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WITHDRAWAL SHEET

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Collection Name EXECUTIVE SECRETARIAT, NSC: MEETING FILE

Withdrawer

CAS 12/21/2004

File Folder NSC 0006415 OCTOBER 1982 [ALLIED DISCUSSIONS ON EAST WEST RELATIONS, POLAND RELATED SANCTIONS, EAST WEST ECONOMICS]

FOIA

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Box Number 91285

SKINNER

16

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
1225	MEMO	WILLIAM CLARK TO RR RE EAST-WEST ECONOMIC POLICY R 6/6/2006	2	10/15/1982	B1
1226	MEMO	DENNIS BLAIR AND ROGER ROBINSON TO CLARK RE NSC MEETING ON EAST-WEST ECONOMIC RELATIONS 10/15 R 2/22/2008 F00-002	2	10/15/1982	B1

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MEMORANDUM

BY

LOS DATE 6/6/06

CHRON FILE

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• THE WHITE HOUSE

WASHINGTON

The President has seen INFORMATIONOctober 15, 1982


MEMORANDUM FOR THE PRESIDENT

FROM:

WILLIAM P. CLARK

SUBJECT:

East-West Economic Policy

It is worthwhile to step back from the tactical details of our current discussions with the Allies on the Poland-related sanctions to review our overall progress on East-West relations. (C)

From 1976 to 1980, you succeeded in transforming American public opinion concerning East-West relations. You exposed the fatal weaknesses in detente policies, and built support for a more realistic approach. From 1980 to 1982, you changed U.S. government policy towards the Soviet Union. You increased military expenditures, placed arms control policies on a sound basis, and changed the tone of our public statements about the Soviet Union. Your challenge for the next two years is to change the public opinions and government policies of our allies in the area of East-West economic relations. This process will not be easy - the allies, for many reasons, consider the detente era an unqualified success. Many in this Administration will say that the difficulties of changing our Allies' minds are insurmountable. Because the effort will be ultimately unsuccessful, they argue, and because it will generate friction in the Alliance, we should not try. I believe that as a matter of principle we must continue to make every attempt to change the course of East-West economic policy and its fueling of Soviet military might, and I am confident that we can succeed. (C)

In the two earlier phases of your efforts, objectives were fairly clear. Your victory in the 1980 election capped the campaign to change U.S. opinion on East-West relations; in the past two years your two defense budgets and your arms reduction proposals have been identifiable milestones in changing U.S. government policy towards the Soviet Union. For the next phase - changing the opinions and policies of our allies - equally clear milestones are needed. In priority order, I suggest that they are: (C)

- 1) Firm commitments from the Allies to buy no more natural gas from the USSR than presently contracted amounts;
- 2) A strengthened agreement on procedures to halt the flow of high Western technology to the Soviet Union.

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- 3) A firm pledge by our allies to end subsidized credits to the USSR and tighten remaining credit terms. (C)

We should measure our success against these objectives - not some lowest-common-denominator agreement with the allies. (C)

We should use the current round of repression in Poland to publicly make the transition from a sanctions policy tied to events in Poland to a two-part policy. The first part is to put in place an enduring East-West economic policy based on the three objectives listed above. The second part is a modified package of sanctions tied directly to events in Poland. Our rationale is that Poland is not only a tragic event in itself, but also a manifestation of underlying repressive character of the Soviet Union which must be met by enduring unified Western policies in the area of East-West economic relations. (C)

**National Security Council
The White House**

RECEIVED

Package # 90827

82 OCT 15 A 9: 38

	SEQUENCE TO	HAS SEEN	ACTION
John Poindexter	_____	_____	_____
Bud McFarlane	<u>1</u>	<u>M</u>	<u>AS</u>
Jacque Hill	<u>2</u>	_____	_____
Judge Clark	<u>3</u>	<u>✓</u>	_____
John Poindexter	_____	_____	_____
Staff Secretary	_____	_____	_____
Sit Room	_____	_____	_____

I-Information A-Action R-Retain D-Dispatch N-No further Action
Action

DISTRIBUTION

cc: VP Meese Baker Deaver Other _____

COMMENTS

Please return to Bud.

MEMORANDUM

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NATIONAL SECURITY COUNCIL

ACTION

October 15, 1982

MEMORANDUM FOR WILLIAM P. CLARK

FROM: DENNIS C. BLAIR ~~BLAIR~~ ROGER ROBINSON

SUBJECT: NSC Meeting on East-West Economic Relations
October 15, 2:30 p.m.

This afternoon Secretary Shultz will give a status report on his discussions with the FRG, France, the U.K., Italy and Japan concerning forging a common policy on East-West economic relations. According to our information, the U.K. and Italy have accepted the memorandum of understanding worked out at La Sapiniere, while Japan, the FRG and France have not yet done so. (C)

There are two different points of view on the Poland-related sanctions: The State Department believes that the strains created by our sanctions and denial orders interfere with other, more important Alliance projects such as INF. Furthermore, they do not think that we can ever convince the allies to agree to substantial and specific restrictions on East-West trade. Therefore State is working out a face-saving formula which will allow us to lift our sanctions, and nudge alliance policy on East-West relations somewhat closer to our views. The opposing point of view, held most strongly by Defense, is that the U.S. can redirect East-West economic relations on a new course, and that the sanctions and denial orders are a tool to use in that process. The friction which they create can be contained, and is unavoidable in reaching the essential, longer-term goal. (C)

The President will have to decide which point of view to choose. In particular, he will have to decide if he will lift our sanctions if all five countries agree to the La Sapiniere communique. In other words, in return for an agreement to do some studies on East-West economic relations, will he lift the Poland-related sanctions? State thinks he should; we do not. We believe that we should make some gesture, such as a further narrowing of the sanctions (e.g., to gas transmission equipment) or liberal use of our administrative discretion in applying the denial orders, which will show good faith, but will not give away now the one lever we have. We should not lift the sanctions until we have assurances that the allies will take actions (firm commitments) in the area of East-West economic relations, not studies. A possible compromise to satisfy both points of

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BY LOI NARA, DATE 2/22/08

view would be to establish a fixed time - 90 days - for the completion of the studies. At the end of this time, if the studies resulted in fixed commitments satisfying U.S. objectives (no more gas purchases from the USSR, restrictions on technology and credits), then we would agree to lift our sanctions, leaving only a small package tied to events in Poland. (C)

The second issue is priority within East-West economic relations. The SNIE points out clearly that stopping further natural gas purchases from the USSR is the most important action the West can take, followed by the restriction of high technology transfers, followed by restriction of credits. The NSC members should be aware of this priority, and if it comes to making tradeoffs within the categories, ensure that we keep our emphasis on the natural gas restrictions as the highest priority. (C)

Attached is a memorandum to the President which you may wish to hand to him before the NSC meeting. It lays out for him the larger questions involved in East-West economic policy, putting some of the tactical questions in perspective. (C)

As the staff members who have been working this issue, we request that both or one of us take notes at the NSC meeting. (U)

RECOMMENDATION

<u>OK</u>	<u>NO</u>	
—	—	That you forward to the President the memorandum at Tab I.
—	—	That you designate both or one of us to take notes at the NSC meeting.

Tab I Memo to the President