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# WITHDRAWAL SHEET

## Ronald Reagan Library

**Collection:** BAILEY, NORMAN: Files

**Archivist:** dlb

**File Folder:** Versailles Summit [1982] (8)

**Date:** 10/13/00

Box 9 ~~90710~~

Zuber/F99-080/1

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. Memo	Rogert Robinson to John Poindexter, re: Contingency Planning For Versailles and Bonn Summits, 1 p.	5/21/82	P1/F1
2. Memo	Alexander Haig to Reagan, re: Scope Paper for the Versailles Summit, 6 p.	5/24/82	P1/F1
3. Memo	Henry Nau through Charles Tyson to William Clark, re: Most Important Topics for President Briefings, 2 p.	5/24/82	P1/F1
4. Paper	May 28 Japanese Trade Package, 1 p.	n.d.	P1/F1
5. Paper	Credit Restraints on USSR and US Grain Exports, 2 p.	n.d.	P1/F1
6. Paper	Highlights of Replies to President's Summit Letter by Thatcher and Thorn, 2 p.	n.d.	P1/F1
7. Cable	#020233Z Jun 82, 6 p.	6/2/82	P1/F1
8. Matrix	re Head of State views on various summit issues, 2 p.	n.d.	P1/F1

### 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 statute [(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].

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UNCLASSIFIED UPON REMOVAL OF CLASSIFIED ENCLOSURE(S)

RECEIVED 24 MAY 82 18

DOCDATE 24 MAY 82

TO PRES

FROM HAIG, A

KEYWORDS: FRENCH SUMMIT  
INTL TRADE

ECONOMICS  
CM

*Versailles*

SUBJECT: SCOPE PAPER FOR VERSAILE SUMMIT

ACTION: PREPARE MEMO FOR CLARK

DUE: 25 MAY 82 STATUS S FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

NAU

RENTSCHLER

BAILEY *[Signature]*

TYSON

WHEELER

COMMENTS \*\* 3 HR TURNAROUND

REF# 8214649

LOG

NSCIFID

( M / )

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~~CONFIDENTIAL~~

11 3775

MEMORANDUM

NATIONAL SECURITY COUNCIL

UNCLASSIFIED UPON REMOVAL OF  
CLASSIFIED ENCLOSURE(S) *10/11/00*

~~UNCLASSIFIED  
WITH CONFIDENTIAL ATTACHMENT~~

May 29, 1982

*Versailles*

ACTION

MEMORANDUM FOR WILLIAM P. CLARK

FROM: HENRY R. NAU

SUBJECT: Further Versailles Summit Briefing  
Materials for the President

Since the Versailles Summit briefing book went to the President last week, several issues have arisen about which the President needs to be informed. I have attached a note from you to the President indicating what these items are and attaching a brief coverage of each of the issues for his information.

RECOMMENDATION: That you sign the memo to the President at Tab I.

APPROVE \_\_\_\_\_

DISAPPROVE \_\_\_\_\_

Attachments

- Tab I Memo to the President
  - A Review of Japanese Trade Package
  - B Summary of Schmidt's Speech
  - C Discussion US grain exports/credit restrictions
  - D Replies from Thatcher and Thorn - Highlights

cc: C.Tyson  
J.Rentschler  
N.Bailey

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~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

MEMORANDUM

UNCLASSIFIED UPON REMOVAL OF  
CLASSIFIED ENCLOSURE(S)

UNCLASSIFIED *10/16/00* THE WHITE HOUSE  
~~WITH CONFIDENTIAL ATTACHMENT~~ WASHINGTON

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM P. CLARK  
SUBJECT: Further Versailles Summit Briefing Materials

Issue

Do you need further information on several key issues at the Versailles Summit?

Discussion

You received a full briefing book for the Versailles Summit before you left for California. Since then, several additional materials have become available and are attached for your reading if you so desire.

- A brief review of recent Japanese trade package and key points for you to talk about with Prime Minister Suzuki (these points have been cleared by the relevant agencies).
- Summary of Chancellor Schmidt's speech on April 5, 1982, which George Shultz mentioned to you noting that Schmidt was mad because nobody had noticed this speech.
- Discussion of relationship of US grain exports to our proposals to restrict credits to the Soviet Union.
- Highlights of replies from Thatcher and Thorn to your letter of May on your expectations for the Versailles and Bonn Summits.

Recommendation

That you read these materials as needed for your information.

OK \_\_\_\_\_

NO \_\_\_\_\_

Attachments

Tab A Review of Japanese Trade Package  
B Summary of Schmidt's speech  
C Discussion US grain exports/credit restrictions  
D Replies from Thatcher and Thorn - Highlights

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Prepared by: H.R.Nau



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THIS FORM MARKS THE FILE LOCATION OF ITEM NUMBER 4 LISTED ON THE  
WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER.

SUMMARY OF CHANCELLOR SCHMIDT'S SPEECH

TO HAMBURG OVERSEAS GROUP

April 5, 1982

According to Chancellor Schmidt, the German economy has turned around as a result of tough decisions to reduce real wages and maintain fiscal and monetary discipline, leading to a strengthening of Germany's current account and the German Mark (Schmidt was speaking before the Parliament rejected the revenue increasing aspects of his stimulus program while approving the spending aspects, thus increasing the fiscal deficit). He now awaits similar decisions in other countries, principally in the US.

Developing this theme the Chancellor made the following points:

- Inflation is the root cause of the present sickness of the world economy.
- Higher rates of public and private investment are needed to increase employment but real interest rates in US, which have never been higher, prevent this.
- An industrial upswing will not occur before 1983.
- The most important key to this upswing is US policy. He approves US monetary policy but criticizes the budget deficit and expresses fear that the budget issue will go unresolved into the autumn.
- Other countries also have responsibilities. Those with current account surpluses (read Japan) should open their import markets; those with current account deficits (read France and Italy) should exercise greater budgetary and monetary discipline.
- Germany and Japan because of their surplus balance of payments situation can decouple from American interest rates and lower their own interest rates without fearing devaluation of their currencies.
- An oil tax should be imposed only as a concerted effort by the major industrial countries and dropped when oil prices rise again.
- International Monetary Fund and World Bank should be strengthened, and their behavior should not be determined by debtors.
- GATT must be preserved and strengthened.

- There is a need to guarantee orderly exchange market conditions and to limit erratic fluctuations in exchange rates but not resist market trends.
- LDCs need stable earnings from raw material exports but not by means of a worldwide commodity fund experiment.
- Aid remains indispensable, and Global Negotiations must finally get underway.
- Eastern economies suffer same crisis as Western economies but without resilience and technological dynamism of the West.

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WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER.

Norman,

This is a useful  
matrix developed for  
The Versailles Summit  
Briefing Book which you  
might find interesting.

Bill

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## Failure at Versailles

*Versailles  
Summit*

The Reagan team was quick to proclaim success for its labors at the Versailles summit, apparently because it managed after months of discussion to extract some exceedingly vague promises from our allies about limiting credit subsidies to the Eastern bloc and the Soviets.

To us, however, it looks as though Mr. Reagan, following the blueprint laid out for him by the State Department, gave more than he got. And beyond the nitty-gritty of the negotiations, we think the Versailles summit once again points up the flaw in the approach favored by Secretary of State Haig and others in the administration for dealing with our European friends.

At Versailles the U.S. agreed to soften its opposition to intervention in foreign exchange markets, to formation of a new IMF committee to promote "convergence" of economic policies and to a broader role for the UN in the so-called North-South dialogue.

Now we don't think the world will come to an end because of any of this. The administration and the Fed understand that intervention in foreign exchange markets could as easily become an engine for renewed inflation as for monetary stability. And not even France's Socialists, for all their talk about solidarity with the world's poor, have any real intention of turning over Western treasuries to the mercies of the UN. It's even possible, we suppose, that the IMF would promote "convergence" of economic policies in the right direction, though probably only over the dead bodies of a lot of internationalist bureaucrats who like to solve all economic woes by raising taxes.

But at best this was a mess of potage, in return for which we received precious little. The communiqué sug-

gested "limits" on credit subsidies and loan guarantees to the Eastern bloc and the Soviets, but the limits weren't defined, leaving individual countries free to continue business as usual. European spokesmen made it plain they plan to do just that. The Siberian gas pipeline, for which the West Europeans are providing billions in subsidized credit and guaranteed loans, wasn't even mentioned in the communiqué despite Mr. Reagan's initial sharp objections to the deal.

Mr. Haig & Co. hoped that by treading softly the U.S. could obtain a broader measure of agreement than if it stuck to a harder line, say by threatening to default the Polish loans. It should be obvious after the Versailles summit that this approach has failed.

It may even prove to have been irrelevant. The implicit premise of the Haig approach is that the Reagan administration is politically out of synch with its allies. But before the ink was even dry on the Versailles documents, Germany's conservatives were delivering another electoral blow to Helmut Schmidt's ruling Social Democrats, this time in Hamburg's elections. Some observers wonder if Mr. Schmidt can last out the summer. Conservatives have also scored heavily in recent elections in France and England. The reasons for this trend are arguable, but at least it suggests that the European electorate is not an unalterable constant impervious to persuasion.

The best thing that could come of Versailles would be for Mr. Reagan and other travelers to ponder their failure to get anything meaningful on Soviet bloc credits. For then they might start to sense that the policy of the lowest common denominator is bound to fail, and that the way to lead an alliance is to lead.

281819 JSM