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In Attendance - Friday, July 30, 1976

Secretary of State Kissinger - Chairman

P	Mr. Habib
E	Mr. Rogers
T	Mr. Maw
C	Mr. Sonnenfeldt
AF	Mr. Schaufele
ARA	Mr. Shlaudeman
EA	Mr. Miller (Acting)
EUR	Mr. Hartman
NEA	Mr. Atherton
INR	Mr. Saunders
S/P	Mr. Lord
EB	Mr. Greenwald
S/PRS	Mr. Funseth
PM	Mr. Vest
IO	Mr. Baker (Acting)
S/S	Mr. Ortiz
S	Mr. Aherne
S	Mr. Covey

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P R O C E E D I N G S

(The Secretary's Staff Meeting was convened at 8:16 a.m., Secretary of State Kissinger presiding as Chairman.)

SECRETARY KISSINGER: Bill?

MR. ROGERS: The oral reports indicate that MacEachen met with Peskeke (Pérez Guerrero) yesterday and they are exploring various formulas to --

SECRETARY KISSINGER: I have the letter from MacEachen on that subject.

MR. ROGERS: You do?

SECRETARY KISSINGER: Yes -- which I haven't read yet.

MR. ROGERS: We've been in touch with the Canadians, and we're preparing a reply to you. But I think it's moving perhaps in the right direction. They're, as I say, explaining various formulas which will permit both sides to get back to the Commission work in September.

SECRETARY KISSINGER: Like what?

MR. ROGERS: Well, we don't have -- in fact, we don't have the formula, so I can't give you an answer to the question. But he understands our position, basically, and the position of the other members of the Eight

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pretty clearly.

SECRETARY KISSINGER: But we should answer MacEachen today --

MR. ROGERS: Yes.

SECRETARY KISSINGER: -- because he's getting very rough treatment from us and it's weeks.

MR. ROGERS: On the East-West Trade Board, we had a meeting the day before yesterday. The Cabinet Officers there indicated that they would like to talk about it again, probably after the Convention.

SECRETARY KISSINGER: Who were the Cabinet Officers there?

MR. ROGERS: Mr. Butz, Mr. Richardson, Mr. Simon, Mr. Rumsfeld, and then several others -- Mr. Gorog, Mr. Seidman.

SECRETARY KISSINGER: It must be getting to be a hot subject. What are they discussing?

MR. ROGERS: Well, the major issue of discussion at the meeting the day before yesterday was the debt issue -- What is the significance of the considerable explosion of that by the Soviet Union and East European countries now in the hands of public and private creditors.

SECRETARY KISSINGER: You know, if they keep feeding

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Cabinet members I'll have to start going.

MR. ROGERS: You're certainly welcome. (Laughter.) I wouldn't come into this as a way to start passing the time of day. I wasn't planning to go over there, but it was not one of the most elevated discussions, Mr. Secretary, or one of the most sophisticated I've heard on the issue.

SECRETARY KISSINGER: That isn't the point. They can get enough of a quorum together to take on sophisticated decisions.

MR. ROGERS: Well, they may not be the the next time around in late August. We're going to be coordinating in preparation of a paper which will treat in fairly general terms the kinds --

SECRETARY KISSINGER: Yes, but I object to having essentially foreign policy issues moved out of the Department step by step on every issue. One day it's nuclear policy; then it's East-West trade policy. They set up a Cabinet committee, and we sort of are on the fringes of it and we lose essential controls.

MR. SONNENFELDT: This is the basis of the statute now.

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SECRETARY KISSINGER: What statute?

MR. GREENWALD: The Trade Act.

MR. ROGERS: The Trade Act.

MR. GREENWALD: That's the main issue.

SECRETARY KISSINGER: What was it?

MR. GREENWALD: It set up the amount of trade -- the MNF provisions that relate to the Soviet Union -- that sort of thing, not just MNF. It wasn't meant to discuss basic policy issues.

MR. ROGERS: The position I've taken, Mr. Secretary, is if they wish to discuss it on the Cabinet level it ought to be in the NSC.

SECRETARY KISSINGER: Yes, but I object in principle to having the first instance of these things moved out of this building. And I mean it's one thing for us to have a position which is then discussed in the NSC; it's another for the Cabinet committee to form a position which then gets into the NSC which we never get any control over.

MR. ROGERS: We're going to develop a position on whatever gets on the agenda of that other Cabinet-level meeting before it goes forward.

SECRETARY KISSINGER: But it's not the way to

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conduct foreign policy. By the time you have Richardson, Simon and everybody who's running for Vice President chewing it around, you're going to have it in the newspapers before I ever see it.

MR. ROGERS: No. You'll see it before it gets over there -- I promise you that.

SECRETARY KISSINGER: It's not your fault --

MR. ROGERS: Yes.

SECRETARY KISSINGER: -- but I take strong exception, and I want us to start resisting. When foreign policy issues are raised, we have to assert the primacy of this building.

MR. ROGERS: Yes, sir.

SECRETARY KISSINGER: I don't accept the proposition that anybody can just drag any issue. I mean it's a Major League issue. But that Phil Buchen will hold a meeting on Australian beef imports on the weekend before the Australian Prime Minister comes here and I never know about it is inconceivable. I don't care whether we had somebody representing us.

If economics is becoming more and more of an aspect of foreign policy, if all of that gets moved out of here, this will just become a paper-shuffling outfit.

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MR. ROGERS: No -- I agree with you. We have to be assiduous in protecting, as you say, your primacy on this matter.

SECRETARY KISSINGER: On some point I'm going to pull everybody out and force a showdown with the President.

MR. ROGERS: Well, as I say, I wouldn't regard the discussion the day before yesterday as any major threat to our command of foreign policy.

SECRETARY KISSINGER: But somebody will put a proposal in there.

MR. ROGERS: Then it begins to get very serious.

SECRETARY KISSINGER: No. It has to get serious before somebody puts a proposal in there. I don't accept that that group makes East-West trade policy.

MR. ROGERS: Clearly, no; but it didn't even come close to it.

SECRETARY KISSINGER: But it will on the next round. Therefore, I'm not sure we're going to submit a policy paper to them. But I'd like to see the policy.

MR. ROGERS: Right.

With respect to Australian meat, we'll have a memorandum to you.

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MR. HABIB: Fraser went off much more relaxed about it.

SECRETARY KISSINGER: That's not the point.

MR. HABIB: I know.

SECRETARY KISSINGER: It has absolutely nothing to do with it. If this Department cannot control announcements that affect Australia in the week prior to the Prime Minister's visit here, then we're just not in control of anything. That we then do a damage-limiting operation is a minor achievement. What do we have left here?

MR. HABIB: It's because he had a helluva good National Press Club appearance and he was in the euphoria of that, and he didn't even bother to follow up at any high level on the meat thing. He's leaving it to his Commercial Counselor to discuss with the Department of Agriculture the question fo Customs statistics on the 220 million agreement, so it was --

SECRETARY KISSINGER: But that's irrelevant.

MR. HABIB: Well, as you said, it was damage-limiting anyway.

SECRETARY KISSINGER: He could have had the press conference without the announcement with it. Did you

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ever see yesterday what --

SECRETARY KISSINGER: No.

O.K. Do you have anything else? (Addresses Mr. Habib.)

MR. HABIB: Do you want to pursue the question of Mrs. Fenwick on this?

SECRETARY KISSINGER: Don't you get me wrong. Don't you implement what I told Mrs. Fenwick.

MR. HARTMAN: I asked what you told Mrs. Fenwick.

MR. HABIB: You did say you were going to do something about it. That's why I raised it.

SECRETARY KISSINGER: I said I'd meet with her group for breakfast sometime, which would be after the Republican Convention.

MR. HARTMAN: Then you're not appearing as a witness.

SECRETARY KISSINGER: Well, I told her I don't want to appear as a witness. I told her she wouldn't get any cooperation from the Department in its present composition.

MR. HARTMAN: She's the one, I think, who is resisting getting the Executive group together. Case seems to

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favor getting the Executive group together.

SECRETARY KISSINGER: That's fine with me. I think what she wants she can get without having Executive participation. She wants the facts. I'm all for giving her the facts.

MR. HARTMAN: Yes.

SECRETARY KISSINGER: I told her we would cooperate completely to give her the facts, if that's what she wants.

MR. HARTMAN: Yes.

SECRETARY KISSINGER: If she wants somebody too as a regular contact, that's fine.

MR. HARTMAN: Well, you have a memo coming up to you from Monroe which gives you the kind of position that we ought to take on, trying to get the --

SECRETARY KISSINGER: That you recommend taking?

MR. HARTMAN: I'm recommending that you accept that position. That's the one, I think, that gets us out of trouble. If we can get the Committee to accept that, they really ought to take the Executive Branch members off altogether.

SECRETARY KISSINGER: Well, that's fine with me.

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MR. HARTMAN: Now, there's a tactical question there. I think you'd have to discuss how the White House feels about it. But since Senator Case has said that he thinks this would be a good idea, you might just talk to him and see whether he could work it out with the Congressional group which is already on the Commission.

SECRETARY KISSINGER: It's impossible to have regular Executive Branch membership on a Congressional Committee. Even if it works in this group, even if Mrs. Fenwick is a sweet lady, then you're going to get a Jackson Committee -- then you're going to get every Congressional issue fought out in Congressional Committees. And it's going to lead -- with regular Executive membership, it's going to lead to an impossible situation.

MR. SONNENFELDT: Case is beginning to recognize that, and I think there is an opportunity to make a deal with him.

SECRETARY KISSINGER: And we're perfectly willing. If it's information they want, if it's a regular contact, if there's somebody who has a responsibility in this Department for giving them the facts, all of this is easy.

MR. SONNFNFELDT: One thing: Monroe's distinct impression was that there was a growing recognition --

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MR. HARTMAN: It changes his Commission. That's his big deal there.

SECRETARY KISSINGER: Well, I'll have them in for breakfast but not until after the Republican Convention.

MR. HARTMAN: Yes.

SECRETARY KISSINGER: O.K. Do you have anything else?

MR. HARTMAN: Well, just on the Turkish Cabinet, really, the old-timers are out. Feloni is the Foreign Minister. There are a number of new people, including people we don't have any biographic data on -- like the new Defense Minister. I was rather astounded there.

SECRETARY KISSINGER: What's his name?

MR. HARTMAN: Latentintanzi.

SECRETARY KISSINGER: Well, can we get something from the Embassy?

MR. HARTMAN: Also, Osala, who's been in the Bank, is a Trade Minister, so there are a few technicians.

SECRETARY KISSINGER: We've got to do something on that Turkish ship, or are we going to let that blow up?

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MR. HARTMAN: No. I'm getting a message up to to you to go back to Karamanlis on his message but, also, something more that we can say to the Turks. It's not problem, as I understand it, until after the 20th of August, because they're staying clearly in Turkish waters until that time. But this is part of the problem. If both these countries are trying to put it on someone else's back, they take a position --

SECRETARY KISSINGER: We have to do a strong message to Karamanlis.

MR. HARTMAN: Yes.

He might be beyond his instructions and he began to use some of our legal briefs. But Jack clearly had to warn Karamanlis that he's on weak legal ground, which he is.

SECRETARY KISSINGER: Then we have to go to Luns to get a message to me. Today?

MR. HARTMAN: Yes.

MR. BAKER: The Africans want this afternoon, in the Security Council, to proceed to vote on the resolution which has now been negotiated, after your meeting with Governor Scranton yesterday.

SECRETARY KISSINGER: But I haven't seen it. It's

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a little premature, I know.

MR. BAKER: You'll be getting an action memo this morning.

SECRETARY KISSINGER: I don't want the action memo; I want the bloody resolution. If everyone in New York has it, what's the reason why I can't have it?

MR. BAKER: I have the resolution here. It will be attached to the action memo.

SECRETARY KISSINGER: That's terrific. I'm not going to permit a vote until I have it for six hours. That's the only way I can discipline you guys. It's your problem how you will get it to me. We will just not vote. You have to look at my schedule. Since I've seen every version of the resolution, I'm perfectly intelligent enough to handle it without an action memo. You can always later give me an action memo.

MR. BAKER: I can leave you the resolution right after the meeting.

SECRETARY KISSINGER: Is it like we had yesterday?

MR. BAKER: The most objectionable features have been removed.

SECRETARY KISSINGER: Is it what Scranton and I

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discussed yesterday? That permits only one question.

MR. BAKER: No.

MR. HABIB: It's close to it. It drops the Chapter VII.

SECRETARY KISSINGER: Wait a minute. When you say objectionable features have been removed, that means we're negotiating from their resolution.

MR. HABIB: No.

SECRETARY KISSINGER: Well, since the other one was ours, how can it remove objectionable features?

MR. BAKER: Our resolution was a resolution which we drew up as a basis for negotiating with them. They, as a result of these negotiations, redrafted their resolution.

SECRETARY KISSINGER: That's what I'm saying.

MR. BAKER: Yes.

SECRETARY KISSINGER: That's exactly the point which is now emerging.

MR. HABIB: But in the course of it they dropped the principal objectionable features which were derived.

SECRETARY KISSINGER: Don't you think it's a little bit absurd that you (addressing Messrs. Habib and Baker) would know everything about it, you would know everything about it, and Scranton doesn't see it?

MR. HABIB: This morning.

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SECRETARY KISSINGER: You'll be busy until noon.

Well, I don't know what to say, not having seen the resolution. Does it have "threat to peace and security"?

MR. BAKER: No, sir.

SECRETARY KISSINGER: Does it have "liberation of Southern Africa"?

MR. BAKER: No.

SECRETARY KISSINGER: Well then, what's objectionable about it.

MR. BAKER: Well, it has sharp condemnation of the South Mfrican Government for the raid.

SECRETARY KISSINGER: O.K. I'll have to see it. But you might as well tell Scranton if I don't have six hours with it he will not be able to take any position, pro or con, or speech.

MR. MILLER: Mr. Secretary, I understand that you have decided not to go to Manila --

SECRETARY KISSINGER: Yes.

MR. MILLER: -- but that you're considering, still,sending someone else.

SECRETARY KISSINGER: Sending Robinson.

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MR. MILLER: I'd like your guidance on --

SECRETARY KISSINGER: I know you're all opposed to him, but you were also opposed to my going. (Laughter.)

MR. MILLER: If you decided to send Robinson, then may we get a cable out to Sullivan which tells him to tell Romulo that you're not coming and that Robinson will come in your stead?

SECRETARY KISSINGER: That Robinson is coming that and I hope to be able to come later this year maybe.

MR. MILLER: O.K., sir.

MR. HABIB: That means we have to get a cable to Robinson telling him he's going.

SECRETARY KISSINGER: But he's not going to Japan.

MR. HABIB: That's right. That's been dropped.

SECRETARY KISSINGER: But I just didn't want, since he's approaching Japan, that he take a two-day refueling stop there. (Laughter.)

MR. MILLER: I understand he may be taking a two-day refueling stop in Fiji. Apparently he's had plane problems somewhere in the Pacific.

SECRETARY KISSINGER: Oh, really?

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MR. HABIB: Well, that's nothing. There are plenty of planes going through Fiji in an hour or two.

MR. MILLER: Let me just mention, sir, that the Vietnamese are expected to release a large group of Americans over the weekend, either Sunday or Monday. It could amount to 40 if Vietnamese dependents are included.

Finally, as of the time I came up here, there were still no reports of any new aftershocks in the new China earthquake. The Chinese --

SECRETARY KISSINGER: Did we ever call them in?

MR. HABIB: Yes.

SECRETARY KISSINGER: What did they say?

MR. LORD: "Thank you" -- but they were quite sure they could handle it.

MR. MILLER: But there's been no response. The Chinese are apparently heavily restricting visits now.

MR. HABIB: I think that might affect that Senatorial group that is supposed to go out within the next couple of weeks.

MR. MILLER: It could very well. Now, they say

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that all of their personnel have moved into the residence and into the office and they could well stay there for a month. They're going to review that situation within a week.

SECRETARY KISSINGER: That's a pretty heavy group. (Laughter.)

MR. HABIB: They go around blowing whistles until everybody gets out of the streets in these foreign cities.

MR. MILLER: They've expected damage to so many buildings, apparently this is what they have to do. They'll have to decide whether the visit should be delayed or cancelled altogether.

That's all I have for you, sir.

MR. GREENWALD: On this dispute with Fred Dent on the generalized preference -- the five items -- we were supposed to have been instructed by the White House to work out a compromise, but so far they haven't been able to work out any compromise with us. If they can't do it, we'll have to go back to the President.

SECRETARY KISSINGER: Absolutely. What is the issue?

MR. GREENWALD: Repairel. He says that the

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message situation is so involved with domestic political consequences, there so many that have never been on the list, that penetration is 40 percent of the market. And he want s to increase it this year and --

SECRETARY KISSINGER: But how did it get on the list, to begin with?

MR. GREENWALD: He claims it got on the list through a fluke -- a second man calling, a man saying: "Yes, our prospects are very good." And the Chairman of the Board calling back: "We have terrible trouble from imports." But it was too late. The list had already been sent out. That's Fred's history.

O.K. The other one is this Occidental in Iran. There's to be a meeting on Monday. I understand you won't be able to attend.

SECRETARY KISSINGER: Why will I not be able to attend?

MR. GREENWALD: Because you're going to be on your way to Boston 5 o'clock Monday.

SECRETARY KISSINGER: Yes. Of course, it's possible to change a meeting.

MR. GREENWALD: All right.

SECRETARY KISSINGER: That's happened before

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in the history of this Government.

MR. GREENWALD: I'll try to do that. I was just told that the meeting was set for 5 o'clock and that you were going to talk to Simon about it.

SECRETARY KISSINGER: I had no intention that I was going to talk to Simon about Law of the Seas.

MR. GREENWALD: All right. The information I got was that you were also going to talk about the Occidental in Iran and give your position.

SECRETARY KISSINGER: Well, who was in on the decison?

MR. GREENWALD: Simon, Scowcroft, Seidman, Lazarus -- those are the key players -- and they want -- as you know, they want to hold it up pending a decision on what our attitude is going to be generally on investment in OPEC oil, on American oil -- American petroleum. And I assume that we want to try to get a positive decision --

SECRETARY KISSINGER: That isn't a Departmental position shared by Agriculture on our entire foreign policy (laughter) because how can you make such a decision?

MR. GREENWALD: I understood you that your position was we wanted to get a position on the Occidental Iran thing before you went. The question is: Are we prepared to go along

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with a general discussion of the policy issue?

SECRETARY KISSINGER: Oh, it depends how far these discussions have gone. What is Simon's position -- is he for it?

MR. GREENWALD: He wants to get a positive no-objection decision on the Occidental in Iran. And generally he wants to avoid, in line with his basic philosophic potion, any restrictions on investment. Lazarus, Zarb and Seidman are on the other side.

SECRETARY KISSINGER: Zarb just wants a trip. (Laughter.) That's all he wants. Other side of what? He's against investment.

MR. GREENWALD: Yes. He thinks it has to be reviewed. He thinks we have to develop some foreign policy lines.

SECRETARY KISSINGER: But what's the danger?

MR. GREENWALD: The danger is that OPEC will get investments in American oil industries and it will adversely affect our energy policy -- undermine it.

SECRETARY KISSINGER: How?

MR. GREENWALD: I haven't heard him explain his position.

MR. MAW: How, conceivably?

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MR. GREENWALD: Well, I presume if they got enough control of the industry they could manipulate prices, get some better position, go further ahead in distribution. I mean this is the theory. I suppose they get some control of the refining and distribution capacity. I think it's a little far-fetched, but that's my understanding of Zarb's positon. And I understand he has the support of Seidman.

SECRETARY KISSINGER: Well, the Shah can only interpret this as a deliberate attempt to cut him off wherever he's trying to negotiate separately.

MR. ATHERTON: It also tends to equate him with the Arab numbers -- take him apart on the boycott -- as though he had been hostile in the past.

MR. GREENWALD: Well, as I understand, they wouldn't take a position now. Why they wanted to hold off is until the broad policy question of OPEC investment and some guidelines were laid out.

They might still go ahead with the Occidental in Iran, but it would be a definite delay.

MR. ROGERS: It's going to take three or four months

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to do it.

MR. MAW: He had an idea he should limit all foreign investments to five percent, a year ago.

MR. GREENWALD: Immediately after the oil embargo there was some pressure on him to restrict investments in certain areas. They were afraid the petrodollars were going to take over the airlines, the oil industry, the steel industry, recreation and so on.

Do you want me to try to change the time of the meeting?

SECRETARY KISSINGER: Let me think about it. Is there a paper on this?

MR. GREENWALD: There has been. I was going to check Robinson's on this. I think Repoltz (Rob Pootz) had it. I'll find out.

SECRETARY KISSINGER: Hal?

MR. SAUNDERS: You ought to be aware of a case that's in the courts which has to do with the NSA program. Congressman Moss --

SECRETARY KISSINGER: Yes; I know about that.

MR. SAUNDERS: You know about that? The first -- the main hearing -- was on Wednesday. I gather it went reasonably well from the Government's point of view --

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once we have a sypathetic judge who understands national security, apparently.

SECRETARY KISSINGER: When will he make the decision?

MR. SAUNDERS: I'm not sure of that, but it has to be within the next few days.

SECRETARY KISSINGER: It's a preposterous request anyway.

MR. SAUNDERS: What's preposterous is that the Justice Department apparently sent a lot of the requests for information on lines to the AT&T unclassified.

SECRETARY KISSINGER: All of them. Not a lot -- all.

MR. ROGERS: The request isn't preposterous.

SECRETARY KISSINGER: What?

MR. ROGERS: The request isn't preposterous. The practice is preposterous.

SECRETARY KISSINGER: The request is preposterous. This Committee has no legislative purpose to serve with this request. It's a poor publicity stunt. They can't even pretend they're looking for anything.

MR. ROGERS: Those representations of legitimacy are very hard to enforce with Congressional --

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SECRETARY KISSINGER: They want to get a wire tap directed at foreign agents. It has nothing to do with domestic.

MR. SAUNDERS: And the discussion of the electronic surveillance reveals, Bill, that there's a total misunderstanding in the Congress of what electronic surveillance in the national security area covers. They basically are concerned that one of their conversations with some foreign diplomat shows up in this material. They can't get it through their heads that if that happens that's a very peripheral matter, and the main communications we're talking about are from an Embassy to a Foreign Ministry. But the whole discussion of this issue of infringement on the rights of American citizens -- which is two percent of the whole problem -- that's their perspective on it.

MR. ROGERS: Yes.

MR. SAUNDERS: That's all.

MR. ATHERTON: On the Saudi Arabia matter, Mr. Secretary, I'd like to hold that in abeyance. There are seven Corps of Engineers construction cases which involve a little hardware. I think you can agree we can go ahead on that.

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SECRETARY KISSINGER: Certainly.

MR. ATHERTON: No problem.

Secondly, Brazani's presence has gotten in the press. It sounds, so far, not bad though -- but he has seen Senator Jackson, George Meaney. Meaney says that he will arrange a meeting with him for somebody on the Carter entourage. And this is all in an article in the Star yesterday. He himself has been complaining about the rules very well. He has refused to see any press reporter. A number of them have tried to get to him. He'll be leaving fairly shortly to go back to Iran.

That's all.

SECRETARY KISSINGER: Yes. But what's his basic line?

MR. ATHERTON: His line is that he wanted to see people here who had been sympathetic to the Kurdish cause, sympathetic with his plight -- when the Iranians drew their support for him and, basically, their people were critical of us.

SECRETARY KISSINGER: What do they say we should have done without the Iranians? How could we have supported him if we had had the means?

MR. ATHERTON: Well, they say that we should

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have kept the Iranians for support. That's the basic line.

SECRETARY KISSINGER: It could have cost 300 million dollars a year. Wasn't that the estimate at that time?

MR. ATHERTON: I don't remember precisely, Mr. Secretary, but it was a lot. But my point is: I think so far the visit has been handled in a way that's going to be a major problem with the Iranians.

MR. ROGERS: But is he running around town telling people that the fault really ends up here at the Department of State?

MR. ATHERTON: Well, I don't know what he's telling. That's what somebody has told the Star reporter. That's the way it's come to the Star re-orter.

SECRETARY KISSINGER: One, covert operations are bad -- but when covert operations reach the level of regular warfare, it cannot be sustained by the covert forces, then we've got to maintain them -- even when the country that was doing most of it has withdrawn.

MR. ATHERTON: Yes, sir. That's the train of logic that seems to emerge.

SECRETARY KISSINGER: But what that, in effect,

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says is it couldn't have been sustained without the introduction of Iranian regular forces there at that point. This is what I recall the judgment was.

MR. ATHERTON: Yes. In fact, there were some Iranian artillery that had moved up to and including across the border; and they were still losing. They would have had to escalate the aggression.

SECRETARY KISSINGER: Harry?

MR. SHLAUDEMAN: In order to go ahead with the crop-substitution program in Bolivia, we need a forward funding commitment. Forward funding commitments now require the President's approval. OMB is very much opposed to this.

SECRETARY KISSINGER: What -- are you talking about crops?

MR. SHLAUDEMAN: Yes. This is crop substitution over a five-year program. And they are going forward to the President with a split memo. NSC is supporting our position. We've sent you up a memo in the hope that you'd be able to mention this directly to the President.

SECRETARY KISSINGER: I haven't seen it. When did it come out?

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MR. COVEY: It's here.

SECRETARY KISSINGER: How about Colombia?

MR. SHLAUDEMAN: Colombia -- we're still talking to the Air Force about these helicopters.

SECRETARY KISSINGER: Oh, come on, for God sakes! I was in Colombia in February. Now, supposing you protract these discussions another six months. When you discuss it, what do you say; what do they say? How can it take three months?

MR. SHLAUDEMAN: They won't allow any helicopters.

SECRETARY KISSINGER: So what do you think you achieve by continuing the discussion?

MR. SHLAUDEMAN: I agree. We'll go back to them and see if we can wrap this up.

SECRETARY KISSINGER: How about coming to me, telling me what you need?

MR. SHLAUDEMAN: O.K.

SECRETARY KISSINGER: I don't accept -- I got a memo yesterday that was two-months old. Why? Because three Bureaus here couldn't agree with each other. I'm left with the position that any papers are getting are those that everybody agrees on.

Now, Bill, you know, I've been raising hell about

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Colombia.

MR. ROGERS: Yes.

SECRETARY KISSINGER: Now, I want a bloody paper by the end of the day; and I'm going to move it to the President.

MR. ROGERS: Well, I thought the procedure we had set up for resolving this issue was the memorandum that was supposed to be prepared showing what the optimum program was. That was to be the vehicle for whether we wanted a thousand helicopters, two thousand helicopters.

Now, why that didn't go to a final decision-making result, I don't know.

SECRETARY KISSINGER: Why? What's the answer to that?

MR. SHLAUDEMAN: I don't know. I'll ask.

SECRETARY KISSINGER: I don't care if this whole nation becomes hotheads, but it's our national policy to try to do something about it. It's humiliating.

I spole in Colombia with the President, with a Foreign Minister. It was clear to me then that we were holding this thing up. Here we are the end of July. Has anything been done in Colombia?

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MR. SHLAUDEMAN: A lot of talk.

SECRETARY KISSINGER: At that time they were debating the magnitude of the program. Has that been settled?

MR. SHLAUDEMAN: No.

SECRETARY KISSINGER: Why not?

MR. SHLAUDEMAN: Well, I gather that the problem is that they want a lot more helicopters than they want to let them issue.

SECRETARY KISSINGER: Is that going to be solved by waiting until January?

MR. SHLAUDEMAN: Apparently they won't take fewer. This iswhat it comes down to. They aren't interested in half a dozen.

SECRETARY KISSINGER: I can't believe that. Can you believe that?

MR. ROGERS: That doesn't sound right.

SECRETARY KISSINGER: How many do they ask for?

MR. ROGERS: They want a total of 50, as I remember.

SECRETARY KISSINGER: But has any serious person talked to any serious person?

MR. SHLAUDEMAN: Oh, yes. There have been extensive

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talks, including with the President again.

SECRETARY KISSINGER: Which?

MR. SHLAUDEMAN: With Lopez.

SECRETARY KISSINGER: He had talks about what though?

MR. SHLAUDEMAN: About how many helicopters you're going to have.

SECRETARY KISSINGER: Does that sound right to you? (Addresses Mr. Rogers.)

MR. ROGERS: No.

SECRETARY KISSINGER: What happened is some clerk went in and said that you take 49 helicopters.

MR. SHLAUDEMAN: Pete talked to him just before he left.

SECRETARY KISSINGER: It cannot be right. This was something that I thought would be settled within a week or two of my visit there. What could possibly have taken four months?

(Mr. Shlaudeman nods head affirmatively.)

MR. ROGERS: It's an infinite process. It could go on forever.

SECRETARY KISSINGER: It's not a tough problem. And I'm certain the Colombians will take a lesser number

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than 50. It's not an irrational number. Why should they care whether they get 50 or 10? They just can't perform as well with 10. I don't think they can handle 50.

MR. SHLAUDEMAN: I don't either.

MR. ROGERS: What's the optimum number in terms of suppression of the traffic?

MR. SHLAUDEMAN: Probably only five or six.

MR. ROGERS: Really?

MR. SHLAUDEMAN: Yes.

SECRETARY KISSINGER: What do our people think they need?

MR. SHLAUDEMAN: Five or six.

SECRETARY KISSINGER: Oh, come on! Don't tell me they're willing to take five or six.

MR. SHLAUDEMAN: Yes.

SECRETARY KISSINGER: And it's held up because they want 50?

MR. SHLAUDEMAN: So far.

MR. ROGERS: If that was really their judgment, maybe you ought to write López a letter.

SECRETARY KISSINGER: I want to bring it to a conclusion. It's humiliating. But there must be more to it than that; there has to be more to it than that --

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López is not a fool.

MR. SHLAUDEMAN: I think it's his armed forces. That's the problem. They want the helicopters for their own reason.

SECRETARY KISSINGER: Yes, but maybe they're making some demands which you are not servicing now.

MR. SHLAUDEMAN: Not that I know of now, no.

We dropped the one demand -- which was that they not service their own helicopters.

SECRETARY KISSINGER: That who not service their own helicopters?

MR. SHLAUDEMAN: That was, as I understand, their initial demand -- that they not hire an outside contractor to service their own helicopters.

SECRETARY KISSINGER: Who's on that one? (Laughter.) How is that any of our business -- how they service their helicopters?

MR. HABIB: That's what I was wondering. (Laughter.)

MR. SHLAUDEMAN: It beats me.

SECRETARY KISSINGER: Yes, but you're the Assistant Secretary. How does a request like this go through our machinery without somebody saying it's insane?

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MR. SHLAUDEMAN: Well, I can't tell you, Mr. Secretary. I thought they could not service them, therefore.

SECRETARY KISSINGER: Who is this nebulous "they"?

MR. SHLAUDEMAN: The drug people in DEA.

SECRETARY KISSINGER: DEA isn't to blame, as far as I'm concerned.

MR. SHLAUDEMAN: But it was put to the Colombians first. So, essentially, the damage was done.

SECRETARY KISSINGER: That's right.

MR. HABIB: As I recall, it went through this process with the Burmese and we gave the Burmese helicopters. When we went through the Burme and gave the Burmese these helicopters, the DEA had a whole list of restrictions -- even with the Burmese who wanted them. It took a long time to get done.

Is that's what's partially involved -- the list of restrictions that DEA puts on?

SECRETARY KISSINGER: Yes, but what is the program? When there is some moronic agency that does this for self-servicing purposes, as far as I can tell the attitude is to get along and suck around this town and not bring it here --

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anything rather than bring it to the Seventh Floor.

MR. SHLAUDEMAN: Well, we'll bring it to you.

SECRETARY KISSINGER: I just wonder what happens in countries I haven't visited where I don't know what's going on. (Laughter.) Pete Wakey told me when I was there that one decision was needed -- how much money we were going to put in there.

MR. ROGERS: Yes.

SECRETARY KISSINGER: Is it only the helicopters?

MR. SHLAUDEMAN: That's all.

SECRETARY KISSINGER: Because they've given up on everything else.

MR. SHLAUDEMAN: No. I think that program is going pretty well.

SECRETARY KISSINGER: O.K. Bill?

MR. SCHAUFELE: We tried to find out last night what Garba had in mind yesterday afternoon. He's very vague; but it's obvious he's not here to talk about bilateral issues, as he told our Charge in Lagos.

SECRETARY KISSINGER: Well, what is he here for?

MR. SCHAUFELE: I think he wants to talk first about East Africa because he's been active -- he's been over there.

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SECRETARY KISSINGER: In Kenya. Well, what does he want to discuss?

MR. SCHAUFELE: In view of the Nassiter piece in the Washington Post this morning, he probably wants to make sure that we're not getting involved in overthrowing Amin. And I suspect also that he wants to know what we're doing in Southern Africa, because they have not been included in the consultations on that question.

The only other item I have is that some of the press people -- some of the newspaper correspondents that are taking as a point of departure Botha's statement in the press about the great difficulties of your solving the problems with Southern Africa.

SECRETARY KISSINGER: The man's an idiot.

MR. SCHAUFELE: Yes. (Laughter.)

MR. HABIB: You kept repeating it like a robot. (Laughter.)

MR. SCHAUFELE: They're assuming our efforts have collapsed. I think this is partially a gamble to try to get us to talk about it now.

SECRETARY KISSINGER: Just tell them they're on course; we're not discussing it.

MR. SCHAUFELE: Yes.

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SECRETARY KISSINGER: It's better to have them say that rather than the opposite --

MR. SCHAUFELE: Yes.

SECRETARY KISSINGER: -- and that things will be determined by what comes out, not by what happens in the interim.

MR. SCHAUFELE: I have nothing more.

SECRETARY KISSINGER: O.K. Anybody else?

MR. MAW: I got word yesterday that the Peruvians wanted to postpone for almost 30 days the next negotiating session because Bente has to go to Argentina and then the Colombo Summit. I said we're back of postponing a settlement that for long could have serious repercussions.

SECRETARY KISSINGER: Why?

MR. MAW: Because the banks of New York -- the Comptroller of the Currency is stepping in, and they think they're not moving in good faith; it looks like a stall.

SECRETARY KISSINGER: Yes. But I'm not so sure that's the right answer. I think the old government could hve made that settlement easier than the new government, and I'm not sure that we shouldn't get that settled.

MR. MAW: The old government is ready to make it. The new government said they were ready to carry it out

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and --

SECRETARY KISSINGER: I think we'd better let them wait 30 days; don't you, Bill, if we can afford it?

MR. MAW: We told them that the settlement was apparently forthcoming promptly, and I'm afraid the banks will hold it up if we don't get a settlement.

SECRETARY KISSINGER: But I'm afraid of what happens to that government if we force them into a settlement before they've established themselves.

MR. ROGERS: I think he'd rather have a good strong position in Sri Lanka as the first definition of their foreign policy rather than a settlement on Marcona. I can't understand why he'd rather do it in that order, quite frankly.

MR. MAW: Then holding the Treasury and the Comptroller of the Currency from blocking these loans.

We have a CCC loan coming up next week.

SECRETARY KISSINGER: Loans for 30 days too and dragging our feet?

MR. MAW: Well, we have the CCC loan coming up next week for seven million and the Comptroller by all means would support that regardless.

SECRETARY KISSINGER: Yes, but seven million

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isn't 400 million.

MR. MAW: No, but that is a loan. And the International Development Bank is coming up with something and --

SECRETARY KISSINGER: I'm just afraid.

Well, what did they say?

MR. MAW: We haven't had any response. We've got a little rivalry within the new government.

SECRETARY KISSINGER: Yes, but I think they have a serious problem in establishing themselves.

MR. MAW: They seem to be doing very well, from the intelligence we had.

SECRETARY KISSINGER: Well, that's not shared with me, so I wouldn't know that.

MR. MAW: The deal being carried out was the one made --

SECRETARY KISSINGER: I understand that, but that doesn't protect them against the latter.

MR. MAW: Well, it's Muldinado's deal, and that doesn't seem to bother them. We've discussed that with them, in fact.

SECRETARY KISSINGER: No. That should help them.

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MR. MAW: Yes. I think it really gets to the question of Bandaraike 's timing, and this is the order in which he wants to do things.

SECRETARY KISSINGER: I think it would be better if he went to Sri Lanka first.

MR. ROGERS: We could go along with that. If he comes back after a quick, strong position in Sri Lanka he could quickly settle it.

SECRETARY KISSINGER: I can see why he doesn't want to go to Sri Lanka as the guy who paid off the American.

MR. SHLAUDEMAN: But there doesn't have to be any visible public contact. He doesn't have to go; he doesn't have to come here.

SECRETARY KISSINGER: Do you want to make a settlement and have none of it come out?

MR. MAW: It has to come out. It will have to be announced.

MR. SHLAUDEMAN: Yes, it will come out; but there are some ways for settlement, unless they come back with a concrete offer.

MR. MAW: We're within the negotiation, if they do what they said they're going to do.

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MR. SHLAUDEMAN: Well, it doesn't appear to me that they've really come back with a solid offer.

MR. MAW: They haven't come back with one at all, except for an informal conversation on the deed. And it's been 60 days that we're considering our proposal.

Now, there are two ways to do it-- to try to do it before they go to Sri Lanka, or to stall it out and try to hold off the banks.

SECRETARY KISSINGER: I'd leave it up to them. There's no reason for us to hold off. But if they want to hold off, I wouldn't press them too hard. But I also would not let all the loans go forward.

MR. MAW: It's pretty hard to hold up the loans because that would be a bad signal if we hold up the CCC loan.

SECRETARY KISSINGER: No. The CCC loan I'd let go.

MR. MAW: And the next one -- I think it's in the Development Bank -- I'll have to check and see what the schedule is. But I'm afraid to hold up any of these loans.

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Well, the next one is an FMS loan, which the Treasury has been sitting on for some time.

SECRETARY KISSINGER: They can sure as hell sit on a little FMS. Just give it to the NEA department in the Pentagon. They'll screw it up. (Laughter.)

We're not going to go ahead with an FMS loan in the absence of that.

O.K.

(Whereupon, at 9:03 a.m., the Secretary's Staff Meeting was adjourned.)
