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WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name BAILEY, NORMAN: FILES

Withdrawer

SMF 3/8/2010

File Folder EAST-WEST TRADE [06/25/1982-06/30/1982]

FOIA

F99-078/3

Box Number 5

ZUBER

32

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
86693	MEMCON	MINUTES OF 6/24/82 MEETING ON EXPORT CONTROLS	6	6/24/1982	B1
86696	CABLE	RE EMBARGOED EQUIPMENT AND TECHNOLOGY	4	7/7/1982	B1 B3
86694	MEMO	CLARK TO THE PRESIDENT RE THATCHER'S MESSAGE	1	ND	B1
86697	LETTER	DRAFT RR TO THATCHER	3	ND	B1
86695	CABLE	MESSAGE FROM THATCHER TO RR	2	6/25/1982	B1

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

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

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]

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~~SECRET~~

cc to Mr. Bailey
11

MEMORANDUM

4558

NATIONAL SECURITY COUNCIL

June 29, 1982

~~SECRET~~

S-W T.

ACTION

MEMORANDUM FOR WILLIAM P. CLARK

FROM: ROGER W. ROBINSON *RWR*

SUBJECT: Reply to Prime Minister Thatcher's
Message to the President Regarding John
Brown Engineering and the December 29
Sanctions

Prime Minister Thatcher has sent the President a message
(Tab B) regarding John Brown Engineering and the
December 29 sanctions. A memorandum from you to the
President forwarding a suggested reply (Tab A) is at
Tab I.

RECOMMENDATION:

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

Approve _____ Disapprove _____

Jim Rentschler and Norman Bailey concur.

Attachments

Tab I Memo to President
Tab A Reply to Thatcher
Tab B Message from Thatcher

cc: Norman Bailey

DECLASSIFIED
Sec. 3.4(b), E.O. 12958, as amended
White House Guidelines, Sept. 11, 2006
BY NARA *AM*, DATE *3/8/12*

~~SECRET~~

Review June 29, 1988

~~SECRET~~

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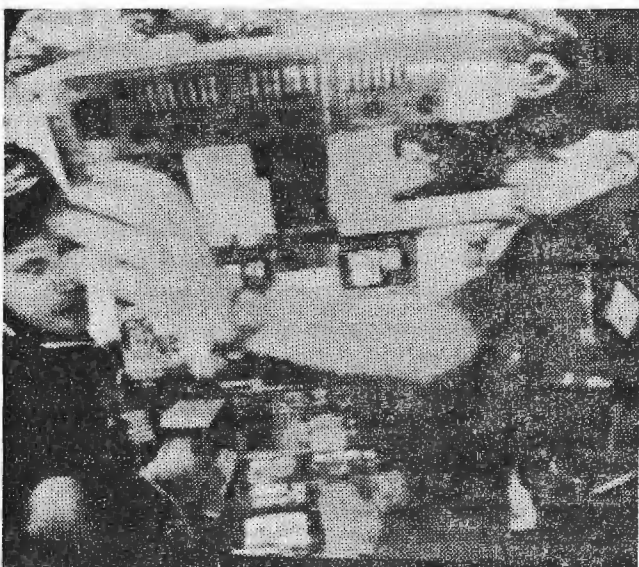
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United Press International from NASA TV

Astronaut Henry W. Hartsfield, right, reaches back to turn the television camera as astronaut Thomas K. (Ken) Mattingly looks on during telecast from space shuttle.

Astronauts Operating Battery of Instruments In Secret Experiments

By Thomas O'Toole
Washington Post Staff Writer

HOUSTON, June 28—Shuttle astronauts Thomas K. (Ken) Mattingly and Henry W. Hartsfield today conducted what almost surely were the first secret military experiments operated aboard a manned U.S. spacecraft in earth orbit.

Mattingly and Hartsfield operated a battery of U.S. Air Force instruments in the cargo bay of the space shuttle Columbia. Included were a supersecret infrared telescope to follow the engine exhausts of missiles and aircraft on the earth and a space sextant and ultraviolet horizon scanner for navigational use on future spy satellites.

Even as Mattingly and Hartsfield were operating the secret instruments, four Soviet cosmonauts and a Frenchman were circling the earth in a 20-ton Soviet space station named Salyut-7 on one of those rare occasions when Soviet cosmonauts and

No fewer than five times today, Mattingly and Hartsfield were called from the Air Force Control Center in Sunnyvale, Calif., and told how to operate the 2,000 pounds of Air Force instruments suspended from a trussed-up pallet in the cargo bay.

At most times, the conversations between the astronauts and the "paycom" (payload communicators) in Sunnyvale, who were never identified, sounded like gibberish involving nothing more than the reading of dials and setting of switches to operate the instruments.

The conversations, however, indicated that the Air Force instruments were being operated in daylight and darkness around the entire earth. Once, Mattingly and Hartsfield were told to turn on the secret instruments over Australia and another time over the South Atlantic.

As expected, the astronauts did not televise to earth a view of the cargo bay holding the instruments.

The Heyday Has Ended for Ohio Farmers

By Ward Sinclair
Washington Post Staff Writer

CIRCLEVILLE, Ohio, June 28—Things were at such a pass, with ruinous weather in 1980 and 1981 and depressed grain prices this year, that farmer Larry Sheets decided he was worth more dead than alive.

Sheets, a bearded man in his early 40s, took out his gun and contemplated suicide last spring as he felt the financial walls close in on him. He figured his family might find an easier way out of the morass if he were gone.

He didn't complete the deed, but the money problem on his 1,500-acre farm hasn't gone away.

"I owe about \$1 million," he said recently. "I figure I'm worth \$1 million dead and I knew the wife and three kids could pay out. . . It's just that tense. A very tense situation."

Publicly, at least, most farmers in Central Ohio's Pickaway County don't bare their souls with such candor. But there is no mistaking their unease and rancor. It is as though a great agricultural sleigh ride, typified by the easy money and farm expansion of recent years, has come to an abrupt end with few prepared to cope.

Ohio's farm economy is in precarious condition, as it is in virtually every other state, but farmers and businessmen fear the worst is yet to come—massive farm foreclosures, small-business collapses, paper millionaires wiped out.

Even Secretary of Agriculture John R. Block, while echoing the administration line of better times, has been conceding recently that some of today's financially strapped farmers won't be around in 1983.

"What you're seeing here is the tip of the iceberg," said Paul Corson, head of the local Farmers Home Administration office. "The loan delinquency rate probably has quadrupled over the last couple years in the three counties we serve. . . If we have a good year, if prices bump up a little bit, I could see delinquencies getting to a manageable level."

National farm organizations routinely describe the current situation

Low Prices, High Interest Leave Most Hanging On for Dear Life

That would be bad enough in any U.S. farm county, but it's disastrous in a place like Pickaway, coming on the heels of the weather-stricken 1980 and 1981 crops. This is one of Ohio's premier farm counties, with about 250,000 acres in corn, soybeans and wheat. When the farm economy sags, everyone feels it.

The Department of Agriculture in 1980 spent \$1.2 million in hail-damage disaster payments here; last year, they paid \$1.5 million in disaster aid because crop yields were low. Through May 31, the Farmers Home Administration (FmHA) had made 97 emergency loans for \$3.3 million.

Ray Noecker, who farms 600 acres and raises cattle and hogs near here, is nervous about the situation, but he is better off than most of his fellow farmers who rely entirely on grain production for their income.

"The bad weather we've had the last two years can wipe out 10 years of savings in a hurry," he said. "People knew the wheel was squeaking, but they didn't know the bearing was dry."

Net farm income last year hit its lowest point in 49 years, and farm experts see it dropping even more this year as the economy remains sluggish.

But saving has little real meaning to a young farmer like Bob Minshall, 24. Like most other farmers his age, he has none. And he has little prospect of having any, given the current economic situation.

"I began in 1976 with hogs," he said. "Then I bought a tractor and things went pretty good, to where I now own 130 acres out of the 800 I'm farming. But then we had the

For every Larry Sheets or Bob Minshall who is strapped, the pinch becomes a little more acute for the community's agribusiness: less equipment sold and serviced, less fuel and fertilizer and pesticide sold.

Dick Gaib was one who couldn't roll with the punches. He had management problems, he acknowledged, but the general economy was so rocky that he closed his Case implement dealership in March and filed for bankruptcy.

"I think all of this goes back to Jimmy Carter's embargo. Profits and incentives were there in 1980, but it's been downhill ever since," Gaib said. "We saw [supply] prices increasing between 2 to 6 percent every few months, with everyone passing it on to the farmer. The farmer has no way of passing it on."

In the last year, at least a dozen implement dealers have closed their doors in Ohio. Don Hill, Circleville's third-generation International Harvester dealer, remains in business but things are shaky.

His parent company is flirting with bankruptcy and his implement sales are almost nonexistent. He lost money for the first time in 1980 and expects to be in the red again this year, but Hill somehow remains philosophical.

"This didn't happen overnight," he said, "and those who are prepared are going to survive. . . I personally feel it's good that we go through some times like this. . . In the early 1970s, we sold equipment as fast as we could get it—and we spent as fast as we could. A good dealership can survive on parts and service. . . if we cut expenses, we'll survive."

That provides little succor to area farmers who are under the figurative gun, heavily burdened with land and equipment debt acquired during the booming 1970s, when it appeared to many that grain prices and demand would stay high forever and every dirt farmer could own a top-of-the-line John Deere tractor.

As in other parts of the country,

Theoretically, less production would draw down the granary and boost prices. But here in Pickaway County, less than a tenth of the acreage base has been signed into the program, making the vicious circle complete.

Continuing high levels of production mean continuing high stocks of grains, which mean continuing low prices and the potential for huge federal subsidy payments to farmers.

Problems here are exacerbated by sharply tightened lending policies of the farm credit system and loan-processing delays and puzzling rejections by FmHA, all of which have created deep resentment among farmers accustomed to getting loans with few questions asked.

John D. Adkins, an attorney who handles financial matters for farmers, is as perturbed as his clients. "You simply can't figure out the philosophy of these lending institutions. . . If the farm credit system is going to drive out all the young, heavily leveraged farmers—and I think it is happening—we'll end up with corporate farms and there will be an entirely new power structure in the country."

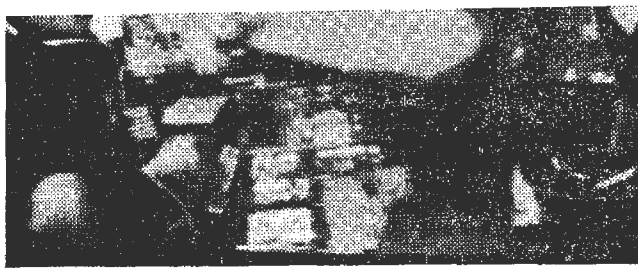
Men like Don Humphrey, the biggest fertilizer dealer in Pickaway and a dozen surrounding counties, find their businesses, in effect, have become lending institutions.

Humphrey estimated that 15 percent of his firm's 5,500 regular customers this year have given him a mortgage on their 1982 grain crop in return for the fertilizer and chemicals they needed to get the crop in the ground.

"We now extend terms or help them find credit or we just don't sell to them," Humphrey said.

"We take a mortgage on the crop with the inputs we have provided if the banks or Production Credit Association or FmHA won't handle them. We charge interest, but then, we have to borrow at the prime rate, plus."

One of Humphrey's old-line customers, Eugene Patrick, head of the local chapter of the National Farmers Union, is still battling with FmHA over a loan application to finance his operations this year.



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Even as Mattingly and Hartsfield were operating the secret instruments, four Soviet cosmonauts and a Frenchman were circling the earth in a 20-ton Soviet space station named Salyut-7 on one of those rare occasions when Soviet cosmonauts and U.S. astronauts are in space at the same time.

Although in orbit together, the two crews are usually half a world apart and never come any closer to each other than 6,000 miles; Columbia is in an orbit inclined 28 degrees to the earth's equator while Salyut-7 is inclined 51 degrees to the equator, and their paths are so different that the two crews will never see each other's brightly lit spacecraft even in the dark of night.

As happened with the last two shuttle crews, at least one member of this fourth crew did not pass his first day in space without suffering space-sickness.

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As expected, the astronauts did not televise to earth a view of the cargo bay holding the instruments. Instead, they televised a mundane scene inside the cockpit and showed off a device called an electrophoresis instrument. That is a laboratory model of what is hoped will be a pharmaceutical factory in space and is flying aboard Columbia for the first time.

Instead of using the camera on the end of the 50-foot robot arm in the cargo bay to televise what they were seeing on the earth the way other shuttle crews have done, Mattingly and Hartsfield gave only oral descriptions of what they saw from space.

"Do you guys believe we can look straight down and see the launch

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National farm organizations routinely describe the current situation as a depression. Implement dealers and farm suppliers have shut down, or edged closer to it, in many areas. The Reagan White House pleads for time and forbearance. A badly divided Congress is unable to offer much more hope to farmers.

How deep the hurt will run is the imponderable in this bleak panorama. The prelude to today's distress is three straight years of declining farm prices, high inflation and interest rates. Net farm income last year hit its lowest point in 49 years, and farm experts see it dropping even more this year as the economy remains sluggish.

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"I began in 1976 with hogs," he said. "Then I bought a tractor and things went pretty good, to where I now own 130 acres out of the 800 I'm farming. But then we had the grain embargo on the Soviet Union in 1980, and then the hail, and the drought and I am right behind the eight-ball. I owe about \$500,000 now."

After dickering with FmHA all winter, Minshall got a 1982 operating loan in return for a second mortgage on his farm. "I got the approval on April 23 and I was planting on April 24. That's how close to the edge I am," he said.

Minshall knows that unless prices turn up sharply or he produces a mammoth crop, or both, he may not be farming next year. "What are the young farmers going to do?" he asked rhetorically.

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As in other parts of the country, credit here is tight, interest rates remain high and land values are falling. Commodity prices continue at depressed levels (a bushel of corn, for example, brings about a dollar less now than it did a year ago) and exports have slumped.

To meet their rising costs and offset falling prices, farmers are producing more. Whopper wheat, corn and soybean crops are in view, even though the Department of Agriculture is running a much-criticized voluntary program to get cropland out of production.

grams, which mean continuing low prices and the potential for huge federal subsidy payments to farmers.

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One of Humphrey's old-line customers, Eugene Patrick, head of the local chapter of the National Farmers Union, is still battling with FmHA over a loan application to finance his operations this year. Meanwhile, with Humphrey's help, he got his crop in the ground and mortgaged it back to Humphrey.

Patrick is moderately optimistic—he has to be to stay sane, he said—but he worries about his neighbors and friends like Larry Sheets, who walk the narrow edge of desperation almost every day.

"The highly leveraged farmers are carrying high insurance on themselves," Patrick said. "You hate to think you'd have to kill yourself to save the family farm."

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