Ronald Reagan Presidential Library Digital Library Collections

This is a PDF of a folder from our textual collections.

WHORM Subject File Code: FO006-08 (Economic Summit, Bonn, Germany, 05/02/1985-05/04/1985)

Case file Number(s): 308000 – 309999

To see more digitized collections visit: <u>https://www.reaganlibrary.gov/archives/digitized-textual-material</u>

To see all Ronald Reagan Presidential Library inventories visit: <u>https://www.reaganlibrary.gov/archives/white-house-inventories</u>

Contact a reference archivist at: reagan.library@nara.gov

Citation Guidelines: <u>https://reaganlibrary.gov/archives/research-</u> <u>support/citation-guide</u>

National Archives Catalogue: <u>https://catalog.archives.gov/</u>

THE WHITE HOUSE

WASHINGTON

February 10, 1985

FO006-08 FG006-12 TR123-01

308395

MEMORANDUM FOR ROBERT M. KIMMITT

FROM:

CARL A. ANDERSON

SUBJECT:

Thematic Paper for Berlin Economic Summit

Pursuant to our conversation earlier today, the attached item should be deleted from the agenda. If, however, the subject is included in the statement of the conference we would recommend the following:

The Summit Countries will, as a primary objective, encourage developing countries to adopt sound economic policies and, where appropriate, population policies consistent with respect for human dignity and family values.

Under Secretary Wallis will leave tomorrow morning for the meeting and requires a response by COB this date.

NSC# 8501111

Washington. D.C. 20520



BUREAU OF OCEANS, INTERNATIONAL ENVIRONMENTAL AND SCIENTIFIC AFFAIRS

February 7, 1985

MEMORANDUM

TO: Mr. Malone

FROM: OES/CP - Bruce C. Rogers

SUBJECT: Request for Urgent Meeting

Bob Morris, Deputy to Under Secretary Wallis, has a problem. Wallis has been given a "Draft Thematic Paper" for discussion at the upcoming OECD Economic Summit. It includes the following on population:

"The Summit Countries could....point to the adverse consequences of excessive population growth for the development momentum and welcome the recommendation for appropriate action in this field by the International Population Conference (sic) in Mexico."

Bob feels that this is not in line with the U.S. policy enunciated in Mexico City. I disagree. The U.S. does not quarrel with the adverse effect that "excessive population growth" has on development, it simply denies that population growth per se is an evil, recognizing it instead as a neutral phenomenon.

Bob would like the thoughts of the White House before we go much further on this. You and I need to discuss it soonest. We are supposed to have our contribution back to C by COB tomorrow.

			60
	Nat <mark>ional Security</mark> The White Ho	Council	-
	85 FERIÏ	P 4 System # Package	#
			DISDOCITION
Bob Pearson	SEQUENCE TO	HAS SEEN	DISPOSITION
Bob Kimmitt		K	
John Poindexter			
Paul Thompson			
Wilma Hall			
Bud McFarlane			
Bob Kimmitt			
NSC Secretariat	2		Staff
Situation Room			
I = Information A = A	ction R = Retain	D = Dispatch	N = No further Action
cc: VP Meese	Baker Deaver Ot	her	
COMMENTS	Should be so the MC Ma mt Lem	een by:	(Date/Time)
C	int Lene	N	

-0°	NSC/S I	PROFILE	UNCLASSIFIED		ID 8501111
	,			RECEIVED	11 FEB 85 17
ТО	KIMMITT	FROM AN	DERSON, CARL	DOCDATE	10 FEB 85
	URGEN	IT	U	RGEN	T
KE YWORDS	BERLIN	EC	ONOMICS		
	POPULATION				
SUBJECT	THEMATIC PAPER FOI	R BERLIN ECO	NOMIC SUMMITT		
ACTION	APPROPRIATE ACTIO	N	DUE 12 FEB 85	STATUS S	FILES WH
	FOR ACTION	F	OR CONCURRENCE		FOR INFO
	MCMINN	LEVINE	ROBINSON	2	SESTANOVICH
COMMENTS	OB	MCMINN SOMMER	DOBRIANSKY	5	STEINER
REF#		LOG	NSCI	FID	(DR)
ACTION OF	FICER (S) ASSIGN	ED ACT	n Necessary	DUE Per McM	COPIES TO
DISPATCH				ATTCH F	ILE IIL Q.

W/ATTCH FILE UH (B).

THE WHITE HOUSE

WASHINGTON

DECLASSIFIED Sec.3.4(b), E.O. 12258, as amonded Write House Fuldelines, Sept. 11, 2005 BY NARA DATE 11312013

March 30, 1985

CONFIDENTIAL

308923PD F0006-08 F0006-12 TR123-01 C0054-02

Swah

1947 add-on

MEMORANDUM FOR SUMMIT WHITE HOUSE GROUP MEMBERS

SUBJECT:

RO

T: Summit White House Group Meeting to Discuss Preparations for the Bonn Economic Summit--Tuesday, April 2, 1985, at 3:00 p.m., in the Roosevelt Room (U)

The Summit White House Group, established by NSDD-152, will meet on Tuesday, April 2, to review preparations for the Bonn Economic Summit. Mike Deaver and I have scheduled this meeting to:

- Discuss initial preparations on the political aspects of the Summit; and
- Review the status of preparations of the economic agenda for Bonn, including a report on the results of the March 23-25 international Sherpa meeting.

In preparation for Tuesday's session, you have received previously the U.S. economic objectives paper for Bonn, and a report of the February international Sherpa session. Let

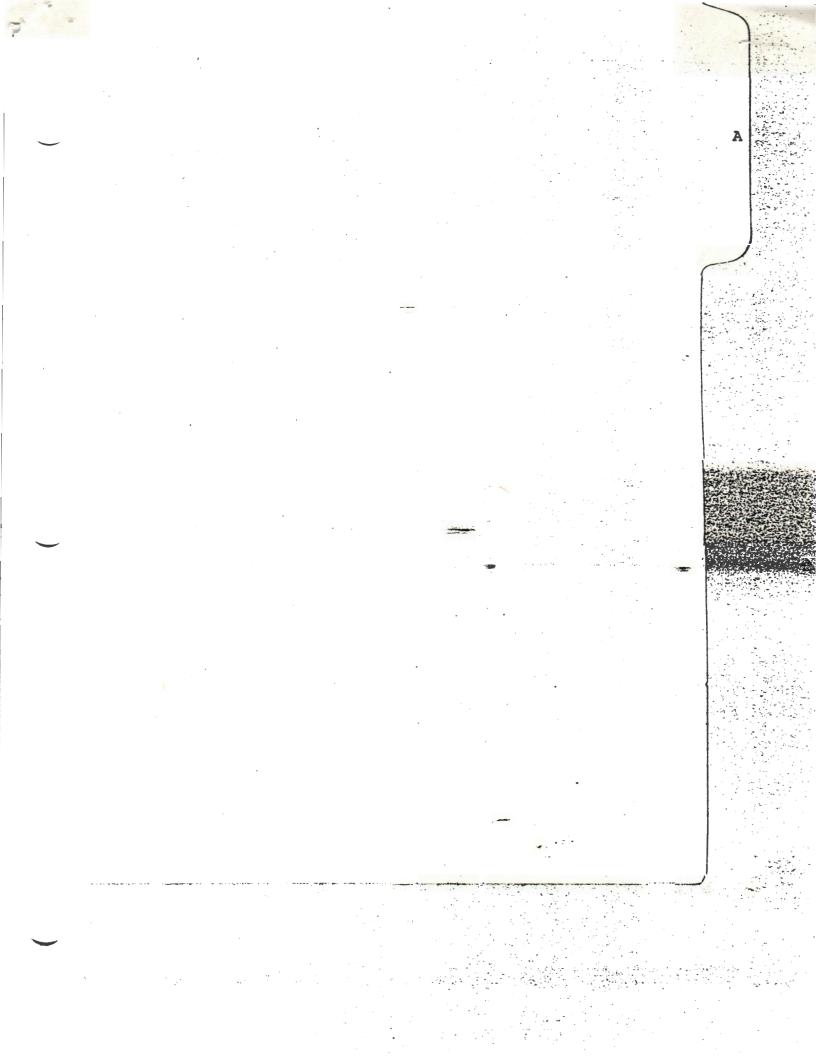
Robert C. McFarlan

Co-Chairman, Summit White House Group

Attachments TAB A Agenda and list of participants

me, Sugen attended meeting his schedule for apr 285

CONFIDENTIAL Declassify on: OADR



-CONFIDENTIAL

DEOLAOSIFIED Sec.3.4(b), E.O. 12258, 63 priorited White House Guidolince, Cept. 11, 2008 BY NARA_____, DATE_____

SUMMIT WHITE HOUSE GROUP MEETING

Tuesday, April 2, 1985

AGENDA

I. Report on the Status of Preparations Assistant on the Political Aspects of the Secretary Burt Summit

II. Review Status of Preparations for Economic Agenda, Including a Report on the Results of the March 23-25 International Sherpa Meeting

A. Overview

D. Africa

Ε.

G.

H.

Trade

F. Environment

Energy

B. Macroeconomic Policy and Structural Adjustment

Space Station Program

C. Debt and Finance

Under Secretary Wallis

Under Secretary Sprinkel

Under Secretary Sprinkel

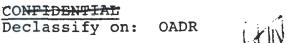
Mr. McMinn

Mr. McMinn

Under Secretary Wallis

Under Secretary Wallis

Under Secretary Wallis



I VINEIDENTIAT

SUMMIT WHITE HOUSE GROUP MEETING

Tuesday, April 2, 1985

LIST OF PARTICIPANTS

Donald T. Regan, Chief of Staff and Assistant to the President

- Michael K. Deaver, Deputy Chief of Staff and Assistant to the President
- Robert C. McFarlane, Assistant to the President for National Security Affairs
- Patrick J. Buchanan, Assistant to the President and Director of Communications

Craig L. Fuller, Assistant to the President

- Larry M. Speakes, Assistant to the President and Principal Deputy Press Secretary
- John A. Svahn, Assistant to the President for Policy Development

Richard G. Darman, Deputy Secretary of Treasury

Michael B. Smith, Deputy United States Trade Representative

W. Allen Wallis, Under Secretary of State for Economic Affairs

- Beryl W. Sprinkel, Under Secretary of Treasury for Monetary Affairs
- David L. Chew, Deputy Assistant to the President and Staff Secretary
- William Henkel, Deputy Assistant to the President and Director of Presidential Advance
- Donald R. Fortier, Deputy Assistant to the President for National Security Affairs
- Robert M. Kimmitt, Deputy Assistant to the President for National Security Affairs and Executive Secretary, National Security Council
- Alfred H. Kingon, Deputy Assistant to the President and Cabinet Secretary
- Karna Small, Deputy Assistant to the President and Senior Director, Public Affairs, National Security Council
- Richard Burt, Assistant Secretary of State for European and Canadian Affairs

James Rentschler, U.S. Ambassador to Malta

- M. Marlin Fitzwater, Special Assistant to the President and Deputy Press Secretary for Foreign Affairs
- William F. Martin, Special Assistant to the President for National Security Affairs and Senior Director for Coordination
- Robert B. Sims, Special Assistant to the President and Deputy Press Secretary for Foreign Affairs
- Roger W. Robinson, Senior Director for International Economic Affairs, National Security Council
- Douglas W. McMinn, Director for International Economic Affairs, National Security Council
- Robert J. Morris, Deputy to the Under Secretary of State for Economic Affairs

. 16.90

James L. Hooley, Deputy Director for Presidential Advance



4 . 19 +

THE WHITE HOUSE WASHINGTON March 15, 1985

CONFIDENTIAL

DECLASSIFIED Sec.3.4(b) (E.O. 192153, cs emended

White House Guidelines, Copt. 11, 2008 BY NARA OF DATE 1/3 2020 1947 G. F. 308924PP F0006-08 FG006-12 TR123-01 C0054-02

Suahr

MEMORANDUM FOR SUMMIT WHITE HOUSE GROUP MEMBERS

SUBJECT: Summit White House Group Meeting to Discuss Preparations for the Bonn Economic Summit--Wednesday, March 20, 1985, at 3:00 p.m., in the Roosevelt Room (U)

The Summit White House Group, established by NSDD-152, will meet on Wednesday, March 20, to review preparations for the Bonn Economic Summit. Mike Deaver and I have scheduled this meeting to:

- Discuss initial preparations on the political aspects of the Summit;
- Review briefly the status of preparations of the economic agenda for Bonn, including a report of the February 15-17 international Sherpa meeting; and
- Discuss the objectives and strategy for the next international preparatory meeting, to be held in Bonn on March 23, 1985. (C)

In preparation for Wednesday's session, attached is a meeting agenda, list of participants, the U.S. economic objectives paper for Bonn, and a report of the February international Sherpa session.

The West Germans have indicated that they will be circulating to us late this week a "thematic" paper which will serve as the basis for Sherpa team discussion at Bonn on March 23. Upon receipt, we will also distribute this paper to participants in advance of Wednesday's meeting.

arlane

Co-Chairman Summit White House Group

Attachments TAB A Agenda and list of participants TAB B Economic objectives paper TAB C Report of Sherpa team meeting

CONFIDENTIAL Declassify on: OADR

RO

DISTRIBUTION:

1

Donald T. Regan Michael K. Deaver Robert C. McFarlane Patrick J. Buchanan Craig L. Fuller Michael A. McManus Larry M. Speakes John A. Svahn Richard G. Darman Michael B. Smith W. Allen Wallis Beryl W. Sprinkel David L. Chew Donald R. Fortier Robert M. Kimmitt Alfred H. Kingon Karna Small Richard Burt M. Marlin Fitzwater Robert B. Sims Douglas W. McMinn Robert J. Morris James L. Hooley

CONFIDENTIAL



DECLASSIFIED Son 3.4(1), E.O. 12053, as amondod White Decise Guidelinos, Sopt 11, 2006 BY NARA DATE 1/3/2020

SUMMIT WHITE HOUSE GROUP MEETING

Wednesday, March 20, 1985

AGENDA

CANFIDENTIA

I. Report on the Status of Preparations on the Political Aspects of the Summit Assistant Secretary Burt

II. Review Status of Preparations for Economic Agenda, Including Meeting Report on February 15-17 International Sherpa Meeting

A. Overview

- B. Macroeconomic Policy and Structural Adjustment
- C. Debt and Finance
- D. Africa
- E. Trade
- F. Environment
- G. Space Station Program
- H. Energy
- III. Objectives and Strategy for International Sherpa Team Meeting, March 23, in Bonn

Under Secretary Wallis

Under Secretary Sprinkel

Under Secretary Sprinkel

Mr. McMinn

Mr. McMinn

Under Secretary Wallis

Under Secretary Wallis

Under Secretary Wallis

Under Secretary Wallis

CONFIDENTIAL Declassify on: OADR

SUMMIT WHITE HOUSE GROUP MEETING

Wednesday, March 20, 1985

LIST OF PARTICIPANTS

Donald T. Regan, Chief of Staff and Assistant to the President

- Michael K. Deaver, Deputy Chief of Staff and Assistant to the President
- Robert C. McFarlane, Assistant to the President for National Security Affairs
- Patrick J. Buchanan, Assistant to the President and Director of Communications

Craig L. Fuller, Assistant to the President

- Michael A. McManus, Assistant to the President and Deputy to the Deputy Chief of Staff
- Larry M. Speakes, Assistant to the President and Principal Deputy Press Secretary
- John A. Svahn, Assistant to the President for Policy Development

Richard G. Darman, Deputy Secretary of Treasury

Michael B. Smith, Deputy United States Trade Representative

W. Allen Wallis, Under Secretary of State for Economic Affairs

- Beryl W. Sprinkel, Under Secretary of Treasury for Monetary Affairs
- David L. Chew, Deputy Assistant to the President and Staff Secretary
- Donald R. Fortier, Deputy Assistant to the President for National Security Affairs

Robert M. Kimmitt, Deputy Assistant to the President for National Security Affairs and Executive Secretary, National Security Council

- Alfred H. Kingon, Deputy Assistant to the President and Cabinet Secretary
- Karna Small, Deputy Assistant to the President and Senior Director, Public Affairs, National Security Council
- Richard Burt, Assistant Secretary of State for European and Canadian Affairs

- M. Marlin Fitzwater, Special Assistant to the President and Deputy Press Secretary for Foreign Affairs
- Robert B. Sims, Special Assistant to the President and Deputy Press Secretary for Foreign Affairs
- Douglas W. McMinn, Director for International Economic Affairs, National Security Council

Robert J. Morris, Deputy to the Under Secretary of State for Economic Affairs

James L. Hooley, Deputy Director for Presidential Advance

CONFIDENTIAL

	CLASSIFIEI		
Authority_	NBC/STa	te War	ics
ry_dh	NARA DATE_	1/3/20	20

Key Summit Economic Objectives

1. Context

The London Economic Summit resulted in a strong endorsement of the basic anti-inflationary stance the Administration has advocated since Ottawa. There is now a clear recognition among Summit countries that sustainable economic growth and job creation should be based on domestic economic policies that foster market-oriented adjustment, reduce government spending and maintain stable monetary growth.

The London Summit marked the passage from a period of constructing a firm domestic base for non-inflationary growth to a period of enhancing the openness of international trade and finance. As Williamsburg signalled the imminent fact of recovery, and offered an outline of our future strategies in the international economy, London gave a clearer focus to future tasks as well as current action.

While the US economy continues to perform well, doubts persist (mainly in Europe) over whether other Summit countries' recoveries will intensify and whether an enduring world recovery is possible. The Bonn Summit thus comes at a time when <u>individual</u> country action to promote further convergence of economic performance and <u>concerted</u> action to achieve more open trade and financial markets are both necessary to ensure that world recovery endures and its benefits spread. To reinforce the Reagan "sea change" in domestic economic policies, the strategies laid out at Williamsburg and London for dealing with the interrelated problems of growth, debt, trade and finance must be pursued actively.

Our recommended key objectives for next year's Summit, outlined below, once again focus primarily on domestic economic policy, international debt and trade, but also echo or advance other main themes (e.g., energy, space station) introduced at London.

2. Economic Policy

Focus attention on the need for structural changes (in both developed and developing countries) in order to promote stable growth of output and employment with low inflation. For each of the main participants, we will stress the following in bilateral and appropriate multilateral contexts leading up to the Summit, and work for Summit results that reflect the "Basic Themes" set out below.

ONFIDENTIAL



a) For the US: Basic theme: continue implementing Reagan "sea change" in American economic policy and performance, to keep US a strong and reliable keystone for free economies and global growth.

This implies the need to continue efforts to reduce the share of government spending in national income; to assure monetary growth compatible with low inflation and a sustainable rate of real growth; to maintain market liberalization and deregulation efforts; and to promote tax reform to enhance stable growth and investment potential.

b) For Europe and Canada: Basic theme: overcome resistance to change which threatens longer-term stagnation of those economies.

This implies the need to free up labor and capital markets to promote structural change and greater responsiveness to market forces; continued pursuit of non-inflationary macroeconomic policies; and strengthen efforts to control government spending where needed so as to reduce the share of government spending in total output.

c) For Japan: Basic theme: demonstrable success of Japanese economic policy and strength of Japanese economy have set stage for full Japanese participation in Western economic leadership, and acceptance of attendant responsibilities.

This mandates the need to fully implement and accelerate liberalization of the capital market and to adopt a more effective strategy for opening markets for goods and services.

3. Debt Strategy

Welcome progress during past year and reaffirm continued validity of the strategy as outlined at the Williamsburg and London Summits. Use April 1985 meeting of Interim and Development Committees to focus attention on the medium-term situation in order to broaden the consensus on the need for sound policies leading to sustainable, low-inflation growth and a more open trade and investment environment as critical to the long-term success of the debt strategy, and endorse these concepts at the Bonn Summit.

• Trade

Promote the concept that more open trade is an essential component of our economic growth and debt strategies, as outlined above. Freer trade, based on principles of overall reciprocity and fairness, will reinforce momentum gathering toward high levels of sustainable growth, lower inflation and needed structural change, both within our own economies and in the global economy. Stress that the only effective way to assure such openness and resist protectionism is to move rapidly to a formal negotiating process within the GATT for increased liberalization. Specifically, we will seek a statement by the Summit countries of their intention to engage in a new round of negotiations aimed at expanding trade, dealing with various forms of protection and improving the operation of the international trading system. The statement should declare their intent to begin preparations soon so as to start formal negotiations by early 1986 and to encourage participation by developed and developing countries alike.

5. Food Aid

Advance cooperation and coordination on emergency and non-emergency food aid programs to the Third World, with special emphasis on Africa. In the case of life-threatening food aid situations, seek donor country commitments on a joint set of actions to dramatically speed up responses to food crises. The prepositioning of food in selected countries and the creation of a central food shortage forecasting capability could be considered. Concerning non-emergency food aid, stress a "food for progress" initiative wherein food aid and other assistance would be used as an incentive to ease the burden of Third World countries which adopt growth and market-oriented approaches to agricultural development.

6. Other

a) Report progress on cooperation on a manned space station; secure endorsement of participation by other Summit partners.

b) Welcome agreement in IEA on common action in the event of future oil supply disruption; encourage early progress in developing new North Sea energy resources.



CONFIDENTIAL

- 4 -

c) Postpone substantive comment on the results of the G-10 studies on ways to improve the functioning of the monetary system pending review by Finance Ministers at a later meeting. However, work to assure acceptance by Summit partners of concepts US is advancing in those studies.

d) Resist efforts by others (especially French) to call for negotiations on a new international monetary system, and in particular resist any effort to link, formally or otherwise, progress on trade liberalization with monetary reform.

e) Recognizing that some progress in addressing problems of environmental pollution will be important to Chancellor Kohl as host, work closely with Germans and Canadians during the year for mutually acceptable results that can be endorsed at the Summit. CONFIDENTIAL

Autonity ABC/STate Warvers BY _____ NARADATE 1/3/2020

BERLIN SHERPA MEETING

February 15-17, 1985

Hans Tietmeyer, the German Sherpa and this year's chairman for Summit preparations, began the all day session of February 16 by emphasizing that the German thematic paper should be considered a first draft. He said that this paper should be shortened considerably in future revisions. Tietmeyer suggested that discussion of the paper should begin with general comments of the text as a whole as well as the chapeau on developments in the world economy, followed by a section-by-section review.

General Discussion

The French Sherpa, Jacques Attali, led off with a harsh critique of the German paper. Attali stressed that the fundamental basis of the thematic paper was flawed. He said that the economic growth experienced by Summit countries is based on elements that are themselves jeopardizing recovery. He cited the current account imbalances and exchange rate disparities as examples of "growth based on problems".

The Italians agreed with the thrust of the German paper that there had been improvements in the international economy during the past year, but that the current account imbalances and exchange rate instabilities proved that Summit country economic policies were not yet compatible. Interestingly, the Italians stressed that Europeans must resolve their own problems before "casting stones" at the United States and Japan.

Allen Wallis endorsed the German paper, saying that we would have specific comments on the particular sections of the paper; but that we wanted to lay a marker down that we felt some reference to energy should be included in the thematic paper and ultimately the Summit Declaration. He said that we would provide appropriate language. The Canadians (Sylvia Ostry) supported strongly the content of the thematic paper saying that its description of the improvements and problems of the world economy were well represented. However, she stressed that not enough attention was placed on the resolution of the inherent problems facing all of us. Robert Armstrong, the British Sherpa, emphasized that more attention was needed to clarify the points of controversy which the Heads of State needed to focus on in Bonn. The Japanese (Teshima) made a perfunctory comment about the need to place the plight of the developing countries in a more realistic (less optimistic) light. Hans Tietmeyer ended the general discussion with a "reminder" that the issue of the environment is important to Chancellor Kohl and that the Germans will make it "a point among many" for the Summit.

Unemployment

Attali began the discussion of unemployment with a diatribe against the United States. He stated that the acceptance of deficits is a technique being used to gain liquidity and savings. He said that this policy was a drain on the developed and developing countries alike. Attali said that this was a strategy of the United States based on low wages and high employment.

Sylvia Ostry of Canada stressed that employment cannot be considered a conscious policy but is determined by the market place. In general terms, Geoffry Littler of the UK also disputed Attali's proposition. He said that autonomous growth in the US has not been at the expense of the rest of the world. He said that the real difference between the US and EC is the wider spread between high and low wage rates in the US as compared to the EC. Littler said that it is easier to move into jobs in the US at the lower end of the wage scale while in the EC there is little flexibility to adapt to this possibility.

The United States (Beryl Sprinkel) said that the recovery in the United States is sound because it is based on proven policies of restrained government spending, market oriented adjustment and stable monetary growth. He emphasized that the effect on the world as a whole of US recovery has been positive as reflected by the US trade deficit of \$123 billion in 1984. Sprinkel stressed that the EC must create profit opportunities itself in order to "pull back" capital into Europe. Moreover, he stressed that Europe must move to basic reforms to combat rigidities (i.e. lack of labor mobility) in its domestic economic policies. He emphasized that specific changes in government policies are possible and urgently needed.

Attali emphasized that wage differentials are not the only tool for combating unemployment and that there are many other mechanisms such as job retraining, education, innovation, etc. He said that employment growth is politically motivated. In the US this can be associated with the Strategic Defense Initiative (SDI) which, in Attali's view, represented America's engine for growth and employment in the next decade. Attali



emphasized strongly that Europe must find its own "vision" such as SDI to create jobs.

Both Sprinkel and McMinn emphasized that SDI is not the cause for a renewed "vision" in the US nor is it the basis for US economic performance in the next ten years. Rather the sound market oriented principles instituted by President Reagan have been and will continue to be fundamental to our success.

Imbalances in Current Accounts/Exchange Rates and Fiscal Balances

Hans Tietmeyer began this discussion by noting the danger of the growing current account deficit in the United States, i.e. that it is feeding on itself. He said that one result of the US deficit, reinforced by the large current account surplus of the Japanese, was intensified protectionist pressures. The Japanese (Teshima and Oba) stressed that it was an oversimplification to assert that the Japanese current account surplus was a reason for increased protectionism. They said that Japan's current account surplus is based on (1) the strong dollar; (2) reductions in oil prices; and (3) differentials in growth rates among developed countries. Teshima noted that the Japanese had already done quite a lot on the import side and were prepared to do more. This Japanese statement provoked most of the other delegations to respond strongly that Japan's import performance was simply not acceptable; with the French, Germans, EC and United States all indicating that this guestion needed to be addressed by Heads of State at Bonn.

The French (Attali) then did an "about face" on the role of government in domestic economies. Attali said that France could not accept the concept outlined in the German paper that there is a need to "scale back the role of government in the economy where this has become excessive." This statement, whether based on Attali's personal views or those of the French government, represents a direct reversal of the "Reaganomics" position announced by Attali at the February 1984 Sherpa meeting.

. 2

Concerning how to handle the G-10 monetary studies the Japanese recalled that these studies have not yet been completed and conclusions are not expected before the Summit. In fact, it has been agreed that the G-10 Ministers would approve the studies in late June in Tokyo. Sprinkel reinforced this view by saying that it would be premature to discuss the G-10 studies at the Summit. Substantive Summit discussion could undercut the work of the G-10 Ministers scheduled for

CONFIDENTIAL

June. The French and EC disagreed and argued for a substantive progress report which Heads of State could use as a point of reference in their Summit discussions.

It became clear during this discussion that exchange rates are, and will be at Bonn, a major European concern. All the Europeans are convinced that the problem is with the dollar, and that it is up to the US to do something about it (including much more intervention). Sprinkel cited numbers showing that, relative to European currencies, the yen and Canadian dollar appreciation since December 1980 has been enormous and therefore the problem was European, not US, and that the Europeans would be better advised to look for the solutions in their own economies and policies. He stressed in particular the relationship between Europe's comparative lack of ability to adjust to change (and respond effectively to the large opportunities which the US current account deficit is creating for their economies), and deterioration in European exchange rates vis-a-vis the dollar (and yen). Despite its cogency, it was clear that this is an argument which the Europeans don't want to deal with.

Developing Countries

\$

Discussion of the LDCs centered heavily on the problems of Africa. However, support for the Williamsburg five-point debt strategy, as amended at London, was reinforced. The United States made clear that it could not accept a general increase in the World Bank's capital fund. We also succeeded in deleting my reference in the German paper to excessive population growth and the Mexican International Population Conference.

Concerning Africa, the US emphasized the critical need to concentrate aid resources to foster market-based changes in indigenous economic policies, especially those involving agricultural development. We outlined the President's recent "Food for Progress" initiative for Summit country consideration.

The US suggested that an appropriate technical level group might be formed to examine problems in assessing food needs in Africa and methods to address existing donor country programming problems. This suggestion was met by substantial interest and support. It was agreed that this issue should be reviewed at the next Sherpa meeting and that delegations would be prepared to submit more specific comments and proposals as to concerted action in this area.

Trade

The discussion on a new round of trade negotiations was not encouraging. The EC (Luyten) pressed the need to be cautious and to build a consensus on the agenda for negotiations <u>before</u> moving to a commitment to launch. The Community also questioned how we could move forward absent fulfilling previous commitments concerning rollback of protectionist measures made at Williamsburg and in the OECD. Attali was categorical in saying that France was against fixing a date for new negotiations at Bonn. He revived and deepened the linkage between progress on the trade side and progress on the monetary side (the establishment of an international monetary conference). Attali said that the French could not accept "subsidies", either industrial or agricultural, as a part of new trade negotiations.

For our part, we stressed the importance of moving forward now to a commitment to launch new negotiations early in 1986. We emphasized that there is no luxury of time. Trade liberalization is key to sustaining economic recovery worldwide. We argued that it is critical to move forward now in order to help withstand the growing pressures for protectionism in the United States and other countries. Without a commitment to launching new multilateral negotiations, the US may be forced to pursue its interests bilaterally and regionally.

West Germany, Canada and Japan all supported the launching of a new round, but the Japanese were overly cautious, particularly with respect to LDC participation. Typically, the British "straddled the fence"; they were distinctly unhelpful.

We were successful in deleting the objectionable language in the German thematic paper on the benefits of trade to normalized East-West relations.

Environment

Tietmeyer stressed the great importance which Chancellor Kohl attached to as positive a discussion and outcome as possible on the need to improve protection of the environment. Virtually everyone agreed, however, that the thematic paper's conclusions were too long, or in certain respects went beyond what Environment Ministers had agreed to in their London meeting last December, or both. Though there might have developed a quick and acceptable consensus around the suggestion (which Tietmeyer made and Wallis supported) that the



CONFIDENTIAL

- CONFIDENTIAL

Summit simply endorse the conclusions reached by the Environment Ministers, Attali objected that France (as usual) could not agree given that no French Minister had attended that Conference. (France had boycotted it on the spurious grounds that it does not want to "institutionalize" the Summit Seven grouping with follow-up meetings. However, this did not prevent Attali later from urging all of us to send representatives to the French conference -- for Summit Seven countries -on bio-ethics in April.) It was finally agreed that "experts" would submit a revised draft of environment "conclusions", limited to a few paragraphs, to be circulated to all of us a week before our meeting in March.

Space Station

The United States noted the ESA decision on participation in the US manned space station program and expressed the hope that both Canada and Japan also would be in a position soon to follow suit. We suggested that the President would want to make a brief report on the program at Bonn, which would be taken into account in the Summit Declaration. We indicated to the Germans that we would be providing them suggested language in the near future.

This seemed acceptable to all but Attali, who insisted that equal attention and importance should be given to the possibility that the Europeans might decide to build and launch their own space station (he got no support for this).

Logistics

The Germans passed out the attached latest schedule of events for the Summit.







. .

The Co-ordinator for the Bonn Economic Summit

Projected order of events for the Economic Summit in Bonn (2 to 4 May 1985)

Bonn, 8 February 1985

Thursday, 2 May 1985

14.00 to 16.30 hrs	Arrival of delegations at Cologne Bonn airport at 20-minute intervals in reverse order of protocol
14.10 to 16.40 hrs	Transfer to Bonn by helicopter
On arrival in Bonn	Proceed to Palais Schaumburg
14.30 to 17.00 hrs	Welcome with military honours by the Federal Chancellor
Following official	
welcome	Introductory talks between the Federal Chancellor and each delegation in Palais Schaumburg
14.50 to 17.20 hrs	Delegations proceed to residences hotel
18.30 hrs	Reception given by the Federal Chancellor at Schloss Augustusburg



Separate dinners, given by 20.15 hrs the Federal Chancellor for the Heads of State and Government at Schloss Falkenlust (first floor) the Federal Minister for Foreign Affairs for the Foreign Ministers at Schloss Falkenlust the Federal Minister of Finance for the Finance Ministers in the historical Small Cabinet Room, Palais Schaumburg the German Personal Representative for his colleagues in Schloss Falkenlust (Ground Floor) Friday, 3 May 1985 9.45 to 12.15 hrs Working sessions for the Heads of State and Government in the historical Cabinet Room, Palais Schaumburg the Foreign Ministers in the small Cabinet Room of the Federal Chancellery the Finance Ministers in the Cabinet Room of the Federal Chancellery 13.00 hrs Working luncheon for

the Heads of State and Government and the Foreign Ministers in the historical Small Cabinet Room, Palais Schaumburg 2 2

- 2 -

• 1	•	
•		- 3 -
		- the Finance Ministers in the Federal Chancellery
		- the Personal Representatives in the Hallstein Rooms, Palais Schaumburg
	14.30 to 18.00 hrs	Plenary session in the Federal Chancellery, NATO
	20.00 hrs	Separate dinners given by
·		- the Federal Chancellor for the Heads of State and Government in Palais Schaumburg (Hall- stein rooms)
		- the Federal Minister for Foreign Affairs for the Foreign Ministers in the historical Small Cabinet Room, Palais Schaumburg
		- the Federal Minister of Finance for the Finance Ministers in the Redoute
		 the German Personal Representative for his colleagues at the Federal Chancellery, Schmidt-Rotluff room
	Saturday, 4 May 1985	; ;
	9.30 to 12.30 hrs	Continuation of the plenary session in the Federal Chancellery, NATO room
	13.00 hrs	Plenary luncheon in the "large dining room" of the Federal Chancellery (first floor)

.

. ..

47

. .

15.45 hrs

Promulgation of the joint final communiqué in the Debating Chamber (Plenarsaal) of the German Bundestag

20.00 hrs

Dinner given by the Federal President in honour of the Heads of State and Government, Foreign Ministers and Finance Ministers at Villa Hammerschmidt

;



2