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Collection Name Robinson, Peter: Files

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FOIA

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16

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
130999	MEMO	DUPLICATE OF 131004	1	12/1/1982	B1
131000	MEMO	DUPLICATE OF 131003	1	ND	B1
131001	MEMO	NORMAN BAILEY TO SECRETARY REGAN RE: GOVERNMENTAL ORGANIZATION	2	12/1/1982	B1
131002	MEMO	DONALD REGAN TO THE SECRETARY OF STATE ET AL RE: SIG-IEP GROUP	1	11/30/1982	B1
131003	MEMO	FROM WILLIAM CLARK RE: INTERNATIONAL DEBT	1	12/9/1982	B1
131004	MEMO	NORMAN BAILEY TO WILLIAM CLARK RE: REQUEST	1	12/1/1982	B1
131005	DRAFT PAPER	STRATEGY PAPER - POSSIBLE POLICY RESPONSES TO THE INTERNATIONAL DEBT SITUATION	21	12/23/1982	B1
131006	DISTRIBUTION MEMO	RE: ATTACHMENT	1	ND	B1

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

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131007	NOTE	RE: PENDING ITEM FROM CALL	1	ND	B1
131008	MEMO	DUPLICATE OF 131014	1	12/27/1982	B1
131009	TALKING POINTS	RE: MEXICO AND BRAZIL	3	12/22/1982	B1
131010	MEMO	WILIAM MARTIN AND ROGER ROBINSON TO WILLIAM CLARK RE: MEXICO AND BRAZIL	2	12/23/1982	B1
131011	TALKING POINTS	DUPLICATE OF 131009	3	12/22/1982	B1
131012	REPORT	RE: INTERNATIONAL FINANCE (P. 1-3 ONLY)	3	12/16/1982	B1
131013	TABLE	RE: DEBT	1	ND	B1
131014	MEMO	FROM JOHN POINDEXTER RE: MEXICO AND BRAZIL (W/ HANDWRITTEN NOTATIONS)	1	12/27/1982	B1

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- B-5 Release would disclose information that is exempt from disclosure under 5 U.S.C. 552(b)(5) [(b)(5) of the FOIA]
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Robinson

National Security Council
The White House

1

Package # 7355

02 NOV 17 All: 05

Int. Trans. System

	SEQUENCE TO	HAS SEEN	ACTION
John Poindexter	_____	_____	_____
Bud McFarlane	_____	_____	_____
Jacque Hill	_____	_____	_____
Judge Clark	_____	_____	_____
John Poindexter	<u>1</u>	<i>[Signature]</i>	<u>I</u>
Staff Secretary	_____	_____	_____
Sit Room	_____	_____	_____
<u>ROBINSON</u>	<u>2</u>	_____	<u>I</u>

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

DISTRIBUTION

cc: VP Meese Baker Deaver Other _____

COMMENTS

MEMORANDUM

NATIONAL SECURITY COUNCIL

INFORMATION

November 15, 1982

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: HENRY NAU *HN*

SUBJECT: U.S. Support for Mark and Franc

NOTED

The U.S. does not directly support on a continuing basis either the mark or the franc through intervention in the exchange market. Prior to this Administration, the Treasury and Federal Reserve Bank of New York intervened on a daily basis to influence the dollar rate on these and other currencies. This policy was discontinued in January 1981 and has been a source of some tension with our allies ever since.

The U.S. remains ready to intervene in so-called disorderly markets. Before Versailles, there was only one such occasion -- at the time of the attempted assassination of the President. After Versailles, there was a realignment of European currencies on June 14. The franc was devalued by 5.75% and the mark was revalued 4.25%. Exchange markets became turbulent and the U.S. indicated that it would intervene. We did buy small amounts of marks and yen (total of \$15 million were sold in a market for marks and yen which totals several billion). By buying marks, we strengthened the mark slightly against the franc. It had the effect of preventing the franc from having to be further devalued (that is, beyond the 5.75%). But these effects were very, very minimal. We intervened again on August 4 (\$5 million sold), and for the third time on October 4 and 5 to buy marks and yens (\$25 million sold on October 4, and \$10.5 million sold on October 5). In none of these interventions did we buy francs.

The U.S. position to intervene only in disorderly markets is based on the view that intervention cannot significantly influence currency exchange rates. It is estimated that hundreds of billions of dollars of various currencies are traded every day in exchange markets around the world. To influence these markets, the government would have to invest enormous sums of money; and to the extent that intervention might affect exchange rates, it reduces the pressure on governments to correct the fundamentals of their economic policies.

The domestic policy fundamentals that affect exchange rate values include monetary policy, fiscal policy and the balance of payments. U.S. policies in these areas do indirectly affect the value of the DM and the yen.

- Tight U.S. monetary policy has sharply reduced inflation in the United States. Simultaneously, it has contributed to high interest rates, resulting in large real interest rates (nominal interest rate minus inflation). Large real interest rates have attracted foreign capital to American markets and increased the value of the dollar while decreasing the value of the mark and franc. Since the U.S. monetary policy has loosened in recent weeks, nominal interest rates have started to come down. This has reduced real interest rates, diminishing somewhat the flow of foreign capital into dollar assets. Nevertheless, real interest rates remain high, putting downward pressure on the mark and franc in relation to the dollar.

- U.S. fiscal policy has led to large current and prospective budget deficits. These deficits contribute to expectations of higher interest rates. If U.S. interest rates do increase again next year, real interest rates will once again climb, creating new downward pressure on the mark and franc. On the other hand, if the U.S. begins to recover next year, increased consumption in this country will attract imports, which will be cheaply priced given the high value of the dollar. As our trade deficit soars, the dollar should weaken which, in turn, means some strengthening of the franc and the mark.

In summary, while the U.S. has no direct policy of intervention to influence the franc and the mark, fundamental U.S. domestic policies exert various pressures on the franc and the mark. Of course, fundamental domestic policies in France and Germany probably have much more to do with the value of the DM and the franc. But you asked only about U.S. policies that support or affect these currencies.

Bailey
Int Finance System
**National Security Council
 The White House**

WR 4

Package # _____

19

	SEQUENCE TO	HAS SEEN	ACTION
John Poindexter	_____	<i>X</i>	_____
Bud McFarlane	_____	_____	_____
Jacque Hill	_____	_____	_____
Judge Clark	_____	_____	_____
John Poindexter	_____	_____	_____
Staff Secretary	_____	_____	_____
Sit Room	_____	_____	_____
<i>BAILEY</i>	<i>2</i>	_____	_____

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

DISTRIBUTION

cc: VP Meese Baker Deaver Other _____

COMMENTS

The already has it from our point
of view

MEMORANDUM

NATIONAL SECURITY COUNCIL

November 23, 1982

ACTION

MEMORANDUM FOR WILLIAM P. CLARK

FROM: NORMAN A. BAILEY *MB*

SUBJECT: NSC Staff Responsibility for International
Financial and Monetary Systems

As you know, the international debt crisis is accelerating at an alarming pace with both Brazil and Yugoslavia (combined debt of about \$100 billion) now facing probable reschedulings or, at minimum, major liquidity shortfalls in the first part of next year. The Yugoslav situation is particularly worrisome as the paralyzing divisions within the collective political leadership are being further strained by the prospects of rescheduling which may, in turn, provide the Soviet Union with a unique opportunity to capitalize on instability in the Balkans. These issues are going to very soon necessitate an increase in NSC staffing for this vital security area.

I therefore suggest that Roger Robinson be given backup responsibility for the international financial and monetary systems. As you remember, Roger is an experienced international lending officer as a former Vice President of Chase Manhattan with responsibility for the USSR, Eastern Europe, Yugoslavia and Chase's international debt reschedulings. He was chief negotiator for the bank on both the Polish and Romanian reschedulings.

You have recently proposed his participation in Tim McNamar's weekly international debt crisis meetings as the representative of the NSC which he will now attend regularly. Roger also has firsthand experience dealing with the world's leading bankers, Finance Ministers, and Governors of Central banks while serving as an assistant to former Chase Chairman David Rockefeller. His sophisticated understanding of the dimensions of this impending crisis, together with an ability to generate creative solutions, make him the logical NSC staff member to assure these backup responsibilities.

RECOMMENDATION:

That Roger Robinson be given backup responsibility for the international financial and monetary systems.

Approve _____ Disapprove _____

NSC/S

8148

Int Financial system

6

MEMORANDUM

NATIONAL SECURITY COUNCIL

November 23, 1982

ACTION

MEMORANDUM FOR WILLIAM P. CLARK

FROM: NORMAN A. BAILEY *NB*

SUBJECT: NSC Staff Responsibility for International Financial and Monetary Systems

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130999 MEMO

1 12/1/1982 B1

DUPLICATE OF 131004

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131000	MEMO DUPLICATE OF 131003	1	ND	B1

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131001 MEMO

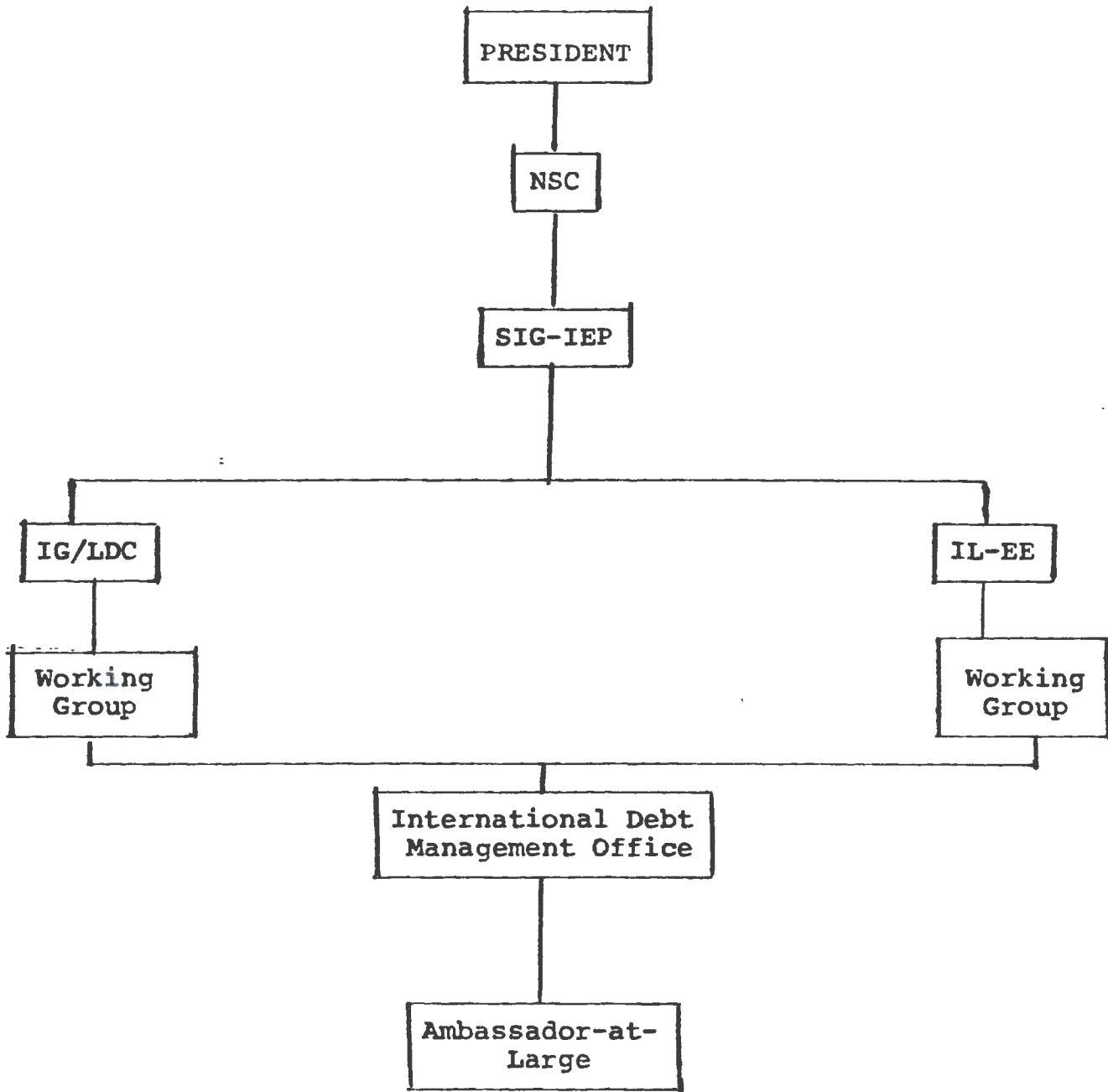
2 12/1/1982 B1

NORMAN BAILEY TO SECRETARY REGAN RE:
GOVERNMENTAL ORGANIZATION

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NATIONAL SECURITY COUNCIL

INFORMATION

December 1, 1982

Robinson
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12

MEMORANDUM FOR WILLIAM P. CLARK

FROM: HENRY NAU

SUBJECT: GATT Ministerial and Williamsburg Summit
Prospects

The GATT Ministerial nearly blew up -- several times. The fact that it did not is significant, but hardly comforting. The international mood is sour and getting worse. The Versailles Summit and GATT Ministerial barely avoided the precipice, and the GATT results may still be differently interpreted and weakened. The Williamsburg Summit will be at least as difficult and probably more so.

The World Climate

The problem is obvious. The world economy is not growing -- for the third year now -- and the longer this situation lasts, the more frightening the financial crisis becomes. In this atmosphere, trade is of marginal value. No one is interested in opening up foreign markets because there is no demand in those markets. And since there is no growth at home either, opening up home markets merely risks displacing domestic demand and jobs with imports. Instead, the temptation is just the opposite -- displace imports with domestic production which is called protectionism.

Valiantly, Bill Brock led an ambitious U.S. effort to hold the line against protectionism. The European Community, and especially France, led the opposition. They are skeptical about the prospects of economic recovery next year and frustrated by the strength of the dollar and fears of higher interest rates due to larger U.S. deficits. In addition, the Community is split right down the middle between free traders such as Germany and Great Britain and those who advocate negotiated market shares in industry and agriculture, such as France, Belgium, Denmark, Netherlands, Greece and Italy. The developing countries are even less secure than Europe and consequently view any new trade initiatives with great suspicion. They were especially opposed to having GATT consider liberalization of trade in services (e.g., consulting, banking, insurance, etc.), seeing services as closely related to investment and infrastructure activities and, hence, national sovereignty and preferring to leave this issue to UNCTAD.

The GATT Ministerial Results

Given this negativism, the U.S., Switzerland and Australia were the only countries that tried to accomplish anything at the Ministerial. The U.S., with strong support from Australia and Switzerland, sought --

- a political commitment to refrain from taking or maintaining trade measures inconsistent with the GATT.
- greater clarification of safeguard, agricultural subsidy and dispute settlement mechanisms to define more specifically what is and what is not consistent with GATT (i.e., a clearer standard against which to measure the political commitment).
- a commitment to study new trade issues in services, high technology, trade performance requirements related to investment, and North-South trade relations.

The final declaration contained the political commitment, improved the dispute settlement mechanism, merely called for negotiations on a new safeguard mechanism, failed to secure a commitment on agricultural subsidies, and included only vague commitments to study services and North-South trade relations, but not high technology or trade performance requirements.

As Bill Brock said at his press conference after the final session at 5:00 a.m. Monday morning, the Ministerial rates at best a C+. It was a partial success more because of what it did not do than what it did do. It did not fly off in all directions as the fateful London Conference of 1933. It does contain a meaningful commitment to get rid of trade measures inconsistent with GATT, but does not provide a more detailed safeguard code indicating what is inconsistent with the GATT. The Chairman of the meeting had to explain that despite this commitment, some countries would need time to bring their trade policies into compliance with the GATT. The U.S., for example, would have to modify its textile, automobile, steel and sugar import programs to meet this commitment. Hence, the commitment probably means very little.

The most serious continuing dispute is that between the U.S. and the EC over agricultural export subsidies. This issue dominated the Ministerial and poisoned the atmosphere. It will be the key issue at the Cabinet-level U.S.-EC meetings on December 10. The U.S. insists that the EC act to ameliorate the impact of the Common Agricultural Policy (CAP) on U.S. agricultural exports to third countries. The EC says that CAP is an internal affair and that any

commitment to reduce subsidies affects internal CAP price levels which is the most sensitive issue inside Europe. The LDCs line up with the U.S. on this one, and the GATT Ministerial put increasing political pressure on the Europeans who were on the defensive throughout the meeting.

From GATT to Williamsburg

Where do we go from here? Three steps are necessary.

1. Some action is needed prior to the Williamsburg Summit to restore a greater sense of cooperation in U.S.-EC relations. The steel, sanctions and some of the GATT issues have been resolved. The remaining sore points are agriculture and monetary relations. We should consider some trade-off between these two issues. Europe complains that the U.S. treats its monetary policies as an internal affair even though the dollar is an international currency and has enormous consequences on world markets. The U.S. complains that Europe treats CAP as an internal policy even though the export subsidies that follow from CAP's internal prices have enormous consequences for U.S. agricultural exports in world markets. Perhaps we could agree to recognize that neither issue can be treated solely as an internal matter. At Versailles, we agreed to do a common study on intervention policy in exchange markets. We continue to hold firm to a policy of strict non-intervention. Should we reconsider this policy, especially if France or other countries with weak currencies begin to hit their inflation targets and bring prices under control? Should we link such a reconsideration to Europe's willingness to discuss multilaterally the agricultural subsidy issue? Making progress simultaneously in these two highly contentious areas might prove to be an acceptable political trade-off and could improve immeasurably the general climate in U.S.-EC economic relations.
2. The Administration, both domestically and cooperatively with its allies, must be seen to be acting vigorously to deal with the unemployment and lack of growth problem. We cannot go into the Williamsburg Summit on the defensive. Nor can we allow another titanic domestic battle over the budget next spring to dominate the environment leading up to the Williamsburg Summit. This is a tough area in which to come up with good ideas. But it should be discussed with Shultz and Regan as early as possible. Should we convene an experts conference in February on World Economic Recovery? Or should we launch an intensive series of governmental consultations in the OECD or elsewhere to exchange information and views about national actions to

cope with recovery and unemployment? There is no desire to have the Summit sherpas play this role, but putting off the substantive preparations for the Summit until March should not cause us to miss an opportunity to anticipate and preempt contentious issues. Sometimes actions such as expert conferences, etc. create a climate of common endeavor even if they do not endorse specific collective actions.

3. The President needs to become more visible in these issues. There is a perception that no one is leading. It is risky to lead, but I see no alternative. Some contend, for example, that Bill Brock was too ambitious at the GATT Ministerial. Indeed, he did get out in front, even though the meeting could have been a disaster. The White House decided not to expose the President because of this. All of this is understandable. But risk is inevitable. Had Bill Brock not been way out in front, the GATT Ministerial would have been a charade. He gambled and he came home with much more of a success than could have been achieved if he had aimed lower. I think we should consider a number of initiatives in the next two months:

- a major Presidential speech outlining U.S. policies toward world economic recovery, trade and financial relations (a kind of review of where we are and where we are going four months or so before Williamsburg).
- possibility of a Presidential trip to Canada or Japan before the Summit. The host leader for each Summit has traditionally demonstrated initiative by visiting bilaterally with other Summit heads before the meeting. While this is less necessary for a U.S. President, we should at least look at the option as a way of increasing the President's visibility on world economic issues.
- privately-sponsored event (by AEI or Hoover or both) bringing together world economic and social policy experts to consider proposals affecting recovery and unemployment. The President could address such a group.
- giving special attention this year to the OECD Ministerial by planning for high level representation (i.e., Shultz -- Haig did not go to either of the OECD Ministerials over the past two years).

- drawing special public attention to the Interim Committee meeting of the IMF scheduled for early next year, where agreements on IMF quota increases and borrowing arrangements will be announced. (We should definitely exploit this occasion to show what the U.S. is doing to shore up the world financial system).
- consider a follow-up to the recent GATT Ministerial, perhaps by advocating another Ministerial late next year and announcing this at the Williamsburg Summit.

cc: Norman Bailey
Dennis Blair
Richard Boverie
Richard Childress
Roger Fontaine
Geoff Kemp
Douglas McMinn
Thomas Reed
Roger Robinson

THE WHITE HOUSE

15-1070

8278

Robinson
Int'l Financial System

17

December 7, 1982

MEMORANDUM FOR THE HONORABLE DONALD T. REGAN
The Secretary of the Treasury

SUBJECT: SIG-IEP Country Working Group

With reference to your memorandum of November 30, 1982 on the above subject, I would like to designate Roger W. Robinson of my staff as the NSC representative.

FOR THE PRESIDENT:



William P. Clark

450

National Security Council The White House

Package # 8278

3 . P 8 : 06

	SEQUENCE TO	HAS SEEN	ACTION
John Poindexter	<u>2</u>	<u>[Signature]</u>	<u> </u>
Bud McFarlane	<u>1</u>	<u>m</u>	<u>A</u>
Jacque Hill	<u>3</u>	<u>[Signature]</u>	<u> </u>
Judge Clark	<u>4</u>	<u>[Signature]</u>	<u>A</u>
John Poindexter	<u> </u>	<u> </u>	<u> </u>
Staff Secretary	<u>5</u>	<u> </u>	<u>D</u>
Sit Room	<u> </u>	<u> </u>	<u> </u>

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

DISTRIBUTION

cc: VP Meese Baker Deaver Other

COMMENTS

NATIONAL SECURITY COUNCIL

December 3, 1982

CONFIDENTIAL ATTACHMENT

ACTION

SIGNED

MEMORANDUM FOR WILLIAM P. CLARK

FROM: NORMAN A. BAILEY *NAB*

SUBJECT: Assignments to Debt IGs

With reference to Secretary Regan's memo concerning the establishment of two IGs on the Eastern European and LDC debt situations (Tab II), permit me to recommend that Roger Robinson be named as NSC representative to the IGs. I will be able to attend any meetings I want to as Executive Secretary of the SIG-IEP.

RECOMMENDATION:

That you sign the memorandum to Secretary Regan (Tab I) naming Robinson NSC representative to the ~~LDC~~ *Latin America* and Eastern European debt IGs.

Approve _____ Disapprove _____

cc: Henry Nau
Bill Martin

Attachments

- Tab I Memo to Regan
- Tab II Memo from Regan

CONFIDENTIAL ATTACHMENT

UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ENCLOSURE(S)

wn 02/14/2012

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131002 MEMO

1 11/30/1982 B1

DONALD REGAN TO THE SECRETARY OF STATE
ET AL RE: SIG-IEP GROUP

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131003 MEMO

1 12/9/1982 B1

FROM WILLIAM CLARK RE: INTERNATIONAL
DEBT

The above documents were not referred for declassification review at time of processing
Freedom of Information Act - [5 U.S.C. 552(b)]

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131004	MEMO NORMAN BAILEY TO WILLIAM CLARK RE: REQUEST	1	12/1/1982	B1

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131005	DRAFT PAPER STRATEGY PAPER - POSSIBLE POLICY RESPONSES TO THE INTERNATIONAL DEBT SITUATION	21	12/23/1982	B1

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

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131006	DISTRIBUTION MEMO RE: ATTACHMENT	1	ND	B1

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131007 NOTE

1

ND

B1

RE: PENDING ITEM FROM CALL

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131008	MEMO DUPLICATE OF 131014	1	12/27/1982	B1

The above documents were not referred for declassification review at time of processing
Freedom of Information Act - [5 U.S.C. 552(b)]

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131009	TALKING POINTS RE: MEXICO AND BRAZIL	3	12/22/1982	B1

The above documents were not referred for declassification review at time of processing
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	<i>Document Description</i>	<i>pages</i>		<i>tions</i>

131010 MEMO

2 12/23/1982 B1

WILIAM MARTIN AND ROGER ROBINSON TO
WILLIAM CLARK RE: MEXICO AND BRAZIL

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131011 TALKING POINTS
DUPLICATE OF 131009

3 12/22/1982 B1

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131012 REPORT

3 12/16/1982 B1

RE: INTERNATIONAL FINANCE (P. 1-3 ONLY)

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131013	TABLE RE: DEBT	1	ND	B1

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131014 MEMO

1 12/27/1982 B1

FROM JOHN POINDEXTER RE: MEXICO AND
BRAZIL (W/ HANDWRITTEN NOTATIONS)

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

*Int Financial
System*

60

December 28, 1982

MEMORANDUM FOR THE HONORABLE MARC LELAND
Assistant Secretary for International Affairs
Department of the Treasury

SUBJECT: Comments on International Debt Strategy Paper

General Comment

In general, the paper outlines a feasible short-term strategy and makes a number of useful suggestions. It does not address a medium- or long-term strategy which will be required should economic recovery be slow and halting, as forecast by the OECD.

Specific Comments

-- Page 5 -- It seems strange to speak of the ". . . possibility that real interest rates will eventually be reduced . . ." as a positive factor in the situation.

-- Page 7 -- The first sentence under "III" makes no logical sense.

-- Page 8 -- Two very important points are made here -- the necessity of providing international as well as domestic liquidity and the dangers inherent in the current IMF conditionality on trade.

-- Too much reliance is put in CCC and Eximbank resources. There is no mention of the Exchange Stabilization Fund.

-- Important points are made with reference to shrinkage of the Euro-Interbank market and concentration of debt (and risk) in money-center banks and governments.

-- The point that a large U.S. trade deficit with the debtor countries is essential cannot be strongly enough emphasized.

Norman A. Bailey

Norman A. Bailey
Senior Director
National Security Planning

cc: Roger Robinson
Gus Weiss