

Ronald Reagan Presidential Library Digital Library Collections

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

Collection: White House Office of Records Management:
Presidential Handwriting File, 1981-1989
(COPY SET): Presidential Speeches

Folder Title: Folder 315 (09/25/1984 Continued)

Box: 17

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/>

Last Updated: 01/17/2025

(ELLIOTT)

SEPTEMBER 25, 1984

PRESIDENT'S BACKUP COPY:

ADDRESS INTERNATIONAL MONETARY FUND AND WORLD BANK

2325148C
SP9/4

THANK YOU VERY MUCH. MR. CHAIRMAN, MANAGING
DIRECTOR DE LAROSIERE, PRESIDENT CLAUSEN, GOVERNORS OF THE
INTERNATIONAL MONETARY FUND AND THE WORLD BANK GROUP, AND
DISTINGUISHED GUESTS. ON BEHALF OF THE AMERICAN PEOPLE, WE ARE
DELIGHTED TO WELCOME YOU TO THE UNITED STATES FOR YOUR
39TH ANNUAL MEETING.

I AM HONORED, ONCE AGAIN, TO ADDRESS THE LEADERS OF YOUR
INSTITUTIONS. YOUR QUEST TO IMPROVE THE CONDITION OF HUMANKIND,
TO OFFER OPPORTUNITIES FOR FULFILLMENT IN OUR INDIVIDUAL LIVES
AND THE LIFE OF OUR NATIONAL AND WORLD COMMUNITIES, PLACES YOU IN
A POSITION OF RESPONSIBILITY AND LEADERSHIP SECOND TO NONE. YOU
ARE TRUE MISSIONARIES FOR A MORE PROSPEROUS WORLD AND A MORE
PEACEFUL WORLD.

WE WHO ARE PUBLIC SERVANTS IN THIS INTERNATIONAL ECONOMIC
COMMUNITY KNOW WELL THE DAILY PROBLEMS AND PITFALLS THAT OBSTRUCT
OUR PATH TO PROGRESS. SOMETIMES THE IMMENSITY OF THESE
CHALLENGES, AND THE ATTENTION THEY RECEIVE, SEEM ALL BUT
OVERWHELMING TO US.

BUT IN THESE MOMENTS LET US REMEMBER AND DRAW STRENGTH FROM
THE MOST POWERFUL, ENDURING TRUTH IN HUMAN HISTORY: FREE MEN AND
WOMEN ARE NOT DESTINED TO BE POWERLESS VICTIMS OF SOME CAPRICIOUS
HISTORICAL TIDE; FREE MEN AND WOMEN ARE THEMSELVES THE DRIVING
FORCE OF HISTORY. OUR FUTURE IS NEVER TRAPPED IN THE HANDS OF
FATE. OUR FUTURE WILL DEPEND ON OUR OWN FREEDOM, COURAGE,
VISION, AND FAITH.

WHEN I FIRST SPOKE TO YOU 3 YEARS AGO, I ASKED THAT WE EXAMINE THE TERRIBLE SHOCKS INFLICTED UPON THE WORLD ECONOMY DURING THE 1970's, THAT ALL OF US FACE UP TO THE ORIGINS OF THOSE PROBLEMS, AND ALSO RECOGNIZE OUR ABILITY TO WITHSTAND AND SURMOUNT THEM.

FOR OUR PART, WE SAID ONE CONCLUSION SEEMED BOTH UNDENIABLE AND UNIVERSALLY TRUE. THE SOCIETIES WHOSE ECONOMIES HAD FARED BEST DURING THESE TUMULTUOUS TIMES WERE NOT THE MOST TIGHTLY CONTROLLED, NOT NECESSARILY THE BIGGEST IN SIZE, NOR EVEN THE WEALTHIEST IN NATURAL RESOURCES. WHAT UNITED THE LEADERS FOR GROWTH WAS A WILLINGNESS TO TRUST THE PEOPLE -- TO BELIEVE IN REWARDING HARD WORK AND LEGITIMATE RISK.

SO THE UNITED STATES MADE A NEW BEGINNING -- ONE BASED ON OUR CONVICTION THAT WE COULD ONLY MEET THE CHALLENGE OF CONTRIBUTING TO WORLD ECONOMIC GROWTH, AND OF ASSURING THAT ALL COUNTRIES, ESPECIALLY THE POOREST, PARTICIPATE FULLY IN THAT GROWTH, BY RENOUNCING PAST POLICIES OF GOVERNMENT REGIMENTATION AND OVERSPENDING, AND BY TAKING DECISIVE ACTION TO GET OUR DOMESTIC HOUSE IN ORDER AND RESTORE INCENTIVES TO LIBERATE THE GENIUS AND SPIRIT OF OUR FREE PEOPLE.

AND WHILE WE WOULD NOT IMPOSE OUR IDEAS OR OUR POLICIES ON ANYONE ELSE, WE FELT OBLIGED TO POINT OUT THAT NO NATION CAN HAVE PROSPERITY AND SUCCESSFUL DEVELOPMENT WITHOUT ECONOMIC FREEDOM. NOR CAN IT PRESERVE PERSONAL AND POLITICAL FREEDOMS WITHOUT ECONOMIC FREEDOM. ONLY WHEN THE HUMAN SPIRIT CAN DREAM, CREATE, AND BUILD, ONLY WHEN INDIVIDUALS ARE GIVEN A PERSONAL STAKE IN DECIDING ECONOMIC POLICIES AND BENEFITTING FROM THEIR OWN SUCCESS -- ONLY THEN DO SOCIETIES BECOME DYNAMIC, PROSPEROUS, PROGRESSIVE, AND FREE.

WE INVITED ALL OF YOU TO JOIN US, AND WALK WITH US ON THIS NEW PATH OF HOPE AND OPPORTUNITY. SOME OF YOU HAVE. WE KNEW THIS ENDEAVOR WOULD BE NEITHER SHORT NOR EASY; WE KNEW IT WOULD REQUIRE GREAT EFFORT AND PATIENCE. BUT WE WERE CONFIDENT THAT ONCE OUR PEOPLE SAW IT THROUGH, THE REWARDS WOULD BE FAR GREATER THAN ANTICIPATED.

I BELIEVE THAT CONFIDENCE HAS BEEN JUSTIFIED. AS I SAID YESTERDAY TO THE UNITED NATIONS, WE CAN SPEAK AGAIN, AND WE SHOULD, OF A FUTURE THAT IS BRIGHT AND HOPEFUL; A FUTURE OF PROSPERITY THAT I BELIEVE IS FAR NEARER THAN MOST OF US WOULD EVER DARE TO HOPE. BY WORKING TOGETHER, WE CAN MAKE IT HAPPEN.

OUR OWN ECONOMY IS DRAMATICALLY CHANGED FROM ONLY 3 YEARS AGO. REWARDING HARD WORK AND RISK TAKING HAS GIVEN BIRTH TO AN AMERICAN RENAISSANCE. BORN IN THE SAFE HARBOR OF FREEDOM, ECONOMIC GROWTH GATHERED FORCE, AND ROLLED OUT IN A RISING TIDE THAT HAS REACHED DISTANT SHORES.

WE ARE HEARTENED THAT THE STRENGTH OF THE U.S. ECONOMY IS HELPING LEAD THE WORLD FROM RECESSION TOWARD A NEW PERIOD OF LASTING ECONOMIC EXPANSION, WITH LOWER RATES OF INFLATION IN MANY COUNTRIES. AND WE'RE CONVINCED WE CAN CONTINUE TO OFFER THIS LEADERSHIP IN THE FUTURE.

PERMIT ME TO ELABORATE. THE UNITED STATES HAS ENJOYED 21 STRAIGHT MONTHS OF ECONOMIC GROWTH -- THE STRONGEST GROWTH SINCE 1950. WE'VE WITNESSED THE CREATION OF 6 MILLION JOBS, AND SEEN OUR EXPANSION SUSTAINED BY EXCEPTIONALLY LOW INFLATION. CONSUMER PRICES ARE RISING BY ONLY AROUND 4 PERCENT NOW, COMPARED WITH OVER 12 PERCENT IN 1980.

AND LET ME EMPHASIZE THAT WE ARE DETERMINED TO MAKE ANOTHER CHANGE FROM PAST POLICIES -- WE INTEND TO BRING INFLATION DOWN EVEN MORE, AND WE ARE DETERMINED TO KEEP IT DOWN, BY CONTINUING TO RESTRAIN THE GROWTH OF OUR GOVERNMENT SPENDING. WE HAVE ALREADY CUT THE RATE OF THAT SPENDING GROWTH BY MORE THAN HALF, AND WE ARE PUSHING HARD FOR AN AMENDMENT TO OUR CONSTITUTION PLACING MANDATORY LIMITS ON GOVERNMENT'S POWER TO SPEND.

FUELING ECONOMIC GROWTH HAS BEEN THE RECORD INCREASE IN VENTURE CAPITAL AND BUSINESS INVESTMENT, BOTH RESULTS OF NEW INCENTIVES IN OUR TAX STRUCTURE. THIS SURGE IN RISK TAKING AND INNOVATION HOLDS OUT THE PROMISE FOR CONTINUED STRENGTH IN PRODUCTIVITY GROWTH AND NEW BREAKTHROUGHS IN ADVANCED TECHNOLOGY.

WE BELIEVE WE HAVE TAKEN ONLY THE FIRST SMALL STEPS INTO THE NEWEST FRONTIER -- THE TECHNOLOGICAL REVOLUTION. BY REACHING FOR GREAT GAINS IN PRODUCTIVITY WE CAN CREATE A BOUNTY OF NEW JOBS, TECHNOLOGIES, AND IMPROVEMENTS IN THE QUALITY OF LIFE SURPASSING ANYTHING WE HAVE EVER BEFORE DREAMED OR IMAGINED. I TELL YOU TODAY FROM MY HEART: WE IN AMERICA WANT TO SHARE OUR KNOWLEDGE AND THE BLESSINGS OF PROGRESS WITH YOU AND YOUR CITIZENS, BECAUSE TOGETHER, AND ONLY TOGETHER, CAN WE BUILD A BETTER WORLD -- A FAR BETTER WORLD.

SO JUST AS WE MUST DO MORE TO RESTRAIN PUBLIC SPENDING, WE BELIEVE MORE CAN AND MUST BE DONE TO INCREASE PERSONAL INCENTIVES. WE WILL NOT BE SATISFIED UNTIL AMERICA CHALLENGES THE LIMITS OF GROWTH. WE WANT TO ENACT AN HISTORIC SIMPLIFICATION OF OUR TAX SYSTEM THAT WILL ENABLE US TO SIGNIFICANTLY INCREASE INCENTIVES BY BRINGING PERSONAL INCOME TAX RATES FURTHER DOWN, NOT UP.

WE HAVE NOTED THE INCREASED RECOGNITION GIVEN TO THE CENTRAL ROLE OF INCENTIVES IN PROMOTING ECONOMIC GROWTH. THE WALL STREET JOURNAL RECENTLY CITED SURVEYS, PUBLISHED BY THE ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT, AS INDICATING GOVERNMENTS CAN BEST SPARK ECONOMIC GROWTH BY SPENDING LESS AND CUTTING TAX RATES, NOT BY PLANNING AN ELABORATE INDUSTRIAL POLICY. THIS IS OUR STRATEGY FOR GROWTH, AND IT WILL ALLOW US TO KEEP AMERICA'S DEFICIT ON ITS CURRENT DOWNWARD PATH.

AND AS WE CONTINUE MOVING FORWARD, WE'RE HEARTENED TO SEE THAT RECOVERY ABROAD IS GAINING MOMENTUM. GROWTH OF WELL OVER 3 PERCENT IS BEING PROJECTED FOR OTHER INDUSTRIAL COUNTRIES IN 1984 AND 1985. AND WE'RE SEEING A RISE IN DEVELOPING COUNTRY GROWTH RATES, LED BY THOSE AGGRESSIVELY PURSUING OUTWARD-LOOKING AND MARKET-ORIENTED POLICIES.

THIS BROADENING ECONOMIC GROWTH HAS HAD A SIGNIFICANT IMPACT ON STIMULATING WORLD TRADE. YOUR 1984 I.M.F. ANNUAL REPORT POINTED OUT: "WITH THE PROGRESS OF ECONOMIC RECOVERY IN THE INDUSTRIAL COUNTRIES, THE VOLUME OF WORLD TRADE BEGAN TO EXPAND QUITE STRONGLY IN 1983, AND THE PROLONGED DETERIORATION IN THE TERMS OF TRADE OF NON-OIL DEVELOPING COUNTRIES CAME TO AN END."

EXPANSION HERE IN THE WORLD'S LARGEST SINGLE MARKET HAS MEANT INCREASED TRADING OPPORTUNITIES FOR OTHER NATIONS. TOTAL U.S. IMPORTS ROSE 32 PERCENT IN THE FIRST HALF OF THIS YEAR, AND FOR THE FULL YEAR, OUR IMPORTS ARE EXPECTED TO EXCEED 1983 IMPORTS BY OVER 25 PERCENT. U.S. IMPORTS FROM THE NON-OIL DEVELOPING COUNTRIES ROSE ABOUT 14 PERCENT IN 1983; AND THEY'RE UP BY NEARLY 30 PERCENT FOR THE FIRST HALF OF 1984.

WE SOMETIMES HEAR COMPLAINTS ABOUT U.S. INTEREST RATES, PARTICULARLY BY DEBTOR NATIONS, WHICH ARE LEGITIMATELY CONCERNED ABOUT THE ADDITIONAL DEBT SERVICE COSTS THEY MUST BEAR. BUT NOT ENOUGH MENTION IS MADE OF TRADE AND THE FAR GREATER BENEFITS DEVELOPING COUNTRIES RECEIVE FROM RENEWED ECONOMIC GROWTH AND OPEN MARKET POLICIES OF THE UNITED STATES.

FOR THE U.S. ALONE, IMPORTS FROM THE NON-OPEC L.D.C.'s DURING THE FIRST 7 MONTHS OF THIS YEAR INCREASED BY MORE THAN \$12 BILLION OVER THE AMOUNT DURING THE SAME PERIOD LAST YEAR. BY COMPARISON, A 1-PERCENT INCREASE IN INTEREST RATES WOULD INCREASE NET INTEREST PAYMENTS BY THE NON-OPEC L.D.C.'s BY ONLY ABOUT \$2-1/2 BILLION. BUT WE'RE NOT SEEING AN INCREASE IN INTEREST RATES. THERE HAS BEEN A SLIGHT DROP IN THE LAST SEVERAL DAYS AND I BELIEVE THERE WILL BE MORE OF THAT AHEAD.

SO, WE CAN BE PLEASED AT THE IMPROVING OUTLOOK FOR THE WORLD'S ECONOMY. BUT WE CAN'T BE COMPLACENT. AT THE WILLIAMSBURG AND LONDON ECONOMIC SUMMITS, MY COLLEAGUES AND I AGREED THAT, IF WE ARE TO MAKE THE STRENGTH OF THE INTERNATIONAL ECONOMY STRONGER STILL, THE SOUND DOMESTIC POLICIES UNDERLYING CURRENT PROGRESS MUST BE PRESERVED.

I THINK WE'VE ALL LEARNED FROM BITTER EXPERIENCE THAT QUICK FIXES DON'T SOLVE DEEP-SEATED PROBLEMS. THE MORE DIFFICULT PATH IS TO RESIST THE TEMPTATION OF POLITICALLY EXPEDIENT SOLUTIONS, OR THE PRESSURE OF POWERFUL INTEREST GROUPS, AND TO INSTEAD MAKE THE HARD CHOICES NECESSARY TO ADVANCE THE LONG-TERM GOOD OF ALL THE PEOPLE. BUT WE MUST PERSEVERE.

BUT, ONCE THE CORNER HAS BEEN TURNED, ONCE ECONOMIC GROWTH AND FINANCIAL HEALTH ARE BUILT ON A FOUNDATION OF GRANITE RATHER THAN PLAYING CARDS, WE WILL HAVE OPENED THE DOOR TO A NEW FUTURE OF OPPORTUNITY FOR OUR CHILDREN, AND OUR CHILDREN'S CHILDREN.

FOR THEIR SAKE, AS WELL AS OURS, WE MUST NOT ONLY GO FORWARD WITH DOMESTIC POLICIES THAT ENCOURAGE GROWTH, WE MUST STAUNCHLY RESIST POLICIES THAT DESTROY IT. LET ME UNDERSCORE THE SPECIAL IMPORTANCE WHICH THE UNITED STATES ATTACHES TO RESISTING PROTECTIONIST PRESSURES.

ALL OF US KNOW HOW CRUCIAL WORLD TRADE IS TO THE HEALTH OF OUR ECONOMIES, AND HOW FIERCELY COMPETITIVE TRADE IS NOWADAYS. FEW OF OUR INDUSTRIES ARE UNAFFECTED BY THE PRESSURE OF FOREIGN GOODS AND SERVICES, WHETHER COMPETING FOR SALES AT HOME OR ABROAD. OUR COMMON CHALLENGE IS TO PURSUE POLICIES PERMITTING FREER AND FAIRER TRADE.

I KNOW THERE HAS BEEN CONCERN, ESPECIALLY AMONG DEBTOR COUNTRIES, THAT PRESSURES FOR TRADE PROTECTIONISM IN THE UNITED STATES COULD LEAD US TO RUN UP THE FLAG, ERECTING NEW IMPORT BARRIERS, AND HARMING PROSPECTS FOR THEIR EXPORT GROWTH.

WELL, WE BELIEVE OUR RECORD SHOULD PUT THOSE DOUBTS TO REST. REQUESTS FOR PROTECTION ON TUNA, STAINLESS STEEL FLATWARE, SHOES, AND COPPER HAVE ALL BEEN TURNED DOWN.

ONLY LAST WEEK I REAFFIRMED THE U.S. COMMITMENT TO AN OPEN WORLD TRADING SYSTEM BY REJECTING PROTECTIONIST QUOTA AND TARIFF RELIEF FOR THE STEEL INDUSTRY. I HAVE DECIDED INSTEAD TO TAKE VIGOROUS ACTION AGAINST UNFAIR TRADE PRACTICES IN STEEL THAT WILL PROVE TO BE IN THE BEST LONG-TERM INTEREST OF CONSUMING AND SUPPLYING NATIONS ALIKE.

BUT WE'RE NOT JUST FIGHTING PROTECTIONISM, WE WANT TO GO FORWARD TOWARD MORE OPEN MARKETS. AT THE LONDON SUMMIT, WE PRESSED FOR NEW EFFORTS TO LIBERALIZE AND EXPAND INTERNATIONAL TRADE. CONSULTATIONS ARE CONTINUING AMONG GATT COUNTRIES ON THE POSSIBLE OBJECTIVES, ARRANGEMENTS, AND TIMING FOR A NEW NEGOTIATING ROUND. FOR THE MILLIONS AROUND THE GLOBE WHO LOOK TO US FOR HELP AND FOR HOPE, I URGE ALL OF YOU TODAY: JOIN US. SUPPORT WITH US A NEW, EXPANDED ROUND OF TRADE LIBERALIZATION, AND, TOGETHER, WE CAN STRENGTHEN THE GLOBAL TRADING SYSTEM AND ASSURE ITS BENEFITS SPREAD TO PEOPLE EVERYWHERE.

THIS IS NOT JUST MY CHALLENGE, THIS IS OUR CHALLENGE. IT CAN ONLY HAPPEN IF WE MAKE IT HAPPEN. BUT IF WE DO, IF EACH OF US IS PREPARED TO GIVE A LITTLE, THE PEOPLE OF THE WORLD WILL GAIN A LOT.

OUR SENSIBLE FIVE-PART DEBT STRATEGY, ENDORSED AT WILLIAMSBURG AND STRENGTHENED IN LONDON, HAS SHOWN ITSELF TO BE SUFFICIENTLY FLEXIBLE AND DYNAMIC TO MEET THE DIVERSE NEEDS OF DEBTOR NATIONS. THESE NATIONS IN PARTNERSHIP WITH THE I.M.F. ARE CHARTING A COURSE OF RENEWED PROSPERITY AND STABILITY WHICH CAN SERVE AS A GUIDEPOST FOR OTHERS TO FOLLOW. THE INTERNATIONAL FINANCIAL SYSTEM IS THE ULTIMATE BENEFICIARY OF THESE INDIVIDUAL COUNTRY SUCCESS STORIES AND IS STRONGER TODAY THAN WHEN WE MET HERE LAST YEAR.

PROVIDING AN ENVIRONMENT TO FOSTER LASTING, NON-INFLATIONARY GROWTH REQUIRES FINANCING FROM BOTH INTERNAL AND EXTERNAL SOURCES. IT HAS BECOME CLEAR THAT A VARIETY OF CAPITAL INFLOWS IN THE DEVELOPING COUNTRIES WILL BE NECESSARY. COUNTRIES WILL HAVE TO RELY LESS ON EXTERNAL DEBT AND MORE ON DIRECT PRIVATE INVESTMENT -- BOTH FOREIGN AND DOMESTIC.

POLICIES THAT ATTRACT FOREIGN INVESTORS ARE IDENTICAL WITH THOSE POLICIES THAT ENCOURAGE DOMESTIC SAVINGS AND INVESTMENTS AND CONTRIBUTE TO THE EFFICIENT USE OF SCARCE CAPITAL RESOURCES; POSITIVE REAL INTEREST RATES; A REALISTIC EXCHANGE RATE; FREE CONVERTABILITY OF CURRENCY; AND A RESPECT FOR PROPERTY RIGHTS -- IN SHORT, AN ECONOMIC ENVIRONMENT THAT ALLOWS INVESTORS TO EARN A FAIR, REAL AFTER-TAX RATE OF RETURN.

AT THE LAST ECONOMIC SUMMIT IN LONDON THIS JUNE, WE ALSO URGED OUR FINANCE MINISTERS TO: "CONSIDER THE SCOPE FOR INTENSIFIED DISCUSSION OF INTERNATIONAL FINANCIAL ISSUES OF PARTICULAR CONCERN TO DEVELOPING COUNTRIES IN THE I.B.R.D. DEVELOPMENT COMMITTEE, AN APPROPRIATE AND BROADLY REPRESENTATIVE FORUM FOR THIS PURPOSE."

I WELCOME THE DECISION BY THE MEMBERS OF THE INTERIM COMMITTEE AND THE DEVELOPMENT COMMITTEE TO ACCEPT THE UNITED STATES' PROPOSAL ANNOUNCED BY SECRETARY REGAN TO SPONSOR AN ENHANCED DIALOGUE ON WAYS THE INDUSTRIALIZED AND DEVELOPING COUNTRIES CAN BETTER PURSUE OUR COMMON GOAL OF ACHIEVING SUSTAINED NON-INFLATIONARY ECONOMIC GROWTH THROUGHOUT THE WORLD. YOUR INSTITUTIONS REPRESENT THE BEST MEANS OF COOPERATIVELY ADDRESSING THE OBSTACLES TO REALIZING THAT GOAL.

AS WE GO FORWARD, WE WILL SUPPORT OUR TWO GREAT INSTITUTIONS, THE I.M.F. AND WORLD BANK, WHICH HAVE BEEN THE CORNERSTONES OF THE INTERNATIONAL ECONOMIC AND MONETARY SYSTEMS SINCE WORLD WAR II. THE UNITED STATES REMAINS HONORED TO BE ONE OF THE "FOUNDING FATHERS" OF BOTH ORGANIZATIONS. BESIDES THEIR ENORMOUS CONTRIBUTIONS TO INDIVIDUAL FREEDOM, PROSPERITY, AND INITIATIVE, THESE MULTILATERAL ORGANIZATIONS ARE EFFECTIVELY HANDLING EVEN GREATER RESPONSIBILITIES AS THE TECHNOLOGICAL REVOLUTION USHERS IN AN INCREASING VELOCITY OF HUMAN TRANSACTIONS AND GREATER GLOBAL ECONOMIC INTERDEPENDENCE.

LAST YEAR THE WORLD BANK COMMITTED OVER \$15 BILLION TO SUPPLEMENT THE EFFORTS OF DEVELOPING MEMBER COUNTRIES TO STRENGTHEN THEIR ECONOMIES. IN ADDITION TO ITS PROVEN EXPERTISE AS AN INVESTMENT PROJECT LENDER, WE VALUE HIGHLY THE BANK'S ABILITY TO PROVIDE HELPFUL POLICY GUIDANCE AND TECHNICAL ASSISTANCE, AND TO ACT AS A CATALYST IN ENCOURAGING PRIVATE ENTERPRISE AND INVESTMENT CAPITAL.

WE ARE COMMITTED TO PROVIDING THE AGREED-UPON LEVEL OF U.S. CONTRIBUTIONS TO THE I.B.R.D. SELECTIVE CAPITAL INCREASE, THE SEVENTH REPLENISHMENT OF I.D.A., AND THE CAPITAL INCREASE OF THE I.F.C.

THE I.M.F. HAS ALWAYS HAD A CENTRAL ROLE IN ASSISTING MEMBERS FACING SERIOUS BALANCE OF PAYMENTS PROBLEMS, AND IT HAS ASSUMED LEADERSHIP IN HELPING DEBTOR COUNTRIES DESIGN ECONOMIC ADJUSTMENT PROGRAMS WHICH SEEK TO RESTORE ECONOMIC AND FINANCIAL BALANCE AND CREDITWORTHINESS. FOR OUR PART, CONSIDERABLE EFFORT WENT INTO NEGOTIATING AND OBTAINING THE NECESSARY LEGISLATIVE CONCURRENCE FOR UNITED STATES PARTICIPATION IN THE QUOTA INCREASE WHICH PROVIDED RESOURCES FOR THE FUND TO DEAL WITH THIS DIFFICULT PROBLEM.

WE DON'T WANT A WORLD IN WHICH SOME NATIONS GO FORWARD WHILE OTHERS ARE LEFT BEHIND. WE WANT A WORLD IN WHICH ALL GO FORWARD TOGETHER. AND WE CAN GO FORWARD TOGETHER, IF OUR GOVERNMENTS GIVE UP SPENDING WHAT NEED NOT BE SPENT, AND LEAVE MORE IN THE HANDS OF ALL THE PEOPLE WHO WORK AND EARN. LET THEM PLANT THE SEEDS OF WEALTH, AND WE WILL SEE THE SMALLEST DREAMS AWAKEN, AND GROW INTO GOLDEN DREAMS FOR ALL MANKIND.

PERMIT ME TO TAKE A BRIEF MOMENT TO SPEAK ABOUT A SUBJECT OF SPECIAL INTEREST AND CONCERN TO OUR GOVERNMENT: THE PARTICULARLY SEVERE ECONOMIC PROBLEMS BESETTING SUB-SAHARAN AFRICA. THE BANK ISSUED THE THIRD IN A SERIES OF EXCELLENT REPORTS ON THIS SUBJECT, AND WE LOOK FORWARD TO WORKING WITH THE BANK, THE FUND, OTHER DONORS, AND AFRICAN COUNTRIES IN DEVELOPING A JOINT RESPONSE.

LAST JANUARY I SUBMITTED TO THE CONGRESS LEGISLATION CALLED THE ECONOMIC POLICY INITIATIVE FOR AFRICA. THIS INITIATIVE CLOSELY PARALLELS THE RECOMMENDATIONS OF THE WORLD BANK CONCENTRATING ON FLEXIBLE DONOR RESPONSE TO AFRICAN ECONOMIC POLICY REFORM INITIATIVES. OUR PLANS CALL FOR A U.S.

CONTRIBUTION OF \$500 MILLION OVER 5 YEARS. AND THIS WOULD BE IN ADDITION TO ONGOING U.S. ECONOMIC ASSISTANCE PROGRAMS WHICH ARE EXPECTED TO RUN ROUGHLY AT THE \$1 BILLION LEVEL IN THE COMING YEAR -- A 30 PERCENT INCREASE OVER SUCH ASSISTANCE LEVELS A FEW YEARS AGO.

I LOOK OUT AT ALL OF YOU THIS MORNING, PEOPLE FROM SO MANY DIFFERENT CULTURES AND COUNTRIES, SPEAKING SO MANY DIFFERENT TONGUES, AND I THINK, OF COURSE, HOW OUR NATIONS SPRING FROM SEPARATE PASTS, HOW MANY OF US LIVE AT OPPOSITE ENDS OF THE EARTH. BUT, ALL OF US, I'M CONVINCED, HAVE BEEN BROUGHT TOGETHER IN THIS PLACE BY ASPIRATIONS THAT BIND US LIKE FRIENDS AND FAMILY: I'M TALKING ABOUT OUR DETERMINATION TO HELP PEOPLE BUILD A BETTER LIFE, TO CLIMB FROM THE SHADOWS OF WANT INTO THE SUNLIGHT OF PROSPERITY. THAT'S WHAT THIS JOB OF OURS IS ALL ABOUT.

WE ARE A LITTLE LIKE CLIMBERS WHO BEGIN THEIR ASCENT FROM OPPOSITE ENDS OF THE MOUNTAIN. THE HARDER WE TRY, THE HIGHER WE CLIMB, AND THE CLOSER WE COME TOGETHER -- UNTIL THAT MOMENT WE REACH THE PEAK AND WE ARE AS ONE.

WHAT I AM DESCRIBING ACTUALLY DID HAPPEN IN REAL LIFE. ONE AMERICAN AND TWO JAPANESE GROUPS BEGAN CLIMBING MT. EVEREST -- THE JAPANESE FROM THE SIDE OF NEPAL AND THE AMERICANS FROM THE SIDE OF TIBET. THE CONDITIONS WERE SO DIFFICULT AND DANGEROUS THAT, BEFORE IT ENDED, TWO CLIMBERS TRAGICALLY LOST THEIR LIVES. BUT, BEFORE THAT TRAGEDY, THESE BRAVE CLIMBERS ALL MET AND SHOOK HANDS JUST UNDER THE SUMMIT. THEN, THEY CLIMBED TO THE TOP FOR THEIR MAGNIFICENT MOMENT OF TRIUMPH.

DISTINGUISHED COLLEAGUES, GOOD FRIENDS, WE ARE NOT ASKED TO FACE THE KIND OF PERILS THOSE CLIMBERS DID. YET, WE DO SHARE THE RISKS AFFECTING THE FUTURE ECONOMIC WELL-BEING OF OUR NATIONS AND THE WORLD. BUT IF THOSE MOUNTAINEERS COULD JOIN HANDS AT THE TOP OF THE WORLD, IMAGINE HOW HIGH OUR PEOPLE CAN CLIMB IF ALL OF US WORK TOGETHER AS POWERFUL PARTNERS FOR THE CAUSE OF GOOD. TOGETHER, WITH FAITH IN EACH OTHER, AND WITH FREEDOM AS OUR GUIDE, THERE IS NOTHING THAT WE CANNOT DO.

THANK YOU VERY MUCH AND GOD BLESS YOU ALL.

#

(Elliott)
September 21, 1984
9:00 p.m.

PRESIDENTIAL ADDRESS: WORLD BANK AND INTERNATIONAL MONETARY FUND
TUESDAY, SEPTEMBER 25, 1984

Thank you very much. Mr. Chairman, Managing Director de Larosiere, President Clausen, Governors of the International Monetary Fund and the World Bank Group, and distinguished guests. On behalf of the American people, we are delighted to welcome you to the United States for your 39th annual meeting.

I am honored, once again, to address the leaders of your institutions. Your quest to improve the condition of humankind, to offer opportunities for fulfillment in our individual lives and the life of our national and world communities, places you in a position of responsibility and leadership second to none. You are true missionaries for a more prosperous world and a more peaceful world.

We who are public servants in this international economic community know well the daily problems and pitfalls that obstruct our path to progress. Sometimes the immensity of these challenges, and the attention they receive, seem all but overwhelming to us.

But in these moments let us remember and draw strength from the most powerful, enduring truth in human history: Free men and women are not destined to be powerless victims of some capricious historical tide; free men and women are themselves the driving force of history. Our future is never trapped in the hands of

fate. Our future will depend on our own freedom, courage, vision, and faith.

When I first spoke to you 3 years ago, I asked that we examine the terrible shocks inflicted upon the world economy during the 1970's, that all of us face up to the origins of those problems, and also recognize our ability to withstand and surmount them.

For our part, we said one conclusion seemed both undeniable and universally true. The societies whose economies had fared best during these tumultuous times were not the most tightly controlled, not necessarily the biggest in size, nor even the wealthiest in natural resources. What united the leaders for growth was a willingness to trust the people -- to believe in the magic of the marketplace -- the magic of rewarding hard work and legitimate risk.

So the United States made a New Beginning -- one based on our conviction that we could only meet the challenge of contributing to world economic growth, and of assuring that all countries, especially the poorest, participate fully in that growth, by renouncing past policies of Government regimentation and overspending, and by taking decisive action to get our domestic house in order and restore incentives to liberate the genius and spirit of our free people.

And while we would ^{not}~~never~~ impose our ideas or our policies on anyone else, we felt obliged to point out that no nation can have prosperity and successful development without economic freedom. Nor can it preserve personal and political freedoms without

economic freedom. Only when the human spirit can dream, create, and build, only when individuals are given a personal stake in deciding economic policies and benefitting from their own success -- only then do societies become dynamic, prosperous, progressive, and free.

We invited all of you to join us, and walk with us on this new path of hope and opportunity. Some of you have. We knew this endeavor would be neither short nor easy; we knew it would require great effort and patience. But we were confident that once our people saw it through, the rewards would be far greater than anticipated.

I believe that confidence ^{HAS BEEN} ~~was~~ justified. As I said yesterday to the United Nations, we can speak again, and we should, of a future that is bright and hopeful; a future of prosperity that I believe is far nearer than most of us would ever dare to hope. By working together, we can make it happen.

Our own economy is dramatically changed from only 3 years ago. ~~The magic of~~ Rewarding hard work and risk taking has given birth to an American renaissance. Born in the safe harbor of freedom, economic growth gathered force, and rolled out in a rising tide that has reached distant shores.

We are heartened that the strength of the U.S. economy is helping lead the world from recession toward a new period of lasting economic expansion, with lower rates of inflation. And we're convinced we can continue to offer this leadership in the future.

Permit me to elaborate. The United States has enjoyed 22 straight months of economic growth -- the strongest growth since 1950. We've witnessed the creation of 6 million jobs, and seen our expansion sustained by exceptionally low inflation. Consumer prices are rising by only ^{AROUND}~~about~~ 4 percent now, compared to 12.4 percent in 1980.

And let me emphasize that we are determined to make another change from past policies -- we intend to bring inflation down even more, and we are determined to keep it down, by continuing to restrain the growth of our Government spending. We have already cut the rate of that spending growth by more than half, and we are pushing hard for an amendment to our Constitution placing mandatory limits on Government's power to spend.

Fueling economic growth has been the record increase in venture capital and business investment, both results of new incentives in our tax structure. This surge in risk taking and innovation holds out the promise for continued strength in productivity growth and new breakthroughs in advanced technology.

We believe we have taken only the first small steps into the newest frontier -- the technological revolution. By reaching for great gains in productivity we can create a bounty of new jobs, technologies, and improvements in the quality of life surpassing anything we have ever before dreamed or imagined. I tell you today from my heart: We in America want to share our knowledge and the blessings of progress with you and your citizens, because together, we can build a better world -- a far better world.

So just as we must do more to restrain public spending, we believe more can and must be done to increase personal incentives. We will not be satisfied until America challenges the limits of growth. We want to enact an historic simplification of our tax system, that will enable us to significantly increase incentives by bringing personal income tax rates further down, not up.

We have noted the increased recognition given to the central role of incentives in promoting economic growth. The Wall Street Journal recently cited surveys published by the Organization for Economic Cooperation and Development, indicating governments can best spark economic growth by spending less and cutting tax rates, not by planning an elaborate industrial policy. This is our strategy for growth, and it will allow us to keep America's deficit on its current downward path. ~~With a growth rate averaging 5-1/2 percent a year, we can reduce the deficit by more than three fourths by 1989.~~

And as we continue moving forward, we're heartened to see that recovery abroad is gaining momentum. Growth of well over 3 percent is being projected for other industrial countries in 1984 and 1985. And we're seeing a rise in developing country growth rates, led by those aggressively pursuing outward-looking and market-oriented policies.

This broadening economic growth has had a significant impact on stimulating world trade. Your 1984 I.M.F. Annual Report pointed out: "With the progress of economic recovery in the industrial countries, the volume of world trade began to expand

quite strongly in 1983, and the prolonged deterioration in the terms of trade of non-oil developing countries came to an end."

Expansion here in the world's largest single market has meant increased trading opportunities for other nations. U.S. imports from the non-oil developing countries rose almost 14 percent in 1983; and they're up by more than 29 percent thus far in 1984. Between 1982 and 1983, the U.S. purchased 95 percent of the increase in non-oil developing countries' exports to the world.

We sometimes hear complaints about U.S. interest rates, particularly by debtor nations, which are legitimately concerned about the additional debt service costs they must bear. But not enough mention is made of far greater benefits these countries receive from renewed economic growth and the open market policies of the industrialized countries.

For the U.S. alone, imports from the non-OPEC LDCs during the first 7 months of this year increased by over \$12 billion over the amount during the same period last year. By comparison, a 1-percent increase in interest rates would increase net interest payments by the non-OPEC LDCs by only about

\$2-1/2 billion. BUT WE'RE NOT SEEING AN INCREASE IN INT. RATES. THERE HAS BEEN A SLIGHT DROP IN THE LAST SEVERAL DAYS & I BELIEVE THERE WILL BE MORE OF THAT ~~IN THE DAYS~~ AHEAD.

So, we can be pleased at the improving outlook for the world's economy. But we can't be complacent. At the Williamsburg and London Economic Summits, my colleagues and I agreed that, if we are to make the strength of the international economy stronger still, the sound domestic policies underlying current progress must be preserved.

[Handwritten signature: You might run that by Don Regan.]

I think we've all learned from bitter experience that quick fixes don't solve deep-seated problems. The more difficult path is to resist the temptation of politically expedient solutions, or the pressure of powerful interest groups, and to instead make the hard choices necessary to advance the long-term good of all the people.

But, once the corner has been turned, once economic growth and financial health are built on a foundation of granite rather than playing cards, we will have opened the door to a new future of opportunity for our children, and our children's children.

For their sake, as well as ours, we must not only go forward with domestic policies that encourage growth, we must staunchly resist policies that destroy it. Let me underscore the special importance which the United States attaches to resisting protectionist pressures.

All of us know how crucial world trade is to the health of our economies, and how fiercely competitive trade is nowadays. Few of our industries are unaffected by the pressure of foreign goods and services, whether competing for sales at home or abroad. Our common challenge is to pursue policies permitting freer and fairer trade.

I know there has been concern, especially among debtor countries, that pressures for trade protectionism in the United States could lead us to run up the flag, erecting new import barriers, and harming prospects for their export growth.

Well, we believe our record should put those doubts to rest. U.S. imports from all sources in the first 7 months were a full

34 percent above a year earlier. Requests for protection on tuna, stainless steel flatware, shoes, and copper have all been turned down.

Only last week I reaffirmed the U.S. commitment to an open world trading system by rejecting protectionist relief for the carbon steel industry. I have decided instead to take vigorous action against unfair trade practices in steel that will prove to be in the best long-term interest of consuming and supplying nations alike.

But we're not just fighting protectionism, we want to go forward toward more open markets. At the London Summit, we pressed for new efforts to liberalize and expand international trade. Consultations are continuing among GATT countries on the possible objectives, arrangements, and timing for a new negotiating round. For the millions around the globe who look to us for help and for hope, I urge all of you today: Join us. The time is now. Support with us a new, expanded round of trade liberalization, and, together, we can strengthen the global trading system and assure its benefits spread to people everywhere.

This is not just my challenge, this is our challenge. It can only happen if we make it happen. But if we do, if each of us is prepared to give a little, the people of the world will gain a lot.

Our sensible five-part debt strategy endorsed at Williamsburg and reaffirmed with important modifications in London, has shown itself to be sufficiently flexible and dynamic

to meet the diverse needs of debtor nations. These nations in partnership with the I.M.F. are charting a course of renewed prosperity and stability which can serve as a guidepost for others to follow. The international financial system is the ultimate beneficiary of these individual country success stories and is stronger today than when we met here last year.

→ We applaud the recently concluded arrangement between Mexico and the commercial banks which can serve as an example of what can be done through the pursuit of responsible policies.

As we go forward, we will support your two great institutions, the I.M.F. and World Bank, which have been the cornerstones of the international economic and monetary systems since World War II. The United States remains honored to be a "founding father" of both organizations. Besides their enormous contributions to individual freedom, prosperity, and initiative, these multilateral organizations are effectively handling even greater responsibilities as the technological revolution ushers in an increasing velocity of human transactions and greater global economic interdependence.

America pledges to stand shoulder to shoulder with our partner member countries to ensure that adequate resources and support are available to meet these future challenges.

Last year the World Bank committed over \$15 billion to supplement the efforts of developing member countries to strengthen their economies. In addition to its proven expertise as an investment project lender, we value highly the Bank's ability to provide helpful policy guidance and technical

assistance, and to act as a catalyst in encouraging private enterprise and investment capital.

We are committed to providing the negotiated level of U.S. contributions to the I.B.R.D. Selective Capital Increase, the Seventh Replenishment of I.D.A., and the capital increase of the I.F.C.

The I.M.F. has always had a central role in assisting members facing serious balance of payments problems, and it has assumed leadership in helping debtor countries design economic adjustment programs which seek to restore economic and financial balance and creditworthiness. For our part, considerable effort went into negotiating and obtaining the necessary legislative concurrence for the quota increase which provided resources for the Fund to deal with this difficult problem.

We don't want a world in which some nations go forward while others are left behind. We want a world in which all go forward together. And we can go forward together, if our governments ~~for sake~~ ^{GIVE UP} spending what need not be spent, and leave more in the hands of all the people who work and earn. Let them plant the seeds of wealth, and we will see the smallest dreams awaken, and grow into golden dreams for all mankind.

Permit me to take a brief moment to speak of one special subject of interest and concern to our Government: The particularly severe economic problems besetting sub-Saharan Africa. The Bank issued the third in a series of excellent reports on this subject, and we look forward to working with the

Bank, the Fund, other donors, and African countries in developing a joint response.

Last January I submitted to the Congress legislation called the Economic Policy Initiative for Africa. This initiative closely parallels the recommendations of the World Bank concentrating on flexible donor response to African economic policy reform initiatives. It calls for a U.S. contribution of \$500 million over 5 years. And this would be in addition to ongoing U.S. economic assistance programs which are expected to run roughly at the \$1 billion level in the coming year -- a 30 percent increase over such assistance levels a few years ago.

I look out at all of you this morning, people from so many different cultures and countries, speaking so many different tongues, and I think, of course, how our nations spring from separate pasts, how many of us live at opposite ends of the Earth. But, all of us, I'm convinced, have been brought together in this place by aspirations that bind us like friends and family: I'm talking about our determination to help people build a better life, to climb from the shadows of want into the sunlight of prosperity. That's what this job of ours is all about.

We are a little like climbers who begin their ascent from opposite ends of the mountain. The harder we try, the higher we climb, and the closer we come together -- until that moment we reach the peak and we are as one.

What I am describing actually did happen in real life. One American and two Japanese groups began climbing Mt. Everest --

the Japanese from the side of Nepal and the Americans from the side of Tibet. The conditions were so difficult and dangerous that, before it ended, two climbers tragically lost their lives. But, before that tragedy, these brave climbers all met and shook hands just under the summit. Then, together, they climbed to the top to share their magnificent moment of triumph.

Distinguished colleagues, good friends, we are not asked to face the kind of perils those climbers did. Yet, we do share the risks affecting the future economic well-being of our nations and the world. But if those mountaineers could join hands at the top of the world, imagine how high our people can climb if all of us work together as powerful partners for the cause of good. Together, with faith in each other, and with freedom as our guide, there is nothing that we cannot do.

Thank you very much and God bless you all.