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### WITHDRAWAL SHEET

### **Ronald Reagan Library**

Collection Name EXECUTIVE SECRETARIAT, NSC: SUBJECT FILE

Withdrawer

RBW

8/26/2011

File Folder

MEMORANDUMS OF CONVERSATION - PRESIDENT

**FOIA** 

REAGAN (12/11/1982-12/23/1982]

M10-351/M10-371

JAUVERT/BROWER

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ID Doc Type	Doo	cument Descriptio	n	No of Pages		Restrictions
117411 MEMCON		MEETING BETWEE		2	12/13/1982	B1 `
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	R	6/22/2015	M371/			
117412 MEMO		M WILLIAM CLAR JLVEDA	K RE. MEETING WITH	1	12/13/1982	B1
	R	6/22/2015	M371/			
117413 TALKING PTS.		MEETING WITH SE CACHED TO DOC. 1		1	ND	B1
	R	6/22/2015	M371/			
117414 REPORT				2	8/2/1982	B1 B3
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117415 TALKING PTS.	RE. F	RR'S MEETING WIT	TH SEPULVEDA	1	ND	B1
·	R	6/22/2015	M371/			
117416 MEMO		NETH DAM TO RR JLVEDA	RE. MEETING WITH	1	12/10/1982	B1
	R	6/22/2015	M371/			
117417 MEMCON		CONVERSATION B		4	12/7/1982	B1
	PAK	ASTANI PRESIDEN	T ZIA			
	R	6/22/2015	M371/			
117418 MEMCON		MEETING BETWEE		2	12/13/1982	B1
	SEPU	JLVEDA [COPY OF	DOC. 117411]			
	R	6/22/2015	M371/			

#### 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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**Collection Name** EXECUTIVE SECRETARIAT, NSC: SUBJECT FILE

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**MEMORANDUMS OF CONVERSATION - PRESIDENT** 

**FOIA** 

REAGAN (12/11/1982-12/23/1982]

M10-351/M10-371

JAUVERT/BROWER

<b>Box Number</b> 50	$\mathbf{c}$
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ID Doc Type	Document Description	No of Doc Date Restrictions Pages
117419 MEMCON	RE. PRESIDENT'S MEETING WITH ITALIAN PRIME MINSTER GIOVANNI SPADOLINI  R 6/22/2015 M371/	8 12/3/1982 B1
117420 MEMCON	RE. PRESIDENT'S MEETING WITH DANISH PRIME MINISTER POUL SCHLUTER  R 6/22/2015 M371/	4 12/13/1982 B1

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RECEIVED 11 DEC 82 13

TD 8208488

CLARK

FROM SAPIA-BOSCH

DOCDATE 11 DEC 82

KEYWORDS: MEXICO

AP

SEPULVEDA, BERNARDO

SUBJECT: PRES MTG W/ MEXICAN FORN SEC 13 DEC

ACTION: FWD TO PRES FOR INFO

DUE: 13 DEC 82 STATUS X FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

CLARK

COMMENTS

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CONFIDENTAL

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### NATIONAL SECURITY COUNCIL

CONFIDENTIAL

ACTION

December 14, 1982

MEMORANDUM FOR WILLIAM P. CLARK

FROM:

ALFONSO SAPIA-BOSCH

SUBJECT:

Meeting Between President Reagan

and Mexican Foreign Secretary

Bernardo Sepulveda

Attached is a Memorandum of Conversation of the meeting between the President and Foreign Secretary Sepulveda on December 13, 1982.

### RECOMMENDATION:

That you approve the memorandum attached at Tab I.

Approve Disapprove

Attachment

Tab I

Memorandum of Conversation

CONFIDENTIAL DECLASSIFY ON: OADR

DECLASSIFIED
Sec.3.A(b), E.O. 12958, es emended
White House Guidelines, 8125, 27, 2293
BY NARA RW FACE 8/26/11

-CONFIDENTIAL-

4/65

# National Security Council The White House

Package # 8488

82 NEC 15 P12: 02

John Poindexter Bud McFarlane Jacque Hill Judge Clark John Poindexter Staff Secretary Sit Room	SEQUENCE TO	HAS SEEN	ACTION
I-Information A-Action cc: VP Meese	R-Retain D-DISTRIBUTION Baker Deave	Dispatch N-N	o further Action

# National Security Council RECEIVED White House

Package # <u>8488</u>

82 DEC 12 P1: 53

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NATIONAL SECURITY COUNCIL

CONFIDENTIAL

ACTION

December 14, 1982

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FROM:

ALFONSO SAPIA-BOSCH

SUBJECT:

Meeting Between President Reagan

and Mexican Foreign Secretary

Bernardo Sepulveda

Attached is a Memorandum of Conversation of the meeting between the President and Foreign Secretary Sepulveda on December 13, 1982.

### **RECOMMENDATION:**

That you approve the memorandum attached at Tab I.

Approve Disapprove

Attachment

Tab I Memorandum of Conversation

CONFIDENTIAL DECLASSIFY ON:

OADR

CONFIDENTIAL

Sec.3.4(b), E.O. 123 White House Guideline

#### THE WHITE HOUSE

WASHINGTON

CONFIDENTIAL

MEMORANDUM OF CONVERSATION

SUBJECT:

Farewell Meeting Between President Reagan and

Mexican Foreign Secretary Bernardo Sepulveda

DATE AND TIME:

December 13, 1982; 4:50-5:00 P.M.

PLACE:

Oval Office

PARTICIPANTS:

United States:

The President

The Vice President

State

Kenneth W. Dam Thomas O. Enders

White House

William P. Clark Charles P. Tyson

Alfonso Sapia-Bosch

Mexico:

Bernardo Sepulveda

Foreign Secretary Sepulveda said he was sorry to be taking his leave; that his months in Washington had been very satisfying.

The President answered he was sorry to have Mr. Sepulveda leave also, but that we wanted to cooperate with Mexico--that we wanted to be closer neighbors.

Sepulveda said that President de la Madrid had asked him to give a message to the President thanking him for his kind words on the occasion of President de la Madrid's inauguration.

The President: This is very nice; please convey to President de la Madrid my high regard and friendship. Tell him I look forward to further meetings and contacts. As you know, I have been further south recently. This is a further opportunity for the nations of the Hemisphere to be closer than we have been. We have a chance for good in the world and we must not lose this opportunity.

CONFIDENTIAL

DECLASSIFY ON: OADR

### CONFIDENTIAL

Sepulveda: President de la Madrid asked me to convey to you that we will be extremely happy to be of help on the issues of Latin America and, specifically, in Central America. There is a role for our two countries to play to find ways and means to find a good and reasonable solution for the countries in Central America using the wider perspective that we can offer.

The President: I am pleased to hear this. What I want is a peaceful solution to the problems of the area.

Have you already started your job?

Sepulveda: Yes, Mr. President. I started on December 1; we don't have to be confirmed, so we go straight into the new job.

The President: As we all know, all of our economies are linked; I've just had some good news from Jim Baker who came in to tell me that the FED has dropped its discount rate to 8-1/2 percent--usually the banks follow suit.

<u>Vice President</u>: This will help Mexico, as the interest rates on the debt will fall.

Sepulveda: President de la Madrid looks forward to meeting with you when you deem it convenient. He believes that a presidential meeting should be preceded by a meeting of experts so that we can derive results at the highest level. We can work together so that the meeting can be successful.

The President: We must get together to work this out. I look forward to the meeting; it would be fruitful. You will also have the opportunity to return to Washington.

Secretary Sepulveda then took his leave.

The President made a commitment to meet with President de la Madrid and for a meeting of experts to precede a presidential meeting.

Prepared by: Alfonso Sapia-Bosch

CONFIDENTIAL

CONFIDENTIAL

The President has seen\_

# SECRET

#### THE WHITE HOUSE

WASHINGTON

Meeting with Mexican Foreign Secretary Bernardo Sepulveda Br

Date:

Monday, December 13, 1982, 4:50 p.m.

Location:

Oval Office

Îsanî.

From:

William P. Clar

### I. Purpose

Your ten-minute meeting with Ambassador Sepulveda is to say goodbye. As you know, it is important that Sepulveda set a new tone and substance for Mexican foreign policy, both toward the United States and, hopefully, with respect to our policy in Central America. We believe there is a good chance that we can work more closely with Mexico. There has already been a change: Sepulveda has said that your Latin American trip was very successful.

### II. Background

Sepulveda has been Ambassador to the U.S. for nine months. He is returning from Mexico to take his leave. He has been sworn in as Foreign Secretary. His predecessor was antipathetic and anti-U.S. We want Sepulveda to know we are pleased by his appointment and that we want to establish better relations.

### III. Participants

The President
Acting Secretary Dam
Edwin Meese\*
James A. Baker\*
Michael K. Deaver\*

William P. Clark Thomas Enders Charles P. Tyson Alfonso Sapia-Bosch

### IV. Press Plans

A White House photographer will be available.

### V. Sequence of Events

You will receive Foreign Secretary Sepulveda for ten minutes in the Oval Office.

\* To attend at their discretion

### Attachments

Tab A Talking Points
Tab B Biographic Report

Prepared by: Alfonso Sapia-Bosch

#### SECRET

Declassify on: OADR

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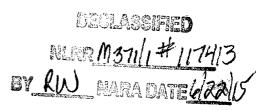
# TALKING POINTS FOR MEETING WITH FOREIGN SECRETARY SEPULVEDA

- -- Warm congratulations on your appointment as Foreign Secretary.

  We look forward to close relations with Mexico; we want to

  communicate and consult more closely and frequently with you.
- -- Our countries are closely linked across a broad spectrum.

  We must do everything possible to work together with friendship and understanding.
- -- I told President de la Madrid that we would do everything possible to be of help to Mexico. I believe your President has made an excellent beginning.
- -- We will miss you here; your nine months as Ambassador have been much too short, and you leave a great number of friends.
- -- Please convey to President de la Madrid my very warm greetings and tell him that he has my full support and best wishes for a very successful Presidency.



### WITHDRAWAL SHEET

### **Ronald Reagan Library**

Collection Name

Executive Secretariat, NSC: Subject File

RB 8/26/2011

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File Folder FOIA

MEMORANDUMS OF CONVERSATION - PRESIDENT M10-351/M10-REAGAN (12/11/1982-12/23/1982] 371

JAUVERT/BROWER

Box Number

50

ID	Document Type Document Description	No of Doc Date pages	Restric- tions
117414 REPORT		2 8/2/1982	B1 B3

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

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- 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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2188

# THE SECRETARY OF THE TREASURY WASHINGTON, D. C. 20220

82 02013 All: 07 December 13, 1982

MEMORANDUM FOR WILLIAM P. CLARK, JR.
ASSISTANT TO THE PRESIDENT
FOR NATIONAL SECURITY

FROM: Donald T. Regan

Attached are talking points on Mexico.

# THE SECRETARY OF THE TREASURY WASHINGTON, D. C. 20110

December 13, 1982

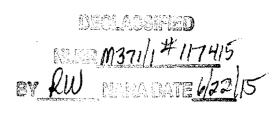
MEMORANDUM FOR WILLIAM P. CLARK, JR.
ASSISTANT TO THE PRESIDENT
FOR NATIONAL SECURITY

FROM: Donald T. Regan

Attached are talking points on Mexico.

# Talking Points for President Reagan's Meeting with Mexican Ambassador Sepulveda

- -- Congratulations on your appointment as Foreign Minister. Even though you have only served in Washington briefly, you have contributed greatly to improving U.S./Mexican relations. This experience will be most useful as you tackle the challenges of your new position.
- -- We are heartened by the moves President de la Madrid has taken in his first two weeks in office. He has demonstrated both an understanding of the serious nature of the Mexican financial situation and of the steps needed to get on the road to recovery.
- -- President de la Madrid's interview on the TODAY Show this morning presented just the right image, stressing the need for an austerity program in order to get the Mexican economy back on track with higher real growth and lower inflation.
- -- As you are well aware, successful implementation of the IMF program is essential if the foundation for Mexican economic recovery is to be firmly established.
- -- Negotiations between your government and commercial banks appear to be progressing well and we are hopeful that agreement can be reached on a debt restructuring within the next few days.
- -- The Treasury Department has indicated they are very impressed with the de la Madrid economic team and are pleased with the commitment to solve the short-term financial problems and develop a more mutually beneficial longer-term economic relationships between our two nations.
- -- The months and years ahead will be difficult but the firm resolve and candor expressed by the new Mexican Administration should make the task easier.
- -- Please tell President de la Madrid to rest assured that the United States will be "standing by" to be helpful in these difficult economic times.



### Talking Points for Press on Mexico

- 1. The President and Ambassador Sepulveda discussed Mexico's economic and financial situation and efforts to restore stability to the Mexican economy.
- 2. The President noted recent statements by Mexican President de la Madrid, including his remarks on television this morning, and asked the Ambassador to convey to President de la Madrid his admiration for the courageous and far reaching steps Mexico is taking to strengthen its economic position.
- 3. The President noted that Mexico's discussions with the International Monetary Fund and with its commercial bank creditors all seemed to be proceeding well. He expressed confidence that the economic adjustment program being implemented by Mexico would restore financial stability and provide a lasting basis for recovery and growth in the Mexican economy.

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-CONFIDENTIAL

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WASHINGTON FOLL

All: 57

December 10, 1982

MEMORANDUM FOR:

THE PRESIDENT

WHITE HOUSE SITUATION ROOM

From:

Kenneth W. Dam, Acting Secretary

Subject:

Your Meeting With Foreign Secretary Bernardo

Sepulveda of Mexico, December 13

An urbane and impressive advocate for Mexican foreign policy, Mexico's new Foreign Secretary has served for the past eight months as Ambassador in Washington. Your meeting, which Assistant Secretary Enders and I will attend, is the centerpiece of Ambassador Sepulveda's round of farewells prior to his return to Mexico City to assume his new post. Sepulveda supports Mexico's traditional policy of non-intervention and we believe he is likely to moderate somewhat his predecessor's support for revolutionary causes in Central America. In any case, Mexico is expected to devote the bulk of its energies for the foreseeable future to its domestic and economic problems.

This emphasis has been apparent during the de la Madrid administration's first days in office. The new administration has followed Mexico's earlier agreement to an IMF stabilization program with a number of steps providing further reassurance to the international financial community. These include the appointment of pragmatic and financially conservative individuals to key economic posts. In addition, President de la Madrid's inaugural address made it clear that the IMF-approved stabilization measures in fact formed the basis of his economic program.

In your brief meeting with Foreign Secretary Sepulveda, you should emphasize the positive prospects which you see for US-Mexican relations. It would also be appropriate to remark on the high caliber of people President de la Madrid has chosen for his administration (including Sepulveda himself). With respect to foreign policy, you may wish to give Sepulveda your personal impression of your Latin American trip and possibly draw Sepulveda out on the likely future direction of Mexican foreign policy.

### Attachment:

Biographic Sketch.

CONFIDENTIAL

DECL: 12/9/88

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BY LW PRAIRA DATE 6/22/15

Bernardo <u>SEPULVEDA</u> AMOR (Phonetic: sayPOOLvayda)

Ambassador to the United States since April 1982

Addressed as: Mr. Ambassador

Bernardo SEPULVEDA Amor was born in Mexico City, Mexico, December 14, 1941. He attended primary and secondary schools in Mexico City. Sepulveda received a law degree from the National Autonomous University of Mexico in 1964 and a M.A. degree in international law from Cambridge University in 1966. He was an assistant legal adviser in the Secretariat of the Presidency during 1968-1970. He taught international law during 1971-1975 at the College of Mexico, a highly rated graduate school in the social sciences and humanities, located in Mexico City. Sepulveda served during 1971-1975 as a member of an advisory group to the Secretary of Finance, working on a study group of foreign investment in Mexico. He is the author of a study of the effects and role of multinational corporations in Mexico that was published in 1974.

From September 1975 until December 1976, Sepulveda worked for the Institute of Political, Economic and Social Studies, the "think tank" of the ruling Institutional Revolutionary Party (PRI), heading a group that studied US-Mexican relations. Well versed in Law of the Sea (LOS) matters, Sepulveda attended the 1978 annual meetings in Washington for the IMF, the World Bank, and the IDB. From 1977-1981, he served as the Director General of International Financial Affairs at the Secretariat of Finance. Sepulveda was a member of the Mexican delegation at the October 1981 North-South Summit in Cancun. Later, he left his position at the Secretariat of Finance and was chosen by Miguel de la Madrid, (for whom he worked at Treasury) as his principal foreign affairs adviser since the latter's nomination for President, September, 1981. In April 1982, Sepulveda was named Mexico's Ambassador to the United States.

Sepulveda, 41, is married to the former Ana de Yturbe and they have three children. He speaks fluent English.

November 1982

UNCLASSIFIED

### **MEMORANDUM**



### NATIONAL SECURITY COUNCIL

ACTION

December 11, 1982

MEMORANDUM FOR WILLIAM P. CLARK

FROM:

ALFONSO SAPIA-BOSCH

SUBJECT:

President's Meeting with Mexican Foreign

Secretary Bernardo Sepulveda (U)

At Tab I is a short memo to the President that establishes his purpose for his ten-minute talk on Monday with Ambassador Sepulveda. As you know so well, it is important to give Sepulveda a nice send-off. We have good prospects for better relations with Mexico and the meeting with the President should be a good beginning.

### Recommendation

That you sign your memorandum to the President that forwards talking points (with cards) and a biographic report on Sepulveda.

Approve

Disapprove

#### Attachments

Tab I Memorandum for the President

Tab A Talking Points

Tab B Biographic Report

SECRET

Declassify on: OADR

DECLASSIFIED

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White House Sukisimo, Sogia ya, 2208
BY NARA KW, DATE 1/24/14

ID 8208597

RECEIVED 15 DEC 82 09

DOCDATE 14 DEC 82/8

TO CLARK FROM BREMER

KEYWORDS: PAKISTAN

VISIT

ZIA, MOHAMMAD

SUBJECT: STATE MEMCON OF PRES DEC 7 MTG W/ ZIA

ACTION: ANY ACTION NECESSARY

DUE: 18 DEC 82 STATUS S FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

KEMP

CHILDRESS

TYSON

COMMENTS

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# National Security Council The White House

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Bud McFarlane	Value de serve en desta de la tempo de		
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NSC Secretariat	***		
Situation Room			
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I = Information A = Act	ion R = Retain	D = Dispatch	N = No further Action
cc: VP Meese	Baker Deaver O	ther	
COMMENTS	Should be	seen by:	
			(Date/Time)

# THE WHITE HOUSE WASHINGTON Jan 10, 1983

### BOB KIMMITT:

Attached is all the material I have on the Zia visit, including a cy of the book.

Also in my memcon file I found a memcon between Pres Reagan and Pres Zia.

It is not in any system. Just let me know if you need any further information.

Please return to me for filing.

Kathleen

SECRET

#### MEMORANDUM OF CONVERSATION

PARTICIPANTS: President Ronald Reagan
Pakistani President Zia

Vice President Bush Acting Secretary Dam Secretary Weinberger

Attorney General William French Smith

Ambassador Veliotes Ambassador Spiers Mr. McFarlane

Mr. Geoffrey Kemp, NSC Mr. Howard Teicher, NSC

DATE:

December 7, 1982, 11:00 a.m. to 12 Noon

PLACE:

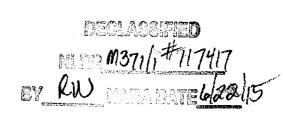
The Cabinet Room at the White House

Presidents Reagan and Zia met privately for approximately twenty minutes from 10:40 to 11:00. During this time President Reagan raised our concerns about the Pakistan nuclear program.

The two Presidents joined the larger meeting at 11:00 and the meeting lasted for about an hour. President Reagan asked President Zia to continue the discussions the two had had privately on Afghanistan and Soviet policy. President Zia began by giving an analysis of the reasons why the Soviets invaded Afghanistan:

- -- There was a power vacuum to be filled.
- -- There was an opportunity to seize important geo-political-strategic territory. Zia emphasized it is only 200 miles across Pakistan to the Indian Ocean and to a position of dominance with respect to Gulf oil.
- -- The Soviets wished to intimidate Pakistan because of fears of Pakistan's increasingly Islamic orientation. Zia said this was a fear of the Soviets following the collapse of the Shah and the institution of the Khomeini-led Islamic republic in Iran which was "next to the soft underbelly" of Moslem parts of the Soviet Union.

DECL: OADR





President Zia addressed the current status of the Soviet invasion. He noted that in three years the Soviets still could only control major urban areas, adding that 1/3 of the 15 million Afghan population was in exile and emphasizing that all of the Afghan youth will fight the Soviet invasion, with bare hands if necessary.

He then addressed the future of Soviet policy in Afghanistan. He referred to his extensive discussion with Secretary Shultz the day before and repeated the substance of his comments. He added that he told Andropov that the 84 million Paks will resist to the last man if the Soviets attack. He described this exchange in the following manner: he told Andropov that the Soviets may push the Pakistanis and the Pakistanis wouldn't respond; the Soviets might then push harder and the Paks still might not respond; but if the Soviets really pushed too hard, then they would face the entire Pakistani nation in arms. He noted that Afghanistan was the centerpiece of his 50-minute meeting with Andropov and that Andropov's purpose was to try to get Pakistan to cooperate on solving the Soviet dilemma in Afghanistan on Soviet terms. said he had a simple answer for Andropov: the key to the solution was in Moscow's hands. He described it as not a bilateral Pakistani-Soviet problem but a global problem, along lines of his comments to the Secretary. He made clear that Pakistan would insist on:

- -- Soviet withdrawal;
- -- refugee return;
- -- non-aligned, Muslim and independent Afghanistan;
- -- Afghans must be allowed to work out their political destiny.

The Vice President raised his 40-minute meeting with Andropov in Moscow, noting that he had been instructed by President Reagan to make clear that Afghanistan, Poland and human rights were the major issues standing in the way of improved US-USSR relations. He thought it important that President Zia know that President Reagan had given him these instructions and that Afghanistan was singled out. Zia expressed appreciation for this knowledge, stating in his 50-minute meeting he left no doubts in the Soviet minds where Pakistan stood. President Reagan commented that this was very good to hear.



### SECRET

- 3 -

President Reagan then initiated a brief discussion of the status of the Pakistan assistance program in the Congress. He then turned to Secretary Weinberger noting he would have the opportunity for discussions with Zia later in the day and asked Weinberger to comment on the subject of possible contingency planning between Pakistan and the US.

Secretary Weinberger's presentation was totally devoted to the US "offer" to work with the Pakistanis in such matters as In reply President Zia expressed appreciation joint exercises. for American concern and consideration and said he would like to mention what he had told President Reagan on this subject in their private chat. The substance of his reply was that the kinds of proposals made by Secretary Weinberger were premature. Perhaps in the future these matters could be He emphasized Pakistan was extremely concerned considered. about its non-aligned status, commenting that perhaps as new converts they were over-zealous. Nevertheless, he noted that once the US relationship is more secure and is perceived as such by the Pakistani people who support it, and once the Pakistanis feel more secure re their problems on the northern border, he might consider such proposals.

President Reagan raised US-PRC relations, explaining we want good relations with the PRC. But, we were not going to renege on our commitments to Taiwan. He hoped the PRC will understand. Zia replied he understood the US position and counseled patience on the PRC. He was confident these issues will be worked out. President Zia asked Foreign Minister Yaqub to comment and his response was limited to agreeing with President Zia's views.

President Reagan introduced the subject of narcotics and asked Attorney General Smith to comment. Smith reviewed his recent trip to Pakistan and was effusive in his praise of Pak refugee assistance. He then made extensive comments on the narcotic problem, urging continued Pak efforts and noting we want to help. Zia replied in detail, clearly indicating his in-depth grasp of this problem. He noted he discussed this matter with Secretary Shultz. He addressed problems of heroin labs, noting Pakistan does have problems of enforcement in tribal areas. Zia then noted that Pakistan's opium production fell from 800 tons to 40 tons. Most opium comes from abroad. He asked for equipment and other help. Zia made his presentation in the context of Pakistan having a narcotics problem and Pakistan was determined to solve this problem. understands it has international ramifications as well, and is aware of the need for action along the distribution trail.





President Reagan told the story from a Soviet document emphasizing that if one generation could get addicted, an entire country would be in the Soviet hands forever. The President then turned to Acting Secretary Dam indicating that Presidents Reagan and Zia had discussed the Middle East in their meeting. Dam ran over a list of areas of mutual interest including Iran-Iraq, noting the very useful presentation by the Paks at lunch the day before on the Iran-Iraq war.

President Zia picked up the discussion on Iran noting that for two years the Pakistanis had been "abused" by the Iranians but the Pakistanis were very patient. Relations are better now and Pakistan is encouraging Iran to come out of isolation. Zia counseled patience on the US with the goal of improving relations eventually.

Zia then turned to India and said he is doing his best to improve relations with India but we all had to understand it is impossible to pull India too far from the Soviet embrace, given the network of close Soviet-Indian relations.

President Reagan addressed the Middle East, noting that he was determined to pursue our policy. He emphasized the importance of a solution to the Lebanese problem as a necessary first step. Zia made this point during private discussions. Zia wholeheartedly agreed with the importance of early success for American policy in Lebanon. He concluded by emphasizing that an American success in Lebanon would be the first step in the implementation of the Reagan plan in the Middle East. President Reagan agreed and pledged we would be diligent in pursuing our policy. Zia then asked the Finance Minister to address the financial and economic situation. He presented a 10 minute summary of the successes and problems in the Pakistani economy noting the success of their agricultural program and pointing to the enormous increase in oil costs as a major problem. He made a major pitch for multilateral lending institutions and for the US to support them. He also pointed out the need to increase trade between developing and developed Dam responded to the Finance Minister's countries. presentation in considerable detail emphasizing our support for the multilateral lending institutions as well as bilateral assistance, and also noting that the US is firm in its support of the growth of foreign trade.



# NATIONAL SECURITY COUNCIL

December 28, 1982

TO:

NSC/S

FROM: GEOFF KEMP

NO ACTION NECESSARY.

## United States Department of State

Washington, D.C. 20520

82 050 14 P10: 32

W/SECRET Attachment

December 14, 1982 HOUSE SITUATION ROOM

# MEMORANDUM FOR MR. WILLIAM P. CLARK THE WHITE HOUSE

Subject: The President's Meeting with Pakistan President Zia

This memorandum transmits a memorandum of conversation on the December 7 meeting in the Cabinet Room between President Reagan and President Zia-ul-Haq of Pakistan.

> L. Paul Bremer, III Executive Secretary

Attachment:

As stated.

RECEIVED 15 DEC 82 12

CLARK TO

FROM SAPIA-BOSCH

DOCDATE 14 DEC 82 27

**KEYWORDS: MEXICO** 

SEPULVEDA, BERNARDO

SUBJECT: MEMCON BTW PRES & FOMIN SEPULVEDA 13 DEC MTG

ACTION: FOR DECISION DUE: 16 DEC 82 STATUS X FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

CLARK

NORTH

NAU

FONTAINE

COMMENTS

REF# LOG 8208488 NSCIFID ( н / ACTION OFFICER (S) ASSIGNED ACTION REQUIRED DUE COPIES TO

W/ATTCH

### CONFIDENTIAL

ACTION

December 14, 1982

MEMORANDUM FOR WILLIAM P. CLARK

FROM:

ALFONSO SAPIA-BOSCH

SUBJECT:

Meeting Between President Reagan

and Mexican Foreign Secretary

Bernardo Sepulveda

Attached is a Memorandum of Conversation of the meeting between the President and Foreign Secretary Sepulveda on December 13, 1982.

### RECOMMENDATION:

That you approve the memorandum attached at Tab I.

Approve	Disapprove	
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Attachment

Tab I

Memorandum of Conversation

CONFIDENTIAL DECLASSIFY ON: OADR

DECLASSIFIED Sec.3.4(b), E.O. 12858, as amended

#### THE WHITE HOUSE

WASHINGTON

# CONFIDENTIAL

#### MEMORANDUM OF CONVERSATION

SUBJECT:

Farewell Meeting Between President Reagan and

Mexican Foreign Secretary Bernardo Sepulveda

DATE AND TIME:

December 13, 1982; 4:50-5:00 P.M.

PLACE:

Oval Office

PARTICIPANTS:

United States:

The President

The Vice President

State

Kenneth W. Dam Thomas O. Enders

White House

William P. Clark Charles P. Tyson

NSC

Alfonso Sapia-Bosch

Mexico:

Bernardo Sepulveda

Foreign Secretary Sepulveda said he was sorry to be taking his leave; that his months in Washington had been very satisfying.

The President answered he was sorry to have Mr. Sepulveda leave also, but that we wanted to cooperate with Mexico--that we wanted to be closer neighbors.

Sepulveda said that President de la Madrid had asked him to give a message to the President thanking him for his kind words on the occasion of President de la Madrid's inauguration.

The President: This is very nice; please convey to President de la Madrid my high regard and friendship. Tell him I look forward to further meetings and contacts. As you know, I have been further south recently. This is a further opportunity for the nations of the Hemisphere to be closer than we have been. We have a chance for good in the world and we must not lose this opportunity.

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### CONFIDENTIAL

Sepulveda: President de la Madrid asked me to convey to you that we will be extremely happy to be of help on the issues of Latin America and, specifically, in Central America. There is a role for our two countries to play to find ways and means to find a good and reasonable solution for the countries in Central America using the wider perspective that we can offer.

The President: I am pleased to hear this. What I want is a peaceful solution to the problems of the area.

Have you already started your job?

Sepulveda: Yes, Mr. President. I started on December 1; we don't have to be confirmed, so we go straight into the new job.

The President: As we all know, all of our economies are linked; I've just had some good news from Jim Baker who came in to tell me that the FED has dropped its discount rate to 8-1/2 percent--usually the banks follow suit.

<u>Vice President:</u> This will help Mexico, as the interest rates on the debt will fall.

Sepulveda: President de la Madrid looks forward to meeting with you when you deem it convenient. He believes that a presidential meeting should be preceded by a meeting of experts so that we can derive results at the highest level. We can work together so that the meeting can be successful.

The President: We must get together to work this out. I look forward to the meeting; it would be fruitful. You will also have the opportunity to return to Washington.

Secretary Sepulveda then took his leave.

The President made a commitment to meet with President de la Madrid and for a meeting of experts to precede a presidential meeting.

Prepared by: Alfonso Sapia-Bosch

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ID 8208617

RECEIVED 20 DEC 82 13

TO POINDEXTER

FROM BLAIR

DOCDATE 20 DEC 82 32

KEYWORDS: ITALY

VISIT

SPADOLINI, GIOVANNI

SUBJECT: MEMCON FM SPADOLINI VISIT 3 NOV

ACTION: FOR DECISION

DUE: 23 DEC 82 STATUS X FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

POINDEXTER

COMMENTS

LOG 8207617 REF# NSCIFID

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ACTION OFFICER (S)

ASSIGNED

ACTION REQUIRED

DUE COPIES TO

### NATIONAL SECURITY COUNCIL WASHINGTON, D.C. 20506



December 21, 1982

32

MEMORANDUM FOR L. PAUL BREMER III

Executive Secretary Department of State

SUBJECT:

Memcon of Italian Prime Minister Spadolini's

Visit, November 3, 1982

Attached is the memorandum of conversation for the President's meeting with Italian Prime Minister Spadolini on November 3. Distribution of the memo should be restricted to those whose duties require them to know its contents. (C)

Michael O. Wheeler Staff Secretary

Tab A Memcon

CONFIDENTIAL

DECLASSIFY ON: OADR

DECLASSIFIED
Sec.3.4(b), E.O. 12053, as emended
White House Guidelines, Rept. 11, 2005
BY NARA R.W. DATE 6/2/6/LIL

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CONFIDENTIAL

WASHINGTON

#### MEMORANDUM OF CONVERSATION

SUBJECT:

Summary of President's Meeting with

Italian Prime Minister Giovanni Spadolini

PARTICIPANTS:

The President

The Vice President Secretary Shultz William P. Clark

Ambassador Maxwell Rabb

Assistant Secretary Designate Richard Burt

Robert McFarlane Dennis Blair Edwin Meese III

Prime Minister Giovanni Spadolini

Foreign Minister Colombo Ambassador Petrignani

Director-General for Political Affairs Bottai Counselor to the Prime Minister Berlinguer Director-General for Economic Affairs Bucci

Chef de Cabinet Vanni d'Archirafi Spokesman for the Prime Minister Folli

Spokesman for the Foreign Minister Perlo

DATE, TIME

November 3, 1982

AND PLACE: 11:30-1:30 Cabinet Room, State Dining Room

The President opened the meeting by welcoming Prime Minister Spadolini. He expressed appreciation for the role that the Prime Minister and Foreign Minister Colombo has played in strengthening the U.S.-Italian relationship. He acknowledged the support Italy had given to the Alliance on the INF issue and also mentioned Italian participation in the peacekeeping forces in the Middle East. (C)

Prime Minister Spadolini replied that he was grateful for the meeting with the President. He wished to discuss the overall strategy for East-West trade. He had said publicly that economic and trade relations with the East were important along with security relations. He believed that the West could find an approach based on the work done at La Sapiniere to overcome the mutual misunderstandings. It was important not to give the Soviet Union Western technology and subsidies and to adhere to strict economic principles in dealing with them. Any discussions, the Prime Minister noted, should not cover prior contracts, but should work toward creating a better understanding for the future. The Italian interpretation of the American paper

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which was now being worked on was that it included the economic factor in overall security policy toward the Soviet Union. The Italians welcomed this as a basis for forging a united alliance policy. Once this policy was forged, it would be possible to solve the particular problems of Italy's Nuovo Pignone Company. Italy had proved that its foreign policy was supportive of that of the United States. Examples were its participation in NATO's December 1979 dual-track INF decision, its decision in August of 1981 to base INF missiles at Comiso in Italy, and its participation in both the MFO and The Prime Minister noted that President Reagan had told President Pertini that the United States recognized the Italian role. The Prime Minister then conveyed President Pertini's greetings to President Reagan. The Prime Minister said that Italy intended to go on strengthening collaboration with the United States in all fields. He said that a decision had just been made for Alitalia airline to buy 30 DC-9-80's from the McDonnell Douglas company for \$800M.

The President said that the Prime Minister brought good news for which he was most grateful. He expressed appreciation for the support the Italians had given to Secretary Shultz in his efforts to work out a common Western framework on economic relations with the East. He said the discussions were very close to finishing the document and he was anxious to do so. Turning to another subject, the President said that he was sorry that the Prime Minister had been unable to meet with his personal representative, Donald Rumsfeld, concerning Law of the Sea policy. He said that the United States felt strongly about not signing the current treaty and he said that Secretary Shultz would follow up the matter in more detail. (C)

Secretary Shultz said that it was always a pleasure to meet with Prime Minister Spadolini and Foreign Minister Colombo. In discussing matters with the Italians, it was a case not of discussing problems, but of opportunities. The American and Italian contingents were operating very well together in Lebanon. In the discussions concerning East-West trade, the role of Italy could not have been more constructive. Secretary Shultz said he knew that the Italian delegation would be interested in the President's views on the Geneva negotiations. He had in his previous meeting with the Prime Minister, stressed the importance of the deployments to success in the negotiations. The Secretary also mentioned the cooperative work in the fields of combatting narcotics traffic and terrorism. He noted that Attorney General Smith would soon be in Rome to sign agreements on these subjects. He also knew that some workers in California would be grateful for the news the Prime Minister brought concerning the purchase of McDonnell-Douglas aircraft.

The President said that as far as INF negotiations went, it was essential for the Allies to stand firm, as they had been. It

was only this allied unity that kept the Soviets negotiating seriously on a zero outcome. Any weakness in the Alliance would undermine the possibility of obtaining results. On terrorism, the President recalled that during his trip to Italy he had met the young men who had rescued General Dozier and had been very impressed. (C)

Secretary Regan discussed the world economic situation. noted that there was great pessimism in Europe. Many officials doubted there was a way out of the current difficulties, and were looking to the U.S. to be the "engine" of the recovery. Secretary Regan said he could offer some help. He felt that the U.S. economic recovery was in the beginning stages, although it was not yet very strong. The usual pattern was that there was not an immediate pick-up in the economy in the first two quarters after a recovery started. The current recovery he predicted would be a slow one, but would last much longer than previous recoveries. He noted that there was a modest revival in the recent home building figures, a slight pick-up in automobile sales and consumer spending in general. He noted that the reduction in the U.S. interest rate to five percent would have been unthinkable last year but that unemployment remained high and combatting it was now the number one economic problem for the United States. The stage was now set for a business recovery which would lower the unemployment figure, but the administration would also be working hard on the problem separately. He noted that the drop in American interest rates would help the less developed countries and other countries. Secretary Regan felt that the interest rates would drop down still further over time. The decline would continue over the next several quarters as long as the money supply showed slow steady growth. He noted that there would be some tough budget decisions coming soon in order to keep the deficit under Deficits were not now crowding commercial borrowing and the financial markets, but increased deficits could lead to this problem. He said it was important that the Administration not reflate the economy, kindling inflation. did so, the recovery would not be as durable. Previous recoveries from recessions since World War II had shown this. In summary, Secretary Regan said that he could offer hope that interest rates in the United States would continue to come down and that a slow, but durable recovery would come. strength of the dollar would depend on overall U.S. economic performance compared to that of other countries. The dollar was now back to its 1960 level, which was good from the point of inflation, but bad from the point of view of U.S. exports. (C) ·

Prime Minister Spadolini said that the Italian economic situation was very complex. The Italian government was still fighting both inflation and unemployment, unlike the United States which

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had managed to beat one successfully. The Italians of course were pleased with the lowered U.S. interest rates although the fluctuation of the dollar was a problem for the Italians. The Prime Minister noted that his coalition included socialist members, but even so, it was committed to reducing the inflation rate and stimulating private investment. In addition, however, Italy had a very powerful communist party which dominated the unions and had to be taken into account in economic planning. It was a different situation in Italy from France where the French communist party was a member of the government and was In Italy, the communist party was in opposition less powerful. and it was a very strong party. He said there was a connection between overall security policy and economic policy. problems and the social problems which they engendered risked the Western consensus on security policy. It was for this reason that it was necessary to improve trade relations between the United States and Europe in order to strengthen the overall Western economy versus the East. This connection had its effect on the Italian political scene where memories go back even to the days of facism. Social and political discontent could even spill over to affect the INF missile basing. Prime Minister said that his government had recently rejected an attempt by the Italian communist party to raise this issue. However, it only illustrated that in Italy security policy and economic policy were inseparable. (C)

Ambassador Brock said that the United States was concerned too with the impact of economic problems. One answer is the strengthening of trade. There were pressures in the United States and we knew there were pressures in other countries to erect protectionist barriers, but these must be resisted. administration placed a high priority on resolving its difficulties with Europe in the trade area and in particular in the GATT. Ambassador Brock said he had met this morning with representatives of the European community and they were making progress. He said that the Italian decision by Alitalia to purchase McDonnell-Douglas aircraft was a welcome one. understood that it was still necessary to work out the financing details on the American end, and there was still a government decision to be made at the Italian end. He hoped that the Italian announcement would be the first step in further technical and trade cooperation in the aerospace area, which had great potential. He said it was important to get staff discussions under way immediately on this area and that the United States would be pursuing it.

The conversation turned to the situation in the Middle East. (C

The President said that there was now a great opportunity to make progress in Lebanon. President Gemayel had made a good impression during his recent visit. It was up to the Western countries to help Gemayel while he built up his own armed forces. The President was optimistic about an overall

CONEIDENTIAL

settlement. He had met with King Hassan and felt there was a possibility for movement. (C)

The meeting resumed in the State Dining Room at 12:15 p.m. as a working lunch. (U)

The President and Prime Minister exchanged compliments to their respective country's envoys, Ambassador Petrignani and Ambassador Rabb. (U)

The President stated that inflation was at the base of a great number of economic problems which the world was experiencing. It was important to get it under control. For example, he had learned recently that a reduction in the inflation rate was often more helpful to even the poor than the indexed subsidy programs which the government had been carrying out. In particular, a family with an income right at the official poverty level had recently gained \$500 in purchasing power because of the reduction in inflation. It was important to make these points publicly. (C)

In reply, Prime Minister Spadolini said that his government had learned that some past policies intended to help had actually caused more harm. One example had been indexing wage benefits to the inflation rate. His government had recently told both management and labor that unless they stopped these wage settlements with indexed clauses the government would have to step in. This announcement had caused a storm. Prime Minister Spadolini also noted that inflation carried to extreme limits had been responsible in the past for bringing in dictatorships in European countries, for example, the Weimar Republic. (C)

There followed a discussion of the procedures in Italy and the United States by which wage agreements are reached in major industries. (C)

The discussion turned to unemployment. (U)

The President said that previously 4% had been considered the base unemployment rate, but that recently analysis had shown that 6% was closer to the base figure. There were many more women in the work force, the so-called smoke stack industries were a smaller portion of the labor force, more specialized skills were needed and the base rate was therefore higher. The most important need of the work force was specialized training in order to take advantage of the change in job patterns. (C)

Prime Minister Spadolini said the situation was the same in Italy where skilled workers were still in great demand. (C)

The President said that his job training program was directed at the community level where the specific training would be made available for specific available jobs. (C)

In reply to a question from Foreign Minister Colombo, Secretary Regan said that he expected real economic growth in the coming year to be at the three to four percent level. He said that the government policies could push that real growth to four to five percent, but risked rekindling inflation which would frighten the financial markets and raise interest rates. Therefore the Administration did not intend to take steps which might overstimulate the economy. (C)

Counsellor Meese said that the important steps in the previous year had been to create the proper climate for business and for private investment. Legislation had been passed affecting the tax rates, both for business and for individuals. (C)

Secretary Shultz said that he would like to make an observation that was perhaps not shared by all of his colleagues. He said that as the inflation rate had dropped, and the money supply had continued to grow slowly, a new situation had been created. He said this situation had made it possible to stimulate growth without causing inflation. He also thought that a delayed benefit from the previous high interest rates was about to appear. When the interest rates had been at the 20% level, businesses could not hold their inventories and so cut them sharply. Now that inventories were down and interest rates were also lower, as sales began to increase, inventories would drop and businesses would make more purchases in order to build them back up. He thought therefore that the economic recovery might be a bit stronger than others projected. (C)

Prime Minister Spadolini said that in Italy the inflation rate was 17%. His estimate showed that if it were brought down to 13%, it would slow real economic growth to less than one percent, necessitating many cuts in health and social service payments. He understood that the United States had taken steps like this. (C)

Foreign Minister Colombo said it was important to affect domestic consumption. Policies with indexation made it difficult to do this. He noted that the strong dollar affected importing countries like Italy which had to pay for many of its imports in dollars. (C)

Secretary Regan said that there had been suggestions that the United States should drive the value of the dollar down compared to other currencies. The United States had resisted these pressures both at Ottawa and at Versailles. In the first place there was no evidence that a country could deliberately bring down the value of its currency. The dollar had in fact, been a "currency of refuge." However, as recovery started he expected other currencies to strengthen compared to the dollar, although he did not expect the dollar to lose too much of its value unless inflation started again in the United States. (C)

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Secretary Shultz gave an illustration of the difficulty caused by this strong dollar. The Catepiller Tractor Company, an extremely well-managed company with very high productivity, had found that it could not compete with the Komatsu Company in its traditional markets. The reason was the exchange rate between the yen and the dollar. The yen had gone down compared to the dollar. This clearly could not have been because of the trade balance between the United States and Japan because the United States had a large deficit. The only factor remaining was that the dollar had become a currency of refuge.

Foreign Minister Colombo asked if there were a connection between exchange rates and inflation and if the high dollar would tend to bring inflation back up. (C)

Secretary Regan replied that as the American economy recovered, we expected imports to go up then this would give rise to a large trade deficit, perhaps on the order of \$75B. If this should happen it should put more dollars out in the world and the value of the dollar should go down. Commodity prices should go up with the exception of oil which hopefully would stay down. (C)

Ambassador Brock added that despite this trade deficit it was necessary to keep protectionism under control and keep U.S. markets open. (C)

Prime Minister Spadolini said that fighting inflation was the first priority of his government, but it was difficult for a coalition government; much more difficult than a two-party system. (C)

The President said that there were differences within the U.S. Government. The House of Representatives seemed to have a different philosophy from him and from the Senate, and this was a problem. In his opinion it was important to reduce the proportion of the gross national product that went to government. Beyond a certain point government expenditures were a drag on the economy. The opposition party did not share this view. The President noted in jest that monetary policy in the old days was easier when there were only silver and gold coins. (C)

The President said that for the coming economic summit in Williamsburg, he proposed a much less formal agenda and a more informal format for the meetings. (C)

Prime Minister Spadolini said he agreed with this idea. (C)

The President said there should not be a great number of issues which the head of state of the governments were supposed to come out with a "yes or no answer" for. (C)

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Foreign Minister Colombo said that there should be a return to the original purpose of these summits. It now seems that they are expected to come up with results and there are, therefore, high expectations. (C)

The President said that he would try to return to the original format hopefully without a communique. (C)

Secretary Shultz said that the La Sapiniere meetings of NATO foreign ministers had been a good model. There had been no communique, no set agenda. There had been two days of excellent discussions and then a five minute press conference. (C)

The meeting concluded at 1:30 p.m. (U)

#### **MEMORANDUM**

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#### NATIONAL SECURITY COUNCIL

ACTION

December 20, 1982

MEMORANDUM FOR ADM. POINDEXTER

FROM:

DENNEDC BLAIR

SUBJECT:

Memcon of Spadolini Visit

Attached for your approval is the memcon from the Spadolini visit. There are no controversial items in the minutes and I recommend that you approve Mike Wheeler's transmission of the memcon to State.

#### RECOMMENDATION

That you approve the memcon at Tab I.

Approve

Disapprove\_\_\_\_

That you approve forwarding the memcon to State with the Wheeler memo at Tab A.

Approve

Disapprove\_\_\_\_

Tab I

Memcon

Tab A

Wheeler to Bremer memo

CONFIDENTIAL

DECLASSIFY ON: OADR

# National Security Council The White House

Package # 8617

82 DEC 20 P12: 58 SEQUENCE TO **ACTION** John Poindexter **Bud McFarlane** Jacque Hill Judge Clark John Poindexter **Staff Secretary** Sit Room I-Information A-Action R-Retain D-Dispatch N-No further Action DISTRIBUTION cc: ·VP Meese Baker Deaver Other COMMENTS

TO

POINDEXTER

FROM BLAIR

DOCDATE 20 DEC 82

RECEIVED 20 DEC 82 18

KEYWORDS: DENMARK

AP

SCHLUTER, POUL

SUBJECT: MEMCON OF PM SCHLUTER VISIT ON DEC 13

ACTION: FOR DECISION

DUE: 21 DEC 82 STATUS C FILES PA

FOR ACTION

FOR CONCURRENCE FOR INFO

CLARK

COMMENTS

REF#

LOG 8208524

NSCIFID

( M / C )

ACTION OFFICER (S) ASSIGNED ACTION REQUIRED DUE

### NATIONAL SECURITY COUNCIL WASHINGTON, D.C. 20506

SECRET

December 20, 1982

MEMORANDUM FOR L. PAUL BREMER III

Executive Secretary Department of State

SUBJECT:

Memcon of Danish Prime Minister Schluter Visit

December 13, 1982

Attached is the memorandum of conversation for the President's meeting with Danish Prime Minister Poul Schluter on December 13. Distribution of the memo should be restricted to those whose duties require them to know its contents. (C)

Michael O. Wheeler

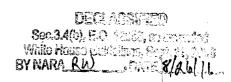
Michael O. Wheeler Staff Secretary

Attachment:

Tab A

Memcon

SECRET
(CONFIDENTIAL upon removal of attachment)
DECLASSIFY ON: OADR



WASHINGTON

SECRET

#### MEMORANDUM OF CONVERSATION

SUBJECT:

The President's Meeting with Danish Prime Minister

Poul Schluter

PARTICIPANTS:

The President

The Vice President

Acting Secretary of State Kenneth Dam

Assistant to the President for National Security

Affairs William P. Clark

U.S. Ambassador to Denmark John Loeb

Deputy Assistant to the President for National

Security Affairs Robert C. McFarlane

Acting Secretary of State for European Affairs

Robert Blackwill

NSC Staff Member Dennis Blair

Prime Minister Poul Schluter

Ambassador to the United States Otto Borch

Under Secretary Peter Wiese Under Secretary Eigel Jorgensen

DATE, TIME

Monday, December 13; 11:00 a.m.

AND PLACE:

Oval Office

The President welcomed Prime Minister Schluter to the White House. He expressed his appreciation for the efforts of Ambassador Borch who had been a "voice of reason" during the negotiations among the Allies on East-West economic policy. He said that there had been hopeful reports from Secretary Shultz in Europe on arranging the follow-up work on the agreement that had been reached in Washington. France, however, still remained a problem.

Prime Minister Schluter said that he would like to report to the President on other aspects of relationships between the United States and Europe. The previous week there had been talks in Brussels between the commissioners of the European Community and relevant American cabinet officers. The discussions on agricultural issues had been particularly worthwhile. Procedures had been agreed upon to deal with the agricultural surpluses on both sides of the Atlantic based on pragmatic solutions to specific problems. It had been agreed to avoid rhetoric but to bring the issue "under control." Prime Minister Schluter said that with the issue of the Poland-related sanctions on its way to solution, with the steel agreement that had been previously concluded and with the good prospects on agricultural issues, he was optimistic about the course of economic relationships between the United States and Europe.

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DECLASSIFY ON: OADR

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The President replied that he had the same positive feeling about recent developments.

Prime Minister Schluter noted that his government was a conservative government in Europe, and he remarked how many countries had chosen conservative governments lately: Norway, Holland, Belgium, the Federal Republic of Germany, and finally Denmark. Perhaps said the Prime Minister, in jest, President Reagan's example had inspired them.

The President replied that he had noticed these developments. He said that all Western countries were struggling with the same problems characteristic of the world-wide economic crisis and that all governments had a share in finding the right answers.

The discussion turned to the issue of INF.

Prime Minister Schluter said he wished to clarify the matter of Danish funding for the INF missiles. He noted that he had problems in Denmark with his opposition. There had been a debate in the Parliament which had ended, he thought, positively. Denmmark had made it clear that it would continue to remain a loyal member of the Alliance. This was, of course, assumed by all, but it was still important to state it openly. Parliament had also made it clear that Denmark would continue to support the 1979 two-track NATO decision on INF. On the INF infrastructure funding, the situation was more complicated. A budget had been approved which would enable the Danish government to pay its share of the funding for the first half of 1983. Then the government would return to the Parliament, probably in the autumn, to seek the funding for the rest of the year.

President Reagan said in reply that the United States was proceeding seriously in Geneva with the INF negotiations. was a Soviet counter-offer appearing in the negotiations under which the Soviets would reduce their missiles if the United States This showed that the Soviet Union could move from deployed none. its original position. There was, therefore, "bargaining room." The United States would take advantage of the situation. Although the zero outcome on both sides was clearly best, if it was necessary to settle for a considerably reduced number on both sides that was still better than the current situation. What was important was to have a deterrent in order to keep war from breaking out in the first place. He noted that the United States, too, had a problem in getting funding from its Congress for missiles, in this case the MX. The President thought the problem would be overcome. He noted that what the Prime Minister called the minority government in Denmark had some of the same characteristics of the U.S. government. (S)

The President added that with all the economic problems that the Western countries had, it was important not to cut defense expenditures. It was his belief that it was necessary for countries to spend not what they could afford but what they needed. He thought that the same sentiment was shared by the U.S. Congress.

SECRET



In reply, Prime Minister Schluter said that his government was currently cutting its budget in order to reduce the deficit and that there would be some slight cuts to defense, although they would be less than the reductions in the other accounts. He said that the Danish government had always strongly supported the American proposal for zero missiles in Geneva. The Soviets appeared to be moving from their position. If they offered to cut their missiles, it was "a beginning." However, even if the twenty SS-20 missiles presently pointed at Copenhagen were reduced to five or even one it was still not comforting to him. So his advice to the President was to stick to the zero proposal for a long time. Then perhaps it might be necessary to adjust slightly. From the European point of view, the zero outcome was the best.

The President said that there may come a point when it would appear that it was the United States that was balking in the negotiations, but what was important, he added, was to have a deterrent. The Soviets must know that if they used one of their missiles on a European city they would "lose Leningrad." (S)

The discussion turned to dealing with the new Soviet leadership.

Prime Minister Schluter said that at the recent EC summit the prime ministers had discussed the change of leadership. There had been agreement that the new leaders should be treated with firmness, but in an open way. The West should look for signs of change, although no one expected anything very dramatic. Most prime ministers had thought that the new Soviet leader would have to spend a great deal of his time in securing his hold on the government. He would have little time for new initiatives either in foreign or domestic policy areas.

In response to a question from the Vice President, Prime Minister Schluter said that he expected the peace movement in Europe to grow stronger next year. Its leadership was energetic, efficient, and it was able to appeal to romantic and naive feelings in the general population. It played on citizens' love for peace and their fear of anything nuclear. He felt that it would be a force to deal with over the next few years, but he was confident that the problems it presented could be overcome despite the difficulty.

The President said there was somewhat the same situation in the United States. There were millions of Americans who were sincere in their love of peace, but there was no doubt that the Soviets had an interest in promoting the peace movement for their own purposes and were stirring the pot. He had said publicly that it was because of his love of peace that the United States was negotiating in Geneva. A freeze was the wrong answer as it would simply freeze Soviet superiority. However, the sensible appeals of the government seemed not to be as dramatic or effective as the slogans of the peace movement.



Prime Minister Schluter said that it was possible that the peace movement could create some pressure on the Soviet Union to change. If Andropov were to follow the old Brezhnev line for three, six, or nine months he would disappoint many in the Western peace movement. They would turn against the Soviet Union.

Prime Minister Schluter said that he wished to raise another subject, the Middle East. At the EC summit it had been generally felt that another movement by the West in this area was needed. Although the U.S. peace proposal would be the main Western effort, there perhaps was an EC effort which could be coordinated with it to enhance it.

The President replied that Ambassador Habib had just been sent back to Israel in order to generate more movement in the peace process. Any help that the EC could give in bringing peace in the Middle East would be welcome.

Discussion then turned to Poland.

Prime Minister Schluter noted the reports that martial law would be abolished. He said this was, of course, a good step, but that he feared so many amendments and reservations would accompany this move that it might have little effect. He really doubted that there would be much of a change in reality from the martial law system, and he thought that Western leaders should be "very reserved" in their reactions to it.

The President said that his evalution was the same. For example, the announcement that martial law would be suspended but not lifted did not sound very promising.

The meeting ended at 11:30 a.m.

#### **MEMORANDUM**

#### NATIONAL SECURITY COUNCIL

SECRET ACTION

December 20, 1982

MEMORANDUM FOR ADMIRAL POINDEXTER

FROM:

DENNES CARLAIR

SUBJECT:

Memcon of Danish Prime Minister Schluter Visit

Attached for your approval is the memcon from the Schluter visit. The discussion of INF on pages 2 and 3 is sensitive, but so far State has held these memcons close. I recommend that you approve Mike Wheeler's transmission of the memcon to State.

#### RECOMMENDATION

That you approve the memcon at Tab I.

Approve

Disapprove \_\_\_\_

That you approve forwarding the memcon to State with the Wheeler memo  $\hat{a}(t)$  Tab A.

Approve

Disapprove

Attachments:

Tab I

Memcon

Tab A

Wheeler to Bremer memo

SECRET

(Unclassified upon removal of attachments)



## National Security Council The White House

Package # 8693

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# National Security Council The White House



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WASHINGTON

#### RECOMMENDED TELEPHONE CALL

TO:

His Eminence Pope John Paul II

DATE:

December 24-25, 1982

RECOMMENDED BY:

William P. Clark PCnfor

PURPOSE:

It is appropropriate that President Reagan, the political leader of the West, talk at the end of the year (Christmas) to Pope John Paul, the most important spiritual leader in the West. The call would demonstrate the President's concern with the moral dimension of the many problems in the world: Poland, the Middle East, and arms control in particular.

TOPICS OF DISCUSSION:

- 1. Concern about the sincerity and seriousness of purpose of the Polish regime's recent announcement of the suspension of martial law.
- 2. The Administration's deep concern about and support for the Polish people, and commitment to continue to send humanitarian assistance.
- 3. Concern for the people of Lebanon, and determination to negotiate the withdrawal of all foreign forces from that country.
- 4. Determination to continue to press for reductions in the world's nuclear arsenals.

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WASHINGTON

#### RECOMMENDED TELEPHONE CALL.

TO:

Elizaveta (Lisa) Alexeyeva Semyonova, daughter-in-law of Andrei Sakharov, the leading Soviet human rights activist, renowned scientist, and Nobel Prize Laureate.

DATE:

December 24 - 25, 1982

RECOMMENDED BY:

William P. Clark Fonton ...

PURPOSE:

To express your concern for Sakharov's (her father-in-law's) plight in the Soviet Union and your admiration of his undying courage and outspoken advocacy of human rights.

**BACKGROUND:** 

Lisa Alexeyeva applied for a regular Soviet visa for over three years, while her fiance was already in the U.S. She was refused on the grounds that she had no marital status. In 1980, she married Mr. Aleksei Semyonov by proxy. In November 1981, Sakharov and his wife, Elena Bonner, went on a two-week hunger strike to protest the repeated refusal of Soviet authorities to grant an exit visa to Lisa Alekseyeva to join her husband in the U.S. After continued protests from the West, Lisa was finally granted an exit visa on December 9, 1981.

In January 1980, Andrei Sakharov was exiled by Soviet authorities to Gorky, where he has been subjected for two years to villainous harassment, punishment, loss of his livelihood and acts of physical violence in retaliation for his outspoken advocacy of human rights.

#### TOPICS OF DISCUSSION:

- 1. Concern about the continued harassment of her father-in-law.
- 2. Your strong admiration for Sakharov's undying courage and persistent struggle for basic freedoms and human rights.
- 3. The Administration's belief that Mr. Sakharov should be permitted to take up residence in a place of his own choice where he will be able to reestablish contact with fellow scientists and resume his important research.
- 4. What is Sakharov's current state of health?
- 5. The Administration has made and will continue to make official representations to Soviet authorities on behalf of Andrei Sakharov.

NOTE: A translator will be needed.

8779

#### NATIONAL SECURITY COUNCIL

December 23, 1982

#### ACTION

MEMORANDUM FOR WILLIAM P. CLARK

FROM:

PAULA DOBRIANSKY

DENNIS C. DLATR

SUBJECT:

Proposed Presidential Telephone Calls

Attached at Tabs I and II, respectively, are "Recommended Telephone Call" memoranda proposing that the President, in the spirit of the season, make telephone calls to Pope John Paul II and to Lisa Alexeyeva Semyonova (Sakharov's daughterin-law).

#### RECOMMENDATION

That you initial and forward the memoranda proposing these calls at Tabs I and II (to Pope John Paul II and Mrs. Semyonova, respectively).

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Approve		Disapprove	. ,
J- 4			

#### Attachments:

Recommended Telephone Call Memo to Pope John Paul II Tab I Recommended Telephone Call Memo to Mrs. Semyonova Tab II

#### WASHINGTON

#### RECOMMENDED TELEPHONE CALL

TO:

His Eminence Pope John Paul II

DATE:

December 24-25, 1982

RECOMMENDED BY:

William P. Clark PCmfor

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- 4. Determination to continue to press for reductions in the world's nuclear arsenals.

#### WASHINGTON

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- 3. The Administration's belief that Mr. Sakharov should be permitted to take up residence in a place of his own choice where he will be able to reestablish contact with fellow scientists and resume his important research.
- 4. What is Sakharov's current state of health?
- 5. The Administration has made and will continue to make official representations to Soviet authorities on behalf of Andrei Sakharov.

NOTE: A translator will be needed.

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