Originally Processed With FOIA(s):
2009-0275-S

FOIA Number:
2009-0275-S

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the George Bush Presidential Library Staff.

Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Scowcroft, Brent, Collection
Series: Administrative Files
Subseries:

OA/ID Number: 85036
Folder ID Number: 85036-008

Folder Title:
Brady, Nicholas

Stack:	Row:	Section:	Shelf:	Position:
V	0	0	0	0

Withdrawal/Redaction Sheet
(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01a. Letter	Brent Scowcroft to Nicholas Brady Re: [National Security Review] (1 pp.)	3/21/90	(b)(1)	S
01b. Draft NSR	Re: Suggested Changes to Draft NSR (1 pp.)	n.d.	(b)(1)	S
01c. Draft NSR	Re: U.S. Economic Policy toward Latin America (5 pp.)	n.d.	(b)(1)	S
02. Memo	T. C. Dawson to The Files Re: IMF Negotiations with Russia (1 pp.)	6/24/92	~~(b)(1)~~	
03. Letter	Nicholas F. Brady to POTUS Re: [North American Free Trade Agreement] (2 pp.)	12/12/91	~~(b)(1)~~	
04. Memo	Nicholas F. Brady to POTUS Re: Post-Gulf International Economic Issues (2 pp.)	3/26/91	~~(b)(1)~~	~~C~~
05a. Handwritten Note	Nicholas Brady to Brent Scowcroft Re: [this effort] (1 pp.)	1/22/91	~~(b)(1)~~	
05b. Memo	Nicholas F. Brady to POTUS Re: Gulf Financing Operation (2 pp.)	1/3/91	(b)(1)	S
06a. Handwritten Note	Nicholas Brady to Brent Scowcroft Re: [April 28] (1 pp.)	n.d.	~~(b)(1)~~	

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Collection
Series: Administrative Files
Subseries:
WHORM Cat.:
File Location: Brady, Nicholas

Pinksheet Number: cap2267
OA/ID Number: 85036-008
Date Closed: 9/29/2010
FOIA/Sys Case #: 2009-0275-S[2]
Re-review Case #:
P-2/P-5 Review Case #:

Withdrawal/Redaction Sheet
(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
06b. Letter	Nicholas F. Brady to Brent Scowcroft Re: [National Security Directive] (1 pp.)	4/28/89	~~(b)(1)~~	~~C~~

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Collection
Series: Administrative Files
Subseries:
WHORM Cat.:
File Location: Brady, Nicholas

Pinksheet Number: cap2267
OA/ID Number: 85036-008
Date Closed: 9/29/2010
FOIA/Sys Case #: 2009-0275-S[2]
Re-review Case #:
P-2/P-5 Review Case #:

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01a. Letter	Brent Scowcroft to Nicholas Brady Re: [National Security Review] (1 pp.)	3/21/90	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Collection
Series: Administrative Files
Subseries:
WHORM Cat.:
File Location: Brady, Nicholas

Date Closed: 9/29/2010	**OA/ID Number:** 85036-008
FOIA/SYS Case #: 2009-0275-S[2]	**Appeal Case #:**
Re-review Case #:	**Appeal Disposition:**
P-2/P-5 Review Case #:	**Disposition Date:**
AR Case #:	**MR Case #:**
AR Disposition:	**MR Disposition:**
AR Disposition Date:	**MR Disposition Date:**

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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

PRM. Removed as a personal record misfile.

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

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01b. Draft NSR	Re: Suggested Changes to Draft NSR (1 pp.)	n.d.	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Collection
Series: Administrative Files
Subseries:
WHORM Cat.:
File Location: Brady, Nicholas

Date Closed:	9/29/2010	**OA/ID Number:**	85036-008
FOIA/SYS Case #:	2009-0275-S[2]	**Appeal Case #:**	
Re-review Case #:		**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:		**MR Case #:**	
AR Disposition:		**MR Disposition:**	
AR Disposition Date:		**MR Disposition Date:**	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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

PRM. Removed as a personal record misfile.

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

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01c. Draft NSR	Re: U.S. Economic Policy toward Latin America (5 pp.)	n.d.	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Collection
Series: Administrative Files
Subseries:
WHORM Cat.:
File Location: Brady, Nicholas

Date Closed: 9/29/2010
OA/ID Number: 85036-008
FOIA/SYS Case #: 2009-0275-S[2]
Appeal Case #:
Re-review Case #:
Appeal Disposition:
P-2/P-5 Review Case #:
Disposition Date:
AR Case #:
MR Case #:
AR Disposition:
MR Disposition:
AR Disposition Date:
MR Disposition Date:

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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

PRM. Removed as a personal record misfile.

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

THE SECRETARY OF THE TREASURY
WASHINGTON

APNSA Has Seen

January 8, 1991

MEMORANDUM FOR BRENT SCOWCROFT
ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS

FROM: NICHOLAS F. BRADY NFB

Let me make clear my concerns on the Enterprise for the Americas budget issues.

First, this is a question of what needs to be done to adequately and reliably fund a decided Presidential initiative; it is not essentially a budgetary issue between departments.

We all support an approach that satisfies both the objective of adequate and reliable EAI funding and the objective of avoiding damage to "150" accounts. The concern is that the budgetary plan proposed will fall significantly short of delivering the commitments that the President has publicly announced.

-- As an example, it puts any FY 1992 funding of EAI over the inadequate $200 million level in the proposed budget entirely at risk to legislative, legal and operational actions that are not within our control.

-- Even if the Administration is successful in clearing these substantial legislative and operational hurdles in FY 1991, the FY 1992 budget benefits of those successes are not dedicated to the EAI program but, rather, simply fall back into the general 150 account.

This leaves the President's EAI program as a legislative and operational gamble, underfunded, with a level of uncertainty inconsistent with and inappropriate to an important and highly publicized Presidential initiative.

If the FY 1992 EAI funding cannot be firmly budgeted to allot $210 million more than the $200 million now provided, and if the legislative and other efforts of the Administration in 1991, for whatever reasons, fail to secure the sums needed to adequately fund the program in 1992, it is potentially a major embarrassment to the Bush Administration.

The facts are that the promise and expectations raised as the President put forward his EAI plan, publicly discussed it before legislatures and presented it to heads of State in Brazil, Uruguay, Argentina, Chile and Venezuela, are not matched in substance by the President's budget.

There are ways this problem can be addressed to create greater certainty of adequate EAI funding and I believe we should take action to do so before the books are closed on this budget cycle. Otherwise, this could turn into a foreign policy failure of significant proportions.

As this is an initiative that can only be carried out by the cooperation of several agencies (State, Treasury, NSC and OMB), these next steps will require vigorous ongoing efforts by all of us.

cc: Richard G. Darman
Director of Office of Management and Budget

Lawrence Eagleburger
Deputy Secretary of State

DEPARTMENT OF THE TREASURY

Nick -

Brent Dawn

Re good speech

Speech Brent a

a

way of pitch

NTB

THE DEPARTMENT OF THE TREASURY
1789

Brent,

Read this not as a speech by Brady but as a way of organizing GB's pitch

[illegible]

TREASURY NEWS

Department of the Treasury Washington, D.C. Telephone 202-622-2960

TEXT AS PREPARED FOR DELIVERY
EMBARGOED UNTIL 2:00 P.M. EDT

Contact: Claire Buchan
202-622-2910

Remarks by
The Honorable Nicholas F. Brady
Secretary of the Treasury
before
THE MID-AMERICA COMMITTEE
Chicago, Illinois

July 23, 1992

Thank you, Don Clark. It is a great pleasure to be here in Chicago today with the Mid-America Committee.

On November 3, America will elect a president. But we should not let our familiarity with that idea blind us to the rarity of the event. Since that spring morning over two hundred years ago when Washington first took his oath on the steps of Federal Hall, America has had only 41 presidents. Thus, the decision we make on November 3 will be one of a handful of events in the history of the country that can shape our future. And this year, that choice is particularly important -- for the President who enters the White House in 1993 will be the President who leads America into the post-Cold War era.

The next four months will be a time of intense debate: where have we been? where are we going? how do we get there? who do we trust to take us there? These are serious questions; they demand serious answers. The American people deserve more from those who would lead them than soundbites and saxophones. And if we do not take the time now for some honest reflection, we run the risk of being led in the heat of the coming campaign by nothing but the quest for partisan advantage. So today I would like to set out the Bush Administration's answers.

To begin, we must recognize that in the last four years America -- and the world -- have been through a profound transition, a structural adjustment greater than any we have seen since the end of the Second World War. Let me give you a few examples of this transformation's character:

NB-1910

- First, during this last four years America and her allies won a war -- a Cold War, but nonetheless the most protracted and expensive war of this century. This great victory has now enabled us to cut spending on defense by 17% in real terms since the Bush Administration took office in January 1989. And that figure will reach 27% by 1997. Our economy will benefit immeasurably from this enormous reduction in the burden of military spending: as Dwight Eisenhower said at the beginning of the Cold War almost half a century ago, "A world in arms is not spending money alone. It is spending the sweat of its laborers, the genius of its scientists, the hopes of its children."

  But our country now shows the stress of having carried the burden of the free world's defense for almost 50 years. The transition to a peacetime economy has meant a difficult adjustment period for defense workers, military families and their communities.

- Second, we are witnessing irreversible changes in the way the world does business. National borders are no longer an obstacle to the conduct of most economic transactions. The information revolution -- together with advances in transportation and logistics -- has made it increasingly easy for a product to be designed in Illinois, financed in London, manufactured in California, and sold in Mexico. And technological and financial innovations continue to improve the operation of our securities markets, directing capital to wherever it will bring the highest return -- whether that is Paris, Texas or Paris, France.

- Third, this transition has occurred at a time when the volume of debt in every segment of society has been at historically high levels. Those levels, however, are now beginning to decline as businesses strengthen their balance sheets and as the baby boomers become the young parents of the 1990s, watching their budgets, saving for their retirement and their kid's education. It is natural and healthy that families and businesses would reduce their debts. This sets the stage for renewed growth in the long term -- even though it has meant slower growth in the short term.

- Finally, the economy has been burdened throughout this transition with a financial system weakened first by overexposure to Third World Debt, then by failed savings and loans, and most recently by declining real estate markets, which have created losses for banks, thrifts and insurance companies throughout the country.

In short, the Bush Administration, from its first days in office, has been faced with an unusually broad array of economic challenges; and from its first days in office it has met these challenges head on. The President has given experienced and level-headed leadership to America and the world as we adjust to the end of the Cold War. To open markets for American products in the new global economy, we have been the world's most outspoken and consistent champion of free and fair trade. And we created effective solutions for both the savings and loan crisis and the Third World Debt restructuring so that we are once again poised to finance investment and job creation.

During a time of such fundamental transformation, it is clear why many Americans would become uncertain about their economic future. Change of this magnitude can unnerve even the strongest. Yet today's uncertainty may be out of proportion to the challenge itself. The economy is growing: short-term interest rates are at their lowest in two decades, and inflation is as low as it was in the mid-60's. We are near the end of the painful though necessary changes that have positioned us to be competitive now and in the years ahead, yet still the doomsayers cry that America has lost its way. What explains this pessimism?

I believe the answer lies in the nature of the economic adjustment we are undergoing. In previous times -- the early 1980s for example -- the economy's problems have seemed subject to domestic control; today many believe that circumstances have placed us at the mercy of events in the broader world. And our media oversimplify and magnify with a ceaseless barrage of reports; reports that the world is leaving us behind. We are told constantly -- and wrongly -- that America is in decline; that our goods are uncompetitive, our managers inefficient, our workers idle and ill-educated; that we can't compete with the Japanese, the Germans, the emerging Asian economic powers, or a united Europe, or anyone else for that matter.

Some would react by circling the wagons, by retreating into isolation and protectionism, by staving off change with a so-called industrial policy that would substitute the choices of the government for those of a free people. It would be ironic indeed if we were to heed those calls -- just as the rest of the world, country by country, adopts our free enterprise system and rejects their government-managed economies.

Instead, it is time to lay aside the ridiculous myth that the United States is somehow on its way to becoming an economic backwater. The United States remains, and **will** remain, the world's preeminent economic power. With one twentieth of the world's population, we produce one fourth of its goods and services. Total U.S. output, measured on a purchasing power parity basis, is about twice Japan's, four times Germany's, and larger than the whole European Community. We lead the world in exports, and in particular we lead in exports of high technology goods, such as aircraft, computers, microelectronics and scientific equipment. Our living standards are 18% higher than Japan's and 15% higher than Germany's. And our productivity, the key to ensuring our living standards remain high, is about 10% higher than Germany's and 30% higher than Japan's.

America is still the world's leader. But to keep our position of leadership, we must follow a clear and determined strategy. What is this strategy? What is our goal?

The goal of the Bush Administration during this transition will be -- as it has been -- not to hide from change, but to anticipate it, to guide our economy through this difficult structural adjustment and assure leadership in the new world now emerging. And in that process, President Bush will be guided -- as he has been -- by three strategic objectives:

First, we must secure the peace. The most important event of our generation -- not just politically, but economically -- is the end of the Cold War. The President elected in November must not allow a generation's effort to be squandered by giving in to the calls to turn inward, to shirk the burdens of world leadership. Instead we must take the initiative now so that our children will grow up in a world of peace and prosperity, where the United States aims its exports, not its missiles, at the former Soviet Union.

Securing the peace is not merely a matter of foreign policy, it is at the heart of our domestic agenda as well. We must recognize that in the post-Cold War world there is no real distinction between foreign policy and domestic policy. Trade negotiations affect domestic employment; education policy affects future competitiveness; peace in the Middle East means secure energy sources to fuel domestic production.

Under the President's leadership, we are reducing the number of nuclear missiles aimed at this country from over 20,000 to around 3,500, and that number will decline even further. Who, sitting with his children or his grandchildren, would argue that this is not domestic policy at its most fundamental? A candidate who divides the complex issues we face today into one box labeled "domestic" and another box labeled "foreign" will quickly find himself in the "out-box."

Second, we must ensure America's economic leadership. In the post-Cold War world, this will mean ensuring free, open and growing markets for our exports. In the 1980s, growth was fueled largely by debt and consumption; in the 1990s, growth must come instead from exports and investment. Our merchandise exports have increased by almost $195 billion over the last 5 years, and every billion dollars in exports supports almost 20,000 new jobs. If we are to take advantage of the opportunity exports represent, we must work with our allies to improve world economic growth, to reduce barriers to trade, and to ensure political stability abroad.

Let me be clear: policies that promote "managed" trade or that steer government benefits to politically connected industries through "industrial policy," simply won't work for America in the new world. In the example of Eastern Europe and the former Soviet Union, we have unambiguous proof of the failure of government-managed economies. If government resorts to picking winners and losers, then sooner or later the American people will be the big loser.

But our trading partners also need to understand: it is no longer acceptable for them to close their markets while expecting us to keep ours open. For decades after the Second World War we offered our markets to sustain the alliance and to promote growth in economies that had been shattered by war. In the post-Cold War era, the rule is that **all** markets must be open, not just **our** markets.

Finally, we must invest in America's future. Investment in education, in technology, in research, is the key to increasing our workers' productivity, and thereby assuring that American products are competitive. We must therefore adopt policies that foster savings and investment and promote job creation.

America's workers must be the best educated and the most productive. That means fixing our education system -- by implementing President Bush's plan to develop schools that are more accountable, expanding parental choice, encouraging states to set meaningful education standards, and rewarding merit in the instruction of our youth. It means providing affordable health care for all Americans while dealing with the rising health costs of business. It means fixing our tax policies -- in particular by reducing the capital gains tax -- to encourage savings and investment. And it means fixing our regulatory policies, to reduce the burden government places on economic activity.

These have been -- and continue to be -- our objectives. They differ from those of our opponents in the coming election in recognizing the effects of foreign affairs on domestic policy; in dealing with the dynamic changes in world markets; and in encouraging individual initiative rather than fueling the engine of big government.

But it is in the implementation of these objectives that the choice facing the American people in November becomes clear.

In choosing the means to achieve its objectives, Democrats believe in a big government that takes an ever increasing share of the national output each year. The Bush Administration, by contrast, believes that we must efficiently manage what we have, reducing the burden on the nation and its people.

In particular, the Bush Administration believes we must control the growth in government spending. That means facing the difficult task of controlling the growth of entitlement spending. It means focusing limited federal resources carefully on key problems -- not throwing money at them. We must measure the success of our programs by the results they produce, not by the dollars they consume.

And it means seeking the line item veto and a constitutional balanced budget amendment. Nearly every bill the President sends to Congress gets larded with a host of Congress's pet projects. Without the line item veto, the President must accept or reject the entire bill as Congress sends it back to him. He does not have the ability to keep the essential and delete the superfluous. If the Congress ran this country's convenience stores, no one in America would be allowed to pick up just a carton of milk; he would also have to buy some motor oil, a deck of cards, three copies of People Magazine and a microwave burrito. It is no wonder the budget is out of control. The President must be given the tools to defend the American public from these senseless shopping sprees.

The problem is one of spending, not of taxes. Americans are not undertaxed; their government spends too much. And it hasn't helped to have that same Congress refuse to fix obvious mistakes in tax policy, out of fear that a Republican President would benefit from a stronger economy. They figure that if the boat leaks enough, maybe they'll get a new captain -- so why fix the holes?

In short, the choice the American people are being asked to make in November is a fundamental choice of values. We believe in the people, not in bureaucracy. We believe in traditions like hard work and the entrepreneurial spirit, not government omniscience. We believe that government's job is to protect and defend, whether at home or abroad; to enable people to go safely to their schools and about their work; and to create the economic climate for success. We trust the American people, not government, to allocate resources, and we trust the American people to create the strength to take on all comers in the world economy.

These values are the American peoples' values. And to judge from last week's convention, the Democrats' public relations machine has finally come around to understanding that. We have just witnessed a week in which the Democrats adopted the protective coloring of Republicans to shield their traditional "government knows best" philosophy from public view during the election. It is no accident that the Democratic Congressional leaders were virtually invisible at their convention last week. But let's remember something they never mention. When Democrats are on television, they talk like Republicans, but when the plane lands in Washington, they vote like liberals -- for higher taxes and higher spending. These are the economic policies that brought us the 13% inflation and 20% interest rates of the last Democratic administration.

In a time of change, of transition, it is important to remember those constant values and beliefs that have shaped America. We need to remember that America's success is based on the achievements of our people, not on government programs that wax and wane. And not on new slogans, like "New Covenants," that come and go. The beliefs that we share -- our belief in a government that works with and for the people; our belief in the entrepreneurial spirit; our belief in the core family values that have sustained us for generations -- these are principles that have stood the test of 200 years of change. These are the principles that we should choose to guide America in the years ahead.

Thank you.

###

Telecopy

To: General Scowcroft

Telecopy # 456-2219

From: Secretary Brady

Telecopy # (202) 622-0000

Telephone # (202) 622-0190

Number of pages to follow 1

Date June 29, 1992

Brent: This situation will wax and wane
LHS

June 24, 1992

TO: The Files

FR: TCDawson

RE: IMF Negotiations with Russia

Camdessus convened a meeting of G-7 Executive Directors this afternoon to apprise them of new information indicating lack of progress on agreeing or implementing necessary economic measures and the likely resulting sharply deteriorating economic outlook in Russia.

For this reason, the Managing Director expressed concern regarding reports that the IMF was pledging $1 billion unconditionally to the Russians. He said that this made the IMF's position difficult as it started a crucial week of negotiations in Moscow, particularly as, given where things currently stood, it was not clear that these negotiations would result in a first credit tranche agreement.

The Moscow mission returned this week with information indicating that the fiscal situation was much worse than expected or understood by Gaidar in the bilateral meeting with Camdessus in Washington last week (Camdessus noted that Gaidar had laughed confidently when discussing the budget in their meeting.) While Camdessus was not ruling out that an agreement could be reached, successfully concluding negotiations on the first credit tranche agreement would still require significant actions on the part of the Russians.

NOTE: Earlier, Camdessus had told me privately that in last week's meeting, he had given Gaidar a piece of paper outlining the particular measures that both agreed would be needed for the first credit tranche. Camdessus' new nervousness stems in part from the budget data and in part from the fact that, as of mid-week, Gaidar had apparently not passed on the paper to any of his subordinates.

Continuing his presentation to the G-7 Directors and putting it in context of the progress already accomplished by the Russians, including price liberalization, Camdessus observed that the next key step, unification of the exchange rate as programmed for July 1, would be undone without tight monetary policy (including positive interest rates). Yet instead of the necessary improvement in fiscal policy as determined by the March Memorandum on Economic Policy (MEP), the budget as recently passed amounted to significant relaxation which would likely lead to hyperinflation (in the four digits) by end year.

Specifically, while Q1 expenditures were kept in check (in part by postponing temporarily some spending), the success was not extended through Q2. For the first half of 1992 as a whole, expenditures were 36% of GDP. Given the details of the recently passed budget, expenditures in the second half of 1992 would rise to 48% of GDP, unless counter measures were taken.

Brent:

NKB

NICHOLAS F. BRADY

There is a domestic concern of the highest order. I do not seem to be able to convince people that it is not a comment on the merits of NAFTA per se or a putting on of the brakes. There is no need

ROOM 3330
1500 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20220
TEL. 202 566-2533

for public statements or [illegible]

THE DEPARTMENT OF THE TREASURY
1789

Mr President,

Today's hearings of Senate Finance have convinced me beyond any doubt that The Democrats have a well organized plan to talk down The Bush administration by repeating words

2/ such as HOOVER, DEPRESSION, UNFAIR, HEALTH CARE etc. They were repeated over and over at Senate Finance. The next stage will be to take the JOBS high ground that You have, away from You. That is the reason why I advise caution on NAFTA precise statements. We should push ahead full steam but be careful about full commitment to schedule before we find out how good a deal we can get from the Mexicans and whether or not we have enough Democrat's support. NFB

THE SECRETARY OF THE TREASURY
WASHINGTON

December 12, 1991

The President
The White House
Washington, DC 20500

Dear Mr. President:

We held a meeting of your economic advisors yesterday to review issues surrounding the North American Free Trade Agreement in light of your upcoming meeting with President Salinas.

It is clear that, without the cooperation of Congress, we will not achieve passage of NAFTA in 1992. To get that sort of cooperation will require a very good, comprehensive agreement that can generate widespread support from broad segments of the business community and which minimizes, to the extent possible, entrenched hostility from labor and environmentalists.

The consensus of the group was that Mexico must be much more forthcoming in the negotiations than they have been if we are to achieve such a result. Mexico has always wanted to push for a small, quick package dealing primarily with tariff elimination on goods. But without a big package of substantive results (including investment, financial services, energy), we will not be able to gain Congressional support for the agreement. In this regard, Pedro Aspe, who is coming to Washington with President Salinas, called this morning and I told him that Mexico would have to improve their offer substantially.

Your advisors agreed that we should aim to have a consolidated, bracketed text by the end of January. At that stage we would be able to assess whether the package taking shape is adequate.

In early February we agreed it will be necessary to consult with Congress, particularly the leadership, to determine whether they will cooperate to achieve approval of the NAFTA next year.

Hence, I would urge the utmost caution in discussing the <u>timing</u> of concluding a NAFTA with Salinas, particularly setting a deadline for completing the NAFTA that implies our highest priority is to have an agreement before the election. At this point, we neither have a satisfactory deal, nor the surety of Democratic support necessary to pass NAFTA. The worst outcome, for both Mexico and the Administration, would be a negotiated agreement which failed to be approved by Congress--a possibility, in my view, which makes the nature of any statement following the Mexican meeting extremely important.

We all agree that you should campaign on your success in foreign policy, which includes the negotiation of trade-expanding agreements. Exports have been a bright spot in the economy, and we can show that increasing exports means more growth and more jobs. This message will have to be driven home constantly, because the public currently has real fear about job loss.

Sincerely,

Nicholas F. Brady

Nicholas F. Brady

THE DEPARTMENT OF THE TREASURY
1789

EYES only

Brent: Ed Madigan sent his letter to Yeutter. The President's decision should not be re-activated in another forum after we all have been over it numerous times

NFB

THE SECRETARY OF THE TREASURY
WASHINGTON

The Honorable Edward Madigan
Secretary
U.S. Department of Agriculture
Fourteenth Street and Independence Avenue, S.W.
Washington, D.C. 20250

Dear Ed:

This is in response to your recent note regarding the Administration's proposal to sell, reduce, or cancel GSM debt of qualified Latin American and Caribbean countries under the Enterprise for the Americas Initiative. I appreciate receiving your personal thoughts on this program.

As you know, the President decided in the spring of 1990 to include both CCC assets acquired under the GSM export credit guarantee program and PL-480 debt in his Initiative for Latin America and the Caribbean, announced in June of that year. Treasury worked closely with USDA and other agencies in developing legislation incorporating these proposals. The PL-480 portion was successfully enacted last year. The President resubmitted his proposed legislation on AID, Eximbank, and CCC debt in January of this year as part of his domestic program outlined in the State of the Union address.

I understand your interest in maintaining the GSM program as a commercial program -- the EAI is in no way designed to undercut that objective. Nor in our view does it constitute the use of export sales guarantees for foreign policy or debt rescheduling purposes in violation of the 1990 farm bill.

We have proposed that the Administration support the alternative proposal for direct buybacks of qualified GSM debt by eligible Latin countries, as included in Chairman de la Garza's draft bill. We would, however, also seek authority to sell, reduce, or cancel such GSM debt to facilitate debt/equity, debt-for-nature, or debt-for-development swaps, as proposed in the Administration's legislation. No additional amounts of debt, nor additional budget cost would be entailed in this proposal. Indeed, the Chairman's bill would permit countries to buy back up to 40% of qualified GSM debt, whereas we would limit the sale or cancellation of GSM debt through Administration action to only 10-20% of qualified debt.

With regard to the perception that GSM debt sales might be viewed as an "end run" around a foreign aid cap, I would note that OMB has indicated that the budget cost of GSM debt sales under credit reform will be borne in the international (150) account, rather than the 350 account which includes GSM appropriations. This is quite the opposite of an "end run": to the contrary, the international account will "pay for" the loss in the 350 account.

Moreover, the CCC revolving account will receive up front both the cash sales price and a reimbursement from Treasury to cover the present value of subsequent reductions in expected receipts due to the GSM sales. Therefore, for a period, CCC will enhance its receipts, and will in no event suffer a net depletion requiring further 350 account appropriations.

Finally, I would note that we currently anticipate cumulative 150 account budget costs through 1995 of less than $31 million for the GSM debt sales program. This is an important component of the President's Initiative to encourage more open investment and trade regimes in Latin America -- which will provide benefits for U.S. exports (including agricultural exports) which are multiples of this budget cost.

I hope you can understand our position on this issue, and would be happy to discuss it further if you have additional concerns.

Sincerely,

Nick

~~Nicholas F. Brady~~

THE SECRETARY OF AGRICULTURE

WASHINGTON

20250-0100

March 3, 1992

The Honorable Nicholas Brady
Secretary of the Treasury
1500 Pennsylvania Avenue, N. W.
Washington, D. C. 20220

Dear Nick:

Because there was never an interagency meeting on the EAI, no one had the opportunity to make these points:

* Our PL 480 program is an aid program, and there is no concern about debt forgiveness in this area.

* Our GSM program is a commerical program, and the law (1990 farm bill) prohibits its use for debt rescheduling or foreign policy purposes.

* It is a very successful program that helps us run a 14 to 15 billion dollar a year trade surplus in agriculture.

* The maritime industry would like our GSM program subject to Cargo Preference, as are our aid programs. This would add an average of $30.00 per ton to our exports, impairing our competitive position. We have worked hard to avoid this. Changing the character of the program serves their purpose.

* Your bill will be sent to the Committee on Agriculture and the Foreign Affairs Committee.

* Agriculture Committee Chairman Leahy is opposed to GSM debt forgiveness, as is Senator Sasser.

* Chairman de la Garza has a different bill, and the Committee Republicans are supporting him.

* The GSM funds come from the CCC revolving fund and must be replenished by appropriation.

* Members of the House and Senate Appropriations Committee are opposed to GSM debt forgiveness on the premise that it is an end run around their cap on foreign aid.

* While there is support in the Foreign Affairs Committee, there is also all the opposition I have noted.

Because it is possible that your initiative may impact only 20 million dollars of GSM funds, I would not take the President's time with this.

However, the opponents will believe, and will argue, that it will ultimately lead to the full 40 percent of the 800 plus million.

It seems like a lot of trouble for 20 million dollars.

Sincerely,

Ed

Edward Madigan

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

Honorable Richard G. Darman
Director, Office of Management
and Budget
Old Executive Office Building
Washington, D.C. 20503

March 3 1992

Dear Dick:

This is in reply to your request of February 24, 1992 for comments on the Department of Treasury's draft Administration position on H.R. 4059, a bill "To amend the Agricultural Trade Development and Assistance Act of 1954 to authorize additional functions within the Enterprise for the Americas Initiative, and for other purposes."

The Department of Agriculture (the "Department") supports H.R. 4059, as introduced by House Agriculture Committee Chairman Kika de la Garza, and does not support Treasury's draft position, which recommends that section 615(a) which H.R. 4059 would add to the Agricultural Trade Development and Assistance Act of 1954 be broadened to include the authority requested in previous Enterprise for the Americas Initiative (EAI) legislative proposals for sales, in conjunction with debt-for-nature, debt-for-equity and debt-for-development swaps, of rescheduled debt owed to the Commodity Credit Corporation (CCC) under its export credit guarantee programs (GSM-102/103).

The Department continues to have serious concerns about the reduction of debt owed to the CCC in connection with its export credit guarantee programs (GSM-102/103) and the possible negative consequences stemming from such a reduction. These views have been expressed previously in our response to your request of February 13, 1992 for agency views on H.R. 4059. For this reason, USDA supports the more limited approach in H.R. 4059 toward reducing the amount of qualified debt owed to CCC as a result of exports to eligible countries facilitated by the GSM-102/103 programs. Also, the de la Garza bill would allow only the debtor country to buy back its own debt; other buyers, including foreign investors, would not be authorized to buy debt owed to CCC at discounted prices. Department staff understand that Chairman de la Garza is strongly opposed to debt swaps and allowing third parties, especially foreign country investors, to purchase debt owed to CCC at discounted prices.

In addition to the concerns already raised in our earlier letter commenting on H.R. 4059 and in inter-agency meetings, USDA has the following concerns in relation to recommending the inclusion of debt swaps in H.R. 4059: (A) in the current domestic economic environment, debt swaps are likely to generate adverse publicity and, given recent scrutiny of our CCC export credit guarantee programs, such additional publicity would not be welcome; and (B) the Chairman has been extremely supportive of the Department and we believe the Administration would better serve itself by accommodating the Chairman's concerns and defer from advocating debt swaps.

The Department also requests that the Administration position seek clarification of the provision in H.R. 4059 requiring countries to deposit local currency proceeds into an environmental fund. Please refer to paragraph three of our previous letter.

Sincerely,

Ed

Edward Madigan
Secretary

2079

THE SECRETARY OF THE TREASURY
WASHINGTON

March 17, 1992

MEMORANDUM FOR GENERAL SCOWCROFT

FROM: Nicholas F. Brady NFB

SUBJECT: International Priorities and FY '92 Budget Action

Following our meeting with the President on EAI and IMF priorities for appropriations action in FY '92, it has become increasingly likely that we may face another Continuing Resolution for the international accounts. EAI funding is in serious jeopardy of being lost, or drastically reduced from the Administration's request -- particularly in a "clean" Continuing Resolution.

The Administration's emphasis on other programs -- assistance for the former Soviet Union and UN peacekeeping -- will compete with the EAI for funding in most tight funding scenarios. But as yet, no resolution has been reached.

EAI is one of the President's most durable foreign policy initiatives with important long-term economic benefits for the U.S. and our hemisphere. If we fail to fund the EAI's Multilateral Investment Fund (MIF) and debt reduction elements, the President's commitment to the EAI will be lost for his first term. The President has been personally engaged on EAI, travelling to five Latin American countries and pressing major allies to contribute to the Multilateral Investment Fund. If the United States fails to contribute its share of the $1.3 billion pledged for MIF, the contributions from other countries will not be forthcoming.

Setting our priorities obviously presents difficult choices, but ones that must be made if the EAI commitment is to be carried through. We need to keep a steady focus on our top priorities and assure that funds are obtained to see them through.

In this situation, I would urge you to direct a review of current 150 account priorities in order to identify where there is room to fund the basic elements of EAI within an FY '92 Continuing Resolution. The current Continuing Resolution expires on March 31st.

2/13/92

THE WHITE HOUSE

Nick -

I hear there is a move afoot among the Democrats to reclassify minivans as trucks, thus greatly raising the Tariff.

Besides probably being illegal in GATT, I think it would be a dumb political

THE WHITE HOUSE
WASHINGTON

BY HAND

The Honorable Nicholas F. Brady
The Secretary of the Treasury
Department of the Treasury

move, ultimately hurting the President if we support it.

I hope you will tell any of your people who may tend to be sympathetic to this move — if you agree with me — not to support it.

Brent

~~CONFIDENTIAL~~

THE SECRETARY OF THE TREASURY
WASHINGTON

send cc to Brent

March 26, 1991

MEMORANDUM FOR THE PRESIDENT

FROM: Nicholas F. Brady NFB

SUBJECT: Post-Gulf International Economic Issues

The successful conclusion of the war has raised a host of unanswered questions on the international economic front.

- o What countries will be the engines of world growth? This is particularly important for the U.S. at this time, since exports are providing roughly 50 percent of our growth.

  -- Although Germany and Japan led world economic growth last year, both economies are slowing. There are signs of disarray in German policy-making, and the Japanese stock and real estate markets continue to have elements of vulnerability.

  -- While there are some signs of leveling interest rates outside the United States, rates nonetheless remain very high. A concerted effort to make sure central bankers do not start a round of rate increases may be required.

  -- The successful outcome of the war and improved confidence in the American economy have contributed to renewed strength in the dollar. Concerns about the Soviet Union and problems in Germany have fed DM weakness (and therefore dollar strength). While the underlying bullishness of the U.S. economy is welcome, we will need to manage this situation carefully in order to avoid competitiveness problems that could re-emerge if the dollar becomes too strong.

- o What will the global capital shortage mean to regions of key interest to the United States?

  -- Eastern Europe and Latin America both need capital flows to support investment and growth. Although broad-based economic reforms in both areas may attract needed capital (particularly in Latin America where flight capital is being brought home), both regions will need substantial funds to support the growth necessary to sustain domestic reform.

~~CONFIDENTIAL~~

-- The Soviet Union is also in dire need of foreign capital, but cannot expect significant flows until there is greater political and economic order. However, the Soviet Union has particular leverage on Germany and other Western European countries and perhaps the Eastern Bloc, and could be quite successful in squeezing needed funds from those quarters.

-- The Middle East is in need of both immediate funds for reconstruction and longer-run support for development and reform. The front-line states, in particular Egypt and Turkey, continue to require exceptional assistance.

-- The traditional capital surplus countries, Kuwait and Saudi Arabia, are not likely to be able to address these needs in the near-term. Kuwait faces huge reconstruction costs and Saudi Arabia is acting as though they are short of funds as they cope with the costs of the war in the context of a weak oil market. Their circumstances also raise questions about their ability to fulfill promptly their remaining Desert Storm obligations. The Saudis have raised again the possibility of paying us in oil.

o What is the future of the oil market?

-- The outcome of the war has left open major questions concerning the price and volatility of the oil markets. The effectiveness of OPEC in fostering stability in these markets is in serious doubt, raising the possibility of greater volatility in the future, particularly in the event of further supply disruptions.

As we move to extend U.S. leadership in the post-Gulf world to the economic arena, it is important that we develop a clearer and more comprehensive understanding of how to address these questions with our colleagues in the coalition.

In an effort to explore the issues outlined with financial leaders in both G-7 countries and the Gulf, I plan to travel in early April to Europe and the Middle East. The trip would be keyed off of the inaugural meeting in London of the new European Development Bank, where the United States is the largest shareholder. The tentative dates I have in mind are April 7 through April 16.

I would welcome any reaction you have to these plans.

THE DEPARTMENT OF THE TREASURY 1789

January 22, 1991

Brent,

Unless we get one Department chairing this effort soon we are going to look really foolish or worse. There are too many variables and no real organization.

Please call

NFB

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
05b. Memo	Nicholas F. Brady to POTUS Re: Gulf Financing Operation (2 pp.)	1/3/91	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Collection
Series: Administrative Files
Subseries:
WHORM Cat.:
File Location: Brady, Nicholas

Date Closed: 9/29/2010	**OA/ID Number:** 85036-008
FOIA/SYS Case #: 2009-0275-S[2] **Re-review Case #:** **P-2/P-5 Review Case #:**	**Appeal Case #:** **Appeal Disposition:** **Disposition Date:**
AR Case #: **AR Disposition:** **AR Disposition Date:**	**MR Case #:** **MR Disposition:** **MR Disposition Date:**

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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

PRM. Removed as a personal record misfile.

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

EYES ONLY

NICHOLAS F. BRADY

ROOM 3330
1500 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20220

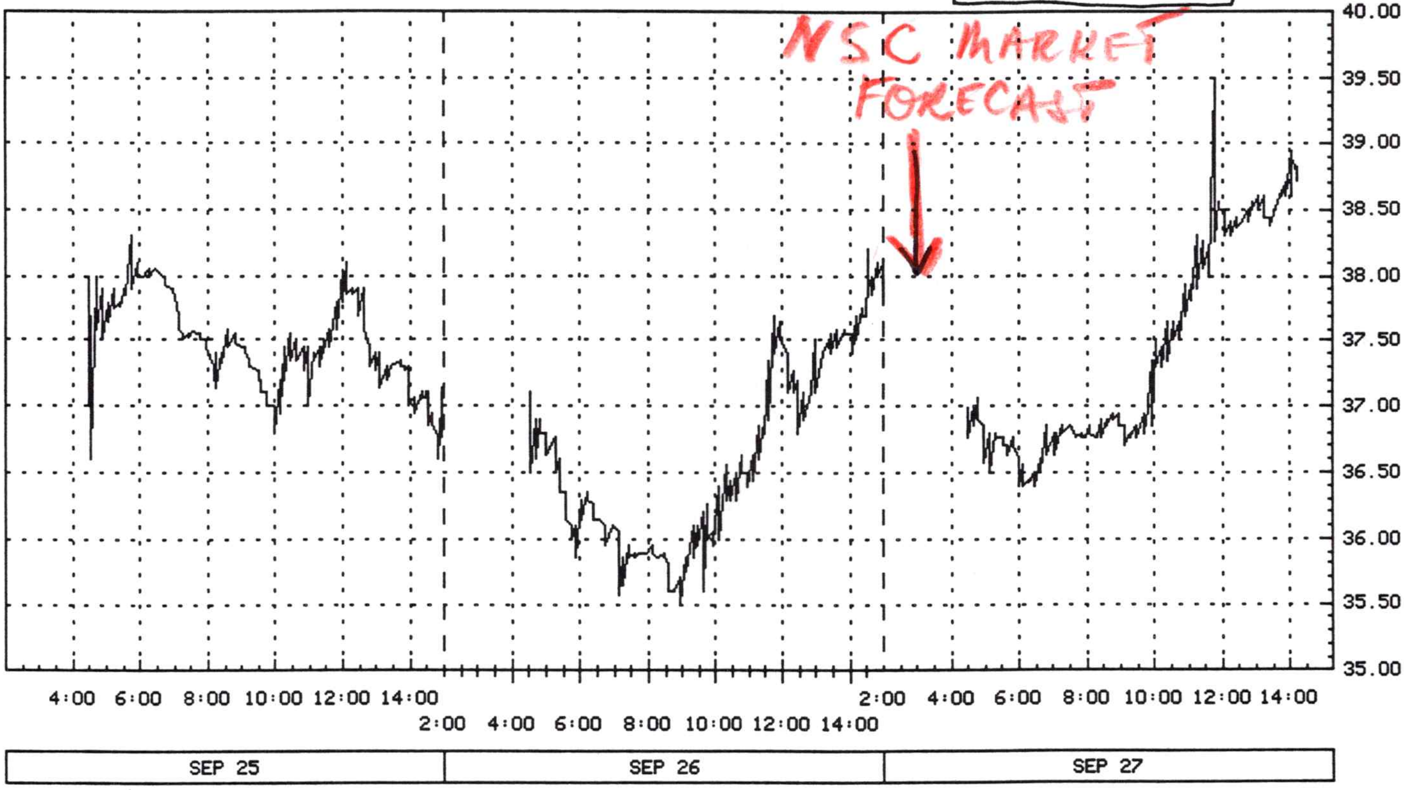
TEL. 202 566-2533

GIP3 BRENT - NOVEMBER CONTRACT **Comdty GIP**

Monitoring enabled.

3-DAY CHART COX0 -- BRENT CRUDE FUTR Nov90 (DELAYED) 14:27

H= 39.00 L= 36.40 O= 36.98 #Ticks 1956 14:22 ↓ 38.80/BBL +.85

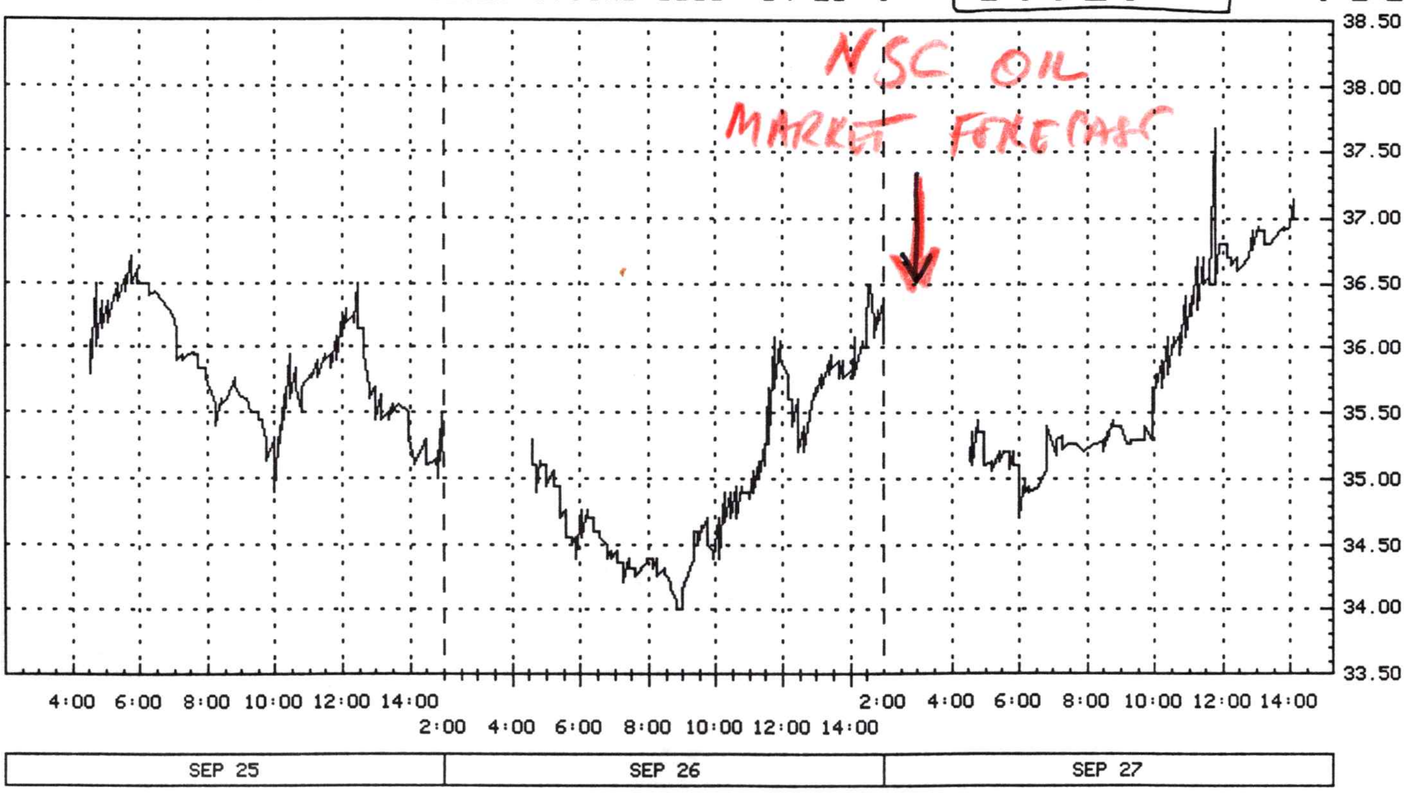


COZ0 Comdty GIP3 BRENT - DECEMBER CONTRACT **Comdty GIP**

Monitoring enabled.

3-DAY CHART COZ0 -- BRENT CRUDE FUTR Dec90 (DELAYED) 14:28

H= 37.70 L= 34.70 O= 35.20 #Ticks 1368 14:26 ↑ 37.10/BBL +.86

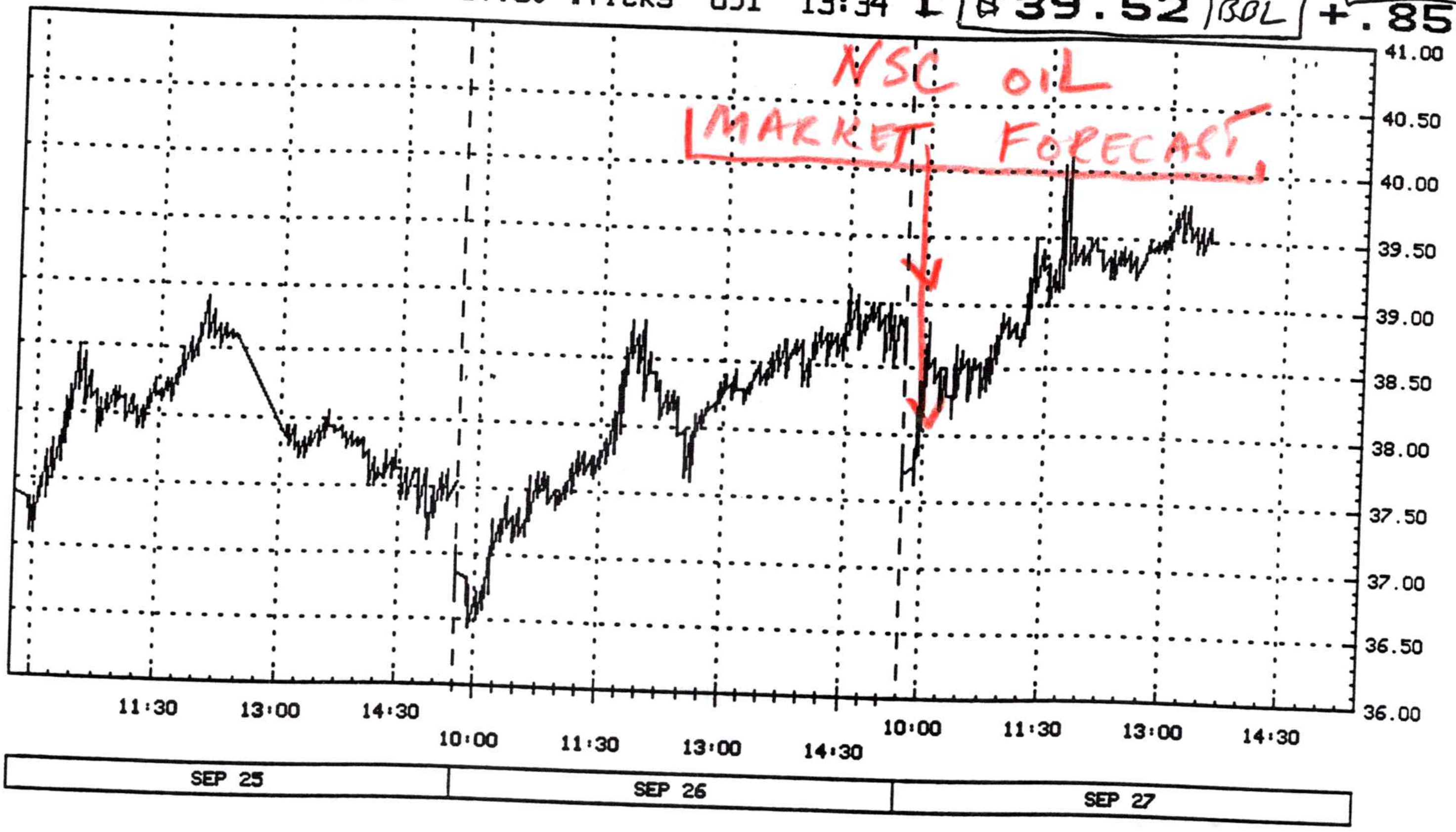


CLX0 Comdty GIP3 · WEST TEXAS INTERMEDIATE
Monitoring enabled. NOVEMBER CONTRACT

Comdty GIP

3-DAY CHART CLX0 -- CRUDE OIL FUTR Nov90 (DELAYED) 14:04

H= 40.10 L= 37.65 O= 37.80 #Ticks 891 13:34 ↓ $39.52/BBL +.85

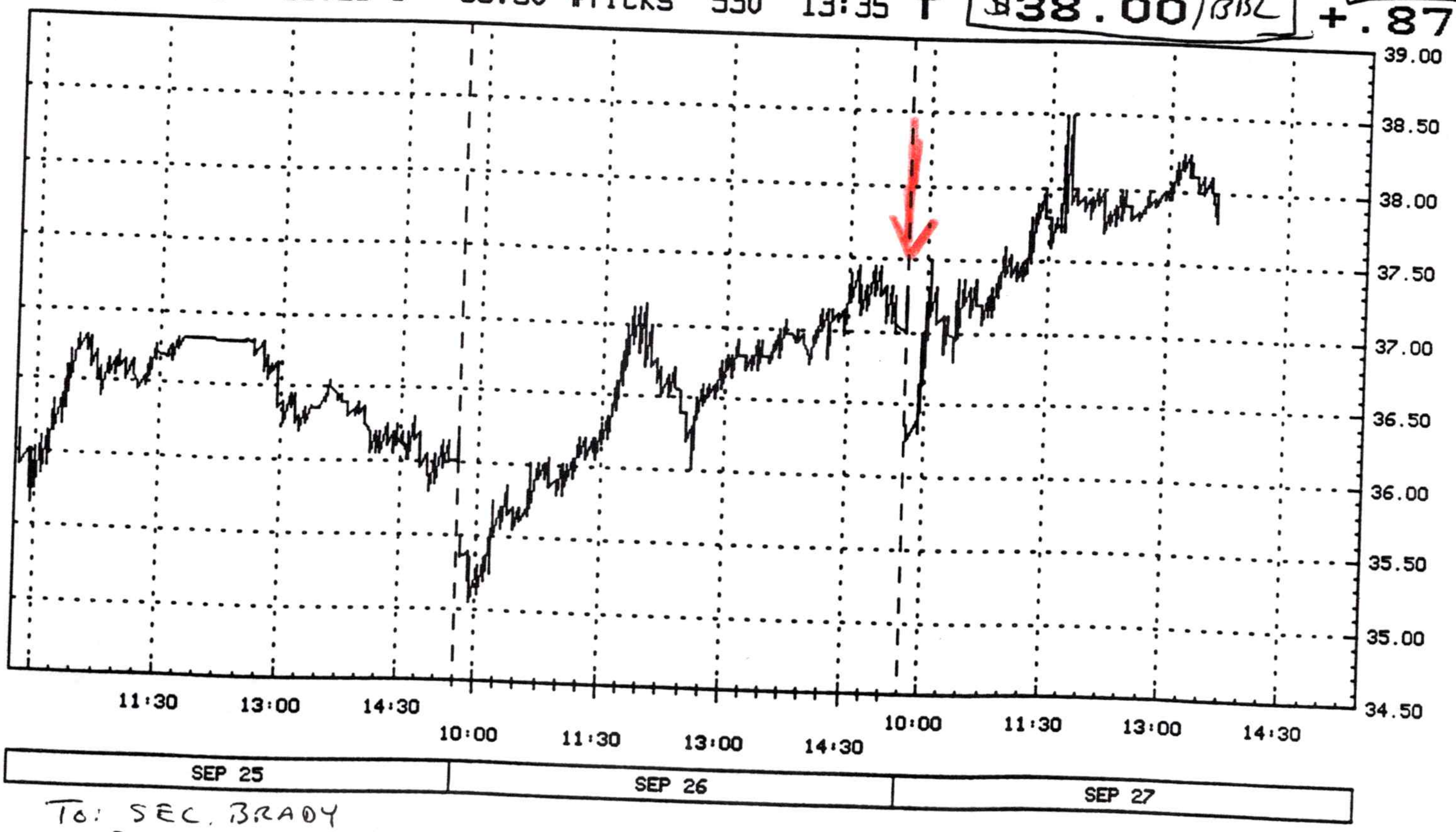


CLZ0 Comdty GIP3 WEST TEXAS INTERMEDIATE
Monitoring enabled. DECEMBER CONTRACT

Comdty GIP

3-DAY CHART CLZ0 -- CRUDE OIL FUTR Dec90 (DELAYED) 14:06

H= 38.45 L= 36.25 O= 36.30 #Ticks 530 13:35 ↑ $38.00/BBL +.87



TO: SEC. BRADY
DEP. SEC. ROBSON
U/S MULFORD

4/29/89

Florence:

Gen S gave me attached asking that it be "filed here in my office with my personal correspondence; I do not want it to go anywhere, especially to the staff."

Question: Should se set up a Brady file? It doesn't seem appropriate to file with the routine personal public correspondence. Any other suggestion?

Wilma

Make a Brady File

THE DEPARTMENT OF THE TREASURY 1789

Brent,

Further to my letter of April 28 and based on discussions on this matter I construe "occasions when the subject matter so indicates" to mean meetings of such extreme sensitivity that even the presence of one additional person would of raise the risk of exposure.

Thanks for your help

Sincerely

Nick

DEPARTMENT OF THE TREASURY
WASHINGTON

~~CONFIDENTIAL~~

April 28, 1989

LTGEN Brent Scowcroft, USAF (ret.)
Assistant to the President for National
Security Affairs
The White House
Washington, DC 20500

Dear Brent:

I think it would be a good idea if we straightened out the matter of my attendance at National Security Council meetings. The reference is to National Security Directive (NSD) 1 which states, "The Secretary of the Treasury normally will attend NSC meetings, except that on occasions when the subject matter so indicates, he will be asked not to attend."

You will recall that the origin of that language rested on the concept that the Treasury Secretary was to be a standing member of the NSC invited to all NSC meetings except in a very few special circumstances where his presence was determined by the President not to be desirable.

As you are aware, in recent weeks the NSC meeting process has not always been implemented in accordance with the understanding of the intention of the Directive.

We have all been on a shakedown cruise in the first 100 days but I would appreciate it if you would instruct your staff accordingly. Call me if you want to discuss.

Many thanks.

Sincerely,

Nick

~~Nicholas F.~~ Brady

~~CONFIDENTIAL~~

Declassified
Authority Treasury waiver 8.22.06
By SS NARA, Date 3/7/24