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**WHORM Subject File Code:** FO006-12  
(Economic Summit, Italy, Venice, 06/09/1988-06/10/1988)  
**Case File Number(s):** 492802 (5 of 6)

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3:18 - Plenary 6/09

DECLASSIFIED  
 Authority NISC/State/James Weir's  
 BY dr NARA DATE 3/13/2020

7 calls on Garcia to report for Fin. Ms

G: Recalls Tokyo establishment of G7  
 and duties assigned

Have made significant ~~progress~~ progress

Economies have grown, but slower

Have slowed exchange rates (sic).

He's reading to fast to cover but we  
 should be able to get text.

Commitments at Plaza, Louvre, Wash.

Ex rates within range roughly compatible

--- usual formula

Using indicators in multilateral surveillance

Lists a few - rapidly

Will have to define objectives

ETC ETC ETC U.S.W.

Might use ranges as goals

Need pragmatism & flexibility

These are main criteria for selecting  
 indicators

Indicators may change from time to time

No automaticity

Can contribute to greater stability

3:29

Goria cont - must give markets confidence in stability.

Report should be absolutely confidential  
- could affect markets

yesterday and today discussed int'l trade,  
esp Ag - will not go beyond OECD min.  
Might repeat precisely what was said  
at OECD

Committed to presenting material for  
communiqué. Unanimous agreement  
reached. Have a # 8 substitute for  
# 9 in present draft.

Int'l debts - discussion only started.

Re point of par. Prepared to reach,  
lower ~~the~~ interest rates, and give  
grace periods.

IMF directors initiative much appreciated  
Everyone showed a will to reach an  
agreement next fall

3:37

F

No discussion of med. level debtors.  
Sherpa(?) will polish statement tonight  
for review tomorrow

3:39 Kohl - pub expects 2 messages  
E-W relation, and 3<sup>rd</sup> world debt  
Must go further than previous Summits  
Communique must say much more than  
this report does.

Find a way to get a statement for tomorrow  
that goes much further

F thinks all agree we must say something  
decreases price. Question has important  
political aspects. Should also discuss ag.

Mulroney. Inger-Feb was in Zambiat  
Sengal, talks to Karamba yesterday  
650 to 350 change in per cap GNP - 4 1/2 yrs  
(can dollars)

Ext debt grew 67%. Per capita  
investment \$47. Followed IMF but  
had food riots + stopped IMF.

Aid should be grants not aid, ODA  
loans should be converted to grants  
60% of for. earnings used to  
service debts.

Endorses Canadian proposal, Japan to  
put half the money to triple SAF

3:49

Baker - debt prob diff for poorest of poor  
Approach must be different

In mid ~~low~~ income countries problem  
is growth.

Four principles of [Baker Plan] still valid  
Debt of LDC mostly official debt

U.S. no longer in position to take  
60% of exports from debtor countries.

Thinks there will be new commercial bank flows  
But banks, after reserving, in position to  
be fatter

Lawson - besides what Baker said need to work  
toward more market-oriented solutions.  
Develop secondary markets.

But for LDC's burden of debt is  
insupportable. Grants must be  
conditioned on policy reforms  
What they need is not <sup>more</sup> lending &  
rescheduling but debt relief.

Hopass (Gap)

Reagan: Have we been neglecting teaching  
how to farm, how to set private businesses?  
Many volunteers (Peace Corps)

4:00

Chirac - dont want for IMF in Sept - take action promptly. Any proposal from Cameroon will be well thought out - we should endorse.

DeClug - All initiatives good but should not be scattered - should be concerted.

Howe - Reagan point should not be passed over nor unsupported. Good results from human aid

Clark - also supports volunteer

Howe - not just volunteer

Lawson - Cameroon proposal good but not enough - must deal with debt to ind countries & int'l organizations

F - summarizes - emphasizing urgency

Nakasone - agrees with F summary & other remarks

Discuss not just in terms of feelings - make scientific (sic) studies

Various roles - banks, MDB's, volunteers  
Japan will grant  $\$500 \times 10^6$  to sub S countries. But what is most efficient means of concerted action

4:15

N(cont) Take Sep IMF as target. Have experts meet. Have clear strategy and long term perspective

Kohl - very important subject - Latin Am & Africa. FRG has written of 4.2 x 10<sup>9</sup> DM's

This Summit must go out with clear message. Decide direction now, don't wait until Sep. Must inject ethical quality. It is not the children or the economy who are to blame. Case by case, no across the board solutions. There are int'l orgs to devise methods. Political considerations important. Fin Men should draw up a text we can adopt tomorrow. We must do something

Memo. Lack practical way to deal with debt. Must give Fin Men more specific instructions. Our intentions are varied. Must go further this PM.

4:22

Members we ready, or are we not, to put up funds. immediately. Lets spend 30 min - 15 min - maybe 5 specifying what Fin Min should do

GPs Any statement on sub 5 agrees must have important dimension beyond funds. Refer to 85 fin min. Prob of maldistrib of food still a problem. A/c cont. of plagues. Louisa last year. AIDS of stunning proportions, affect those who can't manage. So a plan that centers only on debt (does not discuss debt prob) can be seriously incomplete. A lot more a prob than what is in jurisdiction of fin minister. Ambretti. Talks about financial problems. Write-off would destroy their credits. Has analyzed whether debts for weapons. Weapons bought with cash. Some L.L.D.S's have

434

bled themselves dry buying  
weapons for cash. ~~They~~ need  
monitoring & surveillance  
F calls on G - are Fin Min prepared to  
prepare a paper tonight?

Down - 2 issues: (1) int'l coop  
(2) the indebtedness situation.  
Need to decide on certain instructions  
Camdessus proposal good  
Paris Club - resched, lower interest,  
grants

He will assume responsibility to  
convene Fin Min for dinner  
& prepare a statement to submit  
to Shupac before too late

Re mid-income level countries

Role of commercial banks. G thinks  
recent rescheduling an advance  
development.

Mulroney R<sup>2</sup> said communique should go  
beyond OECD

Gouda - conclusions of Fin Min not to go  
beyond OECD, which was compromise

4:46

Goria (cont) Fur Min concluded not possible to do more or less than OECD

Reagan: Important to go beyond OECD Prime importance. Translate OECD into proposed action. (Use TP recently given him)

Stoltenberg - Agrees with Goria  
If achieve what OECD called for will be enormous step forward.

Reagan: Quote former saying "if you are not favoring the govt you are just not with it"

Baker. Add a sentence call on Trade Min to develop plan to meet objectives of OECD and report to next Summit

Mitterand - can't refer anything from Summit to another group. Would be and absurdity. France would object strenuously.

4.56

Howe: Should do everything we can to  
advance by solution, so don't wait  
Could suggest using tools OECD  
has developed - ¶ 14

"4 in particular to the updating and  
improving ---

Reagan - Mexican producing mildest cows that  
use  $\frac{1}{10}$  as much feed, produce  $\frac{1}{2}$  as  
much milk

Mulroney: Suggests combining statements  
from OECD with draft communique

503 F - ready to adjourn

Lawson - can't be here tomorrow.

Evolution of coop. or dev of world econ.

Since Tokyo much progress on coop

Lourea accord important

Punta de Este also

But faced by major imbalances

G & J. trade surpluses

US budget deficit

Should continue stability of ex rates

Must adjust economies to the changed  
ex: rates

5:18

Nakasone: Hope to try tax reform again  
this year.

Mitsui report med + long term bill  
is being carried

Cutting coal prod from 20 to 10 x 10<sup>6</sup> tons

Privatized several companies

Cutting blast furnaces in operation

Structural adjustments proceeding

Tax cuts of ¥ 10<sup>12</sup> next year

Govt procurement will import \$1 x 10<sup>9</sup>  
next year

Direct investment <sup>abroad</sup> ~~at home~~ accelerating

Lays emphasis on imports.

Liberalizing finance markets

ODA being expanded

Not stopping here.

F - into next year's Summit

5:25 Adjourning

~~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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'DECLASSIFIED'  
Authority NSC/State/Treas Waivers  
BY dlb 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 ommitted 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:

*Adjourn*

1987 ECONOMIC SUMMIT, JUNE 10th, 1987 -- PLENARY SESSION

9:44 AM Start

Review Communique chapter by chapter. Chapter one approved.  
Paragraph 8 okay Nine through 12 okay 13 through 16 okay.  
17 through 20 okay. 18 through 20 okay.

REAgan: Oils and fats tax - para 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 decriminatory,  
not protection, according to Commission proposal.

~~BANGEMANN~~ Against protection or discrimination.

KOHL:

BAKER: Just reminding of our opposition to tax.

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

GORIA: paragraph 22 and 23

22 - Delete 2nd line -- see no feasible alternative. Looks as if  
we are frustrated. OK

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last few weeks. Some banks in U.S. (and other countries have delcared  
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sentence suggests possible support.

GORIA - Bangemann is correct. Delte first part of paragraph. Start with  
"In this context....."

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

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

GORIA: Because they discussed debt.

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

DECLASSIFIED

Authority: NSC/state/Inas. Waivers  
by *da* DATE: 3/13/2020

FANFANI: Gorla echoing what he said yesterday.  
(according to Fanfani)

GORIA: just said some measures by banks could lend to a list of countries not credit ~~worthing~~ worthy

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KOHL - reacts like Mitterrand.

10:15 continued

CHIRAC - might set sights higher. Renew 0.5% goal. Japan and u.s. going only half as much. Should go to 0.7% 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?

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~~xxxxxxx~~ with approval of all concerned.  
FANFANI-asked for wording with

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FANFANI - So you want to stay with text.

MITTERRAND - Said exactly opposite.

Deleted paragraph - it is

NAKASONE - oppose deleting Japan. Has done best - no

objection in mentioning other countries. Please refer to

Japanese initiative ~~xxxx~~ Explain to Japanese public.

/will help

HOWE - leave text as is. As Fin. min. - cut their IDA but now he is For. Min. Text balanced. Sharpes have done good job.

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CLARK - Reading-we encourage all countries in a position -- to continue on track to 0.7%. ~~ML~~ Leave this to later. France & Canada draft something together.

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

CLARK: Autumn

BAKER: OK

? -- Within this year.

BAKER: OK

Paragraphs 29-34 accepted.

Fanfani thinks it's all environment.

32 ok

33 ok

34 ok

35 ~~ok~~ 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.

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*copy*

1987 ECONOMIC SUMMIT, JUNE 10, 1987 -- PLENARY SESSION

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~~MARTENS~~ like the 0.7 percent government. When set 1989 was date.  
ANDREOTTI:

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SHULTZ:

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PLENARY SESSION

Wait for text. Ask Andreotti to report on regional issues discussion by Foreign Ministers.

ANDREOTTI:

Island states  
Economic restructuring China  
Conditions Korean Peninsula  
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Africa - South Africa  
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LDC -- US has taken their exports, but U.S. trade deficit is deciding  
Sums dwarf those involved in the 0.7%. Concept of isolating some  
aid in the 0.7% is flawed. Putting number in is misleading. But  
say (as M ) levels of aid are inadequate. The 0.7%

12:04

Clark - could refer to target adopted by dev. Assis. Com.  
line

We under~~xxxx~~ the importance of -- given a text. Then go to last paragraph of text. I am marking A.

Clark says has proposal(s) describes efforts as inadequate and (B) recognizes there is aid not on the 0.7%

MITTERRAND - Did not intend to be disagreeable in monitoring 0.7%. 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%. No reply.

12:13

MARTENS: For whole EC figure (average) is 0.53%. 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 if 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

1987 ECONOMIC SUMMIT \_ PLENARY SESSION, JUNE 10th, 1987.

CHIRAC: Say and not but.

GPS: "Terrific idea"

FANFANI: Approved. Delete last sentence of (A).

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

MULRONEY: