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WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name EXECUTIVE SECRETARIAT, NSC: MEETING FILE

Withdrawer

CAS 12/21/2004

File Folder NSC 00062 30 SEPTEMBER 1982 [RE FOREIGN DEBT]

FOIA

2000-002

Box Number 91285

SKINNER

15

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
1216	MEMO	WILLIAM CLARK TO RR RE NSC MEETING 9/30/82 R 2/22/2008 F00-002	3	9/29/1982	B1
1217	AGENDA	RE NSC MEETING (ATTACHMENT TO ITEM 1216) R 6/6/2006	1	ND	B1
1218	PAPER	RE PRIVATE SECTOR INITIATIVE OPTIONS (ATTACHMENT TO ITEM 1216) R 6/6/2006	3	ND	B1
1219	TALKING POINTS	RE NSC MEETING R 6/6/2006	2	ND	B1
1220	MEMO	PAULA DOBRIANSKI TO CLARK RE NSC MEETING R 2/22/2008 F00-002	2	9/29/1982	B1
1221	AGENDA	FOR 9/30/82 NSC MEETING R 6/6/2006	1	ND	B1
1222	DRAFT	HANDWRITTEN DRAFT MINUTES OF 9/30/82 NSC MEETING R 2/22/2008 F00-002 DOCUMENT PENDING REVIEW IN ACCORDANCE WITH E.O. 13233	3	9/30/1982	B1
1223	PAPER	RE SITUATION R 7/18/2008 NLRRF00-002	3	9/29/1982	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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ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
1224	MINUTES	OF 9/30/82 NSC MEETING R 2/22/2008 F00-002 DOCUMENT PENDING REVIEW IN ACCORDANCE WITH E.O. 13233	3	9/30/1982	B1
2515		NOT USED			

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

B-1 National security classified information [(b)(1) of the FOIA]

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

THE WHITE HOUSE
WASHINGTON

CHRON FILE

~~SECRET~~

ACTION

September 29, 1982

NOTED

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM P. CLARK *wpc*
SUBJECT: NSC Meeting, 11:00 a.m., September 30, Cabinet Room

There are two items on the agenda (Tab I):

1. Polish Debt
2. Private Sector Initiative for Poland

Polish Debt

Don Regan will report on the results of the SIG-IEP discussion last Tuesday on this issue. The U.S. and other governments are negotiating a settlement of the 1981 debt, but have not entered into negotiations over 1982 rescheduling. In the meantime, private banks have been partially successful in rescheduling the 1982 debt. Our Polish sanctions prohibit the USG from entering into negotiations for the 1982 debt and the SIG-IEP has concluded that this policy should be continued.

Private Sector Initiative for Poland

Issue: Whether the Administration should endorse a U.S. private sector initiative which would attempt to bolster the Polish private sector -- with primary emphasis on agriculture. Whether a Presidential Commission should be established to develop and spearhead the private sector aid program.

Facts: The proposed private sector initiative would entail the U.S. private sector developing and implementing a humanitarian aid program through the Polish Church to bolster the Polish private sector -- with emphasis on agriculture. Although it features commodities other than food, the initiative fits within the context of humanitarian aid, as all goods will be purchased by the private sector and distributed by the Polish Church. The initiative was conceived prior to the Polish Church's recommendation for a five-year \$2.02 billion "Poland Recovery Plan" to aid the private sector, but coincides and responds to the Church's proposals. In the short-term, the initiative will engender a positive image of American flexibility which would put the Polish government in a "no win" situation and will respond to the Polish Church's

~~SECRET~~
DECLASSIFY ON: OADR

Prepared by:
Paula Dobriansky

DECLASSIFIED
NLRR 100-002 #1716
BY LOJ, NARA, DATE 2/22/08

proposals; in the long-term, it will strengthen the largest private agricultural sector in Eastern Europe and demonstrate the efficiencies of private agriculture.

It is suggested that a Presidential Commission, which could provide a necessary vehicle for mobilizing private sector aid efforts, be established to spearhead this effort. It would devise an aid program commensurate with donations received from the U.S. private sector and the use of some \$28 million worth of our reserve zlotys.

The Polish-American community and various private sector organizations support the program. The Polish people would perceive it as a manifestation of continued American interest in their well being; we also have strong indications that the initiative, as structured, would be supported by our allies. According to the Church, the Polish government would not hinder such assistance.

Discussion: Some of the pros of pursuing this initiative include: it upholds the Administration's policy toward Poland; it is strongly endorsed by the Polish-American community; it will refocus public attention on what we do support -- the Polish people -- and what we do not support -- the Polish government. Some of the cons include: Poland's immediate humanitarian needs cannot be satisfied by a broad long-term plan designed to restructure its private agricultural sector; since donations must come from the private sector, there is no certainty that amounts will be sufficient; the use of zlotys does not provide sufficient resources of the right kind; the allies might misconstrue the intent of the initiative.

Your guidance is needed on whether the proposal should be rejected completely, pursued through the establishment of a Commission and with participation by our allies but unilaterally if necessary, or should be staffed further. The recommendation of the SIG-IEP was to remand the proposal for further staffing; NSC's recommendation is to pursue the initiative through the Commission.

An issues/options paper is at Tab B for your information.

Recommendation:

OK No

- | | | |
|-----------|-------|---|
| <u>AR</u> | _____ | 1. Reject the proposal entirely |
| _____ | _____ | 2. Pursue the initiative through the establishment of a Presidential Commission, preferably with participation by our allies but unilaterally if necessary |
| _____ | _____ | 3. Remand the proposal for further staffing <ul style="list-style-type: none"> a. the idea of a Presidential Commission be developed further and/or b. a different structure to implement the program be designed |

Attachments

Tab A Agenda
Tab B Issues/Options Paper

~~CONFIDENTIAL~~

National Security Council Meeting

September 30, 1982

A G E N D A

1. Polish Debt Situation Secretary Regan
2. Polish Private Sector Initiative Secretary Regan
(discussion of options)

~~CONFIDENTIAL~~

DECLASSIFY ON: OADR

DECLASSIFIED

NLS FOO-002 #1217

BY WJS, NARA, DATE 6/6/06

~~SECRET~~

U.S. Private Sector Initiative -- Poland

Issue/Options Paper

Issue: Whether the Administration should endorse a U.S. private sector initiative which would assist and attempt to bolster the Polish private sector -- with primary emphasis on agriculture. Whether a Presidential Commission should be established to develop and spearhead the private sector aid program.

Background: The proposed private sector initiative would entail the U.S. private sector developing and implementing a humanitarian assistance program through the Polish Church to bolster the Polish private sector -- with emphasis on agriculture. It is meant to be a humanitarian, people-to-people effort, consistent with the Administration's policy toward Poland (government to government aid is suspended, but humanitarian aid is rendered to the Polish people through voluntary organizations with reliable distribution infrastructures). That is, the initiative, which features commodities other than food, fits within the context of humanitarian aid, as all goods will be purchased (by the private sector) and distributed (by the Church) through non-governmental channels. Moreover, the initiative is meant to uphold your belief in the desirability of promoting free market forces in those countries with non-market economies and strengthening private property ownership. Embassy Warsaw has reported, "We welcome the initiative because it conveys the possibility of movement in Polish-American relations -- and because it could strongly reinforce the only large private agricultural sector in Eastern Europe, demonstrate the efficiencies of private agriculture, and assure a more abundant food supply to the Polish people." Lastly, the initiative was conceived prior to the Polish Church's plea for a five-year \$2.02 billion "Poland Recovery Plan" to aid the private sector, but coincides and responds to the Church's proposals.

Objectives: It will in the short-term (a) engender a positive image of American flexibility which would put the Polish government in a "no win" situation, (b) respond to the Polish Church's proposals, (c) make use of U.S.-owned zlotys worth \$28 million, and in the long-term will (a) strengthen the Polish private sector and (b) promote a more moderate domestic Polish policy as a result of strengthened free market forces.

Implementation: It has been suggested that a Presidential Commission be established to spearhead the initiative. It could draw upon the vast expertise in the private sector and could provide a necessary vehicle for mobilizing private sector aid efforts. In fact, this idea has received support from our private sector. The Commission would be comprised of 12 members drawn from the Polish-American community, labor, academia, the Church, farm associations and agricultural industries, with one member serving as a liaison to the European Community. Its functions would include: assessing the current condition and needs of the Polish private sector, devising

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NLS FOO-002#1218

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BY WST NARA, DATE 6/6/06

and implementing an aid program commensurate with donations received from the U.S. private sector and the use of up to \$28 million of our reserve zlotys in Poland, and coordinating the program with similar initiatives undertaken by our Allies.

Reactions to Initiative:

1. U.S. Reaction: Positive. Already, the Polish-American community and various organizations support the program (i.e. Polish-American Congress, American Farm Bureau Federation, Catholic Relief Service, Rockefeller Foundation).

2. Polish People: Enthusiastic. Would view this as a manifestation of continued American interest for their well being.

3. Polish Government: Uncertain. However, most speculate that the government would be forced into a "no win" position and would accept the program. Already, according to the Church's reports, the government has indicated it would not hinder such a Church-initiated and -supported program. However, in the event that the Polish authorities prohibit the usage of our zloty reserves or thwart the initiative, propaganda mileage can be reaped. The USG could suspend the initiative and publicly assert that the Polish government is unwilling to assist its own people.

4. Soviet Government: Negative.

5. Allied Reactions: Positive with some countries; others -- contingent upon how the initiative is presented.

Pros/Cons of the Initiative:

- (Pros)
1. Upholds Administration's policy toward Poland.
 2. Responds to the Polish Church's proposals.
 3. Provides an opportunity to cooperate with our allies.
 4. Is strongly endorsed by the Polish-American community, the Church and various U.S. private sector organizations.
 5. Projects the image of U.S. willingness to explore new ways of tackling the Polish problem without compromising the integrity of our sanctions policy.
 6. Will refocus public attention on what we do support -- the Polish people -- and what we do not support -- the Polish government.
 7. Will reinforce the only large private agricultural sector in Eastern Europe and will demonstrate the efficiencies of private agriculture.
 8. Will be widely visible in Poland and thus, will manifest our support for Solidarity and the Church.

- (Cons)
1. Poland's immediate humanitarian needs cannot be satisfied by a broad long-term economic plan designed to restructure its private agricultural sector.

2. Resources (donations) must come from the private sector. There is no certainty that amounts will be sufficient.
3. Polish authorities would perceive this as Western propaganda and would not allow the scheme to succeed.
4. The use of zlotys does not provide sufficient resources of the right kind.
5. If some resources did reach Polish farmers, some benefits might also be accrued to the State agricultural sector.
6. The allies might misinterpret the initiative.

Options:

1. Reject the proposal entirely.
2. Pursue the initiative through the establishment of a Presidential Commission, preferably with participation by our allies but unilaterally if necessary.
3. Remand the proposal for further staffing:
 - a. the idea of a Presidential Commission be developed further and/or
 - b. a different structure to implement the program be designed.

TALKING POINTS

For the September 30, 1982 NSC Meeting

Issue One: Polish Debt Situation

- Secretary Regan, would you like to introduce this issue?

Issue Two: Polish Private Sector Initiative

Introduction

- The next agenda item is the private sector initiative for Poland. In an attempt to follow up on your guidance for continued humanitarian aid to Poland, a private sector initiative has been developed. It would entail the U.S. private sector assessing the Polish private sector's needs, and developing and implementing a humanitarian aid program through the Polish Church so as to reinforce the only large private agricultural sector in Eastern Europe -- that of Poland. The initiative, which features commodities other than food, fits within the context of humanitarian aid, as all goods will be purchased by the private sector and distributed through the Polish Church. The initiative conforms with the current Administration's policy toward Poland (the suspension of government-to-government aid but the continuation of humanitarian assistance to the Polish people) and thus, should stand and be evaluated on its own merits.
- Today's meeting will focus on the SIG-IEP's assessment of the initiative. Secretary Regan, would you like to provide the SIG's evaluation?

Interim Points

- Objectives of Initiative: (Short-term) Engender a positive image of American flexibility which would put the Polish government in a "no win" situation, respond to the Polish Church's proposals, make use of U.S.-owned zlotys, (long-term) strengthen the Polish private sector and promote a moderate domestic Polish policy as a result of strengthened free market forces.
- Pros of the Initiative:
 1. Upholds the Administration's policy toward Poland
 2. Responds to the Polish Church's proposals
 3. Provides an opportunity to cooperate with our allies
 4. Is strongly endorsed by the Polish-American community

5. Projects the image of U.S. willingness to explore new ways of tackling the Polish problem without compromising the integrity of our sanctions policy
6. Will refocus public attention on what we do support -- the Polish people -- and what we do not support -- the Polish government
7. Will reinforce the only large private agricultural sector in Eastern Europe and will demonstrate the efficiencies of private agriculture
8. Will be widely visible in Poland and thus will manifest our support for Solidarity and the Church

Conclusions:

- Contingent upon the discussion, mention that there are three options for decision:
 - a. Reject the proposal entirely
 - b. Pursue the initiative through the establishment of a Presidential Commission, preferably with participation by our allies but unilaterally if necessary
 - c. Remand the proposal for further staffing:
 - (1) the idea of a Presidential Commission be developed further and/or
 - (2) a different structure to implement the program be designed
- If Option C is endorsed, recommend a 3 week time-frame.

National Security Council
The White House

RECEIVED

Package # 90778

22 SEP 29 P 1: 49

	SEQUENCE TO	HAS SEEN	ACTION
John Poindexter	<u>2</u>	<u>[Signature]</u>	
Bud McFarlane	<u>1</u>	<u>[Signature]</u>	
Jacque Hill	<u>3</u>	<u>[Signature]</u>	
Judge Clark	<u>4</u>	<u>[Signature]</u>	
John Poindexter	<u>5</u>	<u>[Signature]</u>	
Staff Secretary	<u>6</u>		<u>D</u>
Sit Room			

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

DISTRIBUTION

cc: VP Meese Baker Deaver Other _____

COMMENTS

For tomorrow's NSC mtg.

Judge has a copy of the package.
Get to Dan ASAP — Dan
7:05 pm
9/29/78

~~SECRET~~

System II
90778

MEMORANDUM

NATIONAL SECURITY COUNCIL

September 29, 1982

~~SECRET~~

ACTION

SIGNED

MEMORANDUM FOR WILLIAM P. CLARK

FROM: PAULA DOBRIANSKY (M)
SUBJECT: NSC Meeting, September 30, 1982, 11:00 a.m.,
Cabinet Room

There are two agenda items for this meeting:

1. Polish Debt
2. Private Sector Initiative for Poland

Polish Debt

Sec. Regan will report on the results of the SIG-IEP discussion Tuesday on this issue. The U.S. and other government creditors are negotiating the settlement of the 1981 debt, but have not engaged in discussions with the Poles over rescheduling the 1982 debt because our Polish sanctions prohibit this. The SIG-IEP recommends that we do not change U.S. policy at this time.

Private Sector Initiative

On Tuesday, the SIG-IEP recommended that the private sector initiative be remanded for further staffing. This decision seems to be predicated upon a narrow perspective of the initiative. That is, some of the principals were not properly briefed (i.e. they were unaware of the broad domestic support the initiative has received) and thus, recommended further staffing of an initiative they apparently did not understand. There also appeared to be some sentiment to kill the initiative as now defined and replace it with the usual food aid programs to Poland a la CARE and CRS. Therefore, it is necessary to enunciate clearly at the NSC what the initiative is, what are its objectives, and how it fits in with our policies toward Poland. It is also necessary to bring to the fore the pros and cons of the initiative so that they can be fairly weighed and evaluated. Lastly, it must be made clear that even though this is a private sector assistance program, it fits within the context of our humanitarian aid as all goods will be purchased by the private sector and will be distributed by the Church.

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NLRR Foo-002#1220

BY LOT, NARA, DATE 2/22/08

Our recommendation is that the initiative be pursued through the establishment of a Presidential Commission and preferably with participation by our allies, but unilaterally, if necessary. Embassy Warsaw has expressed our sentiment succinctly, "We welcome the initiative because it conveys the possibility of movement in Polish-American relations -- and because it could strongly reinforce the only large private agricultural sector in Eastern Europe, demonstrate the efficiencies of private agriculture and assure a more abundant food supply to the Polish people." Specifically, the initiative will enable the Administration to project an image of U.S. willingness to explore new ways of tackling the Polish problem but without compromising the integrity of our sanctions policy. As Bud stated in an earlier note to me, the initiative will refocus public attention on what we do support -- the Polish people -- and what we do not support -- the Polish government. We have strong indications that the initiative, as structured, would be supported by our allies.

Your talking points for the meeting are at Tab II.

RECOMMENDATION:

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

Approve ✓ Disapprove

Norman Bailey, Henry Nau and Dennis Blair concur.

Attachments

- Tab I Memo to President
- Tab A Agenda
- Tab B Issue/Options Paper
- Tab II Talking Points

NATIONAL SECURITY COUNCIL MEETING:

DATE:

9/30/82
11:00-12:00*
Cabinet Room

SUBJECT:

Polish Debt Situation
Polish Private Sector
Initiative
Latin American Debt
Situation Update

PARTICIPANTS:

The President
State:
Dep Sec Kenneth Dam
Mr. Allen Wallis (Under Sec
for Economic Affairs)
Treasury:
Sec Donald T. Regan
Mr. Marc E. Leland (Asst Sec
for International Affairs)
Defense:
Sec Caspar W. Weinberger
Dr. Fred C. Ikle (Under Sec
for Policy)
Commerce:
Mr. Lionel Olmer (Under Sec
for International Trade)
USUN:
No Representative
USTR:
Mr. Dennis Whitfield (Exec
Asst to the U.S. Trade
Representative)
OMB:
Mr. Joseph Wright (Deputy
Director)
Dr. Alton Keel (Associate Dir
for National Security and
International Affairs)
CIA:
Mr. John McMahon (Deputy
Director)
OPD:
Mr. Edwin Harper
AID:
Mr. M. Peter McPherson
JCS:
General Charles Gabriel (Acting
Chairman, Air Force Chief
of Staff)
White House:
Judge William P. Clark
Mr. Robert C. McFarlane
The Vice President's Office:
Mr. Donald P. Gregg
NSC:
Mr. Norman Bailey
Ms. Paula Dobriansky
Col Michael O. Wheeler
Mr. Alfonso Sapia-Bosch

(*Not sure about exact time.)

DECLASSIFIED

White House Guidelines, August 28, 1997
By CS NARA, Date 1/18/85

MEMORANDUM

NATIONAL SECURITY COUNCIL

~~CONFIDENTIAL~~

September 29, 1982

ACTION

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: MICHAEL O. WHEELER MW

SUBJECT: Attendance List for National Security Council Meeting, September 30, 1982 (U)

The following officials plan to attend the National Security Council Meeting which is scheduled for September 30, 1982, at 11:00 a.m. in the Cabinet Room. (C)

State:

Deputy Secretary Kenneth Dam

Treasury:

Secretary Donald T. Regan
Mr. Marc E. Leland (Assistant Secretary for International Affairs)

Defense:

~~Secretary Caspar W. Weinberger~~
Dr. Fred C. Ikle (Under Secretary for Policy)

Commerce:

~~Secretary Malcolm Baldrige~~ Lionel Ulmer

USUN:

Sending to representative.

USTR:

Mr. Dennis Whitfield (Executive Assistant to the United States Trade Representative - Both the United States Trade Representative and the Deputy are out of town.)

OMB:

Mr. Joseph Wright (Deputy Director)
Dr. Alton Keel (Associate Director for National Security and International Affairs)

CIA:

Mr. John McMahon

OPD:

Mr. Edwin Harper

~~CONFIDENTIAL~~

Declassify on: September 30, 1983

DECLASSIFIED

White House Guidelines, August 28, 1997

By CS NARA, Date 1/18/05

AID:

Mr. M. Peter McPherson

JCS:

General Charles Gabriel (Acting Chairman)

White House:

Mr. Edwin Meese III

Mr. James A. Baker III

Mr. Michael K. Deaver

Judge William P. Clark

Mr. Richard G. Darman

Mr. Robert C. McFarlane

~~Admiral John M. Poindexter~~

The Vice President's Office:

Mr. Donald P. Gregg (Both the Vice President and Admiral Murphy will be unable to attend because they will be out of town.)

NSC:

Mr. Norman Bailey

Ms. Paula Dobriansky

Col Michael O. Wheeler

Mr. Roger Fontaine

Mr. Alfonso Sapia-Bosch

Approved _____ As Amended _____

Attached is a proposed seating plan for this meeting. (U)

THE CABINET ROOM

Keel

Whitfield

locally

Poindexter

Ikle

Darman

Harper Wright

Dam

President

Weinberger Baldrige

Gabriel

McMahon

Clark

Regan

Meese

Baker

~~Deaver~~

Gregg

McFarlane

Leland

Bailey

Dobriansky

Wheeler

DOOR

MEMORANDUM

NATIONAL SECURITY COUNCIL

~~CONFIDENTIAL~~

September 29, 1982

ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: MICHAEL O. WHEELER *uw*

SUBJECT: List of Invitees to the National Security Council Meeting, September 30, 1982 (U)

The following is the proposed revised list of invitees for the National Security Council Meeting, September 30, on (1) Polish Official Debt and (2) Polish Private Sector Initiative. *let*

The Vice President
State
Treasury
Defense
Commerce
CIA
OMB
USUN
USTR
JCS
OPD

AID (Added at Norman Bailey's request -- McPherson is preparing a paper on total and private aid to Poland.)

Meese
Baker
Deaver
Clark
McFarlane
Darman
Poindexter

NSC: Bailey
Dobriansky
Wheeler

Unless agreements have been struck by the West Wing to let them attend, we intend to call Justice, Interior, Transportation, and Energy this afternoon at 4:00 p.m. and withdraw their invitations which were issued initially for the item which now has been dropped from the agenda. *(C)*

ok RCM

~~CONFIDENTIAL~~

Declassify on: OADR

DECLASSIFIED

White House Guidelines, August 28, 1997

By *CV* NARA, Date *1/18/05*

MEMORANDUM

NATIONAL SECURITY COUNCIL

September 24, 1982

~~CONFIDENTIAL~~

ACTION

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: MICHAEL O. WHEELER *MW*

SUBJECT: Proposed List of Invitees for NSC Meeting (U)

The following is the proposed list of invitees for the NSC Meeting on: (1) Polish Official Debt; (2) Polish Private Sector Initiative; and (3) Alternative Energies Studies; which is scheduled for Thursday, September 30, 1982, at 11:00 a.m. in the Cabinet Room. *(e)*

The Vice President

State - *Sheila*

Treasury

Defense

Justice

Commerce

Energy

Transportation *Secretary James Watt
Andrew Lewis*

CIA

OMB *CFD*

USUN

USTR

JCS

Meese
Baker
Deaver
Darman

NSC: Martin
Dobriansky
Bailey
Wheeler

Approved *[Signature]* As Amended *[Signature]*

~~CONFIDENTIAL~~

Declassify on: OADR

DECLASSIFIED
White House Guidelines, August 28, 1997
By *CH* NARA, Date *1/18/05*

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL MEETING

SEPTEMBER 30, 1982

A G E N D A

1. Polish Debt Situation Regan

2. Polish Private Sector Initiative Regan
(discussion of options)

3. Latin America Debt Situation Update Regan

~~CONFIDENTIAL~~
Declassify On: OADR

DECLASSIFIED
NLS F00-002#1221
BY LOT, NARA, DATE 6/6/06

~~SECRET~~

NSC Meeting
9/30/82

UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ENCLOSURE(S)

C. 1/11/05

~~SECRET~~

SECRET

DECLASSIFIED

NLRR FOO-002#1722

BY MS, NARA, DATE 2/22/08

WPC - opening remarks

Sec Regan - ① Polish Debt Situation - overview situation
- aren't getting money from '81 - meet w/
them, but what to then do about '82 - we
are not going to discuss '82

Weinberger - we can't control our banks
Regan - they know the situation

Pres - we suffer, don't we, if we declare them in default

Sec Regan - ② Polish Private Sector Initiative - SIGIEP referred
proposal back to IG - don't want to proceed
unless allies will support us

Pres - I understand the private sector ... what is the Church's
ability to bypass the government?

McPherson - would help private farmers, but unlikely to help productivity

Dam - govt participation is the question - Glemp's visit
(13-15 Oct) solely pastoral, so the timing may not
be a problem

Weinberger - my concern is that if USG is perceived as
sponsoring something which helps the Polish govt,
we'll be seen as not standing firm

Ulmer - Baldrige's concern is that we consult w/ allies

McMahon - Polish govt has stranglehold on farms

Pres - if we say no to the Pres. Commission, are we blocking the private sector from doing something

Regan - no... only that we are not sponsoring it

Clark - 3 options (1) ^(Commission) accept (2) reject (3) ^(further study) demand

Weinberger - meanwhile, food aid - through Church - will go on

Pres - we could expect a private sector initiative to go forward

~~WPC - efforts going on now... Paula?~~ WPC - efforts going on now... Paula?

Paula - yes, but not centralized

Pres - option to reject then

WPC - turn to 3rd item

Regan - [pass out papers] - overview foreign debt ... increase in IMF quotas, ... we've suggested

bargaining arrangement — ^{IMF} fund reasonably well positioned to meet emergencies between now and next April — Brazil is in real trouble ... Chile's in bad shape ... Cuba (keep a hand in — guide allies) ... Mexico — speech on Friday — Peru still very bad shape — Venezuela still has external reserves

WPC — any questions

Pres — (joke)

WPC — concludes (1130)

Weinberger — 3 marines stepped on mine

WPC — one other item

Ulmer — AEG ships this aft — we've prepared TDO

~~CONFIDENTIAL~~

TREASURY DEPARTMENT

Latin American Situation

September 29, 1982

Growing international concern about the ability of various countries to service their debt has increased the difficulty of a number of Latin American countries to obtain necessary foreign financing during the remainder of this year and in 1983. Many Latin American countries are trying to distance themselves from the financial problems of Argentina, Mexico and Poland, but general international concern is taking its toll.

ARGENTINA

Argentina is in the midst of a severe short-term liquidity crisis and requires at least \$1 billion in new external finance to remain liquid over the next 30-60 days. It also needs to restructure its debt (\$39 billion, including \$2.3 billion in arrears) and has begun to talk to an advisory group of banks.

Argentina is negotiating a one-year IMF standby, which will make it easier for bankers to agree to a refinancing of Argentina's debt in order to lengthen the maturity structure. Negotiation with the IMF and with the banks may be difficult and protracted. Argentina's medium-term balance of payments outlook remains basically sound.

BOLIVIA

Bolivia failed to make a \$10 million payment due on September 10 to a consortium under the terms of its informal April 1981 rescheduling agreement. Additional payments of \$40 million were missed over the following few days. Bolivia has had chronic debt problems while it has been negotiating on-and-off with the IMF for a stabilization program since 1980. Although Bolivia's debt is large for the size of the country, it is not a large player on the international debt scene.

BRAZIL

Brazilian access to external credit dried up in September, as creditor anxiety in response to the Mexican situation and a lack of Brazilian progress in controlling inflation and the current account deficit took their toll. GOB officials claim that European, Japanese and regional U.S. banks have halted all new lending to Brazil. Planning Minister Delfim Netto met with bankers in New York during the week of September 27 to try to convince them that Brazil has strengthened its adjustment program and will be reducing its financing needs.

DECLASSIFIED

NLRR F00-002 #1723

BY CIL NARA DATE 7/18/08

~~CONFIDENTIAL~~

Classified by D.C. Templeman
 Declassify Review for
Declassification on 9-29-88

Brazil must raise about \$4 billion in medium and long-term external credits during the remainder of this year, even if maturing debts are all rolled over. The current account deficit in 1982 will exceed \$10 billion for the fourth straight year. Brazil will face serious balance of payments financing problems in 1983 unless a more realistic exchange rate policy is adopted in conjunction with sounder fiscal and monetary policies.

In late 1980 Brazil faced a similar lack of foreign bank confidence. Brazil took stabilization measures which reversed the situation. There is general confidence in Brazilian economic management, and the Brazilians indicate that they will take the steps needed to strengthen their position.

CHILE

Chile's economic policies are market-oriented and basically sound. Major adjustments in policies were made at mid-year. However, Chile has been hit hard by the fall in copper prices. It also has a rather large amount of debt relative to GDP. External payment problems are not expected in 1982, but the situation will worsen in 1983 if world economic recovery is weak. The GOC is seeking a \$500 million 2-year IMF standby and a \$300 million Compensatory Financing Facility drawing.

CUBA

Since late August, Cuban officials have been seeking debt relief from both private and public creditors holding medium and long term convertible currency debt. It has proposed the rescheduling of \$1.3 billion in principal repayments falling due between September 1982 and the end of 1985.

Exposure of U.S. banks is negligible. The U.S.G. carries \$83 million in repudiated debt on its books. Although the U.S. does not have active credits outstanding it has sought agreement from Paris Club members for applying standard Paris Club procedures and limiting the amount of debt relief extended. The U.S. anticipates being an observer at future talks.

MEXICO

The Mexican financial situation remains precarious, but is reasonably on track. Mexico needs to agree as quickly as possible to a sound IMF stabilization program. An IMF team is in Mexico now. Commercial banks' willingness to roll over debt coming due beyond the 90-day period ending November 21, to provide new money (discussions center around \$500 million to \$1 billion), and to restructure debt to lengthen maturities depends on progress toward an IMF program. The bankers are assessing Mexico's cash needs now. In the meantime, Mexico has access to \$1.85 billion (half U.S.) in central bank credit via the BIS, assuming it continues to make progress on IMF negotiations.

PERU

Peru has had debt problems in the past and still has a high level of debt, but it has generally managed its debt well. Low commodity prices have hurt. Notwithstanding economic deterioration in 1981-82, payments difficulties are not expected in 1982. Peru already has an IMF program totalling nearly \$1 billion from 1982-1985.

VENEZUELA

Despite high levels of international reserves (\$12 billion excluding gold but including "called in" reserves of state agencies at mid-September 1982), Venezuela's creditworthiness is eroding. Venezuela's efforts to restructure its public external debt (about \$25 billion) will be difficult and sharply higher spreads are probable.

Venezuela's exchange rate has been overvalued for a number of years, but Venezuela has been helped by oil price rises and an accumulation of reserves. Nonetheless, it has built up substantial debt, much of which is short-term. Still, Venezuela is in little immediate danger of experiencing payments difficulties in the near term.

REQUEST FOR APPOINTMENTS

To: Officer-in-charge
Appointments Center
Room 060, OEOB

Please admit the following appointments on Thursday September 30, 1982

for JUDGE WILLIAM P. CLARK of WHITE HOUSE
(NAME OF PERSON TO BE VISITED) (AGENCY)

24

THE PRESIDENT

Mr. Donald P. Gregg

State:
Deputy Secretary Kenneth Dam

Treasury:
Secretary Donald T. Regan
Mr. Marc E. Leland

Defense:
~~Secretary Caspar W. Weinberger~~
Dr. Fred C. Ikle

Commerce:
~~Secretary Malcolm Baldrige~~

USUN:
sending no representative

USTR:
Mr. Dennis Whitfield

OMB:
Mr. Joseph Wright
Dr. Alton Keel

CIA:
Mr. John McMahan

MEETING LOCATION

Building White House

Room No. Cabinet Room

Time of Meeting 11AM

OPD:
Mr. Edwin Harper

AID:
Mr. M. Peter McPherson

JCS:
General Charles Gabriel

WH:
Mr. Edwin Meese, III
Mr. James A. Baker, III
~~Mr. Michael Deaver (not attending)~~
Judge William P. Clark
Mr. Richard G. Darman
Mr. Robert C. McFarlane
~~Admiral John M. Poindexter~~

NSC:
Mr. Norman Bailey
Ms. Paula Dobriansky
Col Michael O. Wheeler
~~Mr. Roger Fontaine~~
Mr. Alfonso Sapia-Bosch

Requested by Donna Moore

Room No. 372 Telephone 3044

Date of request September 29, 1982

Additions and/or changes made by telephone should be limited to three (3) names or less.

APPOINTMENTS CENTER: SIG/OEOB - 395-6046 or WHITE HOUSE - 456-6742

MEMORANDUM

NATIONAL SECURITY COUNCIL

September 24, 1982

CONFIDENTIAL

ACTION

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: MICHAEL O. WHEELER MW

SUBJECT: Proposed List of Invitees for NSC Meeting (U)

Dropped last item from agenda.

The following is the proposed list of invitees for the NSC Meeting on: (1) Polish Official Debt; (2) Polish Private Sector Initiative; and (3) Alternative Energies Studies; which is scheduled for Thursday, September 30, 1982, at 11:00 a.m. in the Cabinet Room.

- The Vice President - *Mary Anne - Gage - V.P. of ...*
- State - *Shelby - Sheila*
- Treasury - *Teresa - Teresa*
- Defense - *695 6064 Rich Higgins - Higgins - (Interior 243-7351 (Carmel) Archie Lewis)*
- Justice - *622-... Kelly - Kelly - Harper OPD - (Emily)*
- Commerce - *377-2112 - Helen Helen*
- Energy - *252-53 - Vitala's Sec. Betty Williams*
- Transportation - *426-4277 (Sarah) Secretary Jones West*
- CIA - *Anne - Anne McMahon (Anne)*
- OMB - *Diana*
- USUN - *Jackie - Mary Kirkpatrick not attending*
- USTR - *3204 - (Jane Russell) - Dennis Whitfield*
- JCS - *Sgt Orr Charles Gabriel - Maj Stanley*
- Meese - *2233 Valerie*
- Baker - *6797*
- Deaver - *6473*
- Darman - *Sarah*
- NSC: *Martin - himself*
- Dobriansky - Mrs. herself*
- Bailey - Pat*
- Wheeler - hi himself*

Approved _____ As Amended _____

CONFIDENTIAL

Declassify on: OADR

~~SECRET~~

NATIONAL SECURITY COUNCIL MEETING

DATE, TIME AND PLACE: September 30, 1982, 11:00 a.m.,
Cabinet Room

SUBJECT: NSC Meeting regarding the Polish Debt,
the Private Sector Initiative for Poland,
and the Latin American Debt (C)

PARTICIPANTS:

The President

CIA:
Mr. John McMahon

Vice President's Office:
Mr. Donald P. Gregg

OPD:
Mr. Edwin Harper

State:
Deputy Secretary Kenneth Dam
Mr. Allen Wallis

AID:
Mr. M. Peter McPherson

Treasury:
Secretary Donald T. Regan
Mr. Marc E. Leland

JCS:
General Charles Gabriel
White House:
Judge William P. Clark
Mr. Robert C. McFarlane

Defense:
Secretary Caspar W. Weinberger
Dr. Fred C. Ikle

NSC:
Mr. Norman Bailey
Ms. Paula Dobriansky
Col Michael O. Wheeler
Mr. Alfonso Sapia-Bosch

Commerce:
Under Secretary Lionel Olmer

USTR:
Mr. Dennis Whitfield

OMB:
Mr. Joseph Wright
Dr. Alton Keel

DECLASSIFIED

NLRR FOI-002# 177#
BY [signature], NARA, DATE 2/22/08

Minutes

Judge Clark asked Secretary Regan to introduce the first agenda item, the Polish debt. (C)

Secretary Regan mentioned that the private banks have reached agreement on the Polish debt. The last meeting of the official creditors was in late October 1981. Recently, it has been agreed to hold a meeting with the official creditors in late October or early November of this year, to discuss the Polish debt. The Secretary added that there has been considerable pressure from our allies for 1982 debt rescheduling, but we have imposed sanctions on the 1982 rescheduling meetings. (C)

Secretary Weinberger inquired if we could do anything about the private banks. (C)

In response, Secretary Regan asserted that there exists a country limit on these loans. (C)

The President then mentioned that if we declared the Poles in default, this would not only hurt us but the banks. (C)

~~SECRET~~

At this time, Judge Clark asked Secretary Regan to introduce the second agenda item, the Private Sector Initiative for Poland. (S)

The Secretary began by stating that the Private Sector Initiative is intended to strengthen private sector forces in Poland with emphasis on the agricultural sector. He reported that the SIG-IEP which had reviewed the initiative, had questioned whether the proposal constitutes humanitarian assistance, to what extent it would entail negotiations with Polish authorities and how would the allies react. He mentioned that given the current situation in Poland, the SIG-IEP recommended that the proposal not be made at this time. Instead, it should first be discussed with the Allies and be referred back to the IG-IEP for further study. (S)

The President asked if this proposal would entail essentially private sector support for the Polish private sector. He also asked what is the record of the Church in forwarding and distributing commodities to the intended recipients. (S)

AID Administrator McPherson replied that the Church's record of distributing humanitarian aid is quite good. However, he added that the Polish government does interfere with the private markets. (S)

Deputy Secretary Dam recommended that a clear explanation of U.S. government involvement is needed. He then asked if Primate Glemp's visit to the United States is purely pastoral. (S)

Judge Clark responded yes. (S)

Secretary Weinberger remarked that if the United States government is perceived as the sponsor of any endeavor which might help the Polish government, our allies might conclude that we are not firm about our sanctions. He argued that our private sector can and should be encouraged to assist the Polish private sector, but without any U.S. government involvement. (S)

Under Secretary Olmer conveyed that Secretary Baldrige believes that even though this is a private sector program, it should be discussed further with our allies. (S)

Edwin Harper concurred with the remarks made by Secretary Weinberger and Kenneth Dam. (S)

John McMahon also remarked that the Polish government has control over the quotas and resources accessible to the Polish private farmers. (S)

At this time, President Reagan asked if all these comments signify that we should not pursue the private sector program. (S)

Secretary Regan replied that the private sector can do what it wants to assist the Polish private sector, but there should be no U.S. government involvement. (S)

Judge Clark proceeded to clarify the options: reject the proposal, accept the program or remand it for further staffing. (S)

The President asked that if the initiative was not endorsed, would the private sector efforts still continue. (S)

Paula Dobriansky (NSC Staff Member) responded that it is quite unlikely. She stated that there are small scale private efforts under way in the United States but there does not exist a single organization which could pool together all these efforts. (S)

The President decided to pursue option number one--to reject the proposal. (S)

Judge Clark asked Secretary Regan to introduce the third agenda item, the Latin American debt. (S)

Secretary Regan stated that the Eastern Bloc and the Latin American countries have heavily overborrowed. He distributed a background paper on Latin America's financial situation and proceeded to explain the Latin American dimension. He indicated that domestic adjustment will be necessary and noted the problems associated with an increase in the IMF quotas. He specifically referred to the suggestion of an IMF borrowing arrangement in the case of a systemic crisis. The Secretary also mentioned that the balance between quota increases and borrowing authority: \$30-35 billion IMF undisbursed, \$20-25 billion they can tap. He stated that Venezuela has a \$25 billion external debt. Hence, what happened to both Mexico and Brazil is now happening to Venezuela. (S)

At the conclusion of the meeting, Under Secretary Olmer added that AEG-Kanis will ship gas turbines to the Soviet Union in the afternoon, September 30. When official confirmation has been received, penalties will be imposed. (S)