

**EXECUTIVE SECRETARIAT**  
ROUTING SLIP

*MEMO  
CHORO*

TO:

		ACTION	INFO	DATE	INITIAL
1	DCI <i>PH</i>		X		
2	DDCI		X		
3	EXDIR				
4	D/ICS				
5	DDI	X			
6	DDA				
7	DDO				
8	DDS&T				
9	Chm/NIC				
10	GC				
11	IG				
12	Compt				
13	D/OLL				
14	D/PAO				
15	D/PERS				
16	VC/NIC				
17	D/OGI		X		
18	D/ALA		X		
19	ES		X		
20	EXDIR		X		
21	NIO/ECON		X		
22					
		SUSPENSE	TBD		
				Date	

Remarks To 5: Please pass in kudo and DCI's desire to have recommended conference convened. (Please keep DCI apprised of events as they occur.)

Executive Secretary

25 Jul 86

Date

Executive Registry  
86- 2912/2

25 July 1986

MEMORANDUM FOR: Deputy Director for Intelligence  
FROM: Director of Central Intelligence  
SUBJECT: Globalization Study

1. Please compliment [redacted] and the others who worked on preparing the globalization study and conducting the meetings with Leo Cherne and Alan Greenspan.
2. I would like to see the recommendations made by [redacted] on page 3 of this memo fully implemented.

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William J. Casey

Attachment:  
DDI 03388X-86

[redacted]

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REG

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DDI- 83388X-86

17 JUL 1986

MEMORANDUM FOR: Director of Central Intelligence  
 Deputy Director of Central Intelligence

VIA: Deputy Director for Intelligence *PK*

FROM:   
 Director of Global Issues

Director of African and Latin American Analysis

SUBJECT: Meeting with Messrs. Greenspan and Cherne

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1. Action: For your background information and reaction.

2. Background: On 15 July, we met in New York with Alan Greenspan and Leo Cherne to discuss their reactions to our financial globalization study and followup work that could be done on issues you have raised with us regarding deficit-trade-exchange rate interrelationships and implications for US vulnerabilities and opportunities. Regarding the financial globalization report, they both felt that it treats an important matter in an effective way. They recommend we publish it with the following fixes which we are making:

- o Add a scope note to indicate that dramatic changes in financial markets and structure are part of a broader process of structural change that affects industry, technology, and agriculture.
- o Add an in-text discussion on the specific linkage between financial globalization and the movement of industry and technology from one country to another.
- o Take out or sanitize whatever is necessary to limit the classification to secret noform in order to maximize dissemination in the Washington policy community.

3. In our separate conversation with Greenspan, we talked extensively about what the Agency could or should be doing on the deficit-trade-exchange rate interrelationships. In our discussions, he raised considerable doubt about whether the Agency has much comparative advantage in doing work designed to

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All portions Secret.

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shed light on these interrelationships. He recommended that instead of launching an analytical effort, which might well yield little intelligence value, that we sponsor a conference that pulls together some people who have been thinking about the issue.

4. In discussing the conference option, Greenspan recommended that we hold it in New York and that in addition to himself we consider the following people:



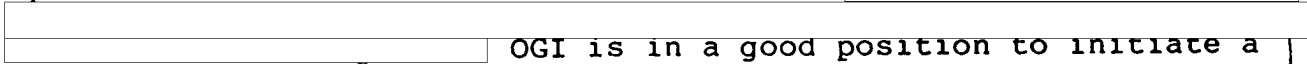
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Greenspan felt that a session with these people would go a long way toward identifying where the Agency can make a difference on this matter. Greenspan stated that when all is said and done the most unique contribution we might make to the interrelationships issue might well turn out to be the financial globalization study itself.

5. We also talked at length with Greenspan concerning the international financial system and the Soviets. He believes that the Soviets are using the interbank system, but probably not to the extent that Roger Robinson has been arguing. In any event, Greenspan believes the more serious threat is the question of what the Soviets could do to muck up the international financial system by tampering with the technical mechanisms or by using misinformation or other techniques specifically designed to damage or disrupt the very taut international financial process.

6. Greenspan is very concerned that because the system is so delicate and expanded so rapidly that we are more vulnerable than ever to Soviet targeting. He feels strongly, and we agree with him, that nobody else has the charter or capability to pursue this matter other than the Agency.

*Good issue to pursue DC*



OGI is in a good position to initiate a study identifying and evaluating the vulnerability of the international financial mechanism to Soviet manipulation and disruption. While OGI has unique capabilities in this arena, SOVA is in the best position to do work analyzing what opportunities the emerging Soviet hard currency problem creates for the United States.

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7. Based on our conversations we recommend the following line of march:

- o Make the suggested changes in the Financial Globalization paper and then publish it.
- o Put together the conference on interrelationships with the invitees Greenspan suggested.
- o Immediately initiate an OGI report International Financial Network: Vulnerability to Soviet Targeting Threat.
- o Commission a SOVA assessment examining the opportunities the Soviet hard currency problem creates for the United States.

8. We have discussed the SOVA angle with [redacted] and he is in agreement. Needless to say, if you would like to talk to us further about the session with Greenspan and Cherne, please let us know.

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