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From The Desk of President Reagan

C.F.

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FG011
PRO11

Biff Henley:

Enclosed are all the notes from the 1987 Economic Summit. These were transcribed from Allen Wallis's notes, then were re-typed, etc. I think we should keep all of this together. Thanks.

Kathy O.
6-16-87

subj 1987 Venice Economic Summit



Comments | Diskette (1)

White House Files Copy
1987 Economic Summit

Ronald Reagan Presidential Library Digital Collections

This page is not a presidential record. This marker is used as an administrative marker by the Ronald W. Reagan Presidential Library Staff. This marker identifies that there was an object in this folder that could not be scanned.

Item: Diskette, Venice Summit

INDEX OF DISKETTE CONTENTS

DISKETTE: VENICE

Available: 86%

Unusable: 0%

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DOCUMENT NAME: Plenary
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COMMENT:

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June 9, 1987

MEMORANDUM FOR SECRETARY JAMES BAKER

FROM: STEPHEN DANZANSKY/DAVID MULFORD

SUBJECT: Communique Language on Agriculture

Would like to bring to your attention our understanding from the notes from this Plenary Session that Goria's report on the finance ministers' meeting indicates an agreement that the Communique should not go beyond the language of the OECD Ministerial on agriculture.

The President in the morning session made a particular point that we cannot leave Summit with merely an endorsement of OECD language that we should go beyond and that it must be translated into action. Making this point again is essential if we are to reach our objectives on this issue.

DECLASSIFIED
Authority: NSA/State/Pres. Waivers
BY dh DATE 3/13/2020

Bomb and Missile Attack -- Rome

At 7:40 this morning a car bomb exploded outside of the north wall of the United States Embassy Rome. A bystander, woman -- non-American), apparently waiting for a bus appears to have been injured slightly.

In a separate later incident four or five projectiles were launched at the U. S. Embassy, apparently from the Hotel Ambasciatori across the street. Two projectiles exploded in the front courtyard causing no injuries. Some Embassy employees were treated for shock. No other injuries reported.

Two rocket tubes were found at the hotel in Room 418. The room was booked in the name of an oriental, possibly Korean with a Canadian passport.

In another incident two projectiles were fired into the decorative pool in front of British Embassy Rome. No injuries.

No one has claimed responsibility for these incidents.

REMARKS OF THE PRESIDENT IN QUESTION AND ANSWER SESSION
WITH REPORTERS
AT BEGINNING OF PLENARY SESSION

Q: Mr. President how come you are not getting more help with the Gulf from your allies here today?

A: I am afraid somebody's misinformed you. I am delighted with the support that we are getting and the attitude of the allied nations here with regard to the Gulf.

Q: Are you getting what you wanted on the Gulf?

A: Yes. They are as concerned as we are.

Q: How come your political statement doesn't have more teeth in it?

A: We couldn't think of anybody to bite.

Q: On terrorism, sir, there were some more incidents today. How does your statement today (inaudible) in connection with any progress that would be made as a result of your statement?

A: Well, I think that that there is no question about the sincerity of all of us with regard to terrorism and our continued effort together and to work against it and I'm happy and pleased that there were no serious injuries from the attempts that were made in Rome. I know all about them.

Q: What about the incident here in Venice?

FOR TOM GRISCOM

Tom -- Both Marlin and I think that on balance this is as good as we can get and that the risk involved in a second Photo-Op is greater than the likely reward. The second Photo-Op has not been scheduled and we think should be cancelled; however, it's your operation and we will abide by your decision. The President is very tired.

HB

~~CONFIDENTIAL~~

1987 ECONOMIC SUMMIT - SECOND PLENARY SESSION

VENICE, ITALY

PARTICIPANTS:

President Ronald Reagan
Secretary George Shultz
Secretary James Baker

Prime Minister Amintore Fanfani
Minister of Foreign Affairs Giulio Andreotti
Minister of Treasury & Budget Giovanni Goria

President Francois Mitterrand
Prime Minister Chirac
Minister of Finance Edouard Balladur

Chancellor Helmut Kohl
Minister of Foreign Affairs Hans-Dietrich
Genscher
Minister of Finance Gerhard Stoltenberg
Minister of Economy Martin Bangemann

Prime Minister Yasuhiro Nakasone
Minister of Foreign Affairs Tadashi Kuranari
Minister of Finance Kiichi Miyazawa
Minister of Industry & Foreign Trade
Hagime Tamura

Prime Minister Brian Mulroney
Secretary of State for External Affairs
Joseph Clark
Minister of Finance Michael Wilson

President of European Council Jacques Delors
Economic Communities Representative Martens
Minister of Foreign Affairs of Belgium
Leo Tindemans
Member of the Commission of the European
Communities Willy de Clercq

Sir Geoffrey Howe, Secretary of State for
Foreign & Commonwealth Affairs
Chancellor of the Exchequer Nigel Lawson

DATE & TIME: Wednesday, June 10, 1987 - 9:44 AM

9:44 AM - Start

Review Communique chapter by chapter.

Chapter 1 approved.

Chapter 2 paragraphs through 7 okay.

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Authority NBI/State/Ins. Waivers

BY dr NARA DATE 3/13/2020

Chapter 3 paragraph 8 okay.

Chapter 4 paragraphs 9 - 12 okay.

Chapter 5 paragraphs 13 - 16 okay

Chapter 6 paragraphs 17 - 20 (discussed)

REAGAN: Oils and fats tax - paragraph 20.

FANFANI: What changes?

BAKER: Plea for no oil and fats tax -- would run counter to provisions of paragraph 20.

? (DELORS): Council of Ministers of EC would decide. Not discriminatory, not protection, according to Commission proposal.

KOHL: Against protection or discrimination.

BAKER: Just reminding of our opposition to tax.

FANFANI: So Chapter 6 (17 - 20) okay.
Chapter 7 (21 - 28).

GORIA: Paragraph 22 and 23. 22 - delete second line -- see no feasible alternative. Looks as if we are frustrated. Okay

9:54 AM

GORIA: Continued . . . Paragraph 23 looks as if overlooking developments of last few weeks. Some banks in U. S. (and other countries have declared they are bankrupt (sic). This is obsolete. Change first sentence. "There is also the need for careful considered thought -- " (rest lost).

BANGEMANN: Is a problem. Should not look too closely at private banks -- sentence suggests possible support.

GORIA: Bangemann is correct. Delete first part of paragraph. Start with "In this context

MULRONEY: Thinks Goria wording would suggest to banks that they back off a little.

BANGEMANN: Text well balanced as it is. Why didn't Goria bring this up last night?

GORIA: Because they discussed debt.

BAKER: Kohl absolutely right. We should encourage but not mandate bank lending.

FANFANI: Gorla echoing what he said yesterday.

GORIA: Just said (according to Fanfani) some measures by banks could lend to a list of countries not credit worthy.

10:05 AM

FANFANI: Continued. Maybe strengthen last sentence of paragraph 24.

GORIA: Leave as is -- but he still thinks we give impression things have changed. Chapters 21 - 28 approved except delete "see no alternative to" in paragraph 22.

DELORS: Paragraph 24 may seem to apply to mid-income. Put 24 ahead of present 23.

FANFANI: Says interchange 22 and 24. 22 becomes 23. 24 becomes 22. 23 becomes 24.

MITTERRAND: New paragraph 22. What are shares of the 7 as percentages of their GNP's? Not asking for data now. Welcome Japan's increase but from so low level it does not come to much. The initiative is just catching up.

FANFANI: Says highlighting increased efforts. Do we need detailed list of countries and figures?

MITTERRAND: Not asking just don't disregard. Useful to know but not part of text.

10:15 AM

KOHL: Reacts like Mitterrand.

CHIRAC: Might set sights higher and renew 0.5 percent goal. Japan and U. S. doing only half as much. Should go to 0.7 percent of GDP. Add 2nd sentence. "Most of our countries have previously undertaken considerable effort and we encourage them to do likewise."

FANFANI: Where should it be placed?

CHIRAC: End of 4th indent on page 9. After first sentence.

FANFANI: Asks for wording -- will meet with approval of all concerned.

MITTERRAND: Lots of fuss about nothing. For many years 0.7 percent of GDP goal has been there. France, Germany and Canada best. Should get nod of approval, but France is not asking for that. Should have said we should go to 0.7 percent, etc.

FANFANI: So you want to stay with text?

MITTERRAND: Said exactly opposite.

Deleted paragraph -- it is false.

NAKASONE: Oppose deleting. Japan has done its best -- no objection to mentioning other countries. Please refer to Japanese initiative -- will help explain to Japanese public.

HOWE: Leave text as is. As Finance Minister cut their ODA but now he is Foreign Minister. Text balanced. Sherpas have done good job.

MITTERRAND: Howe not convincing. If sentence left, could not agree. Last sentence misleading. Change essential. Sentence about Japan acceptable only if we have a countervailing statement later.

CLARK: Replace. We encourage all countries in a position -- to continue on track to 0.7 percent.

MITTERRAND: Leave this to later, France and Canada draft something together.

10:37 AM

GENSCHER: FRG has given double the aid of all socialist countries together. The sentence about Japan creates false picture of what western world has done.

ANDREOTTI: We have 0.7 target countries moving toward it with difficulty. Revising GDP to include underground economy lowered Italy's percentage. Proposes a sentence. (Not caught but will distribute.)

SHULTZ: Andreotti statement an improvement. Do not be too attached to percentages. Doesn't measure contribution. Having markets open a contribution. Maintaining military security.

ANDREOTTI: Wording an improvement because no number.

FANFANI: Go to paragraph --

MITTERRAND: Keep first sentence after "Japanese government" add "and other governments." Add a sentence on 0.7 percent. Unambiguous.

SHULTZ: Unambiguous and unacceptable.

10:45 AM

SHULTZ: (Continued) Japanese effort shows they are picking up world responsibilities. No number measures well.

HOWE: Supports Shultz. UK has made massive overseas investments -- much aid to developing countries. Do not pronounce benediction on a particular percentage figure.

MITTERRAND: Will not accept text unless amended.

FANFANI: We're waiting for Andreotti's amendment. Give us yours if you have one.

CHIRAC: Re paragraph 26. Reason developing countries are poor and can't pay on debts is because of commodity prices -- should say something about resolve to stabilize prices.

SHULTZ: What is happening is that structure of demand for commodity has changed. Look at cooper in telecommunication. Fiber optics made out of sand. Copper prices won't go anywhere -- not because of speculation. Raw material prices changed for good.

10:53 AM

Paragraph 28, strike brackets because Mitterrand will be honored at UNGTAD.

BAKER: Paragraph 27 - Opposes mention of September for domestic reasons (end of fiscal year).

BALLADUR: Leave September in. Should do something before September.

BAKER: For US to get funds must get it from Congress. Counterproductive to objective.

BALLADUR: Doesn't say who will do what in September.

HOWE: By next annual meeting of Fund and Bank.

BAKER: Will accept if majority view but will be counterproductive.

CLARK: Autumn.

BAKER: Okay.

(?) Within this year.

BAKER: Okay.

(Paragraphs 29 - 34 accepted. Fanfani thinks it's all environment. 32 okay; 33 okay; 34 okay; 35 okay.)

MULRONEY: Thanks Fanfani and Italian Government.

FANFANI: We have not concluded, just state your invitation.

MULRONEY: Withdraw -- My compliments and extend official warm invitation -- Toronto.

FANFANI: No objections. Also welcomes Mulroney's thanks.

ANDREOTTI: (AIDS) Yesterday Chirac cited a TV show in Ivory Coast saying there are more prevalent diseases in Africa so mention health in general. But that would open future Summits to flood of proposals.

DRUGS. Approved.

(?) Mention receiving messages. Recognize orally.

FANFANI: Okay.

NAKASONE: Korean Olympics. Include in Chairman summary.

ANDREOTTI: Proposed paragraph 24 final paragraph. No formula for measuring contribution. Japan is the innovation that has emerged at this Summit.

MITTERRAND: Can't expect too much credit for what we are doing. "and other governments" missing in English text -- very serious. Okay not to mention 0.7 -- regrets, etc., etc., etc., etc.

MITTERRAND: (Continued) Unfair to mention Japan -- a laggard without mentioning leaders -- Germany, France, Canada, Italian bike race apparently will be won by an Irishman, and Messers Reagan and Mulroney will be pleased.

ANDREOTTI: Like the 0.7 percent government. When set 1989 was date.

HOWE: Don't refer to numerical targets. Original text okay. Opening sentence important, too. Proposes some rearrangements and changed wording.

CHIRAC:

SHULTZ: (I was diverted)

MITTERRAND: Will not vote against, merely abstain if 0.7 percent not mentioned. We operate in a spirit of friendship.

CLARK: Can all agree present levels inadequate. Combine suggestions of Shultz and Howe.

FANFANI: Wait for text. Ask Andreotti to report on regional issues discussed by Foreign Ministers.

ANDREOTTI: Island states
Economic restructuring China
Conditions Korean Peninsula
Philippines
Africa - South Africa
Middle East
United Nations
Drugs

CLARK: Reads statement on South Africa -- attributes it to FRG. Brief -- says represents views of all countries here. Someone from FRG -- merely said I accept, did not draft.

MULRONEY: Canada withdraws the compliment again.

FANFANI: Invokes the Holy Spirit on the text.

11:46 AM - 11:58 AM - Intermission

11:59 AM

(Text read. Do not have copy (do now)).

MITTERRAND: Will approve if 0.7 percent stays in.

SHULTZ: Explains that numbers are very misleading. Real problem for LDC -- U. S. has taken their exports, but U. S. trade deficit is declining. Sums dwarf those involved in the 0.7 percent. Concept of isolating some aid in the 0.7 percent is flawed. Putting number in is misleading. But say (as Mitterrand did) levels of aid are inadequate. The 0.7 percent covers only a small part of foreign aid.

12:04 PM

CLARK: Could refer to target adopted by Development Assistance Committee. We underline the importance of -- gives a text. (Then go to last paragraph of text. I am marking (A))

CLARK: Says his proposal (1) describes efforts as inadequate and (2) recognizes there is aid not in the 0.7 percent.

MITTERRAND: Did not intend to be disagreeable in mentioning 0.7 percent. Has been approved by every country here -- UN, etc. If 0.7 omitted will abstain.

FANFANI: Delete last sentence of (A). Who will approve without the 0.7 percent? No reply.

12:13 PM

MARTENS: For whole EC figure (average) is 0.53 percent. So he has a right to ask the 0.7 be mentioned. Will abstain if not in.

KOHL: Does not understand the fuss. Why not leave the 0.7? It is in all international reports. Everyone knows that. Extensive variations on this theme.

FANFANI: Asks Shultz for his final view.

BAKER: Leave sentence as is: 0.7 percent in brackets, comma, add "but take note that overall financial flows are important to development."

CHIRAC: Say "and" not "but."

SHULTZ: "Terrific idea."

FANFANI: Approved.

12:22 PM

FANFANI: Delete last sentence of (A)

MITTERRAND: I always agree with those who agree with me.

MULRONEY:

THIS IS A TESTR PAGE FOR D/W #E. THE FOURTH IN THE GROUP TEST FOR
MULTIPLE DEVICES ON ONE PRINTER. THIS IS ONLY A TEST TO SEE WHAT
HAPPENS.

THE REST OF THIS IS GARBAGE.....

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THIS IS ALL FOR THIS PAGE, MACHINE #E

This is a test document. It will test communications with DC.
The quick brown fox jumped over the moon.
Can you read me loud and clear.

This is just a testy document for the displaywriter
to send to the PC wherever it may be.

Hope you have fun with it.

the end.

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1987 ECONOMIC SUMMIT - OPENING MEETING

VENICE, ITALY

PARTICIPANTS: President Ronald Reagan
Prime Minister Amintore Fanfani
President Francois Mitterrand
Prime Minister Margaret Thatcher
Chancellor Helmut Kohl
Prime Minister Yasuhiro Nakasone
Prime Minister Brian Mulroney
President Jacques Delors
Economic Communities Representative Martens

DECLASSIFIED

Authority: NSC/state/Pres. Waivers

BY dr NARA DATE 3/13/2010

DATE & TIME: Tuesday, June 9, 1987 - 9:57 AM - 12:08 PM

9:57 AM FANFANI opens Summit.

Texts on Iran-Iraq, terrorism, Gulf available. Any comments?

THATCHER: Happy with East-West and terrorism and Iran-Iraq war -- support effective measures, add enforceable. Means sanctions on arms.

REAGAN: Just, effective and enforceable measures. Someone else (Japan?) supports.

MITTERRAND: Word enforceable has not been discussed so can't agree.

FANFANI: Says just covers enforceable -- moral duty to find right way to enforce.

KOHL: Likes enforceable, not just. The Sherpa statement sound.

FANFANI: Asks Thatcher views. She says unless all agree can't go. Effective implies enforceable.

REAGAN: Some effective measures might be unjust. Doesn't see any concern with either word.

NAKASONE: Enforceable alone rather harsh attitude. Just must be in - reflects value judgment.

MITTERRAND: These summits are economic summits. If must be enforceable, a task for Security Council. Should not pre-empt Security Council.

10:07 AM

THATCHER: Security Council does not always adopt just measures -- neither does an assembly.

REAGAN: Agrees, says UN has degenerated into a debating society.

CONFIDENTIAL

MARTENS: Agrees just should be added -- but this not appropriate forum.

FANFANI: Everyone agrees to omit enforceable but what about just? Encourages Security Council to be fair. So let's accept and go on to economy only add word just and let other papers stand.

FANFANI: Wants to go on TV now and read the statement.

THATCHER: Won't world press think us a little bit quick? Start on economic then break for coffee, put out for lunch.

FANFANI: OK.

MULRONEY: South Africa evidently did not receive unanimous support. Can chairman refer to it in closing remarks.

THATCHER: We did that last year, can do it again.

10:17 AM

KOHL: Do not give impression we discussed South Africa unless we really do so. Outstandingly good work by Sherpas but let's turn to economy.

FANFANI: Thought Mulroney satisfied last night. Deferred to riper time and more suitable forum -- e.g., Reykjavik next week.

MITTERRAND: Terrorism was not discussed -- neither was Iran-Iraq war -- but he won't kill it.

10:21 AM Economics

FANFANI: Summarized subjects to be discussed.

NAKASONE: Mixed picture for world economy. Must implement policy coordination and restructuring. Must achieve long-term stability of exchange rates -- Japan with trade surplus has major responsibility but so does U. S. because of the budget imbalance. Six trillion yen program, twenty billion recycling to developing world. One billion government procurement, half billion to sub-Saharan countries.

10:35 AM

NAKASONE: (Continues) Japan often criticized for not fulfilling promises -- he'll see that they do. Exchange rate instability important to Japan. Major causes have been relation between U. S. and Japan.

-- Japan trade surplus

-- U. S. budget deficit

Deficit reduction by U. S. might cause some recession which would hurt LDC's -- industrialized countries must be prepared to help.

KOHL: Have made progress since Tokyo. FRG has been adjusting since end of 85. Growth slowed more than expected because negative effects of lower oil prices took effect sooner than positive effects. More important than new commitments is carrying out those we have already made.

-- Reducing taxes Jan 86, 88, 90.

Total 2-1/2 percent of GNP -- limit of what is possible.

-- Interest rates at historical lows.

10:43 AM

KOHL: (Continued) FRG trade surplus has declined substantially and will go further. Military program expanded GNP 4 percent. Exports rose far less than imports. Proceed along lines laid down by OECD Minister at GATT -- although agriculture very difficult.

KOHL: LDC's -- commodity price problem. Debt problem still serious. Future strategy must treat poorest differently. Replenish IDA -- General Capital Increase as soon as possible.

10:50 AM

REAGAN: Structural adjustment is necessary for sustained, higher level of economic growth and for better balance in our external accounts. Supply side policies important, but need to give these terms more concrete meaning. In US have made substantial progress, e.g., banking, airline, and telecommunication deregulation; deregulation of energy prices; tax reform and cutting government expenditures. Have much more to do in other areas, for instance agriculture. We are spending billions in subsidies to assist small family farms, but much of it flowing to those who don't need it. There are other areas in which we can cut government expenditures.

Here are a few examples from your countries. Much has been written lately about cost of land and housing in Japan. Japanese housing apparently costs 7 times workers' income versus 3 times in US, due in part to high land values. This in turn induces excess saving and dampens consumption. Is this related to agricultural subsidies and laws that keep land from being converted from farming to other uses?

In Europe we still see serious labor market rigidities. Labor costs high. Legislation restricts overtime; difficult if not impossible to lay off workers and to close unprofitable plants. This, plus overregulation and lack of financing inhibits people from starting new firms, the main sources of employment growth.

I understand that in Italy banks reluctant to take on new employees to handle volatile levels of stock transactions because they cannot lay off employees when markets slow down.

If US had such limitations, we would never have developed our high tech centers and other new industries.

Primary cause of oversupply and distress in agricultural markets is government farm support policies tied to production. These misallocate and overcommit resources to agriculture, shelter producers from market realities and prevent necessary structural adjustments to stagnating demand and rapidly-increasing productivity.

These policies cost our countries, together, over \$140 billion a year. They also have severe effect on developing countries, many of which depend on earnings from agricultural exports to repay debt and promote growth. Import protection and export subsidies have been necessary to sustain these policies. These trade distortions cannot be reduced unless we deal with the basic problem. Any support to farming must be in ways that do not provide incentives to production.

Summit countries must lead others in Uruguay Round to act together to reduce production-linked support, trade barriers and subsidies. Politically, no country can accept freer trade unless others do too.

I have reviewed language that our hosts have proposed on agriculture. I think it is positive. Important that we go beyond language adopted as OECD. This is an area where we have great responsibility to promote reform.

Several improvements needed. Will leave details to Sherpas. However, of prime importance:

-- We cannot leave Summit with merely "an endorsement" of OECD language; must translate into action.

-- Must ask Trade Ministers to develop expeditiously elements of a comprehensive approach to achieve objectives set forth by OECD. We should have a report at our next Summit.

10:56 AM

MARTENS: Conditions for remedying imbalances have improved. Dominant retarder of growth less in structural maladjustments -- exchange rates now in accord with economic factors.

10:58 AM

Trade imbalances must be smoothed out -- due to differences in rates of growth. Solutions:

- 1) Surplus countries cut export would lead to recession.
- 2) (Missed.)
- 3) Coordination for durable, noninflationary adequate growth. Need concrete credible commitments from this Summit on all subjects on agenda.

Pleas for sound commitments by U. S. for reduction in budget deficit. Four essentials:

- 1) In spite of market stability resulting from Louvre, may again deteriorate.
- 2) Macro policy alone cannot bring prosperity -- structural adjustment needed.
- 3) Balanced growth of economy, trade, keeping markets open.
- 4) Sufficient influx of capital into developing countries.

11:08 AM

THATCHER: Summits have been very important to world economy -- got inflation down, interest rates down. But we must consider current problems U. S. getting budget deficit down, U. S. trade deficit declining. Tremendous benefit of U. S. trade deficit coming to end -- can be devastating. President working to get budget deficit down. Unless U. S. trade deficit picked up by others in for serious trouble. Compliments Nakasone. But in Japan rising value of yen does not lead to influx of imports. Japan's current account surplus in dollars not likely to decline in near term, will rise in long term from investments. Germany -- there is a (slight) hope of growth.

Surplus countries must pick up stimulus U. S. has provided UK budget deficit less than 1 percent of GDP. Trade imbalance because of exports to U. S.

11:16 AM

Agrees with "RON" criticism of European structural maladjustment. Worries that Japan exports to UK will rise as their exports to US decline. Protectionism will be unstoppable if markets not open in other countries. Third world - reduced demand for commodities results from technological change so they need to be able to export food. Can't put on oils and fats tax -- "hypocritical." UK has turned some loans to grants, is cutting interest but what they need is trade not aid. Need investments but this requires protection against confiscation. Banks -- Citicorp reserves a good step. UK banks have been doing; will effect willingness of banks to lend -- and it should. Some LDC's should sell internal assets to help pay debts.

11:24 AM

THATCHER continues. Agriculture policies can't go on. Agrees with "RON" not enough just to reaffirm OECD -- need action. Must act together -- can't take it out of 3rd world with fats and oils tax -- would start trade war with U. S.

11:25 AM

MITTERRAND: Developing countries' debt problems: sources of problems identified. Budget deficits, trade deficits, unemployment, exchange rate instability. Conditions of LDC's worse since Tokyo. Commodity prices down, protectionism up. Flows of fresh money down. Traditional remedies won't suffice. Ivory Coast -- good policies, diverse products but can't service debt. Other countries worse off. We must improve world economic environment.

- 1) Stimulate growth -- especially surplus countries.
- 2) Reconstruct international monetary system in such a way as to insure exchange rate stability and low interest rates. Target zones. International monetary system okay until 1971.

11:32AM

MITTERRAND continues.

- 3) Fight protectionism -- "hypocrisy reigns" including France. Must achieve goals set at Punta del Este.
- 4) Halt slide in commodity prices -- World Bank should provide funds for countries to diversify.

Must reschedule debt of mid-income countries. Recycling to developing countries via IMF. Time has come for concrete actions. Triple Structural Adjustment Facility of IMF -- easy loan terms. Do without introducing distortions. Debtor countries must take proper steps. Extend rescheduling in Paris Club to 10 - 20 years.

11:30 AM

MULRONEY: Anyone who doubts value of Summits should have heard Thatcher, Kohl, Mitterrand, Reagan last night. "Most impressive and encouraging." Subsidies -- affect his government severely. Deficit was 8 percent of GDP, unemployment 12 percent when this government took over. Now deficit is 5.4 percent of GDP, unemployment is 9 percent.

11:43 AM

Canada in 87 will spend 4 billion dollars on agriculture.

MULRONEY: Recites economic progress of his administration -- but all jeopardized by competitive subsidization. Appreciates Ronald Reagan's remarks. (Sounds desperate.) African debt owed mostly to governments. Should transform to grants. IMF should forgive (at least he seemed to say that). "Dear old Canada ain't going to survive with this agricultural battle going on."

11:51 AM

FANFANI: Tries to draw out Delors.

DELORS says there is always a role for interaction. There are always Cassandras and optimists. World trade slow. Financial markets and exchange rates highly volatile. World Central banks (other than US) have accumulated 75 billion dollars in market stabilization efforts. Must raise rate of growth of international trade now that US not supporting it.

11:56 AM

DELORS: Continued. Must transfer resources to LDC's to help support freedom and democracy. Baker, Canadians, Brits at IMF made good contributions.

FANFANI: Things are changing in the world today. New attitude in Soviet Union shows exaggerated regulation does not yield good results. Was in Central Siberia and found excitement about opening of a small private cafe. He is a scholar and it is of greatest interest to see in all things that have been said today evidence that the world is changing.

~~CONFIDENTIAL~~

-8-

FANFANI: Must give a clear signal that we understand which way the world is moving. Will allow photographers in, then adjourn.

12:08PM

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