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THE WHITE HOUSE
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October 18, 1976

National Security Study Memorandum 247
Economic Policy Board Study Memorandum 1

TO: The Secretary of State
The Secretary of the Treasury
The Secretary of Defense
The Secretary of Agriculture
The Secretary of Commerce
The Director, Office of Management and Budget
The Director of Central Intelligence
The Special Representative for Trade Negotiations

SUBJECT: U.S. Policy Toward East-West Economic Relations

The President has directed a review of U.S. policy toward East-West economic relations.

The study should address, but need not be limited to, the following questions, drawing on work undertaken by the East-West Foreign Trade Board and its working group:

-- What are U.S. economic interests in Eastern Europe and the Soviet Union? How have they evolved over the last ten years and what is the projection over the next ten years? Are all opportunities being exploited in pursuit of those interests, and if not, what are the constraints? What problems, with Eastern European countries, and with our allies, could arise in pursuing these opportunities?

-- What are the economic interests of the Soviet Union and Eastern Europe in the U.S. and the West? How important are they in relation to the national objectives of these countries? What problems or constraints -- internal, with their allies, and with the West -- do they have in pursuing their economic interest?

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-- What are the major impediments to more normal economic relations between market and non-market economies? What constitutes effective economic reciprocity in East-West economic relations? What measures should the U.S. take with other industrialized democracies, in multilateral forums and bilaterally with non-market economies, to help ensure effective reciprocity and to deal with the problem of disruption or unfair trade practices resulting from trade with non-market economy countries?

-- How, and to what degree, could economic relations between the industrialized Western nations and Eastern nations be used to pursue non-economic policy interests in the short and long-term future, and at what costs to our own economic interests? What would be the principal instruments of economic leverage? To what degree and under what circumstances might they be most effective and which non-economic interests are appropriate and susceptible to such economic leverage? How, and to what degree, could the U.S. exert effective leverage in the absence of a common approach by the major industrialized democracies, and at what costs to our economic and other interests?

-- How, and to what degree, could the Eastern Europeans and the Soviet Union collectively or separately use economic relations with the industrialized nations to achieve economic or non-economic objectives inimical to the interests of the U.S. and the West? What actions might we take unilaterally or in cooperation with the other industrial democracies to inhibit the use of such economic leverage?

-- In formulating our economic policies, to what extent is it desirable to distinguish among the countries of Eastern Europe and the Soviet Union? What measures could be taken by the U.S., and the industrialized democracies as a whole, to use to our advantage the diversity of interests and needs among Eastern countries?

-- What are the costs and benefits of attempting to bring the Soviet Union and Eastern European countries into the process of assisting development in the Third World or more active involvement in other economic issues? What policy measures could or should be taken to encourage this type of Eastern involvement in the global economy?

This study should be prepared by representatives of the addressees and of the Assistants to the President for Economic Affairs and



National Security Affairs. It should be co-chaired by representatives of the Secretary of State and the Secretary of the Treasury. The study group should work closely with the Deputies' Working Group of the East-West Foreign Trade Board, drawing on work already completed and underway. It should report its results for comment to the Board, the NSC, and EPB by December 10. The final study should be ready for submission to the President by December 24.



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Brent Scowcroft
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cc: The Chairman, Council of Economic Advisors
The Chairman, Joint Chiefs of Staff

