

MEMORANDUM

THE WHITE HOUSE

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WASHINGTON

MEMORANDUM OF CONVERSATION

PARTICIPANTS: Dr. Henry A. Kissinger, Assistant to the President for National Security Affairs
George Shultz, Secretary of the Treasury
Major General Brent Scowcroft, Deputy Assistant to the President for National Security Affairs

DATE AND TIME: Thursday, March 29, 1973 (?)

PLACE: Dr. Kissinger's Office (?)
The White House

Shultz: We have a commitment that if the dollar strengthens, the Europeans will sell some dollars to lower their holdings. Schmidt is especially strong on this.

Economics will have a major impact on the political scene.

Kissinger: Yes, and few Heads of State understand it.

Shultz: Heath does.

Kissinger: And Pompidou. But Brandt is a fool. Schmidt is good and understands the political dimension.

Shultz: I'm thinking we should have a strong economic section in the NSC and not have a CIEP.

Kissinger: I agree. I hadn't wanted to get into it, but we could do it -- with Sonnenfeldt over at Treasury.

Shultz: Flanigan does a lot of things well and unselfishly.

Kissinger: I agree, but on the big things you and I should work it out.

We'll make the announcement next Wednesday. We'll have language saying he can continue he be available to the NSC staff.

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DECLASSIFIED
E.O. 12958, SEC. 3.6
NSC MEMO, 11/24/98, STATE DEPT. GUIDELINES, State Review 3/9/04
BY WJA, NARA, DATE 2/22/04

Shultz: He will be heavily involved in East-West trade, almost exclusively at first.

It'll be hard to abolish CIEP.

What about MFN?

Kissinger: There is a State proposal for a secret deal for 36,000 emigrants, for MFN. How could Jackson and his people withdraw their amendment without any explanation?

Anyway, I can't imagine State being able to manage it. You or I might.

The U.S. attitude is inexcusable -- emigration policy is none of our business.

Shultz: Rogers' proposal borders on the silly.

Kissinger: The Jews won't accept any firm upper limit. And you can imagine Brezhnev's reaction.

We have three options:

- Put it in the general bill.
- Put it in a Soviet bill.
- Follow the Javits route.

Shultz: Which Mills will oppose. The Soviets have done a lot.

Kissinger: But they can always revoke what they have done.

Shultz: Can't we have something that the President could announce with respect to non-market economies that the President could grant MFN when it's in the national interest?

Kissinger: This is very important to the Soviets.

Shultz: Yes. Most Congressmen think I made a deal. They don't understand.



Javits is delighted. How well he can be trusted to carry the ball, I don't know.

Within the framework of the trade bill, we don't have time before the visit to get anything done.

Kissinger: My instinct is to put it in a general or Soviet bill and fight.

Shultz: In a trade bill, it couldn't be passed before October.

Kissinger: My first inclination was a separate bill, but if Jackson is in the trade bill, what is the difference?

Shultz: Why not put in the trade bill, but with a clause about the President's determination?

Kissinger: It couldn't be done if the determination contained specific language about emigration policy. The Chinese would never accept on that basis.

Shultz: The Javits formula is attractive, but it won't get past Mills.

Kissinger: I like the Javits formula.

Shultz: Maybe keep it in the trade bill. There's not much chance. Mills thinks MFN is a Congressional right. They can give it to the President, but not give it or take it back.

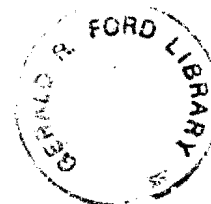
Shultz: Javits is good because it doesn't require a vote. I described all these in detail, so you will know what is going on when one of them appears.

If it's in the trade bill, it would say the President can grant it with a determination that it is in the national interest.

Kissinger: How about a separate bill?

Shultz: The only way to get it by the time of the visit would be a separate bill. It could still be in the trade bill. If Congress wanted to support the President, a separate bill would be easy.

Kissinger: But that isn't the case.



Shultz: The climate is bad for everything.

Kissinger: They said it would improve after Vietnam.

Shultz: It has never been worse!



K - We have 3 options:

Put it in a general bill

Put it in a Super bill

Follow a joint's route

S - Which route is preferred

USSR has done a lot

K - But they can always revoke what they have done

S - Can't we have something that Pres should announce w/ respect to non-market economy that Pres could grant tariff when in a trade interest

K - This is very important to USSR

S - Yes. Most Congressmen think I made a deal. They don't understand.

Javits is delighted. Kase will be sure he has to carry a ball I don't know

w/ in framework of trade bill, we don't have time before a visit to get anything done.

K - My instinct is to put it in a general or Super bill and fight Jackson & Jones.

S - In trade bill, couldn't be passed before Oct

K - First intention was a separate bill, but if in Jackson in trade, what is difference

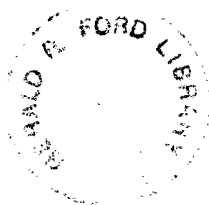
S - ~~But~~ w/ not put in trade bill, but will clause about Pres determination.

K - Couldn't be done if determination contained specific language about tariff negotiation policy. Chinese would never accept on that basis.

S - Joint's formula is attractive, but it won't get past Mills

K - I like joint's formula

S - Maybe keep it in trade bill. Not much chance of selling Mills. Mills throws H.F.R.



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S Joint is good because doesn't require a vote. I described all that in detail to Kamden, so you will know what is going on when one of them appears.

If in trade bill, it would say Pres can grant w/ determination of trade interest

K How about separate bill?

S Only way to get it by itself would be separate bill. Could still be in trade bill.

If Cong. wanted to say just Pres, a separate bill would be easy.

K But that isn't a case

S The climate is bad for anything

R They said it would improve after UN

S It has never been worse.

