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To: mls lt jf bfp dr jg gp lh dxb dcb jwm rak pa pgh dlb daw RSD BK

From: sjf and bk

- The following comes from a breakfast interview about the Williamsburg summit with Henry Nau of the National Security Council staff.
- According to Nau, President Reagan's principle initiative at Williamsburg will be to move the industrial nations a step closer to a new round of multilateral trade negotiations before the end of the decade.

Reagan will be using the trade issue as a foil against European pressure for lower budget deficits in the United States. 'If they want a conflict on budget deficits and interest rates, they'll get a conflict on trade. We will not push on trade and inflation, if they don't push on budget deficits and interest rates.'

The U.S. will continue to emphasize that the recovery is underway and try to allay fears that it's going to be atcrted by big deficits. 'Things are improving more rapidly in this country than in any other. I don't think the fact that there are some continuing problems with the recovery will overshadow the fact of the recovery.'

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of the issues, 'says Nau.

Thus the outcome could be pretty dull, unless Mitterand makes a scene. 'These are rountine events now,' says Nau.'We have them whether we need them or we don't need them. This administration does not view summits as a forum for big decisions. Their just like Mt. Everest. You climb them because they are there.'

Even though Reagan's performance at the summit will undoubtedly shape the domestic view of him as a world leader, Nau says the President will resist the temptation to grandstand. One reason is that President is not an expert on these issues. 'Re (Reagan) is not a quick study, but he is a thorough study. When he gets ahold of an issue, he doesn't let it go. But he is not a summit person like Richard Nixon was.'

<u>Growth</u>. We'll be in as weak a position on that issue (deficits) as France will be on inflation, 'concedes Nau.

'The Europeans say they are paying for our budget deficit in high interest rates. But Mitterand would like us to pay for his inflation by intervention.'

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Nau suggests that the impact of high deficits is overrated.
He suggests the upcoming presidential election could create
as much uncertainty as the deficits. 'The only deficits
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He also emphasizes the stimulative nature of the current deficit, which he admits is a Keynsian view. 'To restrain cur spending new would restrain the recovery.'

Trade. The actions of the Japanese Diet yesterday will help soften criticism of Japan on trade. (Japan always seems to ease up slightly on trade barriers right before every summit.) But Nau views Europe as a bigger threat to free trade than Japan. He says the Europeans want to negotiate shares of the markets. 'At least we know where Japanese trade policy is headed, although very slowly. We do not know where the EC is going on trade. That's why we're emphasizing trade. If we had to negotiate a share of the rarket, the alliance wouldn't last 18 months.'

'This year I would hope for some chipping away at the trade issue,' say Nau. What Reagan will be seeking is a 'reaffirmation that we will move forward in this decade to reopen our markets—a signal that we will have a new round of trade negotiations in this decade.'

On the subject of trade with Third World nations, Nau says the finance ministers recently agreed to a strategy through the IMF in which they would offer the developing nations more access to their markets in exchange for lower third world barriers. He admits it will not happen overnight.

Finance. Nau claims Mitterand is talking about deficits in order to draw attention away from the problems of his cwn economy. 'He is using every device he can to deflect from the fact that his economic situation is going to get

worse over the next six months. " Mitterand's proposal for a new Bretton Woods conference is not being taken sericusly, even by French diplomats. 'It's being described ty the French as a 'very personal' proposal of the Fresident. In other words, it hasn't been staffed out." (You'll recall that Mitterand came to Versailles with a similar 'personal' proposal on technology.)

Reagan will agree to continued monitoring of the currency situation, but he will never, never go along with intervention as Mitterand has proposed. 'If we intervene, we're saying to France, we'll pick up the cost for you of yor inflation. ' He contends that the study of intervention authorized at Versailles has at least produced a procedure to be followed if there ever comes a time when everyone agrees on the need for intervention. He also notes that Mitterand has acted in the past year to get better certrel of French economic policy.

<u>Fast-West Trade</u>. Although the administration's proposal for a new Export Administration Act could cause problems. Nau says all of the countries have agreed to continue the studies of East-West trading problems initiated at Versailles. In this way, they hope to avoid a fight. This view was reflected in Reagan's remark at the news conference. 'What he was saying is that we've made a lot of progress since Versailles. The issue is now on track. "

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He claims that the EC also has been trying to expand its extraterritorial rights.

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He says he has since learned that the real low moment at the Versailles summit was a Saturday lunch in which Schmidt tried to lecture Reagan on the realities of East-West trade. The session was so uncomfortable for everyone that ``even Mitterand was silent.''

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FROM: SJF - White House

TO: MLS, LT, JF, BPP, GP, DXB, DAW, JWM, DR, JG, DCB, LH, SJF, RAK, PA, DLB, PGH

RE: Reagan goes to Miami.

President Reagan warned Congress on Friday that the United State scredibility around the world will be undermined unless the U.S. continues military aid to its friends in Central America.

Reagan made the statement in a speech prepared for delivery to a Cuban independence-day celebration in Miami, Fla. In the same speech, he also accused the Castro regime in Cuba of being involved in drug trade in the United States.

''Let there be no mistake,'' Reagan said. ''What happens in Latin America and the Caribbean will not only affect our nation, but also will shape America's image throughout the world. If we cannot act decisively so close to home, who will believe us anywhere?

''But we must realize our friends cannot be expected to stand unarmed against insurgents who've been armed to the teeth by the Soviet-Cuban-Nicaraguan axis. Any excuse for not providing our friends with the weapons they need to defend themselves is a prescription for disaster.''

In reference to drug peddling, Reagan said: ''And now there is strong evidence that Castro officials are involved in the drug trade, peddling drugs like criminals, profiting on the misery of the addicted. I would like to take this

opportunity to call on the Castro regime for an accounting period. Is this drug peddling simply the act of renegade officials, or is it officially sanctioned? The world deserves an answer.''

(END FILE--LYA)

TO: MLS, LT, JF, BFP, DR, JG, GP, LH, DXB, DCB, JWM, SJF, PA, PGH, DLB, DAW

FRCM: RAK

HE: Background-only ivu with Ed Meese

Central America. Meese refuses for the most part to comment on recent developments in Nicaragua and El Salvador, saying that such questions deal with intelligence matters. If the White House is concerned about reports of the anti-Sandinista contras ambushing a Nicaraguan convoy that included four American reporters, Meese won't admit it. He won't comment on how much control, if any, the U.S. has over the weapons and surplies being provided to the contras. U.S. reconnaissance flights over Central America are providing useful information about the shipments of arms to the guerrillas in El Salvador, says Meese, but he won't elaborate. The Salvadoran guerrillas have had fewer battlefield successes in recent weeks because better training of the government forces is beginning to pay off. Meese says. As soon as Richard Stone is confirmed, he will go to Central America to 'listen' to the views of other government leaders. Meese does not know what Stone will do after that.

Civil Rights Commission. Blacks have no reason to be concerned about the administration removing three members of the commission, says Meese, because the three replacements 'are eminently better qualified' than the

old members. He admits that he once also sought to replace Jill Buckelshaus but changed his mind now that her husband is at EPA.

<u>Kissinger</u>. Reagan had lunch today with Henry Kissinger to discuss Kissinger's recent travels to the Middle East and Europe. Kissinger was not carrying any messages for Reagan or otherwise unofficially serving the administration on his travels, but it is likely that foreign heads of state used Kissinger as a messenger to relay their views and new ideas tack to Reagan, Meese says. He notes that Kissinger visits the White House 'a couple of times a year for cocktails or lunch' to bend Reagan's ear.

Summit. Meese predicts the Williamsburg summit will be "as dull as you can imagine."

(END)

TO: MLS, LT, JF, BFP, DR, JG, GP, LH, DCB, JWM, SJF, PA, PGH, DLB, DAW, TG

FROM: RAK

RE: Civil Rights Commission

To blunt criticism generated by the replacement of three members of the Civil Rights Commission, the White House today invited a number of reporters and a few columnists, including William Raspberry, to a special briefing in the Rocsevelt Room. Reagan's three new nominees and his choice to be the commission's new staff director were presented to answer questions on the record.

The White House clearly wanted to show off the appointees, all of whom are Democrats and have impressive records in civil-rights enforcement. They made a generally good showing before skeptical reporters who were anticipating right-wing troglodytes. They appeared thoughtful and intelligent.

All of the nominees said they disagree with the administration on a number of issues and intend to exercise independence in carrying out the commission's work. But none of them is a flaming liberal. They all are in philosophical agreement with the President on the important issues. For example, they all oppose racial quotas but support affirmative action to the extent of recruiting minorities and women for jobs, college admission, etc. All three expressed only limited support for busing to achieve

racial integration.

A rundown of the appointees:

John H. Bunzel. A former president of San Jose State
University, Bunzel, 59, is a senior fellow at Stanford's
Hoover Institution. In 1974 the San Francisco Board of
Supervisors awarded him a certificate of merit for his
'dedicated efforts looking to the elimination of racial
and religious bigotry and discrimination.' In 1968 he was
a delegate to the Democratic National Convention and
volunteered that he opposes Reagan's stand on abortion and
other issues.

Bunzel said he supports `compensatory action to assure equality of opportunity,' but he opposes quotas that impose `preferential treatment based on race...Individuals are the carriers of human rights, not groups.' He supports the Supreme Court's Bakke decision striking down quotas. He supports busing `when it is the law of the land,' but believes that as a matter of policy busing should be settled not by the courts but by Congress, which reflects public opinion. Busing can be harmful when it polarizes a community, he said.

<u>Morris B Abram.</u> A New York lawyer, Abram, 64, is a former president of Brandeis University and former president of the American Jewish Committee. For nine years he was chairman of the United Negro College Fund.

Abram said the goal of eliminating discrimination is far from realized, but he drew a firm distinction between civil

and political rights, which he said the commission has a right to uphold, and economic and social rights, which 'are not guaranteed by the Constitution.' He added, 'I don't believe in quotas, I believe in individual rights...I will follow the dictates of my conscience and the Supreme Court.' Abram said he was approached by the Carter administration about an appointment to the commission but was rejected after he said he opposes quotas. Asked whether he believes he is being used by Reagan to get rid of commission members the President regards as too activist, Abrams said, 'It was his right to do so.'

Robert A. Destro. An assistant professor of law at Catholic University, Destro, 32, is a former general counsel for the Catholic League for Religious and Civil Rights in Milwaukee. Busing is appropriate only when it enhances the quality of education of the students being bused, Destro said. If busing disrupts the students' education, other remedies should be applied.

Linda Chavez. The nominee to be the commission's staff director, Chavez, 35, is an assistant to the president of the American Federation of Teachers and is a former staff aide on the civil and constitutional subcommittee of the House Judiciary Committee. In expressing opposition to quotas, Chavez said, 'I don't believe you end discrimination against one group by discriminating against another.'

Fcctnote: Jill Ruckelshaus is likely to remain a thorn for (MCRE)

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Reagan at the Civil Rights Commission. The White House tried to get rid of her last year and even sent up a nomination to replace her. But the nomination was never acted on by Congress.

(END)

MSG:

OPR:SJF ;05/31,17:14

To: mls lt jf bfp dr jg gp lh dcb dxb jwm rak pa pgh dlb daw bk

From: sjf

Reagan as diplomat.

\_\_This time, it was President Peagan's strategy more than his charm that helped him to achieve success at the summit.

The secret of his success was his effort to be more flexible and conciliatory at Williamsburg than he had been at Versailles, and to refrain from forcing the allies into unrealistic positions they could not defend at home.

This change in Reagan's approach was most apparent in his decision to give Mitterand a small victory on the idea of an international monetary conference. At Versailles, the administration denied Mitterand even a face-saving victory on the issue of exchange rates.

As a result of his new approach, Reagan emerged from the meeting with his stature as a world leader enhanced—both at home and abroad. He also came away in a better position to negotiate with the Soviets on arms control and deal with Congress on spending.

The other leaders were generous in their praise for Reagan's performance as chairman of the meeting. Kohl said that Reagan was ``well prepared' and ``managed the whole thing with a sense of humor that helped a lot.' Trudeau added: `The President took a very big gamble that we would have an unstructured summit and still produce results. I must say I had to congradulate him for having won that

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gamble."

Predictably, Reagan's own aides were effusive in their praise. 'I think there was a general feeling he did a teriffic job,' said Secretary of State Shultz. David Gergen added: 'Anytime you walk onto the world stage and do well, that's a plus—a modest plus.'

The President himself was clearly enjoying the weekend.

He chatted non-stop, always gesturing expansively, with the other leaders whenever they came into public view. At a reception on Saturday night, after introducing the Preservation Hall Jazz Band, he proceeded to sing the first bars of the 'the Saints Go Marching In.' Once, he was even seen skipping a few steps.

Nor was there any question that the President was fully prepared for the meeting. Six months of pre-summit briefings paid off. There were no mistakes that we know of.

Reagan's aides did their best to make sure that he was portrayed as a man completely in charge. In fact, according to Gergen, there was a strong temptation among them to grandstand. But they resisted that urge because they knew the other leaders would resent it.

Mike Deaver did his best to make the most of the situation, however. He was quoted often in praise of the President. On Saturday morning, he summoned a small group of reporters to the House of Burgesses during the leaders' meeting there. He said he wanted reporters to see the electronic system that allowed the leaders to meet

completely alone with their interpreters in other rooms. The reporters were permitted to watch a portion of the meeting on television monitors without sound. What they were really supposed to see was the the masterful way in which Reagan was running the meeting. Also, reporters (including me) covering the first dinner meeting were given an opportunity to watch Reagan in action through a window. He was clearly in charge of the discussion, gesturing forcefully and taking notes. He later gave these notes to Shultz with instructions that the foreign ministers should write an INF statement.

The INF statement was Reagan's biggest achievement, of course. Aides say the President decided several weeks ago-even tefore the Soviets issued their statement -- that he wanted the summit to produce a tough statement endorsing his hard-line arms negotiating strategy. But Reagan did not raise the idea himself. He arranged for Thatcher to bring it up on Saturday night at dinner. Trudeau quickly voiced his support for the idea. Reagan described it as a way for the leaders to show they were 'grinning at the Kremlin.'

Reagan's strategy almost backfired on Sunday, however, when the foreign ministers became bogged down in an effort to write the statement. The French were timid about issuing a political statement at an economic summit. The Canadians demanded stronger language about the desire for arms control. Fretty soon it was clear that this deadlock in the foreign ministers meeting might overshadow the main event.

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Reagan's leadership was being threatened. The solution was for Reagan to be more flexible on wording, while still insisting on a statement. 'The statement would have failed if Reagan hadn't been so persuasive and tenacious, 'said Ieaver. 'It was critical to him.' Although he got a somewhat weaker statement than he wanted, it was potent encugh to be characterized by Shultz as "strong" and "important." Even though Mitterand complained that the summit had spent too much time on a non-economic issue, everyone endorsed the outcome.

Reagan was equally flexible on economic issues. Faced with a barrage of criticism of his budget deficits, he decided to make a few concessions. He agreed to language sought by Mitterand referring to an international monetary conference. He soft-pedaled the East-West trade issue. In exchange, the group agreed to tone down its official criticism of the deficits. It also gave Reagan some strong language denoucing protectionism and calling for a new GATT round. Reagan's biggest success on economic issues is contained in this line from the final joint statement: "We renew our commitment to reduce structural budget deficits in particular by limiting the growth of expenditures." That sentence supports Reagan's position more than it criticizes him. He can even cite that line when members of Congress come to him asking for tax increases.

Still, the political impact of Reagan's performance at the summit should not be overestated. Even Gergen was

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careful to call it only a 'modest plus.' As Gergen notes, most Americans were having backyard picnics this weekend and paying no attention to the summit.

(END)