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**Case file Number(s):** 145282 (7 of 10)

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# WITHDRAWAL SHEET

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**Collection Name** WHITE HOUSE OFFICE OF RECORDS MANAGEMENT  
(WHORM): SUBJECT FILE

**Withdrawer**

DLB 12/19/2019

**File Folder** FO006-06 (145282) (7 OF 10)

**FOIA**

F16-011

**Box Number**

BIERGANNNS

98

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
244098	PAPER	DUPLICATE OF #104976; STRENGTHENING COCOM AND AD HOC STUDY ON OTHER HIGH TECHNOLOGY INCLUDING OIL AND GAS	2	ND	B1
244099	PAPER	DUPLICATE OF #244098	2	ND	B1

The above documents were not referred for declassification review at time of processing

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
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C. Closed in accordance with restrictions contained in donor's deed of gift.

THE WHITE HOUSE

WASHINGTON

April 29, 1983

MEMORANDUM FOR HENRY NAU

FROM

DAVE GERGEN *DS*

SUBJECT:

Williamsburg

Here are my suggestions on the priorities paper:

-- Paragraph 1 should be turned back into paragraph 4. It is ancillary to the main purpose of this Summit -- encouragement of the economic recovery that is beginning to spread across the West. I would also change the first sentence of the current paragraph 1 so that it reads, "secure broad recognition that economic progress contributes not only to the material well being of our nations but is also an important foundation for the security of the free world." (I'm not sure you need the point about economic progress resulting from freedom; you can easily work that in if you like, but I would denigrate the importance of material well being for those millions who are out of work, are hard pressed, etc.) *not*

-- In light of recent publicity about the EEC views on East-West trade, I think most people would question the assertion that we are all taking a "common approach" toward that subject. You may want to fiddle with that sub-paragraph under current paragraph 1.

-- In current paragraph 2, I think those countries which really do have an economic recovery underway (ie., the U.S.) deserve some greater recognition.

cc: Mr. Richard Darman

~~CONFIDENTIAL~~

ATTACHMENT

Document No. \_\_\_\_\_

**WHITE HOUSE STAFFING MEMORANDUM**

9:00 FRIDAY MORNING

DATE: April 28, 1983 ACTION/CONCURRENCE/COMMENT DUE BY: April 29, 1983

SUBJECT: President's Priorities at the Williamsburg Summit

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	GERGEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MEESE	<input type="checkbox"/>	<input type="checkbox"/>	HARPER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BAKER	<input type="checkbox"/>	<input type="checkbox"/>	JENKINS	<input type="checkbox"/>	<input type="checkbox"/>
DEAVER	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MURPHY	<input type="checkbox"/>	<input type="checkbox"/>
STOCKMAN	<input type="checkbox"/>	<input type="checkbox"/>	ROLLINS	<input type="checkbox"/>	<input type="checkbox"/>
CLARK	<input type="checkbox"/>	<input checked="" type="checkbox"/>	WHITTLESEY	<input type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input type="checkbox"/> P	<input type="checkbox"/> SS	WILLIAMSON	<input type="checkbox"/>	<input type="checkbox"/>
DUBERSTEIN	<input type="checkbox"/>	<input type="checkbox"/>	VON DAMM	<input type="checkbox"/>	<input type="checkbox"/>
FELDSTEIN	<input type="checkbox"/>	<input type="checkbox"/>	BRADY/SPEAKES	<input type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input type="checkbox"/>	<input type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input type="checkbox"/>
FULLER	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>MC MANUS</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			NAU		<input checked="" type="checkbox"/>

Remarks:

Please provide comments back to Henry Nau (by phone if that is most convenient) by 9:00 a.m. Friday morning. I apologize for the short notice. My office did not receive this until 7:15 p.m.

Thank you.

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ATTACHMENT

Richard G. Darman  
Assistant to the President  
(x2702)

Response:

ALL INFORMATION CONTAINED  
HEREIN IS UNCLASSIFIED  
EXCEPT WHERE SHOWN  
OTHERWISE  
DATE 12/18/2015 BY [signature]

MEMORANDUM

SYSTEM II  
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THE WHITE HOUSE  
WASHINGTON

April 28, 1983

~~CONFIDENTIAL~~

DECLASSIFIED  
E.O. 12958  
BY NARA db DATE 12/18/2017

MEMORANDUM FOR RICHARD DARMAN

FROM: WILLIAM P. CLARK *WPC*

SUBJECT: President's Priorities at the Summit

Attached is the document we discussed this morning, identifying the President's priorities for the Williamsburg Summit. It should be distributed and commented on tonight. My staff will then revise it for presentation to the President at tomorrow's give-and-take session, Friday, April 29, at 10:00 a.m.

Attachment  
Tab A - President's Priorities

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Declassify on: OADR

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President's Priorities for Williamsburg Summit

The President is looking forward to the Williamsburg Summit with four priorities in mind:

1. The recognition that economic progress is not primarily a matter of material gains, but a validation of our basic values of individual freedom and economic initiative, and an essential element of our security, which also guide our economic relations with the East.
  - Note that Summit countries are strengthening economic cooperation and beginning a common economic recovery as they act this fall to implement security decisions on missile deployments and arms control negotiations.
  - Point to substantial analysis, intensive discussion and continuing work in IEA, OECD, NATO and other organizations as a result of common approach taken by allies to East-West economic relations.
  
2. First, it is important to mark the very real progress that have been achieved in beginning the economic recovery:
  - The economic signs are improving not only in the U.S. but also in the UK, Germany and Japan.
  - The major industrial nations are more in line with one another in terms of their determination to promote sound conditions for growth and fight inflation than ever before -- France is now also on this course.
  - The improving situation in several countries signals the potential for a solid, widespread recovery, and raises confidence that it will soon spread to other countries in Europe and in the developing world.
  
3. Second, this recovery must be an enduring one if it is going to reverse a decade of increasing world inflation and unemployment.
  - Artificially stimulating the recovery may only increase expectations of inflation, which already remain high because of lingering concerns about government spending and excessive money creation.

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BY *dhr* NARA DATE 12/13/2017

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2

- Acting with steadiness (no quick fixes) and consistency (no dramatic moves that upset the apple-cart) across a range of policy areas (no single panacea) that exploit linkages between the domestic and international economies and reinforce the impetus to growth.
  - .. bringing inflation down in all countries so as to achieve greater stability in exchange rates.
  - .. reversing recent protectionist measures so growth can spread to other nations, both industrial and developing.
  - .. supporting the international financial system so as to maintain vital trade, particularly for the heavily indebted countries.
  - .. emphasizing that only a durable recovery (not like the Carter recovery of 1980) can help Europe, where unemployment has increased for eleven straight years, and the developing countries, who will have heavy debt obligations for the rest of this decade .
  
- 4. A durable recovery, which means avoiding renewed inflation, requires a longer-term perspective to guide current domestic policy actions and to improve the international trading and financial system:
  - Strengthened consultations begun at Versailles to encourage convergence of domestic economic performance around low inflation and higher output in a medium-term perspective (2-3 years), thereby ensuring greater international monetary stability.
  - Ad hoc discussions of the relationships between trade and financial issues to encourage over time new comprehensive trade negotiations in the GATT in 1985 or 1986 and to seek improvements in the international financial system.
  - Continued emphasis on fundamental adjustments in both industrial and developing countries to adapt new technology, retrain workers and reduce inefficiency.

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OF CLASSIFIED ENCLOSURES

dlb 12/17/2019

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CIRCLE ONE BELOW

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PAGES 11

IMMEDIATE

DACOM # 61

RELEASER WHC

PRIORITY

DEX # ---

DTG 171029Z APR 8

ROUTINE

TTY # ---

*RUR*

FROM/LOCATION/

1. WILLIAM P. CLARK/THE WHITE HOUSE SITUATION ROOM

TO/LOCATION/TIME OF RECEIPT

1. DAVID FISCHER FOR THE PRESIDENT/CAMP DAVID

2. \_\_\_\_\_

3. \_\_\_\_\_

4. \_\_\_\_\_

INFORMATION ADDRESSEES/LOCATION/TIME OF RECEIPT

1. \_\_\_\_\_

2. \_\_\_\_\_

SPECIAL INSTRUCTIONS/REMARKS:

DOES NOT HAVE TO BE DELIVERED IMMEDIATELY AT OOB. DELIVER TO MR. FISCHER AT A REASONABLE MORNING HOUR.

~~SECRET~~

CLASSIFICATION

1983 APR 17 A 6:0  
CAMP DAVID



DECLASSIFIED

Authority NLS 99-001 #3 1/14/2001

BY dr NARA DATE 12/19/2019

SECRET

4/15/83

## Williamsburg Summit Strategy

### I. The Setting

The international economic environment is delicately poised between a world economic recovery possibly more robust than expected and the danger of a sharp economic slide fueled by protectionism and the LDC debt problem. As host of this critical Summit, the President has the opportunity to structure a blueprint for world economic recovery based on his economic and security principles which are already leading to success at home. The overarching theme of the Summit should be: "Reality is catching up with Ronald Reagan's vision."

The world is at an historic economic turning point, and the President will be in the chair. He will be called upon to develop the agenda, the flow, the tone and the pace of the discussions and to draw conclusions in each of the key areas. We can capitalize on his compelling leadership abilities to advance the objectives of utmost importance to his Administration: sustained non-inflationary economic recovery based on market principles and strengthened Western security. Most of his counterparts share these basic objectives, and in stark contrast to past Summits, Williamsburg can be a relaxed, informative and confidence-building exercise for Western leaders.

The key to a successful Summit is to structure the dialogue between the Heads in a way which permits the President to consistently drive home familiar and positive themes, while still allowing the other Heads the opportunity to express their own concerns in a non-confrontational manner. This memorandum lays out the framework and script for success at Williamsburg, including sections on: Issues, Structure, Expecting the Unexpected, Talking Points, and Public Affairs.

### II. The Issues

The Summit will take an integrated view of the domestic and international aspects of the world economy, with a view toward achieving non-inflationary sustained growth and improvements in the international trading, monetary, and financial systems. In each of the areas below, the President can point to success stories at home which will enable him to effectively and persuasively lead the discussion toward historically significant results including such desirable "morning after" headlines as:

-- "World leaders agree sound economic policies at home key to successful international recovery." The United States and the world economy are on the mend, but the transition from recession to sustained prosperity is a rough one. There is

every temptation to engage in politically-triggered, but unsustainable "quick fixes." Such an approach will only lead the world back into the morass of recession. What Ronald Reagan has done for the U.S. economy, he can and is now doing for the world economy -- putting us back on the track of long-term non-inflationary economic growth.

-- "Western leaders fight trade protectionism." The U.S. is the world's most open market for foreign goods; highlighting this fact, we must persuade Europe to reduce subsidies on agriculture and to urge Japan to further open its markets.

-- "Allies agree on international debt strategy to assist developing nations." To date, the U.S. debt strategy has been moderately effective, but upgraded consultations within the G-10 will now be required to deal with those major Latin American debtors that cannot meet established IMF performance targets. Europe and Japan should be encouraged to engage in burden-sharing and prepare to participate in contingencies should the present measures prove inadequate.

-- "Heads of State endorse agreements and encourage progress underway in East-West economic studies." The allied East-West economic studies, initiated by the President's November 13, 1982 radio address, are being pursued vigorously in IEA, OECD, COCOM, and NATO. We must continue to persuade the Europeans that a unified and enduring approach to the conduct of East-West trade in a security context is a necessary complement to our other security arrangements in NATO.

-- "Allies agree to expedite indigenous OECD gas development." A key conclusion of the IEA study is to accelerate the development of North Sea gas reserves to preclude the development of a Soviet second strand. What was one of the most divisive elements of the Versailles Summit can be one of the most important achievements of Williamsburg.

### III. Structure

Status of Domestic Economic Programs. At Williamsburg the President should lead with his strong suit -- the recovery of the U.S. economy. Discussion would then turn naturally to the remaining problems of high interest rates and unemployment, which the Heads of State should address as common challenges.

Fair/Free Trade. The next topic would be free/fair trade, with the President again taking the lead in a discussion of the necessity to combat protectionism.

International Financial and Monetary Systems. As it is closely linked to international trade flows, the discussion would turn to international finance and the present debt crisis, where the President can briefly review our present five-part approach to the debt problem and highlight the importance of the two recent initiatives for strengthening the

IMF. With the imminent completion of the NSSD on this subject, a recommendation will probably emerge that the President take the lead in proposing a substantial upgrading of the permanent secretariat of the G-10 to enhance the consultative process and consideration of unified contingency measures should the situation continue to deteriorate. The President would then direct the discussion to the international monetary system where he would discuss the merits of strengthening the multilateral surveillance process as the means to ensure greater exchange rate stability.

Energy Security/Falling Oil Prices. Energy security and falling oil prices are related and could be combined to facilitate a short energy discussion. Discussion of East-West energy in this broader context would also be more palatable to the Europeans. Here the President can acknowledge the important May conclusions of IEA Ministers which we expect will (1) clearly recognize the threat of an aggressive and deliberate Soviet takeover of the European gas market and (2) draw conclusions which effectively prohibit a building of a second Siberian strand.

Falling oil prices have generated considerable interest at home and abroad. There are many who would like to tax the benefits away from the consumer, but this is a shortsighted policy. We should urge all nations to let the market function freely.

East/West Studies. The final session of the Summit would then turn to the subject of East-West economic relations where the concrete accomplishments and progress in the respective work programs (COCOM, IEA, OECD, NATO) would be reviewed. A consensus could be reached on the general principles governing an approach to East-West trade and recommendations for further work would be discussed. In opening this session, the President would allude to the "public presentation for substance" tradeoff embodied in the recent correspondence with President Mitterrand, by highlighting the importance of the work completed or still underway in these various fora. He would state that the value of these efforts stand on their own and therefore do not require undue publicity emerging from the Summit.

COCOM. Point to the agreement that we expect will have been reached to immediately implement controls on items already agreed to during the first round of the List Review; an agreement in principle to control or watch so-called "disembodied technologies" ("know-how" -- specifications and user manuals which can be obtained separate from hardware) and "emerging technologies" (i.e., advanced computers, biotechnologies, etc.); an agreement in present List Review on controls for high priority items of communications switching equipment, computer hardware and software and robotics; agreement in principle to harmonize national licensing procedures; agreement on several technical and administrative measures to

improve the effectiveness of both national enforcement measures and the COCOM secretariat; and finally, an agreement to monitor the flows and perhaps control other high technology items, including critical oil and gas equipment.

Energy. Review and support the major conclusions of the IEA study, notably: (1) we should not place ourselves in a situation confronting a predatory monopoly even if the cost is higher of developing more secure sources, (2) agreement that our countries would consult if it appeared that imports from any non-OECD source (i.e. USSR) would exceed 30% of total gas supplies, (3) agreement to accelerate development of the giant Troll field and (4) commitment to implement security measures necessary to protect nations against gas disruptions.

Credit. Reinforce allied commitment to maintain the consensus rate (currently 12.4%) for Category I countries (including USSR) and promote initiatives to substantially raise downpayments and eliminate local cost financing.

NATO. If completed, review major conclusions of the NATO study, particularly the agreed listing of the security implications embodied in East-West trade. Seek agreement that this study will be useful in national policy formulations and that an on-going and permanently upgraded review of economic security issues in NATO is a necessary complement to our political/military arrangements.

#### IV. Expecting the Unexpected

As Williamsburg draws near, there is increasing evidence that certain key eventualities have not been sufficiently accounted for in the formal preparatory process. There are three major vulnerabilities to the President's successful leadership role: (a) a call by the other Summit parties for a new international monetary conference (i.e., Bretton Woods II), (b) a substantial worsening of the international debt problem resulting in inordinate media coverage and ad hoc Summit-level attention and (c) persistent disagreement over East-West economic relations and a breakdown of the "public presentation for substance" compromise.

##### A. International Monetary System

Based on the belief that decade long stagflation is due primarily to the destruction of the Bretton Woods monetary system between 1968 and 1971, there is mounting domestic and foreign pressure to create a new international monetary system with a link to gold. A heavily publicized meeting chaired by Congressman Jack Kemp will be held in Washington May 17 to push this idea. It is clear that our multilateral surveillance approach calling for convergence of domestic economic policies to enhance exchange rate stability will not satisfy those who believe that restoration of an international monetary system is essential.

Response

Should there be strong pressures on this score from other Summit participants (especially France and perhaps West Germany and Italy), the President should respond in a positive, leadership fashion by proposing that a study of the issue be undertaken in the Summit process (similar to the study initiated by the French at Versailles on high technology) which might lead to a meeting of Finance Ministers in the fall or winter. The major advantage of this approach would be the President's ability to largely shape the agenda, timetable and tone of the work program in the Summit context.

B. International Financial System

There are currently 46 countries under or negotiating IMF adjustment programs involving approximately \$375 billion in medium and long-term debt due to their inability to meet original maturity schedules. This number is rising and the likelihood that the largest LDC debtors will not be able to meet IMF targets established less than one year ago is ever growing. For example, we can envision Brazil forced into a unilateral debt moratorium for a specified period of time within the next 60 days. We are entering a more serious new phase of the debt crisis ("Phase II") which is signified by the original measures implemented by the IMF, official creditors and private banks proving inadequate to satisfy liquidity needs. The entry into "Phase II" will attract substantial publicity and will probably generate considerable international anxiety and, in some quarters, urgent concern. These developments will become public before Williamsburg, potentially creating an unanticipated media backdrop to the Summit proceedings. The adequacy of Treasury's present five part approach to the debt problem may be called into question. As a result, the stature of this agenda item may rise well beyond our present planning.

Response

Should this or a similar scenario unfold, the President would respond with a call for maintaining the stability of funding sources and burden-sharing among international organizations and public and private creditors as "revised" IMF programs and other measures are implemented. He would point to the upgrading of the consultative process and secretariat of the G-10 as major confidence-building measures and possibly recommend a new round of meetings between Trade and Finance Ministers following the Summit to discuss other contingencies.

C. East-West Economic Relations

Although generally encouraging, the response from President Mitterrand to the President's recent correspondence gives rise to some specific concerns that we must deal with effectively between now and the Summit. Mitterrand may or may not have

misunderstood the nature of our proposed "public presentation for substance" tradeoff when he alluded to not giving unnecessary publicity to the studies. That is not precisely what we intended. The low-key publicity was to apply to the discussions of East-West at the Summit, not an agreement to dampen publicity on the concrete results emerging from the outside bodies engaged in the work programs. He also made comments which directly resisted a quantitative threshold on gas supplies from any one source (we feel strongly about keeping a "threshold figure" of 30%) and implied that oil and gas equipment and technology did not fall within the strategic criterion of COCOM. These are merely examples of continued vulnerabilities to the substance of the work programs which could be obstacles to our efforts to forge a common public affairs strategy in advance of the Summit.

### Response

In the event that these or other substantive problems are unresolved by the time of the Summit, the President would lead a candid discussion of our rationale for continued work to resolve these differences in the post-Summit period. He would urge that the Summit partners resist the temptation to publicly make "political hay" of these differences and rather highlight areas of accord. Nevertheless, on unresolved topics of critical concern to the U.S., the President would state the need for candor with the media but couched in constructive terms.

### V. Talking Points

In order to clearly focus attention on the President's leadership role, outlined below are illustrative talking points which demonstrate the continuity and consistency of the President's vision over the past three economic Summits, and how domestic and international economic circumstances ("reality") have, over time, borne out the correctness of his vision. They are also designed to persuade the other Heads to take the next logical steps toward their commonly held goal of world economic recovery under the President's leadership. The most persuasive arguments should be constructed around the President's own proven track record of economic accomplishments due to the disciplined application of his free market principles.

### Opening Remarks

-- I am convinced that the U.S. economy and indeed the world economy are on the mend. We must now be unified and steadfast in our commitment to allow free market forces to build the economic base for a sustainable, non-inflationary recovery.

-- The recent oil prices declines have demonstrated the power of these forces.

-- At the same time, we must not neglect the importance of consensus and political accommodations in the conduct of trade with the East if we are to ensure that our common security objectives are preserved and enhanced.

-- We have a very challenging agenda of issues of vital importance to our countries and indeed the world, among them: set out a common strategy for world economic recovery, promote open markets and free trade, forge a common and cooperative approach to stabilizing the international financial and monetary systems, examine the implications of major changes in the international economic environment such as falling oil prices, reinforce the principles outlined in the agreed Summary of Conclusions on East-West economic relations and reap the policy benefits from the energetic work completed or underway in the respective fora -- COCOM, IEA, OECD and NATO.

#### U.S. Economic Recovery

-- Important economic indicators showing that recovery is underway -- housing starts, auto sales, leading indicators, etc.

-- What is important is to make the recovery sustained, and non-inflationary -- to avoid "quick fixes" which will sow seeds of another recession soon.

-- Real interest rates are still too high, in large part because of the shortage of investible capital. Fears of large federal deficits in the future have also inflated interest rates. The standby taxing plan is designed to allay those fears. Interest rates should come down further.

-- Within a sustained, non-inflationary recovery, jobs are our top priority. Again, no "quick fixes" -- our employment bill is designed to rebuild old infrastructure in this country. Other job programs are structured to train people for the jobs of the future, not the past.

-- Do not give in to despair -- that the current high levels of unemployment will lead to social disintegration. Our people understand that our current problems were not created overnight, and it will take time to solve them. Our democratic societies and institutions have the resilience for a sustained, non-inflationary recovery which will lay the foundation for an increase in private sector jobs in the future.

#### Free/Fair Trade

-- While the current recession is bottoming out, we must continue to resist domestic pressures for protectionism.

-- I pledge my continuing opposition to protectionist pressures in the United States -- it will not be easy in the

context of the large trade deficit we can expect to run into this year -- and would request the same of each of you.

-- No economy, not even the U.S., can recover by itself -- through the free flow of trade, we can recover together. Most new jobs will be created in all our countries not for the domestic market, but for international markets.

-- Just as we have solved the steel dispute between the United States and Europe, we must solve the agricultural dispute. It is clearly unwise for us to get into a competition of government subsidies for agricultural exports.

-- Possible future meetings of trade ministers to work on individual problem areas.

#### International Monetary System

-- The post-Smithsonian international monetary system has come under increasing attack as being inadequate to deal with present conditions.

-- We are aware that many are calling for a return to fixed exchange rates tied to a commodity base.

-- We continue to believe that exchange rate stability can be best advanced by a convergence of economic policies along the lines of our multilateral surveillance process.

-- Intervention by one or more countries can have an effect on exchange rates but it will be short-lived if not accompanied by changes in economic and monetary policies.

-- We propose that a study be initiated on this issue with a view toward a meeting of Finance Ministers sometime in the fall to assess progress.

#### International Financial System

-- It is impossible to discuss increasing international trade unless we have an adequate international financial system to support it.

-- We have taken the lead in attempting to solve the problems of the major Latin American debt problems, i.e., Mexico and Brazil. Europe and Japan have shared the burden of this responsibility and taken the lead in some other countries.

-- I think we all strongly support the IMF quota increases to ensure that adequate resources are available to meet the urgent needs of these financially-troubled countries.

-- International financial assistance to the developing world is one of the most important forms of economic assistance we



can provide. It also assists all of us, since these are the most rapidly expanding markets for our goods.

-- Our five part strategy consists of (1) economic adjustment by the debtor countries, (2) a strengthened IMF role, (3) commercial bank roll-overs and new money, (4) government assistance and bridging efforts, and (5) global economic recovery. Your reactions to this approach would be appreciated.

-- We believe the increasing dimensions of this problem call for expanded consultations within the G-10 and an upgraded G-10 secretariat. Our Finance Ministers may wish to meet again after the Summit to discuss possible contingencies should the situation continue to worsen.

#### Energy Security/Falling Oil Prices

-- The market has a critical role to play in bringing about a successful energy future. We are striving hard in the United States to free up energy markets and have made major strides in both the oil and gas areas.

-- However, the IEA study points toward some disturbing risks in the energy security area. Our Ministers' recommendations that we strengthen our abilities to deal collectively with oil and gas disruptions and that we strive hard to diversify our energy resources, relying more and more on OECD indigenous production, are important conclusions we should endorse.

-- The IEA reached the conclusion that if OECD indigenous gas reserves were not developed, the Soviet Union could capture 60% of the European gas market in the 1990s.

-- The IEA has soundly concluded that we should not put ourselves in a situation of confronting such a predatory monopoly, even if it costs us more to develop securer sources. It was agreed that our countries would consult if it appeared that imports from any non-OECD source would exceed 30% of total gas supplies. In addition, nations agreed to expedite development of the giant Troll field to meet incremental European gas demands in the 1990s and beyond.

-- The drop in oil prices is a very positive development for all of us, further moderating inflation and debt burdens. It could be the critical boost we need to spur economic recovery.

-- However, economic recovery is fragile. We have chosen not to impose any further taxes on our consumers until we are in an advanced stage of recovery. Such a tax might enhance short-term government revenues, but we risk losing the opportunity for a fuller and stronger economic recovery.

-- The oil business has always been a boom and bust industry. The only time we have had problems is when the government

stepped in. OPEC's biggest enemy is the market -- its working.

### East-West Economics

-- For the last two Summits -- Ottawa and Versailles -- I have consistently emphasized the importance of looking at our independent economic relations with the East in a security framework.

-- I am glad to see that since Versailles, we have undertaken the serious analytical work necessary to work out sensible policies in this area.

-- In the last several months, market forces have been working for our security interests -- credits to the Soviet Union have been reduced and falling energy prices will delay further purchases of Soviet energy, particularly gas.

-- However, we cannot simply "pocket" these gains of the market and fool ourselves that there is nothing more to do for our economic security. We must put in place a sensible security-minded framework to protect our common interests when the market again shifts in favor of Soviet commercial interests.

-- It is not our aim to wage economic warfare against the Soviet Union, or try to "bring the Soviet Union to its knees" by economic measures. But we do feel strongly that we should not take actions which make our military deterrence job more difficult and make the tax burden on our people for maintaining adequate defense any heavier.

-- I would like to review some of the results of the work programs. (The talking points are summarized on page 3 and the top of page 4.)

-- If we can follow through on this reasonable set of measures which sensitize our economic relations with the East to our common security concerns, then there will be far less reason for us to have to take the kind of unilateral measures we took last year in reaction to the events in Poland.

-- We continue to oppose construction of a "second strand" of the pipeline which would create inordinate dependencies and "windfall" amounts of precious hard currency for the Soviet Union.

### VI. Public Affairs Strategy

Objective. World and national audiences should perceive the President as a leader who had the vision to earlier identify the best policies for attacking the worldwide economic recession; who directed his own country out of the recession; and

who is now leading a coordinated world economic recovery based on the principles underlying his successes at home.

Press Strategy. Leading up to the Summit, our public affairs effort should establish realistic expectations for the results of the Summit through an orchestrated campaign of press briefings, pre-Summit events and authoritative speeches. By the time the major networks pick up the event, we should have established a solid foundation of facts concerning the major issues and how individual country concerns can be successfully coordinated. Ambassador Rentschler has returned to Washington on a temporary basis to quarterback all elements of our public affairs strategy.

During and immediately following the Summit, the public affairs effort should explain the historically significant results of the meetings in terms of our expectations:

- Agreement on sound and complementary domestic policies to bring sustained, non-inflationary world economic growth, jobs and monetary stability.
- Endorsement of policies which combat protectionism.
- Achievement of common approaches to international trade and finance issues (especially the debt crisis).
- Endorsement and encouragement of the concrete results and progress in outside bodies on East-West economic relations.

Result. A public affairs campaign along these lines will support public perception that the Summit was a success not only for the President and the U.S., but for the West as a whole.

The flow of the dialogue at Williamsburg, being relatively unstructured, will require that the President's substantive staff be continuously available to ensure that events track along the lines of this paper.

Prepared by:  
Roger W. Robinson  
William F. Martin  
Dennis C. Blair

President's Priorities for Williamsburg Summit

The President is looking forward to the Williamsburg Summit with four priorities in mind:

1. First, secure broad recognition that our concern with economic progress is not primarily a matter of material gains, but is one of the consequences of our system of individual freedom and economic opportunity and is also an important source of our capability to provide for the security of the free world.
  - Security commitments regarding missile deployments and arms control negotiations reflect our concern for freedom and peace, and are reinforced by improved economic circumstances and cooperation among the Summit countries.
  - The common approach taken by the allies to East-West economic relations in the IEA, OECD and NATO are good evidence that this recognition is growing.
  - In the interest of the free world's security we will work with our allies to restrict the flow of high technology product and knowledge which has a clear and important military application to the East.
  
2. Very real progress has been achieved in beginning the economic recovery.
  - The Summit countries are beginning a common economic recovery.
  - The Summit countries' economic policies are more on a converging path than they have been in some time.
  - The economic recovery will be spreading to other industrial countries and the developing countries.
  
3. Only a durable recovery can help Europe, where unemployment has increased for eleven straight years, and the developing countries, who will have heavy debt obligations for the rest of this decade.
  - Artificially stimulating the recovery may only increase expectations of inflation, which already remain high because of lingering concerns about government spending and excessive money creation.

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- Acting with steadiness and consistency across a range of policy areas that exploit linkages between the domestic and international economies and reinforce the impetus to growth means:
  - .. bringing inflation down in all countries so as to achieve greater stability in exchange rates.
  - .. reversing recent protectionist measures so growth can spread to other nations, both industrial and developing.
  - .. supporting the international financial system so as to maintain vital trade, particularly for the heavily indebted countries.
- A durable recovery requires a longer-term perspective to guide current domestic policy actions and to improve the international trading and financial system:
  - Encouraging convergence of domestic economic performance around low inflation and higher output in a medium-term perspective (2-3 years), thereby ensuring greater international monetary stability.
  - Continuing ad hoc discussions of the relationships between trade and financial issues to encourage over time further liberalization of trade in the GATT, particularly with developing countries, and to seek improvements in the international financial system.
  - Continued emphasis on fundamental adjustments in both industrial and developing countries to adapt new technology, retrain workers and reduce inefficiency.
- 4. If the recovery is to be an enduring one bringing real economic growth and increased employment, we must avoid the lure of quick fixes and single solutions to complex problems. In particular, we must avoid a new round of world wide inflation.

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THE WHITE HOUSE

WASHINGTON

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April 28, 1983

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM P. CLARK *WPC*

SUBJECT: Give-and-Take Session of Summit Issues --  
April 29, 1983 -- 10:00 a.m. Cabinet Room

DECLASSIFIED  
Authority *NB/Waiver*  
BY *Dr* NARA DATE 12/18/2017

Issue

This is the fifth of your in-depth discussions of Summit issues. This one concerns East-West Economic Relations.

Discussion

The Department of State has prepared the background paper at Tab A. It describes our objectives in the area of East-West economic relations (spelled out in NSDD-66), and the progress we have made in the six months of work on the multilateral studies. These studies were undertaken as a result of your decision to lift the Poland-related sanctions against the Soviet Union. As you know, several allies, particularly France and the Federal Republic of Germany, have expressed concern that East-West economic issues will be too prominent and contentious at the Summit. In personal letters to President Mitterrand and Chancellor Kohl, you have told them that if satisfactory progress is made on these studies before the Summit, there will be no need to emphasize the issue at Williamsburg. You specified in your letters exactly what "satisfactory progress" means. So far, it appears that France and the Federal Republic will support your objectives, but we will not know for sure until the results of several high-level meetings, some taking place this week and the last of which will be the OECD Ministerials, on 9-10 May. If we fall short of achieving our goals, then you will want to keep the pressure on at Williamsburg, and even say publicly that there was not complete unity of views on this subject.

We need to keep our priorities in mind in the area of East-West trade: top priority in terms of hard currency earnings for the USSR is to stop further natural gas deliveries to Western Europe from the Soviet Union beyond presently contracted amounts. To accomplish this, we are working in the IEA study for a commitment to a maximum level of dependence (30%), and for a commitment to develop the huge Norwegian Troll natural gas field. Our second priority in terms of its contribution to the Soviet war machine is clamping down on technology transfer

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through a general tightening of the COCOM system. Our third priority is to reduce the favorable credit terms to the USSR, using the OECD consensus rates.

RECOMMENDATION

OK

NO

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—

That you read through the attached background paper for Friday's meeting at 10:00 a.m.

Prepared by:  
Dennis Blair

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## Energy Requirements Study

### U.S. Objectives

-- Agreement to limit non-OECD gas imports from any one supplier to 30 percent of a country's total gas supplies.

-- Encouragement of accelerated development of major Western alternatives, especially the Troll field.

-- Undertaking security measures to protect against gas supply disruptions.

### Background

The IEA Secretariat has nearly completed the Energy Requirements and Security Study requested by Secretary Shultz and other NATO Foreign Ministers in December.

The study examines the energy security situation for all major fuels, but concentrates on oil and gas. On gas, the study clearly shows that the security outlook for Western Europe depends on the source of needed incremental gas supplies in the 1990's.

The IEA and OECD have been discussing "policy conclusions" to the Energy Requirements Study. These conclusions are to be adopted at the IEA and OECD Ministerial meetings in early May, and should serve as a basis for Summit discussions on this topic.

At the IEA Governing Board April 27, a clean text of policy conclusions was agreed upon for presentation to IEA Ministers May 8 and OECD Ministers May 8-9. The policy conclusions (full text not available in Washington by COB April 27) break new ground in several respects and constitute a framework of qualitative and consultative obligations that would operate to limit the Soviet Union's future role in the European gas market. The policy conclusions also include sections on oil, coal, nuclear, pricing and efficiency.

### Problems and Summit Partner Positions

Other IEA and OECD countries have not been willing to accept a policy conclusion flatly stating that countries agree to limit non-OECD gas imports from any one sources to 30 percent of a country's total gas supplies, but they do accept as valid our concerns about monopoly power, risks associated with high levels of dependence on single suppliers, and the effects of additional Soviet imports on the development of indigenous resources.



Opposition to an explicit 30% limit is broadly-based, with both Summit and non-Summit countries objecting. Some of the expressed and implied concerns, with the countries most involved, are as follows:

-- 30% is "arbitrary", and takes no account of country variations (FRG, Switzerland);

-- certain countries already far exceed 30% (Japan, Spain, Austria);

-- specific countries expect to exceed 30% limit in the years ahead (Portugal, Sweden, Italy);

-- countries fear the 30% limit will be seen, or be characterized by the U.S., as directed at Soviet gas exports (FRG, Sweden, Austria, Switzerland); and

-- the 30% limit is seen as an encroachment on sovereign policy control (France, FRG, Italy).

The French, as always, are a special case. They recently told Allen Wallis that, while they remain opposed to 30%, they may be able to join in an IEA commitment in the form of the OECD "noting" or even "endorsing" what the IEA works out.

### Prospects

At the IEA Governing Board April 27, an inter-agency delegation (State, NSC, DOE and Treasury) worked out package of policy conclusions for consideration by the IEA Ministerial. The USG will need to examine the draft when available in Washington.

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OECD Export Credit Arrangement: Harmonization

US Objectives

-- Renewed export credit consensus which provides for automatic adjustment of interest rate guidelines to market conditions and reduces the amount of cover on credits or guarantees including elimination of official support for local cost financing.

Background

The OECD Export Credit Arrangement regulates the terms and interest rates that can be offered on official export credits. We have used this agreement successfully in the past to reduce wasteful competitive subsidies on a worldwide basis. Because of the presence of neutrals and resistance to our East/West initiatives by some participants -- particularly the French -- we have avoided putting our proposals in an overt East/West context. Assistant Secretary Leland (Treasury) is heading a delegation to the April 25-27 negotiating session.

In the Arrangement negotiations last year we significantly tightened credit terms to the Soviet Union by: (1) reclassifying the Soviet Union as a Category I Country (relatively rich), and (2) increasing the minimum interest rates for all categories of countries. The interest rate for the Soviet Union went from 8.5 percent to 12.4 percent. Since that time, world market interest rates have fallen significantly and under current OECD minimum rates, only France and Italy among the major countries are able to provide any official export credit subsidies to the Soviet Union.

Problems and Summit Partner Positions

The Canadians, Japanese, and Nordics strongly support most of our proposals. The EC countries, which negotiate as a bloc, will be the most serious obstacle.

Within the EC, the French have been the most adamant opponents of automatic adjustment and high minimum interest rates. France is concerned about competition with low German market interest rates to the Soviet Union and claim they have made few sales to the Soviet market since interest rate minimums were revised last year.

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BY Jh DATE 12/17/2019

The EC has not reached agreement on our proposals to tighten the terms to Category I. Greece and Ireland, which are classified as Category I countries and want to receive favorable export credit terms, prevented an EC consensus at the last Ministerial meeting. In addition, France has a trade protocol with the Soviet Union (expiring at the end of 1984) which may bind the French. Under these circumstances, France opposes an increase in the minimum down payment and tighter restrictions on maturities. If the French could be brought along, the British and Germans would probably accept some more restrictive terms on Category I.

### Prospects

Given the large gulf between the US and EC positions, the negotiations are unlikely to be concluded at the April 25-27 session. The current terms of the Arrangement will probably be extended to allow time for further discussions.

The outcome of an eventual settlement is far from clear. The French have threatened to leave the Arrangement unless their demands for lower interest rates are satisfied. Although we consider this eventuality unlikely, a breakdown of the Arrangement would sharply increase the use of competitive subsidies on a worldwide basis, including Eastern Europe and the Soviet Union.

With market interest rates for most of the major countries well below the current 12.4 percent minimum for Category I, we have some room for lowering minimum rates in exchange for automatic adjustment of rates to market conditions.

We hope that negotiations can be substantially wrapped up by the Summit. If not the threat of a breakdown of the Arrangement could become an unexpected item of major contention.

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THE WHITE HOUSE  
WASHINGTON

SYSTEM II:  
90554

April 28, 1983

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MEMORANDUM FOR THE WHITE HOUSE SUMMIT GROUP

SUBJECT: Give-and-Take Session with the President  
April 29, 1983, 10:00 a.m., Cabinet Room

Attached is the background paper sent to the President for the give-and-take session on Summit issues, April 29, 1983, at 10:00 a.m., Cabinet Room. Also attached is the agenda for the meetings. There will be an unusually large number of participants at this meeting because of the diversity of topics to be covered.



William P. Clark

Tab A Background paper

cc: The Vice President  
Kenneth Dam  
Donald Regan  
Edwin Meese  
James Baker  
Michael Deaver  
Beryl Sprinkel  
Allen Wallis  
Mark Leland  
David Gergen  
Edwin Harper  
Craig Fuller  
Richard Darman  
Michael McManus  
Charles Tyson  
Henry Nau  
Roger Robinson  
William Martin

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Sec. 34(b), E.O. 12958, as amended  
White House Guidelines, Sept. 11, 2008  
BY NARA *dlk* DATE 12/13/2017

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TAB A

## Energy Requirements Study

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TAB B

GIVE AND TAKE SESSION  
ON SUMMIT ISSUES

East-West Economic Relations

April 29, Cabinet Room  
10:00 - 10:30 a.m.

1. Summary and Elaboration of Background  
Paper (6 minutes) Acting Secretary Dam
2. Interventions (2 minutes each)
  - a. Energy security - objectives and  
prospects William Martin
  - b. Credits to the USSR - objectives  
and prospects Mark Leland
3. General Discussion with the President  
(13 minutes)
4. Results of Recent Bilateral Consultations (2 minutes) Allen Wallis
5. Summary and Upcoming Events (5 minutes) William P. Clark

Themes

General: Promoting Recovery to Reinforce Western Values and Security

This is a time of real improvement in economic circumstances.

Common purposes and shared values are the source of our strength. ✓

Strength imposes responsibilities, both to our own peoples and as regards the conduct of our relations with one another and with the rest of the world.

Toward our own people, these separate and common responsibilities include:

- providing the conditions for sustained, non-inflationary growth to create jobs;
- recognizing that prosperity is more than material gain and reflects basic shared values of individual freedom, economic initiative and moral purpose.

Toward each other and the world, these same responsibilities include working together:

- to promote the convergence of economic conditions in our economies toward sustainable, non-inflationary growth to bring about greater international monetary stability;
- to maintain and enlarge the opportunities for open world trade so as to spread recovery, especially to the developing countries.
- to assure that adequate resources are available to smooth the essential adjustments required in other countries to deal with current financial problems and sustain their development;
- to defend ourselves and maintain our security while pursuing with determination negotiations for strategic and conventional arms reduction.

Effective discharge of these responsibilities requires clear understanding of and broad-based action across the fundamental interrelationships between our domestic economies and the international economy, between trade and finance within the international economy and between economic and security aspects of East-West relations.

Assessment: Realistic Optimism

Recovery now underway in many economies reflecting the determined efforts and significant sacrifices of both governments and citizens to rid their economies of a decade of stagflation and mounting unemployment; reduction in inflation, interest rates, oil prices has occurred; improved productivity and discipline over excessive budget spending create basis for optimism about the future.

Realism requires further efforts to adjust spending to reflect needs to lower interest rates and free up resources for new investment and job creation, especially in high technology sectors, as well as continued vigilance in the fight against protectionist pressure and sources of instability in the world financial system.

Strategy

Need for both short- and longer-term strategies to cope effectively with these challenges.

Short-Term:

- Enhance multilateral surveillance process as vehicle for promoting convergence of economic conditions and greater international monetary stability. ✓
- Reverse trend toward restricting market access; move to remove barriers toward open trade. ✓
- Recognize that the ability of developing countries to export is a key aspect of their ability to service debt. ✓
- Renewed impetus to resolve current trade problems (agriculture, safeguards, conflict of jurisdiction). ✓
- Secure early ratification of increases in IMF and GAB. ✓
- Press forward with agreed strategy for managing current debt problems. ✓
- Welcome openness to dialogue expressed by developing countries, engage in constructive participation at UNCTAD VI, emphasizing practical proposals to improve trade, financial and development relations with developing countries. ✓



- Ask Trade and Finance Ministers to explore proposals among themselves and with other countries seeking improved ways to deal with interrelated trade and finance issues and better coordination among the international institutions. ✓
- Implement agreed conclusions for early action reflected in results of work programs on East-West economic relations. ✓

Longer-Term:

- Examine ways to increase trade between developed and developing countries, looking toward new negotiations to improve market access for all parties. ✓
- Give political impetus to GATT work program, including studies of trade in high technology product and trade in services. ✓
- Examine ways to improve the effectiveness of the development process by assuring adequate flows of public and private finance and investment to the developing countries, with special attention to the flow of resources to the poorest countries through IDA and similar institutions. ✓
- Work toward implementation of practical ways for increasing food and energy production in developing countries. ✓
- Continue work in appropriate fora to develop agreed analyses of our economic relations with the East, with attention to our shared security concerns, and on this basis pursue independent policy actions consistent with agreed principles and common analysis reflecting the fact that those relations be compatible with our broader political and security concerns. ✓

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