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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. paper (252922)	by Department of Treasury re US position on increase in IMF resources (7 pp.) R 10/13/06 NLRRM03-1441 #6	11/3/82	~~P1, P5~~

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]
- P-1 National security classified information [(a)(1) of the PRA].
- P-2 Relating to appointment to Federal office [(a)(2) of the PRA].
- P-3 Release would violate a Federal statute [(a)(3) of the PRA].
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA].
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA].
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA].

C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]
- F-1 National security classified information [(b)(1) of the FOIA].
- F-2 Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].
- F-3 Release would violate a Federal statue [(b)(3) of the FOIA].
- F-4 Release would disclose trade secrets or confidential commercial or financial information [(b)(4) of the FOIA].
- F-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA].
- F-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].
- F-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA].
- F-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

CONFIDENTIAL

C. F.

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

DECLASSIFIED
NLRR M03-1941 #6
BY CAS NARA DATE 10/13/06

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November 3, 1982

U.S. POSITION ON INCREASE IN IMF RESOURCES

This memorandum outlines for SIG-IEP consideration a proposed U.S. position for forthcoming discussions of an increase in the resources of the International Monetary Fund. An attached paper provides background on the costs of U.S. participation in an increase in IMF quotas.

I. Introduction

Discussions of an increase in IMF quotas have been under way since early 1981, on a schedule that originally envisaged completion of the discussions by the end of 1983 and implementation of any agreed quota increase by late 1985. The rapid degeneration of the international financial situation during the past few months led to a decision at the IMF Annual Meetings in Toronto in September to advance the target date for completion of the negotiations to spring 1983. During the course of the Toronto discussions, the United States indicated that it would be prepared to support an increase in IMF quotas adequate to meet requirements for IMF balance of payments financing in "normal" circumstances; and also proposed consideration of a new permanent IMF borrowing arrangement, which would supplement the quota increase and would be available to the IMF on a contingency basis to finance drawings on the IMF in extraordinary circumstances.

In informal discussions since September, the U.S. has tested with other major countries figures for an overall IMF quota increase in the range of 25 to 33 percent, combined with a new borrowing arrangement on the order of $13-17 billion. On assumptions that the U.S. would accept a modest reduction in its quota and voting shares in the IMF and that the U.S. would have to provide about one-fourth of the financing for any new permanent IMF borrowing arrangement, these figures imply total new U.S. funding of the IMF of about $7 billion, equivalent to about 50 percent of the present U.S. quota in the IMF.

Although most countries continue to prefer a quota increase in the 50-100 percent range, our informal soundings have elicited interest in the borrowing arrangement concept; and it is possible that a firm U.S. Government position in support of figures in these ranges would provide a basis for agreement among the major countries on this package or something very close to it.

Over the past several months, the prospects for country use of IMF resources during the next year or so have increased substantially.

CONFIDENTIAL

-- Present estimates put the IMF's uncommitted usable resources at about the equivalent of $22 billion, and undisbursed usable resources at about the equivalent of $31 billion.

-- Against these resources (under pessimistic but not impossible assumptions) and on the basis of current policies, the IMF could be faced with new financing requests by non-industrial countries totaling the equivalent of roughly $35 billion on a commitment basis by the end of 1983, and with actual disbursements on the order of $25 billion through 1983.

While demands for IMF financing in these amounts may not actually materialize, it is clear that even on much more conservative assumptions the IMF could face a significant gap between its uncommitted usable resources and requests for new commitments during the course of 1983. Major problems on a disbursement basis are less likely in 1983, given the phasing of the bulk of IMF drawings over three years. Nonetheless, such "cash" as well as commitment problems could arise, and the IMF may need to explore possibilities for transitional short-term financing pending implementation of the increase in resources now under discussion.

The IMF has a central role to play in promoting an orderly resolution of current international debt and financing difficulties, by providing a source of official balance of payments financing while economic adjustment programs take effect and borrowers reduce their net financing requirements to sustainable levels. The United States has made a major effort over the past year and a half to strengthen the IMF's conditionality -- that is, its approach to requiring effective economic and balance of payments adjustment on the part of borrowers. This effort has shown considerable success. We are pressing major problem countries to establish programs with the IMF, both as a source of medium-term financing while adjustment takes hold and as a source of encouragement to private lenders to provide the continued new financing that will be needed during the adjustment period.

It is particularly important in present circumstances that the IMF be in a position to help meet the extraordinary financing and adjustment requirements that are likely over the next 12 to 15 months. Early agreement on an expansion of the IMF's resources would permit greater use of existing resources, if that becomes necessary, in the knowledge that implementation of an adequate replenishment is assured in the reasonably near future.

II. Elements of U.S. Position

Against this background, the following outlines a proposed U.S. position for discussion with other countries in coming weeks. The main points are summarized in an attached table.

A. Scale of New U.S. Financing of IMF. It is recommended that the U.S. indicate that it is prepared to agree to an increase in IMF resources involving new U.S. financial commitments of about $7 billion. This would be approximately equivalent to a 50 percent increase in the present U.S. quota in the IMF; and would permit total new funding for the IMF of around $35 billion, equivalent to more than 50 percent of present IMF quotas, with precise amounts dependent on the split to be negotiated between quota increases and the proposed permanent borrowing arrangement and on the sharing of U.S. and foreign participation in each.

B. Quota Increase vs. Borrowing Arrangement. The major attractions of a borrowing arrangement, if properly structured, are that it would provide a greater degree of creditor control than would a quota increase alone, dampening demands for use of IMF resources in normal circumstances and providing flexibility for the IMF to meet surges in financing requirements in extraordinary circumstances. A borrowing arrangement is likely also to involve a higher proportion of actual usable resources than a straight quota increase, strengthening the IMF's liquidity, since it would be more heavily concentrated on the stronger countries. The main potential drawbacks are that most countries give first priority to a major expansion in IMF quotas and that a combined quota increase/borrowing arrangement may prove difficult and time-consuming to negotiate. One approach that might simplify the negotiations would be to build the borrowing arrangement into the existing General Arrangements to Borrow (GAB), and this should be explored in the forthcoming discussions.

It is recommended that the United States indicate a firm preference for a combined quota increase and borrowing arrangement, and consider agreeing to a straight increase in quotas only if negotiation of a combination appears likely to complicate or prolong the negotiations in a major way.

C. Enlarged Access to IMF Resources. A current source of liquidity problems for the IMF is that its present policies on "enlarged access," permitting countries to draw up to 150 percent of quota per year or 450 percent over three years, have been applied liberally, creating a serious imbalance between potential demands for IMF financing and the IMF's resource base. When the "enlarged access" provisions were established in the late 1970s, it was envisaged that they would be phased out upon implementation of the quota increase now under discussion -- which would bring maximum country access back to the 165 percent of quota limit that prevailed prior to the "enlarged access" policy.

It is probably not practical or desirable to terminate "enlarged access" in present world economic circumstances. However, modifications in two areas would be desirable to maintain reasonable balance between IMF resources and potential demands on those resources, and to conserve very large-scale IMF financing for use in country cases or circumstances of broad systemic importance. The first would be to adjust the 450 percent of quota limit downward to maintain maximum access in money terms unchanged as a consequence of the quota increase -- i.e., to offset the expansion in nominal access that would otherwise take place as a consequence of the quota increase. The second would be to establish a strong presumption that normal access would be substantially smaller than the maximum, with use of the maximum reserved for exceptional cases or circumstances that involve a threat to the international monetary system.

Assuming a quota increase in the range discussed in this paper, and even with modification of the "enlarged access" policies, the IMF may find it necessary to continue to borrow on a short- to medium-term basis from official sources. In addition, there may occur times when market borrowing by the IMF would be an appropriate supplement to its resources. The United States has not opposed market borrowing in principle, but rather has preferred to hold that possibility in reserve. There are also other limitations associated with market borrowing by the IMF. For example, some other major countries are strongly resistant, and the borrowing potential of the IMF in the private markets in any case is likely to offer the possibility of only modest supplements to IMF resources.

It is recommended that the United States insist on modifications of the "enlarged access" provisions along the lines suggested above as part of agreement on the overall package on IMF resources.

D. U.S. Quota and Voting Shares. Quotas determine voting power in the IMF, and the competition for increased shares is strong. The current U.S. quota share is 20.65 percent, and the current U.S. voting share is 19.52 percent, the difference resulting from a small number of unit votes accorded each IMF member country. The United States has traditionally resisted major reductions in its quota and voting shares, in order to maintain its voting share substantially above the veto point (15 percent) for key IMF decisions -- such as amendments to the IMF Articles of Agreement, quota increases, SDR allocations and a number of other major issues.

During the course of the current quota review, we have acknowledged that the traditional quota formulas (based on economic and financial criteria) point to some reduction in the U.S. quota and voting shares. At the same time, we have sought to maintain a substantial cushion above the 15 percent veto point that applies to major decisions, in order to provide protection against gradual erosion of the U.S. quota share over the years and the potentially substantial reductions that could take place in the event of a major expansion of IMF membership in the future. As a very rough guess for illustrative purposes, future accession to IMF membership of Switzerland and non-IMF members in Eastern Europe could mean a 2 1/2 to 3 1/2 percentage point reduction in U.S. voting power, and there are a number of other countries or entities that could eventually become IMF members as well. Thus, while the current U.S. cushion of 4 1/2 percentage points over the veto point may appear substantial at present, it could drop rapidly under some circumstances in the future.

It is recommended that the United States be prepared to accept a reduction of roughly 1/2 percentage point in its voting share, to around 19 percent, consistent with the quota formulas and to help accommodate share increases desired and merited by others. Such a reduction would be accepted only in the context of similar reductions for other countries for which the quota calculations point to share reductions.

E. Timing. Given the serious deterioration in international financial conditions and the prospect of very heavy recourse to IMF financing during the next year, it is recommended that the United States seek to further advance the target date for agreement on expansion of IMF resources to late 1982 or early 1983, and to establish a target for implementation not later than end-1983. For U.S. participation, this would involve submission of legislation in early 1983 and a major effort to secure Congressional authorization and appropriations to be available in early FY 1984.

F. Other Issues. There are also a number of less critical points that will need to be settled as part of the negotiations on an increase in IMF resources.

1. Access to the Compensatory Financing Facility. It is recommended that access to this relatively unconditional facility (currently a maximum of 125 percent of quota) be maintained constant in nominal terms -- that is, that absolute access to this facility not be permitted to increase, as would otherwise be the case as a consequence of an increase in quotas.

2. Rate of Remuneration Paid to to Creditors. IMF creditors providing resources to the IMF through their quota subscriptions currently earn remuneration (interest) on their advances to the IMF at 85 percent of the SDR interest rate (the SDR interest rate is an average of short-term interest rates in the U.S., U.K., Germany, France and Japan). It is recommended that the U.S. seek agreement that the remuneration rate be raised to 100 percent of the SDR interest rate -- that is, to the full market average.

3. Interest Rates on Loans to the IMF Under Borrowing Arrangement. It is recommended that loans to the IMF under the proposed permanent borrowing arrangement bear interest at rates related to market rates in the major lending countries.

4. Charges on IMF Drawings. At present, charges on IMF drawings financed by the IMF's ordinary quota resources are set at levels designed to assure that the IMF's reserves increase by 3 percent a year. The current charge on ordinary drawings is 6.6 percent. (Average charges are substantially higher, however, because drawings on borrowed resources carry market related rates.) The increase in the rate of remuneration proposed above is likely itself to lead to some increase in the rate of charges on drawings. It is further recommended that the U.S. seek a change in the formula

for charges, to raise the target level for the increase in IMF reserves from 3 percent per year to a market-related interest rate.

5. Payment of Quota Subscriptions. Twenty-five percent of each country's quota increase is normally to be paid in the form of SDR and 75 percent in the form of local currency. Regarding the 25 percent portion, the IMF Governors can decide (70 percent majority) to permit this payment to be made in local currency also, or in the currencies of specified other countries (with their consent). It is desirable that there be some "hard" payment requirement, both to strengthen the IMF's liquidity and to inhibit demands for excessive quota increases. On the other hand, a requirement of payment in SDRs is certain to create major pressures for an allocation of SDRs to finance the quota payment.

Therefore, it is recommended that the U.S. seek agreement that the 25 percent portion may be paid either in SDRs or in usable foreign currencies specified by the Fund with the consent of the issuing countries.

III. Budgetary and Financial Implications of Increased U.S. Participation in IMF

Under arrangements developed in connection with the most recent U.S. quota increase and U.S. arrangements for lending to the IMF:

(a) An increase in the U.S. quota and U.S. lending commitments to the IMF require full Congressional authorization and appropriation.
(b) Transfers of cash to the IMF under either the U.S. quota or U.S. lending commitments do not result in net budget outlays. Each such transfer is recorded as an expenditure, but is offset simultaneously by a receipt (offsetting collection) in the form of an increased U.S. reserve position in the IMF (a liquid, interest-earning asset). Transfers of cash back to the United States receive the reverse treatment.

Cash transfers to and from the IMF do, however, affect the Treasury's cash position and borrowing requirements. Whether there are net costs or gains to the Treasury, and how much, depend on (a) the relationship between Treasury borrowing costs and interest earned by the Treasury on its transfers to the IMF and (b) any exchange gains or losses to the Treasury on U.S. claims on the IMF. Historically, the nets have been small. Moreover, as noted above, it is recommended in this memorandum that the U.S. seek agreement that all advances to the IMF, whether under quotas or loans to the IMF, be made on the basis of market interest rates, which would reduce the possibility of net costs to the United States in the future.

Additional detail on estimation of the financial costs or gains of U.S. participation in an IMF quota increase is attached.

Summary Elements of Proposed U.S. Position on IMF Quotas and Borrowing Arrangement

A.	New U.S. Funding for IMF	$7.0 Billion*
B.	Illustrative Division Between Quota Increase And Borrowing Arrangement	
	U.S. Quota Increase	$3.8 Billion
	U.S. Participation in Borrowing Arrangement	$3.2 Billion
	Increase in Total IMF Quotas	$22.2 Billion
	Total New Borrowing Arrangement	$12.6 Billion
C.	"Enlarged Access" Policies	
	Maximum limits	Constant in Money Terms
	"Normal" limits	Substantially Less Than Maximum
D.	U.S. Shares	
	New Quota Share	19.82 Percent
	New Voting Share	19.00 Percent
E.	Timing	
	Agreement	Late 1982- Early 1983
	Implementation	End 1983
F.	Other Issues	
	1. Access to Compensatory Financing Facility	Constant in Nominal Terms
	2. Rate of Remuneration	100 Percent of SDR Rate
	3. Interest on Borrowing Arrangement	Market
	4. Charges on IMF Drawings	Raise Formula Target for IMF Reserve Increase
	5. Payment of Quota Subscription	25 Percent in SDR or Usable Foreign Currency 75 Percent in Local Currency

* Dollar figures converted from SDR at rate of SDR=$1.09.

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THE WHITE HOUSE

WASHINGTON

September 19, 1984

Dear Charles:

This is a brief note to let you know how pleased I was to learn that the President intends to nominate you to be the United States Executive Director of the International Monetary Fund. This is an important and challenging assignment, but one for which you are well prepared. I know that it will prove to be a great experience for you and that you will make a tremendous contribution.

In the last four years you have been shuttling back and forth between the IMF and Treasury. It reveals a great deal about the level of demand for those who consistently perform with excellence.

I wish you the best in this new assignment and hope our paths will cross frequently.

Warmest Regards,

Roger

Roger B. Porter
Deputy Assistant to the President
for Policy Development

Mr. Charles H. Dallara
Deputy Assistant Secretary of the Treasury
for International Monetary Affairs
Department of the Treasury
Washington, D.C. 20220

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release September 14, 1984

The President today announced his intention to nominate Charles H. Dallara to be United States Executive Director of the International Monetary Fund for a term of two years. He would succeed Richard D. Erb.

Since 1983, Mr. Dallara has been serving as Deputy Assistant Secretary of the Treasury for International Monetary Affairs. Previously, he was U.S. Alternate Executive Director to the International Monetary Fund in 1982-1983; Special Assistant to the Assistant Secretary of the Treasury for International Affairs in 1981-1982; Special Assistant to the Under Secretary of the Treasury for Monetary Affairs in 1979-1980; and International Economist in the Office of International Monetary Affairs in 1976-1979.

He graduated from the University of South Carolina (B.S., 1970) and the Fletcher School of Law and Diplomacy (M.A., 1975; M.A.L.D., 1976). He is married, has one child and resides in Annandale, Virginia. He was born August 25, 1948 in Spartanburg, South Carolina.

# # #

Dg

The Secretary of the Treasury
and Mrs. Donald T. Regan
in association with
the Chairman of the Board of Governors
and Mrs. Paul A. Volcker
and the Members of the Board of Governors
of the Federal Reserve System
request the pleasure of your company
at a reception in honor of
the Governors of the International Monetary Fund
and the World Bank and Affiliates on

Sunday the twenty-third of September
Nineteen hundred and eighty-four
six to seven-thirty o'clock

J. W. Marriott Hotel
Grand Ballroom — Level B
Thirteen Thirty-One Pennsylvania Ave., N.W.

Please present invitation at door

Informal

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DD

DATE: 9/18

REQUEST:

RSVP:

Reception in honor of the Governors of the International Monetary Fund and the World Bank and Affiliates.

DATE OF EVENT: Sunday, 9/23
6-7:30 pm.

LOCATION: J.W. Marriott Hotel - Grand Ballroom

CONTACT PERSON:

OTHER EVENTS THAT DAY:

Menudo reception

ACCEPT REGRET

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OK - SE, per DC 2/20/85

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THE WHITE HOUSE

WASHINGTON

February 19, 1985

MEMORANDUM FOR RONALD GEISLER

FROM: ROBERT H. TUTTLE RT

SUBJECT: PAS Nomination

The President has approved the nomination of:

James A. Baker III, of Texas, to be United States Governor of the International Monetary Fund for a term of five years; United States Governor of the International Bank for Reconstruction and Development for a term of five years; United States Governor of the Inter-American Development Bank for a term of five years; United States Governor of the African Development Bank for a term of five years; United States Governor of the Asian Development Bank; and United States Governor of the African Development Fund.

All necessary clearances have been completed. Please prepare the nomination papers.

Announced: 2/20/85

To Senate 2/20/85

NOTED
[illegible]

THE WHITE HOUSE

WASHINGTON

February 19, 1985

MEMORANDUM FOR DAVID CHEW

FROM: ROBERT H. TUTTLE RT

SUBJECT: Personnel Announcements

The following Presidential Appointments are scheduled for release Wednesday, February 20, 1985. According to our records, all necessary clearances have been completed. Please arrange with the Press Office the announcements of the President's intent to make the following appointments.

WEDNESDAY, FEBRUARY 20, 1985

JAMES A. BAKER III, of Texas, ~~(SECRETARY OF THE TREASURY)~~ — To be the United States Governor of the International Monetary Fund for a term of five years; United States Governor of the International Bank for Reconstruction and Development for a term of five years; United States Governor of the Inter-American Development Bank for a term of five years; United States Governor of the African Development Bank for a term of five years; United States Governor of the Asian Development Bank; and United States Governor of the African Development Fund. (PAS)

The following individuals to be Members of the Advisory Board for Radio Broadcasting to Cuba: (PAS)

ANNE ELIZABETH BRUNSDALE, for a term of two years, new position.

JOSEPH FRANCIS GLENNON, for a term of 3 years, new position.

JOSE LUIS RODRIGUEZ, for a term of 2 years, new position.

DANFORD L. SAWYER, for a term of 3 years, new position.

announced: 2/20/85

cc: Kennedy
Holland
Geisler

THE WHITE HOUSE
WASHINGTON

February 19, 1985

NOTE FOR LARRY SPEAKES

We have double-checked this with Legislative Affairs and Counsel. This is ready for review at the 8:30 communications meeting.

David L. Chew

OK to release

2/19 2:45 p.m ok per Dianna Fielding's
2/19 4:10 pm ok per Margy Oglesby's

1985 FEB 19 PM 2:02

THE WHITE HOUSE

WASHINGTON

February 19, 1985

MEMORANDUM FOR DAVID CHEW

FROM: ROBERT H. TUTTLE RT

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ANNE ELIZABETH BRUNSDALE, for a term of two years, new position.

JOSEPH FRANCIS GLENNON, for a term of 3 years, new position.

JOSE LUIS RODRIGUEZ, for a term of 2 years, new position.

DANFORD L. SAWYER, for a term of 3 years, new position.

cc: Kennedy
Holland
Geisler

THE WHITE HOUSE

WASHINGTON

February 14, 1985

MEMORANDUM FOR RONALD GEISLER

FROM: ROBERT H. TUTTLE RT

SUBJECT: PAS Nomination

The President has approved the nomination of:

James A. Baker III, of Texas, to be United States Governor of the International Monetary Fund for a term of five years; United States Governor of the International Bank for Reconstruction and Development for a term of five years; United States Governor of the Inter-American Development Bank for a term of five years; United States Governor of the African Development Bank for a term of five years; United States Governor of the Asian Development Bank; and United States Governor of the African Development Fund.

All necessary clearances have been completed.
Please prepare the nomination papers.

memo redone on 2/19/85

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

February 20, 1985

The President today announced his intention to nominate James A. Baker, III, Secretary of the Treasury, to be the United States Governor of the International Monetary Fund for a term of five years; United States Governor of the International Bank for Reconstruction and Development for a term of five years; United States Governor of the Inter-American Development Bank for a term of five years; United States Governor of the African Development Bank for a term of five years; United States Governor of the Asian Development Bank; and United States Governor of the African Development Fund.

# # #

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THE WHITE HOUSE
WASHINGTON

April 1, 1985

Dear Mr. President:

I hereby resign as United States Governor of the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, and the African Development Fund, effective on the appointment of my successor.

comment

Respectfully,

Donald T. Regan

Donald T. Regan

The President
The White House
Washington, D.C. 20500

Resignation as Governor of the International Financial Institutions

Mar 27 85 memo for Thomas C. Dawson from Edward G. Stucky attached

FOR THE RECORD:

This is for file. It is not necessary to acc. these resigs.

dwc

Picked up in an out box in O Chm's office.

D R A F T

Dear Mr. President:

I hereby resign as United States Governor of the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the African Development Bank, the Asian Development Bank, and the African Development Fund, effective on the appointment of my successor.

Respectfully,

Donald T. Regan

The President
The White House
Washington, D.C. 20500

308272

OFFICE OF THE SECRETARY OF THE TREASURY
WASHINGTON, D.C. 20220

March 27, 1985

MEMORANDUM FOR THOMAS C. DAWSON
EXECUTIVE ASSISTANT TO THE CHIEF OF STAFF

FROM: EDWARD J. STUCKY
ACTING EXECUTIVE SECRETARY

SUBJECT: Resignation as Governor of the International Financial Institutions

Attached is Treasury's suggested draft letter of Donald T. Regan's resignation from the positions of United States Governor of the International Financial Institutions (IFIs) -- the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, and the African Development Fund. For your information, the resignation from the International Bank for Reconstruction and Development is effective for the International Finance Corporation and the International Development Association. As you are aware, Secretary Baker's nomination for these positions has been transmitted to the Senate, and Donald Regan's resignation is necessary prior to Secretary Baker's appointment.

RECOMMENDATION: That you request that Donald T. Regan sign a letter of resignation along the lines of the attached draft. Please send us a copy of the signed letter of resignation.

OK

Comments: Donald Regan signed resignation Apr 1 85 (Copy attached)

Document No. 308272SS

IT044

WHITE HOUSE STAFFING MEMORANDUM

DATE: 4/22/85 ACTION/CONCURRENCE/COMMENT DUE BY: NA

SUBJECT: LETTER OF RESIGNATION FROM CHAIRMANSHIP OF AFRICAN DEVELOPMENT BANK

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	OGLESBY	☐	☐
REGAN	☐	☐	ROLLINS	☐	☐
DEAVER	☐	☐	SPEAKES	☐	☐
STOCKMAN	☐	☐	SVAHN	☐	☐
BUCHANAN	☐	☐	TUTTLE	☒	☐
CHEW	☐P	☐SS	VERSTANDIG	☐	☐
FIELDING	☐	☐	WHITTLESEY	☐	☐
FRIEDERSDORF	☐	☐	RYAN	☐	☐
HICKEY	☐	☐	DANIELS	☐	☐
HICKS	☐	☐		☐	☐
KINGON	☐	☐		☐	☐
McFARLANE	☐	☐		☐	☐

REMARKS:

For appropriate action, please.

cc: Records

RESPONSE:

David L. Chew
Staff Secretary
Ext. 2702

Document No. ______________

WHITE HOUSE STAFFING MEMORANDUM

DATE: 4/22/85 ACTION/CONCURRENCE/COMMENT DUE BY: NA

SUBJECT: LETTER OF RESIGNATION FROM CHAIRMANSHIP OF AFRICAN DEVELOPMENT BANK

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	OGLESBY	☐	☐
REGAN	☐	☐	ROLLINS	☐	☐
DEAVER	☐	☐	SPEAKES	☐	☐
STOCKMAN	☐	☐	SVAHN	☐	☐
BUCHANAN	☐	☐	TUTTLE	☑	☐
CHEW	☐P	☐SS	VERSTANDIG	☐	☐
FIELDING	☐	☐	WHITTLESEY	☐	☐
FRIEDERSDORF	☐	☐	RYAN	☐	☐
HICKEY	☐	☐	DANIELS	☐	☐
HICKS	☐	☐	______	☐	☐
KINGON	☐	☐	______	☐	☐
McFARLANE	☐	☐	______	☐	☐

REMARKS:

For appropriate action, please.

cc: Records

RESPONSE:

David L. Chew
Staff Secretary
Ext. 2702

THE WHITE HOUSE

WASHINGTON

Received S S

1985 APR 22 PM 7: 25

April 22, 1985

Dear Mr. President:

I hereby resign as United States Governor of the African Development Bank, effective on the appointment of my successor.

Respectfully,

Donald T. Regan

Donald T. Regan
Chief of Staff to the
President of the United States

The President
The White House
Washington, D.C. 20500

OFFICE OF THE SECRETARY OF THE TREASURY
WASHINGTON, D.C. 20220

April 19, 1985

MEMORANDUM FOR THOMAS DAWSON
DEPUTY ASSISTANT TO THE PRESIDENT

FROM: EDWARD STUCKY Edward J. Stucky
ACTING EXECUTIVE SECRETARY

SUBJECT: Resignation as Governor of the African Development Bank

Attached is Treasury's suggested draft letter of Donald T. Regan's resignation from the African Development Bank. The April 1, 1985 signed resignation letter inadvertently deleted the African Development Bank.

RECOMMENDATION: That you request that Donald T. Regan sign a letter of resignation as U.S. Governor of the African Development Bank. Please send us a copy of the signed letter of resignation.

Tom -

I believe that this was dropped on your end (see attached.) TSK, TSK!

Ed

NOTED
[illegible]

85 #6459

OFFICE OF THE SECRETARY OF THE TREASURY

WASHINGTON, D.C. 20220

March 27, 1985

MEMORANDUM FOR THOMAS C. DAWSON
EXECUTIVE ASSISTANT TO THE CHIEF OF STAFF

FROM: EDWARD J. STUCKY Edward J. Stucky
ACTING EXECUTIVE SECRETARY

SUBJECT: Resignation as Governor of the International Financial Institutions

Attached is Treasury's suggested draft letter of Donald T. Regan's resignation from the positions of United States Governor of the International Financial Institutions (IFIs) -- the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, and the African Development Fund. For your information, the resignation from the International Bank for Reconstruction and Development is effective for the International Finance Corporation and the International Development Association. As you are aware, Secretary Baker's nomination for these positions has been transmitted to the Senate, and Donald Regan's resignation is necessary prior to Secretary Baker's appointment.

RECOMMENDATION: That you request that Donald T. Regan sign a letter of resignation along the lines of the attached draft. Please send us a copy of the signed letter of resignation.

Executive Secretariat
85-0645-9

Memorandum

[XX] ACTION	[ ] BRIEFING	[ ] INFORMATION

FOR: Thomas Dawson
Deputy Assistant to the President

DATE:

FROM: Edward Stucky
Acting Executive Secretary

SUBJECT: Resignation as Governor of the International Financial Institutions

Attached is Treasury's suggested draft letter of Donald T. Regan's resignation from the positions of United States Governor of the International Financial Institutions (IFIs) -- the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, and the African Development Fund. For your information, the resignation from the International Bank for Reconstruction and Development is effective for the International Finance Corporation and the International Development Association. As you are aware, Secretary Baker's nomination for these positions has been transmitted to the Senate, and Donald Regan's resignation is necessary prior to Secretary Baker's appointment.

RECOMMENDATION: That you request that Donald T. Regan sign a letter of resignation along the lines of the attached draft. Please send us a copy of the signed letter of resignation.

	INITIATOR	REVIEWER	REVIEWER	REVIEWER	REVIEWER	SECRETARIAT
OFFICE CODE SURNAME	DHaendel	RMunk RGoodman	MWaxman JConrow	CDallara JDonaldson	DMulford	
INITIALS / DATE	DH 3/20/85	RxM 3/20 / RMG 3/20/85	MW 3/20/85 / JC 3/20	/	/	/

TD F 80-02.1 (11-81) OBSOLETE OS F 10-01.2 WHICH MAY BE USED UNTIL STOCK IS DEPLETED

Dear Mr. President:

I hereby resign as United States Governor of the African Development Bank, effective on the appointment of my successor.

Respectfully,

Donald T. Regan

The President
White House
Washington, D.C. 20500

D R A F T

Dear Mr. President:

I hereby resign as United States Governor of the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the African Development Bank, the Asian Development Bank, and the African Development Fund, effective on the appointment of my successor.

Respectfully,

Donald T. Regan

The President
The White House
Washington, D.C. 20500

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FG006-12

MEMORANDUM

NATIONAL SECURITY COUNCIL

May 23, 1985

MEMORANDUM FOR RONALD K. PETERSON

FROM: ROBERT M. KIMMITT WR for

SUBJECT: State Draft Report on S. Res. 114, a Bill to Abolish the Compensatory Financing Facility of the International Monetary Fund

The NSC concurs in the State draft report on Senate Resolution 114, a bill to abolish the Compensatory Financing Facility of the International Monetary Fund.

NSC# 8504017

MEMORANDUM

NATIONAL SECURITY COUNCIL

ACTION

MEMORANDUM FOR ROBERT M. KIMMITT

FROM: DAVID G. WIGG

SUBJECT: State Draft Report on S. Res. 114, a Bill to Abolish the Compensatory Financing Facility of the International Monetary Fund

Ronald Peterson has asked for our comments on the attached State draft report on S. Res. 114, a bill to abolish the Compensatory Financing Facility of the International Monetary Fund.

Per State's draft reply, this legislation would be counterproductive vis-a-vis U.S. policies concerning Third World debt.

Chris Lehman and Ray Burghardt concur.

RECOMMENDATION

That you sign the memo to Ronald Peterson (Tab I) indicating that NSC has no comment.

Approve WRK/b Disapprove ______

Attachment
Tab I Memo to Peterson

4017

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 17, 1985

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer-
Department of Treasury
National Security Council
Agency for International Development
Export-Import Bank of the United States
Federal Reserve System
Council of Economic Advisers

SUBJECT: State draft report on S.Res.114, a bill to abolish the Compensatory Financing Facility of the International Monetary Fund.

The Office of Management and Budget requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

A response to this request for your views is needed no later than Friday, June 7, 1985.

Questions should be referred to TraceyLawler/SueThau (395-7300) the legislative analyst in this office.

Ronald K. Peterson

RONALD K. PETERSON FOR
Assistant Director for
Legislative Reference

Enclosures

cc: D. Speckhard

United States Department of State

Washington, D.C. 20520

Dear Mr. Chairman:

We are responding to your request for coordinated Executive Branch views on S.114, a bill to abolish the Compensatory Financing Facility of the International Monetary Fund.

The Department of State recommends against enactment of the proposed legislation.

The Administration recognizes that some American producers of primary commodities, particularly those in the copper industry, have experienced substantial difficulties in recent years. However, we do not believe that these difficulties are attributable to the IMF's Compensatory Financing Facility (CFF) or that the proposed Resolution would be an appropriate means of dealing with the problem.

The CFF was established in 1963 to provide financial assistance to IMF member countries experiencing balance of payments difficulties arising from temporary export earnings shortfalls largely attributable to circumstances beyond the members' control. The financing provided under the facility is not directed to particular commodities or industries, nor is it available to offset the impact of long-term economic trends or inappropriate domestic economic policies.

The Reagan Administration has, however, been concerned about some operational deficiencies in the CFF, and has taken a number of steps to address these problems. In addition to a successful effort to reduce members' potential access to CFF financing (by lowering the limits on maximum access from 100 percent of quota to 83 percent of quota), two recent reforms are directly relevant to concerns expressed in the draft legislation:

The Honorable
Richard G. Lugar, Chairman,
Committee on Foreign Relations,
United States Senate.

--At strong US urging, the IMF has strengthened CFF conditionality for borrowers making substantial (i.e., greater than 50 percent of IMF quota) use of the facility. The Fund typically requires the borrower to have a formal IMF program in place before it approves a CFF loan request. In fact, 10 of the 11 standard CFF loans made since January 1, 1984 were approved either in connection with agreement to a Fund program or for members with Fund programs already in place.

--The United States has also successfully encouraged the IMF to take steps that would effectively raise the basic interest rate on IMF loans, and a number of recent IMF decisions will increase the interest rate on CFF loans and ensure that it more closely reflects market rates.

A legislative requirement that the United States work for the elimination of the CFF could prove counterproductive to our continuing efforts to improve the operation of the facility. Any major change in the CFF (including its abolition) would require a majority vote in the IMF. With about 20 percent of the total IMF voting power, the United States has a significiant voice in such matters, but could not alone force such a change. The LDCs regard CFF lending as a particularly important aspect of IMF financing, and many other industrial countries strongly support it. Therefore, US efforts to eliminate it would be bitterly opposed by the LDCs, are unlikely to be supported by other industrial countries, and might be perceived by the international community as a direct attack on the IMF. In the final analysis, the United States would be isolated in an effort to eliminate the CFF, and our ability to obtain further improvements in the CFF would be eroded.

In our view there are other avenues, both more appropriate and more effective, through which the problems of US commodity producers can be addressed. First, the Administration is committed to an economic program that will support and strengthen our own economic growth and that of the rest of the world, and which offers the best prospects for increased production, employment and investment. The Administration will also continue to support efforts to diversify LDC economies, expand LDC export bases to reduce dependence on relatively few commodities, and improve the operation of the CFF. Finally, the President has directed the Labor Department to provide retraining and relocation assistance to displaced copper industry workers and has appointed a task force to monitor these efforts and suggest ways to improve upon them.

In light of these considerations, the Administration believes that adoption of the proposed resolution would not be in the best interest of the United States and could hamper our efforts to pursue policies that would be more effective in attaining the objectives of its sponsors.

The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the submission of this report.

With best wishes,

Sincerely,

William L. Ball, III
Assistant Secretary
Legislative and Intergovernmental Affairs

National Security Council
The White House

RECEIVED

85 MAY 23 P4:00

System # I

Package # 4017

	SEQUENCE TO	HAS SEEN	DISPOSITION
Bob Pearson	1	P	A
Bob Kimmitt			
John Poindexter			
Paul Thompson			
Wilma Hall			
Bud McFarlane			
Bob Kimmitt			
NSC Secretariat	2		D
Situation Room			

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

cc: VP Meese Baker Deaver Other

COMMENTS

Should be seen by: ______
(Date/Time)

NSC/S PROFILE UNCLASSIFIED ID 8504017

RECEIVED 18 MAY 85 09

TO KIMMITT FROM PETERSON, R DOCDATE 17 MAY 85

KEYWORDS. IMF INTL FINANCE

LEGISLATIVE REFERRAL

SUBJECT: DOS DRAFT RPT ON SR - 114 RE BILL TO ABOLISH COMPENSATORY FINANCING FACILITY OF INTL MONETARY FUND - IMF

ACTION: MEMO KIMMITT TO PETERSON DUE: 22 MAY 85 STATUS S FILES WH

FOR ACTION	FOR CONCURRENCE	FOR INFO
~~ROBINSON~~	LEHMAN, C	WIGG
Wrst	Burghardt	SABLE

COMMENTS

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single document re:
Appointment - African Development Bank

TO:
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File Folder Title/Casefile #/NSC # 336000

Box Number: 2

Transferred by: [signature] Date: 4/11/14

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