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The President has seen 6/16/88 4258

THE WHITE HOUSE
WASHINGTON

Received

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1988 JUN 9 PM 7:54

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June 9, 1988

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: COLIN L. POWELL 

SUBJECT: Weekend Reading for the Toronto Summit

On Tuesday, June 14, you will be briefed in preparation for what could be one of the most interesting sessions at Toronto -- the discussion of futures issues. That session will provide a unique opportunity for you to give other Heads your vision of the future.

To help make the briefing as useful to you as possible, we have prepared the attached background paper for your weekend reading.

Attachment
Tab A Background Paper

Prepared by:
Stephen P. Farrar

cc: Vice President
Chief of Staff (2)

BACKGROUND PAPER

TORONTO ECONOMIC SUMMIT

A Look at the Future

Introduction

The informal Heads-only session scheduled for Monday afternoon, June 20, is planned as a discussion of economic issues the Summit countries will face over the next 7 - 10 years. A briefing is scheduled for 2:00 P.M., Tuesday, June 14, to help you prepare for that session.

Other Heads have asked that you begin the discussion at the session. This is a good opportunity for you to define your economic legacy, highlighting the importance of flexible, market-based economies in the successful performance of the U.S. and world economies over the past seven years and in responding to the challenges of the future.

Past Successes

When you entered office, most Summit countries were faced with double-digit inflation, slow growth, and high unemployment. Within a year, the dominant problem was worldwide recession.

The past six years, however, have been marked by a prolonged period of growth with low inflation. This success is largely attributable to a remarkable convergence of thought within the U.S. and among Summit countries concerning the role of private enterprise and flexible markets in promoting growth and development. That policy convergence has been translated into positive cooperative action in the G-7, the GATT, the IMF, the OECD, and other world economic forums.

Future Challenges

Two related forces will dominate the development of the world economy in the future as they have throughout the post-war era: the rapid advances in technology and increasing global integration.

- Improvements in technology are continuously creating new products and more efficient production processes. Technology is also increasing the speed with which new ideas are dispersed around the world.

- Global integration occurs as national markets become more open to trade of goods and services and to flows of investment. Today's computers, advanced telecommunications, and rapid travel further shrink the globe. Mobility means that national boundaries are less and less important in shaping business decisions and influencing economic performance.

Future economic prosperity depends on taking advantage of the opportunity arising from advancing technology and global economic integration by increased international cooperation and market flexibility.

- Cooperation is vital because distortions in one country quickly produce market disruptions that spill across national boundaries. Also, cooperation is needed to promote growth in the third world, particularly in countries of special importance to the security of our alliances.
- Economic flexibility is the key to responding to tomorrow's challenges and taking advantage of its opportunities. Flexibility works by unleashing the innovative powers of private enterprise. Governments that are best able to shed the weight of economic rigidities and protective subsidies will be the most successful. Flexibility is increased, for example, by removing barriers to the flow of investment. This includes investment in education (human capital) and in research. A more educated, more productive workforce will be vital in the future as we seek to sustain growth while keeping our commitments to a steadily aging population.

Perhaps the best evidence of the need for market flexibility is the fact that the Soviets, the Chinese, and many other socialist governments have concluded that only a rapid turn toward openness and freedom can save them from economic extinction.

The Bottom Line

Summit Heads should be left with the message that the only way to prepare with confidence to meet the many challenges of the future is to continue our cooperative efforts to strip our economies of unnecessary baggage. We must be prepared to be adaptable, to travel light. This means clearing the way for individual freedom to innovate and to compete. In a very real sense, the future belongs to the flexible.

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

ACTION

June 9, 1988

MEMORANDUM FOR COLIN L. POWELL

FROM: STEPHEN I. DANZANSKY

SUBJECT: Preparing for Toronto -- Weekend Reading for
the President

Working with CEA, we have prepared a short paper on futures issues for the President's weekend reading (see Tab A). The paper provides background for the Toronto Summit briefing on these issues scheduled for Tuesday, June 14.

TC
Ty Cobb and Marybel Batjer concur.

RECOMMENDATION

That you sign the memorandum to the President at Tab I forwarding the paper on futures issues for the President's weekend reading.

Approve ✓ Disapprove _____

Attachments

Tab I Memo to the President
Tab A Background Paper

Prepared by: *SRF*
Stephen P. Farrar

Copy for me.

CV

National Security Council
The White House

COM

88 JUN 9

P 6: 12

System #

Package #

DOCLOG

COM
I
4258
COM AIO

	SEQUENCE TO	HAS SEEN	DISPOSITION
Bob Perito	<u>2</u>	RmP	A
Marybel Batjer	<u>1</u>	✓	A
Paul Stevens	<u>3</u>	✓	
John Negroponte	<u>4</u>	John	
Colin Powell	<u>5</u>	✓	
Paul Stevens			
Situation Room			
West Wing Desk	<u>6</u>	rec 6/9	D
NSC Secretariat	<u>7</u>		N-Pres Noted

I = Information **A = Action** R = Retain D = Dispatch N = No further Action

cc: VP Baker Other CLP

COMMENTS Should be seen by: _____ (Date/Time)

UNCLASSIFIED
ACTION DATA SUMMARY REPORT

RECORD ID: 8804258

DOC ACTION OFFICER

CAO ASSIGNED ACTION REQUIRED

001 POWELL
002 PRESIDENT
003

Z 88060917 FOR SIGNATURE
Z 88060919 FOR INFORMATION
X 88061614 NOTED BY PRES

UNCLASSIFIED
NSC/S PROFILE

RECORD ID: 8804258
RECEIVED: 09 JUN 88 12

TO: PRESIDENT

FROM: POWELL

DOC DATE: 09 JUN 88
SOURCE REF:

KEYWORDS: ECONOMICS
TORONTO SUMMIT

CANADA

PERSONS:

SUBJECT: PREPARING FOR TORONTO / WEEKEND READING FOR PRES

ACTION: NOTED BY PRES DUE DATE: 13 JUN 88 STATUS: C

STAFF OFFICER: FARRAR LOGREF:

FILES: WH NSCIF: CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO
FARRAR

COMMENTS:

DISPATCHED BY _____ DATE _____ W/ATTCH: YES NO

OPENED BY: NSJWD CLOSED BY: NSW *NSC* DOC 3 OF 3

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