

PERSONAL-CONFIDENTIAL

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2313 Red River Street
Austin, Texas 78705
September 28, 1981

Dear Al:

With your General Assembly bilaterals in New York, the AWACS struggle, El Salvador, the pressure to cut the military budget and its unfortunate effect on the prospects for arms control negotiations, etc., you're now a full-fledged Secretary of State with all the rights, privileges, and miseries pertaining thereto. It really is quite a job.

With all the sympathy in the world for the problems pressing in on you daily, I wish, nevertheless, to urge on you once again, as I did in my letter of May 14 (attached), the importance of the President's emerging with a positive role of leadership in Cancun. (Many others as well as I thought your U.N. speech the first constructive step in that direction.)

The fact is that it's a great opportunity for President Reagan in terms of both domestic and foreign policy. A statesmanlike initiative on such an occasion would consolidate his image as an all-round presidential leader capable of coping with the world as well as the budget.

I believe, as I wrote in a short letter to the President, that his position should emerge around two words every citizen in the world can understand: energy and food. Other points will, of course, have to be dealt with. But just as Open Skies dominated the Geneva Summit of 1955, President Reagan's sharp focus on energy and food should dominate the Cancun Summit of 1981.

Such an initiative is analytically correct, would get the world gradually out of the NIEO swamp, and it would have no immediate -- and, perhaps, not even long run -- budgetary consequences.

The President's initiative should set in motion a year's round of mainly regional meetings, centered around the regional development banks, with the participation of the World Bank everywhere, the OAS in the Western Hemisphere, the OAU in Africa. The Asian Development Bank should take

State Dept. review completed.

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the lead because, if I'm correct, Taiwan is still a member. The PRC and India should be dealt with bilaterally by the World Bank, perhaps bringing into play a new China consortium as well as deploying the old India consortium. Pakistan, similarly.

The end product would be energy and food targets for the developing countries; self-help measures; increased private capital flows; and probably increased flows from the regional banks and the World Bank.

If enlarged U.S. foreign aid requirements (or additional soft loan contributions to the banks) emerged, they would emerge a year or so from now with two domestic political advantages:

-- in the context of a new program with an authentically fresh look;

-- in the context of a reasonable U.S. share in an international barn-raising.

But, as I say, such requirements may not emerge.

In any case, tell your troops to think of this occasion not as a damage-limiting exercise but as an opportunity; and if it isn't seized, what we face in the Caribbean and Central America now will be small potatoes compared to some of the problems now building up in the South.

All the best,

Yours,

W. W. Rostow

The Honorable Alexander M. Haig, Jr.
Secretary of State
Department of State
Washington, D. C. 20520

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sent xerox copy of letter May 14, 1981, to Sec. Haig.