

NLS FOO-002 # 1207

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BY LOT, NARA, DATE 2/22/08~~SECRET~~  
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## NATIONAL SECURITY COUNCIL MEETING

DATE, TIME Wednesday, July 21, 1982  
AND PLACE: 11:30 a.m. - 12:20 p.m.  
The Cabinet Room

SUBJECT: United States Policy Toward Eastern Europe

PARTICIPANTS:

The President

<u>State</u> Secretary George Shultz	<u>JCS</u> Acting Chairman Admiral James Watkins
<u>OSD</u> Secretary Caspar W. Weinberger	<u>White House</u> Mr. Edwin Meese III Mr. James A. Baker III Mr. William P. Clark Mr. Richard Darmen Mr. Robert C. McFarlane
<u>Treasury</u> Secretary Donald T. Regan	<u>The Vice President's Office</u> Admiral Daniel J. Murphy
<u>Commerce</u> Secretary Malcolm H. Baldridge	<u>U.S. Trade Representative</u> Amb. William E. Brock
<u>OMB</u> William Schneider, Jr.	
<u>CIA</u> Director William J. Casey	
<u>USUN</u> Ambassador Jeane J. Kirkpatrick	

Minutes

Judge Clark opened the meeting with an introduction of the issue and the topics to be discussed.

Secretary Shultz stated that it was important that the United States recognize measures toward liberalization in East European countries, whether these be reflected in domestic or foreign policies. The point should be that while we may not approve of all actions by these countries, it is in our interest to take measures to encourage liberalization wherever possible.

Secretary Baldrige<sup>\*</sup> stated that with respect to technology transfer, he had a problem. The paper under consideration draws a distinction between technology sold to East European countries versus end products -- the former being considered as more easily transferable than the latter. Secretary Baldrige maintained that that was not the case. He proposed alternative language which would remove the distinction between technology transfer and the transfer of end products.

Secretary Baldrige also opposed the singling out of Romania while he acknowledged that their record has been good in not transferring technology to Moscow, that could change and as a consequence, we should not establish as a matter of policy that they should be excluded.

Secretary Regan stated that he did not believe it was clear that Romania had had such a good record and that he knew of no evidence to document that. With respect to the matter of distinguishing between technology and end products, Secretary Regan stated that he was extremely leery about transferring technology to the Soviets and would tend toward a more conservative approach.

\*[NOTE: The issue being considered here is the language at the top of page 4 of the paper in the first paragraph. The question is whether to adopt the language as written or the footnote at the bottom of the page.]

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Secretary Baldrige noted that there is indeed strong evidence that Romania has not been guilty of technology transfer violations. He cited cases in which they had held sensitive technology for more than ten years without compromising it.

Ambassador Kirkpatrick agreed that Romania deserves special consideration. She noted that Romania does not pursue as independent a policy line as does Yugoslavia but that it has consistently preserved a measure of independence from the Soviet Union with respect to foreign affairs. She cited the Romanian position on the Afghanistan sanctions (Romania abstained).

Ambassador Brock expressed his agreement with Secretary Baldrige that Romania had had a good record; still he believed that it was more proper to focus upon a particular country's internal policies. In that regard, he noted that Hungary and Czechoslovakia pursued more liberal internal policies than does Romania.

Director Casey expressed his agreement with Secretary Regan to the effect that all East European countries have close relationships with the USSR and do indeed transfer technology to her.

Secretary Weinberger expressed his agreement with the majority language and against the footnote.

Secretary Baldrige again made his point that the language in the basic text on page 4 suggests that it is easier <sup>to transfer</sup> (technology) than it is to transfer an end item and that that simply is not true. Consequently in his judgment, no distinction should be drawn between the two.

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Secretary Shultz maintained that there can be a difference between technology and end products. In his judgment that is what the paragraph stated. He would agree, however, to an addition to the paragraph by continuing after the last sentence with the following words ". . . provided such sale will not prejudice U.S. efforts to strengthen the COCOM system." Secretary Shultz added that the President's Ottawa initiative is getting results and that we should assure that this work continues.

Secretary Shultz stated as a separate matter that it was his understanding that if a particular technology was proscribed by COCOM controls, that it would not be transferred to an East European country.

Secretary Baldrige agreed with that interpretation.

Director Casey asked whether if a particular technology were not COCOM controlled, could it still be restricted under this policy.

Ambassador Brock stated that it could under the terms of the proposed policy. All nodded in agreement.

Mr. Meese clarified matters by stating that this proposed policy does not require a particular outcome except with respect to items restricted under the COCOM rules; rather the policy is designed to simply say that we will differentiate in our trade policy toward East European countries.

Secretary Shultz made the point that we should not apply this policy retroactively and all nodded in the affirmative.

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At this point Judge Clark urged that the group turn its attention to page 2 and consider the first alternative footnotes. He requested Secretary Regan's comment.

Secretary Regan stated that he preferred the footnotes. He referred to a recent article in the Wall Street Journal by Herb Stein which supported his point that in no case should it be our policy to provide more favorable treatment to an East European country than to countries considered friendly in other areas. He believed that this was made clear in the ~~first~~<sup>second</sup> footnote.

Secretary Shultz said that he had no great problem with the ~~first~~<sup>second</sup> footnote although it would create certain difficulties when, for example, we consider our PL-480 allocations and the credits which go with them.

Secretary Weinberger stated he had a slight preference for the footnote language but did not feel strongly about it.

Secretary Shultz stated that with respect to the second footnote, he felt strongly that each country had to be considered on its merits and that all could not be treated the same.

Mr. Meese asked whether we could not state it is our policy that they would all be treated in the same way.

Secretary Regan stated that he did not feel strongly about it as long as all concerned understood that the intent of his alternative was to prevent our routinely providing East European countries with more favorable treatment than that enjoyed by our friends elsewhere. All nodded approval.

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Judge Clark then summarized by saying that the first footnote would be adopted but that the second one would not.

Ambassador Kirkpatrick stated that she would have to oppose the language in the second footnote. She added, however, that the principle expressed in it is important and that perhaps it could be rephrased. Her point was that we might feel one way toward a Polish default on credits and quite another way toward a Sudanese default on credits.

Secretary Regan stated that he thought the press release was a bad idea to the extent that it could appear as a lure to the Polish authorities leading up to Polish National Day and even beyond and that this was the wrong signal to send.

Secretary Shultz agreed and stated that he did not anticipate that the actions which Poland would take would be all that significant.

Secretary Regan agreed and stated that for that reason no press release should be made.

Judge Clark then polled the group and all agreed that no press release should be made. At this point the meeting was concluded.

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THE WHITE HOUSE  
WASHINGTON

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July 27, 1982

FOR: RICHARD PIPES  
FROM: Robert C. McFarlane

Dick,

Please forgive me my tardiness in getting a draft Memcon prepared on the East European policy meeting. I have dictated the attached. As you will see, it is rough. I will correct it upon my return but I believe that it provides an adequate basis on which to prepare an NSDD.

Many thanks,

Bud

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White House Guidelines, August 28, 1997  
By ds NARA, Date 1/11/05