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Strategy Paper for Ottawa Economic Summit

This paper sets out U.S. objectives, strategy and preferred outcomes at the Ottawa Economic Summit, July 19-21, 1981. In brief, the United States is going to the Ottawa Summit to reinforce America's role as a partner and leader of the industrial democracies, to present broad U.S. views and policies toward the major economic and political challenges of today, and to strengthen the allied consensus on how to meet these challenges. We want the Summit to be kept quite general, with time to discuss the world situation as a backdrop but with emphasis on the economic topics.

Background

Past Summits have established certain procedures and expectations which will no doubt affect the Ottawa Summit (see Tab A for a summary and evaluation of past Summits and Tab B for a review of how the United States has prepared for previous Summits). The meetings have usually begun with a dinner on the first evening for the heads of government only (a separate dinner is held for the Foreign Ministers). The Venice meeting then continued with a morning session on economic issues (Economic and Foreign Ministers present), a luncheon including Foreign Ministers, and an afternoon session on political issues with Foreign Ministers only. The dinner on the second evening also included Foreign Ministers. At Ottawa, these initial events will take place at the Chateau Montebello, a resort 44 miles from Ottawa on a secluded stretch of the Ottawa River. On the morning of the second day, the leaders return to Ottawa for a session in the Parliament Buildings, a State luncheon, a further afternoon session if required, and a final joint press conference.

General Objectives

The primary U.S. objectives at the Summit include:

1. Reinforce President Reagan's credentials as a strong partner and leader of the industrial democracies.
2. Increase understanding of and cooperation with basic U.S. policies to achieve world peace, and security but with the emphasis on the economic situation and economic progress.
3. Develop common understanding among the allies on some important issues of immediate and long-term concern and agree on common approaches for dealing with some of the issues.

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4. Avoid commitments to policies or actions that have not been carefully studied.
5. Achieve common understanding on the future of Summits. The President may wish to continue summits.

Discussions

The format for the Ottawa Summit has not yet been firmly established. The best format, and the one we have assumed for the purposes of this paper, might be:

- Initial dinner Sunday and part of Monday morning, if necessary, for relatively unstructured political discussion
- Remainder of Monday for agenda items
- Monday dinner for unstructured discussion
- Tuesday morning for continuation of agenda items and agreement on short general communique.

At the initial dinner for heads of government, President Reagan will have an opportunity to outline his broad views of the present world scene. This session, and perhaps a continuing discussion on the morning of the next day, offer the best occasion for the President to demonstrate his broad grasp of the issues and to establish the overall political/economic context in which he and the other leaders will consider the more specific agenda items of the meeting. At this dinner, the President should:

- reaffirm the world role of the industrial allies in advancing democratic principles and world economic progress;
- describe matter-of-factly the challenge posed by the enhancement and projection of Soviet power;
- explain generally the U.S. response to this challenge, beginning with decisive actions at home to revive our domestic economy and to restore our military defenses, targeted bilateral and regional approaches, and -- from this footing -- a balanced approach to global relations with the Soviet Union;
- identify in this broad context the more specific agenda items for consultation and cooperation among the industrial allies:
 - 1) building of trust and confidence among the allies in East-West economic relations
 - 2) strengthening Western economic performance

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- 3) preserving and enhancing open international markets
 - 4) improving energy security, including protection against the disruption of oil supplies and radical, destructive price increases, and
 - 5) concerting constructive and realistic policies toward developing countries; and finally
- inspire the allies to renew their common bonds to one another and to face the world confidently and collectively (such as the President did in his speech to the Parliament in Ottawa).

After this opening exchange on the broad political/economic context of relations among the industrial allies, the meeting will move to more specific agenda items. The specific agenda items we support are:

- East-West trade
- Macro-economic issues
- North-South
- Energy
- Monetary issues
- Monetary aspects of trade
- Trade

The President would address himself primarily to:

- his U.S. economic program and the interaction between it and other economies
- East-West trade

In this discussion, the President should seek to achieve meaningful progress or outcomes on items that have been carefully prepared before the meeting and that follow organically from the consensus established among the leaders in the broad exchange on major political/economic challenges (a consensus which will also have emerged to a large extent in the preceding preparatory meetings). The requirement is to enable the Summit process to produce important initiatives when this is justified by the broad deliberations on major issues but not to force specific achievements or to divert the Summit discussion from high-level exchanges to technical minutia.

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On the more specific agenda items (assuming our agenda as identified above is a close approximation of the actual agenda), the President should seek to:

- develop understanding of the U.S. domestic economic program, its attack on fundamental problems, and its impact on other industrial and developing countries;
- deflect potential conflicts on short-term issues such as interest and exchange rates or automobile, petrochemical, steel and other trade issues (we will need to give further thought as to how to do this if such issues arise);
- achieve progress on common approaches to one or more of the key international economic agenda items, including general agreement on the approach of the major allies to the North-south Summit.

Specifics

Listed below is a menu of objectives and specific initiatives from which the U.S. Government should pick one or two:

- 1) a common commitment and perhaps new initiatives, if appropriate, to renew forward movement on international trade, investment and monetary issues (e.g., perhaps a Wise Men Commission or new GATT Committee for trade)
- 2) a shared appreciation of the pluses and minuses of economic relations with the Soviet Union and Eastern Europe, and agreement on a greater degree of commonality in approach to these relations, especially given longer-term alliance efforts to improve Western security and Soviet actions in Afghanistan, Africa and possibly Poland. This might lead to various specific results:
 - a) a mandate to enhance strategic controls and to strengthen COCOM
 - b) an agreement to establish continuing discussions (and perhaps a mechanism) on economic security or the degrees of dependence and vulnerability in economic relations with the East (where projects like the gas pipeline might be discussed)
 - c) a commitment to rationalize and reduce export credits and other subsidies on trade with the Soviet Union

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- d) enhancement of contingency planning and common understanding of the value and limits of foreign policy uses of economic measures to symbolize Western disapproval of Soviet acts or to achieve a real economic impact in the Soviet Union.
- 3) a common conclusion that, as demonstrated in the Iran-Iraq crisis, high oil stocks are an important defense against disruptive oil supply and price changes (which could severely undermine once again economic prospects in the West) and that removing impediments to production, use and trade of coal and nuclear materials should receive priority attention, plus such specifics as:
- a) agreement on a concept for dealing with country oil imbalances in a crisis, through negotiation and implementation in the International Energy Agency
 - b) agreement on more predictable procedures for trade in nuclear materials and technology
 - c) international discussions to develop and share expertise on nuclear health and safety practices, nuclear accidents, and waste management policies
- 4) an agreement on principles and procedures to concert the positions of the major allies on the sequence, agenda and strategy of global discussions with the developing countries, especially for application at the October North-South Summit in Mexico but also for any other discussion that may be scheduled in the future (such as the UN Global Negotiations), possibly reinforced by:
- a) a directive to strengthen Group B caucus procedures in the OECD, perhaps by having the Summit countries act as a leadership Bureau within OECD.

Strategy

U.S. strategy for the Economic Summit should establish some priority among the general and more specific objectives outlined above. It has not been decided yet which of these objectives we should really push, which we should be ready to revise, or which we should be willing to drop. Moreover, there are additional objectives that may be identified in the course of our internal preparations and our preparatory discussions with the allies.

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What is clear at this point is that the United States seeks to promote through the Summit process broad consensus and confidence among the allies on the key problems the industrial democracies face and, to the extent possible within this broad consensus, to achieve progress on common approaches to these problems. Hence top priority should go to enhancing allied understanding and acceptance of U.S. policies to strengthen Western security and to revive Western economic growth.

Second-order priority should go to obtaining allied cooperation on more specific international economic issues and initiatives.

The United States should eliminate three issues that were put on the tentative agenda by the previous Administration. These are: Global 2000, Illicit Payments, and Terrorism. These subjects may come up as subsets of other agenda items, but should not be separate items.

What the eventual agenda will look like depends importantly on what the other countries seek no less than on what we seek (see Tab C for list of papers currently being prepared for the Summit). At the last preparatory meeting in London in February, the U.S. encountered greatest skepticism on the East-West issue, although Britain and France (surprisingly) come closest to the U.S. on this issue. The French expressed concern about energy and macro-economic issues, as did Germany about interest and exchange rate policies. The European Community stressed trade issues and openly attacked the Japanese on automobile exports. The Canadians, Germans and Japanese emphasized aid to developing countries and commitments to the multilateral financial institutions and a World Bank energy affiliate. Canada as host country gave particular attention to developing country issues, and, under Trudeau, is clearly seeking to build up its credentials as an interlocutor with the developing countries.

To achieve its objectives at the Summit, the United States will have to work closely with key countries in each issue area and to put forward incentives in other areas to win the cooperation of these countries:

1. In the area of East-West relations, the U.S. should work with France, Britain and ultimately Germany to determine the degree of consensus that can be reached. Germany is likely to be the most difficult partner to convince on this issue, but the prospect of its agreement is enhanced if Britain and France are supportive. To persuade its allies on this controversial issue, the United States will have to be explicit on what it seeks in the economic area (because the allies assume we seek a presumption of denial rather than collective management of trade) and will need to develop carefully the political/security rationale for these measures. In addition, the United States will have to be forthcoming in its role as a capable and reliable supplier of alternative energy and economic resources:

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- credible defender of Middle East oil supplies
- credible and reliable supplier of coal
- consistent supporter of nuclear power and credible supplier of nuclear materials and technology
- an open market which frees Western Europe of real need to increase its dependence on trade with Communist countries.

2. In the area of international energy cooperation, the United States should work closely with

- France, Britain, Germany and Japan on economic assistance and cooperation with friendly countries in the Persian Gulf and Middle East
- France, and Italy on emergency oil and gas stocks, encouraging the European Community to achieve progress on this issue and thereby enhancing indirect French cooperation with the IEA through the EC
- France, Britain and Germany (EURATOM) and Japan, again bilaterally, to achieve progress on nuclear issues important to these countries, including more predictable procedures for nuclear trade, common approaches to reprocessing in these countries, broader cooperation on nuclear safety and waste management, and support for nuclear power as an acceptable medium-term source of energy.

3. In the area of international economics, the United States should work closely with Canada (which has already floated a proposal for a new international initiative in trade) and Germany (the strongest ally on free trade, despite dramatic increases in Japanese exports to the German market) to develop a longer-term forward-looking, initiative to maintain and expand liberalization of international trade. Other Summit countries, particularly Britain and Japan, become important partners to ensure better concentration of domestic economic policies to find improved ways to deal with international monetary imbalances, and to remove impediments to international investment. All of these economic areas should be reviewed with special attention to the impact on developing countries.

4. In the area of relations with developing countries, the U.S. should be willing to meet its allies' interest, especially that of Canada, Japan and Germany, in a constructive approach to discussions with developing

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countries. This approach should be based on a strategy to facilitate development in individual countries and regions, especially where the role of the private sector is encouraged. This strategy should emphasize international trade, investment and financial measures (which the Germans stress), as well as official development assistance (which the Canadians and Japanese stress). The U.S. should begin in-depth studies to determine how far the Administration can go in meeting developing countries' interests in upcoming trade negotiations. It should also deal with the proposal for a World Bank energy affiliate, which could acquire a symbolism in current North-South relations that the Common Fund acquired six years ago. The U.S. will have to come up with convincing evidence that the affiliate is not needed (to counter World Bank studies that it is needed) or it will have to present sensible alternative means of stimulating investment in energy development.

Outcomes

Aside from the specific outcomes implied in the discussion of objectives, the United States should seek to achieve:

1. assurance that Summit actions fully utilize and stimulate regular international organizational structures and processes, not substituting for these institutions
2. a short and carefully prepared communique which can be finalized at the Summit without lengthy discussion among the heads of government
3. a tacit consensus on the frequency and shape of future Summits, providing for:
 - general exchange of views and identification of priority areas and mechanisms for enhanced cooperation;
 - integrated discussion of political and economic issues;
 - less emphasis on communique drafting
4. clear and consistent briefings of the press on the purposes and outcomes of the Summit and U.S. policies at the Summit (indicating where our interpretations may vary from the interpretations of others without detracting from common positions).

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ECONOMIC SUMMITS

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Issues

The seventh Economic Summit meeting, to be held in Ottawa July 19-21, completes the first round of these meetings in each of the national capitals and affords an opportunity to evaluate the Summit process and decide whether to terminate these annual meetings or to continue them along recent lines or with changes. Recent Summits have involved explicit negotiations, discussion of political and economic issues, although in separate sessions, and the issuance of lengthy and specific communique. Changes from this pattern might involve

- reverting to the original idea of Summits as fora for generalized exchanges of views, rather than negotiations
- treating major political/economic issues in an integrated fashion
- issuing short, generalized communique.

History

Economic summitry was initiated in 1975 at the suggestion of President Giscard, seconded by Chancellor Schmidt, who thought that only concerted efforts at the highest political level could keep the global stagflation precipitated by the 1973-1974 oil shock from unraveling the post-war system of monetary and trade cooperation. The first meeting, at Rambouillet (November 1975) sought to coordinate economic policies among the major industrial nations to ensure recovery. Its primary result was the resolution of differences between the United States and France that were holding up the change from fixed to flexible exchange rates.

The second meeting, in Puerto Rico (June 1976), focused on measures to fight inflation while achieving sustained and orderly economic expansion. A longer list of economic problems was addressed, but commitments to policies were expressed in very general terms.

The London Summit (May 1977), the first one attended by President Carter, stressed complementary rather than identical policies: emphasis on anti-inflation measures by Britain, France and Italy, but on faster growth by Germany and Japan. President Carter urged more specific policy pronouncements than had been the previous practice, and the communique contained commitments to seek additional resources for the IMF,

to give new impetus to the Multilateral Trade Negotiations, and to enhance the dialogue and flow of resources with developing countries. At London the heads of government designated personal representatives to undertake systematic preparation and follow-up of Summit meetings.

The Bonn Summit (July 1978) saw the first negotiations of an explicit deal: economic stimulus targets for Germany and Japan, abandonment of protectionist positions in the Multilateral Trade Negotiations by Britain, France and Italy, and a U.S. pledge to decontrol domestic crude oil prices by the end of 1980.

The Iranian revolution, which set off a sharp surge in oil prices and alarm about oil supply security, focused the June 1979 Tokyo Summit on energy policy. It adopted specific, national oil import targets (non-binding, indicative ceilings) for 1980 and 1985 and general pledges to increase energy R&D, to promote commercialization of new energy technologies, and to facilitate increased use and trade of coal. Domestic economic policy coordination received only token treatment, in recognition of the overwhelming influence of oil price hikes on inflation and growth prospects.

Venice (July 1980) continued the concentration on energy policy and made more specific commitments to speed conversion from oil to coal and other fuels. The seven set up a high-level monitoring group to review compliance with Summit energy commitments. In the wake of Afghanistan, Venice was the first Summit to set aside a separate half-day session to discuss political issues.

Evaluation

The Summits have not achieved their original goal of coordinating domestic and foreign economic policies to achieve non-inflationary growth. They did achieve, however, a breakthrough to international monetary reform, an end to the stalemate in the trade negotiations, and an acceleration of adjustment to changes in the world oil market. They have also had a qualitative effect on the atmosphere of high-level political relationships among the major industrial democracies.

Critics of summitry emphasize its limited achievements and its dangers in bypassing or upstaging the regular international processes of economic cooperation: GATT, the OECD, the IMF, conventional diplomacy. The excluded smaller countries resent the elitism of the seven-nation club. Some Europeans claim that the Economic Summit degrades the European Economic Community, but others claim that measures taken to avoid this risk have actually made the Community more effective. Some westerners assert -- without proof -- that pronouncements on global issues by the seven industrial country leaders are regarded as arrogant by the developing

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nations, further dividing the world into blocs. Some fear that domestic pressures will drive leaders in such meetings to go for bold "quick fix" solutions to complex economic problems.

Giscard and Schmidt, the founders and participants in all six summits, remain enthusiastic supporters of the process. They believe summits have been largely constructive, particularly in giving impetus to needed action in the often sluggish regular international organs and in facilitating day-to-day cooperation among the seven heads of government on many issues. Along with Thatcher, they prefer more generalized, informal exchanges, although the French are philosophically predisposed to specific government interventions.

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U.S. Preparations for Summits

In the Ford Administration there were two economic summits: Rambouillet and Puerto Rico. Preparations for those meetings were done by officials from a number of agencies. The process was overseen at policy level by Secretaries Kissinger and Simon, and Alan Greenspan and Under Secretaries Rogers and Yeo (State and Treasury respectively). Roger Porter and Bob Hormats oversaw the preparation of the papers, edited them to reflect the Cabinet-level discussion, and put them in shape for the President.

Preparations for the London, Bonn, Tokyo and Venice summits were overseen by the President's "Personal Representative" Henry Owen and a small group of people including Under Secretary of State Cooper, Under Secretary of the Treasury Solomon, Hormats, who moved from the NSC to State. Owen met individually with various groups of people to coordinate the preparation of certain papers. Hormats chaired an interagency group charged with the preparation of others. The above-mentioned group then discussed the papers among themselves, sought Cabinet guidance on particularly hot issues, and edited the papers for final presentation to the President.

Under both Administrations the key to success in summit preparations has been that one or two individuals at senior levels have taken the initiative to generate ideas for the President and ensure proper coordination among various agencies. Among the agencies State has played the leadership role, coordinating closely with Treasury, DOE, CEA and USTR. It has also been important that there be meetings among the interested agencies relatively frequently in the process to explore new ideas for the President and to move them up the ladder so that Cabinet-level people can sort out those that are most promising from those that are least promising in order to focus political attention on the former.

In many cases important international initiatives have been possible through the summit preparatory process simply because that process is able to break bureaucratic inertia. The fact that the President is participating in the summit meeting moves things along more rapidly than they would otherwise move. By the same token, we are able to move other governments to break political inertia in their capitals in order to do things which we find in the interest of stronger Western ties and a more constructive international environment.

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BY dlr MARADATE 10/31/2011

Summits in the past have been useful in (a) stiffening the resistance of Europeans to protectionist pressures, (b) generating greater efforts to reduce dependence on OPEC (other countries have pressed the US hard on decontrol of oil, and we have pressed them hard to increase the use of alternative sources of energy), (c) strengthening support for assistance to the developing countries. They also, of course, have been useful to enable the assembled leaders to better understand one another's positions on major international economic issues. Frequently leaders are able to take collective positions which they would find difficult to take individually, and to be better able to sell those positions to their domestic constituencies because they are collectively endorsed by the major industrialized democracies.

From Venice to Ottawa

At Venice, the Summit countries agreed that North-South issues should be discussed seriously at the Ottawa Summit. The communique instructed the personal representatives "to review aid policies and procedures and other contributions to developing countries and to report back their conclusions to the next Summit." Preparatory meetings took place in September and again in December of last year and focused on new initiatives toward the developing countries, particularly the commencement of "global negotiations" at the UN and the establishment of a new World Bank energy affiliate.

At the third preparatory meeting in London in February, the new U.S. Administration sought to broaden the agenda and adjust priorities by emphasizing East-West economic relations, energy, trade liberalization, and macro-economic issues.

There will be three further (maybe four) preparatory meetings before the Ottawa Summit itself on July 19-21.

Paris	April 22-24
Vancouver	June 4-6
Ottawa	July 6-8

For the next meeting in Paris, the following papers are being prepared by the countries indicated:

East-West Trade	US
Macro-economic Issues	US
Terrorism	US
Global 2000	US
Illicit Payments	US
Trade	Japan
Summitry	UK
North-South	Canada
Monetary Aspects of Trade	France
Monetary Issues	FRG-UK-Japan
Energy	Report of High-Level Monitoring Group to Monitor Venice Energy Commitments

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Document No. 220CS

ATTACHMENT

dlr 10/31/2017

THE WHITE HOUSE
WASHINGTON

No comment / Kaye Gergen dlr

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OF CLASSIFIED

STAFFING MEMORANDUM

MONDAY

DATE: 4/10/81 ACTION/CONCURRENCE/COMMENT DUE BY: c.o.b. 4/13/81

SUBJECT: Strategy: Ottawa Economic Summit

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	JAMES	<input type="checkbox"/>	<input type="checkbox"/>
MEESE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MURPHY	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BAKER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NOFZIGER	<input type="checkbox"/>	<input type="checkbox"/>
DEAVER	<input type="checkbox"/>	<input type="checkbox"/>	WEIDENBAUM	<input checked="" type="checkbox"/>	<input type="checkbox"/>
STOCKMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CANZERI	<input type="checkbox"/>	<input type="checkbox"/>
ALLEN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	FULLER (For Cabinet)	<input type="checkbox"/>	<input type="checkbox"/>
ANDERSON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HICKEY	<input type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input type="checkbox"/>	HODSOLL	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DOLE	<input type="checkbox"/>	<input type="checkbox"/>	MC COY	<input type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input type="checkbox"/>	<input type="checkbox"/>	WILLIAMSON	<input type="checkbox"/>	<input type="checkbox"/>
FRIEDERSDORF	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GARRICK	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GERGEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HARPER	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

Remarks:

Please provide comments to my office by c.o.b. 13th. Apologies for short deadline: VP's memo was received on 9th with comments due by 13th.

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Richard G. Darman
Deputy Assistant to the President
and Staff Secretary
(x-2702)

ATTACHMENT

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OFFICE OF THE VICE PRESIDENT
WASHINGTON

April 30, 1981

MEMORANDUM FOR COUNSELLOR TO THE PRESIDENT
CHIEF OF STAFF TO THE PRESIDENT
ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY
AFFAIRS
✓ CHAIRMAN, COUNCIL OF ECONOMIC ADVISORS
✓ DEPUTY ASSISTANT TO THE PRESIDENT (Richard Darman)

SUBJECT: Comments on the Ottawa Economic Summit Strategy
Paper

We have received comments from most of the Cabinet members to whom the strategy paper was sent. Everyone concurs with the thrust of the paper, and there is no substantive disagreement on significant issues. I am pleased that we have such general agreement, because that will make the paper a useful guideline for our preparations.

Some of the responses deserve brief comment. CIA noted that some allies will be concerned about stress on East-West relations. We are aware of this concern. Commerce thinks it is an excellent overall strategy paper. Energy and Agriculture offered some suggestions for dealing with specific initiatives, which we will consider as we get to that point in our preparations. Some members of the White House staff provided line in/line out recommendations, largely on the specifics.

Secretary Haig's comments indicate he wants to increase the stress on political issues (Tab A). The Vice President and others have stressed that the Summit should focus primarily on economic issues. I do not think Secretary Haig's comments on political discussion are inconsistent with our sense of how political issues would be handled. Political issues would be taken up at least at the dinner the first evening and probably also at lunch and dinner the next day. I expect that the President would cover most of the range of issues Secretary Haig mentions.

It was not believed that a reply was necessary or appropriate for most of the agency inputs, but the Vice President replied to Secretary Haig's memo by asking him to

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prepare a draft Presidential talker for the dinner on the first evening, when we anticipate the political focus will be emphasized (Tab B).

Based on the general agreement on the strategy paper, we do not believe there is a need to revise and recirculate it. It provides a good general approach as it stands. Of course, the comments on specific initiatives will be considered as the Ottawa Summit Cabinet group assesses what issues to push.

DM
Daniel J. Murphy
Admiral, USN (Ret.)
Chief of Staff

THE SECRETARY OF STATE
WASHINGTON

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State Waiver
BY [redacted] 10/31/2019

April 21, 1981

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MEMORANDUM FOR: THE VICE PRESIDENT ①
FROM: Alexander M. Haig, Jr.
SUBJECT: Comments on Summit Strategy Paper

Thank you for the opportunity to comment on the Summit strategy paper. It does an excellent job of setting the tone for the Summit as well as giving the President a clear idea of our objectives.

My main concern is that there should be more emphasis on the political questions which the President will face at the Summit regardless of the final agenda that is agreed upon. Agendas notwithstanding, our allies will be looking to the President to give his views on most major political issues and we should prepare him for this. This point was made even clearer to me during my recent discussions with Schmidt, Giscard and Thatcher who mentioned some of the principal issues which were on their minds. These include SALT, TNF, NPT, security/strategic policy toward the USSR, a possible Reagan/Brezhnev Summit, Poland and nuclear energy policy. While the earlier summits were mainly focussed on economic issues, political issues played a more prominent role at the 1980 Venice Summit. The French have traditionally resisted inclusion of political topics and only agreed grudgingly to discuss them at Venice in the wake of the Soviet invasion of Afghanistan. However, my recent discussions with Giscard suggest that he, too, would like to cover some of these political issues, and will indeed do so directly or on the margin. I believe it is important, at this early stage of the Administration, that the President establish for the allies the framework for both his international political as well as his domestic and international economic policies.

Obviously, this list of topics will undergo further transformation as the Summit approaches since the Heads of State will certainly retain the flexibility to cover any issue that is on their mind at the time. I have asked my people to work closely with you and the members of your task force to prepare positions on these subjects for your review. We will do the same for any additional subjects our allies suggest at a later stage.

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- 2 -

My staff has already prepared draft language to incorporate these topics into your strategy paper along with a number of other editorial changes. Since these are too detailed to cover here, I have asked Mike Rashish to work with your staff in preparing a revised text based on these revisions and those suggested by other departments.

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THE VICE PRESIDENT

WASHINGTON

April 29, 1981

MEMORANDUM FOR THE SECRETARY OF STATE

FROM: The Vice President */w/*

SUBJECT: Comments on Ottawa Economic Summit Strategy Paper

Thank you for your considered and helpful comments on the strategy paper.

I agree that political issues, many of which are of importance to us, will be an important part of the discussions at the Summit. We have tried to prepare for that by stressing in the strategy paper that the initial session at dinner Sunday (and part of the next morning, if necessary) be oriented toward giving the President an opportunity to cover his broad political views. As this is the first session, I think the President's approach would set the framework and tone for the remainder of the Summit. Also, it is clear that there are political ramifications to many of the economic agenda items which will come up as they are addressed.

We will undoubtedly face resistance from some of the Summit partners if we try to shift the concentration of the Summit from economic to political issues, especially because it is a relatively short conference and there are many economic issues for discussion. But, as you appropriately note, the President and others will want to have exchanges on some pressing political questions. To ensure an appropriate approach to those questions, I would appreciate your taking the lead in drafting the political talker for the first evening's dinner. It would be useful if you could coordinate it with the appropriate Cabinet officials and provide it to me by June 19.

I appreciate your thoughts on the strategy paper, and we look forward to the detailed comments from your staff. I would only add that Mike Rashish has been most helpful in all of this and it is my view that all staffs are working well together.

TAA R

MEMORANDUM

NATIONAL SECURITY COUNCIL

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INFORMATION

April 14, 1981

MEMORANDUM FOR RICHARD V. ALLEN

FROM: HENRY R. NAU *HN*

SUBJECT: Strategy Paper for the Ottawa Economic Summit

This paper evolved in the following manner:

About a month ago, Nancy Dyke of the Vice President's staff organized a small White House group to assist her in staffing the task force on the Ottawa Economic Summit, chaired by the Vice President. This group included Frank Hodsoll of Jim Baker's staff, Roger Porter of Marty Anderson's staff, and myself. The group suggested that I do the initial draft of the strategy paper. I coordinated this with Rud Poats. The initial draft was reviewed and critiqued by the Dyke group and I prepared a second draft, again with the help of Poats. The second draft was shown to and discussed with Marc Leland from Treasury and Bob Hormats from State. We then prepared a final draft, a copy of which I sent to you. This draft was then sent last Friday by the Vice President to the members of his task force. You received a cc'd copy from the Vice President.

NSC #8101979

ajf

MEMORANDUM

NATIONAL SECURITY COUNCIL

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ACTION

April 13, 1981

MEMORANDUM FOR RICHARD V. ALLEN

FROM: HENRY R. NAU *HRN*

SUBJECT: Strategy Paper for the Ottawa Economic Summit

As you know, I wrote the strategy paper (Tab B) for the Ottawa Economic Summit that the Vice President has now sent out to his task force for comment.

I do not think you need to respond unless you wish to stress two points which the Vice President may be inclined to view somewhat differently:

- 1. That the Summit discussion should not shy away from political security matters if these matters are important background for understanding US economic policies. (For example, the US approach to regional security in the Middle East is an important background factor affecting the policies of oil supply and price by the countries in the region.)
- 2. That East-West economic relations be a high priority item on the agenda.

If you see the need to emphasize these points, I have attached a short memo from you to the Vice President which makes the points.

RECOMMENDATION: That you sign the memo to the Vice President (Tab A) if you feel it necessary.

APPROVE _____

DISAPPROVE _____

*see note on memo
HVP JL*

Attachments:

a/s

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Review on April 13, 1987

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BY dh NARA DATE 10/21/2019

THE WHITE HOUSE

WASHINGTON

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INFORMATION

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NSC Waver
db NARA DATE 10/31/2019

MEMORANDUM FOR THE VICE PRESIDENT

FROM: RICHARD V. ALLEN

SUBJECT: Strategy Paper for the Ottawa
Economic Summit

My staff has been involved in the preparation of the strategy paper for the Ottawa Economic Summit, and I do not need to add to comments which I have already provided them.

It will be quite useful if this Summit deals with broad political security issues first as a backdrop for the more specific economic issues (rather than divide the issues into political and economic categories as was done at Venice). I think the President will wish to use the occasion to present his perception of the challenges we face, particularly in East-West relations. Within this context, he can then explain his domestic policies to restore American military strength and the American economy and argue for restraint in the pursuit of economic relations with the Soviet Union and Eastern Europe.

*I'll discuss this
in person w/ VP*

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Review on April 13, 1987

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NAME GEORGE BUSH
 ORG OFFICE OF THE VICE PRESIDENT
 SUBJECT U.S. STRATEGY PAPER FOR THE OTTAWA
 ECONOMIC SUMMIT -~~CONFIDENTIAL~~
 (CM45)

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