

Ronald Reagan Presidential Library
Digital Library Collections

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

WHORM Subject File Code: FO006-13
(Economic Summit, Canada, [Toronto], 06/19/1988-
06/20/1988)

Case File Number(s): 561512 (2)

To see more digitized collections visit:

<https://www.reaganlibrary.gov/archives/digitized-textual-material>

To see all Ronald Reagan Presidential Library inventories visit:

<https://www.reaganlibrary.gov/archives/white-house-inventories>

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

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

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

Lawson

~~CONFIDENTIAL~~

TUESDAY MORNING SUMMIT PLENARY MEETING

DATE AND TIME: Tuesday, June 21, 1988 - 10:19AM

PLACE: Main Meeting Room - Metro Toronto Convention Center, Toronto, Canada

PARTICIPANTS: President Reagan
 Secretary of State George Shultz
 Secretary of Treasury James A. Baker, III
 Allen Wallis, Sherpa - NOTETAKER
 Prime Minister Brian Mulroney (Canada)
 Secretary of State for External Affairs Joseph Clark
 Minister of Finance Michael Wilson
 Premier of Ontario David Peterson
 Sylvia Ostry, Sherpa
 President Francois Mitterrand (France)
 Minister of State for Foreign Affairs Roland Dumas
 Minister of State for Economy, Finance & Budget Pierre Beregovoy
 Jacques Attali, Sherpa
 Prime Minister Margaret Thatcher (UK)
 Secretary of State for Foreign & Commonwealth Affairs Sir Geoffrey Howe
 Chancellor of the Exchequer Nigel Lawson
 Nigel Wicks, Sherpa
 Chancellor Helmut Kohl (FRG)
 Vice Chancellor and Minister of Foreign Affairs Hans-Dietrick Genscher
 Federal Minister of Finance Gerhard Stoltenberg
 Minister of Economics Martin Bangemann
 Hans Tietmeyer, Sherpa
 Prime Minister Noboru Takeshita (Japan)
 Minister of Foreign Affairs Sosuke Uno
 Minister of Finance Kiichi Miyazawa
 Minister of International Trade and Industry Hajime Tamura
 Hiroshi Kitamura, Sherpa
 Prime Minister Ciriaco De Mita (Italy)
 Minister of Foreign Affairs Giulio Andreotti
 Minister of the Treasury Giuliano Amato
 Mario Sarcinelli, Sherpa
 ECC President Jacques Delors (Commission of the European Communities)
 The Honorable Willy DeClercq, Commission of Foreign Affairs
 The Honorable Peter M. Schmidhuber, Commission of Monetary Affairs
 Pascal Lamy, Sherpa

~~CONFIDENTIAL~~

Declassify on: OADR

DECLASSIFIED
 Authority *NBC/State/Wewers*
 BY *DR. NEWBITE* 3/16/2020

~~CONFIDENTIAL~~

-2-

(10:14AM) Photographers admitted.

(10:17AM) New batch - yelling questions at the President.

(10:19AM) Rid of them, lowering lights.

Attali instructing Mitterrand.

Mulroney - 7:00AM version of the communique.

Paragraph 15 - Thatcher go paragraph by paragraph.

Paragraph 1 okay, 2 okay, 3 okay, 4 okay, 5 - Italian PM DeMita - although employment has risen in Italy so has unemployment. "Has continued to expand generally."

Paragraph 6 okay. Paragraph 7, Thatcher concerns that inflation may have risen. Add we need to maintain vigilance against any insurgence of inflation.

Paragraphs 8 okay, 9 okay, 10 okay, 11 okay, 12 okay, 13 okay, 14 okay.

Paragraph 15, Thatcher - first two sentences - not merely welcome. We "warmly" welcome the Canada-U.S. FTA and the progress toward.

Mulroney - Prefers "strongly" - used in Sunday briefing. Last sentence and "catalize the liberalizing" of.

(10:31AM) Paragraph 18 Mulroney - 2 brackets. Asks Wilson to explain. Says first version is EC - 2nd bracket agree on by Finance Ministers. Foreign Ministers wanted a clear signal to negotiators at Mid-term Review. Also signal that Ministers should have alternatives from which they could choose.

DeClercq (Wilson) objected to singling out agriculture. Some redrafting of 19 being done now to cover this.

DeClercq - First brackets - clear, concise, well-balanced. Can't take short-term measures without view of long-run goals, or consider long-term without regard to short-term measures to get that. Second bracket ("American version) unbalanced. Why single out agriculture? Don't prejudice where the balance will lie.

(10:40AM) Wilson - Deal with singling out by moving the sections about decisions to paragraph 19.

Second bracket consistent with Punte del Este.

Beregovoy - Avoid distorting statement - 19 and 18 have two parts. Neither bracket acceptable. Everything can be found in paragraph 19.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

-3-

(10:43am) Mitterrand - Don't understand either bracket so vote against both.

Kohl - paragraph 18 first sentence okay., First bracket acceptable but no second bracket. Overlooking enormous reforms made in EC.

Thatcher - agriculture is difficult because we have made it so. U. S. has come a long way toward EC. Make commitments at Mid-term Review - action. Could say Ministers can take action on, inter alia. First bracket murky. Yesterday Kohl said action.

DeClercq - right, bracket 1 is clear (simply clear against action).

(10:52AM) Reagan - supports Thatcher. All press questions.

Paying people to produce what there is no demand for.

Kohl - We are taking dramatic measures. If lower standard of living 1992 will not happen.

(10:55AM) Kohl continued - Can't change overnight. Keep first bracket.

Thatcher - too passive.

Kohl - formulation - stronger way. Absolutely against second bracket.

(11:00AM) Mulroney - cites second sentence of paragraph 12 - tribute to reform efforts of EC under Kohl's presidency.

Andreotti - Why not stop producing industrial products that can be bought cheaper elsewhere. Second bracket vague - no criteria of distortion.

(11:05AM) DeClercq - First bracket not clear - has to be looked at in light of Punta del Este statement (which he quotes on phased withdrawal).

(11:10AM) Stoltenberg - What do we mean by long-term adjustments? Must spell out.

(11:12AM) DeClercq - Long-term objective - phased reduction of all measures affecting directly or indirectly trade in agriculture.

(11:16AM) Baker - long-term objective - total elimination. Can't separate short-term measures from long-term.

Reagan - Subsidizing something that there is no demand for. Reads our third proposal.

~~CONFIDENTIAL~~

CONFIDENTIAL

-4-

(1:20AM) DeLors - (missed - working on RR revision)

(11:25AM) Wants to stick to Punta phrasing. It was the result of eight days of discussion and two years of preparations.

Kohl - Wants the text - asks Wilson to prepare while we proceed - Wilson with Delors tries to incorporate Ron's suggestion.

Reagan - re EC reductions - we are reducing our support by \$9 billion next year. Subsidies should be for farmers doing something other than producing unneeded agricultural products.

Delors - We are moving as Reagan suggests retire then at 50.

Hold 18 and 19 until Wilson comes back - leaving with Delors.

Mulroney - Paragraphs 20 okay, 21 okay.

Paragraph 22 - no response to bracket.

Reagan says we must see that they get help. Communist threat - security for all of us - not go the other way through need.

Mitterrand - So many countries in the same situation - Brazil, Haiti - why single out Philippines? Why do we suddenly mention Philippines? Would agree to a separate paragraph on a few countries - he'll suggest some.

(11:37AM) Andreotti - What about a special "mini-Marshall plan"?

Mitterrand - In preparation of Summit no mention of Philippines. Has not met Aquino, so knows nothing about Philippines. France is an independent country. France will not accept the statement.

Uno - At Foreign Ministers meeting he talked about Asia and Philippines. Shultz said should be in economic communique. Foreign Ministers unanimous. There is no other than Cory Aquino to run Philippines.

Andreotti - We are not the ones proposing a plan for Philippines but press has said a lot about it.

Can we reword the paragraph to put Philippines in general context, as an example of a country that needs strong economic and financial solidarity. We Call attention to the Philippines.

Could refer to democracy.

CONFIDENTIAL

~~CONFIDENTIAL~~

-5-

Stoltenberg - Four words in brackets (such as the Philippines) do not justify this controversy. Text says nothing on strategic importance - just developing countries in debt. Not worth the discussion - would need a brand new text.

(11:41AM) Stoltenberg

(11:54AM) Mulroney - Acknowledges Philippines among others.

Mitterrand - Rejects. Need an indepth discussion on a problem in which we were never consulted - the diplomatic processes of France were neglected. The other 6 can sign if they wish.

Clark - there is no plan - Summit signature not in question. Philippines have become a symbol. Foreign Ministers expressed hope (no demoral) statement could cover.

In particular there is a need to encourage countries like the Philippines --

Kohl - Good compromise; might mention some other countries.

Mulroney - Delete brackets, prepare a separate section.

DeMita - Remove the brackets and approve the text.

Mitterrand - Just as good a case for Argentina. Mr. Uno cannot commit France.

Mulroney - New sentence - There is a need to encourage the development toward democracy of . . . (not exact).

(12:09PM) Takeshita - ASEAN meeting in December. Strongly hope for some specific reference to the Philippines.

Clark proposal - "In particular there is a need to encourage countries like the Philippines among others which are making a transition to democracy."

Kohl - Mention another country.

Mitterrand - Unpleasant to be the only cause of dissension. Has happened before. Other six countries can sign; not France.

Mulroney - Down through paragraph 28 okay. 29 - 30.

Paragraph 30 - Lawson - one of the few concrete agreements from the Summit - circulating revision. Line 10 - this approach okay. Remove "or budgetary" - everyone has them.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

-6-

Baker - needed by U. S. in Congressional budget relations.

Baker-Lawson discussion of Lawson proposal.

Maintain a high grant element in their future assistance to the poorest.

30 okay; 31 okay; 32 okay, 33 okay.

Genscher - Mention North Sea.

Thatcher - Not mentioned before. Kohl pressing.

Thatcher - everything else general, not places.

(12:38PM) Howe - Mediterranean worse.

Mulroney - 33 okay; 34 okay.

Wilson - explains new section 18 and 19.

Baker - "Taking into consideration the diversity" A step backward. If that is out we will accept - let Ministers make those decisions.

(12:42PM) Kohl - Leave it as is - look at realities.

Beregovoy - Can accept text as it stands.

Baker - Will accept with the deletion, not otherwise.

Kohl - There is a diversity.

Mulroney - Asks Kohl to consider dropping.

Kohl - So banal - why a problem - do not understand.

Baker - Will accept first bracket from this morning's rather than this.

Thatcher - "Noting" instead of "taking into consideration."
? and given the diversity.

Baker - And noting among other things the diversity

Agreed

Takeshita - And otherwise remove the burden of (in debt).

(12:59PM) Help make Seoul Olympics a success.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

-7-

Move everything 40 minutes later. Communique on schedule.

(1:08PM) Clark - After ref to Philippines - several countries find themselves in that situation in various regions of the world. Latin America, Africa, and particular the Philippines and that merits our special attention.

Mitterrand - French delegation eager to accommodate has made a suggestion that has been accepted. Should have mentioned Haiti.

Proposal made by France was not accepted.

In chairman's report say that at request of France we considered Haiti.

Shultz - France not alone in worrying about Haiti. Haiti not at all like Philippines.

(1:14PM) Adjourn.

CONFIDENTIAL

Monday —
evening
dinner
notes



SOMMET TORONTO SUMMIT

Mansy evening
Lunch Notes
(Wallis)

640

Reagan -

Situation at 81 Summit
Following TP's

DECLASSIFIED

Authority NSC/State/Pres. Waiver's

BY dw 3/14/2020

652

Mitterand

Condorcet quotation - real equality purpose of education 1792

Elie Wiesel - education absolute priority

Alain - give child high idea of his power

Become that which you are.

1) Knowledge at center of human progress - tho not sufficient

" a factor of technological progress

What objects will be used in future

Rapid obsolescence - e.g. newspaper presses

Knowledge a factor in econ. progress

Countries that did not hesitate to adopt are leaders

Re: 1) If not acquired at home must be at school

More required - later ages - up to age 25 or 30 now

Public schools must cover 3-18. Continuing ed. needed
even beyond 65. Must diversify disciplines

Requires much money. Ed. budget competes with military

Need researchers

France was lagging behind - in 18th c. was at peak of science

No national borders then - we have regressed

Situation: Opening to world. Unesco fighting illiteracy

Few illiterate in 7 but too many functionally illiterate

Half of 7c citizens do not read even one book year

Learning must be our main effort

Ed & training essential component of international solidarity

Quality of prod. innovation related to ed.

High tech will equalize regions & countries

Hopes European still unable to agree acceptable thruout EC

Must have free mobility

720

High ed. absolutely to priority must spend more



SOMMET · TORONTO · SUMMIT

- 720 Mulroney - In C only 12% of jobs available with <12 yrs ed.
Difficulty in rock + dev because of budgets. Serious problem
in Canada
- 723 Thatcher. Would not argue with FM. Ratherford could think
of no use for splitting atom.
Look at changes forefather went thru successfully
They coped, so can we
What is desperately worrying is the behavioral
and philosophical developments
Universities departments of knowledge but not
wisdom. Ed will not solve
Biological developments. Need code of ethics
Won't be saved by ed. Need self disciplining
personal responsibility. Don't open markets but
have crime, drugs, etc. Toronto has low crime rate
How do we generate that condition
How do we get wisdom? leadership? This is most
important problem of future. Europe developed
religion, science etc - also made developments
available to masses
How to keep basic standards necessary for
stable society
- 735 Mitterand - am an anti-Rousseau man
Liberty not a natural state, depends on
institutions - which must have power
Need counter power - including to power of press
Knowledge restricted to some classes in past -
important it be disseminated to masses. Am not a
Marxist. Knowledge essential to liberate people



SOMMET · TORONTO · SUMMIT

Mitterand cont

Each cell has 2 filaments, each 1m10 long
Enzymes cut the filaments - if both cut individual
will die

Japan devotes enormous resources to research

743 Reagan - pub ed in US. Freedom important,
we are not all equal. People with same ed
not the same. Story about letter from a
boat person (now 23, 13 then) Grad HS highest
honors, scholarship at Harvard now at Dartmouth
med school. Recognize freedom of
individuals to do what they wish with ed

746 Mulroney - a provocative + fascinating
session. Quite remarkable any analysis
No one has taken too much time

749 - Adjourn



Reagan -

Situation at 81 Summit

Following TP's

652

Mitterand

Condorcet quotation - real equality purpose of education 1792

Elie Wiesel - education absolute priority

Alain - give child high idea of his power

Become that which you are.

1) Knowledge at center of human progress - the not sufficient

" a factor of technological progress

What objects will be used in future

Rapid obsolescence - e.g. newspaper prices

Knowledge a factor in econ. progress

Countries that did not hesitate to adopt are leaders

Re 1) If not acquired at home must be at school

More required - later ages - up to age 25 or 30 now

Public schools must cover 3-18. Continuing ed. needed

even beyond 65. Must diversify disciplines

Requires much money. Ed. budget compares with military

Need researchers

France was lagging behind - in 18th C. was at peak of science

No national borders then - we have regressed

Schuster: Opening to world. Unless fighting illiteracy

Few illiterates in F but too many functionally illiterate

Half of F citizens do not read even one book year

Learning must be our main effort

Ed & training essential component of international solidarity

Quality of prod. innovation related to ed.

High tech will equalize regions & countries

Hope European will make degree acceptable throught EC

Must have free mobility

720

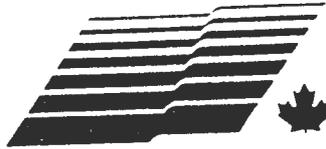
Net ed. absolutely top priority must spend more

DECLASSIFIED

NBC/State/Inns Waivers

1/12/2022

1/12/2022



SOMMET-TORONTO-SUMMIT

720 Mulroney - in C only 12% of jobs available with < 12 yrs ed.
Difficulty in reach + dev because of budget. Serious problem
in Canada

723 Thatcher. Would not argue with FM. Perhaps could think
of no use for splitting atom.

Look at changes for father went thru successfully
They coped, so can we

What is desperately worrying is the behavioral
and philosophical developments
Universities depositories of knowledge but not
wisdom. Ed will not solve

Biological developments. Need code of ethics
Won't be saved by ed. Need self disciplining
personal responsibility. Don't open markets but
have crime, drugs, etc. Toronto has low crime rate
How do we generate that condition

How do we get wisdom? leadership? This is most
important problem of future. Europe developed
religion, science etc - also made developments
available to masses

How to keep basic standards necessary for
stable society

735

Mitterand - am an anti-Rousseau man
Liberty not a natural state. Depends on
institutions - which must have power
Need counter power - including to power of press
Knowledge restricted to some classes in past -
important it be disseminated to masses. Am not a
Marxist. Knowledge essential to liberate people



SOMMET-TORONTO-SUMMIT

Mitterand cont

Each cell has 2 filaments, each 1m10 long.
Enzymes cut the filaments - if both cut ^{it} undivided
will die

Japan devotes enormous resources to research

743 Reagan - pub ed in US. Freedom important,
we are not all equal. People with same ed
not the same. Story about letter from a
boat person (now 23, 13th) Grad HS highest
honors, scholarship at Harvard now at Dartmouth
med school. Recognize freedom of
individuals to do what they wish with ed

746 Mulroney - a provocative + fascinating
session. Quite remarkable any analysis
No one has taken too much time

749 - Adjourn

Reagan

~~CONFIDENTIAL~~

SUMMIT PLENARY MEETING

DATE AND TIME: Monday, June 20, 1988 - 10:26 A. M.

PLACE: Main Meeting Room - Metro Toronto Convention Center, Toronto, Canada

PARTICIPANTS: President Reagan
Secretary of State George Shultz
Secretary of Treasury James A. Baker, III
Allen Wallis, Sherpa - NOTETAKER
Prime Minister Brian Mulroney (Canada)
Secretary of State for External Affairs
Joseph Clark
Minister of Finance Michael Wilson
Premier of Ontario David Peterson
Sylvia Ostry, Sherpa
President Francois Mitterrand (France)
Minister of State for Foreign Affairs
Roland Dumas
Minister of State for Economy, Finance &
Budget Pierre Beregovoy
Jacques Attali, Sherpa
Prime Minister Margaret Thatcher (UK)
Secretary of State for Foreign & Commonwealth
Affairs Sir Geoffrey Howe
Chancellor of the Exchequer Nigel Lawson
Nigel Wicks, Sherpa
Chancellor Helmut Kohl (FRG)
Vice Chancellor and Minister of Foreign
Affairs Hans-Dietrick Genscher
Federal Minister of Finance Gerhard
Stoltenberg
Minister of Economics Martin Bangemann
Hans Tietmeyer, Sherpa
Prime Minister Noboru Takeshita (Japan)
Minister of Foreign Affairs Sosuke Uno
Minister of Finance Kiichi Miyazawa
Minister of International Trade and Industry
Hajime Tamura
Hiroshi Kitamura, Sherpa
Prime Minister Ciriaco De Mita (Italy)
Minister of Foreign Affairs Giulio Andreotti
Minister of the Treasury Giuliano Amato
Mario Sarcinelli, Sherpa
ECC President Jacques Delors (Commission of
the European Communities)
The Honorable Willy DeClercq, Commission of
Foreign Affairs
The Honorable Peter M. Schmidhuber, Commission
of Monetary Affairs
Pascal Lamy, Sherpa

~~CONFIDENTIAL~~

Declassify on: OADR

DECLASSIFIED
Authority: Nsc/State/Treas. Warrents
By: clt Date: 3/16/2020

~~CONFIDENTIAL~~

-2-

(10:21AM) - Foreign Secretaries still meeting. Kohl not here. When he comes, will let photographers in.

(10:24AM) - Press enters. (10:26AM) press leaving and bottles being placed on table. Have turned off the screen.

Kohl - Agree would have few and short papers.

PLENARY MEETING (Summit Heads and Finance Ministers only; Foreign Ministers have not arrived.)

Mulroney - Plan was to have INF as a stand alone issue - regional issues would dilute great accomplishment of the alliance and of President Reagan. Plenary with Finance Ministers only - Foreign Ministers still meeting on political statement.

Mulroney reviewing schedule and agenda.

(10:34AM) - Wilson reports of discussions of Finance Ministers. Two G7 meetings since Venice.

Reviews progress in economies - exchange rate, inflation, employment. Sound policies, better coordination. No room for complacency. Lists things to be done: Commodity price indicators; structural policy.

(10:38AM) - Wilson reading rapidly - standard context; trade - agriculture; send a strong signal to world; mid-term review not only agriculture; C-U.S. FTA important - single European market; NIE's constructive dialogue; debt of the poorest - menu of options for creditors. Paris Club must examine. Middle income - supported April decision of G7. GC1 for IBRD. Constructive dialogue.

(10:42AM) - Mulroney - asks the President to talk on fiscal policy. Reads his Talking Points. Emphasis on structural policies. Re the 16 million new jobs in U. S. - bulk created by entrepreneurs - 2/3 by employers of fewer than 500.

A case of budding pianist got arthritis - moved into making brownies. Last year \$125 million in revenues, 35 employees. Classical example of entrepreneur.

Mulroney says hadn't meant to limit President Reagan to fiscal policy.

Thatcher - There is a difference between cycles 1 and 2.

(1) dealt with distributing wealth.

(2) dealt with producing wealth.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

-3-

Although Ron put in examples, it really is a most fundamental sort.

All Ministers trying to expand budgets. Chance of us plus heads of governments must resist. Chance of expansion and Heads must resist. They assume entitled to what they have and just want more.

(10:52AM) Mulroney - Public spending big problem in Canada. Deficit reduced last four years in Canada, first time in 40 years. Principia enemy is in our own governments - Ministers.

French Finance Minister Beregovoy - Will not have privatization revenue, need to develop human resources.

Congratulate James Baker - Plaza Agreement.

(10:56AM) Delors - Reasons second cycle better - economies more flexible, inflation controlled.

Three main points for future reinforcement of growth through supply side measure.

EC must make greatest effort. The single market will be most important structural reform.

Cites figures totalling 6% of GNP of gains.

Will not be a closed zone. Will be largest market in world.

Japan showing that cultural obstructions not insuperable.

Are we concentrating enough on rural development - towns, and conservation.

Major compromise really world-wide and integrated, but not governments. New frontier for growth in world market.

(11:06AM) Mulroney - Should congratulate leaders of Europe, especially Delors. Also, Mitterrand, Kohl, Thatcher.

(11:07AM) Reagan - As Governor of California found welfare lost \$2 for every \$1 reaching the poor. Has tried to make USG more efficient. Passport delay down from 43 days to 12. Private sector - \$84 billion in private charity - administrative costs 6 or 7 percent.

First goal of bureaucrats is to preserve the bureaucracy.

Looks at help wanted ads in Sunay Post. 60-75 full pages. Similar to other cities.

~~CONFIDENTIAL~~

CONFIDENTIAL

-4-

Reduced burden on government lower costs.

(11:13AM) Nigel Lawson - Fiscal policy different 2 cycles.

Cycle 1 - How to get growth - much emphasis but poor results.
Reason - Keynesian policy - raise government deficit.

Cycle 2 - Fiscal policy to reduce deficits UK now has a surplus but in 7th year of growth. Not slack monetary policy. Structural reforms have done it - lists them. Climate where ordinary people can give of their best. A lot more to do.

Fiscal policy not engine of growth.

Should provide stability. Eliminate deficits, reform taxes to remove distortions and disincentives.

(11:19AM) Kohl - Process of rethinking going on. Don't talk about a market economy but a social market economy. Need high degree of social justice. Tremendous opportunity in unified market. New quality of life.

(11:22AM) Planning largest tax cuts in FRG history. Reform health insurance system - enormous conflicts, but costs too high and rising. Deregulation also heavily opposed, e.g., telecommunications. Free economy means free battle to defend every absurd position.

Unemployment. Structural in cold steel, shipbuilding, farmers. But unjustified exploitation a serious problem.

Inflation rate very, very important - disastrous experience.

Send out message of optimism and free market. Countries everywhere adopting our policies.

(11:29AM) Mulroney - All sounds like Canada.

Takehita - Should stress policy coordination - will create confidence. Growth 1987 Japan 4.9%. Higher first quarter 1988. Domestic demand but growth will take root.

Labor - management relations excellent. Privatization of NTT successful. Plaza Agreement. Noburu means "to rise." People said you rose but your reputation went down.

Hope stable exchange rates will continue. Structural adjustment based on Maekawa report. Agriculture, distribution, land, tax reform, on agenda. Will introduce a consumption tax. Imports increasing. Promote policy coordination.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

-5-

(11:37AM) Baker - Policy coordination process given a political process to better coordinate policies. Have proved it can work - will outlast present office holders.

(11:40AM) Mulroney - Congratulates Baker for cooperation.

(11:41AM) Amato - Fiscal policy, cycles 1 and 2. Deficit spending on certain levels harms economy. Had become mostly transfers. Reagan tax reforms important. Italy trying to make similar changes. Some public expenditures useful. In Italy, health all public, but envy the HMOs of U. S.

Thatcher - Tell Foreign Ministers either to speed up or to give up.

(11:48AM) Reagan - quotes Kaldun: Beginning of empire tax rates were low, revenues were high; at end of empire, rates were high, revenues were low.

Estimators always think tax cuts lower revenues.

(11:53AM) Shultz arrives.

Reagan - Filing case story from WWII.

(11:55AM) Beregovoy - Agrees with Delors re one market. Also with the President that we should cut taxes. Owe great debt to Jim Baker -- to finance growth must mobilize capital and that requires lowering interest rates. Must coordinate so all can bring down rates together.

(11:59AM) Debt - Canada initiated idea of Commonwealth Summit.

Kohl - Problems in debtor countries. We must help countries to use aid. Must not allow further environmental devastation with our aid. Must adopt global thinking.

Thatcher - Must give clear statement. Aid loans written off. Paris Club - ask them to negotiate agreements so that options selected lead to fair burden sharing.

(12:08PM) Mulroney - Lunch at 12:30. Next session here 2:30-4:00; then early evening at Hart House

Wilson - on the debt wording

(12:09PM) Nothing to add to what Thatcher just said. Paris Club meets July. Summit could give impetus.

Baker agrees with Thatcher and Wilson. U. S. aid 97% grants but we cannot forgive principal.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

-6-

Stoltenberg - Debt has to be considered in relation to other issues. Our markets need to be open. Conditions for investment must be improved as a precondition.

(12:14PM) Joe Clark - re political statement - ready to distribute East-West terrorism/narcotics in political statement. Chairman's summary -- Mid-East, South Africa, Cambodia. Will make clear we have begun discussions on some other regional issues and will continue during remainder of Summit.

(12:17PM) Amato - Debt. Relation between reducing debt and development. Italian proposal should be taken account of - combinations partial cancellation.

Mulroney - Haiti - Namphy has announced he is in charge. Few civilian casualties. Port-au-Prince calm.

(12:22PM) Adjourn.

CONFIDENTIAL

10.21 For Ses still meeting Kohl not here - when he

comes will let photos in,

10 24 press entering 11:02^h leaving - and
bottles being placed on table
Have turned off the screen

Kohl - agree would have few & short papers.

Plenary Mulroney - plan was to have INF as
a stand alone issue - regional issues worthy
of the alliance and
debate great accomplishment, of Pres Reagan.

Plenary with Fin Min only - For Min still
meeting on political statement.

Mulroney reviewing schedule & agenda

10 34 Wilson reports of discussions of fin min
2 G7 meetings since Venice.

Reviews progress in economics -
ex rate, inflation, employment

Sound policies, better coordination

No room for complacency

Lists things to be done

Commod price indicator

structural policy

DECLASSIFIED

Authority N6C/State/Treas. Affairs
dh

3/16/2010

10 38

Wilson reading rapidly - standard content
 Trade - Agriculture
 Send strong signal to world
 Mid term review - not only ag
 C-NS FTA important - single European market
 NIEA - constructive dialog
 Debt of parent - menu of options for creditors
 Paris Club must examine
 Middle income - supported Apr decision of G-7
 GCI for IBRD
 Constructive dialog

10 42

Mul asks R² to talk on fiscal policy
 Reads his TPA, Emphasis on structural policies
 re the 16 x 10⁶ new jobs in US - built creat
 by entrepreneurs - 2/3 by employers of
 fewer than 500.
 A case budding peasant got arthritis - moved
 into making brownies. Last year \$1.25 million
 revenue, 35 employees. Classic example
 of entrepreneur.

Mul says had not meant to limit R² to fiscal policy
 Th - diff ~~two~~ between cycles 1 & 2

- 1 dealt with distributing wealth
- 2 " " " " producing " "

Although Ron put in examples, it
 really is a most fundamental sort
 All Ministers trying to expand budgets
 Cause of ^{cause} expansion + Rends of Govt must resist
 They assume entitled to what they have
 and just want more.

1052 Mulroney - pub spending big part in Canada deficit reduced last 4 yrs inc, first time in 40 years. Principal enemy is in our own govt ministers

Fr fin min (name?). Will not have privatization revenue, need to develop human resources
Congratulate JAB on Plaza agreement

1056 Delors. Reasons 2nd cycle better - economies more flexible, inflation controlled
3 main points for future
Reinforcement of growth thru supply side measures

EC must make greatest effort
The single market will be most import. structural reform

Cites figures totalling 6% BGNP ~~the~~ of gains.

Will not be a closed zone
Will be largest market in world.
Japan showing that cultural obstructions not insuperable

- Are we concentrating enough on rural development - towns, land conservatio

Major companies really world wide & integrated, but not govt
New frontier for growth in world mkt

1106 Mulroney - should congratulate leaders of Europe, especially Delors - also Mitterand, Kohl, Thatcher

1107

R²

As gov of Cal found welfare cost \$2 for every \$1 reaching poor. Has tried to make USG more efficient. Passport delay down from 43 hrs to 12. Private sector - \$84 x 10⁹ in private charity - admin cost 6 or 7%.

First goal of bureaucrats is to preserve the bureaucracy

Looks at help wanted ads in Sunday Post 60-75 full pages. Similar in other cities

Reduce burden on govt, lower costs

Page 4

1113

Lawson. Fiscal policy different 2 cycles

Cycle 1 - how to get growth - much emphasis but poor results. Reason not Keynesian policies - raise govt deficit

Cycle 2 Fiscal policy to reduce deficits. UK now has a surplus - but in 7th year of govt not slack monetary policy

Structural reforms have done it - lets the market where ordinary people can give their best. A lot more to do.

Fiscal pol not engine of growth. Should provide stability

Eliminate deficits, reform taxes to remove distortions + disincentives

1119

Kohl. Process of rethinking going on. Don't talk about a market econ but a social market economy. Need high degree of social justice. Tremendous opportunity in unified market. New quality of life.

1122 Kohl-cont

Planning layout tax cuts in FRG history
 Reform health insurance system - enormous
 conflicts but costs too high & rising
 Deregulation also heavily opposed - e.g. telecom.
 Free econ means free bath & defend every
 absurd position

Unemployment - structural in coal, steel,
 shipbuilding, farmers. Best unjustified
 exploitation a serious problem

Inflation rate very very important - 2
 disastrous experience

Sent out message of optimism & free markets
 Countries everywhere adopting our policies

1129

Mulroney - all sounds like Canada
 Takeshita - Should stress policy coordination -
 will create confidence. Growth 87 Japan
 4.9% - higher first for 88. Domestic demand led
 growth will take root

Labor-mgmt relations excellent
 Privatization of NTT successful
 Plaza Agreement - Noboru means to rise.
 People ~~and~~ said you rose but your
 reputation went down.

Hopes stable X rate will continue
 Struct adj based on Maekawa report
 Ag, distrib, land, tax reform on agenda
 will introduce a consumption tax
 Imports increasing
 Promote policy coord

1137

1137

Baker. Pol coord process given a pol process to better coord policies. Have proved it can work - will rollout present office holders.

1140

Mulroney congrats Baker for cooperation

1141

Amato. Fiscal policy, ~~cycles~~ cycles 1+2

Deficit spending beyond a certain level harms econ. Had become mostly transfer. Reagan tax reforms important. Italy trying to make similar changes

Some pub exp useful

In Italy health all pub - but envy the HMO's of US

1149

Th - tell FM's either to speed up or to give up Reagan - quotes Kaldor - beginning of empire tax rate were low, revenues high; at end of empire reverse Estimators always think tax cuts lower revenue. etc

1153

GPS arrived

Reagan - filing case story from WW2.

1155

Bergqvist - agrees with Delors re on market also with R that we should cut taxes. We've great debt to JAB. To finance growth we mobilize capital and that requires lowering interest rates [sic]. Must coordinate so all bring down rates together.

1159 Debt - Canada introduced idea at Commonwealth Summit
Kohl Problems in debtor countries. We must help
countries to use aid. Must not allow further
environmental devastation with our aid.
Must adopt global thinking

1206 Thatcher. Must give clear statement
Aid loans written off
Paris Club - ask them to negotiate agreement
so that option selected. Lead to fair
burden sharing

1208 Mulroney. Lunch 1230
Next session here 2³⁰ to 4⁰⁰
Then early evening at Hart House

1209 Wilson on debt wording. Nothing to add to what
Thatcher just said. Paris Club meets July, Summit
could give impetus
Baker agrees with Th & W. US ask 97% grants, but
we cannot ~~so~~ forgive principal
Stoltenberg - debt has to be considered in
relation to other issues. Our markets
need to be open, conditions for
investment must be improved as a
precondition

1224 Clark re pol. statement - ready to distribute
E.W. - terrorism - narcotics in political stalemate
China summary - mid east, So Af, Cambodia
Will make clear we have begun discussion
on some other regional issues & will continue
during remainder of Summit

WJ

very poor currencies

37 Baker. Pol coord process given a pol process to better
coord policies. Have proved it can work - will retreat
present office Kaldor.

140 Mulroney Congrats Baker for cooperation

41 Amato. Fiscal policy, ~~cycle~~ cycles 1+2

Deficit spending beyond a certain level harms
econ. Had become mostly transfers. Reagan
tax reforms important. Italy trying to make
similar changes

Some pub exp useful

In Italy health all pub - but envy the HMO's
of US

149 Th - tell FM's either to speed up or to give up
Reagan - quotes Kaldor - beginning of emp tax rate
were low, revenues high; at end of emp reverse
Estimators always think tax cuts lower
revenue. Q

1153 GPS arrived

Reagan - filing case story from WW2.

1155 Bergovoy - agrees with Delors re on market
Also with R that we should cut taxes
Owe great debt to JAB. To finance growth must
mobilize capital and that requires
lowering interest rates [sic]. Must coordinate
so all bring down rates together.

6/20

10.21 For Secs still meeting Kohl not here - when he

comes will let photos in,

10.24 press entering 10:26 leaving - and
bottles being placed on table
Have turned off the screen

Kohl - agree would have few & short papers.

Plenary Mulroney - plan was to have INF as
a stand alone issue - regional issues worthy
of the alliance and
debate great accomplishment, of Pres Reagan.

Plenary with Fin Min only - For Min still
meeting on political statement.

Mulroney reviewing schedule & agenda

10.34 Wilson reports of discussions of fin min
2 G7 meetings since Venice.

Reviews progress in economics -
ex rate, inflation, employment
Sound policies, better coordination
No room for complacency
Lists things to be done
Commod price indicator
Structural policy

OK NSC/state/Pres/Wallers
3/16/2010

10 38 Wilson reading rapidly - standard content
Trade - Agriculture
Send strong signal to world
Mid term review - not only ag
C-NS FTA important - single European market
NIEs - constructive dialog
Debt of percent - menu of options for creditors
Paris Club must examine
Middle income - supported Apr decision of G7
GCI for IBRD
Constructive dialog

10 42 Mul asks R² to talk on fiscal policy
Reads his TPA, Emphasis on structural policies
Re the 16 x 10⁶ new jobs in US - bulk created
by entrepreneurs - ²/₃ by employers of
fewer than 500.
A case budding peasant got arthritis - moved
into making brownies. Last year \$1.25 million
revenue, 35 employees. Classic example
of entrepreneur.
Mul says Radut meant to limit R² to fiscal policy
Th - diff ~~two~~ between cycles 1 & 2
1 dealt with distributing wealth
2 " " " producing "
Although Ron put in examples, it
really is a most fundamental sort
All Ministers trying to expand budgets
Cause of it + Reads of govt must resist
They assume entitled to what they have
and just want more.

1052 Mulroney - pub spending big part in Canada
deficit reduced last 4 yrs in C, first time in 40
years. Principal enemy is in over 200 govt -
ministers

Fr. fin min (name?). Will not have privatization
revenue, need to develop human resources.
Congratulates JAB on Plaza agreement

1056 Delors Reasons 2nd cycle better - economies more
flexible, inflation controlled

3 main points for future

Reinforcement of growth thru supply
side measures

EC must make greatest effort

The single market will be most important
structural reform

Cites figures totalling 6% of GNP ~~that~~
of gains.

Will not be a closed zone

Will be largest market in world.

Japan showing that cultural obstructions
not insuperable

- Are we concentrating enough on rural
development - towns, land conservation

Major companies really world wide
& integrated, but not govt

New frontier for growth in world mktls

1106 Mulroney - should congratulate leaders
of Europe, especially Delors - also
Mitterand, Kohl, Thatcher

1107 R² As gov of Cal found welfare cost \$2 for every \$1 reaching poor. Has tried to make KSE more efficient. Passport delay down from 43 days to 12. Private sector - \$84 x 10⁹ in private charity - admin cost 6 or 7%.
First goal of bureaucrats is to preserve the bureaucracy
Looks at help wanted ads in Sunday Post 60-75 full pages, similar in other cities
Reduce burden on govt, lower costs

1113 Lawson. Fiscal policy different 2 cycles
Cycle 1 - how to get growth - much emphasis but poor results. Reason too Keynesian policies - raise govt deficit
Cycle 2 Fiscal policy to reduce deficits. UK now has a surplus - but in 7th year of growth
Not slack monetary policy
Structural reforms have done it - lists them
Change where ordinary people can give of their best. A lot more to do
Fiscal pol not engine of growth. Should provide stability
Eliminate deficits, reform taxes to remove distortions + disincentives

1119 Kohl. Process of rethinking govt on. Don't talk about a market econ but a social market economy. Need high degree of social justice
Tremendous opportunity in unified market
New quality of life

1122 Kohl - cont

Planning layout tax cuts in FRG history
Reform health insurance system - enormous
conflicts but costs too high & rising
Deregulation also heavily opposed - e.g. telecom.
Free econ means free battle to defend every
absurd position

Unemployment - structured in coal, steel,
shipbuilding, farmers. But unjustified
exploitation a serious problem
Inflation rate very very important - 2
disastrous experience

Sent out message of optimism & free markets
Countries everywhere adopting our policies

1129 Mulroney - all sounds like Canada

Takehita - Should stress policy coordination -
will create confidence. Growth 87 Japan
4.9% - higher first for 88. Domestic demand led
growth will take root

Labor-mgmt relations excellent

Privatization of NTT successful

Plaza Agreement - Noboru means to rise.

People ~~and~~ said you rose but your
reputation went down.

Hopes stable X rates will continue

Struct adj based on Maekawa report

Ag, distrib, land, tax reform on agenda
will introduce a consumption tax

Imports increasing

Promote policy coord

1137

JT Long bond currencies

- 1137 Baker. Pol coord process given a pol process to better coord policies. Have proved it can work - will outlast present office holders.
- 1140 Mulroney congratulates Baker for cooperation
- 1141 Amato. Fiscal policy, ~~cycle~~ cycles 1+2
Deficit spending beyond a certain level harms econ. Had become mostly transfers. Reagan tax reforms important. Italy trying to make similar changes
Some pub exp useful
In Italy health all pub - but envy the HMO's of US
- 1149 Th - tell FM's either to speed up or to give up
Reagan - quotes Kaldor - beginning of empire tax rates were low, revenues high; at end of emp reverse
Estimators always think tax cuts lower revenue. etc
- 1153 GPS arrived
Reagan - filing case story from WW2.
- 1155 Bergovoy - agrees with Delors re on market
Also with R that we should cut taxes
Owe great debt to JAB. To finance growth must mobilize capital and that requires lowering interest rates [sic]. Must coordinate so all bring down rates together.

1159 Debt - Canada initiated idea at Commonwealth Summit
Kohl Problems in debtor countries. We must help
countries to use aid. Must not allow further
environmental devastation with our aid.
Must adopt global thinking

1206 Thatcher. Must give clear statement
Aid loans written off
Paris Club - ask them to negotiate agreements
so that options selected lead to fair
burden sharing

1208 Mulroney. Lunch 1230
Next session here 2³⁰ to 4⁰⁰

Then early evening at Hart House

1209 Wilson on debt wording. Nothing to add to what
Thatcher just said. Paris Club meets July, Summit
could give impetus

Baker agrees with Th & W. US aid 97% grants, but
we cannot ~~to~~ forgive principal

Stoltenberg - debt has to be considered in
relation to other issues. Our markets
need to be open, conditions for
investment must be improved as a
precondition

1214 Clark re pol. statement - ready, W distributes
EW - terrorism - narcotics in political statement
China summary - mid-east, So Af, Cambodia
Will make clear we have begun discussion
on some other regional issues & will continue
during remainder of Summit

1217

Amato - debt

Relation btwn reducing debt & development

Italian proposal should be taken account of
- combinations, partial cancellations

Mulroney Haiti - Namphy has announced he is in
charge. Few civilian casualties
Port au Prince calm

1222 Adjourn