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 to be available to the NSC staff.
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!
HAR-Shiftly with part of Laury's remarks. 

3 - Work with United Nations that is very important. 

Edwards will tell these states to look to their islanders. Schmidt especially important.

Sub: Economics will have a major impact in episode.

1 - Final plans for Arab states understand it.

K. And perceptions. But he's in a tough situation.

S. The thinking, we should have a strong decision.

S. In NCS - don't know if.

K. I agree. Didn't want to get onto it, but we could do it - I was overwhelmed at thinking.

S. flowering does a lot of things well, very quickly.

K. Perhaps, best one big thing - next I should work it out.

K. Announcements next week. Can improve security in the center & be available to NSC staff.

S. He will be heavily involved in E-W work, almost exclusively.

S. Hour & a half. CEP

STR - S. What about M-71?

K. State proposed, for now, that for 24/24, equilibrium for M-71.

How would you judge, in all of these various elements?

K. I would.

S. I can't imagine state being able to manage you or 2 might.

S. US attitude to unreasonable, as an organization policy, is more your business.

K. Rogers proposed, trade one for one.

S. You would want to accept compurgs limit.

K. You can guarantee they won't.

DECLASSIFIED
E.O. 13526, SEC. 3.5
BY: [Redacted] WARC DATES 3/20/69
K - We have 2 options:
    1. Put it in a good bill
    2. Put it in a poor bill
    Follow - a fate worse

S - Whose shoulders appear
    USSR has done a lot
K - But things are changing for the better now.
    S - We all have something that we would announce
    With regret & non-reaction, knowing that you could go in 47 in which was a real interest.

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

Jane: I'm delighted. I guess we can be honest.
To carry a bill I don't think
I can formulate a good bill as we don't know in time to get anything done.

K - My intention is to put it in a good or bad bill and I think it is... a long
S - In bad bill, couldn't be passed because it
K - I don't think it's a separate bill, but it
S - That is to say in bad bill, but will
K - Could it be done of determination, material
S - For some language about immigration policy,
K - China would never accept or that basis.
S - Joint formula is attractive, but it would get
K - In the joint formula
S - But to keep it in a good bill, I think
    some of settling trouble with these MF's
I'm pretty impressed right now. They can pack it, but they can't take it back.

K: What is good because it has a reference code.

S: I don't think we can claim it to be ours. They would know what is going on whether they want or not.

K: And now about supporter will?

S: Only way to get it is insist would be separate bill. Should still be in trade bill.

K: I say until we support fees, a supporter will would be easy.

K: But that isn't a case.

S: Then the client is tired for nothing.

K: They would it would migrate often V4.

S: If they want there worse.