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WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name MCMINN, DOUGLAS: FILES

Withdrawer

SMF 2/22/2008

File Folder FRANCE-ISSUES (9)

FOIA

S2007-081

Box Number 13

NOUZILLE

180

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
51122	REPORT	RE SUMMIT HIGHLIGHTS	1	4/1/1982	B1 B3
51132	MEMO	CLARK TO THE PRESIDENT RE TRIP TO EUROPE DOCUMENT PENDING REVIEW IN ACCORDANCE WITH E.O. 13233	1	ND	B1 B3 <i>open 3/11/10 KMU</i>
51123	MEMO	HAIG TO THE PRESIDENT RE TRIP TO EUROPE R 4/20/2010 M2007-081	2	3/30/1982	B1
51124	MEMO	CLARK TO HAIG RE SUMMITS: LINKAGE AND SPEECH STRATEGY R 4/23/2010 NLRRM2007-081	1	4/7/1982	B1
51125	MEMO	NAU/RENTSCHLER/BLAIR TO CLARK RE SUMMITS: LINKAGE AND SPEECH STRATEGY R 10/1/2010 MR2007-081/1	1	4/6/1982	B1
51126	MEMO	HAIG TO THE PRESIDENT RE SUMMITS: LINKAGE R 4/20/2010 M2007-081	1	3/30/1982	B1
51127	OUTLINE	THE JUNE SUMMITS R 4/20/2010 M2007-081	3	ND	B1
51128	MEMO	HAIG TO THE PRESIDENT RE STRATEGY FOR SPEECHES IN EUROPE R 4/20/2010 M2007-081	2	3/30/1982	B1

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

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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51129	MEMO	RENTSCHLER/NAU/BLAIR TO CLARK RE SUMMITS: LINKAGE AND SPEECH STRATEGY <i>R 10/1/2010 MR2007-081/1</i>	2	3/31/1982	B1
51130	MEMO	CLARK TO HAIG RE SUMMIT PREPARATIONS <i>R 4/23/2010 NLRRM2007-081</i>	1	ND	B1
51131	MEMO	MARTIN THRU HORMATS TO BUCKLEY RE ENERGY DEVELOPMENTS <i>R 4/20/2010 M2007-081</i>	5	4/9/1982	B1

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ITEM RETURNED
TO NSC
SECRETARIAT
IN APRIL 1987

Log # 01181 ^{copy 006} [^] PUBLICATION May 82

WITHDRAWAL SHEET

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MEMORANDUM

SUSPENS

NAU: (circled)

3

NATIONAL SECURITY COUNCIL

2188

ACTION

April 1, 1982

File France Summit (issues)

MEMORANDUM FOR WILLIAM P. CLARK

FROM: DENNIS ~~CLARK~~ CLAIR

SUBJECT: Initiative to Set the Stage for the President's Trip to Europe

Attached for your signature is a memorandum to the President forwarding Al Haig and Charlie Wick's proposal for an expanded youth exchange program with Europe. Mike Deaver has also been informed about this idea, and his initial reaction was positive. As the memorandum explains, this program would contribute to a positive summit atmosphere, do long-term good, and would cost the government little or nothing. The idea is for the President, and the government, to serve as a catalyst for the program, which would be carried out and supported by the private sector.

^u Carry Lord and ^{part} Jerry O'Leary concur.

RECOMMENDATION

OK NO

— — That you sign the memorandum to the President at Tab I.

Tab I Memorandum to the President

Tab A Memorandum from Haig and Wick

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM P. CLARK

SUBJECT: Initiative to Set the Stage for Your
Trip to Europe

Al Haig and Charlie Wick have sent you a proposal (Tab A) for a greatly expanded youth exchange program between the United States and Europe, as a way of increasing trans-Atlantic understanding. Not only is this idea worthwhile in its own right, but it is the positive sort of initiative which we should announce in connection with the summit meetings in June. We have broached this idea informally with European governments and obtained a favorable reaction.

The bulk of the program would be privately funded. ICA has money in its budget for this year for a small pilot program (50 kids), which would be folded into the larger effort. Charlie Wick would take the lead for government participation in the program.

Your personal involvement would be limited to brief remarks in May to a meeting of the private organizations involved in the project.

I think that this idea is a good one, which would help the atmosphere of the summits, contribute to greater long-term understanding between Western countries and is the sort of predominately private sector effort which this Administration favors.

RECOMMENDATION:

OK NO

— — That you approve the recommendations made
by Haig and Wick in Tab A.

Attachment:

Tab A Memorandum from Al Haig and
Charlie Wick

Prepared by:
Dennis C. Blair



THE SECRETARY OF STATE

WASHINGTON

March 30, 1982

CONFIDENTIAL

MEMORANDUM FOR: THE PRESIDENT

From: Alexander M. Haig, Jr. 
Charles Z. Wick 

Subject: Initiative To Set the Stage for Your Trip to Europe

We face a major problem in Europe with the growing tendency among young people there to blur the distinction between democratic and communist societies. Your personal involvement would be extremely helpful in addressing this problem. We suggest that on the eve of your trip to Europe you announce a new Atlantic Youth Fellowship exchange program -- a 5 year initiative aimed at substantially increasing the present level of exchanges between American and European 17-19 year olds. This program would mark the first time the USG has focused on exchanges for this age group. This effort would begin the urgent task of building a new fabric of relations among the next generation of Americans and Europeans to help replace the old fabric of ties that are fast disintegrating.

Increased contact and communication between American and European young people would improve their ability to recognize that what we share is far more important than the issues dividing us. These exchanges would focus on our mutual accomplishments -- intellectual, economic, security and political -- that have been nurtured by 35 years of peace and Western cooperation. They would help provide a vision of the future which gives youth a greater sense of having a stake in the democratic values we share.

The 35th anniversary of the Marshall Plan and the 25th anniversary of the Treaty of Rome, present an ideal context for you to reaffirm existing ties with the Allies and to launch this two-way initiative. We recommend that the White House announce a special meeting -- organized by ICA, State and the White House -- in May to examine how to best improve US-European ties. This meeting would include private and government leaders from both sides of the Atlantic. We would ask you to make brief remarks to kick off the meeting and announce our 5 year initiative for greater youth exchange.

To avoid any appearance of American largesse being heaped on a hapless Europe, the program should be a joint effort supported by government and private funds on both continents. If you approve this initiative, we will approach government and private leaders in Europe to shape their cosponsorship and coordinate the plan's announcement. This is especially important in Italy where we have already begun to lay the groundwork for a pilot project starting in September, which would significantly increase youth exchange between our two countries.

DECLASSIFIED

CONFIDENTIAL

NLRR M07-081 # 51123

BY CW NARA DATE 4/20/10

GDS 3/26/88

Announcing this initiative just prior to your departure would be an excellent scene-setter for your trip. By showing sensitivity to the problems of youth, it would help create a positive tone for your journey.

Recommendations:

1. That you approve the Atlantic Youth Fellowship program, a new initiative for increased U.S.-European youth exchanges.

Approve _____ Disapprove _____

2. That you agree to a White House announcement, as soon as possible, for a May meeting to examine how to improve U.S.-European ties.

Approve _____ Disapprove _____

3. That you agree to speak and to launch this new initiative for U.S.-European youth exchange at the meeting in May.

Approve _____ Disapprove _____

File 7

MEMORANDUM

#2202

NATIONAL SECURITY COUNCIL

ACTION

April 6, 1982

File France Summit (issues)

MEMORANDUM FOR WILLIAM P. CLARK

FROM: HENRY R. NAU *HRN*

SUBJECT: Secretary Donovan's Trip Report

Ray Donovan reports to you on his meeting with the OECD Labor Ministers in Paris on March 4-5. His report echoes themes which we are likely to hear again at the OECD Ministerial in May and the Versailles Summit in June:

- France, Denmark and Holland led the charge against high U.S. interest rates.
- These same countries spearheaded arguments for interventionist labor policies and a stronger government role in collective bargaining.
- Most of the participants were highly pessimistic.
- Europeans favored job creation by government for new entrance to the job market, especially women and hard-to-employ youth.
- OECD Secretary General Van Lennep pointed out that inflexibility in the labor markets is a serious obstacle.
- Business advisory groups emphasized growth and greater flexibility in labor markets as the key to job creation. Trade union groups emphasized special job creation programs through public investment.

I have attached a short note from you to Donovan thanking him for his thorough report.

RECOMMENDATION: That you sign the note to Donovan at Tab I.

APPROVE _____

DISAPPROVE _____

Attachments

- Tab I Note to Donovan
- II Donovan Trip Report

8

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

MEMORANDUM FOR THE HONORABLE RAYMOND J. DONOVAN
THE SECRETARY OF LABOR

SUBJECT: Trip Report Re OECD Ministerial Meeting
in Paris, March 4-5, 1982

Thank you for your detailed and interesting report on the OECD Ministerial meeting of the Manpower and Social Affairs Committee in Paris on March 4-5. You identify the tough issues we face in our dialogue with OECD partners. Your spirited defense of the Administration's policies is a standard for us all to follow.

William P. Clark

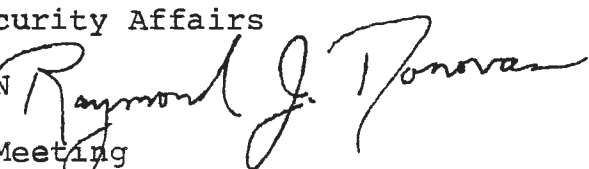
U.S. DEPARTMENT OF LABOR

SECRETARY OF LABOR
WASHINGTON, D.C.

2202

MAR 30 1982

MEMORANDUM FOR: WILLIAM CLARK
Assistant to the President
for National Security Affairs

FROM: RAYMOND J. DONOVAN 

SUBJECT: OECD Ministerial Meeting
Paris, France
March 4-5, 1982

Pursuant to the President's memorandum of February 22, 1982 regarding foreign travel, attached is a report of my recent trip to the OECD Ministerial Meeting of the Manpower and Social Affairs Committee in Paris.

Attachment

Secretary of Labor Raymond J. Donovan's Report
on the OECD Ministerial Meeting of the
Manpower and Social Affairs Committee,
March 4-5, 1982 in Paris

General

Labor Ministers from the 24 OECD member countries met under the auspices of the Manpower and Social Affairs Committee, March 4-5, to discuss policies for increasing employment and reducing unemployment in the short and medium term and policies for promoting a dynamic and adaptable labor market. I headed the U. S. Delegation and served as Vice-Chairman of the Conference. While most of the discussion dealt with the different national approaches to ameliorate the situation through social and labor market policies, the question of the underlying causes of high unemployment emerged on numerous occasions. During the discussion, Ministers split on macro-economic policies. Spearheaded by the French, Danish and Dutch delegates, a number of Europeans pointed to the high U. S. interest rates as contributing to their economic woes and resultant high unemployment. They also argued for interventionist manpower policies and a stronger government role in collective bargaining. I defended the anti-inflationary policies of the Reagan Administration as holding the key to economic recovery and increased employment in the medium and long term. While Ministers agreed to a balanced presentation in the final communique, the divergent views which emerged during the meeting are likely to be echoed at the May 10-11 OECD Council Ministerial Meeting.

Specific Comments

- The plenary meeting of the Ministerial on March 4 was highlighted by my remarks early in the session which set the tone for the rest of the morning's discussions. I noted the rights of workers in the OECD countries to join unions and their freedom of speech and assembly. I contrasted this to the situation in Poland and the suppression of the human rights of workers there. Although there were no strong sentiments on Poland expressed by other delegations, our concern appeared to have been received with understanding and silent agreement.

- I pointed out U. S. optimism over the prospects for short and medium term economic recovery in the U. S. and expectation of early resumption of growth in productivity and employment. This, I said, should ease government and spur economic recovery elsewhere. I emphasized that stable monetary policies, and policies which place greater reliance on the private sector, would offer more promising remedies to current labor market problems.
- Unlike my optimism, many Minister's remarks showed evidence of pessimism in dealing with their current unemployment problems, highlighting the need for the group to concentrate on ways to create jobs and promote industrial rebirth through new programs and initiatives. Many Ministers, including the Canadians, were critical of U. S. monetary and fiscal policies.
- During the ensuing discussion on the role of governments in the social dialogue, I said the government's role should be indirect, leaving the negotiations to those most familiar with the problems at hand - management and labor. I emphasized that collective bargaining is strengthened by governments adopting a hands-off policy. I cited the satisfactory outcome of the UAW-Ford talks recently completed as an example of the benefits that arise out of this Administration's policy on contract deliberation. Other member countries were not in agreement with our view on this approach. A number of delegates strongly argued that government must play an active role to assure balance in the negotiations. The British said that there was a need for "mutual understanding between government and the social partners - rather than bargaining," but the more socialist members said their governments would favor greater involvement. For example, the French Minister said 600 offices would be set up in the provinces to function as "moderators" in labor/management contracts.
- Another issue which was frequently raised was the creation of job-sharing or part-time employment. The Europeans were especially vocal on this concept as a means to cut unemployment and create work possibilities for new entrants to the job market - especially for women and hard-to-employ youth. As both these segments of the labor market increase in Europe, this technique was viewed as the easiest way out of a social predicament. However, most delegates admitted that the concept could distort salaries and benefits in the economy and could

have the unintended effect of increasing unemployment by raising production costs. But clearly, the concept has taken root in western Europe and will become more prominent in the employment picture. Some Europeans wanted to pursue the concept of international coordination and/or cooperation in job sharing at least among neighboring countries in a region.

- This discussion led me to describe the successes and failures of the U. S. Comprehensive Employment and Training Administration (CETA) program and outline the structure of the Administration's new job training program. There was special interest by other delegations in the shift in dollar percentages being spent on training of special groups. This was an area of keen interest prompting a number of delegates to discuss their experiences and experiments in training, especially with youth, to prepare workers for more technically oriented positions in modern industry and services.
- The problem of restoring profitability, especially in European industries, was a theme highlighted in the issues papers and repeated both in the plenary discussions and outside meetings. Some Ministers and the Secretary General emphasized that rising unemployment resulted from the combination of increasing numbers of job seekers (European post-war baby BOOM) and declining private investment in job-creating activities. Only in a climate of increased profitability could the needed investment take place. It was noted, however, that the current inflexibility in labor markets is a serious obstacle. The Secretary General believed that a more realistic approach towards labor mobility, wage demands and non-wage labor costs is required. We expect that the Secretary General will repeat this line of thought at the OECD Ministerial Council Meeting in May.

TUAC/BIAC Consultations

- On the day prior to the ministerial meetings, the bureau held consultations with the Trade Union Advisory Committee (TUAC) and the Business and Industry Advisory Committee (BIAC). TUAC argued that economic growth alone is not enough to resolve the crisis of unemployment because of the magnitude of jobs lost due to technological change. They emphasized the need for special job creation programs, expanded public investment, adoption of some form of work-sharing and more government participation in the social dialogue. In BIAC's view,

the restoration of profitability, which depended to a large degree on greater flexibility in labor markets, was the key to job creation. Only under these conditions would the needed private investment occur. BIAC also strongly opposed work-sharing and supported continued anti-inflationary policies.

Bilateral Meetings

● I held bilateral meetings with Neil Brown, Youth and Employment Minister from Australia, and Norman Tebbit, Minister of Labor of the United Kingdom. The meetings were cordial and both Ministers were very supportive of each other's positions during these meetings and during the ministerial itself. I also made courtesy calls on OECD Secretary General Van Lennep and French Labor Minister Jean Auroux. The Secretary General acknowledged that different economic circumstances require different solutions and felt that the U. S. should continue its fight against inflation. He noted that in Europe the wage structure was out of line and it needed to be lowered. The call on Minister Auroux dealt mainly with an exchange of view on decentralization of economic authority and the prospects for economic recovery. A courtesy call was also paid on Ambassador Galbraith.

Participants

Twenty-one of the 24 OECD member governments were represented by Ministers. Representatives from the European Free Trade Association, International Labor Office, Council of Europe and the Commission of European Communities were also in attendance. The U. S. Delegation consisted of the following officials:

Representative

The Honorable Raymond J. Donovan
Secretary of Labor

Alternative Representative

The Honorable Abraham Katz
United States Permanent Representative
to the OECD

U. S. Delegate to the Manpower and
Affairs Committee

C. Michael Aho
Director, Foreign Economic Research Staff
Bureau of International Labor Affairs
Department of Labor

Advisors

John Cogan
Assistant Secretary
Policy, Evaluation and Research
Department of Labor

Robert W. Searby
Deputy Under Secretary
International Affairs
Bureau of International Labor Affairs
Department of Labor

Arthur Reichenback
International Economist
European Affairs Bureau
Department of State

DECLASSIFIED

NLRR MD7081 #51124

BY CAJ NARA DATE 4/23/10

~~SECRET~~

How 15

#2147/2189

THE WHITE HOUSE
WASHINGTON

*File
France Summit
(issues)*

~~SECRET~~

April 7, 1982

MEMORANDUM FOR THE HONORABLE ALEXANDER M. HAIG, JR.
THE SECRETARY OF STATE

SUBJECT: Versailles and Bonn Summits: Linkage and
Speech Strategy

The President has reviewed your memos on "Versailles and Bonn Summits: Linkage" and "Strategy for Your Speeches in Europe." He was impressed by the comprehensive and practical approach to these two meetings and the suggestions for relating key speeches to this overall approach. He also decided Tuesday morning to give a pre-departure, scene-setting speech in May.

The linkage memo raises a number of issues that will require further development and coordination with the appropriate agencies:

- more cooperative approach to exchange rates
- propose cooperative means to assure stable energy supplies
- East-West issues, including reiterated commitment to aid Poland if Western conditions met, broadened sanctions, technology transfer, etc.
- revitalized allied emphasis on conventional defense.

There is also the question of where other initiatives that have been proposed fit into the overall strategy for Versailles and Bonn. These include the idea of a new Atlantic Youth Fellowship exchange program, the proposal for an Institute for Democracy, and a possible arms control verification initiative.

Please revise the overall strategy for these meetings in light of these comments and coordinate on an interagency basis an appropriate paper for submission to the President no later than COB, Friday, April 9, 1982. This paper will be reviewed at a joint meeting of the Senior White House Groups for the Versailles and NATO Summits on Monday, April 12, at 10:00 a.m. If necessary, the NSC will meet on Tuesday, April 13, to resolve any outstanding differences.

File Yes

William P. Clark

~~SECRET~~
review 4/6/88

~~SECRET~~

HW
16

~~SECRET~~

MEMORANDUM

#2147/2189

NATIONAL SECURITY COUNCIL

April 6, 1982

~~SECRET~~

ACTION

MEMORANDUM FOR WILLIAM P. CLARK

FROM: HENRY NAU ^{JW} / JAMES RENTSCHLER ^{Rin} / DENNIS BLAIR ^{DB}

SUBJECT: Versailles and Bonn Summits: Linkage and Speech Strategy

SIGNED

Secretary Haig sent the President last week two memos on the overall approach to the Versailles and NATO Summits and a Presidential speech strategy in support of this approach (Tab II). McFarlane briefed the President this morning on these memos and instructed that we prepare a reply to Secretary Haig indicating the President's general agreement with the approach but raising a number of issues that require further development and coordination with other agencies. The reply asks Secretary Haig to revise the strategy paper in light of these issues and coordinate on an interagency basis a new paper for submission to the White House by COB Friday, April 9, 1982. This paper will then be reviewed on Monday, April 12, at 10:00 a.m. by a joint meeting of Senior White House Groups for the Versailles and NATO Summits. If necessary, the NSC would meet on Tuesday, April 13, to resolve any outstanding differences.

In addition, the President agreed to give a pre-departure, scene-setting speech in May. We need to begin the process of drafting these speeches and have already moved a memo your way with specific recommendations about how this process should be conducted.

RECOMMENDATION: That you sign the attached memo to Secretary Haig (Tab I).

APPROVE ✓

DISAPPROVE _____

Attachments

- Tab I Memo to Secretary Haig
- II Memos from Haig

~~SECRET~~

Review 4/6/88

~~SECRET~~

DECLASSIFIED
NLRR M07-0581/1 #51125
BY RW NARA DATE 10/11/10

Brian,

This needs to
move right over
to STATE.

JL

National Security Council ¹¹³
The White House

Package # _____

	SEQUENCE TO	HAS SEEN	ACTION
John Poindexter	1	<i>[initials]</i>	
Bud McFarlane	2	<i>[initials]</i>	
Jacque Hill	3	<i>[initials]</i>	
Judge Clark	4	<i>[initials]</i>	A
John Poindexter			
Staff Secretary			
Sit Room			

I-Information A-Action R-Retain D-Dispatch

DISTRIBUTION

cc: VP Meese Baker Deaver

Other _____

COMMENTS

Bud,
~~*Is the memo to [unclear] too sharp?*~~
~~*We do need to move it.*~~
It's fine.

John

~~SECRET~~

THE SECRETARY OF STATE
WASHINGTON

8208486

March 30, 1982

MEMORANDUM FOR: THE PRESIDENT
From: Alexander M. Haig, Jr. *AMH*
Subject: Versailles and Bonn Summits:
Linkage

Your European trip will be a major foreign policy event, and can set the framework for Allied economic and security cooperation for years to come. The international institutions established in the immediate post-war period need modernizing. Your participation in the June Summits can energize this process.

Two major dynamics will affect both Bonn and Versailles:

o The outcome at Versailles will shape the results at Bonn. The Allies are focused on our projected budget deficits and their implications for interest rates. Clearly, the state of the U.S. economy at the time of the Summits will have a significant impact on the attitudes of your interlocuters and the atmosphere surrounding the meetings.

o Equally, any decision on START will have to be taken with an eye to the international environment. The timing and substance of your START decisions will go far to determining the atmospherics of the entire trip and the degree to which the Allies will be responsive to our concerns and objectives at Bonn.

Attached is a framework for approaching both Summits in a coordinated manner.

Attachment:

As stated.

~~SECRET~~

RDS-3 03/30/02

DECLASSIFIED
NLRR M07-081 #51126
BY CH NARA DATE 4/20/10

~~SECRET~~

THE JUNE SUMMITS

(I) THEMES

- o Strengthen your personal leadership of revitalized and more unified West.
- o Emphasize your role as a man of peace, blunting appeal of peace movement in Europe and of freeze movement in U.S.
- o Reinforce Western solidarity on our approach to economic problems, especially trade and East-West issues, avoiding acrimony over U.S. domestic economic policy.
- o Enhance West's ability to bring about, through a more sober appreciation of the global Soviet threat, a more constructive East-West relationship.
- o Build a new consensus in the Alliance on the importance of strengthening conventional defense.

(II) OUR OBJECTIVES

Versailles

- o Confirm necessity of reducing inflation, of promoting private sector activity, and of greater reliance on the market to revitalize Western economies; explore avenues for greater coordination of policies.
- o Political commitment to resolving problems which face multilateral trading system and to a productive GATT ministerial this fall.

Specific Initiatives:

- Agreement on limiting volume and terms of official credits to the Soviet Union and on implementation mechanism.
- Seek framework for investment similar to GATT in order to promote freer flow of international investment.
- Propose multilateral "food teams," reiterating the importance of agricultural policy for development, as presented at Cancun.

~~SECRET~~

DECLASSIFIED

NLRR M07-081451127

BY CW NARA DATE 4/20/10

~~SECRET~~

- Focus energy discussions on the value of market forces in addressing the global energy problem; propose cooperative means to assure stable energy supplies.

Bonn

- o Reaffirmation of health, vitality and resolve of Alliance to respond effectively to the Soviet threat.
- o Acceptance by the Alliance of our framework of restraint and responsibility for dealing with the Soviet Union.
- o Allied support for our arms control policy.

Specific Initiatives:

- ? -- Revitalized Allied emphasis on conventional defense, which will inter alia reduce reliance on nuclear weapons.
- Celebration of Spanish accession to NATO.
- ? -- Fresh MBFR proposal.

(III) WHAT THE ALLIES WANT

- o Concrete actions on projected U.S. budget deficits as means to lower U.S. interest rates. (Versailles; also fundamental to achievement of our objectives at Bonn.)
- o Concrete earnest of U.S. interest in arms control, particularly initiation of START talks (Bonn; affects our ability to achieve our objectives at both Summits).
- o Europeans want us to join in condemning Japanese trade policies; Japanese want us to stand with them to avoid their being singled out (Versailles).
- o Greater U.S. willingness to stabilize foreign exchange markets (Versailles).
- o End of U.S. efforts against pipeline (Versailles/Bonn).

~~SECRET~~

~~SECRET~~

- 3 -

o More timely and substantive consultations on issues of interest to the Allies and Japan (Versailles/Bonn).

(IV) OUR LEVERAGE

o Timing and handling of START announcement; substance of U.S. START position; progress in MBFR; and willingness to adopt forthcoming approach to the Second UN Special Session on Disarmament in New York in June.

✓ o More cooperative approach to exchange rates.

o Support for Genscher proposal for informal NATO consultations.

✓ o Demonstrate constructive Polish policy by reiterating commitment to aid to Poland if Western conditions met.

(V) OPPORTUNITIES TO EXERT LEVERAGE

o Overall, ensure that any U.S. action, domestic or international, in an area of Allied concern is used to achieve U.S. Summit objectives. Timing in using following tools will be crucial.

-- Presidential speeches, to set framework and tone for Summits.

-- Presidential letters and other timely approaches to Allied leaders, especially Schmidt, to lay out objectives and mobilize support.

~~SECRET~~

PRESIDENT HAS SEEN 23

~~SECRET~~


THE SECRETARY OF STATE
WASHINGTON

2189

March 30, 1982

23

MEMORANDUM FOR: THE PRESIDENT

From : Alexander M. Haig, Jr. 

Subject : Strategy for Your Speeches in Europe

Your speeches before and during your June visit to Europe will be crucial to the success of your trip and indispensable in building solid Allied consensus behind your broad East-West policies. With these requirements in mind, we have devised the following strategy which recommends that you give three major speeches to maximize political impact and public support in Europe as well as the United States.

1. Pre-Departure East-West Relations Speech. Your November 18 speech on arms control has captured the imagination of Europeans and refocused the European nuclear debate to our advantage. In order to prepare the ground for your European visit, and to seize the initiative in this country from those pushing for a nuclear freeze, I recommend you make another major foreign policy address in early May, building upon and broadening the program you established on November 18. You would present a comprehensive and durable framework for East-West relations, making clear that we want stability and cooperation with Moscow but insist on Soviet restraint as a condition. This means that you would give approximately as much space to regional crises and geopolitical concerns as to arms control. Such a speech would be the ideal context for announcing our plans with regard to START. Unless the situation in Poland has deteriorated significantly, I recommend you announce that the U.S. is ready to begin negotiations at a mutually agreed date once you have had the chance to discuss our approach with Allied leaders at the NATO Summit.

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RDS-3 3/30/02

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NLRR M07-081 # 51128

BY CS NARA DATE 4/20/10

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- 2 -

2. Address to Parliament on Democracy. We need to get the force of idealism on our side, and shift the focus from preoccupation with arms control and a fatalistic, morally confused acceptance of ever more Marxist-Leninist dictatorships. Therefore, your speech in London soon after you arrive in Europe should be an inspiring invitation to Europeans and particularly the younger generation to join in defining a major new effort to expand human liberty in the world. Your speech could invite Europeans to join with us in establishing a joint commission of outstanding people to develop a strategy for helping to build the infrastructure of democracy (free political parties, press, unions, universities) throughout the world -- in fledgling democracies, in right-wing dictatorships and in communist countries. You might also launch our proposed Institute for Democracy, whose purpose is to provide professional help and assistance for free elections, parties, press, etc.

3. Alliance Security Speech in Bonn. A speech to the Bundestag in the context of your visit to Bonn for the NATO Summit would be of major importance because our most serious problems are with German public opinion. The speech would be an appeal for rebuilding the Alliance consensus on defense -- which has preserved peace in Europe for an entire generation, and will for the successor generation if we agree about fundamentals. The speech would have two features of particular appeal in Europe: first, an emphasis on strengthening conventional defense to raise the nuclear threshold; and second, announcing our new MBFR proposal, which would help bring about equality in conventional forces at lower levels.

For Berlin, we are preparing a brief statement about the Wall and the necessity to lower barriers in Europe, rather than another policy speech. Other remarks, such as arrival and departure statements also are underway.

Recommendation:

That you agree to give these three speeches relating to your visit to Europe and that, in your May speech, international conditions permitting, you indicate our intentions regarding START.

Approve _____ Disapprove _____

SECRET

National Security Council
The White House

Package # 2147

	SEQUENCE TO	HAS SEEN	ACTION
John Poindexter	<u>1</u>	<u>JK</u>	<u> </u>
Bud McFarlane	<u>2</u>	<u>✓</u>	<u>A</u>
Jacque Hill	<u> </u>	<u> </u>	<u>4/6</u>
Judge Clark	<u>Brown</u>	<u> </u>	<u> </u>
John Poindexter	<u>Orig. of tabs A</u>	<u> </u>	<u>left with</u>
Staff Secretary	<u>VP resident</u>	<u> </u>	<u>also</u>
Sit Room	<u>send copy of Tab II with</u>	<u> </u>	<u>Tabs A & B to VP.</u>
	<u> </u>	<u> </u>	<u>JK</u>

I-Information **A-Action** R-Retain D-Dispatch

DISTRIBUTION

cc: VP Meese Baker Deaver

Other _____

COMMENTS

Any further actions?

See Judge's comments. Tab II with A & B has been dispatched.

MEMORANDUM

~~SECRET~~

2147/2189

THE WHITE HOUSE
WASHINGTON

~~SECRET~~

April 3, 1982

MEMORANDUM FOR EDWIN MEESE III
JAMES M. BAKER III
MICHAEL K. DEEVER
DAVID R. GERGEN

FROM: WILLIAM P. CLARK *WPC*

SUBJECT: Summit Preparations: Linkage and Speech Strategy

Al Haig's memos on the above subjects (Tabs A and B respectively) take us a useful way down the road toward the Economic Summit in Versailles and the NATO Summit in Bonn. Though both of the subjects which Al addresses in his two memos will undoubtedly require further inter-agency consideration, I intend to share them with the President during his 9:30 a.m. briefing on April 6, Tuesday.

- Tab A Versailles Memo
- Tab B Strategy For Speeches Memo

DECLASSIFIED
White House Guidelines, August 28, 1987
By *smf* NARA, Date *2/22/08*

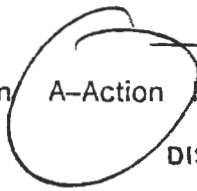
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101

National Security Council
The White House

Package # 2147

	SEQUENCE TO	HAS SEEN	ACTION
John Poindexter	<u>1</u>	<u>[initials]</u>	_____
Bud McFarlane	<u>2</u>	<u>M</u>	_____
Jacque Hill	<u>3</u>	<u>[initials]</u>	_____
Judge Clark	<u>4</u>	<u>[initials]</u>	<u>A</u>
John Poindexter	_____	_____	_____
Staff Secretary	_____	_____	_____
Sit Room	_____	_____	_____
I-Information	A-Action	R-Retain	D-Dispatch



DISTRIBUTION

CY To VP	_____	Show CC	_____
CY To Meese	_____	Show CC	_____
CY To Baker	_____	Show CC	_____
CY To Deaver	_____	Show CC	_____
Other	_____		

COMMENTS

Recommend first option - return to Haig. I think we must have an interagency position. Lucagreg - It isn't asking for approval on your first memo, it is a statement. The speech texts will clearly be worked over.

~~SECRET~~

2147/2189

MEMORANDUM

NATIONAL SECURITY COUNCIL

~~SECRET~~

March 31, 1982

ACTION

SIGNED

MEMORANDUM FOR WILLIAM P. CLARK

FROM: JAMES M. RENTSCHLER/HENRY NAU/DENNIS C. BLAIR

SUBJECT: Versailles and Bonn Summits: Linkage and
Speech Strategy

Secretary Haig addresses two key aspects of the June Summits: the question of linkage between Versailles and Bonn (Tab A) and a Presidential speech strategy designed to maximize public support for our Summit concepts (Tab B).

So far as linkage between the two Summits is concerned, the Secretary lays out State-recommended themes for both Summits (emphasis on Allied solidarity); identifies overlapping objectives (emphasis on the ability of the West to deal with major security challenges); and puts forward a number of specific initiatives designed to ensure a successful outcome in both Versailles and Bonn.

While this material takes us a useful way down the road of Summit preparations, we do not believe it is ripe for Presidential consideration. The linkage paper needs clearance in the SIG process to ensure that Defense and Treasury are on board (the reference to lowered interest rates as part of U.S. "leverage" on the Europeans or to a more cooperative approach on exchange rates are two examples of issues where major inter-agency differences persist and which require at a minimum much sharper definition and concurrence). In addition, because the speech strategy paper is an integral part of the Summit preparation process, we feel that it will be important to discuss it in the same context as Summit linkage (given some of the strong convictions involved, we want to make sure that Defense does not feel left out of the speech strategy exercise).

Accordingly, your response to Secretary Haig (Tab I) reflects NSC interest in developing a fuller inter-agency consensus and recommends a specific timetable for that purpose, using his two memos as a discussion basis.

If, on the other hand, you prefer to go with the guidance we have received from Mike Wheeler (memo to Meese/Baker/Deaver

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Review on 3/31/88

~~SECRET~~

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NLRN MD7-0811 #51129

BY RW NARA DATE 10/1/10

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plus Gergen), an appropriate transmittal is available at Tab II (date to be filled in at end of paragraph).

RECOMMENDATIONS:

<u>YES</u>	<u>NO</u>	
—	—	That you sign the memo to Secretary Haig at Tab I

OR

<u>YES</u>	<u>NO</u>	
✓	—	That you sign the memo to Meese, Baker, Deaver, and Gergen at Tab II

*Beed: you should present at 0930 Monday
 at 11:00 - let's discuss next step -
 Done.*

~~SECRET~~

~~SECRET~~

~~SECRET~~

THE WHITE HOUSE

WASHINGTON

~~SECRET~~

MEMORANDUM FOR THE HONORABLE ALEXANDER M. HAIG, JR.
THE SECRETARY OF STATE

SUBJECT: Summit Preparations: Linkage and Speech Strategy

Your March 30 memos on the above subjects are much appreciated and provide excellent in-put to our Summit preparations. Before moving them forward for the President's consideration, however, I believe it would be useful to develop broader inter-agency consensus on the issues you have addressed. It will be particularly important to ensure that Defense and Treasury have had a voice in the planning process.

Specifically, I would favor early discussions of the proposed linkage framework (together with the speech strategy) at a level which would include appropriate agencies (not necessarily all) from the Versailles Summit planning SIG and the NATO Summit planning SIG. Your memos could serve as the basic discussion focus. Ideally, that meeting should produce a coordinated paper sent to the White House by COB Friday, April 9. The paper could then be considered within the Senior White House Group on or about April 12, leaving April 13 as a date for possible NSC resolution of any outstanding issues.

FOR THE PRESIDENT

William P. Clark

~~SECRET~~

Review on 3/31/88

~~SECRET~~

DECLASSIFIED
NLRR MD7-081 #57130
BY AV NARA DATE 4/23/10

UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ENCLOSURE(S)

RECEIVED 31 MAR 82 09

TO PRESIDENT

FROM HAIG, A

sent 2/12/82

DOC DATE 30 MAR 82

KEYWORDS: NATO FRENCH SUMMIT
ECONOMICS START
JAPAN CM

SUBJECT: LINKAGE FOR VERSAILLES & BONN SUMMITS

URGENT

ACTION: PREPARE MEMO FOR CLARK DUE: 31 MAR 82 STATUS S FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

RENTSCHLER

NAU

BAILEY

MYER

GREGG

KRAEMER

TYSON

LINHARD

CHILDRESS

WHEELER

Almost totally wrong approach in my opinion - in doing a Memo

COMMENTS **CABINET LEVEL - 3 HR TURNAROUND REQUIRED

REF# 8208486

LOG

NSCIFID

(C /)

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ISPATCH _____ W/ATTCH FILE _____ (C)

UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ENCLOSURES

RECEIVED 31 MAR 82 10

TO PRES

FROM HAIG, A

omf
2/22/86

DOC DATE 30 MAR 82

URGENT

KEYWORDS: EUROPE

START

NATO

PRESIDENTIAL TRAVELS

SPEECHES

HUMAN RIGHTS

SUBJECT: STRATEGY FOR PRES SPEECHES IN EUROPE

ACTION: PREPARE MEMO FOR CLARK

DUE: 31 MAR 82 STATUS S FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

RENTSCHLER

KRAEMER

LINHARD

PIPES

O'LEARY

MYER

SHOEMAKER

LORD

MCGAFFIGAN

Concur

WHEELER

TYSON

COMMENTS *** 3 HOURS RESPONSE FOR CABINET LEVEL MEMO ***

REF# LOG 8201159 8201814 NSC IFID (H /)

ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO

DISPATCH _____ W/ATTCH FILE _____ (C)

April 9, 1982

*File
France
Summit
(153200)*

MEMORANDUM FOR THE HONORABLE ROBERT D. HORMATS
Assistant Secretary for Economic
and Business Affairs
Department of State

SUBJECT: Food Initiative for Versailles

I am attaching, for your consideration, a summary statement of the proposal to develop International Agricultural Task Forces. I hope that the details provided respond to the questions you raised in your memo of March 22.

Constantine Michalopoulos
Acting Deputy Director

Attachment: a/s

cc: Mr. Nau ✓

International Agricultural Task Forces

I. Proposal

Following on the President's Cancun initiative, the U.S. sent the first Presidential Agricultural Task Force to Peru on April 12. An announcement is expected shortly on Thailand. Liberia, Venezuela and Honduras are other countries being considered for such task forces.

To date, the Task Forces have been comprised solely of U.S. experts. We propose to broaden the composition of the Task Forces' membership to include international experts so as to tap the expertise of other developed or less developed countries.

In the initial stages, to assure our leadership, international participation would be primarily accomplished by recruitment of international experts who would be serving in their individual capacities -- although joint efforts with other donors could be undertaken, provided mutuality of interests and approaches to development could be assured.

The Task Forces focus attention of the highest decision-making levels of the requesting countries on the major constraints to accelerating food production and agricultural development. They emphasize three strategic elements: (a) recipient country policies, (b) science and technology for agriculture, and (c) the private sector.

II. Operational Procedures

1. Launching of individual Task Forces depends now and will continue to depend in the future on invitations by LDCs.

2. Upon receipt of an invitation by the USG, an advance working group composed of USG personnel would visit the LDC in order to develop a scope of work.

3. Once the scope of work has been approved by AID and the LDC, a Team Leader will be chosen by the AID Administrator.

4. AID's Resource Group (a group of 22 distinguished American agriculturalists) would be augmented with the appointment of international experts.

5. The Team Leader, AID, and appropriate members of the Resource Group would then select the additional members of the Task Force as needed by the Scope of Work.

6. The identification of individual international experts to serve on the Task Forces in their personal capacities would proceed (a) informally through direct contacts

by AID or the Resource Group or (b) on the basis of rosters of experts provided by other Summit countries and then selected by AID.

7. The LDC government would be informed of the composition of the Task Force, but would be expected to formally approve the Team Leader only.

8. The Task Force would visit the LDC for a period of 2-3 weeks. Upon completion of its work, it would submit a report for consideration by the LDC. Such reports could be made available to interested donors and international organizations after authorization by the LDC.

9. Administrative support for the Task Forces would be provided by AID.

10. In instances where a Task Force effort is jointly developed and managed by the U.S. and another donor(s), separate procedures would have to be developed.

III. Steps Between Now and the Summit

- A short paper describing this proposal along the above lines would be submitted for consideration of the personal representatives of the Summit countries by April 24.

- U.S. progress with the Presidential Agricultural Task Forces would be discussed at the Italian Food Meeting in Rome on April 23-26.

- A report on the progress of the Task Force to Peru -- to be available in May -- would also be made available to other Summit countries (subject to agreement of the Peruvians).

- The paper would be suitably revised on the basis of suggestions by other Summit countries and submitted as part of the background documentation for the Summit.

IV. Discussion at the Summit and Followup

At the Summit, the President would make a short statement about the success to date of the initiative, the large demand for Task Forces and our desire to bring others into the process in order to assure that the LDCs obtain the benefits of the widest possible expertise in addressing their problems. He would indicate that AID will follow up to ensure that the resources of the entire international community are properly accessed. If there is a Summit communique, we would expect a small reference to the initiative.

ask Summit Comms. to provide list of experts

Industrial and Developing Countries:

A Framework for Meaningful Cooperation

The consideration of aid and other relations between industrial and developing countries will be most productive if it proceeds from a comprehensive view of these multifaceted relations. They serve political, security, economic, environmental, humanitarian and cultural interests and operate through a variety of private and public channels. They reflect recognition of both the interdependent interests between industrial and developing countries and the widely varying importance of particular industrial and developing countries to one another.

I. Interdependent Interests

Important national interests of all of the industrial democracies depend on events in and relations with countries classed as developing nations. Similarly, developing nations have important interests at stake in the industrial world. This interdependence is not without conflict, but each group's interests can be realized only by taking the other's into account.

The industrial countries' security is affected by political instability and violence in developing countries, while developing nations see their independence threatened by political or proxy conflicts between East and West.

The economies of industrial and developing countries are increasingly sensitive to and interactive with one another. OECD countries depend heavily on the developing countries for critical resources; and they sell about one-third of their exports to developing nations while developing nations send two-thirds of their exports other than oil to industrial markets. Developing countries depend heavily on financing from Western banks and capital markets, while many industrial countries also are net borrowers on world capital markets. Growth and job creation in both industrial and developing markets depend importantly on this interlocking trade and finance.

The environment and quality of life in industrial and developing countries are linked. High rates of population growth will add nearly two billion people to the population of developing countries by the year 2000, increasing pressures on agricultural lands, water, forests and other resources, and possibly swelling the tide of migrants from developing to industrial countries.

Industrial and developing nations also depend upon one another to establish and maintain global political arrangements that are acceptable to both. Developing nations, under the banner of the

"G-77," seek a restructuring of the international economic system, redistribution of wealth and increased collective power, at the expense of industrial countries. While defending the existing system, the industrial countries offer evolutionary improvements in the opportunities that it affords developing nations, so that the successful ones may gain a greater share of its economic rewards and thus increase their relative power naturally.

II. Diversity of Interests

Realistic assessment of relations between industrial and developing countries must recognize the rich diversity among these countries and the differences in their relationships.

The developing world -- about 120 diverse nations that class themselves as "developing" -- consists of about two dozen countries of major economic or security interest to most industrial democracies. Others are of regional or historic interest to individual industrial countries; still others are of primarily humanitarian concern. They range from inconsequential ministates to subcontinents (India and -- by a broad definition -- China) and near-industrial powers (Brazil, Mexico, Argentina, South Korea), to impoverished lands and oil-exporting states with the world's highest per capita incomes, from obscure accidents of history to keystones of regional security. Many see their international roles and interests largely in terms of regional and religious groupings.

Generalizations about the industrial countries also break down. Several OECD countries could properly be classed as "developing." North America ships almost one-third of its exports of manufactures to developing markets, while Japan ships one-half and Europe one-fifth. Principal political interests also vary. The United States, conscious of its East-West security responsibilities, its regional security role in the Americas, and its recent history of engagements in Far Eastern and Middle Eastern security, has usually given relatively higher priority than the other industrial countries to the political and security aspects of its relations with developing nations. The relatively greater economic dependence of Japan and some European nations on the resources and markets of developing countries leads them to a comparatively greater emphasis on economic development and trade, rather than security.

Bilateral and regional relations between industrial and developing countries largely reflect these diversities. The multilateral aspects of relations derive from common elements within this diversity, complementing rather than supplanting the main stream of bilateral and regional relations.

III. Lessons of Experience

The industrial nations bring a variety of perspectives and experiences to bear on the development process. They have, however, reached a wide measure of agreement on the conditions and means of successful development. The lessons that may be relevant now to international planning include the following:

o The primary responsibility for development rests with the people, government and other social institutions of each country; foreign aid agencies and other policies and programs of foreign governments can only provide catalytic and supplementary resources.

o Countries that have enjoyed greater economic prosperity have usually benefited from stable political systems, while greater equity in the distribution of the benefits of economic growth has often enhanced long-term prospects of political stability.

o Developing nations that have given broad scope and encouragement to private enterprise and have sought active participation in the world trading and investment system have shown the highest growth rates.

o Non-conditional resource transfers to countries pursuing unsound economic policies can delay rather than advance their progress toward self-sustaining economic growth.

o World-wide non-inflationary economic growth has been most conducive to the transfer of resources from industrial to developing countries.

o It is in the interests of donor and recipient nations that development cooperation be directed to achieving self-support and eventual participation in the private economic system rather than perpetual dependence on aid.

These lessons of experience suggest that international cooperation plays an important supporting, but not decisive, role in successful development.

IV. Accomplishments

The accomplishments of international development cooperation over the past two decades have been substantial, even though they remain insufficient when measured against the magnitude of the problems faced by most of the less-developed countries.

The low-income countries have increased their GNP by 4% annually over the past 20 years and their GNP per capita by 1.6% per year. The middle-income countries have done better: per capita GNP increases of over 3% annually. They especially have become a dynamic force for growth in the industrial economies.

Average life expectancy in developing nations has increased from 42 to 54 years, adult literacy has risen from 29% in 1960 to 38% in 1975 in low-income countries, and from 54% to 71% in middle-income countries, and primary school enrollments have sharply increased.

Development aid by the OECD countries, as a whole, has grown by some 50% in real value since the early 1960s, to \$24.6 billion (nominal) in 1980. More financial and technical aid has been channeled through multilateral institutions, which also have stimulated larger flows of non-concessional funds. Overall, multilateral lending has increased 1100% since 1968.

Recent decisions will further increase the utility of international financial institutions. These include the \$40 billion general capital increase of the World Bank, the \$12 billion IDA-VI replenishment, capital increases and special fund replenishments of the regional development banks, increased quotas in the IMF, provision of interest-subsidies for low-income countries using certain IMF facilities, arrangements for IMF borrowing to augment its capacity, and creation of the Common Fund for support of commodity stabilization agreements.

The newly wealthy OPEC countries have provided since 1975 about \$5 billion annually in official economic aid. Their development assistance amounted to 2.7% of GNP in 1975 and 1.3% of GNP in 1979. Communist countries' aid to developing nations remains insignificant; it declined in real terms to an average of less than \$1 billion annually from 1977-79.

The industrial countries have further opened their markets to the developing nations' exports, through the Generalized System of Preferences (GSP), the Lome Convention, and through MFN concessions in the Tokyo Round of the multilateral trade negotiations for products of interest to developing countries. GSP concessions granted by OECD countries applied to imports totalling about \$15 billion in 1978, mostly from the middle income countries. In 1979 manufactured goods of developing country origin accounted for 23.5% of US imports of manufactured goods; comparable figures for Japan were 23%, EEC 6%, Canada/Australia/New Zealand 6%.

The industrial nations' domestic economic policies (both successes and failure) have a far greater impact on the developing nations than official development aid. By opting generally for open markets and domestic structural adjustment rather than protectionism, by curbing their demands on the world oil supply

and bank financing to flow to developing nations, the industrial countries' non-aid policies have greatly assisted most of the poor and all of the middle-income countries.

Military aid credits and grants can also contribute to economic development by releasing additional resources of developing nations for economic uses and by enhancing their security.

Finally, the developing countries have gained influence in international institutions and decision-making. They now have majority control in numerous international institutions, and they have strong influence even in those boards of specialized institutions where the weighted votes of industrial countries constitute a majority.

In sum, the industrial countries' record of responsiveness to the needs of the developing countries is far more positive than is suggested by G-77 rhetoric in international conferences.

V. Continuing Problems of Development

Despite the accomplishments of the past, future problems remain formidable.

° Agricultural production has risen in low-income countries at rates generally below population growth, and at a lower rate (2%) in the 1970s than in the preceding decade, leading to increased dependence on food imports. The number of seriously undernourished people in developing nations has risen to more than 400 million, and the number of countries vulnerable to acute food shortages has increased, especially in Africa. The World Bank reports that despite efforts in recent years to direct the benefits of development to the poorest people, the ranks of the "absolute poor" have swelled to about 800 million. Similarly, energy import costs in the low and middle-income countries are expected to triple by 1990. Excessive population growth rates in most developing countries continue to offset many hard-won gains in gross production and public revenues.

° Worldwide economic growth will be sluggish over the next year. The industrial countries as a whole will average less than 1% real growth in 1981, while middle income developing countries generally will not be able to sustain the borrowing which contributed to growth in the mid-70s. A large number of low-income countries will experience no per capita growth at all.

° External payments problems remain acute. Oil-importing developing countries incurred an aggregate balance of payments

deficit in 1980 of \$70 billion, while industrial countries showed a deficit of \$50 billion. These deficits are not expected to dissipate as rapidly as they did in the mid-1970s, and private commercial banks may be unwilling to increase their exposure in many developing countries.

° Investment requirements will be substantial if developing and industrial countries alike are to accomplish the structural adjustments in energy and other industrial sectors required to revive long-term growth. Savings will have to be increased, consumption sacrificed in all countries in favor of investment, and all resources used more efficiently.

° As long as utilization of production capacities is slack, the trading system will come under increasing protectionist pressure.

VI. Goals

In their policies toward developing countries, the industrial democracies generally seek to:

- secure greater reliability of supply of oil and other critical materials;
- strengthen international markets and those institutions and norms that defend and extend the principles of an open international trading and investment system, thereby encouraging mutually beneficial private cooperation with developing nations;
- support political tendencies toward true national independence, orderly change, broader participation in the political process and respect for human rights in developing nations;
- support short-term political and economic stability in developing countries of particular importance to global or national strategic interests;
- accelerate long-term economic development, seeking the integration of developing countries into an open international economic system and their internal choice of policies favoring broad popular benefits and individual initiative;
- nurture international collaboration in reducing global economic problems, such as food production and food security, energy supply, and development of human resources for economic growth.

In pursuing these goals in the 1980s, industrial and developing countries face not only difficult economic circumstances but also political violence and instability in much of the developing world.

They must bear heavier defense burdens in response to accelerated Soviet arms expenditures and aggressive activity abroad. At the same time, they must overcome persistent stagflation, severe budget deficits, high unemployment, and in some cases large deficits in external accounts. The United States has taken this hard policy choice by curtailing spending increases in both domestic and foreign aid programs, increasing its defense budget, and placing greater emphasis on security assistance and on closer bilateral ties with key developing countries. Other industrial countries will make these policy choices in somewhat different ways, but all must reckon with severe economic constraints.

In these circumstances, there is no room for unsound aid schemes or gestures risking the effective operation of international financial institutions or infringing on private property rights in international technology transactions and investment.

Rather, it is the time to broaden the process of development cooperation to achieve more impact on development problems through private channels: trade, investment, finance, technical and training contacts. Official aid, which in 1980 amounted to less than 30% of net flows of all medium and long-term capital to developing countries, will be most effective if it leverages additional private flows, rather than discouraging or supplanting them.

Similarly, bilateral aid and international financial institutions must be made to work in tandem, complementing and reinforcing one another. Each of these mechanisms has special advantages under particular circumstances, and the strengthening of one implies no decline in support of the other. Indeed public support for aid in industrial countries depends in good part on the complementarity of these mechanisms.

A broader conception of aid includes measures taken by industrial countries at home to reduce inflation, increase energy and other investments, and reduce government expenditures. If successful, such measures reduce the costs of imports to developing countries, relieve pressures on world energy markets, and free resources for investment and for expanding markets for the exports of developing countries.

VII. Specific Suggestions

This survey suggests possible lines of a positive, concrete statement at the Ottawa Summit on relations with developing nations. Its purpose should be to invite cooperation rather than confrontation and to foster the more extensive participation of developing nations in an increasingly open and stable world economic system. This statement should:

- (1) recognize diversity among developing countries and the need to tailor development assistance to the specific conditions of particular developing countries.
- (2) take credit for the many constructive elements of economic and security cooperation that continue to be offered by the industrial nations, directly and through multilateral channels;
- (3) recognize the severe difficulties faced by both industrial and developing countries in coping with current economic constraints and growing political violence;
- (4) declare the interest of the industrial democracies in genuine independence and non-intervention in developing countries;
- (5) point out that sustained economic growth in industrial and developing countries is the overriding objective of development cooperation and that non-aid measures to reduce inflation and resume growth in the industrial economies make an essential contribution to increasing demand for the goods of the developing countries, maintaining open markets and permitting the industrial countries to maintain and expand their aid budgets;
- (6) declare their commitment to facilitate the integration of developing nations in the international trading and financial community by
 - (a) a renewed pledge to resist protectionism, and to enhance conditions for orderly growth in world trade in goods of particular interest to developing countries;
 - (b) an offer to work with developing nations that express an interest and offer the right environment to increase the flow of private capital and technology to developing markets and to encourage private investors to devote more of their own resources to long-term development objectives in developing markets (e.g., training and quality control standards, etc.);
and
 - (c) expressed readiness to cooperate with OPEC and other surplus countries in financial recycling arrangements as agreed in the IMF Interim Committee prior to the Economic Summit;
- (7) commit the Summit governments to further concentration of aid in sectors of great promise in those developing countries ready to make commensurate efforts, particularly in:
 - (a) food production and food security;

- (b) energy development and conservation;
 - (c) voluntary population programs;
 - (d) technical cooperation in training and research, and finally
- (8) indicate that the industrial democracies will work together to develop a constructive approach to global discussion with the developing countries, provided that developing countries show an interest in fruitful outcomes.

In discussing development cooperation, the Summit preparatory consultations should make a presumption in favor of bilateral mechanisms, while coordinating these mechanisms, where appropriate, among interested Summit and other industrial countries and with multilateral institutions. In times of economic constraint, bilateral and multilateral mechanisms need to be more closely coordinated with one another, rather than viewed as competing alternatives.

→ Henry Rowen 44
8210018

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UNDER SECRETARY OF STATE
FOR ECONOMIC AFFAIRS
WASHINGTON

E

82 APR 10 P2:11

~~CONFIDENTIAL~~

April 9, 1982

File
France
Summit
(Issues)

MEMORANDUM

TO: T, James L. Buckley
THRU: EB, Robert D. Hormats *AM*
FROM: E, William F. Martin
SUBJECT: Energy Developments and How to Move Ahead

Summary

Recent studies indicate that the only way the Soviet Union can continue to be a creditworthy trading partner is if they can increase their gas sales to Western Europe beyond the level currently being contemplated. Thus the issues of credits and energy remain very closely linked.

The next two months are critical. There are a number of energy initiatives taking place within the Administration which could lead to important and useful results. To make the most of these efforts and to provide the type of support which you need in the credits area, it is essential that we reach an interagency consensus on:

- (i) U.S. stance on further steps on the Soviet-West European pipeline;
- (ii) how to persuade the Europeans to minimize their dependence on and vulnerability to imports of Soviet gas; and
- (iii) means to accelerate alternatives, especially Norwegian gas and U.S. coal.

not until credit issue agreed!!

Bob Hormats will use his international energy policy IG to pursue some of the elements relating to the Summit and IEA Ministerial. You may feel it is necessary to consult with your mission partners, plus Harry Rowen and Ken Davis, to raise some of the thornier political problems.

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GDS, 4/10/88

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Energy Activities

At the moment, there is a flurry of activity within the Administration on energy security and the development of alternatives. At the request of Michael Marks, I've tried to pull together a list of major energy activities to see how they can be better coordinated.

-- An interagency consensus has been reached recently on the nature of the U.S. commitment to international energy security. A paper giving our views has been distributed to other Summit countries in preparation for the Versailles Summit. There will be a meeting of the High Level Energy Monitoring Group (Summit countries plus the EC) April 19/20 to discuss how energy might be handled at the Summit.

-- As part of the review of general Versailles Summit matters, Bob Hormats is consulting with senior White House officials to determine what the U.S. might do in the way of concrete domestic energy security commitments to back up the thrust of our general international energy security paper.

-- DOD is completing a major study of energy alternatives, focussing primarily on North Sea natural gas. This study is intended to provide the basis of the follow up work on energy alternatives, which DOD is preparing for you.

-- Robert Belgrave will host a Chatham House conference on May 6 drawing together the key commercial players (producers, consumers, infrastructure interests) to see how Norwegian gas can become a realistic alternative to further dependence on Soviet gas.

-- Energy and Industry Ministers from twenty-two nations will meet at the annual IEA Ministerial meeting on May 24. Preparations are now underway within the Administration to define the topics we would like to see discussed at this meeting. The IEA Governing Board will meet April 22 to discuss Ministerial preparations.

Thursday

-- Commerce will send a coal trade mission to Europe in late May headed by Assistant Secretary Morris.

-- Our Italian alternative energy package, which you provided the Italians during your mission, needs to be further pursued. They have received another month's grace period, until May 1, from the Soviets allowing them to continue their pause for reflection.

-- An interagency study on national energy security has recently been tasked by the National Security Council staff.

It is very important that these activities reinforce each other. Coordination of the efforts to date has been relatively relaxed. We need to tighten the efforts to ensure that we get the maximum effect over the course of the next two critical months.

Key Questions

The following questions identify major unresolved issues:

Pipeline Issue

1. What is our present stance on the Soviet-West European pipeline? If the Europeans are forthcoming on the credit issue, can we then be more relaxed about implementing or extending our December 30 economic sanctions of last December?

2. How can we best convince the Europeans to take the minimum amount of Soviet gas, to seek other alternatives, especially Norwegian gas and to minimize potential disruption risks?

3. Where and at what point might we seek such an agreement? (It is imperative that we move quickly on this decision, for we understand the Soviets will be seeking bids on the second strand of the pipeline beginning in May. We must seek ways to discourage serious negotiations on these contracts.)

Energy Alternatives

1. What role does the USG have, if any, in promoting Norwegian natural gas development? How can we better coordinate the various activities and interested parties both within the Administration and in other countries?

(My suggestion is that we hold off any further promotion, including announcement of the DOD study, until we see the results of the Belgrave Chatham House meeting and had an interagency review of the DOD study. I am hopeful that the Chatham House meeting will support our view that Norwegian gas represents an important and economically attractive opportunity for the Europeans to diversify their gas supplies. One follow-up idea would be for Bob Hormats to host a meeting around the time of the IEA Ministerial meeting to discuss the results of the Chatham House meeting, as well as the major highlights of the DOD commissioned study on energy alternatives with an aim to determine what role, if any, there is for governments. We may also wish to

consider what Ambassador Galbraith and his colleagues could contribute to this general thrust.

2. What can we do domestically to promote greater coal trade? At present, U.S. coal exports are dropping because of soft oil prices and falling demand. (We know that Assistant Secretary of Commerce Morris is leading a delegation during the end of May to discuss this issue. We should consider how the Morris delegation might support our objectives. We should also determine if there is anything the USG might do in the interval between now and then to demonstrate our commitment to U.S. coal exports.)

3. Are there further analytical studies which the Agency could pursue which we might share with other countries (i.e., continue the effort we began in preparation for the Buckley mission). One topic might encompass the feasibility of a Middle East pipeline to Europe.

Next Steps

There is a very fortunate coincidence that the members of your high level mission are also very central figures in setting Administration energy priorities.

I recommend that at a future meeting of the mission, that you have a brief discussion on how these efforts could be better coordinated. In preparation for such a meeting, it would be useful if we put down on one page the key unresolved questions. Before that meeting, we could be in touch with other agencies to see what questions they might wish to add. By asking questions in a structured way, we may be able to come up with a better framework for moving ahead. After hearing the first impressions of your mission group, it then might be prudent for you, in close coordination with ~~Bob Hormats, to call a SIG on energy security, the pipeline issue and energy alternatives which would include members of your mission, as well as Ken Davis and Harry Rowen.~~ The timing of this might be ~~between the credit conference (end of April or first of May) and the IEA Ministerial meeting (May 24).~~ This would allow us to have high level consultations with our Allies at the time of the IEA Ministerial meeting with the aim being to settle long standing disputes, like the pipeline.

This would allow the President to make a new beginning at Versailles in promoting OECD wide energy security and development of indigenous reserves.

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48

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Clearances:

- EB/IEP, Mr. Wendt
- EB/IEP, Mr. Ferriter
- EUR/RPE, Mr. Reichenbach ^{WFM}
- EUR/RPE, Ms. Vogelgesang
- EUR/RPE, Mr. Russell

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