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NATIONAL SECURITY STUDY
DIRECTIVE NUMBER 3-83

U.S. APPROACH TO THE INTERNATIONAL DEBT PROBLEM (S) u

Introduction

This National Security Study Directive establishes guidelines for a review of the U.S. approach to the international debt problem. The current international economic environment and financing constraints are requiring substantial economic adjustments by borrowing countries, entailing in part reductions in the pace of economic growth, and inhibiting their ability to adjust through export expansion. The consequences and management of the current world financial situation affect other areas of critical concern to the United States and other industrialized democracies, including the international trading system, economic recovery and employment prospects and international political stability. The review should take as its starting point the analysis and strategy developed under the auspices of the SIG-IEP and should utilize the following guidelines for further analysis and consideration of alternative or additional management and policy responses by the United States. (S) u

Scope

The NSSD will cover the following topics:

- I. Dimensions of the Debt Situation and the U.S. Approach to Resolving It
- II. Implications of the Debt Situation for International Trade and Trade Policy
- III. Effects on U.S. Domestic Economy
 - Employment
 - Non-inflationary growth
- IV. Macroeconomic Considerations
 - The implications of the debt situation for U.S. and world recovery.

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- The implications of alternative world growth results for the debt situation.

V. Political and Security Considerations

VI. The U.S. Policy Response

- Adequacy of the present strategy
- Alternative or additional measures
- Administration/management questions
- Public affairs/legislative questions (S) u

Administration

The review will be conducted by an interagency group, composed of representatives of the members of the SIG-IEP, responsible for existing interagency work on the debt situation, utilizing the working groups already established in the areas listed above and such other working groups as may be necessary. The interagency group will report to the SIG-IEP, whose Chairman will be responsible for scheduling and management of the review. (S) u

The review, with recommendations, should be forwarded to the Assistant to the President for National Security Affairs no later than April 15, 1983, for review and decision by the President. (U)

Ronald Reagan

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