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TELCON
Arthur Burns/ Sec. Kissinger
9:30 a.m., July 16, 1974

K: Hello.

B: Morning, Henry.

K: Arthur, how are you?

B: All right. How are you?

K: Sorry we missed each other yesterday.

B: I got home too late to call you.

K: I called you yesterday about the possible assistance to Italy if that becomes necessary and I understand that one idea is to use the swap line and that you are a little reluctant to do it. I don't want to get into fiscal details which I don't fully understand. I just want to point out from a foreign policy point of view we cannot let Italy go down the drain. Whether that is the way to do it or some other way, I don't know.

B: I agree and I have been actively trying to get other countries to contribute to a package but what we can do through the swaplines is very limited. The amount could be large but it is a three month loan and that is not what they need.

K: Yes. My people tell me you would not approve more than \$300 million.

B: As a start.

K: Yes. Look, on financial things I am not somebody--I cannot get into a debate on numbers. All I wanted to stress to you is to really give this if it arises -- very high priority.

B: I agree and I was active in getting the credit line extended. Also in a meeting with the finance ministers I went around and pushed the Germans and Japanese to contribute to a package for Italy. It is a loan of medium term duration and the swap line does not serve that purpose. That is the essential point.

K: If you can give any other thought to that problem I would appreciate it.

B: You bet I will.

K: O.k. Now let's see if we could get together sometime. Are you here next week.

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B: I expect to be .

K: How about 11:00 next Monday.

B: Fine Henry. I will check my calendar. I think it is all right.
I will call you if there is.

K: I would like to talk to you about the European financial situation and you know how we can gear it to foreign policy considerations.

B: Right. I'm eager to get together with you.

K: And certainly I would like to talk to you about the state of Washington. Look forward to seeing you.

END