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LE MINISTRÉ PLENIPOTENTIAIRE

MINISTER FOR COMMERCIAL AFFAIRS

CJ

JDT/CFJ  
8386-0

November 13, 1985

The Minister for Economic and  
Commercial Affairs

to

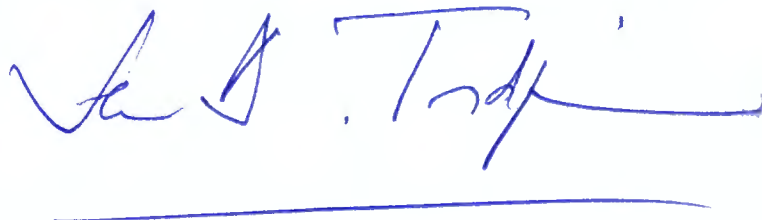
Mr. Jack SVAHNN  
Assistant to the President  
for Policy Development  
WHITE HOUSE

Jean Jack,

Please find enclosed a copy of the keynote address delivered by  
Mr. Jacques ATTALI, Special Advisor to the President of the French Republic  
during the recent US Congressional Summit on exchange rates and the dollar.

With my best regards.

Jean-Daniel TORDJMAN



**Monday, November 11, 1985**

6:00 - 8:00 p.m.  
*Federal Reserve Board  
 Martin Building, Terrace Level  
 C Street, N.W.*

**Grand Welcoming Reception**

**Honored Guest**

James A. Baker, III, Secretary of the Treasury

**Brief Welcoming Remarks**

Congressional Sponsors

**Tuesday, November 12, 1985** *National Academy of Sciences Building, 2101 Constitution Avenue, N.W., (C Street Entrance)*

7:30 - 9:00 a.m.  
*Great Hall*

**Registration & Continental Breakfast**

9:00 - 9:05 a.m.

**General Instructions and Protocol**

David Smick, Richard Medley

9:05 - 9:25 a.m.

**Introduction and Welcoming Remarks**

Congressman Jack Kemp, Senator Bill Bradley

**SESSION NUMBER ONE: A View of How the System is Affecting Business, Investment, Agriculture & Trade**

9:25 - 10:20 a.m.

**Five Minute Presentations**

Moderators: Alan Greenspan, Robert Strauss

(Introductory Remarks)

Robert Mundell	Felix Rohatyn	Dwavne Andreas
Edward Jefferson	Yusuke Kashiwagi	Henry Kaufman
		Lew Lehrman

10:20 - 11:05 a.m.

**Discussion from the Core Group**

Richard Darman	Robert Barro	Robert Hormats
Toyoo Gyohten	Charles Parker	Anthony Sampson
Helmut Schlesinger	Guido Carli	Ludolf von Wartenberg
Jeff Sachs	Rainer Gut	Paul Orrefice
Norman Bailey	Preston Martin	Eugene Birnbaum

11:05 - 11:15 a.m.

**Break**

**SESSION NUMBER TWO: A View From Policymakers—How is the System Working?**

11:15 - 11:35 a.m.

**SPECIAL KEYNOTE ADDRESS**

Jacques Attali, Chief Counselor, President of France

11:45 - 12:00 p.m.

Ludolf von Wartenberg, International Finance Director, Christian Democratic Party

12:00 - 12:15 p.m.

Renato Ruggiero, Secretary General, Ministry of Foreign Affairs, Italy

12:15 - 1:00 p.m.

**Discussion from Core Group**

Moderators: Bill Bradley, Jack Kemp

Richard Darman	Alan Greenspan	Rainer Gut
Shirley Williams	Pierre Uri	Lew Lehrman
Robert Muldoon	Yusuke Kashiwagi	Robert Triffin
Robert Mundell	David Finch	Don Kendall
Guido Carli	Toyoo Gyohten	Jeff Sachs
Helmut Schlesinger	Felix Rohatyn	Jacob Palmstierna

1:00 - 2:15 p.m.

**Lunch**

**SESSION NUMBER THREE: A View from Experience—Lessons for Negotiating A More Coordinated System. Discussion of the Paths to Previous Agreements**

2:15 - 2:55 p.m.

**Five Minute Presentations**

Moderator: Robert Hormats

Robert Mundell	Edward Bernstein	Henry Reuss
Robert Triffin	Pierre Uri	Charles Kindleberger

2:55 - 3:40 p.m.

**Discussion from the Core Group**

Richard Darman	Geoffrey Bell	Alexander Swoboda
Toyoo Gyohten	Larry Fox	Robert Solomon
Alan Greenspan	Jacques Attali	David Fand
Anthony Sampson	Takashi Hosomi	Peter Wallenberg
Robert Muldoon	Guido Carli	Lew Lehrman
John Williamson	Lester Thurow	Seamus O'Cleireacain

3:40 - 3:55 p.m.

**Break**

**SESSION NUMBER FOUR: A View from the Traders—How Technological and Financial Instrument Shifts Have Affected the System**

3:55 - 4:25 p.m.

Moderator: John Bilson

**SESSION NUMBER FIVE: The G5 Accord—The First Fifty Days/Where Do We Go In 1986?**

4:25 - 4:50 p.m.

Moderator: Alan Greenspan

**Five Minute Presentations**

Helmut Schlesinger      Preston Martin      Jacques Attali      Guido Carli

4:50 - 5:45 p.m.

**Discussion from the Core Group**

Richard Darman	Yusuke Kashiwagi	Eugene Birnbaum
Felix Rohatyn	Rainer Gut	Tovoo Gyohten
Edward Jefferson	Tatsui Aoki	Georg Rich
Michael Darby	Alan Reynolds	Jeff Frankel
David Hale	Robert Mundell	Jean-Claude Trichet
Christian Norgren	Robert Hormats	Janos Fekete
	Geoffrey Bell	

5:45 - 7:30 p.m.

**Reception***Great Hall***Wednesday, November 13, 1985** *National Academy of Sciences Building*

9:00 - 9:10 a.m.

**Welcoming Remarks**

Representative William Gray III, Senator Bill Armstrong

**SESSION NUMBER SIX: A View from the Academy—Proposals for Reform/What Should the System Look Like In Five Years?**

Moderator: Alan Greenspan

9:10 - 10:40 a.m.

**Proposals** (10 minutes each)

Alexander Swoboda	John Williamson	Robert Roosa
Ronald McKinnon	Albert Bressand	Lew Lehrman
Robert Mundell	Takashi Hosomi	David Hale

10:40 - 10:55 a.m.

**Break**

10:55 - 11:40 a.m.

**Response** (3 minutes each)

Richard Darman	Helmut Schlesinger	Alan Blinder
Lester Thurow	Yuji Tsushima	Robert Barro
Martha Seger	Robert Solomon	Yusuke Kashiwagi
Richard Feinberg	Ajit Singh	Robert Triffin
Eugene Birnbaum	Jeffrey Sachs	

11:40 - 12:30 p.m.

**Discussion Between Proposers & Respondents**

12:30 - 2:00 p.m.

**Lunch****SESSION NUMBER SEVEN: A View from the Policymakers—Is There A Political Consensus For Reform?**

2:00 - 2:05 p.m.

**Remarks**

Representative Jim Wright

2:05 - 3:00 p.m.

**Five Minute Presentations**

Moderators: Jack Kemp, Bill Bradley

Shirley Williams	Yuji Tsushima	Chikara Higashi
Bowen Wells	Gunnar Uldall	Norbert Wiczorek
		Bernardo Grinspun

3:00 - 4:00 p.m.

**Discussion from the Core Group**

Richard Darman	Stan Lundine	Don Kendall
Henry Reuss	Clayton Yeutter	Toyoo Gyohten
William Armstrong	Yusuke Kashiwagi	Ludolf von Wartenberg
Renato Ruggiero	Dwayne Andreas	Lew Lehrman
		Anthony Sampson

4:00 - 4:15 p.m.

**Break****SESSION NUMBER EIGHT: An International View From Policymakers: Bipartisan, Cross-Ideological Growth Agenda**

4:15 - 4:30 p.m.

**DISTINGUISHED PRESENTATION**

Robert Muldoon, former Prime Minister, New Zealand

4:30 - 5:30 p.m.

**Discussion from the Core Group**

Moderators: Bill Bradley, Jack Kemp

Richard Darman	Helmut Schlesinger	Robert Hormats
Clayton Yeutter	Jude Wanniski	Yusuke Kashiwagi
Norbert Wiczorek	Yuji Tsushima	Evan Galbraith
Renato Ruggiero	Axel Leijonhufvud	Robert Mundell
Bowen Wells	Ludolf von Wartenberg	Jeff Sachs
Henry Reuss	Chikara Higashi	Bernardo Grinspun
Toyoo Gyohten	Shirley Williams	

5:30 - 5:45 p.m.

**Closing Remarks**

Jack Kemp, Bill Bradley

5:45 - 7:30 p.m.

**Closing Reception**

SPEECH GIVEN IN WASHINGTON

AT THE SUMMIT OF THE AMERICAN CONGRESS

ON EXCHANGE RATES AND THE DOLLAR

NOVEMBER 12, 1985

BY MR. JACQUES ATTALI

SPECIAL ADVISOR TO THE PRESIDENT OF THE FRENCH REPUBLIC

I am particularly honored to have been invited to address this conference. The fact that it has been called testifies to a remarkable change in our thinking. After ten years of uncontested domination, in both theory and practice, by a floating exchange rate system, fundamental questions are now beginning to rise to the surface again. The United States has a foreign trade deficit which was brought about by an overly high dollar. At the same time, an internal deficit was allowed to develop because its impact on exchange rates had unfortunately been overlooked. These deficits now lead the majority of observers and actors to admit that the market forces do not constitute a system capable of redressing, without fail, imbalances.

Obviously, the challenge here is not an academic one. First of all because monetary decisions are, among all those that a society must make, the ones that are the most fraught with consequences that are "political" in the true sense of the word.

Secondly, it is only by realizing this fact that we can avoid a fragmentation, on a world wide scale, of financial and commercial markets and in the longuer run a recession or a major inflation, either one of which would make both debtors and creditors more vulnerable.

Finally, any monetary reform, if implemented, will have to be accompanied by other, even greater reforms in the internal economic policies of the various cuntries and in the thinking of their leaders.

With regard to these points,

I would like to present several proposals grouped around four main themes :

All that follows has been conceived and written in very close collaboration with President Mitterrand himself. Therefore this text is the reflexion of his own thinking as well as mine. Thus, it is the most complete and up to date expression of France's position on the subject.

1. There is no international monetary system which is perfect in the absolute. A "good" system is never anything more than a relatively explicit reflection, at a given time, of the power struggle among the dominant economies; of the way in which national leaders see their country's interests, and of their ability to impose disciplines on themselves which are sometimes politically costly.

This is what we have learned from the Bretton Woods experience.

2. No international monetary system can substitute itself for domestic adjustments nor mitigate internal deficiencies. It can on the contrary, make both worse by making them less painful.

This is what we have learned from ten years of floating exchange rates.

3. An international monetary system can be efficient, only if it requires political leaders to make timely decisions which, economically speaking, will prove to be useful only much later, and for which, politically speaking, the government "pays" as little as possible.

This is the foundation for a system that could be proposed for the future.

4. Finally, international monetary questions are indissociable from trade issues, because control cannot be exercised over both systems at the same time. The one has to be managed in order for the other to remain open.

This is the principle for the negotiations that need to be undertaken.



## I - Historical lessons

From the middle of the 18th century and up to 1919, no one questioned the usefulness of fixed rates in realigning balances of payments and in supporting world growth. It was only between the two world wars that exchange rates were allowed to float and that financial relations were particularly badly managed. This led first of all to protectionism, then to a tremendous depression, and finally to war. Quite naturally the great post-war ambition was therefore to reestablish an international free trade system. And to do so, both Keynes and White, each in his own way, clearly saw that it was necessary to control international monetary flows. Thus, the IMF, the World Bank and the GATT were set up.

However, the order thus established proved to be short-lived. For, as we know, in the early 1960's, the rules set down at Bretton Woods had no power to constrain the United States or Europe to make the necessary adjustments, whether internal or external. The United States did not dare - or wish - to devalue the dollar

sufficiently, and the European countries were unable - or did not know how - to force such devaluation. Thus, imbalances were allowed to grow ever larger, at a time when industrial investment and military expenditure required more and more capital. So, the Bretton Woods system was progressively abandoned before it had really been given a chance to function, because the leaders at the time must have seen this to be the least costly solution in political terms. In other words, it was easier to forgo economic and financial discipline than to accept a sufficient devaluation of the key currency, the dollar.

A surprising instrument, the Bretton Woods system. So perfect that no one ever dared really put it to work !

## II - Floating rates as a permissive factor in debt economics

Since then, floating exchange rates became the rule. We can now assess the results of such a practice, without being indulgent or excessively harsh.

In the early 1970's, proponents of the system believed that it would make each country independent to decide on its own economic policy, that it would automatically redress trade imbalances, reduce capital flows and slow down speculation. They sincerely thought that they would thus be able to safeguard simultaneously free trade and unmanaged exchange rate system. This was dangerously Utopian. Infatuation with this idea was far from being limited to Americans. Some Europeans as well considered it to be the only way to regain a certain autonomy in monetary policy, at a time when the United States was following a fairly loose line.

In fact, none of this came to be true. It did allow a temporary solution to the multiple contradictions in the Bretton Woods system, which at that time had come to a standstill. But, at what price !

To begin with, in the United States, floating rates made inflation worse. To check this inflationary trend, it took, in October 1979, a radical turn in monetary policy leading to a sharp rise in interest rates, followed by a recession. Next, the floating

rate enabled the adoption of an economic policy that allowed internal and external deficits to pile up, which were financed by a dangerously growing debt burden. For, today, the greater the United States' deficits are, the greater the amount of capital needed to finance them, the steeper the dollar climbs, and the worse the deficits get. Hence, the consequences are exceptionally serious at present. For the first time in the history of the Federal Reserve Bank system, the United States reports a deficit in its balance of payments together with a negative balance in its net foreign assets.

Internationally, floating exchange rates have hindered investment decisions, hampered a rational allocation of resources, triggered capital movements having no relations to economic needs, prompted American banks to make off-shore loans, and facilitated the reckless trend towards debt economics.

On the whole, floating exchange rates failed to initiate balanced worldwide growth.

It is understandable that under these conditions, Mr

Volker, speaking at Harvard on June 6, 1985, asked how it was possible to set up a stable international monetary system based on an unstable currency, and how, with an unstable currency, it was possible to remain the leading political and economic world power.

It is also understandable that some people believe, as others did in the 20's and 30's, that a solution to these difficulties might be found in protectionism. What a fearsome illusion

Just like floating exchange rates ! Protectionism only brings short-term gains that will quickly be wiped out when other countries retaliate, thrusting the world into an unprecedented crisis.

In summary, the present international monetary disorder leads us to ask two questions to the government of the country issuing the key currency, in other words, the United States.

1) In order to settle your internal debt, between tapping future income or resorting to inflation, which will be the choice of your country ?

2) In order to settle your external debt, between protectionism, (which would only be sidestepping the issue while making the recession worse) or seeking a new international monetary system (which would lay the foundations for transcending the crisis by requiring courageous fiscal decisions) which will your country choose ?

It goes without saying that, in the eyes of the rest of the world, neither inflation nor protectionism would be compatible with the responsibility traditionally borne by the key-currency country, nor with its own long-term economic interests, nor with the requirements of world development.

Together, we must then begin to seek practical ways of reconstructing a stabilized monetary system and do everything in our power to maintain a free trade system. Let me now outline some proposals on this subject ;

III - What kind of new international monetary system ?

First, let me reiterate something I said earlier. A good international monetary system is one which motivates political leaders to make timely economic and monetary decisions that will prove to be useful only in the medium term, while having to pay as little as possible for such decisions, in the short term.

Based on this approach, the present system could be reoriented along the following four lines :

- a) more stabilized exchange rates
- b) greater coherence between national economies
- c) larger diversification of international liquidities
- d) stronger international institutions

I should now like to develop these ideas.

- a) Stabilized exchange rates

As it is unreal to return to the system set up at Bretton Woods, we must move progressively towards a system where a certain stability in parities would coexist with necessary flexibility for

taking into account the inevitable structural changes.

In a certain fashion, such a system already exists : it is the European Monetary System. For the last six years, it has worked fairly well, withstanding crises and assisting in the construction of Europe. I do not wish to recommend that it be transported on a worldwide scale. Indeed, on our continent, it is a concrete result of the very special political, economic and financial links that exist among countries with greatly overlapping economies, and also it corresponds to a particularly rationalistic view of the world... a trait we French are apt to indulge with, perhaps more than others !...

But such a system can furnish us with ideas and inspire practices, albeit less ambitious ones, on a worldwide scale. Here is how.

Those countries whose currencies play an important role in the international monetary system would establish among themselves a grid of equilibrium exchange rates, reflecting their countries'



real economic situation and a lasting profile of their balance of payments:

This grid would allow for an element of uncertainty, which would be shown by a fairly wide fluctuation band around the exchange rates for the purpose of designating reference zones.

These reference zones would, first of all, be used as guidelines for a discreet evaluation of economic policies being practiced, and help in ascertaining how markets are responding to them. Our next move would be towards seeking an ever larger scope for consensus, then publishing these reference zones, going all the way to even more definite actions, such as intervening on the exchange markets, or shifting to economic policies designed to keep exchange rates within the limits of the reference zones. And, if necessary, we would have to make explicit modifications to these reference zones and the relevant economic policies. Such modifications would be very serious, but not necessarily dramatic.

Obviously, such a measure raises numerous questions.

- How would the equilibrium rates be calculated ?

The IMF already calculates such rates for the countries subject to its adjustment programs. The problem is more complex for the countries whose currencies are widely traded on the markets. It would therefore be these countries' own responsibility to define their equilibrium rates and their zones of reference, in conjunction with the IMF and the other countries concerned. The events of the last few days have demonstrated that this is not unreasonable.

- How can one enforce these rates when the amount of funds traded on the markets is so much greater than the resources of central banks ? True, it is said that capital movements in dollars are ten times higher than what is needed in merchandise trade. One must bear in mind that financial markets thrive on instability because it creates opportunities for windfall profits. Operators themselves complain of a lack of precise guidelines on which to base their anticipations. The reference zones would answer this need. Furthermore, the amount of money, likely to be used by the central banks to

counter speculations has been fixed by swap agreements that have not been revised in a long time, and could be hugely increased. On this point, what we have been witnessing since September 22nd demonstrates that the markets are picking up the signals sent to them and that joint interventions by central banks can provoke a change in the level of exchange rates.

- If we start with the present pattern of exchange rates, how can a grid of equilibrium rates, probably quite different, be drawn up ? Obviously this is a difficult question and the answer can only be given gradually. In particular, in order to redress the American balance of payments, it would no doubt be necessary, according to certain American sources, for the dollar to drop to approximately half of its value in February 1985. A lot has already been accomplished, but we still have some way to go. Therefore, transition will have to be gradual and managed by means of consensus among the principal countries concerned .

If the dollar drop is closely monitored, it will, in the end, reduce the debt burden of the Third World countries and the

external debt of the United States, denominated in US dollars. But such a drop can be durable only if it is accompanied by changes in internal economic and monetary policies and by a gradual management of international liquidities. The purpose of these measures would be to eliminate the major cause of the dollar's climb, namely the massive use of international capital to finance American deficits.

b) Greater coherence between national economies

To give it permanence, it will be necessary that all consequences of the system be clearly accepted, in terms of domestic policies. To my mind, these consequences are of two types.

1 - First, the stability of the reference zones implies that the economic and financial imbalances of each country will gradually be smoothed out. When a country begins to live on a footing which is draining others' savings, an alarm should go off, prompting it to rectify its economic policy at once. Ideally, each country should provide its own financing, through its own savings. This is, moreover, a point the US government constantly stresses, and rightly

sq to the IMF... with regard to other countries !

Of course, I do not mean that an optimum worldwide economic situation requires uniformity in policy planning, or in models of society, or in the choice of economic priorities ; nor does it require simultaneous equilibrium in all balances of payments. Far from it. Each country can and must recover its own freedom of decision in the matter.

In particular, it is normal that the countries in the South receive, on a lasting basis, capital from the North to finance their balance of payments deficits. Nor is it intolerable to let capital flow into one of the most developed countries for a time, if investments prove there to be more profitable. But it is necessary to proscribe systematic drains on world savings by one country, just in order to cover its current expenditure. In short, it is only by reducing the principal internal deficits that a stable international monetary system can be established.

(2) On the other hand, the establishment of reference zones supposes that the governments concerned accept that their margin on economic maneuver will be limited by the existence of external deficits. So, in order to avoid any temptation to return to the illusory facility afforded by floating rates, it will be necessary to move towards a greater integration of international exchanges and a greater opening up of economies. This alone will create and generalize, in the public opinion, an awareness to the dangers of protectionism.

To be explicit, it is only by being fully aware of the dire consequences that may result from a failure to cooperate that countries will be wholly prepared to accept the discipline of more stable parities.

(c) Larger diversification of liquidities

Obviously, a system of parity management cannot suffice to solve the overall problem of managed creation of liquidity. The debt accumulated so far in the third World is a distressing example of the magnitude of the problem.

It is clear that one cannot allow capital markets to be the sole purveyors of international liquidity, granted only to those whose solvency has been defined by these very same markets.

In fact, insofar as developing countries in particular are concerned, and taking into account the amount of their outstanding debt, the adjustment efforts may not be sufficient to convince the markets to start lending again. Moreover, it is unreasonable to expect those countries with the heaviest debt burden, and in particular the

poorest, ones, to build up their reserves again only through increasing their trade surpluses. This always leads to a freeze on imports, which is synonymous with halting the development, that goes hand in hand with investments.

This is why we now need to contemplate a better composition and a better distribution of liquidities. To achieve this, several means must be used :

For one thing, SDR's must play a bigger role. Already an important instrument in the creation and the distribution of international liquidity, it has to be used more. A significant complementary allocation, channeled to countries in the south, and supervised by the IMF, could be decided.



◦ Besides Yen and ECU can and must increase their share in international liquidity. But this can only be decided by the vigor of these currencies and by policies chosen by their issuing authorities. In this forum, we need not go any further into this.

Furthermore, any incitement given to international banks to lend more to debtor countries, such as Mr. BAKER suggested, is most welcome.

◦ Finally, international organization must play a greater role in these capital movements. Since the play of market forces does not lead countries with a surplus to increase directly their loans

to debtor countries, it would be advisable to increase the resources of international institutions - in plain words, the World Bank.

More than just the WorldBank, however, it is the total amount of official development aid which has to be substantially increased in the medium term, as well as the manner with which it is distributed.

(d) Better coordinated international financial institutions

Such a comprehensive strategy will therefore, quite naturally, lead to strengthening the role of the IMF and the World Bank in the International Monetary System, .

° The International Monetary Fund will, first of all, have a contribution to make in the establishment and follow-up of the reference zones and in issuing new SDR's.

• The World Bank will have to intervene more and show more imagination in the channeling of world savings to developing countries. It will also have to play a greater role in backing the adjustment process by increasing the percentage of loans not reserved for specific projects, and by giving a preferential treatment to those debtor countries who already help themselves.

The two institutions will have to strengthen their cooperation, fully respecting their specific vocations.

Beyond that, it is possible that institutional reforms will not stop there. The day will perhaps come, as some people believe, when it will be necessary to reinforce the monetary role of the international financial institutions and go so far as to make them exercise their influence on the activities of private banks and on the orientation of capital on the markets. But this is another story, and common thinking has not yet reached this point.

#### IV. What strategy should be used in negotiations

These ideas are not new. For four years now, in France, the President has been contemplating them, refining them, proposing them.

We know that a reform of this kind can only result from a broad and progressive consensus among, first of all, ~~the~~ United States, Japan and Europe, as well as between North and South.

We also know that time is at the essence and that, although these ideas have made some progress, the pace now needs to be quickened. France expounded these ideas on the occasion of the Versailles Summit in June 1982. Then, on May 9, 1983, the President proposed launching a "new Bretton Woods," that is to say, a necessarily long process of reconstruction of an International Monetary System, in the spirit of the ideas I have just developed. He also emphasized that no

monetary negotiations would make any sense without the agreement of the South, and that a new round of trade negotiations would be in vain, unless accompanied by monetary negotiations. Two years of extensive work followed. Finally, on June 24, 1985, the Finance Ministers of the Group of Ten recognized the necessity of greater stability in monetary and financial markets. And on September 22, 1985, the Finance Ministers of the Group of Five agreed that exchange rates ought to play a role in the adjustment of external imbalances and ought better to reflect the economic fundamentals than is the case at present. That statement marks the first real renunciation of the theory on which floating exchange rates are founded. A few days later, these words were translated into action in exchange markets.

However, as I hope I have demonstrated, that first recognition of the theory behind the French analysis and its first implementation do not cover the whole subject. These decisions, as important and courageous as they may be, will have no future if we do not, progressively and simultaneously, put into play all the reforms which I have talked about here. This assumes that a permanent dialogue will take place between the countries of the North and of the South, through the intermediary of existing institutions - the IMF, the World Bank and the GATT. New practices, and perhaps even new institutions, will be the result.

x

x x

Time is running out. In any case, the next few months will be crucial. Although the world economy is more and more indebted and unbalanced, it does have a tremendous growth potential, needed for the settlement of nations' corporations' and consumers' debts. If we really want stability and justice, if we know how to use the means of action at our disposal, everything can be straightened out within a reasonable amount of time. The dollar is too strong; let's try to bring it back down to a lasting, more bearable level. The deficits are getting bigger; let's find the courage to reduce them. Development in the Third World is too slow; let's give it the means to finance itself. World trade is threatened: let's find out how to keep it open.

The World is growing smaller and smaller. Worldwide trade is accelerating and interdependence is becoming more complex.

Will we know how to provide the necessary institutions tailored to fit the world's new dimensions?

Will we have the courage to make our future a priority?

Will we know how to ward off the immense danger that monetary disorder poses to the world?

These challenges will require a great deal of solidarity and a sense of compromise. In other words, the exercise of rare virtues.

This, without doubt, is, more than anything else, the key to peace and prosperity for many generations to come.



THE WHITE HOUSE  
CORRESPONDENCE TRACKING WORKSHEET

C0051

INCOMING

*NEN*

DATE RECEIVED: DECEMBER 23, 1985

NAME OF CORRESPONDENT: THE HONORABLE NORMAN D. SHUMWAY

SUBJECT: ENCLOSURE COPY OF A LETTER FROM J. C. KRIEG,  
ADIN, CALIFORNIA CONCERNING THE "GREENPEACE"  
INCIDENT REGARDING THE GOVERNMENT OF FRANCE

ROUTE TO: OFFICE/AGENCY	(STAFF NAME)	ACTION		DISPOSITION	
		ACT CODE	DATE YY/MM/DD	TYPE RESP	C COMPLETED D YY/MM/DD

M. B. OGLESBY

ORG

85/12/23

*MO A 86p 11 03 AB*

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COMMENTS: \_\_\_\_\_

ADDITIONAL CORRESPONDENTS: MEDIA:L INDIVIDUAL CODES: 1240

MAIL USER CODES: (A) \_\_\_\_\_ (B) \_\_\_\_\_ (C) \_\_\_\_\_

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*ACTION CODES:          *DISPOSITION              *OUTGOING                *
*                       *                                     *CORRESPONDENCE:        *
*A-APPROPRIATE ACTION  *A-ANSWERED                *TYPE RESP=INITIALS    *
*C-COMMENT/RECOM       *B-NON-SPEC-REFERRAL      *                       *OF SIGNER              *
*D-DRAFT RESPONSE      *C-COMPLETED              *CODE = A               *
*F-FURNISH FACT SHEET  *S-SUSPENDED              *COMPLETED = DATE OF   *
*I-INFO COPY/NO ACT NEC*                                     *                       *OUTGOING                *
*R-DIRECT REPLY W/COPY *                                     *                       *                           *
*S-FOR-SIGNATURE       *                                     *                       *                           *
*X-INTERIM REPLY       *                                     *                       *                           *
*****

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REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE  
(ROOM 75, OEOB) EXT-2590

KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING  
LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS  
MANAGEMENT.

January 3, 1986

Dear Norm:

Thank you for your December 20 letter enclosing Mr. J.C. Krieg's comments on the "Greenpeace" incident.

We appreciated your bringing Mr. Krieg's concerns to our attention and please know that they have been carefully noted.

With best wishes,

Sincerely,

M. B. Oglesby, Jr.  
Assistant to the President

The Honorable Norman D. Shumway  
House of Representatives  
Washington, D.C. 20515

MBO:KRJ:JID:jid

5  
110  
NORMAN D. SHUMWAY

14TH DISTRICT, CALIFORNIA

COMMITTEES:

BANKING, FINANCE, AND  
URBAN AFFAIRS

MERCHANT MARINE AND  
FISHERIES

SELECT COMMITTEE ON AGING

Congress of the United States  
House of Representatives  
Washington, DC 20515

December 20, 1985

1203 LONGWORK HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515  
(202) 225-2511

CHRISTOPHER C. SEEGER  
ADMINISTRATIVE ASSISTANT

1150 W. ROBINHOOD DRIVE  
SUITE 1A  
STOCKTON, CA 95207  
(209) 957-7773  
TOLL FREE NUMBER:  
(800) 631-2175

LOIS SAHYOUN  
DISTRICT COORDINATOR

11899 EDGEWOOD RD., SUITE B  
AUBURN, CA 95603  
(916) 885-3737

The President  
The White House  
Washington, D.C.

363889


Dear Mr. President:

I am enclosing a copy of a letter which I have received from my constituent, Mr. J.C. Krieg, P. O. Box 229, Adin, California 96006.

I know that Mr. Krieg would very much appreciate an acknowledgement from you concerning the "Greenpeace" incident.

With every best personal regard --

Sincerely,

  
NORMAN D. SHUMWAY  
Member of Congress

NDS:tes

Enclosure

TS

so foundly dismayed that President Regan has not denounced the assault upon the Greenpeace ship to the nation and the world, appearing by his silence to acquiesce to such terrorist tactics.

Justifiably protesting soviet totalitarianism or South African apartheid while not even mildly criticizing this reprehensible attack by the French government, is monumentally inconsistent. Other than this omission, the President's policies and behavior were at least in character with his emphasis upon individual freedom. Exhibiting tolerance, though, for the petty intolerance of a government that resorts to intimidation, coercion, destruction of property and murder of peaceful dissenters, is hardly reflective of a genuine love of liberty. Odious acts of tyranny commended, by the irrefutable proof that they originated from the very nation that bequeathed the Statue of Liberty to our great nation.

Homicide or vandalism is no less sinister or illegal when committed by a friend, or because there are others more murderous or destructive. Certainly more should be expected of a friend than a foe. Friendship develops, flourishes and endures through the sharing of values and ideals. It is what is common and best to those who are true to each other. Indifference to a friend's betrayal of a common ideal only serves to weaken the depth and permanence of that friendship. Expressing it to the dissolution of treachery. Especially when on the pretext that there are others who are worse. After all, if one betrays an ideal of one's friendship, what else would one not betray?

Ignoring the French government's ignoble acts against Greenpeace, and thusly against the right of peaceful protest in a free society, encourages a world of suspicion, deception, and brute force. One which by the very self-contradictions of its nature, cannot long endure. A lawless, soulless, morally predatory hell. Even the Soviets realized the folly and peril of such a state after their experience with Stalinism. (Though, unfortunately, they have yet to more than modestly modify it.)

Many Americans suffered and died grievously during world wars one and two, in aiding the French to secure their liberty. This sacrifice is defiled by the French government's despotic atrocities against Greenpeace, and the absence of a public condemnation of it, if not the perpetrators of it, by President Regan.

Since you have always proven cooperative and responsive to my correspondence, I am hoping you will relate my thoughts on the Greenpeace tragedy to the President. I would be grateful if you did. He has never replied to either my letter on Afghanistan's rebels or my aunt's letter on the arms race.

Yours  
Truly,  
J. C. Krieg

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C.F. 3574  
386551  
00051

THE WHITE HOUSE  
WASHINGTON

5/16/86

MEMORANDUM

TO: JOHN POINDEXTER

FROM: FREDERICK J. RYAN, JR. *FJR*

SUBJECT: APPROVED PRESIDENTIAL ACTIVITY

MEETING: Photo with Foreign Minister Raimond of France

DATE: May 19, 1986

TIME: 10:00 am

DURATION: 5 minutes

LOCATION: Oval Office

REMARKS REQUIRED: To be covered in briefing paper

MEDIA COVERAGE: Coordinate with Press Office

FIRST LADY PARTICIPATION: No

NOTE: PROJECT OFFICER, SEE ATTACHED CHECKLIST

K. Barun  
P. Buchanan  
D. Chew  
M. Coyne  
E. Crispen  
M. Daniels  
T. Dawson  
D. Dellinger  
B. Elliott  
J. Erkenbeck  
L. Faulkner  
C. Fuller  
W. Henkel

C. Hicks  
J. Hooley  
A. Kingon  
J. Kuhn  
C. McCain  
W. Ball  
R. Riley  
G. Walters  
R. Shaddick  
B. Shaddix  
L. Speakes  
J. Courtemanche  
WHCA Audio/Visual  
WHCA Operations

R. McDaniel

*PR*

**C.F.** *386551*

THE WHITE HOUSE  
WASHINGTON

5/16/86

CO051  
PR007  
PR005

MEMORANDUM

TO: JOHN POINDEXTER

FROM: FREDERICK J. RYAN, JR. *FJR*

SUBJECT: APPROVED PRESIDENTIAL ACTIVITY

MEETING: Photo with Foreign Minister Raimond of France  
*Sean Bernard*

DATE: May 19, 1986

TIME: 10:00 am

DURATION: 5 minutes

LOCATION: Oval Office

REMARKS REQUIRED: To be covered in briefing paper

MEDIA COVERAGE: Coordinate with Press Office

FIRST LADY PARTICIPATION: No

NOTE: PROJECT OFFICER, SEE ATTACHED CHECKLIST

- |              |                   |             |
|--------------|-------------------|-------------|
| K. Barun     | C. Hicks          | R. McDaniel |
| P. Buchanan  | J. Hooley         |             |
| D. Chew      | A. Kingon         |             |
| M. Coyne     | J. Kuhn           |             |
| E. Crispen   | C. McCain         |             |
| M. Daniels   | W. Ball           |             |
| T. Dawson    | R. Riley          |             |
| D. Dellinger | G. Walters        |             |
| B. Elliott   | R. Shaddick       |             |
| J. Erkenbeck | B. Shaddix        |             |
| L. Faulkner  | L. Speakes        |             |
| C. Fuller    | J. Courtemanche   |             |
| W. Henkel    | WHCA Audio/Visual |             |
|              | WHCA Operations   |             |

NSC #8603574

~~CONFIDENTIAL~~

3574

DECLASSIFIED  
Sec. 9.4(a), E.O. 12958, as amended  
White House, Declass. Sept. 11, 2003  
BY: KARA [initials] DATE 3/14/10

THE WHITE HOUSE  
WASHINGTON

APPROVED FOR  
Date 5-19-86  
Time 10:00am  
Length 5min. - 00  
Date 5-15-86 FIR

May 13, 1986

CONFIDENTIAL

SCHEDULE PROPOSAL

TO: FREDERICK J. RYAN  
Director of Presidential Appointments  
and Scheduling

FROM: RODNEY B. MCDANIEL *Bob for*

REQUEST: Photo opportunity with French Foreign  
Minister Jean-Bernard Raimond

PURPOSE: To establish a positive framework for dealing  
with the French on a range of issues arising  
in the wake of the Tokyo Summit --  
counterterrorism cooperation, East-West  
issues, EC enlargement.

BACKGROUND: Raimond, who has the confidence of President  
Mitterrand and Prime Minister Chirac, was  
recently appointed as the new Foreign  
Minister. He will be particularly influential  
in French policy on arms control, relations  
with the U.S., and Soviet affairs.

PREVIOUS PARTICIPATION: None

DATE & TIME: May 19, 1986, 10:00-10:05 a.m.,  
DURATION 5 minutes

LOCATION: Oval Office

PARTICIPANTS: The President, Secretary Shultz, Donald T.  
Regan, John M. Poindexter

OUTLINE OF EVENTS: Photo Opportunity in the Oval Office

REMARKS REQUIRED: NSC will prepare briefing paper.

MEDIA COVERAGE: White House Photographer.

PROPOSED "PHOTO": The President and Raimond sitting in the Oval  
Office

RECOMMENDED BY: Secretary Shultz and John M. Poindexter

OPPOSED BY: None

CONFIDENTIAL

Declassify on: OADR

~~CONFIDENTIAL~~

DECLASSIFIED  
Sec.34(b), E.O. 12958, as amended  
White House Guidelines, Sept. 11, 2008  
BY NARA MA, DATE 3/16/10

NATIONAL SECURITY COUNCIL  
WASHINGTON, D.C. 20506

*Not Sec Advisor  
has seen*

CONFIDENTIAL

ACTION

May 12, 1986

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: TYRUS W. COBB *twc*

SUBJECT: Meeting/Brunch with French Foreign Minister  
Raimond, May 18-19, 1986

State has requested a photo op for French FM Raimond with the President, although Shultz now wants to upgrade it to a "meeting." We believe a photo op is sufficient. He will also meet with the VP that morning (May 19).

*Let's try  
to 0945  
time.*

*George agrees it does not have to be much more than photo-op. Just don't call it that.*  
The French Embassy has indicated they also asked State to set up a meeting between you and Raimond. Significantly, State has not relayed that request. Given this and your busy schedule, I recommend that I deflect this suggestion. However, the Embassy is also interested in giving a private brunch Sunday, May 18, for you, Raimond and a few others. I indicated tentatively that you valued the little private time you had and would probably not be able to attend.

RECOMMENDATION

That I deflect suggestions for a separate meeting between you and Raimond.

Approve *f* Disapprove \_\_\_\_\_

That I indicate you will not be free for a Sunday brunch with Raimond.

Approve *f* Disapprove \_\_\_\_\_

*I'll actually be out of town.*



DECLASSIFIED  
Sec. 3.4(b), E.O. 12958, as amended  
White House Guidelines, Sept. 11, 2008  
BY NARA *ab*, DATE *2/12/10*

NATIONAL SECURITY COUNCIL  
WASHINGTON, D.C. 20506

CONFIDENTIAL

ACTION

May 8, 1986

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: TYRUS W. COBB *TC*

**SIGNED**

SUBJECT: Proposal for Photo Opportunity for French Foreign Minister Raimond with the President

State has recommended (Tab II) that the President meet briefly with French Foreign Minister Jean-Bernard Raimond on May 19. Raimond has the confidence both of President Mitterrand and Prime Minister Chirac, and Secretary Shultz believes a photo opportunity with the President would be in our interest.

RECOMMENDATION

That you authorize Rod to forward the Tab I schedule proposal to Fred Ryan.

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_

*J.M.*  
Jack Matlock and *Johnathan Miller* concur.

Attachments

- Tab I Schedule Proposal
- Tab II State's Recommendation

CONFIDENTIAL

Declassify on: OADR



United States Department of State

Washington, D.C. 20520

#3574

DECLASSIFIED  
 Dept. of State Guidelines, July 21, 1997  
 BY db DATE 3/16/10

May 5, 1986

CONFIDENTIAL

MEMORANDUM FOR VADM JOHN M. POINDEXTER  
 THE WHITE HOUSE

Subject: Appointments for French Foreign Minister Raimond

Secretary Shultz has invited French Foreign Minister Jean-Bernard Raimond to Washington in mid-May. Raimond will arrive Sunday May 18, and will meet with Secretary Shultz from 11:30 am to 12:30 pm on Monday May 19, followed by a working luncheon from 12:30 pm to 1:45 pm. Foreign Minister Raimond has requested an opportunity to meet with the President. We are requesting an appointment with the Vice President through his staff.

Secretary Shultz believes that a photo opportunity for Raimond with the President, the morning or afternoon of May 19, would be in our interest. Raimond is a seasoned diplomat and has the confidence both of President Mitterrand and Prime Minister Chirac.

We have a lot on our plate with the French, especially in the wake of the Tokyo Summit -- counterterrorism cooperation, East-West issues (Mitterrand is likely to meet with Gorbachev in early summer,) EC enlargement. A photo opportunity with the President would help establish a positive framework for a pursuing our interests on all these issues.

*Nicholas Platt*  
 for Nicholas Platt  
 Executive Secretary

CONFIDENTIAL  
 DECL:OADR

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL

TIME STAMP UNCLASSIFIED UPON REMOVAL OF CLASSIFIED ENCLOSURE EXECUTIVE SECRETARIAT STAFFING DOCUMENT

86 MAY 6 A 7: 41

SYSTEM LOG NUMBER: 3574

ACTION OFFICER: COBB DUE: MAY 9, 1986

- Prepare Memo For President
- Prepare Memo For Poindexter / Fortier
- Prepare Memo \_\_\_\_\_ to \_\_\_\_\_
- Prepare Memo McDaniel to Chew
- Prepare Memo McDaniel to Elliott

CONCURRENCES/COMMENTS\* PHONE\* to action officer at ext. 5076

- |   |  |  |
|---|--|--|
| <p>FYI</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Burghardt</li> <li><input type="checkbox"/> Cannistraro</li> <li><input type="checkbox"/> Childress</li> <li><input type="checkbox"/> Cobb</li> <li><input type="checkbox"/> Covey</li> <li><input type="checkbox"/> Danzansky</li> <li><input type="checkbox"/> deGraffenreid</li> <li><input type="checkbox"/> Djerejian</li> <li><input type="checkbox"/> Dobriansky</li> <li><input type="checkbox"/> Donley</li> <li><input type="checkbox"/> Douglass</li> <li><input type="checkbox"/> Grimes</li> <li><input type="checkbox"/> Hughes</li> <li><input type="checkbox"/> Kraemer</li> <li><input type="checkbox"/> Laux</li> <li><input type="checkbox"/> Lenczowski</li> </ul> | <p>FYI</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Levine</li> <li><input type="checkbox"/> Linhard</li> <li><input type="checkbox"/> Mahley</li> <li><input type="checkbox"/> Major</li> <li><input type="checkbox"/> Mandel</li> <li><input checked="" type="checkbox"/> Matlock</li> <li><input type="checkbox"/> May</li> <li><input type="checkbox"/> Menges</li> <li><input checked="" type="checkbox"/> Miller</li> <li><input type="checkbox"/> North</li> <li><input type="checkbox"/> Platt</li> <li><input type="checkbox"/> Pugliaresi</li> <li><input type="checkbox"/> Raymond</li> <li><input type="checkbox"/> Reger</li> <li><input type="checkbox"/> Ringdahl</li> <li><input type="checkbox"/> Sable</li> </ul> | <p>FYI</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Sachs</li> <li><input type="checkbox"/> Sestanovich</li> <li><input type="checkbox"/> Sigur</li> <li><input type="checkbox"/> Small</li> <li><input type="checkbox"/> Sommer</li> <li><input type="checkbox"/> Soos</li> <li><input type="checkbox"/> Stark</li> <li><input type="checkbox"/> Steiner</li> <li><input type="checkbox"/> Tahir-Kheli</li> <li><input type="checkbox"/> Teicher</li> <li><input type="checkbox"/> Thompson</li> <li><input type="checkbox"/> Tillman</li> <li><input type="checkbox"/> Wigg</li> <li><input type="checkbox"/> Wright</li> <li><input type="checkbox"/> _____</li> <li><input type="checkbox"/> _____</li> </ul> |
|---|--|--|

- INFORMATION
- McDaniel
  - Rodman
  - Pearson
  - Lehman
  - Secretariat
  - \_\_\_\_\_
  - Poindexter (advance)
  - Fortier (advance)

COMMENTS

~~CONFIDENTIAL~~

Return to Secretariat



RECEIVED 06 MAY 86 11

TO POINDEXTER

FROM PLATT, N

DOCDATE 05 MAY 86

COBB

08 MAY 86

MCDANIEL

13 MAY 86

KEYWORDS: FRANCE

AP

SUBJECT: APPT REQUEST FOR FRENCH FOMIN RAIMOND IN MID MAY

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ACTION: PREPARE MEMO FOR POINDEXTER      DUE:                      STATUS C      FILES WH

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FOR ACTION

FOR CONCURRENCE

FOR INFO

COBB

MILLER

MATLOCK

RODMAN

PEARSON

COMMENTS

REF# 8613764

LOG

NSCIFID

( V PS )

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ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO
	<i>C 5/14</i>	<i>McDaniel pgd</i>		<i>CO mm</i>

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DISPATCH *ed BPH 5/13* W/ATTCH FILE \_\_\_\_\_ (C)

NSC/S PROFILE

UNCLASSIFIED

ID 8603574

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TO POINDEXTER

FROM PLATT, N

DOCDATE 05 MAY 86

COBB

08 MAY 86

MCDANIEL

13 MAY 86

KEYWORDS: FRANCE

AP

SUBJECT: APPT REQUEST FOR FRENCH FOMIN RAIMOND IN MID MAY

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ACTION: PREPARE MEMO FOR POINDEXTER      DUE:      STATUS C      FILES WH

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FOR ACTION

FOR CONCURRENCE

FOR INFO

COBB

MILLER

MATLOCK

RODMAN

PEARSON

COMMENTS

REF# 8613764

LOG

NSCIFID

( V PS )

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ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO
	<i>8 5/19</i>	<i>read by computer memo</i>		<i>h.n., D.P., M.I.M.C.</i>

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DISPATCH \_\_\_\_\_

W/ATTCH FILE \_\_\_\_\_ (C)

JM

National Security Council  
The White House

86 MAY 12 P 2: 41

System # \_\_\_\_\_  
Package # 3714  
DOCLOG 661 A/O \_\_\_\_\_

	SEQUENCE TO	HAS SEEN	DISPOSITION
Bob Pearson	<u>1</u>	<u>P</u>	<u>A</u>
Rodney McDaniel	_____	_____	_____
Don Fortier	_____	<u>✓</u>	_____
Paul Thompson	<u>2</u>	_____	_____
Florence Gantt	<u>3</u>	<u>Looney</u>	_____
John Poindexter	<u>4</u>	_____	<u>A</u>
Rodney McDaniel	_____	_____	_____
NSC Secretariat	<u>5</u>	_____	<u>N</u>
Situation Room	_____	_____	_____

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

cc: VP Regan Buchanan Other RBM

COMMENTS

Should be seen by: \_\_\_\_\_  
(Date/Time)

NSC/S PROFILE

~~CONFIDENTIAL~~

ID 8603714

UNCLASSIFIED UPON REMOVAL  
OF CLASSIFIED ENCLOSURE(S)

RECEIVED 12 MAY 86 15

TO POINDEXTER

FROM COBB

*du 2/12/10*

DOCDATE 12 MAY 86

KEYWORDS: FRANCE

SUBJECT: PHOTO OP FOR FRENCH FORN MINISTER RAIMOND ON 18 - 19 MAY

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ACTION: FOR DECISION DUE: STATUS C FILES WH

FOR ACTION  
POINDEXTER

FOR CONCURRENCE

FOR INFO

COMMENTS

REF# LOG NSCIFID ( V PS )

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ACTION OFFICER (S) ASSIGNED ACTION REQUIRED DUE COPIES TO

*C 5/14 Poindexter appd*

DISPATCH \_\_\_\_\_ W/ATTCH FILE \_\_\_\_\_ (C)