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THE WHITE HOUSE

Office of the Press Secretary

1/3/14

BACKGROUND BRIEFING

BY

SENIOR ADMINISTRATION OFFICIAL ON THE PRESIDENT'S TRIP TO EUROPE May 18, 1984

The Briefing Room

11:11 a.m. EDT

SENIOR ADMINISTRATION OFFICIAL: Well, I don't know how much time we've got. What I think I should do is really break this down into three segments.

First of all, going through the highlights of what will happen on the trip. Secondly, talking about the economic side of the summit, and we've got some expertise here. I'm not an economist. And thirdly, talk about the political side of the summit.

Let me begin with the trip. As you know, the President is scheduled -- and I think before I go into the highlights of the trip, I think we should all bear in mind that a lot of the details are now just being ironed out so this is the best fix we've got at this stage.

But right now, the President is scheduled to arrive at Ashford Castle in Ireland on Friday, June 1st.

On Saturday, June 2nd, he will be working in the morning, and in the afternoon, will travel to Galway. There will be a ceremony at University College --

Q Can you speak just --

SENIOR ADMINISTRATION OFFICIAL: -- at University College at Galway. He will make some -- the present plan is that he will make some remarks at the University College.

- Q Can you turn it on high volume?
- Q Let's skip this.
- Q Larry just --

SENTOR ADMINISTRATION OFFICIAL: You want it -- all right, I'm sorry.

Q Larry just gave --

SENIOR ADMINISTRATION OFFICIAL: Okay, let me talk about --

- O What's the purpose of this trip?
- Q Here's the right hand. Here's the left hand. The right hand just gave that chronology. I'm wondering if the left hand knew what the right hand was -- had done.

SENIOR ADMINISTRATION OFFICIAL: Apparently it didn't, Sam.

Q All right, fine.

SENIOR ADMINISTRATION OFFICIAL: What would you like to hear about now? The summit?

Q Yes.

Q Yes.

SENIOR ADMINISTRATION OFFICIAL: All right. The summit is the tenth in a series, and I think most importantly, they have been a useful link for consultations on Western economic concerns as well as political topics.

I think while there has been an inevitable tendency to look for immediate results from these meetings, I think that history has demonstrated that probably the most important by-product has been the opportunity for the heads of government of the Western industrialized -- the most important Western industrialized democracies -- to discuss in a fairly intimate surroundings what's -- the concerns that are uppermost on their minds.

We think that, in the last year, since Williams-burg, which we thought was a major success, that progress has been made on international economic consensus, largely as a result of the growing convergence of economic policies that the President first advocated at the Ottawa summit in 1981.

The economic conditions in the summit countries today contrast significantly with those prevailing before Williamsburg last year. Most importantly, of course, the U. S. recovery has surpassed optimistic predictions in 1983.

And the strong recession-induced protectionist pressures in the United States and other industrialized countries have largely been checked.

In other words, the major industrialized countries have successfully resisted pressures for protectionism, and that has aided the recovery, which is underway in the United States and, now, in other Western countries.

And, finally, U. S. and Western European tensions over economic relations with the Soviet Union have largely abated. The kind of debate the grew up, say, at Versailles, after Versailles, and disagreements over issues like the pipeline have abated, and there's a growing consensus on East-West economic relations.

At the summit in London, the economic objectives, I think, can be stated as follows:

We want to promote policies that will assure the non-inflationary recovery in the Western industrialized countries.

We want to make sure that that non-inflationary recovery which is now apparent spreads to the rest of the world.

We think that if we can sustain growth, non-inflationary growth, within the industrialized world, that the growth of the developing world I suspect could average some 4.5% annually between 1985 and 1990.

Of course, that would go a long way to solving some of the current debt problems and other economic difficulties that the developing world is facing.

Secondly, we want to maintain and expand the open trading and financial system. We want to reaffirm the strong commitment made at Williamsburg and earlier to resist protectionism. We want to reach early agreement on a new trade round to achieve comprehensive trade liberalization. We'd like to encourage further work in appropriate institutions to promote market-oriented economic adjustment. We want to work for continuing organization

of economic adjustment. We want to work for continuing management of debt problems under a five-point strategy. Current strategy is based on flexible case-by-case approach. And we believe it needs to be reinforced, not replaced. This is the theme that Don Regan has been emphasizing in this week's OECD ministerial in Paris.

We believe that our current debt strategy has shown its merits over the last year in coping with the most difficult debt crisis, such as Argentina.

We want to encourage greater coordination between the IMF and the World Bank to ensure that lending and adjustment policies are consistent. We want to help deal with African economic problems. And, as you know, we have proposed an African Economic Policy Initiative. And we would welcome other countries joining in on that initiative.

And, finally, in the economic area, we will also seek agreement to continue cooperative work in COCOM. That's the coordinating committee of Western countries, Japanese, NATO, OECD and the International Energy Agency in order to obtain a broadened consensus on economic and security implications of East-West economic relations. That, very briefly stated is the -- the economic objectives.

Now, on the political side, I think those of you who have covered summits in the past know that while the formal agenda focuses on economic issues, there is time for discussions of political issues. Normally, the meals where the heads are together is usually given over to political discussions. We expect that pattern to be followed this year.

And there -- we will probably break down the political discussions into three broad catagories. First, East-West relations and security questions. Secondly, the Middle East and -- including, for example, Iran-Iraq. And another third category would be other regional issues.

Just a few themes, again, and then I'll let you -- I'll be happy to answer your questions. We'd like to demonstrate --

Q Do what, sir?

SENIOR ADMINISTRATION OFFICIAL: We'd like to demonstrate, as we did last year at Williamsburg, that the interests of the summit seven democracies are both convergent and global; that these countries — the countries represented at the summit have common political and security interests; that, since Williamsburg, a successful implementation of INF deployment in Europe; a concerted response to the Soviet downing of the KAL airliner; and the common consultations which are now taking place over Iran and Iraq — I think all reflect the growing convergence and commonality of international concerns of those countries represented at the summit.

In other words, we hope to demonstrate that Japan, Europe and North America can work together successfully. There has been some debate in recent months over the question of whether there is a refocus of the U.S. interests and concerns toward Asia, away from Europe. We will want to underline the fact that the United States has global interests, is a global power, doesn't choose between Asia and Europe and can have strong ties with both. We believe that the NATO Alliance is healthy. And here, just to remind you that there will be a NATO ministerial meeting of the NATO Foreign Ministers on May 28, 29 and 30th -- that's --

SENIOR ADMINISTRATION OFFICIAL: -- 29, 30, 31 --

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SENIOR ADMINISTRATION OFFICIAL: Thank you -- 29, 30, 31, just prior to the London summit. And the President will be participating in that ministerial meeting. So, we think that that will demonstrate a strong cohesion, solidarity within the Alliance and is, as I said, a useful prelude to the summit in London.

In addition to the strength of the NATO Alliance, obviously, the U.S. relationship with the Pacific Basin is growing, a very strong economic and political relationship. So our real interest with the summit, as in other meetings, is to foster a growing trend of consultation and cooperation at a variety of levels.

Now, you recall that last year at Williamsburg, the heads of government decided that they would release a statement on security and arms control. That was a decision taken at Williamsburg and as -- at this moment there is no plan, other than to have an extensive discussion of political issues, to release a similar statement or another statement. So there could be that possibility. Once the heads get there, they may decide that they want to release something publicly, but the real focus or emphasis would be on confidential consultations.

I just might add one thing which I neglected to add, and that is that in addition to those sort of broad subject areas in the political area that I mentioned, the East-West, Middle East, Iran-Iraq, and other regional issues, there will be a discussion on international terrorism. It has been traditional that the subject of terrorism be discussed at these summit meetings. And in view of the fact that the British are hosting this meeting and their recent episode in St. James Square, with the episode, or the incident there, it's clear that this will be a subject on the agenda.

Q To what extent do you think Central America will be discussed, and what is the President prepared to say there?

SENIOR ADMINISTRATION OFFICIAL: Well, I know that the President will be prepared to address Central America. And if it is -- there's an interest in discussing that when they do move to other regional issues, I'm sure it will be discussed. The President --

Q Several of these nations have been rather critical of our policy there. Surely, they'll want to discuss it, won't they?

SENIOR ADMINISTRATION OFFICIAL: I'm not aware of the kind of criticism that you're referring to --

Q France.

SENIOR ADMINISTRATION OFFICIAL: When we had a visit recently from President Mitterrand, Central America was addressed. But I'm not aware of any sharp public criticism. We have differences with all of the countries on nearly every regional issue, but -- and I'm sure the subject will probably come up and there will be a discussion on it. I'm not aware of criticism.

Steve?

- Q Last year, it was the U.S.'s initiative that there be a statement on security issues, I believe. This year, obviously, with the British being the host, there might not be that role to play for U.S. initiative, but what's our -- what would the U.S. or what would the President like to see coming out of --
 - Q Lecture the Dutch.
- $\ensuremath{\text{Q}}$ -- this summit? For example, what would be your view about reaffirmation --

SENIOR ADMINISTRATION OFFICIAL: Our view is that you need something to say. And I think we won't know, Steve, until the heads of government get together at the first meeting and kind of discuss various issues. And a lot of things can happen between now and then. And I don't think anybody is interested in pre-judging what they want to say to the public.

One of the things we have consistently tried to do -- and I think most of the other governments participating in the summit are trying to do -- is not try to over-structure these meetings where people, where leaders talk from points that bureaucrats have produced for them -- where they have an opportunity to really address what's on their mind. And I think that as a result, I think if there were something worth saying and there was an agreement by all the heads that it should be said, then perhaps we would see something. But at this stage, we haven't identified any specific issue area that looks like a candidate.

Moreover, as you pointed out, the British hosts will probably want to take the lead if anyone desires to do something like this.

The real emphasis -- let me just go back to this -- the real emphasis on these meetings is not so much on producing statements or communiques. The real emphasis is trying to create an intimate atmosphere where heads of government have an opportunity to talk about problems face to face.

Q Well, can I just follow? I mean, last year -- last year's statement, strictly speaking, substantively, did nothing but reaffirm existing policies. So it was felt that there was a need to do that because of the climate in Europe and to send a message to --

SENIOR ADMINISTRATION OFFICIAL: Well, strictly speaking --

Q -- to Moscow.

SENIOR ADMINISTRATION OFFICIAL: -- that's not correct because what it reaffirmed was a decision taken by the military arm of NATO. At the summit, there were two important countries that are not affiliated. What we had in that statement was a decision by the French government to support that December '79 deployment decision, and you also had a decision by the Japanese government to support that and to also endorse language that talked about security being -- or looking at security on a global basis.

Q Well, what I'm asking is what is your sense of the climate in Europe and of the attitude toward the Soviet Union -- of the Soviet Union toward the negotiations that might be clarified by a joint statement?

SENIOR ADMINISTRATION OFFICIAL: Well, you mean if I -I could give you my own personal views, but I have no way of knowing what the heads of government would think. I think that --

Q Well, what are your views?

SENIOR ADMINISTRATION OFFICIAL: I think that regardless of whether there is any statement or not -- and I don't -- as

I said before, I doubt very much there will be at this stage. But I think there is agreement by all our close allies that the West, as a whole, and the Japanese want to pursue a strategy of being ready and open for a dialogue with the Soviet Union, that we want to maintain our cohesion, we want to maintain a military balance. But we're prepared to talk to the Soviet Union. And I think there's a desire that the Soviet Union come back to the negotiating table and negotiate in good faith.

Q With interest rates on the rise here in the United States and the strength of the dollar again rising in world money markets, do you expect the same kind of criticism of interest rates here, federal deficits and the pressure that was put on the U.S. last year to intervene in world money markets?

SENIOR ADMINISTRATION OFFICIAL: Well, I think that -- On the first question, I don't -- I mean, on the last question, I don't think there will be -- we don't see the same push, for example, in the International Monetary Conference, the sort of idea that the French were advocating a year ago.

I think there clearly will be some discussion of interest rates. There will be a discussion of the deficit. But I think the important point -- and I tried to highlight it in talking about the international economic issue -- is that the U.S. economy is growing, that we are beginning to see growth in other industrialized economies, that that is the solution to the economic problems, not only of the industrialized world, but the less developed world, and that it has been U.S. growth which offers a real opportunity for other economies to also grow.

And, for example, you mentioned the budget deficit, but an equally important factor is the trade deficit, which has given, for example, other competitors to the United States a real opportunity to expand their trade.

So I think that there will certainly be discussions of deficits and interest rates. But the -- I think what people will want to focus on, more than anything else, is how to sustain non-inflationary growth, which has been a key Reagan administration goal in every summit. And we've seen over the last three years, quite candidly, is a growing convergence on that strategy by all of our major economic partners.

There's a basic consensus now on major economic policy and on the need for non-inflationary growth.

Q What is the President prepared to tell the other members of the summit in regard to the deficits, on what kind of progress, or lack of progress --

SENIOR ADMINISTRATION OFFICIAL: Well, I think mainly what he will want to say is what we have been saying here. And that is that we would like, of course, to bring the deficits down and we have a program for doing that.

I don't think we will also say that it is a mistake to blame the interest rates purely on the deficit, that much of it has to do with some uncertainty in the financial community over whether or not we can sustain a low rate of inflation.

John.

Q The fact is that at Williamsburg there were talks going on in Geneva. This is the first summit -- or the first of these summits that has taken place without any realistic hope of any kind of progress in Soviet-American relations. How much flack do you expect to get on that issue?

SENIOR ADMINISTRATION OFFICIAL: I think we'll get very little because I think that they, like us, believe that it is the Soviet Union's fault that there are no negotiations going on. I mean, we didn't walk away from the Geneva negotiating table. They did. They walked away because we started the deployment of some missiles; but we were ready and willing to negotiate, and did negotiate for two years while the Soviet Union deployed over a hundred SS-20 missiles.

So we're under no pressure and expect to be under no pressure either in the NATO Ministerial Meeting, that will be held here at the end of the month, or in London, to make any concessions to return to the negotiating table.

I think everyone recognizes that we should negotiate without pre-conditions.

 $\,$ Q $\,$ Do you expect that the waffling by the Dutch on the deployment of the missiles will impact -- will have any impact on how the allies of

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the summit will treat the medium range missile issue?

SENIOR ADMINISTRATION OFFICIAL: Well, I'm -- you know, now you're getting into questions about what these heads are going to focus on. It's not clear that they're going to spend very much time on the INF issue.

I mentioned East-West relations and security questions. It's impossible to predict. But my own personal view is, no, that it's clear that with or without the Dutch, that the Alliance is going to go forward with the deployment of those missiles in the absence of an arms control agreement. At the same time, we're ready to begin those negotiations the minute the Soviet Union is prepared to return to the table.

Chris?

Q Obviously, as you say, a lot can happen between now and then, but based on the situation in the Persian Gulf now, how important do we see it that there be a unified and public statement by Europe, North America, and Japan about a common policy on the Persian Gulf? And secondly, are we satisfied in terms of our current consultations on that that Europe is on board with the United States in terms of both diplomatic and military moves?

SENIOR ADMINISTRATION OFFICIAL: We have had intense consultations, first of all, with the allies on Iran and Iraq. Those consultations have been going on for several months. So this is not something that we have just geared up in the last week or so. We have worked particularly closely with those countries that have some ability to influence developments in the region. Countries that have some military capability, for example. We have worked very closely with the countries in the region itself.

I suspect that the subject of Iran and Iraq will clearly come up at the summit. They will want to address the subject. But to talk again about a public statement, just let me say this very clearly -- we have no plan at this time for any public statements covering either Iran or Iraq, or any other subject. The key to a successful summit, in our view, is that the heads of government have an opportunity in a fairly informal atmosphere to address issues and to do it candidly.

Q If I can follow up, though. I mean, I think there is some sense that at this point, the European allies are not prepared necessarily to support -- or at least there is some doubt about whether they're prepared to support the U.S. militarily, if not diplomatically, in that area. I mean, do we feel it's important that they --

SENIOR ADMINISTRATION OFFICIAL: Prepared to do what?

- Q Whatever would be needed in terms of military action to keep the Gulf open.
 - Q He's talking about would we go to war?

SENIOR ADMINISTRATION OFFICIAL: There's certainly no signs of that. I mean, you're asking me to speculate on what countries might do in certain circumstances and that's a dangerous thing. There's certainly no signs that I can see that we have any fundamental differences with any of our close allies on the situation in the Gulf.

Q And in terms of what they're prepared to do along with us to keep the Gulf open?

SENIOR ADMINISTRATION OFFICIAL: I'm simply saying that we have had very intensive consultations, I think very useful consultations on the subject. And, again, I don't see any important differences between the United States and its close allies.

Q Either militarily or diplomatically?

SENIOR ADMINISTRATION OFFICIAL: That's correct.

Q What's the possibility of a statement -- what do the British want in terms of a statement on terrorism, do you know?

SENIOR ADMINISTRATION OFFICIAL: Again, I'm not even aware of their desiring a statement on terrorism. I think that we traditionally -- and I'm glad, so that I can clear this up again -- traditionally, the subject of terrorism has been discussed at the summit meetings. We expect the subject to come up again, but we have no plans, and we're not aware of any plans for a statement.

Q If I can follow up on terrorism in a different sense -- I mean, between the IRA and Libya, I wonder is there any extraordinary security that's going to be under -- in effect in London to protect all of the leaders?

SENIOR ADMINISTRATION OFFICIAL: I think that by definition, anytime that you get the seven heads of the world's largest industrialized democracies together, you're going to have fairly extraordinary security precautions.

Q But do you think there's any -- particularly in view of the IRA and Libya?

SENIOR ADMINISTRATION OFFICIAL: I'm not aware of anything emanating especially from those two concerns.

Q' Will you be sharing with the other allies the new U.S. policy on terrorism, and will you be discussing efforts of active defense?

SENIOR ADMINISTRATION OFFICIAL: We have -- I think -- I don't think, actually, that that kind of detail is -- would be addressed at the heads of government level. We have had discussions with our close allies on the subject of terrorism, explaining our views and listening to theirs.

Q Do you have any political objectives from the Irish trip?

SENIOR ADMINISTRATION OFFICIAL: Well, I think that --

Q Yes, we sure do. (Laughter.) They're here.

SENIOR ADMINISTRATION OFFICIAL: Well, I have objectives. I have objectives which are -- you can laugh about it, but the fact is that as the Irish become -- take on the Presidency of the European Community on July 1st. It just so happens that the European Community is facing some very difficult problems, as you probably know, over the question of their budget, over the question of their expansion, possible expansion of the European Community, as well as the on the question of where European political cooperation will go. And so, I think it's very timely, in fact, to have a dialogue with President Hillery and the Prime Minister FitzGerald on the question of how they plan to exercise their leadership role in the Community.

Q There's talk about rather massive demonstrations timed for the President's visit. What kind of intelligence do you have on that, whether you think there will be any embarrassment concerning his visit there?

SENIOR ADMINISTRATION OFFICIAL: Well, there are a lot of small groups that would, I think, like to take advantage of the President's visit, in both Ireland and Britain, to embarrass the President. We don't think they will succeed. I will remind you that we had a fairly formidable demonstration in Bonn in the summer of 1982 on the whole question of nuclear missiles. It did not prevent that NATO summit from ending successfully. We doubt that any demonstrations in London will hamper the meetings. There will probably also be some demonstrations in Ireland on the subject of Central America, but, again, I think that — they will not have any real impact on the success of the visit.

Q You mentioned the EC's problems on their budget. Is -- In practical terms, their disarray over their budget and their agricultural policy, does that throw up a roadblock on progress on protectionism and some of the other issues that have been discussed in the past? In other words, is the U.S. restrained from being able to take on some of these issues because of the divisions?

SENIOR ADMINISTRATION OFFICIAL: No, we're not restrained -- In a sense, Steve, I'm glad you asked that question because I should remind everyone that in addition to the seven heads of government, that the President of the EC Commission also participates in these meetings and that is Gaston Thorn. You'll recall that he was at Williamsburg -- but what it does is that it creates, potentially, because the Europeans -- the EC is facing a budget crisis. They are sometimes tempted, in order to raise money to take protectionist measures, for example, against -- their exports of U.S. agricultural products. We're concerned that if they take such steps that Congress will retaliate and we could have a situation where this -- our effort to sustain economic growth and expand trade could be set back by growing tariff barriers. And so we have maintained a dialogue with the community on this subject. And so far, I think, we have staved off a trade war between the United States fairly successfully -- the United States and the EC. And we hope to continue to do so.

Q When Kohl was here, he pushed for a summit, a get-acquainted summit, and he did feel that some concessions should be made. Has there been some prior agreement not to ask the U.S. for any concessions in terms of easing East-West tensions? Is that all fixed in the -- concrete?

SENIOR ADMINISTRATION OFFICIAL: I just want to emphasize, I don't see any major disagreements between the United States and its closest allies --

Q They don't all agree in the way the U.S. has performed in the East-West --

SENIOR ADMINISTRATION OFFICIAL: No, they may not; but what I'm trying to say is I don't see any major disagreements between the United States and its key allies on the question of what our posture should be at this stage toward the Soviet Union.

In other words, I'm not aware of any call from any major ally, and I was just in Europe chairing a meeting on this subject earlier this week -- any call for the United States to make negotiating concessions to bring the Soviets back to

the table. They, like us, believe that that would be a sign of weakness rather than strength and that if we were to begin making concessions, the Soviet reaction would not be to come back to the table, but to wait us out with the hope that this would then stimulate further concessions, that -- I think there is genuine agreement that we need to be firm, but at the same time be open to negotations.

Q But the question was on --

MR. SIMS: -- the last one.

Q -- the summit. The question was whether -- this subject of a U.S.-Soviet summit. You say, no -- negotiating concession; but that's not a negotiating concession.

SENIOR ADMINISTRATION OFFICIAL: No, no, on the question of a summit, I'm not aware of any calls, any public or private calls at this time, for a U.S.-Soviet summit. Now, if you ask me, do you think it's likely that Chancellor Kohl or some other leader might in private conversation with the President raise this, I don't know. It's a subject that could come up.

Again, the purpose of the meeting is to allow these people in a confidential

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atmosphere to have a pretty free-wheeling discussion and to raise those things that are on their mind.

Q Are you aware of any call by our allies for Reagan to lower his rhetoric?

SENIOR ADMINISTRATION OFFICIAL: I think that they're all -- they're very happy with the way the President is talking about U.S.-Soviet and East-West relations. His definitive statement on this was his January 16th speech where he said he wanted to move the relationship to one of constructive cooperation. And I don't think you've seen very many examples of excessive rhetoric on our side.

What I would point you toward is the Soviet press which has recently begun calling George Shultz a "dim-wit", comparing U.S. leadership to Adolf Hitler, and they recently called me "a petty snooper".

- Q What? Nooo. (Laughter.) That's an outrage. (Laughter.)
- Q That goes too far. (Laughter.) Goddammit, I won't stand for that. (Laughter.)
 - Q Can we identify him for this last statement?
 - Q As a "petty snooper"?
 - Q Yes, we have to have "petty snooper" on the record.
 - Q What did they call Sims?

MR. SIMS: As long as it's only the Soviets who are calling him that.

May I have your attention for one more minute. We will have a lid on from noon until 2:00 p.m., at which time, Larry Speakes will brief --

- Q What did they say about Reagan?
- Q A headline, a deadline?

MR. SIMS: A lid -- a lid.

Q From noon until 2:00 p.m.

THE PRESS: Thank you.

11:43 A.M. EDT

END