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*(Economic Summit, Williamsburg, Virginia, 05/29/1983-05/30/1983)*

**Case file Number(s):** 144200-144399

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Subject: Asks that you designate a member of your staff to brief him at the earliest possible time about the agricultural discussions at Williamsburg. Reiterates his recommendation for establishing a "work program" designed to reduce and eventually eliminate predatory agricultural export subsidies and other unfair agricultural trade practices.

ROUTE TO:  

**ACTION**  

**DISPOSITION**

<table>
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<th>Office/Agency (Staff Name)</th>
<th>Action Code</th>
<th>Tracking Date YY/MM/DD</th>
<th>Type of Response Code</th>
<th>Completion Date YY/MM/DD</th>
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**ACTION CODES:**  

A - Appropriate Action  
C - Comment/Recommendation  
D - Draft Response  
F - Furnish Fact Sheet to be used as Enclosure

**DISPOSITION CODES:**  

A - Answered  
B - Non-Special/Referral  
C - Completed  
S - Suspended

FOR OUTGOING CORRESPONDENCE:  
Type of Response = Initials of Signer  
Code = "A"  
Completion Date = Date of Outgoing

Comments:  

Dave Swanson called Bill Maroni (USTR) on 7/15 and Maroni advised action has been taken regarding Sen. Helms' request.

Keep this worksheet attached to the original incoming letter.  
Send all routing updates to Central Reference (Room 75, OEOB).  
Always return completed correspondence record to Central Files.  
Refer questions about the correspondence tracking system to Central Reference, ext. 2590.
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No. of Additional
Correspondents: _______ Media: ___ individual Codes: ___

Prime
Subject Code: _______ Secondary
Subject Codes: _______ _______

PRESIDENTIAL REPLY

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SIGNATURE CODES:

CPn - Presidential Correspondence
n - 0 - Unknown
n - 1 - Ronald Wilson Reagan
n - 2 - Ronald Reagan
n - 3 - Ron
n - 4 - Dutch
n - 5 - Ron Reagan
n - 6 - Ronald
n - 7 - Ronnie

CLn - First Lady's Correspondence
n - 0 - Unknown
n - 1 - Nancy Reagan
n - 2 - Nancy
n - 3 - Mrs. Ronald Reagan

CBn - Presidential & First Lady's Correspondence
n - 1 - Ronald Reagan - Nancy Reagan
n - 2 - Ron - Nancy

MEDIA CODES:

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D - Official document
G - Message
H - Handcarried
L - Letter
M - Mallgram
O - Memo
P - Photo
R - Report
S - Sealed
T - Telegram
V - Telephone
X - Miscellaneous
Y - Study
To Sally Kelley

Per your conversation with Suzy Early this afternoon, I am returning this letter. Since no one at USTR attended the Summit, we cannot give Senator Helms a briefing.

Dee Conway
x 6127
TO: UNITED STATES TRADE REPRESENTATIVE, OFFICE OF
ATTN: BILL MARONI

ACTION REQUESTED:
DIRECT REPLY, FURNISH INFO COPY

DESCRIPTION OF INCOMING:

ID: 144251
MEDIA: LETTER, DATED JUNE 1, 1983
TO: PRESIDENT REAGAN
FROM: THE HONORABLE JESSE HELMS
UNITED STATES SENATE
WASHINGTON DC 20510

SUBJECT: ASKS THAT YOU DESIGNATE A MEMBER OF YOUR STAFF TO BRIEF HIM AT THE EARLIEST POSSIBLE TIME ABOUT THE AGRICULTURAL DISCUSSIONS AT WILLIAMSBURG. REITERATES HIS RECOMMENDATION FOR ESTABLISHING A "WORK PROGRAM" DESIGNED TO REDUCE, AND EVENTUALLY ELIMINATE, PREDATORY AGRICULTURAL EXPORT SUBSIDIES AND OTHER UNFAIR AGRICULTURAL TRADE PRACTICES

PROMPT ACTION IS ESSENTIAL -- IF REQUIRED ACTION HAS NOT BEEN TAKEN WITHIN 9 WORKING DAYS OF RECEIPT, PLEASE TELEPHONE THE UNDERSIGNED AT 456-7486.

RETURN CORRESPONDENCE, WORKSHEET AND COPY OF RESPONSE (OR DRAFT) TO:
AGENCY LIAISON, ROOM 91, THE WHITE HOUSE

SALLY KELLEY
DIRECTOR OF AGENCY LIAISON
PRESIDENTIAL CORRESPONDENCE
Dear Senator Helms:

President Reagan has asked me to thank you for your letter requesting a briefing at the earliest possible time about the agricultural discussions at Williamsburg.

The President greatly appreciates your interest and concern in this regard. On your behalf, we have contacted officials within the Office of the U.S. Trade Representative, and they should be getting in touch with you shortly in response to your request. We look forward to continuing to work closely with you to address the important issues you have underscored.

With best wishes,

Sincerely,

Kenneth M. Duberstein
Assistant to the President

The Honorable Jesse Helms
Chairman
Committee on Agriculture, Nutrition, and Forestry
United States Senate
Washington, D.C. 20510

cc: w/copy of inc, Bill Maroni, Office of the U.S. Trade Representative, Wash DC 20506 – for DIRECT response

cc: Dave Swanson – FYI

WH RECORDS MANAGEMENT WILL RETAIN ORIGINAL INCOMING
6/16

Pam -

In the attached letter, Sen. Helms asks the Pres. to designate a member of the staff to brief him ASAP about the agricultural discussions at Williamsburg.

Do you have some guidance on this?

Thanks -

Charlie
June 1, 1983

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

You are to be commended for your masterful handling of the Williamsburg Summit. Everyone should be encouraged by your successful leadership in setting a course for real economic recovery and growth for the free world in the years ahead. I am very proud of you, and so are the American people.

In my letter of April 21 on this subject, I encouraged you to establish as a major goal of the Summit the negotiation of an agreement to provide for the establishment of a "work program" designed to reduce, and eventually eliminate, predatory agricultural export subsidies and other unfair agricultural trade practices. In justification of this goal, I cited the extreme adverse effect on the U.S. agricultural industry and the world economy from the massive export subsidies used by the European Economic Community and other nations.

I note that in a May 31st Washington Post article it was stated that, "The French did succeed in having agriculture removed from . . . the communique. But the others succeeded, over French opposition, in including trade in services and in high technology products among the issues to be pursued by both the GATT and OECD." Both you and I have had enough experience in dealing with some of the working press to know that frequently their information is either incorrect, incomplete, or both. However, the fact that agriculture is not mentioned in the communique does cause me concern and disappointment. (Enclosed is a copy of the Post article in the event you have not had the occasion to see it.)

It occurred to me that the Post may be in error and that private commitments may have been reached to resolve the continued use of the predatory agricultural export subsidies that are causing so much damage to the economy of this and many other nations. To obtain a better understanding of the extent of discussion and possible commitments on this subject,
I suggest that you designate a member of your staff to brief me at the earliest possible time about the agricultural discussions at Williamsburg.

The problem of export subsidies and other unfair agricultural trading practices just cannot be left unaddressed. Indeed, the Committee on Agriculture, Nutrition, and Forestry has already reported legislation with strong bipartisan support (S. 822, The Agricultural Export Equity and Market Expansion Act of 1983) designed to provide a degree of balance for U.S. agricultural exports and to induce those who use predatory subsidies to come to the bargaining table to establish a work program of the sort I have described.

Also, on May 23, I introduced in the Senate, a printed amendment to require that any member seeking access to the International Monetary Fund resources must agree to the elimination of the kind of agricultural export subsidies I have described within a period of three years as a condition for receiving Fund resources.

My point, Mr. President, is this: Without a firm commitment from the Administration and the GATT member nations to even discuss this issue and to agree to carry it to resolution, through bilateral and multilateral negotiations in the form of a "work program", the Congress will have no recourse but to mandate through statute certain unilateral actions to nullify the effect of the subsidies.

The continued use of the massive and direct export subsidies by the EEC and other nations is just not compatible with fairness and comity in trading relations. The apparent willingness to dismiss the agricultural export subsidy and trade problems at Williamsburg -- while giving specific attention to similar problems in other areas -- seems to me to be a major setback to restoring a free and open trading system in the world.

It goes without saying that I want to cooperate with you in every way I possibly can to resolve these problems. I hope we can work together to restore equity in our agricultural trading relations with our trading partners. I look forward to meeting with whomever you may designate and working with you to establish a course of action we might pursue together to this end.

Sincerely,

JESSE HELMS
Chairman

Enclosure
7 Summit Leaders Pledge To Seek Economic Health

By Hobart Rowen
Washington Post Staff Writer

WILLIAMSBURG, May 30—President Reagan and the six other western leaders participating in the ninth economic summit here put aside their differences on world economic issues to join today in promising monetary and budgetary policies that they hope would promote recovery and reduce unemployment while also holding down inflation.

Flanked by all the others except British Prime Minister Margaret Thatcher, who left for home Sunday to resume her campaign for reelection, Reagan read a 10-point "Williamsburg Declaration" that pledged to "promote a sound and sustainable recovery" that would create new jobs not only in the rich nations represented here but also in the rest of the world.

The compromise communiqué and an annex contained a little something for each of the leaders of the United States, Canada, Britain, France, West Germany, Italy and Japan.

In a major concession to French President Francois Mitterrand, it directed their finance ministers to study ways to improve the international monetary system and to consider "the part which might, in due course, be played in this process by a high-level international monetary conference."

Mitterrand had proposed calling a meeting like the 1944 Bretton Woods Conference, which established the post-World War II monetary system. In being promised a study of the possibility of such a conference, Mitterrand achieved all that was politically feasible now, officials here said. U.S. officials would have preferred that the communiqué not specifically mention such a conference.

Mitterrand told reporters that the promise of a study "advanced the recognition of the need for international monetary reform. The idea has begun to penetrate... The economic text goes further than the pessimists thought it would, and less than I had hoped."

In the annex to the summit declaration, the United States, Britain, France, West Germany and Japan also agreed to reinforce the International Monetary Fund's surveillance of their economic policies and performance; to make it difficult to surprise each other with policy changes. In effect, they are supposed to coordinate their economic policies under the watchful eye of IMF managing director Jacques De Larosiere.

They also agreed to consider fully the international implications of each nation's decisions on

See SUMMIT, A12, Col. 1

DETERMINED

President's Persistence On Arms Issue Praised

By Lou Cannon
Washington Post Staff Writer

WILLIAMSBURG, May 30—Avoiding what some of his advisers acknowledged could have been "a disaster," President Reagan impressed the other western leaders at the ninth economic summit here with his careful preparation and determination to come away with a statement of support for his approach to nuclear arms control.

West German Chancellor Helmut Kohl, expressing a view reflected by other delegations, said Reagan had been "well prepared and well assisted and managed the whole thing with a sense of humor that helped a lot," according to West German officials.

Canadian Prime Minister Pierre Trudeau, who clashed with Reagan on arms control, nevertheless called the summit an "unqualified success," which benefited from the exclusion and informality in which the seven leaders met much of the time.

White House deputy chief of staff Michael K. Deaver, who supervised American preparations for the summit, said Reagan came here determined to win approval of a statement giving renewed support for beginning deployment of U.S. Pershing and cruise missiles in western Europe in December, unless the Soviet Union agrees to dismantle the SS20 nuclear missiles it has targeted on Europe.

U.S. officials said this was discussed with the Canadians, West Germans and French about three weeks ago, and Reagan deliberately let British Prime Minister Margaret Thatcher take a leading role here in advocating the seven-paragraph statement issued by the seven leaders Sunday night after nearly 24 hours of intense debate. The officials said Reagan believed the statement could help the reelection
SUMMIT, From A1
monetary, fiscal, exchange and employment policies. The United States, and especially Western Europe and Japan, believe closer coordination of the major western economies would result in more stability in the exchange rates of their currencies and reduce demands for intervention to control painful fluctuations.

The Canadian government had hoped to join the other five in the IMF surveillance arrangement, which was initiated at last year's economic summit in Versailles. But it was not invited by the others here and will have to rely on informal contacts with DeLarosiere of the IMF.

After reading the summit declaration, President Reagan emphasized that there had been "no quick fixes" and said the leaders had met the tough issues "head on."

Suggesting that the declaration would bring a "message of hope to the peoples of the world and to future generations," he praised the other leaders for coming to Williamsburg with "a positive and common approach that had produced a statement of "confidence, optimism, and certainty."

As Reagan announced that the tenth such summit would be held next year in Britain, Thatcher's chancellor of the Exchequer, Sir Geoffrey Howe, said in a statement that "the really striking feature of our discussions here has been the extent to which we share a common view and a common approach to the problems of managing our economies, and the emergence from recession."

The general thrust of the Williamsburg Declaration is that there are encouraging signs of economic recovery emphasized by Reagan and his officials, the basic challenge still facing the western world, as emphasized by the western European and Japanese delegations, is to ensure that the recovery endures.

The statement responded to frequently expressed concerns by the other leaders about big U.S. budget deficits by saying that all seven were committed to reduce "structural budget deficits, in particular, by limiting the growth of expenditures."

This carefully crafted language avoided any mention of raising taxes, to which Reagan is strongly opposed, and 'Treasury Secretary Donald T. Regan insisted at a news conference that no one in the summit sessions brought up the subject of raising U.S. taxes.

A commitment to try to keep inflation down has been a staple of all recent economic summit communiques. But the emphasis in the Williamsburg Declaration on the uneven recovery problem is new and reflects the deep concern of the leaders of Western European nations about the enormous growth of joblessness in recent years.

The Williamsburg Declaration also fit the pattern of consensus at the meeting earlier this month in Paris of the foreign and finance ministers of the Organization for Economic Cooperation and Development. That group of 24 industrialized western nations emphasized a need to focus on economic growth rather than inflation control as the western world emerges from a severe recession.

With the example of last year's fractious Versailles summit in their minds, the seven leaders and their ministers concentrated on achieving at least a surface compatibility of views. They appeared to have been successful, at the cost of eliminating most references to the many problems plaguing the western alliance recently.

The question of trade with the Soviet bloc, which was so divisive in 1982 and after the Versailles summit, was disposed of in a single paragraph saying East-West economic relations "should be compatible with our security interests."

Mitterrand observed this is "a reasonable proposition." Secretary of State George P. Shultz said agreement on this, mention of East-West affairs had been reached after "a lot of activity and lots of disagreement, and everybody is, basically, on board."

Perhaps the potentially divisive issues, U.S. budget deficits and high interest rates, also were brushed over very lightly in the declaration, although West German economics minister Otto Lambsdorff said in an interview that "interest rates and the American budget deficit played a central role in this summit, and that was not to the delight of the American delegation."

The summit participants were aware that another failure on the scale of Versailles might have ended the summit process. "We can now all go back home and tell our people that there were no disagreements here," Lambsdorff said.

The language that may lead to a new global monetary conference was proposed by the French. It was adopted in place of alternate, weaker words suggested by the United States, which called for a study of the problems of the international monetary system but did not mention a new global conference.

In deferring to what Mitterrand wanted on the issue, the French agreed to the desire of the United States and West Germany to include a strong anti-protectionist statement calling for dismantling trade barriers. This part of the communiqué also called for a new negotiating round on world trade under the auspices of the General Agreement on Tariffs and Trade (GATT).

The French did succeed in having agriculture removed from this section of the communiqué. But the others succeeded, over French opposition, in including trade in services and in high technology products among the issues to be pursued by both the GATT and OECD.

An initiative successfully carried through by Canadian Prime Minister Pierre Trudeau of Canada resulted in the inclusion of a paragraph warning that the recent fall in oil prices would not weaken efforts to conserve energy and find alternative sources. Over an American objection, language was included saying that the leaders "all share the view that more predictability and less volatility in oil prices would be helpful to world economic prospects."

On the often controversial issue of currency exchange rate volatility, the declaration restated the Versailles summit agreement to promote greater "convergence" of economic performance as well as greater stability of exchange rates. The leaders also agreed they would "pursue closer consultations on policies affecting exchange markets and on market conditions," but U.S. officials insisted this was not a commitment to basic change in present American intervention policy.

Regan acknowledged, however, that the leaders' intention was that their finance ministers should "meet more often, and make sure there is convergence. If someone is out of step, they should say so."

The declaration discussed the burdens that have fallen on developing countries during the recent recession and the seven leaders promised "special attention to the need of keeping a flow of aid and assistance going to poor nations, both through bilateral programs and through the international institutions."

They also promised to continue a dialogue with Third World nations and promised to cooperate in the forthcoming meeting of the United Nations Conference on Trade and Development in Belgrade early next month.

On the other hand, U.S. officials successfully resisted pressures for language that would have opened the door to enlarged funding for the soft-loan affiliate of the World Bank. The language of the declaration merely reaffirms commitments to provide "agreed funding levels for the International Development Association."

Staff writers Caroline Atkinson and William Druzda contributed to this report.
MEMORANDUM

THE WHITE HOUSE
WASHINGTON

May 5, 1983

MEMORANDUM FOR MICHAEL K. DEAVER

FROM: WILLIAM P. CLARK

SUBJECT: Williamsburg Photo Op with Summit Heads and Group of Exchange Students

I am concerned that an idea to which we gave our general concurrence during our Monday meeting may be coming off track. This is the initiative generated by Charlie Wick which involves a brief photo op at Williamsburg with the Summit Heads and a group of seven high school exchange students. It is important to proceed with this brief event for the following reason:

- it will help symbolize the relevance of the Summit discussions and the President’s own forward-looking policies to future generations, particularly in connection with the Heads’ final statement (in which we anticipate a reference to youth).

Charlie’s rationale (Tab A) provides full details on the idea and implicitly spikes any possibility that it might be reasonably seen as “exploitation” of youth. Since I have already assured Charlie that we would pursue the photo op initiative, I would appreciate confirmation that it is in fact being worked into the Summit scenario at an appropriate place and time. It strikes me as not only a good picture, but good politics.

Attachment
Youth and The Williamsburg Summit

I. The Issue

Inclusion of a brief photo op in the Summit scenario featuring the Heads with seven high school exchange students representing the Summit countries.

II. Essential Factors

A major theme of the Summit - anticipated in the final statement - is that its work does not begin or end in Williamsburg and reflects the concern our President and other Western leaders share in ensuring a viable future for "our children and our children's children" (a frequent line in the President's speeches).

A photo featuring the Western leadership with representatives of the "successor generation" will help dramatize the President's commitment to youth itself and to the forward-looking aspects of his policies (especially relevant to young people, who have been among the hardest hit in the job market and who stand to benefit the most from his vision).

Increased youth exchange is an American Initiative. President Reagan created the President's International Youth Exchange Initiative in May 1982.

The other countries look to the United States to introduce youth exchange at the Summit. They reacted enthusiastically to the message that the U.S. intends to raise subject of increasing youth exchange at the Summit.

Youth is an issue with a built-in consensus: Leaders like to identify with this issue. The students in question have been carefully selected by binational commissions. They will have been well briefed on the work of the Summit and would be lodged, at no cost to tax dollars, in households in the Williamsburg area (already identified). Their presence would underline an attractive theme which all the Western leaders support, namely, that "youth exchange is certainly as important as currency exchange." Although the photo and a relevant nod to future generations in the final statement would be targeted with special effect for our overseas audiences, these will also play well in the U.S. communities where the students are now residing (and thus provide an added political asset for the President).
III. Additional Factors

In the other six countries, funding for youth exchange is almost exclusively from government sources. Head of State endorsement is needed to obtain the necessary financial support.

Prime Minister Nakasone and Chancellor Kohl have personally attested to the value of exchanges of young people. Both see exchanges as vital to future strong relations between the U.S., Japan and Germany.

President Reagan has spoken publically numerous times on the importance of youth exchange. He has raised the subject in meetings with Chancellor Kohl and Prime Minister Nakasone and with business leaders in the U.S. who are raising money for exchange programs.
MEMORANDUM FOR WILLIAM P. CLARK

THROUGH: CHARLES TYSON

FROM: HENRY NAU/JIM RENTSCHLER

SUBJECT: Williamsburg: Photo Op of Heads with 7 Exchange Students

May 4, 1983

Your memo to Mike Deaver (Tab I) seeks to ensure that the excellent public diplomacy initiative generated by Charlie Wick -- a photo op with the Summit Heads and a group of seven high school exchange students - does not get off track. Despite Mike Deaver's concurrence with the idea during the Monday meeting you and he chaired in the Ward Room, Mike McManus and his people have voiced concern that we might be seen as "exploiting" youth and are holding up its inclusion at an appropriate point in the Summit scenario.

In your letter of April 18 (Tab B) you gave Charlie assurances that this idea would be pursued and you were right to do so: of all the "color" events at Williamsburg, including a local craft arts display, a picture of kids and Western leaders will come closest to dramatizing the President's own deeply felt concern for the future generation, particularly if, as we anticipate, the final statement contains a nod toward youth.

This is not only a good picture, it's good politics.

RECOMMENDATION:

That you sign the memo to Deaver at Tab I.

Approve _______ Disapprove _______

Attachments
Tab I Memorandum for signature to Mike Deaver
A Youth and the Williamsburg Summit
B Your memo to Charles Wick, Apr 18, 1983
Dear Charlie:

Thanks for your letter of April 1 concerning the President's Youth Exchange Initiative. I concur with you that we should feature this initiative in the Williamsburg Summit. It should certainly be mentioned in the press statement at the Summit and, if the schedule will allow, a photograph with young people is also an attractive idea.

I have instructed my staff members who will work on the Summit to pursue both of these ideas, keeping me informed.

Sincerely,

William P. Clark

The Honorable Charles Z. Wick
Director
United States Information Agency
Washington, D.C. 20547
TO CLARK
FROM NAU
RENTSCHLER
CLARK

RECEIVED 05 MAY 83 13
DOCDATE 04 MAY 83
04 MAY 83
05 MAY 83

KEYWORDS: WILLIAMSBURG SUMMIT EXCHANGES

SUBJECT: PHOTO OP OF HEADS w/ 7 EXCHANGE STUDENTS AT WILLIAMSBURG

ACTION: FOR SIGNATURE DUE: 06 MAY 83 STATUS C FILES WH

FOR ACTION FOR CONCURRENCE FOR INFO
CLARK

COMMENTS

REF# LOG NSCIFID ( M / J )

ACTION OFFICER (S) ASSIGNED ACTION REQUIRED DUE COPIES TO
C S/5 Tymer Said Memo to Decurr

DISPATCH 5/5 C via PM W/ATTCH FILE w/ ( C)
MEMORANDUM FOR: The Honorable
Michael K. Deaver
Deputy Chief of Staff and
Assistant to the President
The White House

FROM: Charles Z. Wick
Director

SUBJECT: EUROPEAN PUBLIC OPINION ON SOME WILLIAMSBURG SUMMIT ISSUES

I thought you would be interested in some of the findings of our late-April USIA public opinion surveys in Western Europe and Japan on selected economic issues for the Williamsburg Summit.

In six participating countries (excluding Canada):

- Economic pessimism abounds in all countries. Jobs are the greatest concern in Europe by far, and most people see no drop in unemployment in the coming year.

- Public expectations for economic growth are bleak, except in Britain.

- Other than the Japanese and Italians, publics tend to lack confidence in wise U.S. economic leadership.

- Publics everywhere widely endorse free trade principles over restrictive practices.

- West Europeans decisively favor agricultural subsidies to prevent foreign sales losses of their farm products. And, except in Britain, the U.S. is seen as uncooperative in such sales to third countries.

These and other results are attached.
PUBLIC OPINION ON SOME WILLIAMSBURG SUMMIT ISSUES

USIA-commissioned national public opinion surveys taken during April in the participating countries, except Canada, show:

THE INTERNATIONAL ECONOMIC SITUATION

PUBLIC CONCERNS: Pessimism Abounds.

Everywhere, majorities consider their country to be in poor economic health. The figures for Italy (89%), France (80%) and Japan (67%) are particularly striking.

Jobs, by far, rank as the biggest economic concern in Europe. And large majorities foresee no appreciable drop in unemployment in the coming year.

Expectations for economic growth are predominantly bleak, except in Britain. There a plurality expects it to be higher a year from now.

Overwhelmingly, deficits are considered a serious problem. Only in France, however, does prevailing opinion endorse reducing government deficits at the expense of cuts in social welfare benefits.

PROBLEMS FOR THE U.S.: U.S. Premises Questioned

Recognition of the ongoing U.S. recovery lags. The West German and Japanese publics predominantly perceive the U.S. economy as ailing. British as well as French opinion is divided.

Outside of Italy, Europeans tend to lack confidence in wise U.S. leadership to solve global economic problems. Significantly, in Japan confidence prevails.

Only in Japan and in Britain, the U.S. is largely seen as cooperative in solving bilateral economic problems. Elsewhere, the opposite image exists. Moreover, in all countries U.S. economic policies tend to be perceived as more harmful than helpful to their own country.

OPPORTUNITY FOR THE U.S.: Fertile Soil for Economic Cooperation

Very large majorities believe their economic health depends on the state of the U.S. economy.
PUBLIC CONCERNS: Imports Are Evil.

By very substantial margins, European publics view imports as costing jobs rather than reducing domestic prices. In fact, competition from imports is seen as the first or second leading cause of current unemployment.

PROBLEMS FOR THE U.S.: Some Obstacles to Free Trade

Italians excepted, publics perceive the U.S. as impeding their country's sales of manufactured products to the U.S. market. Still Japan is considered much more culpable on this score.

West European public opinion decisively favors agricultural subsidies to prevent sales losses of their farm products abroad. And except in Britain, the U.S. is perceived as uncooperative on such sales to third countries.

The link between their own prosperity and the economic well-being of developing countries is widely recognized. Only one in 10, however, sees industrial world trade barriers as a major cause for the poorer countries' economic plight.

OPPORTUNITIES FOR U.S.: Protectionism Rejected

Public opinion everywhere widely endorses free trade principles over restrictive practices.

Contrary to their own preferences, the Japanese predominantly see their own government as favoring trade restrictions.

Some three Japanese in four agree that liberalizing agricultural imports would lower food prices. The public also favors liberalization but by a much narrower margin because of concern for Japanese farmers.

EAST-WEST ECONOMIC RELATIONS

PROBLEMS FOR U.S.: Divergent Assumptions

With respect to Soviet trade, the interests of their own country and those of the U.S. are widely perceived as dissimilar. In keeping with these perceptions, the U.S. is generally considered uncooperative on Soviet trade.

Outside of France, West Europeans clearly believe that more trade with the Soviet Union will reduce East-West tensions rather than increase their vulnerability to Soviet political pressure. The French are divided and uncertain about this.
On selling advanced technology to the Soviet Union, opinion is mixed. The Japanese and British public tend to favor restrictions, Italians tend to oppose them and the French and Germans are split on the issue.

OPPORTUNITY FOR THE U.S.: Little Support for Going It Alone

Sentiment for coordinating Soviet trade policy with the U.S. over making separate deals prevails everywhere, except in Italy. Public support for coordinated policies, even at the risk of losing some trade, is particularly pronounced in Japan.

Prepared by:
Curt Gorder (P/R)
724-2967
**WHITE HOUSE**

**COUNSELLOR'S OFFICE TRACKING WORKSHEET**

- **Date Correspondence Received (YY/MM/DD):** 83105125

**Name of Correspondent:** Charles Z. Wick

**Subject:** Report of European Public Opinion on Some Williamsburg Summit Issues

**Name of Correspondent:** Charles Z. Wick

**User Codes:** (A) ________ (B) ________ (C) ________

**Action Code** | **Tracking Date** YY/MM/DD | **Type of Response** Code | **Completion Date** YY/MM/DD
---|---|---|---
0 | 83105125 | FYI | C 83105126

**Referral Note:**

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MEMORANDUM FOR: The Honorable
Edwin Meese III
Counsellor to the President
The White House

FROM: Charles Z. Wick
Director

SUBJECT: EUROPEAN PUBLIC OPINION ON SOME
WILLIAMSBURG SUMMIT ISSUES

MAY 23 1983

I thought you would be interested in some of the findings of our late-April USIA public opinion surveys in Western Europe and Japan on selected economic issues for the Williamsburg Summit.

In six participating countries (excluding Canada):

- Economic pessimism abounds in all countries. Jobs are the greatest concern in Europe by far, and most people see no drop in unemployment in the coming year.

- Public expectations for economic growth are bleak, except in Britain.

- Other than the Japanese and Italians, publics tend to lack confidence in wise U.S. economic leadership.

- Publics everywhere widely endorse free trade principles over restrictive practices.

- West Europeans decisively favor agricultural subsidies to prevent foreign sales losses of their farm products. And, except in Britain, the U.S. is seen as uncooperative in such sales to third countries.

These and other results are attached.
USIA-commissioned national public opinion surveys taken during April in the participating countries, except Canada, show:

THE INTERNATIONAL ECONOMIC SITUATION

PUBLIC CONCERNS: Pessimism Abounds.

Everywhere, majorities consider their country to be in poor economic health. The figures for Italy (89%), France (80%) and Japan (67%) are particularly striking.

Jobs, by far, rank as the biggest economic concern in Europe. And large majorities foresee no appreciable drop in unemployment in the coming year.

Expectations for economic growth are predominantly bleak, except in Britain. There a plurality expects it to be higher a year from now.

Overwhelmingly, deficits are considered a serious problem. Only in France, however, does prevailing opinion endorse reducing government deficits at the expense of cuts in social welfare benefits.

PROBLEMS FOR THE U.S.: U.S. Premises Questioned

Recognition of the ongoing U.S. recovery lags. The West German and Japanese publics predominantly perceive the U.S. economy as ailing. British as well as French opinion is divided.

Outside of Italy, Europeans tend to lack confidence in wise U.S. leadership to solve global economic problems. Significantly, in Japan confidence prevails.

Only in Japan and in Britain, the U.S. is largely seen as cooperative in solving bilateral economic problems. Elsewhere, the opposite image exists. Moreover, in all countries U.S. economic policies tend to be perceived as more harmful than helpful to their own country.

OPPORTUNITY FOR THE U.S.: Fertile Soil for Economic Cooperation

Very large majorities believe their economic health depends on the state of the U.S. economy.
PUBLIC CONCERNS: Imports Are Evil.

By very substantial margins, European publics view imports as costing jobs rather than reducing domestic prices. In fact, competition from imports is seen as the first or second leading cause of current unemployment.

PROBLEMS FOR THE U.S.: Some Obstacles to Free Trade

Italians excepted, publics perceive the U.S. as impeding their country's sales of manufactured products to the U.S. market. Still Japan is considered much more culpable on this score.

West European public opinion decisively favors agricultural subsidies to prevent sales losses of their farm products abroad. And except in Britain, the U.S. is perceived as uncooperative on such sales to third countries.

The link between their own prosperity and the economic well-being of developing countries is widely recognized. Only one in 10, however, sees industrial world trade barriers as a major cause for the poorer countries' economic plight.

OPPORTUNITIES FOR U.S.: Protectionism Rejected

Public opinion everywhere widely endorses free trade principles over restrictive practices.

Contrary to their own preferences, the Japanese predominantly see their own government as favoring trade restrictions.

Some three Japanese in four agree that liberalizing agricultural imports would lower food prices. The public also favors liberalization but by a much narrower margin because of concern for Japanese farmers.

EAST-WEST ECONOMIC RELATIONS

PROBLEMS FOR U.S.: Divergent Assumptions

With respect to Soviet trade, the interests of their own country and those of the U.S. are widely perceived as dissimilar. In keeping with these perceptions, the U.S. is generally considered uncooperative on Soviet trade.

Outside of France, West Europeans clearly believe that more trade with the Soviet Union will reduce East-West tensions rather than increase their vulnerability to Soviet political pressure. The French are divided and uncertain about this.
On selling advanced technology to the Soviet Union, opinion is mixed. The Japanese and British public tend to favor restrictions, Italians tend to oppose them and the French and Germans are split on the issue.

**OPPORTUNITY FOR THE U.S.:** Little Support for Going It Alone

Sentiment for coordinating Soviet trade policy with the U.S. over making separate deals prevails everywhere, except in Italy. Public support for coordinated policies, even at the risk of losing some trade, is particularly pronounced in Japan.

Prepared by:
Curt Gorder (P/R)
724-2967

N-5/11/83
WHITE HOUSE COUNSELLOR'S OFFICE TRACKING WORKSHEET

□ O - OUTGOING  □ H - INTERNAL  □ I - INCOMING

Date Correspondence Received (YY/MM/DD) 830512

Name of Correspondent: Jude Wanniski

□ CN Mail Report  User Codes: (A) _______ (B) _______ (C) _______

Subject: Copy of a letter to the President regarding the upcoming Williamsburg Economic Summit meeting.

ROUTE TO:

Office/Agency (Staff Name)  Action Code  Tracking Date YY/MM/DD  Type of Response Code  Completion Date YY/MM/DD

CNHAMM  O  8305125  NAN  C  8305126

Referral Note:

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ACTION CODES:

A - Appropriate Action  C - Comment/Recommendation  D - Draft Response  F - Furnish Fact Sheet to be used as Enclosure

I - Info Copy Only/No Action Necessary  R - Direct Reply w/Copy  S - For Signature  X - Interim Reply

DISPOSITION CODES:

A - Answered  B - Non-Special Referral  C - Completed  S - Suspended

FOR OUTGOING CORRESPONDENCE:

Type of Response = Initials of Signer
Code = "A"
Completion Date = Date of Outgoing

Comments: ____________________________________________

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The President
The White House
Washington. D. C. 20500

Dear Mr. President:

As the Williamsburg Economic Summit meeting approaches, the international press corps seems to be cooking up a showdown between the U.S. and France, between you and M. Mitterrand. No doubt M. Mitterrand's aides and supporters in France, as well as many of your aides, including Cabinet secretaries, are helping to stir this pot. But there's no need for conflict and there is every opportunity for you to display leadership in rising above it.

What's going on? Herewith, a Wanniski Big Picture Special:

Your administration has been dominated by monetary issues and so has the politics in the rest of the world. Monetary turbulence caused problems for Presidents Nixon, Ford and Carter, but the great swings in the value of the U.S. dollar have swamped all other considerations these past three years.

When the dollar is linked to gold, its value cannot change from one period to the next in a way that gives windfall losses or gains to either debtors or creditors. That is, the dollar price of gold can't rise (inflation), benefitting debtors at the expense of creditors. The dollar price of gold can't fall either, deflation benefitting creditors at the expense of debtors. The gold standard is equivalent to the golden rule, by which debtors do unto creditors as they would have creditors do unto them, and vice versa.

Without a golden rule of this kind vis-a-vis money, the issue is politicized. The voters are asked to decide whether they want debtors to benefit at the expense of creditors (inflation) or vice versa (deflation). Democrats and political parties of the left around the world generally represent debtors; Republicans and political parties of the right generally represent creditors.

When we left gold in 1971, it was John Connally, a Democrat, who persuaded Nixon to devalue the dollar, to inflate. This benefit to debtors caused creditors to put up interest rates to defend themselves against further monetary manipulations.

The Ford administration was characterized by deflation, with William Simon, Greenspan and Burns acting on behalf of the creditor class at the expense of debtors (many of whom, in not being able to pay, went bankrupt, bringing recession and heightened unemployment).
The voters rejected further deflation by turning to Carter and the Democrats, who again "talked down the dollar," devaluing it and bringing on another burst of inflation and soaring interest rates. The price of gold soared in 1980, signaling even greater inflation. The voters turned to you for relief.

In the monetary squeeze of 1981-82, the price of gold tumbled, dropping from $625 at your election to less than $300 last June. This severe dollar deflation deflated the entire world, the dollar being the invoice currency for 70% of world trade. Just as no country could escape the impact of our dollar inflations, none could escape the impact of our deflation. The OECD countries still have 35 million unemployed, perhaps half the result of the U.S. deflation of 1981-82.

This is the backdrop to Williamsburg. It also serves as the backdrop for your decision on Volcker.

Of the seven heads of state who will assemble at Williamsburg, Mitterrand, who came to power in the middle of 1981, is the most clearly aligned with the debtor interests worldwide. Thusfar, you are the most clearly aligned with creditor interests worldwide. Your respective aides and supporters are forcing conflict along these lines.

Mitterrand's position in calling for fixed exchange rates and a "new Bretton Woods" is a bit deceptive in that he, like American Democrats who are pushing a new Bretton Woods (Felix Rohatyn, etc.), wants first a devaluation of the dollar to a "more realistic" level. That is, we should first have another surge of inflation and then fix exchange rates so that the creditor class cannot deflate again. Mitterrand, like the American Democrats, also urges higher taxes in the U.S. to reduce U.S. claims on the capital markets. The U.S. can borrow from Frenchmen, but we can only tax Americans.

Your opportunity at Williamsburg is to reject the idea that you represent the creditor class and to suggest to Mitterrand that he doesn't represent the debtors of the world. You are both elected by all the people, debtors and creditors, and Williamsburg gives you a chance to elevate that idea. Furthermore, you have the opportunity to suggest to the world that you understand American monetary and fiscal policies have an impact on the rest of the world via interest rates and the exchange rates, and you reject beggar-thy-neighbor monetary and fiscal policies.

The monetary issue is central, though, and you can concede to Mitterrand that the floating dollar, which floats from inflations to deflations, has had damaging effects on the world economy, and the U.S. stands ready to take that into consideration in the future, but that the process of stabilization should not begin with one more round of inflation or one more round of austerity. Stabilization should begin right now.

In this connection, you can see the forces arrayed around the Volcker reappointment. Volcker, favoring fixed exchange rates and international market intervention to keep prices stable -- no inflation or deflation -- is the international choice for your Fed appointment. Greenspan, the contender, is the choice of the floaters, the monetarists, the Old Guard GOP creditor class forces. Greenspan favors a
return to gold only after another grand surge of creditor-class deflation (Mitterrand's mirror image).

Henry Kissinger, I think, understands this in a way that George Shultz does not, because Shultz, who floated the dollar in 1973, can't accept the fact that he was one of the architects of the world's current economic malaise.

Kissinger says, and I agree with him, that we can't expect Williamsburg to produce technical reforms. All we can hope for is that a new philosophy emerges, a philosophy of U.S. international leadership in global economic affairs instead of the narrow, isolationist positions we've had since 1971.

These are my concerns. These are also my hopes. I believe Williamsburg can be a milestone in your Administration and can secure the economic growth that will secure you a second term, if you choose to seek re-election.

Sincerely, as ever,

JW

Jude Wanniski

c: The Hon. Edwin Meese III
May 19, 1983

The Honorable Kenneth W. Dam
Deputy Secretary of State
Department of State - Room 7220
2201 C Street, N.W.
Washington, D.C. 20520

Dear Ken:

You know it really was discouraging, and no little irritating, to all of us who worked on the pre-Williamsburg conference, to have George Shultz lead off by sneering at monetary reform as "price fixing." This is one of Milton's oldest, most intellectually dishonest cliches, and somehow after a dozen years your boss still leans on it as a debating crutch. I'm writing this note to you, not to him, so that when I hear Shultz again suggest that floating rates are "free market" and fixed rates are "price fixing," I'll know that Ken Dam was unable to explain to him how shallow he sounds.

Try it this way:

Under floating rates, government bureaucrats intervene in the domestic bond market on a daily basis, attempting to regulate an arbitrarily defined measure of money in hopes that their theories are correct, that the demand for that money (its velocity) will be constant, and the net effect will be a stable price level, no inflation or deflation, (price fixing). Because the floaters are essentially economic nationalists, isolationists, they suggest that their policies could easily disregard the effect of their manipulations on the dollar's exchange rates with other currencies. This disregard is known around Chicago as "free market."

Under fixed exchange rates, government bureaucrats are forced by law and international agreements to intervene in the domestic bond market to prevent the value of the government's non-interest-bearing debt (the dollar) from rising (deflation) or falling (inflation). This is done to protect the free market from the whims and follies of government bureaucrats or politicians who might otherwise be tempted to manipulate the official unit of account to serve narrow, vested interests (debtors at the expense of creditors, i.e., inflation, or creditors at the expense of debtors, i.e., deflation). If one country fixes the exchange rate of its currency to something real (say gold) and the other countries fix their currencies to the value of that key currency, all countries in this fixed system will be protected from the weaknesses of government manipulation of money.

And try this:

Fixed rates are international, floating is isolationist and nationalistic.
Shultz was a dreadful Treasury Secretary, totally unprepared for the job, counseled by Friedman's isolationist monetary policies. Shultz has all the earmarks of being a sensational Secretary of State, born for the job and trained to the teeth as a diplomat. He makes his job harder by trying to persuade Regan to stick with his old, defunct Treasury policies.

If the international monetary system can be rebuilt under Reagan, he could be one of the great Presidents of all time. The present Secretary of State, instead of swimming upstream as Kissinger had to do in a floating world, could move with the tides in negotiating and securing a long, long era of peace.

If you disagree with me, or don't quite understand why I seem so irate, please call and I'll try to clarify. At the very least, I'd like to see your boss finally eschew the old cliches and confront the intellectual arguments and historical record. To that end, I'm at your service.

Sincerely, as always,

Jude Wanniski

bc: The Hon. Edwin Meese III
Je suis très heureux de vous souhaiter la bienvenue à Williamsburg à l'occasion du Sommet des pays industrialisés.

Williamsburg occupe une place privilégiée dans l'Histoire des États-Unis. C'est ici, en effet, qu'un bon nombre des notions de liberté et de justice se sont formées et fortifiées. Comme vous le verrez en vous promenant dans le village, celui-ci n'avait guère, en ses premières années d'existence, de richesse ou d'apparat. Je pense que vous verrez, dans cette restauration d'une ville des tous débuts de l'Amérique, une dignité et une bonne volonté pures et simples que nous croyons avoir maintenues jusqu'à ce jour.

Nous espérons que les valeurs fondamentales et la franchise que Williamsburg représente donneront le ton au Sommet et nous guideront dans nos débats. L'Amérique se joint à moi pour vous accueillir.

Ronald Reagan
**WHITE HOUSE**
CORRESPONDENCE TRACKING WORKSHEET

- **Date Correspondence Received (YY/MM/DD):** 83.05.25

**Name of Correspondent:** Elwood H. Hollis

**Mi Mail Report**
User Codes: (A) PRES (B) (C) 

**Subject:** Forward a copy of H. Res. 194, which urges the U.S. delegation to the Williamsburg Summit to discuss the dollar/Japanese yen ratio and other currency alignments. Point out that this resolution has gained considerable support from industry and labor unions, and that it is currently co-sponsored by 54 Members

**ROUTE TO:**

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**Comments:** DSU ID 83037006

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MEMORANDUM FOR: State Secretariat
Department of State

DOCUMENT DESCRIPTION:

To: Pres
From: Hillis, Elwood & Traxler, BOB
Date: 5/25/83
Subject: Currency exchanges & the Summit

ACTION REQUESTED:

Draft reply for: ____________________________

Pres signature
White House Staff
Other

Direct reply

Furnish info copy

Dispatch
Recommendations/Comments
Appropriate handling
Information (FYI: ONLY)
Translation
Other

DUE DATE: 6/4/83

COMMENTS: *** Please coordinate w/ Henry Nau on NSC staff 395-6961.

Robert Kimmitt
Executive Secretary
MEMORANDUM

THE WHITE HOUSE
WASHINGTON

May 27, 1983

MEMO FOR: PETER SOMMER
THROUGH: LORETTA BRAXTON
FROM: CHARLIE PONTICELLI
SUBJECT: "Last-Minute" Letters regarding Summit

Attached are letters to the President from Congressmen Tom Ridge, Jack Kemp, Bud Hillis, Tom Corcoran, and Senator Alan Dixon regarding the Williamsburg Summit.

Because all of these letters have reached us without time for acknowledgement prior to the Summit, we would appreciate your routing them to State for an appropriate direct response (with copies back to Ken Duberstein).

Thanks for your help in handling this request--
Congress of the United States
House of Representatives
Washington, D.C. 20515
May 25, 1983

The Honorable Ronald Reagan
President of the United States
The White House
Washington, D.C.

Dear Mr. President:

On May 12 we introduced H. Res. 194, a sense of the House Resolution that urges the U.S. delegation to the upcoming Williamsburg Summit to discuss the dollar/Japanese yen ratio and other currency alignments. The resolution further requests the participants of the summit to establish a consensus for better coordination of economic policies.

There are obviously a number of elements to our nation's trade problems and therefore it cannot be argued that there is one cause behind the increase in imports in the steel, auto, textile and other industries. However, it is clear to us that the depressed value of many foreign currencies, and in particular the Japanese yen, places U.S. industries at a competitive disadvantage not only in the U.S., but in all international markets.

This diminution of U.S. competitiveness is undercutting our nation's industrial base through reduced domestic and international sales. Consequently, the imbalance in trade is a serious threat to free international trading policies.

H. Res. 194 has gained considerable support from industry, labor unions, and is currently co-sponsored by 53 Members of the House. We feel the Williamsburg Summit presents a unique opportunity for the U.S. government to address one of the most serious trade issues of the day.

Enclosed is a copy of the Resolution and a list of all the Members of Congress who support it. We look forward to seeing a successful summit and offer any assistance we might provide.

Sincerely,

Elwood H. Hillis
Member of Congress

Bob Traxler
Member of Congress
1. Bob Traxler
2. Elwood H. Hillis
3. William Broomfield
4. Tom Daschle
5. Tony Won Pat
6. Bill Whitehurst
7. Bob Michel
8. Don Pease
9. Jim Florio
10. Henry Hyde
11. John Dingell
12. Bill Ford
13. William Clinger
14. Joel Pritchard
15. Tom Luken
16. Marcy Kaptur
17. Bruce Morrison
18. Tom Coleman
19. Tom Corcoran
20. Austin Murphy
21. Bill Hughes
22. George O'Brien
23. Dale Kildee
24. David Bonior
25. Les AuCoin
26. Cooper Evans
27. Sandy Levin
28. Louis Stokes
29. Howard Wolpe
30. Bernard Dwyer
31. Gerry Studds
32. Stan Lundine
33. Katie Hall
34. Lynn Martin
35. Mary Rose Oakar
36. Ed Madigan
37. Dennis Eckart
38. Joe Gaydos
39. Tom Bevill
40. Nick Joe Rahall
41. Harold Sawyer
42. Paul Simon
43. Sam Gibbons
44. Richard Durbin
45. Jim Leach
46. Barney Frank
47. John Seiberling
48. Doug Walgren
49. Jerry Patterson
50. Robert Young
51. John Murtha
52. Jim LaFalce
53. Peter Kostmayer
54. Henry Nowak
H. RES. 194

Urging the President to provide for greater consideration of international currency exchange rates at the Williamsburg summit.

IN THE HOUSE OF REPRESENTATIVES

MAY 12, 1983

Mr. TRAXLER (for himself and Mr. HILLIS) submitted the following resolution; which was referred to the Committee on Foreign Affairs

RESOLUTION

Urging the President to provide for greater consideration of international currency exchange rates at the Williamsburg summit.

Whereas the continuing misalignment of major currencies with the United States dollar is a principal factor in undermining United States trade competitiveness and in depressing the United States economy over the past two years; and

Whereas the consequence has been the loss of many hundreds of thousands of jobs, and the severe dislocation in many areas of the United States economy; and

Whereas persisting disparities in interest rate levels between the United States and other key currency countries have contributed heavily to these ongoing exchange rate misalignments; and
Whereas both these maladjustments result in major part from the inadequate coordination and harmonization of general economic policies among the United States and other key currency countries; and

Whereas European and Japanese officials have indicated a desire to discuss remedies for these problems; and

Whereas the forthcoming Williamsburg summit conference at the end of May will bring together the leaders of key currency countries: Now, therefore, be it

Resolved, That it is the sense of the House of Representatives that:

1. (1) the President should arrange to have included among the highest priority themes of the Williamsburg summit, efforts to seek a consensus among the participants on the need to improve the coordination of economic policies among summit countries, aimed at reducing disparities in economic policies, interest rates, and exchange rates between the major industrial nations; and at hastening a healthy and sustained recovery of industrial economies and of international trade.

2. (2) such consensus should include announcement of a mechanism or procedure for such consultation on a close and continuing basis; and

3. (3) such consensus should also include provision for an early meeting of summit country Ministers of Finance and the United States Secretary of the Treasury to consider steps to achieve better alignment between
the interest rates and major currencies and to make
public the objective of such steps; and

(4) the President should arrange, in conjunction
with the Williamsburg summit, bilateral discussions
with the Prime Minister of Japan to initiate special ef-
forts to bring about consensus and joint action to
achieve the earliest possible further realignment of the
yen and dollar exchange rates.