. But, you see, the moment—and they're, of course, trying to, and we've got to play games for other reasons—but the moment that a country is encouraged in expropriation, and we turn the other way, we're in real trouble. Now, if they—The argument is made: If they expropriate, if they have adequate compensation and fair compensation, that's their right under international law—

Bluhdorn: That's right.

Nixon: That's the understanding.

Bluhdorn: That's right.

Nixon: But, I don't see any Latin countries ever providing it...

Bluhdorn: Sir, I tell you, this type of legislation—

Ehrlichman: In long—

Nixon: ...in 20 years—

Ehrlichman: —long-term payouts.

[Unclear exchange; laughter]

Nixon: It's unbelievable.

Bluhdorn: First, they [Bolivia] levy taxes against—

Nixon: Yeah.

Bluhdorn: —people the last twenty years, and then they give it back. But I could not have—I, I—I did—I appreciate, tremendously, that to find, to find the President in the White House who's willing to look at it from this point of view is already—

Nixon: So, we've got, we've got a very good team here. Mr. Peterson, of course, is an entirely new man in this office. He's business-oriented. He understands these things. He's a fair man. But, he realizes that you cannot continue to have American business

expect to go abroad and invest if they're going to be expropriated. That's the other thing—

Bluhdorn: Sir, that's [unclear]—

Nixon: —we talked about the other day when I was talking to a State Department official—John, remember? And, and they raised the point, “Well, we can't, we can't leave the horrible countries that expropriate, because, after all, it's legal.” That's fine. Of course it's legal. But how can we expect American business to go in and do it? John Connally pointed out the other day—it was—you were in this meeting—but, but he pointed out that under this OPEC, that the United States was going to have a liability of up to a billion dollars because of that appropriation. Do you know about this bill? Do you remember that conversation—?

Ehrlichman: Yes, sir. Yup.

[Unclear exchange]

Nixon: Well now, we—we, really, got to get at—So, the thing I was going to say, too, is that, if you can tell us how to get the Japanese out of—

[Unclear exchange; laughter]

Bluhdorn: May I ask one question—?

Nixon: Yeah, sure.

Bluhdorn: What should—I know that President Balaguer [unclear]—

Nixon: Fine—

Bluhdorn: —whenever I see him [unclear]—

Nixon: Can you tell him—You tell him—

[Unclear exchange]

Bluhdorn: [unclear] off the record, I have to go back—

Nixon: You tell him, specifically, that you had a chat with me; that I had my top advisors with me; that we have serious Congressional problems, but that we—I expressed sympathy for a resolution; that we would—that we are going to work on the problem in the Senate.

Bluhdorn: Can I tell him that he has the same sort of friend in you that—?

Nixon: That's right.

[Unclear exchange]

Bluhdorn: Because I think that will mean a lot to him if you said that.

[Unclear exchange]

Nixon: You tell him that you've talked and as far as he's concerned, he has a friend in this office; that to the extent we can help will depend upon our extent to, to deal with the Congress.

Bluhdorn: I will explain that—

Nixon: But—but that I have instructed my assistants to do everything they can with Congress to attempt to rectify—Don't expect everything; they must not expect everything. But, they can expect some remedial action, I think. Fair enough?

Bluhdorn: Well, I think that I could not have asked for more. I really appreciate it—

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