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WHITE HOUSE STAFFING MEMORANDUM

DATE: 5/27/87 ACTION/CONCURRENCE/COMMENT DUE BY: NOON on 5/28/87

SUBJECT: PRESIDENTIAL ADDRESS: PRE-ECONOMIC SUMMIT ADDRESS

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BAKER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	GRISCOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DUBERSTEIN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HENKEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MILLER - OMB	<input checked="" type="checkbox"/>	<input type="checkbox"/>	HOBBS	<input type="checkbox"/>	<input type="checkbox"/>
BALL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	KING	<input type="checkbox"/>	<input type="checkbox"/>
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CARLUCCI	<input checked="" type="checkbox"/>	<input type="checkbox"/>	RISQUE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CRIBB	<input type="checkbox"/>	<input type="checkbox"/>	RYAN	<input type="checkbox"/>	<input type="checkbox"/>
CRIPPEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SPRINKEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CULVAHOUSE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TUTTLE	<input type="checkbox"/>	<input type="checkbox"/>
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REMARKS: Please provide any comments directly to Tony Dolan by noon on Thursday, May 28th, with an info copy to my office. Thank you.

RESPONSE:

(Rohrabacher/ARD)
May 27, 1987
10:30 a.m.

PRESIDENTIAL ADDRESS: PRE-ECONOMIC SUMMIT ADDRESS
MONDAY, JUNE 1, 1987

Thank you and welcome to the White House. I'd like to thank you for being here. It is a pleasant coincidence that George C. Marshall Week, which we will proclaim today, coincides with the upcoming European summit. I'm certain that if Marshall were with us, he would approve of my taking advantage of this opportunity to speak with you also about some of our goals and expectations for that important gathering.

First and foremost, today we gather to honor George C. Marshall, a gallant soldier, a visionary statesman, and an American who set a standard of honor and accomplishment for all who have followed.

George Marshall is the only professional soldier ever to win the coveted Nobel Prize for Peace. It was a fitting tribute. Even in time of war, Marshall was a champion of peace. During his tenure as chief of staff of the United States Army, a war -- the greatest conflagration in human history -- was won. That victory was not a triumph of conquerors in a struggle for power and domination, but a desperate fight of free peoples for the preservation of the humane values and democratic institutions they held dear.

What made the Second World War different than all those that had preceded it was that Western civilization, by its outcome, was left in the hands of leaders like George Marshall --

individuals dedicated to ideals which were not forgotten after the enemy was vanquished.

It is difficult in this time of plenty, in this time of almost blinding prosperity, to imagine the destitution and hopelessness that pervaded Europe after the close of the Second World War. The conflict had taken the lives of many millions of Europeans. A generation of vigorous young leaders, the greatest asset of any society, had been slaughtered in 6 years of unprecedented bloodletting.

Resources used to fuel the war machines were gone, consumed. Compounding this loss, great destruction had been brought upon the face of Europe. Germany lay in almost total ruin. Throughout the rest of the continent, cities and factories were in disrepair, the whole infrastructure of a modern economy had been devastated. The monstrous job of rebuilding overwhelmed the shell-shocked survivors.

It was at this time of utmost despair when, under the leadership of wise and decent individuals like Secretary of State George C. Marshall, our country stepped forward with a program Winston Churchill referred to as the "most unsordid act in history."

Forty years ago June 5th, Secretary of State George Marshall gave the commencement address at Harvard University. In it, he laid out a proposal for the reconstruction of Europe, the foundation for what has been the most remarkable period of peace and prosperity in the history of that continent.

In today's money, the Marshall Plan was a commitment of about \$70 billion. With that: bombed-out French harbors were restored, the Corinth Canal was built in Greece, heavy industry was modernized and rebuilt across the continent, mines were opened, coal was purchased, European specialists were sent to the United States to learn manufacturing and agricultural techniques. Large corporations were provided capital, and small businesses were given a helping hand. One allocation of \$1,200, for example, permitted a Danish bicycle firm to purchase ball bearings and thus stay in business. All these and so many, many more projects, large and small, were direct beneficiaries of American largess.

The list is impressive, yet, if the Marshall Plan had simply been a transfer of resources, there can be no doubt that it would have been a colossal failure. The success of this greatest of undertakings, the rebuilding of a battle-scarred continent, can be traced to goals that are easily distinguished from the cash itself.

First, it was designed to generate hope where there was none, to activate subdued and listless peoples. George Marshall, as a soldier, well understood the role of motivation. "It is the spirit which we bring to the fight that decides the issue," he once wrote. "It is morale that wins the victory."

George Marshall's speech at Harvard was viewed by many Europeans as a lifeline thrown to them at a time when they were foundering. It gave them reason to work, to build, to invest.

And in short order, purpose replaced aimlessness. Enterprise replaced inertia.

The second and perhaps most important goal of the Marshall Plan was to provide incentives for Europeans to find common ground and to work out a way among themselves to bring down the political barriers which stifle economic activity and growth. America could have dealt with each recipient country bilaterally, playing one off against the other for our own advantage. Instead, we insisted on unprecedented cooperation among European governments. We used our leverage to help officials overcome local interest groups and work with other governments to beat back the pressures for protectionism and isolation, to free the flow of commerce, materials, and resources across international frontiers, to integrate transport and power systems, and to develop economic and political ties that would serve as an engine for progress.

It was this American mandate, more than the inflow of American capital, that brought dramatic results.

In 1947, European economies were operating at one-quarter to two-thirds of pre-war levels. By the summer of 1951, with the Marshall Plan in full swing, those economies had surpassed pre-war capacity by 43 percent; per capita G.N.P. had grown by 33.5 percent. In the next three decades, per capita standard of living in the Marshall Plan countries rose almost 145 percent. The average per capita G.N.P. went from \$2,426 in 1947 to \$8,815 in 1985. For our own people, it went from \$6,332 to \$13,655 during that time.

The Marshall Plan, in a very real sense, led to the creation of institutions that today are the pillars of the free world economy -- the European Common Market, the General Agreement on Tariffs and Trade, the O.E.C.D., NATO, and, yes, even the World Bank and the I.M.F. The Marshall Plan was an act of generosity, but it was no give-away program. Instead, it was the beginning of a process of cooperation and enterprise that has carried the peoples of the Western democracies to new heights.

In a few days, I will leave for the upcoming Economic Summit in Venice. It will be the 13th time the seven major industrialized democracies have so met, and the seventh time I have been privileged to represent the United States. Our country is still looked to for leadership, yet the power formula has changed, to a large degree because of initiatives we set in motion four decades ago. Today, free world efforts -- economic, political, and security -- depend on genuine cooperation, not pressure or domination by any one government. Self-determination, as we've recognized since the time of Woodrow Wilson, is consistent with the interaction of free peoples. We sought it and, brother, we've got it.

The governments of Western Europe, North America, and Japan are now democratic partners, in the full sense of that expression, and meetings like the Economic Summit build unity and sense of purpose. The velocity of economic change reshaping our world is making greater demands on democratic heads of state, individually and collectively. This change flows naturally from the open economic system we've established in the West. Our

peoples and countries are now operating in a global market, whether we like it or not. Instantaneous communications, multi-national corporations, the flow of international investment, widespread computer technology, and the integration of financial systems are facts of life.

The progress of mankind, however, remains dependent on political as well as economic and technological momentum. Today, we face some of the same challenges confronted by struggling Europeans four decades ago. They sought to achieve prosperity; we seek to protect it and ensure that our standard of living continues to improve. Nothing can be taken for granted. We must be active and vigorous to be successful, and we must work together. That is what freedom is all about. That is why we call the portion of the planet on which we live the free world. People here are not told what we must do. We talk things over and decide what to do for ourselves. That goes for people inside and outside of government.

There is a story about an American and a Russian. As is often the case, the American was bragging about how in the United States everyone is free to speak. The Russian replied, "In Russia we're just as free to speak; the difference is in your country you're free after you speak."

The greatest challenge for those of us who live in freedom is to recognize the ties of common interest that bind us, to prove wrong those cynics who would suggest that free enterprise and democracy lead to short-sighted policies and undisciplined self-interest.

Today -- and we can't say this too often -- it is in the common interest of all of us, in every free land, to work against parochialism and protectionism, to keep markets open and commerce flowing. By definition, protecting domestic producers from competition erodes national competitiveness, slows down economic activity, and raises prices. It also threatens the stability of the entire free world trading system.

Some countries, which have taken full advantage of America's past willingness to accept unequal trade arrangements, must realize that times have changed. The post-war era is behind us now. Today, any country selling heavily in the United States, whose markets are not totally open to American goods, is risking a devastating backlash from the American people. No country that closes its own markets, or unfairly subsidizes its exports, can expect the markets of its trading partners to remain open. This point will be pounded home in Venice.

It will also be made clear, especially to our friends in Japan and the Federal Republic of Germany, that growth-oriented domestic policies are needed to bolster a world trading system upon which they depend. Partnership today should translate into equality and a level playing field. Preserving a growing world economy is the business of every member of the world trading community.

Thorny issues will continue to be studied and discussed, but words must lead to actions. We are still waiting, for example, for movement on those commitments made by our allies concerning exchange rate stability.

Talk also continues to flow about the necessity of a coordinated attack on market-distorting agricultural policies, policies which are found in every Western country. The time to act is fast approaching.

One concern shared by the industrialized powers is what to do about those Third World countries which are not developing, not progressing; countries that, if something does not happen, will be left behind. As I noted about the European example of four decades ago, the transfer of cash alone is no solution. If tax rates are too high, if markets are not free, if government is big, corrupt, or abusive, a country cannot expect to attract the expertise and private sector investment needed to advance, nor will its own people have the incentives needed to push their economy forward.

After the war, German industry was little more than a bombed-out shell. If Ludwig Ehardt and Conrad Adenauer, the courageous democratic post-war leaders of that country, had not dramatically, in one fell swoop, eliminated the massive government controls on the German economy in 1947, Marshall Plan aid might not have had the miraculous impact that it did. If we are serious about changing the plight of less fortunate nations, we must, at the very least, be candid with them about these economic realities. We must tell them the secret of Germany's restoration and the secret of the amazing growth taking place on the Pacific Rim. That secret is a Marshall Plan of ideas. It is simply that freedom of enterprise and the profit motive work.

They work so well that the United States now must maneuver with economically powerful rivals, friendly competitors.

Clearly, there is recognizable friction among the great democracies about trade and economic questions. Our disputes are often front-page news. The heated debates and maneuverings, however, are a healthy sign. This is to be expected, even among close friends, during a time of great forward economic movement, and let no one lose sight of the impressive strides taking place. The attention paid to complex economic issues, which decades ago were subject matter only for specialists, suggests the wide degree of consensus our nations have reached on the vital issues of war and peace, human rights, and democracy.

Today, the unity of the West on security issues is something which George Marshall and his contemporaries would look on with a deep and abiding pride. Marshall led America into war and out of isolationism. Like protectionism, isolationism is a tempting illusion. Four decades of European peace and the greatest economic expansion in history stand as evidence that isolationism and protectionism are not the way. We must work with like-minded friends to direct the course of history, or history will be determined by others who do not share our values, and we will not escape the consequences of the decisions they make.

Nowhere is this burden heavier than in the Middle East, a region that has been plagued with turmoil and death. If we retreat from the challenge, if we sail to a distance and wait passively on the sidelines, forces hostile to the free world will eventually have their way.

Last week, we lost 37 of our sons in the Persian Gulf. They were the pride and joy of their families, fine young men who volunteered to wear the uniform and serve their country. We have none better than these. They died while guarding a chokepoint of freedom, part of a military presence in the Persian Gulf that deters aggression and reaffirms America's willingness to protect its vital interests.

Yet, the American people are aware that it is not our interests alone that are being protected. The dependence of our allies on the flow of oil from that area is no secret. During the upcoming summit in Venice, it will be made clear that we expect nothing less than full support when a stand is taken that is so fundamental to the interests of every member of the alliance. The future belongs to the brave. Free men should not cower before such challenges, and they should not expect to stand alone.

The Western Alliance, with courage and unity of purpose, has time and again thwarted threats to our prosperity and security. During the last decade, as American military spending declined, the Soviets raced ahead to gain a strategic advantage, deploying a new generation of intermediate-range missiles aimed at our European allies. This hostile maneuver -- part of a long-term strategy to separate Europe from the United States -- was countered by a united alliance. Pershing and cruise missiles were deployed in Western Europe, even amidst the noise and clamor of a Soviet-orchestrated opposition campaign.

Let me emphasize here, those who believe we take pleasure in military spending are grotesquely wrong. I personally believe that pumping resources into the military, into weapons of mass destruction, like those missiles we deployed in Western Europe, is a tragic waste. If those resources were kept in the private sector, with technology already expanding, the progress, the production of new wealth, the increase in the well-being of our peoples, would be beyond our imagination.

There is only one thing that would be a bigger waste than channeling our resources into weapons, and that is war. We can not afford to spend one cent less than that which is absolutely necessary to protect our vital interests, ensure liberty, and preserve the peace. We must maintain a balance of force with any adversary so that conflict will be deterred.

That balance, however, need not be at a high level. If a fair and verifiable arrangement can be worked out, adversaries may be able to lower their expenditures on particular weapons systems and, perhaps, even to decrease overall military spending, and yet remain equally secure. This process of balancing down can be a tool that enables us to build a more secure world.

This was the basis of our proposal 6 years ago when we offered to refrain from deploying our intermediate-range missiles, if the Soviets would agree to dismantle their own. It was called the zero option. The other side refused. At that time, the fainthearted in Western countries, including a loud contingent here in the United States, suggested if we moved

forward with deployment of our Pershing and cruise missiles, all hope of arms control agreements would be lost.

The pessimists, however, have been proven stupendously wrong, and Western resolve is paying off. In recent months, we've witnessed considerable progress in our talks with the Soviet government. The Kremlin now, in principle, accepts the zero option formula in Europe and our negotiators are busy seeing if the details can be worked out. In short, we may be on the edge of an historic reduction of the number of nuclear weapons threatening mankind. If this great, first step is taken, if nuclear arms reduction is achieved, it will be due to the strength and determination of allied leaders like Prime Minister Thatcher, individuals who were firm, and rejected the hysteria and defeatism of those who would have accepted the Soviet nuclear domination of Europe. Prime Minister Thatcher and other European leaders have proven again that peace through strength is a fact of life.

Strength and realism are the watch words for real progress in dealing with our Soviet adversaries. We view changes which seem to be happening in the Soviet Union with cautious optimism. Let it be remembered that the Kremlin bosses of four decades ago rejected Soviet participation in the Marshall Plan.

If the current crop of Soviet leaders seeks another path, if they reject the closed, isolated, and belligerent policies they inherited, if they wish their country to be a part of the economic institutions of the West, we welcome the change. Let there be no mistake, however, the Soviet government is subject to

the same rules as any other. Every government which is part of or deals with the West's major economic institutions does so with open books and in good faith; economic transactions are not maneuvers for political gain or international leverage; such destructive tactics are not tolerated. Countries which are part of the system are expected to do their best to strengthen the process and institutions, or be condemned to economic isolation.

Time will tell if the signs of evolution in the Soviet Union reflect change or illusion. The decisions made by the Soviet leaders themselves will determine if relations will bloom or wither. Any agreement to reduce nuclear weapons, for example, should be followed by reductions in conventional forces. We are looking closely for signs that tangible changes have been made in that country's respect for human rights; and that does not mean just letting out a few celebrities. We are waiting for signs of an end to genocidal killing in Afghanistan or a pull back from the aggressive subversion in the developing world.

This year is also the 40th anniversary of the Truman Doctrine, which fully recognized the need for economic assistance, but underscored the necessity of providing those under attack the weapons needed to defend themselves. On March 12, 1947, President Truman addressed a joint session of Congress and spelled out America's commitment. "...it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures. I believe that we must assist free peoples to work out their own destinies in their own way."

1948 was a volatile political year for our country. I was a Democrat back then. President Truman was under attack from the left wing of his own party, and the opposition controlled both Houses of Congress -- and believe me, I know how frustrating that can be. One of his aides, before the package was sent to the Hill, suggested that the Marshall Plan should be called the Truman Plan. It is reported that President Truman curtly replied that if it went before Congress with his name on it, the plan would lay there for a while, quiver, and then die.

President Truman understood both the weaknesses and the strengths of democracy. Even amidst the deep political divisions so evident in 1948, the Marshall Plan and Truman Doctrine military aid were approved by Congress. In the end, it was our ability to overcome our own domestic political discord that made the difference. Greece and Turkey were saved. Western Europe was put on the path to recovery. Human freedom was given a chance.

Today, we face challenges of similar magnitude. The influx of thousands of Eastern bloc and Cuban advisers and over a billion dollars of sophisticated Soviet military equipment poured into Central America menace the security of the hemisphere and should be viewed as a strategic maneuver of concern to every member of the alliance. Again, the United States is looked to for leadership. Again, we are in a volatile political situation at home.

I leave for Europe, however, with confidence. This generation of free men and women will work together and succeed.

We will pass on to our children a world as filled with hope and opportunity as the one we were handed. We owe this to those who went before us, to George C. Marshall and others who shaped the world we live in.

With that said, I will sign the order proclaiming George C. Marshall Week.

Thank you and God bless you.

(JUDGE)

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JUNE 3, 1987

DEPARTURE FROM THE SOUTH LAWN FOR
THE ECONOMIC SUMMIT

THANK YOU ALL FOR COMING TO SEE US OFF,
AND A SPECIAL THANK YOU TO THE MARINE BAND
FOR THAT GREAT MUSIC.

BUT AS YOU KNOW, NANCY AND I ARE
LEAVING TODAY FOR THE ECONOMIC SUMMIT IN
VENICE. MANY OF YOU HAVE HELPED ME PREPARE
FOR THIS MEETING, AND I'M GRATEFUL.
OTHERS OF YOU WILL, IN THE MONTHS AHEAD,
JOIN WITH ME IN HELPING TO CHART THE COURSE,
NOT ONLY FOR OUR ECONOMY BUT, IN LARGE
MEASURE, FOR THE ENTIRE WORLD'S ECONOMY.
AND, OF COURSE, I'M LOOKING FORWARD TO
CONTINUING OUR COMMON WORK.

BUT FOR A MOMENT, RATHER THAN ADDRESS YOU -- THE MEN AND WOMEN WHO ARE MY PARTNERS IN SHAPING OUR NATION'S POLICIES FOR THE FUTURE -- I WOULD LIKE TO DIRECT MY WORDS TO SOME VERY SPECIAL GUESTS, TO THOSE OF YOU HERE TODAY WHO ARE THE FUTURE, YOU GRADUATES OF JAMES MADISON HIGH SCHOOL.

THE MAN YOUR SCHOOL WAS NAMED FOR, JAMES MADISON, HAS BEEN CALLED THE "FATHER OF OUR CONSTITUTION," AND HE WAS ALSO OUR FOURTH PRESIDENT. AND, NO, I WAS NOT ONE OF HIS ADVISORS. BUT IN HIS FIRST INAUGURAL ADDRESS, MADISON SAID THESE SIMPLE AND PROFOUND WORDS. "IT HAS BEEN THE TRUE GLORY OF THE UNITED STATES," HE SAID, "TO CULTIVATE PEACE BY OBSERVING JUSTICE." THIS IS A PARTICULARLY GOOD MOMENT FOR REMEMBERING THAT WISDOM.

ON THIS TRIP, I WILL COMMEMORATE THE 40TH ANNIVERSARY OF THE MARSHALL PLAN. YES, 40 YEARS AGO, THE UNITED STATES SAID THAT IF EUROPE WERE EVER TO SEE AN END TO THE SPECTER OF WAR THAT HAD HAUNTED THAT GREAT CONTINENT OVER THE CENTURIES, ALL OF ITS PEOPLES WOULD HAVE TO KNOW FREEDOM, DEMOCRACY, AND JUSTICE. AND SO WE EXTENDED BOTH TO ALLIES AND FORMER ENEMIES A HELPING HAND, A HAND OF COMPASSION, A HAND OF HOPE.

THE SOVIET UNION DECLINED TO TAKE PART IN THE MARSHALL PLAN, AS DID THE COUNTRIES UNDER ITS CONTROL. BUT TO THE REST OF EUROPE, WE GAVE HELP. WHAT WE KNOW NOW AS WESTERN EUROPE WAS REBUILT. AND TODAY, IN PART AS A RESULT OF THE MARSHALL PLAN, THOSE COUNTRIES AND THE UNITED STATES, AS WELL AS JAPAN, HAVE KNOWN THE LONGEST PERIOD OF GENERAL PEACE IN THIS CENTURY AND THE GREATEST PROSPERITY IN THE HISTORY OF MAN.

AT THIS ECONOMIC SUMMIT, I WILL LOOK AROUND THE TABLE AND SEE -- THANKS IN PART TO THE GENEROSITY AND WISDOM OF OUR NATION OVER THE PAST 40 YEARS -- NOT THE LEADERS OF BROKEN, DESPERATE, AND DESPOTIC NATIONS, BUT THE LEADERS OF STRONG AND STABLE DEMOCRACIES, COUNTRIES THAT TODAY ARE OUR PARTNERS FOR PEACE ON THE WORLD STAGE.

NEXT WEEK, EACH LEADER AT THAT TABLE WILL BE ASKING THE SAME QUESTIONS. HOW CAN WE HELP MAKE THE NEXT 40 YEARS AS PROSPEROUS AS THE LAST 40? HOW CAN WE HELP OUR PEOPLES LIVE IN A WORLD OF EVEN GREATER OPPORTUNITIES IN THE NEXT DECADE AND THE NEXT CENTURY?

SOME OF THE ANSWERS TO THESE QUESTIONS ARE CLEAR. OUR COUNTRIES SHOULD MOVE FORWARD TO END UNSUSTAINABLE TRADE IMBALANCES, REFORM AGRICULTURAL POLICIES, AND RESTORE STABILITY TO THE INTERNATIONAL CURRENCY MARKETS.

THE MAJOR ECONOMIC POWERS OF THE WORLD MUST ALSO WORK TO ELIMINATE INEQUITIES IN THE INTERNATIONAL TRADE ENVIRONMENT TO KEEP MARKETS OPEN AND TO KEEP COMMERCE FLOWING. ECONOMIC GROWTH AND FREE MARKETS ARE EVERYBODY'S BUSINESS.

AT VENICE, WE WILL TALK ABOUT HOW TO IMPROVE EAST-WEST RELATIONS. WE WILL DISCUSS ARMS REDUCTION, HUMAN RIGHTS PROBLEMS, REGIONAL CONFLICTS, AND BILATERAL COOPERATION. OUR DISCUSSION IN VENICE WILL HELP STRENGTHEN WESTERN SOLIDARITY, WHICH IS INDISPENSABLE TO PROGRESS ON ISSUES OF CONTENTION BETWEEN EAST AND WEST.

WE WILL ALSO ADDRESS VARIOUS REGIONAL ISSUES AND OTHER PROBLEMS SUCH AS INTERNATIONAL TERRORISM, WHERE WE CAN POINT TO STEPPED-UP AND INCREASINGLY EFFECTIVE WESTERN EFFORTS, ESPECIALLY AFTER LAST YEAR'S SUMMIT IN TOKYO.

- 6 -

DESPITE THIS LONG AGENDA, WE WON'T FIND ALL THE ANSWERS TO THOSE QUESTIONS ABOUT OUR FUTURE AT THIS SUMMIT -- NOT BY A LONG SHOT. IN FACT, MANY OF THE ANSWERS WILL COME FROM WHERE MANKIND'S GREATEST ENERGY AND VISION HAVE ALWAYS COME -- FROM YOU, FROM THOSE LIKE YOU THROUGHOUT THE WORLD, FROM THE HOPE THAT LIVES IN THE HEARTS OF FREE PEOPLE EVERYWHERE. BUT WE WILL TAKE STEPS. WE WILL CONTINUE THE WORK OF, AS MADISON SAID, CULTIVATING PEACE BY OBSERVING JUSTICE. AND AS I SIT AT THAT TABLE AND REMEMBER MADISON'S WORDS, I WILL SEE, NOT JUST THE FACES OF THOSE OTHER LEADERS, BUT YOUR FACES AS WELL.

THANKS AGAIN FOR COMING TODAY.
AND GOD BLESS YOU.

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WHITE HOUSE STAFFING MEMORANDUM

DATE: 06/01/87 ACTION/CONCURRENCE/COMMENT DUE BY: ----

SUBJECT: PRESIDENTIAL REMARKS: DEPARTURE FROM THE SOUTH LAWN FOR THE
ECONOMIC SUMMIT
(06/01 7:00 p.m.)

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BAKER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	GRISCOM	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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DONATELLI	<input type="checkbox"/>	<input type="checkbox"/>	<u>COURTEMANCHE</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

REMARKS:

The attached has been forwarded to the President.

RESPONSE:

Rhett Dawson
Ext. 2702

(Judge/ARD)
June 1, 1987
7:00 p.m.

PRESIDENTIAL REMARKS: DEPARTURE FROM THE SOUTH LAWN FOR THE
ECONOMIC SUMMIT
WEDNESDAY, JUNE 3, 1987

Thank you all for coming to see us off. And a special thank you for that great music to the Marine Band.

But as you know, Nancy and I are leaving today for the Economic Summit in Venice. Many of you who are in the Administration have helped me prepare for this meeting, and I'm grateful. Others of you who are in the Congress and the Administration will, in the months ahead, join with me in helping to chart the course, not only for our economy but, in large measure, for the entire world's economy. And, of course, I'm looking forward to continuing our common work.

But for a moment, rather than address you -- the men and women who are my partners in shaping our Nation's policies for the future -- I would like to direct my words to some very special guests, to those of you here today who are the future, you graduates of James Madison High School.

The man your school was named for, James Madison, has been called the "Father of our Constitution," and he was also our fourth President. And, no, I was not one of his advisors. But in his first inaugural address, Madison said these simple and profound words. "It has been the true glory of the United States," he said, "to cultivate peace by observing justice." This is a particularly good moment for remembering that wisdom.

On this trip, I will commemorate the 40th anniversary of the Marshall Plan. Yes, 40 years ago, the United States said that if

Europe were ever to see an end to the specter of war that had haunted that great continent over the centuries, all of its peoples would have to know freedom, democracy, and justice. And so we extended both to allies and former enemies a helping hand, a hand of compassion, a hand of hope.

The Soviet Union declined to take part in the Marshall Plan, as did the countries under its control. But to the rest of Europe, we gave help. What we know now as Western Europe was rebuilt. And today, in part as a result of the Marshall Plan, those countries and the United States, as well as Japan, have known the longest period of general peace in this century and the greatest prosperity in the history of man.

At this Economic Summit, I will look around the table and see -- thanks in part to the generosity and wisdom of our Nation over the past 40 years -- not the leaders of broken, desperate, and despotic nations, but the leaders of strong and stable democracies, countries that today are our partners for peace on the world stage.

Next week, each leader at that table will be asking the same questions. How can we help make the next 40 years as prosperous as the last 40? How can we help our peoples live in a world of even greater opportunities in the next decade and the next century?

Some of the answers to these questions are clear. Our countries should move forward to end unsustainable trade imbalances, reform agricultural policies, and restore stability to the international currency markets. The major economic powers

of the world must also work to eliminate inequities in the international trade environment to keep markets open and to keep commerce flowing. Economic growth and free markets are everybody's business.

At Venice, we will talk about how to improve East-West relations. We will discuss arms reduction, human rights problems, regional conflicts, and bilateral cooperation. Our discussion in Venice will help strengthen Western solidarity, which is indispensable to progress on issues of contention between East and West.

We will also address various regional issues and other problems such as international terrorism, where we can point to stepped-up and increasingly effective Western efforts, especially after last year's Summit in Tokyo.

Despite this long agenda, we won't find all the answers to those questions about our future at this Summit -- not by a long shot. In fact, many of the answers will come from where mankind's greatest energy and vision have always come -- from you, from those like you throughout the world, from the hope that lives in the hearts of free people everywhere. But we will take steps. We will continue the work of, as Madison said, cultivating peace by observing justice. And as I sit at that table and remember Madison's words, I will see, not just the faces of those other leaders, but your faces as well.

Thanks again for coming today. And God bless you.

WHITE HOUSE STAFFING MEMORANDUM

DATE: 05/29/87 ACTION/CONCURRENCE/COMMENT DUE BY: 2:00 p.m. Monday 06/01

SUBJECT: PRESIDENTIAL REMARKS: DEPARTURE FROM THE SOUTH LAWN FOR THE
ECONOMIC SUMMIT
(05/29 6:00 p.m. draft)

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BAKER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	GRISCOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DUBERSTEIN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HENKEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MILLER - OMB	<input type="checkbox"/>	<input type="checkbox"/>	HOBBS	<input type="checkbox"/>	<input type="checkbox"/>
BALL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	KING	<input type="checkbox"/>	<input type="checkbox"/>
BAUER	<input type="checkbox"/>	<input type="checkbox"/>	MASENG	<input type="checkbox"/>	<input type="checkbox"/>
CARLUCCI	<input checked="" type="checkbox"/>	<input type="checkbox"/>	RISQUE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CRIBB	<input type="checkbox"/>	<input type="checkbox"/>	RYAN	<input type="checkbox"/>	<input type="checkbox"/>
CRIPPEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SPRINKEL	<input type="checkbox"/>	<input type="checkbox"/>
CULVAHOUSE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TUTTLE	<input type="checkbox"/>	<input type="checkbox"/>
DAWSON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	DOLAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DONATELLI	<input type="checkbox"/>	<input type="checkbox"/>	COURTEMANCHE	<input type="checkbox"/>	<input checked="" type="checkbox"/>

REMARKS:

Please provide any comments/recommendations to Tony Dolan by 2:00 p.m. on Monday, June 1, with an info copy to my office. Thanks.

RESPONSE:

(Judge)
May 29, 1987
6:00 p.m.

PRESIDENTIAL REMARKS: DEPARTURE FROM THE SOUTH LAWN FOR THE
ECONOMIC SUMMIT
WEDNESDAY, JUNE 3, 1987

Thank you all for coming to see us off. And a special thank you for that great music to the (military) Band.

But as you know, Nancy and I are leaving today for the Economic Summit in Venice. Many of you who are in the Administration have helped me prepare for this meeting, and I'm grateful. Others of you who are in the Congress and the Administration will, in the months ahead, join with me in helping to chart the course, not only for our economy but, in large measure, for the entire world's economy. And, of course, I'm looking forward to continuing our common work.

But for a moment, rather than address you -- the men and women who are my partners in shaping our Nation's policies for the future -- I would like to direct my words to some very special guests, to those of you here today who are the future, you graduates of James Madison High.

The man your school was named for, James Madison, has been called the "Father of our Constitution," and he was also our fourth President. And, no, I was not one of his advisors. But in his first inaugural address, Madison said these simple and profound words. "It has been the glory of the United States," he said, "to cultivate peace by observing justice." This is a particularly good moment for remembering that wisdom.

On this trip, I will commemorate the 40th anniversary of the Marshall Plan. Yes, 40 years ago, the United States said that if

Europe were ever to see an end to the specter of war that had haunted that great continent over the centuries, all of its peoples would have to know freedom, democracy, and justice. And so we extended both to allies and former enemies a helping hand, a hand of compassion, a hand of hope.

The Soviet Union declined to take part in the Marshall Plan, as did the countries under its control. But to the rest of Europe, we gave help. What we know now as Western Europe was rebuilt. And today, in part as a result of the Marshall Plan, both those countries and the United States, as well as Japan, have known the longest period of peace in this century and the greatest prosperity in the history of man.

At this Economic Summit, I will look around the table and see -- thanks in part to the generosity and wisdom of our Nation over the past 40 years -- not the leaders of broken, desperate, and despotic nations, but the leaders of strong and stable democracies, countries that today are our partners for peace on the world stage.

This week, each leader at that table will be asking the same questions. How can we help make the next 40 years as prosperous as the last 40? How can we help our peoples live in a world of even greater opportunities in the next decade and the next century?

We won't find all the answers to those questions at this Summit. In fact, many of the answers will come from where mankind's greatest energy and vision have always come -- from you, from those like you throughout the world, from the hope that

lives in the hearts of free people everywhere. But we will take steps. We will continue the work of, as Madison said, cultivating peace by observing justice. And as I sit at that table and remember Madison's words, I will see, not just the faces of those other leaders, but your faces as well.

Thanks again for coming today. And God bless you.

WHITE HOUSE STAFFING MEMORANDUM

05/29/87

2:00 p.m. Monday June 1st

DATE: _____ ACTION/CONCURRENCE/COMMENT DUE BY: _____

SUBJECT: PRESIDENTIAL REMARKS: DEPARTURE FROM ANDREWS AFB FOR ECONOMIC SUMMIT
(05/29 5:30 p.m. draft)

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BAKER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	GRISCOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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CARLUCCI	<input checked="" type="checkbox"/>	<input type="checkbox"/>	RISQUE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CRIBB	<input type="checkbox"/>	<input type="checkbox"/>	RYAN	<input type="checkbox"/>	<input type="checkbox"/>
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CULVAHOUSE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TUTTLE	<input type="checkbox"/>	<input type="checkbox"/>
DAWSON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	DOLAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DONATELLI	<input type="checkbox"/>	<input type="checkbox"/>	COURTEMANCHE	<input type="checkbox"/>	<input checked="" type="checkbox"/>

REMARKS:

Please provide any comments/recommendations to Tony Dolan by 2:00 p.m. on Monday, June 1st, with an info copy to my office. Thanks.

RESPONSE:

Rhett Dawson
Ext. 2702

(Rohrabacher edit/ARD)

May 29, 1987

5:30 p.m.

PRESIDENTIAL REMARKS: DEPARTURE FROM ANDREWS AFB FOR ECONOMIC
SUMMIT IN VENICE
WEDNESDAY, JUNE 3, 1987

I depart this morning enroute to a gathering in Venice of America's closest allies and friends. There we will discuss the challenges to the free world's security and prosperity, and our hopes of advancing the cause of world freedom and peace.

1987 is the fifth consecutive year of global economic expansion. Although we can take pride in this accomplishment, there is an unfinished agenda before us. We cannot rest; we cannot falter.

The major economic powers of the world must work to eliminate inequities out of the international trade environment, to keep markets open, and keep commerce flowing. Economic growth and free markets are essential to growth, to continued economic expansion here in America and all around the world. So, too, the summit nations should move forward to redress unsustainable trade imbalances, reform agricultural policies, and end instability in monetary exchange.

This year, and on this trip, we celebrate several significant anniversaries. Forty years ago this June, Secretary of State George C. Marshall unveiled his plan for U.S. assistance in rebuilding war-torn Europe. Today, efforts to ensure economic stability and to address the problems of the developing world are carrying on the initiative begun by the Marshall Plan.

At Venice, I will also discuss with our Summit partners the major political issues before us. We have an agenda for

improving East-West relations that covers arms reduction, human rights, regional questions, and bilateral cooperation. I am encouraged by some signs of movement toward these ends by the Soviet leaders. Our discussions in Venice will help strengthen Western solidarity, a solidarity that is indispensable to progress on the key issues dividing East and West.

We will also address various regional issues and other problems such as international terrorism; here, too, we can point to stepped-up and increasingly effective Western efforts, especially after last year's Summit in Tokyo. This work is vital and must continue.

From this full agenda in Venice, I go on to Berlin, where I will take part in that proud city's 750th anniversary. Nowhere in the world is the contrast more dramatic between the vitality and vibrancy of free societies and those stifled and numbed by state oppression than in the divided city. Berlin is a symbol to all freedom-loving peoples, a symbol of peace and prosperity that only liberty brings.

Nancy and I look forward to our visit to Germany as one does a visit with old friends. The bond between our peoples is stronger than ever, this flowing from our shared concerns about the future and in shared commitment to peace and freedom. I expect that good will and cooperation to be apparent when I travel to Bonn for meetings with Chancellor Kohl, an individual I admire, a leader whose advice I trust.

And so, as my trip will be a rough approximation of a circle, bringing me back to Washington in about 10 days, the

theme of my trip comes full circle. Historically, the long history of Berlin and the announcement of the Marshall Plan in 1947 lead us directly to the challenges of today: To encourage and reinvigorate democracy and prosperity -- and to do so by tapping the natural dynamism of free peoples and by strengthening their international ties and sense of unity.

Finally, let me say that some of my first meetings on this journey will be with His Holiness the Pope. I intend to emphasize a fervent desire for peace and America's unshakable commitment to advancing the cause of freedom and human dignity around the world.

I will ask him for his prayers, as I now ask for the prayers of the American people, prayers for protection and guidance, until I return home.

Thank you for being here to see me off.

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PRESIDENT'S BACKUP COPY:
WORLDNET
VENICE, ITALY

GOOD AFTERNOON. I AM SPEAKING TO YOU TODAY FROM VENICE, ITALY, OVER THE SATELLITE CHANNELS OF WORLDNET. I HAVE COME HERE TO MEET WITH THE LEADERS OF JAPAN, FRANCE, CANADA, ITALY, THE UNITED KINGDOM, AND THE FEDERAL REPUBLIC OF GERMANY FOR THE 13TH ECONOMIC SUMMIT. OUR TASK: TO DETERMINE WHAT WE MUST DO, AS A COMMUNITY, TO PREPARE FOR THE CHALLENGE OF A NEW CENTURY.

OUR SIGHTS ARE ON THE FUTURE -- AND THAT IS WHY, IN THESE NEXT FEW MINUTES, I WOULD LIKE TO ADDRESS MY REMARKS ESPECIALLY TO THE YOUNG PEOPLE OF EUROPE. AS SOMEONE WHOSE LIFE HAS SPANNED MOST OF THIS CENTURY, PERMIT ME TO OFFER SOME OBSERVATIONS ABOUT THE NEXT -- ABOUT A FUTURE OF EXPANDING HOPE AND POSSIBILITY, WHERE DREAMS CAN COME ALIVE IF ONLY WE HAVE THE COURAGE TO PURSUE THEM.

NOT SO LONG AGO, IN THE LAST DECADE, IT WAS FASHIONABLE TO TALK ABOUT THE AGE OF LIMITS. THE WORLD, WE WERE TOLD, WAS RUNNING OUT OF RESOURCES, WINDING DOWN, GROWING POORER. IT WAS A TIME OF DIMINISHING EXPECTATIONS, WHEN PEOPLE WOULD SIMPLY HAVE TO LEARN TO MAKE DO WITH LESS.

THE WEST IN THOSE YEARS EXPERIENCED WHAT CAN ONLY BE DESCRIBED AS A CRISIS OF CONFIDENCE IN OUR FUNDAMENTAL VALUES. WE INCREASINGLY HEARD TALK ABOUT THE SO-CALLED "CONVERGENCE" OF THE FREE WORLD AND THE COMMUNIST BLOC. SOME SAID OUR FREEDOMS WERE A LUXURY WE COULD NO LONGER AFFORD. FACED WITH THE RIGID NECESSITIES OF A SHRINKING WORLD, THE FREE NATIONS WOULD HAVE TO SACRIFICE MORE AND MORE OF THEIR ECONOMIC AND POLITICAL FREEDOMS AND ACCEPT INCREASING GOVERNMENT CONTROL.

I WANT TO TALK TO YOU TODAY ABOUT HOW, AND WHY, THE OPPOSITE HAPPENED. HOW THE "AGE OF LIMITS" WAS SWEEPED AWAY BY A RESURGENCE OF POLITICAL AND ECONOMIC FREEDOM. HOW OUR ECONOMIES ARE ENTERING A NEW ERA IN WHICH THEY ARE TRANSCENDING THE LIMITS OF PHYSICAL RESOURCES. HOW INSTEAD OF "CONVERGENCE," THE CONTRAST BETWEEN THE FREE AND THE UNFREE HAS BECOME EVER SHARPER -- WHILE THE TOTALITARIAN STATES HAVE COME TO TALK OF "OPENNESS" AND LIBERALIZATION, RECOGNIZING THAT, IF ONLY AS A MATTER OF SURVIVAL, THEY MUST ALLOW SOME FREEDOM INTO THEIR SOCIETIES.

AND I WANT TO TALK TO YOU ABOUT HOW THIS DIVERGENCE BETWEEN DEMOCRATIC AND TOTALITARIAN NATIONS CAN ONLY INCREASE IF THE TOTALITARIANS DON'T REFORM -- HOW THE ONLY COURSE FOR THE WORLD AS WE APPROACH THE 21ST CENTURY IS TO CHOOSE FREEDOM AND FREE SOCIETIES THAT LIBERATE MANKIND'S FULL HUMAN POTENTIAL.

THE WORLD AND ITS ECONOMY ARE IN THE MIDST OF A PROFOUND TRANSFORMATION. SOMETIMES THAT CHANGE IS SO RAPID IT'S HARD TO KEEP TRACK; BUT LET ME OFFER JUST A FEW EXAMPLES FROM THE TECHNOLOGICAL REVOLUTION, EXAMPLES THAT WILL SERVE AS A KIND OF MEASURING ROD OF HOW FAR WE'VE COME, AND A KIND OF POINTER SHOWING US WHERE WE ARE HEADING.

RECENTLY, THE HEADLINES HAVE BEEN FULL OF A TERM CALLED "SUPERCONDUCTIVITY," AS THE PAPERS STRUGGLE TO KEEP UP WITH THE SEEMINGLY DAILY BREAKTHROUGHS IN THE LAB. ONLY HALF A YEAR AGO, SUPERCONDUCTIVITY WAS CONSIDERED A SCIENTIFIC BACKWATER, A PHENOMENON WITH LITTLE PRACTICAL PURPOSE. NOW SCIENTISTS ARE SAYING IT MAY CHANGE OUR LIVES. "IT SHOWS ALL THE DREAMS WE HAVE HAD CAN COME TRUE," SAID ONE THEORIST. "THE SKY IS THE LIMIT."

SCIENTISTS TALK OF HIGH-SPEED TRAINS THAT WILL FLOAT ABOVE THEIR TRACKS; AUTOMOBILE COMPANIES ARE ALREADY PLANNING FOR ELECTRIC CARS; SOME THINK THAT SOLAR ENERGY MAY BECOME COMPETITIVE. ANYTHING THAT USES ELECTRICITY -- MOTORS, GENERATORS, WIRES, MAGNETS -- COULD SUDDENLY BECOME ASTONISHINGLY MORE EFFICIENT. THAT MEANS DIMINISHING DEPENDENCE ON FOREIGN OIL, LESS POLLUTION, AND A CLEANER ENVIRONMENT -- IT WILL BE LIKE A SHOT OF ADRENALIN IN THE WORLD ECONOMY, SPURRING GROWTH AND JOB CREATION AND IMPROVING THE QUALITY OF LIFE FOR ALL.

SUPERCONDUCTIVITY WILL ACCELERATE ANOTHER REVOLUTION -- THE DAILY REVOLUTION THAT IS TAKING PLACE IN THE COMPUTER INDUSTRY. ONE RECENT ADVANCE IS THE SPECIALTY SEMICONDUCTOR CHIP -- ON SPECIFIC TASKS, A HANDFUL OF THESE CHIPS, COSTING ABOUT \$2 APIECE, MAY OUT-PERFORM YESTERDAY'S MULTIMILLION-DOLLAR SUPERCOMPUTERS. ONE SCIENTIST MAKES THIS COMPARISON: IF AUTOMOTIVE TECHNOLOGY HAD PROGRESSED AS FAST AS SEMICONDUCTOR TECHNOLOGY HAS IN THE PAST 20 YEARS, HE SAYS, A ROLLS ROYCE WOULD NOW COST LESS THAN \$3, GET 3 MILLION MILES TO THE GALLON, DELIVER ENOUGH POWER TO DRIVE AN OCEANLINER, AND SIX OF THEM WOULD FIT ON THE HEAD OF A PIN.

THIS IS MORE THAN SIMPLY A PRODUCTIVITY EXPLOSION. OPERATING IN THE MYSTERIOUS WORLD OF QUANTUM PHYSICS, TODAY'S COMPUTERS SIGNAL A QUANTUM LEAP IN THE WORLD'S ECONOMY. WE ARE MOVING FROM THE ECONOMY OF THE INDUSTRIAL REVOLUTION -- AN ECONOMY FEEDING ON AND TIED TO THE EARTH'S PHYSICAL AND NATURAL RESOURCES -- TO, AS ONE ECONOMIST TITLED HIS BOOK, THE ECONOMY IN MIND, WHERE HUMAN IMAGINATION, CREATIVITY, AND COURAGE ARE THE MOST PRECIOUS COMMODITIES.

THINK OF THAT LITTLE COMPUTER CHIP. THOSE CHIPS ARE THE DRIVING FORCE OF THE MODERN ECONOMY, BUT THEY ARE MADE FROM THE SILICON IN SAND, ONE OF THE MOST COMMON SUBSTANCES ON EARTH. THEIR VALUE DOESN'T COME FROM THE MATERIAL THAT MAKES THEM UP, BUT FROM THE MICROSCOPIC ARCHITECTURE DESIGNED INTO THEM BY INGENIOUS HUMAN MINDS. OR TAKE THIS WORLDNET TELECAST, WHICH IS TRANSMITTED BY A SATELLITE HOOK-UP. THAT SATELLITE -- THE PRODUCT OF HUMAN INVENTION -- REPLACES THOUSANDS OF TONS OF COPPER DUG FROM THE EARTH AND MOLDED INTO WIRE. WE'RE MOVING FROM AN AGE OF THINGS TO AN AGE OF THOUGHTS, OF MIND OVER MATTER. IT IS THE MIND OF MAN -- FREE TO INVENT, FREE TO EXPERIMENT, FREE TO DREAM -- THAT WILL SHAPE THE ECONOMY, AND THE WORLD, OF THE FUTURE.

THIS IS BAD NEWS FOR STATISM. THE CENTRALLY-PLANNED STATE CAN DIG METALS OUT OF THE GROUND OR PUMP OIL. THOUGH LESS PRODUCTIVELY THAN A FREE ECONOMY, IT CAN RUN HUGE FACTORIES AND ASSEMBLY LINES. BUT IT CANNOT FABRICATE THE SPIRIT OF ENTERPRISE, IT CANNOT IMITATE THE TRIAL AND ERROR OF FREE MARKETS, THE RIOT OF EXPERIMENT THAT PRODUCES KNOWLEDGE AND PROGRESS. NO GOVERNMENT CAN MANUFACTURE THE ENTREPRENEUR OR LIGHT THAT SPARK OF INVENTION. ALL THEY CAN DO IS LET THEIR PEOPLE GO -- GIVE THEM FREEDOM OF MIND AND SPIRIT.

SOME BELIEVE THAT GOVERNMENT PLANNING IS MORE EFFICIENT, SO THEY RELY ON TAX BREAKS AND OTHER SUBSIDIES TO THOSE BUSINESSES THAT ALREADY EXIST. BUT THAT NEVER WORKS. IN AMERICA, IT'S ESTIMATED THAT SOME 70 PERCENT OF THE NEARLY 14 MILLION NEW JOBS WE'VE CREATED HAVE COME FROM NEW, SMALL, AND GROWING FIRMS. ONE OF THE MOST SUCCESSFUL COMPUTER FIRMS IN AMERICA WAS STARTED BY TWO COLLEGE STUDENTS IN THE GARAGE BEHIND THEIR HOUSE.

THE MOST FERTILE AND RAPIDLY GROWING SECTOR OF ANY ECONOMY IS THAT PART THAT EXISTS RIGHT NOW ONLY AS A DREAM IN SOMEONE'S HEAD OR AN INSPIRATION IN HIS HEART. NO ONE CAN EVER PREDICT WHERE THE CHANGE WILL COME FROM OR FORESEE THE INDUSTRIES OF THE FUTURE. NO GOVERNMENT WOULD HAVE EVER TARGETED THOSE TWO YOUNG MEN, WORKING THROUGH THE NIGHT, MAKING DREAMS COME TRUE IN THEIR GARAGE.

SO, AS WE HOLD THE ECONOMIC SUMMIT IN VENICE THIS YEAR, WE SEE AROUND US A WORLD ECONOMY THAT IS IN RAPID TRANSFORMATION -- AND IT IS A TRANSFORMATION THAT DEMANDS FREEDOM. WHAT CAN GOVERNMENTS DO? WHAT OUR SUMMIT PARTNERS HAVE BEGUN TO DO, STARTING WITH POLICIES THAT PROMOTE OPPORTUNITY AND ECONOMIC GROWTH -- LOW TAX RATES, PRIVATIZATION, AND DEREGULATION. THEY MUST ALSO MOVE TO DISMANTLE TRADE-DISTORTING SUBSIDIES AND LABOR LAWS THAT PROMOTE UNEMPLOYMENT. ALSO HIGH ON OUR AGENDA IN VENICE WILL BE WAYS IN WHICH WE CAN IMPROVE COOPERATION BETWEEN OUR NATIONS. AGRICULTURAL SUBSIDIES, FOR INSTANCE, HAVE BEEN SOME OF THE WORST CULPRITS BEHIND OUR GROWING TRADE FRICTIONS. LET'S JOINTLY DEFUSE THIS EXPENSIVE "FARMS RACE" BY SETTING A GOAL OF A SUBSIDY-FREE WORLD BY THE YEAR 2000.

MEANWHILE, WE MUST MAKE GOOD OUR COMMITMENT TO REDUCE INSTABILITY IN EXCHANGE RATES AND PROMOTE ECONOMIC GROWTH. THE ECONOMY IS SLOWING IN GERMANY, AND THAT SLOWS GROWTH ACROSS WESTERN EUROPE. IT IS ESSENTIAL THAT GERMANY FOLLOW UP ON ITS COMMITMENT TO REVIVE ITS SLUGGISH ECONOMY. JAPAN, TOO, COULD HELP RIGHT THE IMBALANCE IN THE WORLD ECONOMY BY RIGHTING THE IMBALANCE IN ITS OWN ECONOMY. IT'S TIME FOR JAPAN TO LET FREE THE PENT-UP CONSUMER DEMAND IN THEIR NATION -- ALLOW THE JAPANESE PEOPLE TO ENJOY MORE OF THE BENEFITS OF THE REMARKABLE ECONOMY THEY HAVE WORKED SO HARD TO BUILD. I KNOW PRIME MINISTER NAKASONE RECOGNIZES THIS AND HAS RECENTLY SUBMITTED A PROGRAM FOR ACTION TO THE JAPANESE DIET.

THE JAPANESE PROMISE TO EXTEND MORE THAN \$20 BILLION IN FINANCIAL SUPPORT TO THE DEVELOPING WORLD TO EASE THEIR ENORMOUS DEBT BURDEN IS ALSO A POSITIVE STEP. REGARDING THE U.S. BUDGET DEFICIT: WE HAVE MADE REAL PROGRESS, BUT WE MUST DO MORE. IN THE MONTHS AHEAD, I WILL BE GOING DIRECTLY TO THE AMERICAN PEOPLE -- JUST LIKE ON TAX REFORM. I'M GOING TO SAY, WE GOT THE SPECIAL INTERESTS OUT OF OUR TAX CODE, IT'S TIME TO GET THEM OUT OF THE BUDGET. IT'S TIME TO DEMAND REAL BUDGET REFORM.

LAST BUT NOT LEAST, ALL NATIONS MUST RESIST CALLS FOR PROTECTIONISM. SO-CALLED "PROTECTIONISM" IS LIKE THE EVIL OF DRUGS: IT WILL END UP DESTROYING ALL THOSE WHO USE IT. THAT'S WHY I CALL IT "DESTRUCTIONISM" -- BECAUSE ALL IT DOES IS SLOW GROWTH, WIPE OUT JOBS, AND CLOSE THE DOOR ON PROGRESS.

BUT AS WE APPROACH THE BEGINNING OF A NEW CENTURY, THE PROBLEMS THAT CONFRONT US ARE FAR OUTWEIGHED BY THE POSSIBILITIES. WE LOOK AROUND THE WORLD, AND WE SEE FREEDOM IS RISING. AS FREE MARKETS ENERGIZE ASIA, FREE ELECTIONS SPREAD ACROSS CENTRAL AND SOUTH AMERICA. IN AFRICA, MANY LEADERS HAVE AGREED THAT FREEDOM IS THE KEY TO DEVELOPMENT. IN CHINA, REFORM MEANS THE FIRST TASTE OF FREEDOM FOR OVER 1 BILLION PEOPLE.

STILL, WE CANNOT FORGET THAT THERE IS AN IMPLACABLE REALITY THAT TODAY STANDS AGAINST THIS FREEDOM TIDE. NEXT WEEK, I WILL BE ADDRESSING THE PEOPLE OF WEST BERLIN. I WILL STAND IN FRONT OF THE WALL THAT RUNS LIKE AN OPEN WOUND THROUGH THE HEART OF EUROPE -- THE WALL THAT REPRESENTS ALL THAT IS MOST HOSTILE TO OUR DEMOCRATIC VALUES OF FREEDOM AND HUMAN RIGHTS.

A REGIME THAT SO FEARS ITS OWN PEOPLE IT MUST IMPRISON THEM BEHIND A WALL IS A REGIME THAT WILL ALWAYS BE A SOURCE OF TENSION IN EUROPE. IT WILL ALWAYS BE AT ODDS WITH FREE PEOPLE EVERYWHERE.

AS IT HAPPENS, THIS DAY, JUNE 5TH, MARKS THE 40TH ANNIVERSARY OF THE INAUGURATION OF THE MARSHALL PLAN. THOSE WERE DAYS OF GREAT GENEROSITY AND COURAGE, WHEN THE COUNTRIES OF EUROPE ROSE FROM THE ASHES OF WAR, PUT AWAY THEIR CENTURIES-OLD ANIMOSITIES AND, TOGETHER WITH AMERICA, BUILT A NEW AGE OF FREEDOM AND PROSPERITY.

IN THE SPIRIT OF THE TIME, AMERICA OFFERED THE BENEFITS OF THE MARSHALL PLAN TO ALL THE NATIONS OF EUROPE, EAST AND WEST, INCLUDING THE SOVIET UNION. THE GROUND RULES WERE SIMPLE: OPENNESS AND GOOD FAITH -- ALL COUNTRIES HAD TO OPEN THEIR BOOKS, AND NO COUNTRY WOULD BE ALLOWED TO MANIPULATE THE PLAN FOR POLITICAL PROFIT. SOME NATIONS UNDER SOVIET CONTROL HOPED TO JOIN THE PLAN -- BUT STALIN ORDERED THEIR REPRESENTATIVES HOME. THE SOVIETS WOULD NOT LET THEM OPEN THEIR BOOKS -- OR THEIR COUNTRIES -- TO THE FRESH AIR OF FREEDOM AND ENTERPRISE.

WE'VE HEARD A LOT LATELY ABOUT THE SOVIET DESIRE TO PARTICIPATE IN THE WORLD ECONOMY -- TO NO LONGER BE THE ODD MAN OUT. WELL, THE GROUND RULES REMAIN THE SAME AS THEY WERE 40 YEARS AGO. NO PLAYING THE SPOILER. NO MANIPULATION OF WORLD ORGANIZATIONS FOR POLITICAL GAIN. OPEN YOUR ECONOMY. OPEN YOUR POLITICAL SYSTEM. OPEN YOUR BORDERS. LET YOUR PEOPLE GO. LET THEM TRAVEL WHERE THEY WISH, LIVE WHERE THEY WANT TO -- LET THEM BATHE IN THE LIGHT OF FREEDOM.

AND, ONE THING FURTHER: LEAVE YOUR WEAPONS AT HOME. QUIT AFGHANISTAN -- YOU HAVE NO BUSINESS THERE. DISMANTLE YOUR WEAPONS POINTED AT EUROPE. THEN WE WILL GLADLY WELCOME YOU AS A CONSTRUCTIVE PARTNER IN OUR 21ST CENTURY ENTERPRISE.

WHEN I LAST PARTICIPATED IN AN ECONOMIC SUMMIT IN EUROPE, THERE WERE MANY YOUNG PEOPLE WHO CAME OUT TO DEMONSTRATE. THEY WANTED AN END TO NUCLEAR WEAPONS, THEY SAID. HOW I WANTED TO LET THEM KNOW THAT MY HEART WAS WITH THEM, THAT I TOO YEARNED FOR A DAY WHEN MANKIND COULD LIVE FREE OF THE TERROR OF NUCLEAR ANNIHILATION.

BUT THE TASK WASN'T AS EASY AS SIMPLY SIGNING A TREATY. THE WALL THAT DIVIDES EUROPE -- PUT UP IN VIOLATION OF SOVIET PROMISES AND EVERY HUMAN DECENCY -- SHOWED US THAT MUCH. WE COULD NOT STAKE OUR FREEDOM AND OUR LIVES ON SUCH FLIMSY SECURITY. A TREATY, IN ORDER TO BE WORTH ANYTHING AT ALL, MUST BE VERIFIED WITH ON-SITE INSPECTIONS; IT MUST DRAMATICALLY REDUCE THE TOTAL NUMBER OF WEAPONS ON BOTH SIDES, RATHER THAN SIMPLY CODIFY A BUILDUP, AS TREATIES SO OFTEN HAVE IN THE PAST. MOST IMPORTANT, IT CAN'T LEAVE EITHER SIDE OUTMATCHED AND VULNERABLE.

WELL, OUR PERSISTENCE AND STEADFASTNESS COULD NOW PAY OFF IN AN AGREEMENT VERY MUCH IN OUR INTEREST AND ON OUR TERMS. WE ARE NOT THERE YET, OF COURSE; SOME HARD QUESTIONS REMAIN. BUT THE PROSPECTS ARE GOOD.

IT IS IMPORTANT TO EMPHASIZE: THE I.N.F. TREATY WE ARE NOW NEGOTIATING WILL NOT BE THE END, BUT THE BEGINNING OF THE ARMS REDUCTION EFFORT. OUR TOP PRIORITY REMAINS DEEP, EQUITABLE, AND VERIFIABLE REDUCTIONS IN INTERCONTINENTAL NUCLEAR ARMS. AND, AS LONG AS THE SOVIET UNION STOCKPILES CHEMICAL WEAPONS AND MAINTAINS MASSIVE CONVENTIONAL FORCES, POISED IN ATTACK POSITIONS ON ITS OWN TERRITORY AND IN EASTERN EUROPE, THE FREE NATIONS OF EUROPE MUST REMAIN STRONG AND READY. INDEED, GIVEN THE SOVIET SUPERIORITY IN THESE FORCES, WE MUST IMPROVE OUR CONVENTIONAL DEFENSE CAPABILITIES, DIFFICULT AND EXPENSIVE AS THAT MIGHT BE. THE UNITED STATES WILL NOT WAVER IN OUR COMMITMENT TO THE DEFENSE OF EUROPE. WE WILL SUSTAIN THE CREDIBILITY OF NATO'S DOCTRINE OF FLEXIBLE RESPONSE, WHICH HAS SERVED US WELL AND REMAINS THE CENTER OF ALLIANCE STRATEGY.

AT THE SAME TIME, OUR ULTIMATE GOAL REMAINS, NOT JUST TO REDUCE AND CONFINE NUCLEAR WEAPONS, BUT TO MAKE THEM FOREVER OBSOLETE, TO CONSTRUCT A HIGH-TECH DEFENSE THAT WILL DESTROY NUCLEAR WEAPONS BEFORE THEY CAN DESTROY PEOPLE. THE TECHNOLOGICAL BREAKTHROUGHS I MENTIONED EARLIER -- SUPERCONDUCTIVITY AND SUPERCOMPUTERS ON A CHIP -- COULD BOTH SPEED ALONG THAT DAY WHEN MAN WILL NO LONGER HAVE TO FEAR TERROR IN THE SKIES, WHEN WE CAN BREATHE FREE, CONFIDENT, SECURE, AND PEACEFUL.

IF I CAN LEAVE THE YOUNG PEOPLE OF EUROPE WITH ONE MESSAGE, IT IS THIS: HISTORY IS ON THE SIDE OF THE FREE. HOPE, AND AN UNSHAKABLE BELIEF IN OUR BASIC VALUES OF FREEDOM AND HUMAN RIGHTS -- THESE ARE THE ONLY GUIDES WE NEED AS WE TRAVEL INTO NOT ONLY THE 21ST CENTURY BUT THE THIRD MILLENNIUM. THE CRISIS OF CONFIDENCE IN THE WEST A DECADE AGO HAS BEEN REPLACED BY STRENGTH AND ASSURANCE. NOW IT IS THE EAST WHICH TALKS OF OPENNESS, OF "GLASNOST." WE HOPE THAT THE FIRST FEW TOKENS OF CHANGE IN THE SOVIET UNION SIGNAL A REAL DESIRE TO OPEN UP THAT CLOSED SOCIETY.

THE CHOICE IS THEIRS: THEY CAN EITHER PARTICIPATE IN THE ADVANCE OF HISTORY, OR FALL FARTHER AND FARTHER BEHIND INTO ECONOMIC IRRELEVANCE. WE CAN LOOK FORWARD TO THE DAY WHEN TECHNOLOGY MAY ELIMINATE THE THREAT OF MUTUAL NUCLEAR TERROR -- WHEN SIMPLY AMASSING HUGE STOCKPILES OF NUCLEAR WEAPONS DOES NOT MAKE A NATION A SUPERPOWER. THEN THE SOVIET UNION WILL APPEAR AS IT TRULY IS -- A COUNTRY THAT HAS SACRIFICED INDIVIDUAL LIBERTY FOR AN ANTIQUATED 19TH-CENTURY MATERIALIST PHILOSOPHY AND AN UNWORKABLE ECONOMIC SYSTEM -- AN EXAMPLE TO THE WORLD OF HOW NOT TO RUN A COUNTRY. THE CONTRAST BETWEEN TOTALITARIANISM AND FREEDOM WILL GROW EVER MORE STARK.

TODAY, AS WE CELEBRATE THE 40TH ANNIVERSARY OF THE MARSHALL PLAN, WE CAN BE PROUD OF WHAT WE TOGETHER HAVE CREATED: A NEW AGE OF FREEDOM, A NEW AGE OF HOPE AND PROSPERITY UNRIVALED IN HUMAN HISTORY -- A MODEL TO ALL THE WORLD OF WHAT FREE MEN CAN ACCOMPLISH.

IT IS A DIFFERENT WORLD TODAY FROM 40 YEARS AGO. THE YOUNGER GENERATIONS OF EUROPE, THOSE OF YOU BORN SINCE THE WAR, HAVE NOT HAD TO SUFFER THE DESTRUCTION AND HEARTACHE OF YOUR PARENTS' TIME. BUT YOUR CHALLENGE IS NO LESS GREAT -- IT IS NOTHING LESS THAN TO EMBRACE THE PROMISE OF THE FUTURE AND TO EXTEND THE LESSONS OF OUR FREEDOM TO A WAITING WORLD.

THANK YOU ALL AND GOD BLESS YOU.

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