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WITHDRAWAL SHEET

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Collection Name MARTIN, WILLIAM: FILES

Withdrawer

DLB 11/16/2006

File Folder

JUNE TRIP: SCENE SETTER AND ANNOTATED AGENDA

FOIA

(5 OF 5)

F02-071/2

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Box Number 90527/p. AC 1

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30169 MEMO	RICHARD BEAL, WILLIAM MARTIN, ROGE ROBINSON TO ROBERT MCFARLANE, RE: FOREIGN POLICY BACKGROUND FOR THI PRESIDENT'S TRIP TO EUROPE		1
	R 9/17/2012 F2002-071/3		
30170 PAPER	U.S. FOREIGN POLICY: A LOOK AHEAD	13 5/18/1984 B	1
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30171 PAPER	BRIEFING POINTS ON THE PRESIDENT'S FOREIGN POLICY GOALS AND ACCOMPLISHMENTS	14 ND B	1
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30172 PAPER	II. INTERNATIONAL NARCOTICS	1 ND B	1
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ID Doc Type	Document Description	No of Pages	Doc Date	Restrictions
30177 PAPER	VII. MIDDLE EAST	1	ND	B1
	R 6/12/2008 NLRRF02-071/2			
30178 PAPER	VIII. AFRICA	1	ND	B1
	R 6/12/2008 NLRRF02-071/2			
30179 PAPER	IX. LATIN AMERICA	1	ND	B1
	R 6/12/2008 NLRRF02-071/2			
30180 PAPER	X. ASIA	3	ND	B1
	R 6/12/2008 NLRRF02-071/2			
30181 PAPER	XI. STRATEGIC DEFENSE	1	ND	B1
30182 PAPER	XI. TECHNOLOGY TRANSFER	1	ND	B1
	R 6/12/2008 NLRRF02-071/2			

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MEMORANDUM

NATIONAL SECURITY COUNCIL

CONFIDENTIAL

May 18, 1984

ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM:

RICHARD S. BEAL WENT WILLIAM F. MARTIN ROGER W. ROBINSON WE

30149

Subject:

Foreign Policy Background for the President's trip

to Europe

The preparations for the European trip have primarily been focussed on the Economic Summit and Bilateral issues. In our view, however, the central questions European leaders will be asking the President are: 1) what have you accomplished during the first four years and 2) based on the likelihood that you will be reelected, what will be your foreign policy during the next four years.

For these reasons, we have:

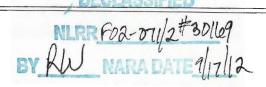
- identified key national security accomplishments of the First Term,
- prepared forecasts of the global and regional issues over the next four years,
- compiled our policy objectives and,
- made observations concerning our global and regional objectives and policy priorities for the second term.

It is important to note that we have generally drawn upon the great wealth of material in existing NSDD's, the President's speeches, as well as tried to reflect your own views. In addition, we have exercised substantial creativity in defining some new policies and objectives based on our assessment of world events and trends in the years ahead.

This is a first step in a more broad reaching effort to develop a foreign policy game plan for the second term now incoporated within the context of the "Poindexter Group". However, it occurred to us that the President, himself, would enjoy reading a broad perspective of where we have been and where we are going prior to his trip to Europe. We could find no such document, so we generated one.

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To facilitate an easy, organized review we have divided our work into three sections:

- An overview paper, "Foreign Policy: A Look Ahead"
- An outline of major policy objectives, structured in such a manner as to facilitate a discussion
- Background Documentation drawn from NSDD's, intelligence at assessments, and Presidential speeches.

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We would now like to seek your views as well as those of John, Don and Bob with the aim of getting an overview paper to the President by next weekend. Eventually we would also like to na incorporate views of our key regional directorate heads.

We propose the following process:

- That you review the contents of this Notebook and provide guidance to us on its further development.
- We will then convene a meeting early in the week among key policy planners to discuss the paper in Room 208.
- We will then revise the paper for your final review before tranmission to the President.
- After the Summit, depending upon the use that the President makes of the material, we would propose that he meet with senior members of the NSC Staff and discuss his impressions of the Summit and his views on the direction of US foreign policy.

This paper and notebook benefitted invaluably from extensive research and suggestions from the Crisis Management Center.

Recommendation

That you review the paper and agree to the process identified above.

APPROVE	DISAPPROVE
Attachment	

Foreign Policy Notebook

U.S. FOREIGN POLICY GOALS AND ACCOMPLISHMENTS

DATE PREPARED: 18 MAY 1984

CONTENTS

I. U.S. FOREIGN POLICY " A LOOK AHEAD "

II. BRIEFING POINTS

- FIRST TERM FOREIGN POLICY ACCOMPLISHMENTS
- 2. GLOBAL ENVIRONMENT
- 3. GLOBAL OBJECTIVES
- 4. U.S. FOREIGN POLICY OBJECTIVES
 - A. Soviet Union
 - B. Western Europe
 - C. Pacific Basin
 - D. Middle East
 - E. Latin America
 - F. Africa
 - G. China
 - H. South Asia
 - I. North America
- 5. DESIRABLE RESULTS (HEADLINES)

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BY CJ NARADATE 6/12/08

18 May 1984

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U.S. Foreign Policy: A Look Ahead

I. Introduction

When the President entered office three years ago, America's future was uncertain. Friends and foes alike questioned U.S. resolve. A vacillating foreign policy opened avenues for Soviet expansion which was being rapidly exploited worldwide. A sense of malaise clouded the minds of the American people who openly wondered whether the United States had entered a period of permanent decline.

The President's strong leadership and clarity of purpose in the conduct of U.S. foreign policy replaced this doubtful prognosis for the nation's future with an enduring optimism and will to succeed. Restoring the principle of bipartisanship in formulating foreign policy has also strengthened the President's role in carrying vital foreign policy initiatives.

America's military strength has been greatly enhanced as has the confidence of our Allies that we will do what is necessary to protect the rights of free men and women everywhere. At the same time, we have made it clear to the Soviet Union that we desire better relations and effective arms reduction any time it is willing to negotiate an equitable and verifiable agreement.

The President's economic policies at home and his leadership of the Economic Summit process culminating in the Williamsburg Declaration have led the world out of the worst recession since World War II. Our economy is robust, our industries are competitive internationally and our technology is unsurpassed. Confidence and faith are being restored in Western economies, at a time when the centrally-controlled communist systems are faltering globally. The United States has consistently encouraged open markets and friendly competition, thus stimulating the free exchange of goods and ideas and bolstering economic recovery throughout the Free World.

United States has supported and nurtured the growth and development of democratic institutions worldwide. We have helped resurrect freedom in Grenada, extended humanitarian assistance to drought-stricken African nations, provided economic support to emerging nations and beleaguered debtor countries, moved toward peace and stability in Southern Africa by encouraging the withdrawal of foreign troops from the region, helped curb Libyan aggression in Chad and the Sudan, bolstered opportunities for national reconciliation in Lebanon, advanced the cause of peace throughout the Middle East by maintaining a strong presence and commitment of resources to the area, and countered Soviet and Cuban-sponsored aggression and subversion in El Salvador and other peaceful nations in Central America.

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Perhaps most importantly, the President has restored the belief of the American people in themselves upon which all other accomplishments for the future are made possible and re-asserted the pre-emminence of the United States in world affairs.

II. Global Environment -- The Next Four Years

Although the next four years will witness an unprecedented number of regional low-level conflicts, the world will be a safer place because of U.S. efforts to correct the dangerous strategic imbalances of the past. We are also pursuing policies which advance economic growth that, in turn, will gradually lead other peaceful nations to new levels of economic prosperity and political stability.

The Soviet Union will remain the greatest threat to world peace due to its unrelenting arms buildup and determination to impose the Communist system of government on free nations throughout the The deployment of newer and more sophisticated Soviet weapons systems (both strategic and conventional) will continue. Likewise, we can expect continued rigidity in the Soviet negotiating posture because of the systemic pressures for maintenance of the status quo and the influence of the Soviet military on decision-making. Nevertheless, the gradual deterioration of the Soviet economy, in part, caused by rising military expenditures on weapons will put increasing pressure on the Politburo to institute structural economic reform, including the alleviation of systemic bottlenecks presently impeding production, and slowly shift high quality resources from defense-related industries to the civilian sector (with particular emphasis on consumer industries). These domestic economic pressures could form the basis of a more flexible Soviet approach to arms control.

Moscow will continue to stimulate and exploit Western European faltering or disagreements over INF deployments and differing perceptions within NATO concerning the Soviet threat in Europe and the proper Alliance response to it. The beginning of these deployments represented a major threshold crossed in the restoration of political will on the part of our European allies. It has had an uplifting effect on European morale and has stemmed the drift toward political retrenchment. So-called "Europessimism" could continue if Europe resists the urgent need to replace outmoded and subsidized industries with new service-oriented and high technology industries which will provide the jobs of tomorrow.

In contrast to Western Europe, the <u>Pacific Basin</u> nations will continue sustained economic growth as well as remain on the cutting edge of technological innovation. Our volume of trade with these nations will exceed trade with Europe and accelerate



the shift in the world's economic center of gravity from the Atlantic to the Pacific. As our economic ties expand and prosper, we can expect greater cohesion among this community of nations and an increasingly shared perception of our common security needs.

The Middle East will remain highly vulnerable to conflict given the provocative and unpredictable actions of radical regimes such as Libya, Iran, and Syria and the continuing inability of nations in the region to settle their long-standing territorial and political disputes. Incidents in this "tinker-box" environment could quickly engage other states in the region and potentially lead to U.S. and/or Soviet Union intervention. In addition, Moslem Fundamentalism will continue its current resurgence and become a source of serious instability to many of the nations in the Middle East.

The Soviet Union and Cuba will press on with the export of revolution via Nicaragua to peaceful neighbors in Central America in an effort to replace fragile democracies with Soviet-style totalitarianism. Although the spread of democracy in Latin America is encouraging, rapid population growth, the need for continued economic austerity, and the weight of the debt burden will continue to fray the social and political fabric of several important countries in the Hemisphere.

Eastern Europe is falling increasingly behind in its ability to compete in world markets due to the retarding effects of trying to balance Communist ideology against the urgent need for a shift in the direction of a form of market socialism (similar to Yugoslavia).

Developing nations in Africa will continue to face bleak economic prospects due to rapid population growth and limited economic resources. Political instability, poverty, hunger, and disease will represent the primary challenges for the leaders of these beleagured countries as well as for U.S. policy toward most of the Continent. These problems will be exacerbated by the efforts of such countries as Cuba and Libya to export their revolution to African nations.

Common to all these areas are the following problems:

o The increasing availability of cheap weapons enhance the levels of violence and the danger of armed conflict, destabilizing weaker nations and adversely affecting Western interests. More nations will edge closer to acquiring nuclear weapons or the means to produce them, adding to the threat of war.

o Acts of international terrorism, whether sponsored by extremist groups or radical nations, will become more numerous, more devastating in their effects, more technically sophisticated, and harder to counter.

- o The continuing technological revolution will sharpen industrial competitiveness and economic rivalries among nations and probably increase protectionist pressures.
- o Declining global energy, mineral, and food reserves coupled with rising demand-fueled by a rapidly expanding world population-will tax the ingenuity and strength of all nations to face this challenge.
- o International financial relations will be significantly transformed by the international debt crisis and foster among other developments, greater interdependence between creditor and debtor nations, more restricted availability of financing, more conservative international lending practices among banks and increased delicacy in balancing economic austerity and political/social stability in debtor countries.

III. Key Issues and Policy Objectives

This forecast presents both formidable challenges and exciting opportunities for American leadership during the next four years. The United States will meet these challenges and pursue the opportunities with confidence, vigor, and constancy of purpose. In the conduct of American foreign policy, we will be guided by these broad objectives:

- o Reduce the threat of nuclear war and reduce the world-wide arms race
- o Promote world prosperity, democratic institutions, and advance individual freedoms
- o Blunt the expansion of communist aggression and counter international terrorism
- o Strengthen our ties with traditional allies and encourage and expand the role of multi-national organizations in the resolution of international problems
- o Move forward with a comprehensive Pacific Basin Initiative.

To carry out these objectives, the United States will need to seek more effective means of persuading the non-communist nations of the world that it is the US, and not the USSR, that is the greatest friend of peace, progress, prosperity, and freedom in the world.

Soviet Union

Objectives: Seek a stable U.S.-Soviet bilateral relationship based on principles of mutual respect, understanding, and the peaceful competition of ideas; encourage equitable and verifiable Soviet-Western agreements on START, INF, MBFR, resulting in real reductions by both sides in nuclear weapons stockpiles; influence the readjustment of Soviet policy priorities from emphasis on rapid arms buildup and global adventurism to internal economic reform and interest in seeking areas of mutual advantage through a consistent U.S. policy based on political, military and economic strength; seek lasting solutions to regional problems and conflicts.

Discussion: The new Soviet leadership took a relatively moderate tone in its initial approach to U.S.-USSR relations, particularly in Chernenko's public statements following Andropov's death and in his meeting with the Vice President. Since then, however, the Soviets have increasingly been taking a harsh line in public statements and private comments. Moscow has been especially rigid on START and INF, with the Soviets insisting on withdrawal of U.S. INF deployments as a precondition to resumption of these two negotiations.

This rigid stance is understandable given that both the strategic and economic imbalances of a misguided detente era have been reversed during the President's first term in office. Moreover, West has demonstrated greater resolve in curtailing Soviet exploitation of strategic Western economic resources, particularly militarily relevant technology. The Soviet Union now understands that the U.S. will remain firm in its determination to meet Soviet efforts to undermine vital U.S. interests in the world head on.

The Soviets are having greater difficulty in fulfilling their economic commitments to Third World clients as they are forced to increasingly turn their attention to internal economic problems. As the Soviets calculate the potentially drastic economic consequences of keeping abreast of the United States without fundamental structured reforms, the prospects for reducing the expansion of Soviet influence should improve. Nevertheless, this recognition by of Soviet leadership has not yet matured and they will therefore continue to look for every opportunity to undermine Western influence and advance Soviet interests in vulnerable regions of the world.

Policies: In moving the Soviet Union away from policies of confrontation toward those of conciliation, we should: continue to vigorously build a credible U.S. defense while maintaining the high ground on arms control proposals; further restrict access to militarily useful technology; strengthen the allied consensus on the security dimensions of East-West economic relations (COCOM, subsidized credits, energy dependence, enhanced Economic Committee of NATO); engage in selectedeconomic competition with the USSR in the Third World through more focused and forward-leaning security, technological, and economic assistance; implement more aggressive policies to meet the challenges emerging from state-sponsored terrorism and the of unstable radical leaders of Soviet client-states, and compete more effectively as the standard bearers for world peace, freedom, and prosperity.

Western Europe

Objectives: Offset the drift toward political and economic retrenchment in Western Europe and restore sufficient political will to keep abreast of the velocity of world events; encourage militarily secure West European states that will contribute porportionally to defense costs and shoulder their share of the burden of helping less-fortunate states; encourage a politically strong, healthy Western Alliance which resolves differences in recognition of overriding common goals.

Discussion: Europe today is in the throes of perhaps its most fundamental adjustment in the post-war period as it struggles to maintain political, security and economic resolve against the trends underlying "Europessimism." There exists the danger of economic retrenchment in the form of protectionism, a greater insecurity in its dealing with the Soviet Union and potentially greater difficulty in forging intra-European positions, much less positions dovetailing with those of the United States. On the brighter side, as the Williamsburg Summit demonstrated, the Atlantic Alliance retains substantial resilience in the face of a massive Soviet propaganda effort to derail INF deployment. At Williamsburg, we successfully forged a common approach to the world's most pressing economic and security issues and positioned the Alliance for an upbeat second term.

Policies: The U.S. should pursue policies which: restore European political will to increasingly shoulder the burden of our common defense and support to Third World countries; urge Europeans to make necessary structural economic adjustments; and enhance the stature of those present and future leaders who have a realistic view of Soviet policies and intentions and are prepared to pursue policies which reinforce key U.S. objectives.



Pacific Basin

Objectives: Continue strengthening our relations with Japan; capitalize on the substantial new opportunities for cooperation with China; lessen tensions on the Korean Peninsula; and stimulate greater economic, political, and military cohesion among ASEAN nations and the rest of the Pacific Basin community.

Discussion: In sharp contrast to Europe, the nations of the Pacific Basin are roaring ahead economically. Successful growth-oriented policies have illuminated the region with hope for the future and are gradually leading to greater cohesion among this community of nations. The elevated priority of U.S.-Japan relations and the great successes of the President's visits to Japan, Korea, and China have dispelled many doubts about future U.S.-Pacific relations. Although the initial phases of our Pacific Basin strategy highlight the economic, trade, financial and energy areas, we should use these policy areas as the building blocks for our future strategic objectives in the region.

Policies: Our policies should stimulate the creation of new international institutional mechanisms in the areas of trade, finance, energy, security assistance, technology transfer and defense. Examples of such institutions might include a new Pacific Energy Agency (achieved through the collapsing of our present bilateral energy working groups in Japan and Korea into a broader Pacific framework which would include China)., a Pacific Basin Economic Council (a Pacific equivalent of the OECD), a Pacific Technology Center (soliciting participation of all Pacific nations to possibly be domiciled in Hawaii), a Pacific COCOM (to meet the challenge of illegal transfers of technology to the Warsaw Pact through Pacific conduits), and increasing formalization of intelligence sharing and security arrangements (a Pacific Basin Treaty Organization).



China

Objectives: Further expand economic and security ties; seek a secure, non-aligned China, comfortable with key U.S. objectives; continue to fulfill U.S. obligations to Taiwan while avoiding entanglement in the China-Taiwan dispute.

Discussion: The new realism that dominates the perceptions of Chinese leadership concerning the future of the world's most populace nation has resulted in a remarkable ideological shift toward a kind of market socialism. This development has necessitated significant ideological compromises that, in turn, open up several new avenues of cooperation with the United States both commercially and strategically. The unprecedented steps taken by Chinese leadership to facilitate personal contacts during the President's trip have substantially advanced the U.S. agenda in all major categories of our bilateral relations and deepened mutual understanding on key global developments.

The heightened level of hostility on the Vietnamese-Chinese border could become an increasingly significant component of U.S. policy in the region. China's role as a champion of Thailand territorial integrity could accelerate a more unified perception among ASEAN nations of the threat to the region posed by Vietnam--a Soviet surrogate. This development could in turn, offer fertile ground for a new US initiative advancing the critical security component of our Pacific Basin strategy.

Policies: Pursue policies which fully exploit our new economic and security opportunities with China, specifically, finalize a bilateral investment treaty; enhance bilateral energy cooperation; liberalize defensive arms sales; accomodate non-military technology transfer; seek to identify commercially viable opportunities to forge triangular transactions between the U.S., China and Japan, as a demonstration of the future strategic possibilities (i.e. sale of U.S. nuclear reactors, U.S. direct broadcast satellite system); and continue to cooperate in seeking solutions to Korea, Kampuchea, Vietnam, Afghanistan and other regional problems where we share common objectives.

South Asia

Objective: Maintenance of peace on the Sub-continent; promotion of prosperity, regional cooperation, and democratic institutions; and reduction of Soviet influence.

<u>Discussion:</u> As titular head of the Third World, India is a centerpiece of both a South Asian policy as well as U.S. policy toward developing countries as a whole (i.e. North-South dialogue). India is attempting to navigate a course between the U.S. and USSR that has often become disturbingly imbalanced in favor of the USSR. As the world's largest democracy, India's first concern is its relations with Pakistan, particularly because of the latter's nuclear ambitions. India itself could

become a potential non-proliferation concern given its efforts to obscure the facts surrounding its own nuclear program.

Policies: The U.S. should continue to wean India away from Soviet influence and to persuade India that U.S. efforts to increase the cohesion among Pacific Basin nations could also potentially serve its interests. The U.S. whould also continue to take the lead in attacking hunger and disease, demonstrating US sensitivity to the plight of Third World nations. An initiative to strengthen economic and diplomatic ties with Sri Lanka should be pursued with a view toward reversing its drift toward radicalism.

Middle East

Objectives: Continue to promote our peace initiatives in the Middle East; contain regional conflicts, such as the current Iran-Iraq war, from significantly affecting US and Mallied interests in the region; encourage greater regional stability through improved economic conditions and development of indigenous defense capabilities; continue to seek an independent Lebanon free of foreign forces; continue close relations with a strong Israel; and assist the major powers in the region to identify a successful formula for the creation of an autonomous Palestine state.

Discussion: The Middle East will continue to be a major source of conflict, adversely affecting the security interests not only of the nations in the region, but of most of the rest the world. Ancient antagonisms, territorial disputes, and cultural and religous differences make resolution of these conflicts and improvements in political stability and economic well-being difficult to achieve. The provocative and unpredictable actions of radical regimes such as Libya, Iran, and Syria, the resurgence of Moslem fundamentalism, and political extremist groups exacerbate this situation. Incidents in the "tinker-box" environment could quickly expand to engage other states in the region and potentially the U.S. and Soviet Union. The strategic position and the significant of oil supplies to the world economy will continue to keep the problems of the region at the forefront of world attention.

Policies: Advance internal reconciliation and the restoration of Lebanese independence; counter Soviet efforts to extend its influence in the region; support moderate Arab states and persuade them to come to terms with Israel; maintain a determined policy on the necessity of acceptance of Israel's right to exist and support for UN Resolution 242 as the basis for peace in the Middle East; and continue to seek solutions to the Iran-Iraq war and the protection Western economic and security interests in the Gulf.



Africa

Objectives: Promote the strengthening of independent nations with viable economic prospects; reverse Soviet/Cuban influence on the continent including Libya's radical policies; and continue to seek Namibian independence.

Discussion: The development strategies of the African nations have faltered due to lack of infrastructure, proper management, incentives and the inability to overcome economic bottlenecks. In several cases the problems of these developing nations can be attributed to adherence to out-moded Marxist-Leninist principles. The reversal of Libya's expansionist policy is becoming increasingly key to the stability of the continent. On the brighter side, some key Soviet client states are becoming increasingly disenchanted with the USSR's inability to meaningfully contribute to their economic development (i.e., Mozambique) and are increasingly looking to the West for financial aid and management techniques. South Africa is making progress in its relations with Angola and other neighbors although it will take more fundamental changes internally before South Africa is viewed as a legitimate partner in its relations on the Continent. We hope that progress will be made on the Western Sahara situation in order to facilitate progress in other sphere between the countries of North Africa.

Policies: We should continue to assist drought strickened nations with improved infrastructure and food aid; urge South Africa to seek peaceful solutions to Southern Africa and problems and move towards the integration of its own population into sharing power; continue efforts to diminish Cuban involvement in Angola; further isolate and reverse Libyan influence on the Continent; and support the establishment of an independent Namibia.

Latin America

Objective: Promote the development of democratic institutions; encourage the economic adjustment programs of LDC debtors and provide sufficient private and public sector financing to facilitate the return to economic growth; provide friendly governments with sufficient economic and security assistance to roll back Soviet Bloc/Cuban/Nicaraguan subversion; and encourage dialogue between the U.S. and the countries of the region in addressing hemispheric problems.

Discussion: Soviet and Cuban-sponsored aggression in Central America, via Nicaragua poses a direct threat to the security of the United States and must be met head on. Isolating and reversing this dangerous development should remain priority one for the Hemisphere. The fragile structure of Central American political and economic systems have provided fertile ground for the Soviet Union and its surrogates to foment instability in the region. U.S. policies designed to provide adequate military assistance, stimulate and reinforce economic adjustment, create new investment opportunities, secure sufficient financial flows and natural resource exploitation can greatly enhance the development of democracy in Central America. Idendifying the increasingly delicate balance between economic austerity/adjustment and political/social stability among debtor countries represents the single largest challenge to U.S. policy in the bulk of the Hemisphere. Creative short and long term measures are required to complement our present five-part debtor strategy if this balance is to be achieved while maintaining a positive North/South political dialogue. Fledgling democracies are emerging with increasing frequency but will remain vulnerable during this wrenching adjustment period. The most productive shift in emphasis would be the transition by the IMF from programs emphasizing economic austerity (largely through import contraction) to a more growth oriented program with an emphasis on export industries.

Policies: The U.S. should continue to promote the development of democratic institutions; encourage policies designed to rebuild economic and financial infrastructure; and support a multinational approach to counter Soviet and Cuban-sponsored aggression; encourage an increase in foreign direct investment and access to funding through international organizations (i.e. IMF and World Bank); implement regulatory and other changes required to keep commercial banks fully engaged in the Hemisphere; and maintain open markets to assist the critical export earning capabilities of the debtor countries of the Hemisphere.

North America

Objectives: Encourage an economically healthy, stable Mexico which is more responsive to key U.S. objectives in the Hemisphere; promote expanded and stronger ties with Canada; reinforce trilateral policies between U.S., Canada, and Mexico which support our common economic and security interests.

Discussion: Although we continue to confront a largely intransigent Mexican position on Central America, relations between the President and President de la Madrid continues to offer substantial potential for movement on that issue and other important bilateral issues (border problems, debt management, U.S. investment, energy cooperation and common security assessments). In addition, Mexico could be cast as the model of debtor country recovery, based on its substantial resource base and realistic growth policies.

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Canada is laboring under severe economic constraints imposed by several years of mismanagement. Ottawa's policies have generally caused increased estrangement between the eastern and western sections of Canada. Western Canada could be potentially receptive to expanded cooperation with the U.S. particularly in relations with our northwestern states. Every effort should be made to consolidate the underlying concepts embodied in the President's original "North America Accord". This is a fertile policy area for the second term, particularly when linked to our Pacific Basin initiative.

Policies: In Mexican relations, the President should build on his positive relationship with de la Madrid. This involves developing a partnership between the two countries which taps the vast potential for increased economic and political cooperation concerning the Hemisphere as well as the bilateral relationship. Hopefully, Canadian elections will result in a conservative government where a broader relationship can be achieved with our northern neighbor. The quiet pursuit of a "special relationship" with Canada's western provinces could offer enormously important benefits to both parties and could be initiated by measured steps such as the establishment of a free trade zone; tax and investment incentives offered to U.S. firms; increased cooperation in energy and strategic mineral exploitation; more frequent Cabinet level and state governor visits; greater sharing of radio programming and network television; and a joint public affairs campaign to increase tourist, cultural, scientific and technological exchanges.

IV. The Challenges Ahead

Six basic themes emerge when looking at the past and projecting into the future:

American's strength has been revitalized. As leader of the free world, the United States chinues to move ahead rapidly in the economic, technical and defense areas. In the next four years, the United States will be dealing from a position of strength. This momentum can generate a miltiplier affect for the rest of the world if we can effectively increase the projection of US economic, diplomatic and strategic power.

The Soviet Union is in decline, but highly dangerous. Economic prospects in the Soviet Union are bleak due to rigid systemic constraints, but every effort will be made to give priority to the military and to Soviet adventurism around the world. The Soviet model has not worked. Time now is on the side of democracy, but entrenched ideologues in the Kremlin are unlikely to compromise with the West, unless the free world strenthens its ability to deter Soviet aggression and to assist democratic institutions worldwide.

America's future lies in the Pacific Basin. We must make every effort to pursue closer ties with Japan, Korea, ASEAN countries, the People's Republic of China and other nations in this dynamic

and growing region of the world. We should pursue a "phased" strategy which begins with a network of economic, financial and trade ties and moves to more formal security arrangements in the out years.

Maintaining and strenthening the Atlantic Alliance is key to world prosperity and peace. Our European friends face difficulties in the years ahead as they are forced to compete in a sophisticated world market and as they are continually exposed to Soviet policies designed to weaken their political will. We must seek to expand economic and security relations with these longstanding Allies to ensure a democratic and secure Europe.

Stay the course in finding peaceful solutions in the Middle East and Central America. US credibility is on the line in these volitile regions. Blocking Soviet/Cuban expansionism and restoring economic prosperity in Latin and Central America must remain a high priority. Likewise, finding a peaceful settlement to the Israli/Arab conflict and containing subversive and radical regimes in the Middle East is essential to world stability in the years ahead.

Adoption of democratic institutions in the Third World is key to their successful development plans. The United States must regain the ideological high ground in pursuing the advancement of freedom and prosperity. The "magic of the marketplace" is the foundation of economic growth. We should pursue policies in our assistance programs which help to expand private initiative and investment, while also keeping our moral commitments to assist in poverty striken areas of the world. More advanced developing nations are likely to face continued problems of debt. Our approach to the international debt problem is likely to be a critical factor in the future of the majority of the world's population.

No one sums up the first term in office better than the President himself: "Gone are the days when the United States was perceived as a rudderless superpower, a helpless hostage to world events. American leadership is back."

Although much has been accomplished by the President's leadership over the past four years, the next four years could be even more challenging given the increase in low level conflicts which continuously threaten to explode into superpower struggles. Nevertheless, the opportunities are there to also craft a peaceful and prosperous world. To meet the challenge of this crossroad in mankind's destiny, the President must take personal command of the foreign policy agenda for the 1980s. The President's resolve and strength have become America's strength: his principles are reflective of the collective spirit of the American people; confidence, optimism, strength, vision, and the will to peace can bring peace.

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BRIEFING POINTS ON THE PRESIDENT'S FOREIGN POLICY GOALS AND ACCOMPLISHMENTS

- I. First Term Foreign Policy Accomplishments
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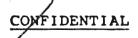
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I. First Term Foreign Policy Accomplishments

- o Established strong leadership and clarity of purpose.
- Restored the principle of bipartisan formulation of foreign policy.
- Improved U.S. military strength.
- o Developed Allied consensus on East-West trade in areas of credit, energy and transfer of technology.
- o Improved Allies' confidence.
- o Led the world out of the worst recession since World War II.
- Supported the growth and development of democratic institutions throughout the world.
- Helped establish freedom in Grenada.
- o Furthered economic and security relations with Pacific Basin nations.
- o Extended humanitarian assistance to drought stricken African nations.
- Opened up new avenuse of economic cooperation with China while continuing our comittment to the people of Taiwan.
- o Encouraged the withdrawal of foreign troops in southern Africa and, with our Allies, helped to curb Libyan aggression in Chad and the Sudan.
- o Countered Soviet and Cuban sponsored aggression and subversion in El Salvador.
- o Advanced the cause of peace by maintaining a commitment of resources in the Middle East.
- o Demonstrated U.S. leadership at its finest through personal visit of President Reagan throughout the Americas, the Pacific Basin, and Europe.



II. Global Environment (1985-1990)

Regional Challenges:

- O Despite economic difficulties and worldwide stebacks during the last four years, the Soviet Union will remain the greatest threat to world peace.
- o Europessimism could continue if Western Europe continues to resist the urgent need to replace or upgrade outmoded and subsidized industries. Despite continued Soviet threats, the Atlantic Alliance should remain in tact.
- o The world's economic gravity will continue to shift from the Atlantic to the Pacific, as key <u>Pacific Basin</u> nations continue their sustained economic growth and remain on the cutting edge of modern technology.
- o The Middle East will remain highly volatile because of the Arab-Israeli conflict, the Palestinian issues and the actions of radical regimes such as Libya, Syria, Iran, and Iraq. Moslem fundamentalism will continue to spread.
- o Poverty, hunger and disease will continue to plague many developing nations in <u>South Asia</u> and <u>Africa</u>.
- o The Soviet Union and Cuba will continue to export revolution to <u>Central American</u> nations. Economic problems will mount and fray the political and social fabric of struggling democracies throughout <u>Latin</u> America.

Common Challenges:

- o <u>International terrorism</u> will become more sophisticated and harder to prevent. Increasing availability of cheap weapons--including some of considerable sophistication--will increase the level of armed clashes.
- o More nations will edge closer to gaining the capacity to produce or acquire nuclear weapons.
- o International <u>financial</u> relations will become more complex and tense as developing nations seek to manage their debt problems. International economic and trade issues will gain in significance.
- o International <u>narcotics</u> problems will worsen despite all efforts to reduce them.



III. Global Objectives

- o Reduce the threat of nuclear war and reduce the world-wide arms race.
- o Promote world prosperity, democratic institutions, and advance individual freedoms.
- o Blunt the expansion of communist aggression and counter international terrorism.
- o Strengthen our ties with traditional allies and encourage and expand the role of multi-national organizations in the resolution of international problems.
- o Move forward with a comprehensive Pacific Basin Initiative.
- o Seek more effective means of persuading the non-communist nations of the world that it is the U.S., and not the USSR, that is the greatest friend of peace, progress, prosperity, and fredom in the world.



IV. U.S. Foreign Policy Objectives by Region

Soviet Union

Setting:

- Despite economic difficulties and worldwide setbacks during the last four years the Soviet Union will remain the greatest threat to world peace.
- o The Soviets will continue to foment wars and instability in Asia, Africa, Central America, and the Middle East.
- o The Soviets will continue to deploy newer and more sophisticated weapons.
- o We can expect continued Soviet aloofness from meaningful negotiations.

- o Seek a stable bilateral relationship.
- Obtain an equitable and verifiable agreement on START, INF, and MBFR.
- o Influence the readjustment of Soviet policy from an emphasis on rapid arms buildup to economic reform.
- o Seek lasting solutions to regional problems and conflicts (e.g., Afghanistan, Kampuchea, Middle East, and Central America).
- o Further restrict access to militarily-useful technology.
- o Thwart Soviet efforts to increase energy exports to Europe and Pacific Basin nations.



Western Europe

Setting:

- o The Soviets will continue to exploit differences within NATO concerning the threat and the proper Allied response to it.
- o "Europessimism" could continue if Western Europe continues to resist the urgent need to replace or upgrade outmoded and subsidized industries.
- o The Atlantic Alliance should retain substantial resilience in the face of a massive Soviet propaganda effort to derail INF deployment.

- Offset the drift toward political and economic retrenchment.
- o Restore sufficient political will to resist Soviet coercions.
- o Encourage militarily secure West European states that will contribute proportionally to western defense.
- o Encourage a politically strong alliance that can resolve differences without rancor.



Pacific Basin

Setting:

- The world's economic gravity will continue to shift from the Atlantic to the Pacific, as key Pacific Basin nations prosper and remain on the cutting edge of modern technology.
- o Emerging industrial states, S. Korea, Singapore, Hong Kong, and Taiwan will face increasingly stiff competition for raw materials.
- o Vietnam and China will most likely be unable to resolve their differences.
- o Philippines and Indonesia will not adjust to political, economic, and social changes easily.

- o Continue strengthening relations with Japan.
- o Lessen tensions on the Korean Peninsula.
- o Stimulate greater economic, political and military cohesion among ASEAN nations and the rest of the Pacific Basin.
- o Contain Vietnamese aggression in Southeast Asia.



Middle East

Setting:

- The region will remain highly volatile because of the Arab-Israeli conflict, the Palestinian issue, and the actions of radical regimes such as Libya, Syria, Iran, and Iraq.
- o Moslem fundamentalism will continue its resurgence, leading to serious regional instability.

- Continue to promote our peace initiatives.
- o Contain and end regional conflicts.
- o Encourage greater regional stability through improved economic conditions and development of indigenous defense capabilities.
- o Seek an independent Lebanon free of foreign forces.
- Continue close relations with a strong Israel.
- o Seek a solution to the Palestinian issue.
- O Continue to seek solutions to the Iran-Iraq war and the protection of Western economic and security interests in the Gulf.

Latin/Central America

`etting:

- o The Soviet Union and Cuba will continue to use Nicaragua to export revolution to Central American nations.
- o Economic problems will mount and fray the political and social fabric of struggling democracies through Latin America.

- o Promote the development of democratic institutions.
- Encourage economic adjustments for LDC debtors.
- o Urge the IMF to redirect its programs from an emphasis on economic austerity (largely through import contraction) to an emphasis on growth oriented programs through increased export industries.
- o Provide friendly nations with economic security assistance.
- o Curb Soviet/Cuban/Nicaraguan subversion.
 - Encourage dialogue between the ${\it U.S.}$ and countries of the region.

Africa

Setting:

- o Developing nations in the region will continue to face austere economic conditions due to rapid population growth and limited economic resources.
- o Political instability, poverty, hunger, and disease will represent the primary challenges of the continent.
- o Soviet and its client states activities will exacerbate African problems.
- o The reversal of Libya's expanionist policy is becoming increasingly key to the stability of the continent.

- o Promote the strengthening of independent nations.
- o Reverse Soviet, Cuban, and Libyan influence.
- o Continue to seek independence for Namibia.



China

Setting:

- o New realism of Chinese leadership has resulted in a remarkable ideological shift toward a kind of market socialism.
- O Unprecedented steps taken by Chinese leadership during President Reagan's visit have substantially advanced the U.S. agenda in bilateral relations and deepened understanding on key global developments.
- o Leadership of China is seeking a more active and independent role in the world community.
- o China's leadership will continue to modernize its economic, military, and political structure.
- o China's military doctrine, strategy, and war fighting capabilities will change to accommodate its more active role causing increasing concern within the region.
- o Pressing internal concern about feeding and clothing the population will persist.

- o Expand diplomatic, cultural, economic and security ties.
- o Seek a secure, stable, and non-aligned China.
- O Continue to meet our legal and moral obligations to Taiwan while avoiding entanglement in the China-Taiwan dispute.



South Asia

Setting:

- o India will continue to navigate a course between the U.S. and the USSR.
- o India's first concern is its relations with Pakistan, particularly because of the latter's nuclear weapons ambitions.

- o Maintain peace on the sub-continent
- o Promote prosperity, regional cooperation, and democratic institutions.
- Reduce Soviet influence.



North America

Setting:

- Although we continue to confront a largely intransigent Mexican position on Central America, relations between the President and President de la Madrid continue to offer substantial potential for movement on that issue and other important bilateral issues (border problems, debt management, U.S. investment, energy cooperation and common security assessments).
- o Canada is laboring under severe economic constraints imposed by several years of mismanagement.
- o Ottawa's policies have caused increased estrangement between the eastern and western sections of Canada.

- o Encourage an economically healthy and stable Mexico which is more responsive to key U.S. objectives in the region.
- o Promote expanded ties with Canada focusing on developing a special relationship with the Western Provinces.
- o Reinforce polices between U.S., Canada, and Mexico toward common economic and security interests.

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V. Desirable Results (Headlines)

- o Moscow Returns to Arms Control Talks with West, Nuclear Arms Reduction Plan Agreement Reached
- o Counterterrorist Actions Stepped Up, Incidents Decline
- o International Trade Barriers Reduced Through US Lead
- o US-Led World Economic Upturn Gathers Momentum
- o Relations Improve in Aftermath of US-Soviet Summit
- o Significant US-NATO Differences Fading
- o Giant Norwegian Troll Field Comes On Stream Precluding Further Inroads Of Soviet Gas Exports To Europe
- o China-US Trade, Cultural Ties Growing Stronger
- o Agreement Reached with Japan on Trade Issues
- o President Reagan Inaugurates Pacific Basin Economic Council Spawning New Era In U.S.-Pacific Relations
- o Pacific Basin Nations Join Alaska In Cooperative Effort To Exploit Vast Natural Resource Base
- o Progress Toward Middle East Peace Plan Announced
- o Iran-Iraq Peace Talks Succeed
- o Syrian and Israeli Forces Leave Lebanon, Accord Reached
- o Tunisia, Algeria And Morocco Agree To Advance Creation Of Greater Maghred For Mutual Economic Benefit
- o Cuban, Soviet Forces Pull Out of Angola
- o Namibian Independence Agreement Reached
- o Salvadoran Fighting Ebbs As Government Gains Control
- o Democracy In Nicaragua, Promises Noninterference
- o Caribbean, Central American Economies Show Improvement
- o Debtor Countries Overcome Financial Crisis, By U.S. Lead
- o Visits Initiate New "Special Relationship" And Free Trade Zone With Provinces Of Western Canada
- O U.S. Manned Station For Scientific And Humanitarian Advancement Soon To Become A Reality

DOCUMENTATION OF SELECTED ISSUES

I. THE THIRD WORLD

II. INTERNATIONAL NARCOTICS

III. NUCLEAR PROLIFERATION

IV. TERRORISM

V. SOVIET UNION/EAST EUROPE

VI. WESTERN EUROPE

VII. MIDDLE EAST

VIII. AFRICA

IX. LATIN AMERICA

X. ASIA

XI. STRATEGIC DEFENSE

XII. TECHNOLOGY TRANSFER

II. INTERNATIONAL NARCOTICS

o The drug trade is so profitable that it will persist despite efforts to break it up. It will directly threaten U.S. forces stationed abroad and the U.S. population at home at least as much in 1989 as it does now. Trafficking in heroin, and to an increasing extent in cocaine and marijuana, will contribute heavily to growing corruption in key producing states -- probably so much so that it will impede U.S. efforts to influence their policies on a broad range of issues. Narco-dollars also attract organized crime and will serve to finance at least some international-terrorist endeavors. If production or trafficking are slowed or disrupted in one area the trade will shift quickly to another one.

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III. NUCLEAR PROLIFERATION

- The acquisition and possible use of nuclear weapons and material by Third World states and the potential use by sub-states will represent major national-security problems for the United States in the latter half of this decade and beyond. Several countries that currently are near-term proliferation threats (e.g., Pakistan, India, Israel, South Africa, and Argentina) could develop, test, and begin stockpiling nuclear weapons in this period -- some could develop thermonuclear or other advanced weapon designs. Other countries (e.g., Brazil, Iraq, and Libya) will be moving close to the nuclear threshold.
- Nuclear technology, facilities, and material will be much more widely available and far more difficult to control and to monitor, leading to a greater threat of terrorist acquisition or attack.

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IV. TERRORISM

- Terrorism has reached alarming proportions. It is increasingly violent and indiscriminate. An increasing number of states are using terrorism as an instrument of foreign policy. Over the past decade 3,500 people were killed and double that number were wounded in 6,500 terrorist incidents. American citizens were victims in about 40 percent of these cases. In 1983, 263 American citizens were killed in terrorist attacks, the largest number in any year on record.
- o We have just submitted four bills to Congress to combat terrorism. Two would enable us to carry out commitments under previously ratified international conventions regarding the taking of hostages and hijacking of aircraft. Another would allow us to offer significant rewards for information regarding terrorism against U.S. citizens or property. A fourth would enhance our ability to prosecute those who support or cooperate with groups and states involved in terrorism.
- o We have not adopted a policy of preventive strikes, but we do not believe such a policy should be ruled out. We question whether it is reasonable and prudent simply to await and prepare for an impending attack. To forego preventive action lowers terrorists' risks and increases their likelihood of success in attacking U.S. citizens. On the other hand, while considering active defensive measures we must consciously address the moral and legal difficulties posed for our society.

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V. SOVIET UNION/EAST EUROPE

- For the foreseeable future the Soviet Union will remain the most formidable threat to the United States. The Soviets will continue to exploit regional tensions and instability throughout the Third World. Moscow will continue to exploit differences between the United States and its Western Allies, hoping to divide the alliance. The USSR's interest in Western technology will remain high, but the Soviets will also play Western nations against each other to gain maximum economic and political advantage. They will seek to manipulate public opinion to offset fears of a Soviet threat, to prevent deployment of new NATO weapons, and to decrease the level of West European defense spending.
- In the next decade endemic instability in Eastern Europe will have substantial implications for the United States -- for a shift in the balance of power in Europe, for US-USSR relations, and for U.S. relations with the NATO Allies. precarious financial situations in Communist economics brings into question Eastern Europe's ability to retain its credit-worthiness. Without access to Western credits to modernize its industrial and agricultural sectors, stagnation or worse will be its lot. The problem is compounded by the failure to develop effective economic management systems, which in turn provides an impulse for political change. impulse has already produced a new variant of national Communism in Poland. Similar manifestations can be detected and are likely to increase in Romania, Albania, and Yugoslavia. Another impulse for political change will come from the inability of the East European regimes to live up to their commitment to raise living standards.
- o While Albania and Yugoslavia have slipped from Soviet control and Romania has achieved some independence, instability in the coming years in these areas would be viewed by the Soviets as an opportunity to regain control. This would have serious impact in the Eastern Mediterranean and weaken our influence in the Balkans.

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VI. WESTERN EUROPE

- o U.S. concerns with trans-Atlantic relations and the internal stability of Western European countries will remain high. The United States will face the impact of increasing strains within the Atlantic Alliance, growing political and social instability, and increasing domestic economic problems, including their spillover into the international scene.
- The period will almost certainly be one of great fluidity in Alliance relationships. The fact of mutual European-U.S. dependence will not change, but maneuvering between the United States and Western Europe for advantage vis-a-vis the East--and the South--will be a pronounced feature of the period.
- Western Europeans are likely to differentiate increasingly between their interests and ours. Western European economic and political policies that diverge from United States interests will further erode Alliance cohesion.
- o The environment in which Security policy will be made will not be an appealing one for the United States for a number of reasons:
 - -- Western Europeans are likely to proceed down the pacifist path and anti-Americanism will probably increase.
 - -- Continuing economic difficulties will almost certainly force further cutbacks in military spending.
 - -- Declining party discipline and increasing volatility of electorates will lead governments to embrace the status quo and give fringe groups a disproportionate influence.
 - -- A new generation of leaders without personal memories of World War II and the depression will likely be more skeptical toward both superpowers and will have higher economic expectations.

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VII. MIDDLE EAST

- O U.S. interests in the Middle East will continue to be dominated by a number of key conditions:
 - -- the continued security and political stability of Saudi Arabia and other oil producers both in the Gulf area and throughout the region;
 - -- the continued absence of war between Israel and its neighors;
 - -- the extent of external influence, Soviet, European or Japanese, on major regional actors; and,
 - -- the continued importance of the Islamic resurgence as a major challenge to those governments and societies having a largely secular and Western orientation.
- The proliferation of a nuclear-weapons capability and the threats to United States and allied interests from state-supported or autonomous terrorist groups are two additional concerns that will increase in importance throughout the region during this period.
- O Continued access to oil for the United States and its allies and the ability to limit influence of other parties in Riyadh and other Gulf capitals will be a key policy interest. The evolution of Iran's revolution and its relations with all its neighbors will be a major factor in the military security and political stability of the Gulf region and will be of great significance during the 1985-89 period.
- o Israel's ability to survive not just foreign pressure but internal pressures for change will be a major question throughout the decade. Egypt's key role in the Israeli/Arab equation, and Cairo's major place in the Arab world, and the very real economic and demographic pressures facing Egypt will be the focus of increased U.S. attention.
- o U.S. competition with the Soviet Union for influence, if not actual control, of key regional powers is likely to be a continuing concern. It is also likely that the United States will find itself increasingly competing with our European and Japanese allies for influence, access to oil, and growing markets for our industrial and military exports.

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VIII. AFRICA

- o The longer-term impact of such problems as overpopulation or urban crowding, water and food scarcity, and potential for industrialization or other economic development will begin to be felt in one or more of all countries in Africa during this period.
- o Southern Africa will likely remain the priority policy concern for Sub-Saharan Africa in 1985-89. Prospects are high for continued intervention from outside the region, which will increase the complexity of the problem and pose additional concerns for the United States. Moreover, nuclear developments in South Africa warrant concern.
- The problems in the rest of Sub-Saharan Africa will center on those nations of key interest to the United States--Nigeria, Kenya, Somalia, Zaire, and Liberia. In West Africa, several countries are gaining economic strength, through increased oil production, but in most, political instability and severe economic problems will invite external exploitation. As a result of the pace and scope of change, U.S-West African relations will be complex and wide ranging.
- o In Africa we have inherited a situation of a deepening cycle of violence and increasing intrusion of Soviet and Soviet surrogate forces. We developed strategy to reduce the cycle of violence, expend economic development of area, and support peaceful change inside South Africa. This has produced real results.
- o We have taken the Namibia settlement issue from dead in the water (where we found it) to a negotiated effort which has received the support of the Contact Group and all parties in the area.
- o We sent over \$225 million in grant assistance to Zimbabwe to help the new nation get started. We are sending emergency food to Mozambique and other states in the area which were badly hit by severe drought.
- o Internally in South Africa, we fund Black education and support free trade union development. Our quiet dialogue has served as an impetus to the change in South Africa. Positive changes are occurring in South Africe spread of free trade unionism, expansion of franchise, emergence of property and political rights for urban blacks, and we are clearly aligned with peaceful, positive change.

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IX. LATIN AMERICA/CARIBBEAN

- The endemic social and economic problems plaguing Latin America will not be resolved in the 1985-89 time frame. Revolutionary ferment will intensify and probably spread. Scant prospects exist of establishing an environment in which private-sector resources can flow to the region to support greater political and social stability. Given the willingness of the Soviets, Cubans, and other leftists in the region to intervene, reconstruction will be slow and tedious, if at all.
- The second priority in the area will be the emerging regional powers--Mexico and Brazil certainly--but possibly also Venezuela and Argentina. A key challenge for the United States will be to gain support for U.S. security, economic, and political interests from such countries at a time when they will be pursuing independent policies. Mexico poses a particular problem in this period.
- o Other than Cuba, the Caribbean mini-states are not by themselves substantial U.S. antagonists or partners; yet their proximity to this country requires careful consideration of their problems.
- o Deteriorating economies, weakening colonial ties, and prospects for instability will present intermittent problems; key among these will be migration.

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X. ASIA

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Japan

- o Within the Pacific region, the United States will face the problem of trade competition with Japan and the newly industrializing countries.
 - -- Japan's trade imbalance is causing problems in relations with other industrialized countries. The problem is likely to worsen as Japan competes for raw materials, energy resources, and an increasing share of the marketplace for its industrial output.
 - -- The United States and other countries will intensify their pressure on Japan to relax trade barriers and allow greater access to its domestic market.
 - -- Restructuring the economy to allow greater imports could cause serious political and economic difficulties for the Japanese.
- o While Japan will continue to be our leading ally and trading partner in the Pacific, some changes in this bilateral relationship are inevitable. Japan's leadership will be especially hard pressed to make a greater commitment to defense—a thorny and politically divisive issue in Japan but one of growing importance to the United States.

Newly Industrialized Countries

O As emerging industrial states, South Korea, Singapore, Hong Kong, and Taiwan will face increasingly stiff competion for raw materials, energy resources, and the international export market. This competition will lead to frictions with the United States.

Southeast Asia

- o Vietnam and China will most likely be unable to resolve their differences. Because of the strategic importance of this region, U.S. interest in the political and military plans and intentions of both China and Vietnam toward Kampuchea, Laos, and thailand will not diminish.
- o The United States will be concerned with how the Philippines and Indonesia will deal with a continuing adjustment to political, economic, and social changes. Both countries will have to cope with powerful demographic changes and, in the case of Indonesia, declining real oil revenues. Fundamental economic development policy changes will have to be made.
- o Many troublesome regional issues will carry over into the

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1990s and cause the United States concern over whether the Association of Southeast Asian Nations will become a viable alliance capable of addressing problems such as the Vietnamese occupations of Kampuchea and Laos, a continuing refugee flow, ongoing insurgencies, and competition for scarce resources. The United States will also worry about the policies and plans on the part of China, Taiwan, Vietnam, Indonesia, and the Philippines to exploit the potentially lucrative mineral and petroleum resources in disputed areas of the South China Sea.

China

- O As China takes a more active role in the world community during the latter part of this decade, the United States will be concerned about changes in its political, military, and economic policies that might lead to friction in bilateral relationships.
- o The stability of China both internally and externally is vital to U.S. security interests throughout Asia. China has had a volatile political history. The transition in Chinese leadership that will continue during this decade will determine whether the successor leadership will be able to modernize China's economic, military, and political structure.
- O Because of China's importance in countering the Soviets, the United States will be concerned about changes in China's military doctrine, strategy, and war-fighting capabilities, especially as they impact on the Sino-Soviet and Sino-Taiwan military balances.
- o During this decade and the next, China's most pressing internal concern will be feeding and clothing its population and attempting to modernize its economy. Potentially major problems will be China's needs for U.S. agricultural exports and the U.S. role in the modernization process. In particular, the United States will be preoccupied with China's attempt to acquire and integrate advance technology and modernize its agriculture, industry, and military.
- o President Reagan has strong convictions about our moral and legal commitments to the people of Taiwan. The President has said on several occasions that he "will not forsake old friends to make new ones."
- o It is important to continue to develop friendly relations with the People's Republic of China. This can be done without injury to the people of Taiwan. In fact, good U.S.-Chinese relations improve the prospects for peace and stability throughout Asia, including the Taiwan straits.

South Asia

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- o The two key issues affecting U.S. interests South Asia in the 1985-89 time frame will be the reaction of India and Pakistan to Soviet influence and the political, military, and possible nuclear competition between these two regional powers.
- O India will reemerge as an issue of primary concern to the United States as the Indian leadership comes to grips with an increased Soviet role in the area. To the extent that the Soviet effort is hurried or overly forceful India would be likely to oppose Moscow. Delhi's reaction to a continued protracted seduction would be more ambivalent and difficult to gauge. As long as the Soviets are engaged in Afghanistan, Pakistan's reactions to real or perceived Soviet pressure will be a major U.S. concern.

Korea

- o The best way to seek a reduction of tensions and a long-term solution to the hostility between North and South Korea is through direct talks between the two parties.
- o Efforts to reduce tension should be pursued despite our deep skepticism of North Korean motives in light of the Rangoon attack. We share the ROKG preference for direct bilateral negotiations between North and South or quadripartite talks.
- O The comparative military balance continues to favor the North. North Korean forces are well equipped, and have a substantial advantage in several key categories of offensive weapons. North Korean exercises have revealed impressive sophistication in terms of joint and combined forces operations.
- o In addition to their size and their capabilities, the challenge posed by North Korean forces is compounded by factors of time and distance. The bulk of North Korean forces are deployed well forward, along the DMZ. Given the proximity of Seoul to the DMZ (some 25 miles, about the distance from Washington to Dulles airport), ROK and U.S. forces are presented with an extremely difficult indications and warning problem. Consequently, a high state of readiness is required at all times.
- o North Korea devotes some 20 percent of its GNP to military expenditures, compared to about 6 percent by the ROK. However, the South's GNP is four times larger than that of the North, and its economy far more dynamic. Thus, the ROK is likely to make continued gradual gains in redressing the military imbalance. For the foreseeable future, however, the South will face a formidable military challenge.

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Restrictions

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B1

XI. STRATEGIC DEFENSE

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]

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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]

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

XI. TECHNOLOGY TRANSFER

The combination of past Soviet acquisitions of Western technology through legal and illegal means and the continuous expansion of Soviet weapons systems through the 1980s indicate that the United States and its Western allies will experience serious export-control, counter-intelligence, and industrial-security problems during the 1985-1989 time frame. We will face technology losses to Soviet and East European intelligence operations in West Europe and Japan, trade diversions abroad of U.S. and Western technology, Western technology losses through Communist-owned locally-chartered companies, and losses from both S&T exchange agreements and student exchanges.

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