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# WITHDRAWAL SHEET

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**File Folder** FO006-01 (018690-018698)

**FOIA**

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39

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
243453	PAPER	PROPOSED OTTAWA SUMMIT COMMUNIQUE, EDITED AND WITH EDITED INSERTS	15	ND	B1

The above documents were not referred for declassification review at time of processing

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
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[018097CA  
FO006-01]

RGD - 7/14/81

OTTAWA COMMUNIQUE  
Agenda for discussion on 7/14/81

The purpose of this meeting is to determine what emphasis to give to achieving various potential changes in the communique. Candidates for change include:

- 1) Overall theme -- strengthening emphasis on political unity and on confidence in potential for economic growth;
- 2) General philosophical tone -- reducing implicit endorsements of governmental intervention where it is not needed (see Porter/Leland memo);
- 3) Relative attention (space) given topics -- correcting over-emphasis on developing countries (3 1/2 pages);
- 4) Particular substantive policy matters:
  - (a) "expanded role of the IMF" (page 4, para 6)
  - (b) explicit or implicit commitment to "Global Negotiations" (page 5; para's 2 and 2 alt.)
  - (c) commitment to "substantial and, in many cases, growing levels of ODA" (page 6, para 4);
  - (d) commitment to "allocate the major portion of our aid to poorer countries" (page 6, para. 4);
  - (e) exploration of World Bank energy window (page 7, para 7);
  - (f) welcome of emphasis on "food-related issues within multilateral institutions, including the new facility in the IMF" (page 7, para 8);
  - (g) choice re safeguard language (page 10, para 4);
  - (h) other (e.g., population, p. 8 . . .).
- 5) Lesser matters of fact and language -- See memos from Nau, Leland/Porter, Commerce, Defense.
- 6) Procedural matters -- See alternative language re future consultations.

NATIONAL SECURITY COUNCIL

July 13, 1981

TO: RICHARD DARMEN

FROM: HENRY R. NAU *HRN*

This is the laundry list of possible changes in the Communique. Many of these are minor, and all of them are not achievable. I think the best way to proceed would be to review in the White House what our priorities are. It would be useful to have Rashish and Sprinkel participate in that meeting or be drawn in after an initial in-house assessment.

Attachment

## COMMUNIQUE

At the preparatory meetings for the Ottawa Summit, country representatives stressed all along that the communique should be short and that there should be some flexibility for the leaders themselves to restructure and revise the communique at the Summit. There is opportunity, therefore, to consider what changes or additions in overall theme, relative weight of subjects and specific language the United States should seek to achieve at the Summit. What follows is a laundry list of possibilities.

### Overall Theme

1. Strengthen the emphasis on fundamental political unity and purpose among the Summit countries and on the capability and confidence of the Summit countries that international economic growth can be achieved.
2. Correct or counterbalance the implicit theme of government intervention by more explicit reference to reliance on the market and the role of the private sector.
3. Stress more the agreement on near-term goals and the need for leadership to stay the course through short-term difficulties.

### Relative Weight of Subjects

As it presently stands, the communique devotes

- 3 1/2 pages to developing countries
- 3 pages to the economy
- 2 pages to trade
- 1 3/4 pages to energy
- 1 paragraph to East-West.

The Press and other observers often evaluate the importance of issues in terms of the amount of space devoted to a subject.

The United States should seek to shorten the section on developing countries.

### Specific Language

1. Introduction
  - a. drop "intense" from first line

- b. eliminate the last sentence of paragraph 2 and insert "and on the environment" after the word others in the preceding sentence

## 2. Economy

- a. find alternative language for "better managed" in line 5 of paragraph 1
- b. is it true, as stated in paragraph 2, line 4, that "unemployment has risen sharply and is still rising?"
- c. rewrite first two sentences of paragraph 3 to return to the emphasis of OECD Communique that "bringing down inflation and inflationary expectations is the indispensable condition for reestablishing the basis for durable increases in employment and more vigorous sustainable growth
- d. modify language of rest of paragraph 3 to remove implicit assumption that government intervention is necessary "to convince our peoples..."
- e. in paragraph 4, line 3, where it states "we will increase support for productive investment and innovation," add a sentence on the use of tax policy to stimulate investment and innovation
- f. eliminate or rewrite last sentence of paragraph 4 which seems to endorse transitional measures
- g. redo second sentence of paragraph 5 which seems to imply that interest rates are a conscious instrument of policy
- h. add to last sentence of paragraph 5 language to the effect that government intervention may not achieve less volatile interest or exchange rates over time.

## 3. Relations with Developing Countries

- a. insist on the second alternative paragraph 2 and shorten this paragraph by removing the phrase dealing with Global Negotiations
- b. strike the words "removing impediments to" in the last sentence of paragraph 4 and insert "facilitating"
- c. add at end of paragraph 4 a sentence stressing the role of the private sector in helping developing countries
- d. strike the word "valuable" in line 7 of paragraph

- e. delete the phrase in paragraph 7 "such as those being examined in the World Bank" and insert "in the World Bank and elsewhere."

4. Trade

- a. consider inserting in paragraph 3 an appeal for a new round of global trade negotiations no later than the end of 1983 as an objective for the studies and GATT ministerial mentioned in this paragraph
- b. insist on the first alternative brackets in paragraph 4.

5. East-West Economic Relations

- a. insist on bracketed language in this paragraph.

6. Conclusions

- a. decide which bracket is to be preferred in this paragraph

**CONFIDENTIAL**

OFFICE OF THE SECRETARY OF DEFENSE

Memo For Craig Fuller <sup>7/13</sup> Co Situation Room  
Call 2823

I have added further pieces  
to our earlier submission.

Carl G. With  
697-1802

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THE WHITE HOUSE

WASHINGTON

July 11, 1981

MEMORANDUM FOR HENRY NAU

FROM: ROGER PORTER AND MARC LELAND

SUBJECT: Ottawa Economic Summit Communique

In reading the current draft of the Ottawa Summit communique one's first overriding impression is that this is not a document that Ronald Reagan would have drafted. It is obviously the product of negotiations between several parties and we are told that this version is considerably improved from earlier versions.

Nonetheless, it seems wise to step back and look at what it says and what it does not say.

1. The Theme of Government Intervention.

Throughout the draft the often subtle theme of government intervention in the economy is pervasive. The references to relying on the market are few and often limited; the references to government management and intervention are more frequent. This is clearly not the approach the President would take in addressing domestic problems or a domestic audience.

*need  
ref. to  
market*

On page two section one the draft indicates that the 1979 adjustment to energy price increases was "better managed" than in the mid-1970s. In reality, the adjustment was better because of a greater reliance on the market to establish prices and allocate resources. We recommend eliminating the sentence. It does not add materially to the paragraph. Indeed, the paragraph reads better without it.

*avoid  
"manage  
language"*

On page three section three there is discussion of the "use of a range of policy instruments" to improve "the ability of our economies to adapt to change." This is followed by a lengthy, seemingly neverending sentence, talking about the need "to convince our peoples" of the need for change and then specifying a number of "needed" changes. We see little merit in this sentence. It leaves open the question of what forms of "persuasion" governments will use to "convince their peoples." But one need not be terribly imaginative to conclude that many, if not most, would read that greater government intervention in the economy.

*avoid  
we in  
favor  
of change*

On page three section four the draft states that where circumstances permit, "we will increase support for productive investment and innovation." This would be a good opportunity to

emphasize the use of tax policy as the vehicle for stimulating investment and innovation.

*mention  
of tax  
policy*

On page four section four the draft states that "we must not let transition measures that may be needed to ease change become permanent forms of protection or subsidy." That is certainly true, but we may be better off without the sentence altogether since it may well be read as endorsing transitional measures, even while arguing that they should not become permanent. However, we don't feel particularly strongly about this.

On page four section five the draft states that it is "desirable to minimize volatility of interest rates and exchange rates." But this is premised again on the notion that government intervention is important in shaping economic activity. Indeed, it suggests that governments control interest rates. Yet, U.S. representatives have consistently argued, at least since this administration has come to office, that interest rates are the result rather than the cause of inflation. Moreover, we have also adopted an exchange rate intervention policy that maximizes reliance on market forces and limits intervention only to severe circumstances.

On page eleven section one, we again find evidence of this tension between reliance on the market and government intervention. In the last sentence of the section one again finds the qualifier of supplementing reliance on the market "as necessary by government action." We recommend the sentence end at the comma following market mechanisms.

Not only would we downplay the theme of government intervention, but we would emphasize the theme of the important role of the private sector.

We do emphasize the need for an open world trading system. We could profitably also encourage on page four section six the free flow of capital and removing impediments to international investment. Likewise, the private sector is not sufficiently emphasized as a way of helping developing countries. What is needed less than government to government aid (which at best can only make a dent in the problems of the developing countries) is open markets for the goods and services produced in developing countries and a steady stream of private investment providing capital and technological know-how.

## 2. Length: Imbalance among the Sections.

Readers frequently interpret the amount of space given to a topic in such a communique as indicative of its importance, or at least its perceived importance at the meetings. Examining the amount of space devoted to each of the five principal topics

at the Summit is instructive.

Macroeconomic policy is covered in a little less than three pages. Trade is approximately two pages. Energy policy takes up about a page and three-quarters. East-West economic relations is limited to one paragraph of less than half a page in length. Relations with developing countries is about three and a half pages in length. Rather than expanding some sections, we would encourage shortening the section on relations with developing countries and we offer some suggestions on this below.

### 3. The Emphasis on Unemployment.

The section on macroeconomic policy emphasizes heavily the problem of unemployment. Careful observers will note the difference between the Summit emphasis on unemployment in comparison with the recent OECD declaration.

We believe, and should articulate at the Summit, that reducing inflation is the most important step one can take to fight unemployment. Rather than emphasize unemployment, we recommend emphasizing "sustained economic growth" as the best means of reducing unemployment.

Moreover, we find the assertion on page two section two that "in many countries, unemployment has risen sharply and is still rising" questionable. Depending on one's definition of a sharp rise, one is hard pressed to identify "many countries" among those at the Summit where this is true.

### 4. Short-term versus Long-Term.

One of the important missing elements in the draft is any reference to the trade-off between short-term political expediency and staying the course long-term. One of the characteristics of great leaders is that they set a long-term course and stick with it. Indeed, this is one of the hallmarks of the President and one of his greatest assets. The communique should emphasize that the leaders reached agreement to eschew policies designed to produce benefits in the short-term, but which were inconsistent their long-term objectives.

### 5. Relations with the Developing Countries.

This is the longest section in the communique and could usefully be reduced. We strongly urge adopting the second alternative paragraph on page five relating to Cancun. Moreover, within this alternative paragraph, we recommend removing the first two phrases of the third sentence which now read: "Further, recalling the positive spirit expressed at Venice towards the prospect of global negotiations, subject to mutually satisfactory agreement on procedures and agenda." The sentence

would read: "We reaffirm our willingness to explore all avenues of consultation and international cooperation with developing countries in whatever forums may be necessary."

The President is currently in an extremely strong position. He is well liked and well respected by the other leaders and they are looking to him for leadership. The global negotiations issue is an excellent one for him on which to stand firm.

The idea of global negotiations, from the standpoint of the developed countries, is not particularly well formed. It is not clear what the developed countries expect to gain from such negotiations (except possibly, some temporary good will), nor what the potential costs are for them.

Wise leaders do not embark on courses whose destination is unknown. They are leaders because they have a vision of where they are going. And others, trusting them, are willing to follow. That is the essence of leadership.

The President can appropriately say that he is deeply concerned about conditions in developing countries and that despite severe budgetary constraints, he has maintained and increased the U.S. level of funding for aid programs. Even more importantly, the U.S. is putting its economic house in order and keeping its doors open to the goods and services of developing countries recognizing that what they need most is the wherewithal to produce and markets in which to sell.

But there is little point, in traveling down the global negotiations trail with no assurance of where it is leading. It is a trail that is potentially both steep and slippery.

On page six, section four we see little merit in committing to allocating the major portion of our aid to poorer countries. That statement is simply unnecessary and could require a major reallocation of U.S. aid.

In the same section it is not clear whose impediments are being removed "to nonconcessional and private capital flows." What we need to talk about here is creating a favorable climate that will encourage private investment.

On page seven section seven we recommend striking "valuable" in referring to the efforts of OPEC in financing development in non-oil developing countries. It is gratuitous and unnecessary. We also strongly recommend eliminating all references to the World Bank. The U.S. has clearly taken a position against a ~~World Bank~~ energy affiliate. Communiqués from meetings such as this should reflect a consensus, not a majority view. And it is not clear that by the end of the Summit this will be the majority view.

Finally, we see no need to specify how the leaders will maintain contact with one another and therefore, in the closing sentence of the communique, prefer the later alternative language.

]



~~CONFIDENTIAL~~

July 9, 1981

DRAFT

DECLARATION OF THE OTTAWA SUMMIT

JULY 20 AND 21, 1981

DECLASSIFIED

AUTHORITY NSC/State Waivers  
BY dv NAVA DATE 10/31/2019

I INTRODUCTION

1. We met at a time of intense change and challenge, with serious economic difficulties and increased international political dangers confronting our societies, and all countries of the world, both developed and developing. For several of us, it was the first occasion to meet each other, and for us all it served to underline the strength of our common bonds -- of values, of interests, and of aspirations.

2. As leaders of major industrial democracies, we welcomed this opportunity to consult on global economic issues. In the years since the first Summit meeting in 1975, our countries have encountered persistent and deep-seated economic problems. The realities of interdependence require that we tackle these problems in a spirit of shared responsibility, both among ourselves and with our partners throughout the world, and that we take into account the effects on others of policies we pursue. In shaping our long-term economic policies, care should be taken to preserve the environment, ecology and <sup>E</sup> resource bases<sup>A</sup> of our plant<sup>A</sup>.

3. We also recognize that economic issues both reflect, and affect the broader political purposes we share. We have

concerns before our countries: the challenge to world economic progress and the challenge to world peace.

## II THE ECONOMY

1. The ~~primary~~ challenge we addressed at this meeting was the revitalization of the economies of the industrial democracies. In the year since the Venice Summit, the adjustment to the ~~energy~~<sup>oil/petroleum</sup> price rise of 1979 has in important respects been better managed than was the case in the middle 70s. The fight against inflation has been pursued with determination and the average rate of inflation has fallen. Energy use and oil dependence have been reduced. [Growth in the two years 1980 and 1981 will be higher on an average than in 1974 and 1975 in the industrial countries, while inflation is likely to be lower.] Growth has been better maintained in the developing countries than in the industrial countries. The large balance-of-payments deficits which the ~~energy~~<sup>oil</sup> price increase produced have so far been financed at substantial cost in both developed and developing countries but without imposing intolerable adjustment burdens.

2. ~~On the other hand,~~ the experience of individual countries has differed within this broad picture. In four of our seven countries, inflation remains in double figures. In many countries, unemployment has risen sharply and is still rising. There is a prospect for moderate growth in the coming year but at present it promises little early relief from unemployment. Balance of payments surpluses and deficits originating in the

*all countries*



rates have reached record levels in many countries. If long sustained at these levels, they would threaten productive investment and impose heavy burdens, particularly on deficit countries, developed and developing.

3. We are agreed that the fight to bring down inflation and reduce unemployment must be our highest priority. We are agreed too that these linked problems must be tackled <sup>concurrently</sup> [at the same time] We must continue to reduce inflation if we are to secure the higher investment and sustainable growth which are necessary ~~pre~~conditions of the durable recovery of employment. To reduce unemployment and to improve the ability of our economies to adapt to change requires the balanced use of a range of policy instruments. We have to convince our peoples, especially the social partners, of the need for change: <sup>consistent with lower inflation,</sup> change in expectations about pay <sup>and</sup> conditions, and about the policy environment in which decisions on both pay and prices have to be made] change in management and labour practices, change in the pattern of industry, change in the direction and scale of investment, and change in energy use and supply.

4. We need urgently to reduce public borrowing; but where our circumstances permit or we are able to make changes within the limits of our budgets, we will increase support for productive investment and innovation. We have also to accept and strengthen the application of market disciplines throughout the economy, including heavy reliance on the price mechanism

to conserve energy. And we must not let transitional measures that may be needed to ease change become permanent forms of protection or subsidy.

5. We see low and stable monetary growth as essential to reducing inflation. <sup>High</sup> Interest rates have to play their part in achieving this and are likely to remain high <sup>until inflation can be brought under control.</sup> [where fears of inflation remain strong.] But we are acutely aware that levels and movements of interest rates in one country can make more difficult stabilization policies in other countries by influencing their exchange rates and their economies. For these reasons, as much reliance as possible should be placed on restraint in government expenditure and containment of budgetary deficits. It is also desirable to <sup>seek stable economic growth which will</sup> minimize <sup>the</sup> volatility of interest rates and exchange rates.

6. In a world of strong capital flows and large deficits it is in the interests of all that the financial soundness of the international banking system and the international financial institutions be fully maintained. <sup>7.</sup> We welcome the expanded role of the IMF in financing balance-of-payments deficits on terms which encourage needed adjustment.

### III RELATIONS WITH DEVELOPING COUNTRIES

1. We support the stability, growth, independence and ~~genuine~~ non-alignment of developing countries: We recognize the reality of interdependence and reaffirm our commitment

to cooperate and to strengthen our relations with developing countries in a spirit of mutual interest, respect and benefit. We look to them to play a full part in the international system commensurate with their capabilities and responsibilities and to become more fully integrated in it.

2. We look forward to constructive and substantive discussions with them, individually and multilaterally, particularly at the Cancun Summit. We reaffirm the positive spirit we expressed at Venice towards the prospect of Global Negotiations, subject to mutually satisfactory agreement on procedures and agenda, and are willing to participate as soon as possible in efforts to reach an agreed basis for the launching of such Negotiations. (Supported by other Summit countries).

OR

2. We look forward to constructive and substantive discussions with them, individually and multilaterally. The Cancun Summit offers an early opportunity to address our common problems ~~in a new light.~~ Further, recalling the positive spirit expressed at Venice towards the prospect of Global Negotiations, subject to mutually satisfactory agreement on procedures and agenda, we reaffirm our willingness to explore all avenues of consultation and international cooperation with developing countries in whatever forums may be ~~necessary~~ <sup>appropriate.</sup>

(Supported by the US.)

3. We are deeply conscious of the serious economic problems

especially by the poorer among them. We remain ready to support their efforts to promote economic and social development since these efforts are vital to their success.

4. We are committed to maintaining substantial and, in many cases, growing levels of ODA, and will seek to increase public understanding of this policy. We will allocate the major portion of our aid to poorer countries and we will participate actively in the United Nations Conference on the Least Developed Countries. It is important to emphasize that strengthening our own economies, increasing access to our markets, and removing impediments to nonconcessional and private capital flows contribute much larger amounts of needed resources and technology to developing countries and thereby complement official aid.

5. The Soviet Union and its partners, whose contributions are meagre, should make more development assistance available, and take a greater share of exports of developing countries, while respecting their independence and non-alignment.

6. We support the crucial role played by the International Financial Institutions. We will maintain a strong commitment to those bodies, and work to ensure that they have, and use effectively, the financial resources necessary for carrying out their important responsibilities and for encouraging sound policies in member countries.

7. We attach high priority to the resolution of the problems created for the non-oil developing countries by the damaging effects on them of high costs of energy imports following the two oil price shocks. The surplus oil-exporting countries have, with us, a large stake in the resolution of these problems. We call on them further to broaden their valuable efforts to finance development in non-oil developing countries, especially in the field of energy. We stand ready to co-operate with them for this purpose and to explore with them, in a spirit of partnership, possible mechanisms, such as those being examined in the World Bank, which would take due account of the importance of their financial contributions. A favorable climate for <sup>N</sup>energy exploration and investment in non-oil developing countries is indispensable. We will work for practical achievements at the forthcoming UN Conference on New and Renewable Sources of Energy.

8. In view of our concerns about food shortages and malnutrition, we recognize the importance of accelerated food production in the developing world and of greater world food security; and the need for developing countries to pursue sound agricultural and food policies. We will examine ways to make increased resources for assistance available for these purposes. We welcome the emphasis being given to food-related issues within multilateral institutions, including the new facility in the IMF.

9. We recognize the need for many developing countries to deal with problems of excessive population growth, in ways sensitive to human values and dignity; and to develop human resources, including technical and managerial capabilities. We will place greater emphasis on international efforts in these areas.

IV TRADE

1. We reaffirm our strong commitment to maintaining liberal trade policies and to the effective operation of an open, multilateral trading system as embodied in the GATT. We will work together to strengthen it further in the interest of all trading countries. We reiterate our intention to implement the agreements reached in the Multilateral Trade Negotiations and invite other countries, particularly developing countries, to join in these mutually beneficial trading arrangements.

2. Over time, any protectionist measure, whether in the form of overt or hidden trade restriction<sup>s</sup> or in the form of subsidies to prop up declining industries, will not only undermine the viability and dynamism of our economies but also aggravate inflation and unemployment. While we have been generally successful in resisting the growing protectionist pressures, we shall redouble our efforts to avoid the erosion of the open, multilateral trading system and to seek positive structural adjustment to the changing global economic environment.

3. Accordingly, we see the need to take new initiatives in the field of international trade to give a new political

impetus to the strengthening of the open and multi-lateral trading system. We welcome the proposal by the Consultative Group of Eighteen that the GATT CONTRACTING PARTIES should envisage the convening of a meeting at Ministerial level during 1982. Bearing in mind in particular the need further to integrate the developing countries into the world economy, we will be prepared to cooperate with others in assuring the implementation of the results of the Tokyo Round, and in analyzing both the issues confronting the trading system and the trends and opportunities likely to emerge in the 1980s. We will also work together with the other OECD countries in their program of study to examine trade issues.

4. We will keep under review the role played by our countries in the smooth functioning of the multilateral trading system, with particular emphasis on the need to maximize the openness of markets while allowing for the safeguard measures provided for in the GATT<sup>DELETED</sup> or (Disruption by the concentration of exports on specific markets and in narrow sectors should be avoided through appropriate international cooperation. Within the framework of this cooperation and according to internationally established rules, a timely industrial adjustment should be sought.)



5. We endorse the accelerated efforts to conclude by the end of this year an agreement to reduce the subsidy effects of official export credit schemes, since an unbridled export credit race will bring about distortion of trade.

## V. ENERGY

1. At Venice we set the objective of breaking the link between economic growth and oil consumption by effecting fundamental structural change in our energy economies. That change is now underway. But our countries continue to be vulnerable and energy supply remains a potential constraint to revived economic growth over the decade. We must accelerate the development and use of all our energy sources, both conventional and new, promote energy efficiency and replace oil by other fuels. To these ends we will continue to rely heavily on market mechanisms, supplemented as necessary by government action.

2. We are confident that, with perseverance, our goals for the decade can be achieved. We will continue to watch progress closely. In the meantime, our capacity to deal with short-term oil market problems should be improved, particularly through the holding of adequate levels of stocks.

3. In many countries, progress in constructing new nuclear facilities is disappointingly slow. We recognize concerns about safety, health, nuclear waste management and non-proliferation but are convinced that these concerns can and will be met. We intend, in each of our countries, to encourage public acceptance of nuclear energy. We will further our efforts in the development of advanced technologies and in spent-fuel management.

4. We will also take steps to realize the potential for economic production, trade and use of coal; this ~~could~~ include removal of impediments, and an improvement in the climate which would favor the conclusion of long-term arrangements between buyers and sellers. We will do everything in our power to ensure that increased use of coal does not damage the environment.

5. The successful implementation of our energy strategy will contribute significantly to the health of the global economy. We look forward to improved understanding and cooperation with the oil exporting countries.

#### VI. EAST-WEST ECONOMIC RELATIONS

We also reviewed the significance of East-West economic relations for our political and security interests. We

recognized that there is a complex balance of political and economic interests and risks in these relations. We concluded that continuing consultations and (where appropriate coordination are necessary to ensure that, in the field of East-West relations, our economic policies continue to be compatible with our political and security objectives, for example in such areas as strategic trade controls and the need to guard against the risks of becoming vulnerable to dependence on Eastern resources and markets.

## VII. CONCLUSIONS

1. This and earlier Economic Summits confirm our conviction that our common problems can be resolved only through close consultation and cooperation. The resources of our democratic, free societies are equal to the tasks we face. This Summit finds us more united than ever in our perception of shared concerns and in our attachment to our common values and goals. We shall move forward together and with all countries ready to work with us in a spirit of cooperation and harmony. In order to ensure the greatest possible degree of <sup>consistency in</sup> ~~concertation~~ of our approaches to the fundamental problems which we all face, we intend between now and the next meeting to maintain continuing contact with each other (both directly and through our Personal Representatives) or (with a view to agreeing how consultation and cooperation can be made even closer).



UNITED STATES DEPARTMENT OF COMMERCE  
The Under Secretary for International Trade  
Washington, D.C. 20230

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MEMORANDUM FOR Craig L. Fuller  
Director  
Office of Cabinet Administration

SUBJECT Ottawa Summit Draft Communique

I have appended a marked copy of the draft communique with our suggested changes, mostly editorial. In Part IV, Trade, we prefer the language of the first parenthetical alternative which relies on the established provisions of the international trading system relating to the use of domestic safeguard measures.

Lionel H. Olmer

Attachment

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July 9, 1981

DRAFT

DECLARATION OF THE OTTAWA SUMMIT

JULY 20 AND 21, 1981

DECLASSIFIED  
Authority NSI/State Waivers  
BY dhr DATE 10/31/2019

I INTRODUCTION

1. We met at a time of intense change and challenge, with serious economic difficulties and increased international political dangers confronting our societies, and all countries of the world, both developed and developing. For several of us, it was the first occasion to meet each other, and for us all it served to underline the strength of our common bonds -- of values, of interests, and of aspirations.

2. As leaders of major industrial democracies, we welcomed this opportunity to consult on global economic issues. In the years since the first Summit meeting in 1975, our countries have encountered persistent and deep-seated economic problems. The realities of interdependence require that we tackle these problems in a spirit of shared responsibility, both among ourselves and with our partners throughout the world, and that we take into account the effects on others of policies we pursue. In shaping our long-term economic policies, care should be taken to preserve the environment, ecology and <sup>the</sup> resource bases<sup>E</sup> of our plant<sup>A</sup>.

3. We also recognize that economic issues both reflect and affect the broader political purposes we share. We have

concerns before our countries: the challenge to world economic progress and the challenge to world peace.

## II THE ECONOMY

1. The ~~primary~~ challenge we addressed at this meeting was the revitalization of the economies of the industrial democracies. In the year since the Venice Summit, the adjustment to the ~~energy~~<sup>oil/petroleum</sup> price rise of 1979 has in important respects been better managed than was the case in the middle 70s. The fight against inflation has been pursued with determination and the average rate of inflation has fallen. Energy use and oil dependence have been reduced. [Growth in the two years 1980 and 1981 will be higher on an average than in 1974 and 1975 in the industrial countries, while inflation is likely to be lower.] Growth has been better maintained in the developing countries than in the industrial countries. The large balance-of-payments deficits which the ~~energy~~<sup>oil</sup> price increase produced have so far been financed at substantial cost in both developed and developing countries but without imposing intolerable adjustment burdens.

2. ~~On the other hand,~~ the experience of individual countries has differed within this broad picture. In four of our seven countries, inflation remains in double figures. In many countries, unemployment has risen sharply and is still rising. There is a prospect for moderate growth in the coming year but at present it promises little early relief from unemployment. Balance of payments surpluses and deficits originating in the

*all countries*

rates have reached record levels in many countries. If long sustained at these levels, they would threaten productive investment and impose heavy burdens, particularly on deficit countries, developed and developing.

3. We are agreed that the fight to bring down inflation and reduce unemployment must be our highest priority. We are agreed too that these linked problems must be tackled <sup>concurrently</sup> [at the same time] We must continue to reduce inflation if we are to secure the higher investment and sustainable growth which are necessary ~~pre~~ conditions of the durable recovery of employment. To reduce unemployment and to improve the ability of our economies to adapt to change requires the balanced use of a range of policy instruments. We have to convince our peoples, especially the social partners, of the need for change: change in expectations about pay <sup>consistent with lower inflation,</sup> [and conditions, and about the policy environment in which decisions on both pay and prices have to be made] change in management and labour practices, change in the pattern of industry, change in the direction and scale of investment, and change in energy use and supply.

4. We need urgently to reduce public borrowing; but where our circumstances permit or we are able to make changes within the limits of our budgets, we will increase support for productive investment and innovation. We have also to accept and strengthen the application of market disciplines throughout the economy, including heavy reliance on the price mechanism

to conserve energy. And we must not let transitional measures that may be needed to ease change become permanent forms of protection or subsidy.

5. We see low and stable monetary growth as essential to reducing inflation. <sup>HIGH</sup> Interest rates have to play their part in achieving this and are likely to remain high <sup>until inflation can be brought under control.</sup> [where fears of inflation remain strong.] But we are acutely aware that levels and movements of interest rates in one country can make more difficult stabilization policies in other countries by influencing their exchange rates and their economies. For these reasons, as much reliance as possible should be placed on restraint in government expenditure and containment of budgetary deficits. It is also desirable to <sup>seek stable economic growth which will</sup> minimize <sup>the</sup> volatility of interest rates and exchange rates.

6. In a world of strong capital flows and large deficits it is in the interests of all that the financial soundness of the international banking system and the international financial institutions be fully maintained. <sup>7.</sup> We welcome the expanded role of the IMF in financing balance-of-payments deficits on terms which encourage needed adjustment.

### III RELATIONS WITH DEVELOPING COUNTRIES

1. We support the stability, growth, independence and ~~genuine~~ non-alignment of developing countries. We recognize the reality of interdependence and reaffirm our commitment



to cooperate and to strengthen our relations with developing countries in a spirit of mutual interest, respect and benefit. We look to them to play a full part in the international system commensurate with their capabilities and responsibilities and to become more fully integrated in it.

2. We look forward to constructive and substantive discussions with them, individually and multilaterally, particularly at the Cancun Summit. We reaffirm the positive spirit we expressed at Venice towards the prospect of Global Negotiations, subject to mutually satisfactory agreement on procedures and agenda, and are willing to participate as soon as possible in efforts to reach an agreed basis for the launching of such Negotiations. (Supported by other Summit countries).

OR

2. We look forward to constructive and substantive discussions with them, individually and multilaterally. The Cancun Summit offers an early opportunity to address our common problems ~~in a new light~~. Further, recalling the positive spirit expressed at Venice towards the prospect of Global Negotiations, subject to mutually satisfactory agreement on procedures and agenda, we reaffirm our willingness to explore all avenues of consultation and international cooperation with developing countries in whatever forums may be ~~necessary~~ <sup>appropriate</sup>.  
(Supported by the US.)

3. We are deeply conscious of the serious economic problems

especially by the poorer among them. We remain ready to support their efforts to promote economic and social development since these efforts are vital to their success.

4. We are committed to maintaining substantial and, in many cases, growing levels of ODA, and will seek to increase public understanding of this policy. We will allocate the major portion of our aid to poorer countries and we will participate actively in the United Nations Conference on the Least Developed Countries. It is important to emphasize that strengthening our own economies, increasing access to our markets, and removing impediments to nonconcessional and private capital flows contribute much larger amounts of needed resources and technology to developing countries and thereby complement official aid.

5. The Soviet Union and its partners, whose contributions are meagre, should make more development assistance available, and take a greater share of exports of developing countries, while respecting their independence and non-alignment.

6. We support the crucial role played by the International Financial Institutions. We will maintain a strong commitment to those bodies, and work to ensure that they have, and use effectively, the financial resources necessary for carrying out their important responsibilities and for encouraging sound policies in member countries.

7. We attach high priority to the resolution of the problems created for the non-oil developing countries by the damaging effects on them of high costs of energy imports following the two oil price shocks. The surplus oil-exporting countries have, with us, a large stake in the resolution of these problems. We call on them further to broaden their valuable efforts to finance development in non-oil developing countries, especially in the field of energy. We stand ready to co-operate with them for this purpose and to explore with them, in a spirit of partnership, possible mechanisms, such as those being examined in the World Bank, which would take due account of the importance of their financial contributions. A favorable climate for <sup>N</sup>energy exploration and investment in non-oil developing countries is indispensable. We will work for practical achievements at the forthcoming UN Conference on New and Renewable Sources of Energy.

8. In view of our concerns about food shortages and malnutrition, we recognize the importance of accelerated food production in the developing world and of greater world food security; and the need for developing countries to pursue sound agricultural and food policies. We will examine ways to make increased resources for assistance available for these purposes. We welcome the emphasis being given to food-related issues within multilateral institutions, including the new facility in the IMF.

9. We recognize the need for many developing countries to deal with problems of excessive population growth, in ways sensitive to human values and dignity; and to develop human resources, including technical and managerial capabilities. We will place greater emphasis on international efforts in these areas.



impetus to the strengthening of the open and multi-lateral trading system. We welcome the proposal by the Consultative Group of Eighteen that the GATT CONTRACTING PARTIES should envisage the convening of a meeting at Ministerial level during 1982. Bearing in mind in particular the need further to integrate the developing countries into the world economy, we will be prepared to cooperate with others in assuring the implementation of the results of the Tokyo Round, and in analyzing both the issues confronting the trading system and the trends and opportunities likely to emerge in the 1980s. We will also work together with the other OECD countries in their program of study to examine trade issues.

4. We will keep under review the role played by our countries in the smooth functioning of the multilateral trading system, with particular emphasis on the need to maximize the openness of markets while allowing for the safeguard measures provided for in the GATT ~~or~~ <sup>DELETE</sup> (Disruption by the concentration of exports on specific markets and in narrow sectors should be avoided through appropriate international cooperation. Within the framework of this cooperation and according to internationally established rules, a timely industrial adjustment should be sought.)

5. We endorse the accelerated efforts to conclude by the end of this year an agreement to reduce the subsidy effects of official export credit schemes, since an unbridled export credit race will bring about distortion of trade.

## V. ENERGY

1. At Venice we set the objective of breaking the link between economic growth and oil consumption by effecting fundamental structural change in our energy economies. That change is now underway. But our countries continue to be vulnerable and energy supply remains a potential constraint to revived economic growth over the decade. We must accelerate the development and use of all our energy sources, both conventional and new, promote energy efficiency and replace oil by other fuels. To these ends we will continue to rely heavily on market mechanisms, supplemented as necessary by government action.

2. We are confident that, with perseverance, our goals for the decade can be achieved. We will continue to watch progress closely. In the meantime, our capacity to deal with short-term oil market problems should be improved, particularly through the holding of adequate levels of stocks.

3. In many countries, progress in constructing new nuclear facilities is disappointingly slow. We recognize concerns about safety, health, nuclear waste management and non-proliferation but are convinced that these concerns can and will be met. We intend, in each of our countries, to encourage public acceptance of nuclear energy. We will further our efforts in the development of advanced technologies and in spent-fuel management.

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4. We will also take steps to realize the potential for economic production, trade and use of coal; this ~~could~~ include removal of impediments, and an improvement in the climate which would favor the conclusion of long-term arrangements between buyers and sellers. We will do everything in our power to ensure that increased use of coal does not damage the environment.

5. The successful implementation of our energy strategy will contribute significantly to the health of the global economy. We look forward to improved understanding and cooperation with the oil exporting countries.

#### VI. EAST-WEST ECONOMIC RELATIONS

We also reviewed the significance of East-West economic relations for our political and security interests. We



recognized that there is a complex balance of political and economic interests and risks in these relations. We concluded that continuing consultations and (where appropriate) coordination are necessary to ensure that, in the field of East-West relations, our economic policies continue to be compatible with our political and security objectives, for example in such areas as strategic trade controls and the need to guard against the risks of becoming vulnerable to dependence on Eastern resources and markets.

## VII. CONCLUSIONS

1. This and earlier Economic Summits confirm our conviction that our common problems can be resolved only through close consultation and cooperation. The resources of our democratic, free societies are equal to the tasks we face. This Summit finds us more united than ever in our perception of shared concerns and in our attachment to our common values and goals. We shall move forward together and with all countries ready to work with us in a spirit of cooperation and harmony. In order to ensure the greatest possible degree of <sup>consistency in</sup> ~~concertation~~ <sup>2</sup> of our approaches to the fundamental problems which we all face, we intend between now and the next meeting to maintain continuing contact with each other (both directly and through our Personal Representatives) or (with a view to agreeing how consultation and cooperation can be made even closer).

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

July 13, 1981

MEMORANDUM FOR RICHARD DARMAN

FROM: Murray L. Weidenbaum 

Subject: Ottawa Communique Draft

We have no significant comments on the draft communique (attached). My preferences where alternatives were indicated have been noted.

~~CONFIDENTIAL~~

July 9, 1981

DRAFT

DECLARATION OF THE OTTAWA SUMMIT

JULY 20 AND 21, 1981

DECLASSIFIED  
Authority NSC/State Waver's  
DATE 10/3/2019

I INTRODUCTION

1. We met at a time of intense change and challenge, with serious economic difficulties and increased international political dangers confronting our societies, and all countries of the world, both developed and developing. For several of us, it was the first occasion to meet each other, and for us all it served to underline the strength of our common bonds -- of values, of interests, and of aspirations.

2. As leaders of major industrial democracies, we welcomed this opportunity to consult on global economic issues. In the years since the first Summit meeting in 1975, our countries have encountered persistent and deep-seated economic problems. The realities of interdependence require that we tackle these problems in a spirit of shared responsibility, both among ourselves and with our partners throughout the world, and that we take into account the effects on others of policies we pursue. In shaping our long-term economic policies, care should be taken to preserve the environment, ecology and resource bases of our plant.

3. We also recognize that economic issues both reflect and affect the broader political purposes we share. We have therefore discussed the relationship between the two overriding

concerns before our countries: the challenge to world economic progress and the challenge to world peace.

## II THE ECONOMY

1. The primary challenge we addressed at this meeting was the revitalization of the economies of the industrial democracies. In the year since the Venice Summit, the adjustment to the energy price rise of 1979 has in important respects been better managed than was the case in the middle 70s. The fight against inflation has been pursued with determination and the average rate of inflation has fallen. Energy use and oil dependence have been reduced. Growth in the two years 1980 and 1981 will be higher on an average than in 1974 and 1975 in the industrial countries, while inflation is likely to be lower. Growth has been better maintained in the developing countries than in the industrial countries. The large balance of payments deficits which the energy price increase produced have so far been financed at substantial cost in both developed and developing countries but without imposing intolerable adjustment burdens.

2. On the other hand, the experience of individual countries has differed within this broad picture. In four of our seven countries, inflation remains in double figures. In many countries, unemployment has risen sharply and is still rising. There is a prospect for moderate growth in the coming year but at present it promises little early relief from unemployment. Balance of payments surpluses and deficits originating in the oil price increase are likely to persist for some time. Interest

rates have reached record levels in many countries. If long sustained at these levels, they would threaten productive investment and impose heavy burdens, particularly on deficit countries, developed and developing.

3. We are agreed that the fight to bring down inflation and reduce unemployment must be our highest priority. We are agreed too that these linked problems must be tackled at the same time. We must continue to reduce inflation if we are to secure the higher investment and sustainable growth which are necessary preconditions of the durable recovery of employment. To reduce unemployment and to improve the ability of our economies to adapt to change requires the balanced use of a range of policy instruments. We have to convince our peoples, especially the social partners, of the need for change: change in expectations about pay and conditions, and about the policy environment in which decisions on both pay and prices have to be made, change in management and labour practices, change in the pattern of industry, change in the direction and scale of investment, and change in energy use and supply.

4. We need urgently to reduce public borrowing; but where our circumstances permit or we are able to make changes within the limits of our budgets, we will increase support for productive investment and innovation. We have also to accept and strengthen the application of market disciplines throughout the economy, including heavy reliance on the price mechanism

to conserve energy. And we must not let transitional measures that may be needed to ease change become permanent forms of protection or subsidy.

5. We see low and stable monetary growth as essential to reducing inflation. Interest rates have to play their part in achieving this and are likely to remain high where fears of inflation remain strong. But we are acutely aware that levels and movements of interest rates in one country can make more difficult stabilization policies in other countries by influencing their exchange rates and their economies. For these reasons, as much reliance as possible should be placed on restraint in government expenditure and containment of budgetary deficits. It is also desirable to minimize volatility of interest rates and exchange rates.

6. In a world of strong capital flows and large deficits it is in the interests of all that the financial soundness of the international banking system and the international financial institutions be fully maintained. We welcome the MA expanded role of the IMF in financing balance of payments deficits on terms which encourage needed adjustment.

### III RELATIONS WITH DEVELOPING COUNTRIES

1. We support the stability, growth, independence and genuine non-alignment of developing countries. We recognize the reality of interdependence and reaffirm our commitment

to cooperate and to strengthen our relations with developing countries in a spirit of mutual interest, respect and benefit. We look to them to play a full part in the international system commensurate with their capabilities and responsibilities and to become more fully integrated in it.

~~2. We look forward to constructive and substantive discussions with them, individually and multilaterally, particularly at the Cancun Summit. We reaffirm the positive spirit we expressed at Venice towards the prospect of Global Negotiations, subject to mutually satisfactory agreement on procedures and agenda, and are willing to participate as soon as possible in efforts to reach an agreed basis for the launching of such Negotiations. (Supported by other Summit countries).~~

OR

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 2. We look forward to constructive and substantive discussions with them, individually and multilaterally. The Cancun Summit offers an early opportunity to address our common problems in a new light. Further, recalling the positive spirit expressed at Venice towards the prospect of Global Negotiations, subject to mutually satisfactory agreement on procedures and agenda, we reaffirm our willingness to explore all avenues of consultation and international cooperation with developing countries in whatever forums may be necessary. (Supported by the US.)

Yes

3. We are deeply conscious of the serious economic problems



especially by the poorer among them. We remain ready to support their efforts to promote economic and social development since these efforts are vital to their success.

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4. We are committed to maintaining substantial and, in many cases, growing levels of ODA, and will seek to increase public understanding of this policy. We will allocate the major portion of our aid to poorer countries and we will participate actively in the United Nations Conference on the Least Developed Countries. It is important to emphasize that strengthening our own economies, increasing access to our markets, and removing impediments to nonconcessional and private capital flows contribute much larger amounts of needed resources and technology to developing countries and thereby complement official aid.

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5. The Soviet Union and its partners, whose contributions are meagre, should make more development assistance available, and take a greater share of exports of developing countries, while respecting their independence and non-alignment.

6. We support the crucial role played by the International Financial Institutions. We will maintain a strong commitment to those bodies, and work to ensure that they have, and use effectively, the financial resources necessary for carrying out their important responsibilities and for encouraging sound policies in member countries.



7. We attach high priority to the resolution of the problems created for the non-oil developing countries by the damaging effects on them of high costs of energy imports following the two oil price shocks. The surplus oil-exporting countries have, with us, a large stake in the resolution of these problems. We call on them further to broaden their valuable efforts to finance development in non-oil developing countries, especially in the field of energy. We stand ready to co-operate with them for this purpose and to explore with them, in a spirit of partnership, possible mechanisms, such as those being examined in the World Bank, which would take due account of the importance of their financial contributions. A favorable climate for energy exploration and investment in non-oil developing countries is indispensable. We will work for practical achievements at the forthcoming UN Conference on New and Renewable Sources of Energy.

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8. In view of our concerns about food shortages and malnutrition, we recognize the importance of accelerated food production in the developing world and of greater world food security; and the need for developing countries to pursue sound agricultural and food policies. We will examine ways to make increased resources for assistance available for these purposes. We welcome the emphasis being given to food-related issues within multilateral institutions, including the new facility in the IMF.

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9. We recognize the need for many developing countries to deal with problems of excessive population growth, in ways sensitive to human values and dignity; and to develop human resources, including technical and managerial capabilities.

We will place greater emphasis on international efforts in these areas.

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IV TRADE

1. We reaffirm our strong commitment to maintaining liberal trade policies and to the effective operation of an open, multilateral trading system as embodied in the GATT. We will work together to strengthen it further in the interest of all trading countries. We reiterate our intention to implement the agreements reached in the Multilateral Trade Negotiations and invite other countries, particularly developing countries, to join in these mutually beneficial trading arrangements.

2. Over time, any protectionist measure, whether in the form of overt or hidden trade restriction or in the form of subsidies to prop up declining industries, will not only undermine the viability and dynamism of our economies but also aggravate inflation and unemployment. While we have been generally successful in resisting the growing protectionist pressures, we shall redouble our efforts to avoid the erosion of the open, multilateral trading system and to seek positive structural adjustment to the changing global economic environment.

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3. Accordingly, we see the need to take new initiatives in the field of international trade to give a new political

impetus to the strengthening of the open and multi-lateral trading system. We welcome the proposal by the Consultative Group of Eighteen that the GATT CONTRACTING PARTIES should envisage the convening of a meeting at Ministerial level during 1982. Bearing in mind in particular the need further to integrate the developing countries into the world economy, we will be prepared to cooperate with others in assuring the implementation of the results of the Tokyo Round, and in analyzing both the issues confronting the trading system and the trends and opportunities likely to emerge in the 1980s. We will also work together with the other OECD countries in their program of study to examine trade issues.

4. We will keep under review the role played by our countries in the smooth functioning of the multilateral trading system, with particular emphasis on the need to maximize the openness of markets (while allowing for the safeguard measures provided for in the GATT) <sup>preferred</sup> ~~or (Disruption by the concentration of exports on specific markets and in narrow sectors should be avoided through appropriate international cooperation. Within the framework of this cooperation and according to internationally established rules, a timely industrial adjustment should be sought.)~~

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5. We endorse the accelerated efforts to conclude by the end of this year an agreement to reduce the subsidy effects of official export credit schemes, since an unbridled export credit race will bring about distortion of trade.

} Approved.  
Mexico -  
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## V. ENERGY

1. At Venice we set the objective of breaking the link between economic growth and oil consumption by effecting fundamental structural change in our energy economies. That change is now underway. But our countries continue to be vulnerable and energy supply remains a potential constraint to revived economic growth over the decade. We must accelerate the development and use of all our energy sources, both conventional and new, promote energy efficiency and replace oil by other fuels. To these ends we will continue to rely heavily on market mechanisms, supplemented as necessary by government action.

2. We are confident that, with perseverance, our goals for the decade can be achieved. We will continue to watch progress closely. In the meantime, our capacity to deal with short-term oil market problems should be improved, particularly through the holding of adequate levels of stocks.

3. In many countries, progress in constructing new nuclear facilities is disappointly slow. We recognize concerns about safety, health, nuclear waste management and non-proliferation but are convinced that these concerns can and will be met. We intend, in each of our countries, to encourage public acceptance of nuclear energy. We will further our efforts in the development of advanced technologies and in spent fuel management.

4. We will also take steps to realize the potential for economic production, trade and use of coal; this could include removal of impediments, and an improvement in the climate which would favor the conclusion of long-term arrangements between buyers and sellers. We will do everything in our power to ensure that increased use of coal does not damage the environment.

5. The successful implementation of our energy strategy will contribute significantly to the health of the global economy. We look forward to improved understanding and cooperation with the oil exporting countries.

#### VI. EAST-WEST ECONOMIC RELATIONS

We also reviewed the significance of East-West economic relations for our political and security interests. We



recognized that there is a complex balance of political and economic interests and risks in these relations. We concluded that continuing consultations and (where appropriate) coordination are necessary to ensure that, in the field of East-West relations, our economic policies continue to be compatible with our political and security objectives, for example in such areas as strategic trade controls and the need to guard against the risks of becoming vulnerable to dependence on Eastern resources and markets.

## VII. CONCLUSIONS

1. This and earlier Economic Summits confirm our conviction that our common problems can be resolved only through close consultation and cooperation. The resources of our democratic, free societies are equal to the tasks we face. This Summit finds us more united than ever in our perception of shared concerns and in our attachment to our common values and goals. We shall move forward together and with all countries ready to work with us in a spirit of cooperation and harmony. In order to ensure the greatest possible degree of concertation of our approaches to the fundamental problems which we all face, we intend between now and the next meeting to maintain continuing contact with each other (both directly and through our Personal Representatives) ~~or (with a view to agreeing how consultation and cooperation can be made even closer).~~

*referred*  
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18697

THE WHITE HOUSE  
WASHINGTON

CABINET ADMINISTRATION STAFFING MEMORANDUM

DATE: July 10, 1981 NUMBER: 018697CA DUE BY: 12 noon, Monday July 13, 1981

SUBJECT: Ottawa Communique

by Darman ←

	ACTION	FYI		ACTION	FYI
ALL CABINET MEMBERS	<input type="checkbox"/>	<input type="checkbox"/>	Baker	<input type="checkbox"/>	<input type="checkbox"/>
Vice President	<input type="checkbox"/>	<input type="checkbox"/>	Deaver	<input type="checkbox"/>	<input type="checkbox"/>
State	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Allen	<input type="checkbox"/>	<input type="checkbox"/>
Treasury	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Anderson	<input type="checkbox"/>	<input type="checkbox"/>
Defense <i>attached</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Garrick	<input type="checkbox"/>	<input type="checkbox"/>
Attorney General	<input type="checkbox"/>	<input type="checkbox"/>	Darman <i>(For WH Staffing)</i>	<input type="checkbox"/>	<input type="checkbox"/>
Interior	<input type="checkbox"/>	<input type="checkbox"/>	Gray	<input type="checkbox"/>	<input type="checkbox"/>
Agriculture	<input type="checkbox"/>	<input type="checkbox"/>	Beal	<input type="checkbox"/>	<input type="checkbox"/>
Commerce <i>attached</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Labor	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HHS	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HUD	<input type="checkbox"/>	<input type="checkbox"/>			
Transportation	<input type="checkbox"/>	<input type="checkbox"/>			
Energy	<input type="checkbox"/>	<input type="checkbox"/>			
Education	<input type="checkbox"/>	<input type="checkbox"/>			
Counsellor	<input type="checkbox"/>	<input type="checkbox"/>			
OMB	<input type="checkbox"/>	<input type="checkbox"/>			
CIA	<input type="checkbox"/>	<input type="checkbox"/>			
UN	<input type="checkbox"/>	<input type="checkbox"/>			
USTR <i>NC, DOBIE</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
<i>sign: phone</i>	<input type="checkbox"/>	<input type="checkbox"/>			
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Remarks: Attached is a draft of the Ottawa Summit Communique. It does not have any standing other than having been discussed by the "sherpas" (with U.S. participation).

Please provide comments/edits by 12 noon, Monday, July 13, 1981.

RETURN TO: Craig L. Fuller  
Deputy Assistant to the President  
Director,  
Office of Cabinet Administration  
456-2823



**WHITE HOUSE STAFFING MEMORANDUM**

COB

DATE: July 9, 1981 ACTION/CONCURRENCE/COMMENT DUE BY: JULY 13, 1981

SUBJECT: Ottawa Communique

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	JAMES	<input type="checkbox"/>	<input type="checkbox"/>
MEESE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MURPHY	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BAKER	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NOFZIGER	<input type="checkbox"/>	<input type="checkbox"/>
DEAVER	<input checked="" type="checkbox"/>	<input type="checkbox"/>	WILLIAMSON	<input type="checkbox"/>	<input type="checkbox"/>
STOCKMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	WEIDENBAUM	<input checked="" type="checkbox"/>	<input type="checkbox"/>
ALLEN	<input type="checkbox"/>	<input type="checkbox"/>	CANZERI	<input type="checkbox"/>	<input type="checkbox"/>
ANDERSON	<input type="checkbox"/>	<input type="checkbox"/>	<u>FULLER (For Cabinet)</u> →	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input type="checkbox"/>	HICKEY	<input type="checkbox"/>	<input type="checkbox"/>
DOLE	<input type="checkbox"/>	<input type="checkbox"/>	HODSOLL	<input type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input type="checkbox"/>	<input type="checkbox"/>	MC COY	<input type="checkbox"/>	<input type="checkbox"/>
FRIEDERSDORF	<input type="checkbox"/>	<input type="checkbox"/>	CEQ	<input type="checkbox"/>	<input type="checkbox"/>
GARRICK	<input type="checkbox"/>	<input type="checkbox"/>	OSTP	<input type="checkbox"/>	<input type="checkbox"/>
GERGEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	USTR	<input type="checkbox"/>	<input type="checkbox"/>
HARPER	<input type="checkbox"/>	<input type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input type="checkbox"/>

Remarks:

Attached is a draft of the Ottawa Summit Communique. It does not have any standing other than having been discussed by the "sherpas" (with US participation). Please provide comments/edits by Monday, COB.

Thank you.

(NOTE: Those of you who were handed a copy of the Communique are not being sent another with this staffing Memo.)

*Treas Action*  
*State FYI*  
*Commerce Action*  
*USTR Action*  
*Def*

Richard G. Darman  
 Deputy Assistant to the President  
 and Staff Secretary  
 (x-2702)

~~CONFIDENTIAL~~

July 9, 1981

DRAFT

DECLARATION OF THE OTTAWA SUMMIT

JULY 20 AND 21, 1981

DECLASSIFIED  
Authority NSC/State Waiver  
BY *dh* NAW/DATE 10/31/2019

I INTRODUCTION

1. We met at a time of intense change and challenge, with serious economic difficulties and increased international political dangers confronting our societies, and all countries of the world, both developed and developing. For several of us, it was the first occasion to meet each other, and for us all it served to underline the strength of our common bonds -- of values, of interests, and of aspirations.

2. As leaders of major industrial democracies, we welcomed this opportunity to consult on global economic issues. In the years since the first Summit meeting in 1975, our countries have encountered persistent and deep-seated economic problems. The realities of interdependence require that we tackle these problems in a spirit of shared responsibility, both among ourselves and with our partners throughout the world, and that we take into account the effects on others of policies we pursue. In shaping our long-term economic policies, care should be taken to preserve the environment, ecology and resource bases of our plant.

3. We also recognize that economic issues both reflect and affect the broader political purposes we share. We have therefore discussed the relationship between the two overriding

concerns before our countries: the challenge to world economic progress and the challenge to world peace.

## II THE ECONOMY

1. The primary challenge we addressed at this meeting was the revitalization of the economies of the industrial democracies. In the year since the Venice Summit, the adjustment to the energy price rise of 1979 has in important respects been better managed than was the case in the middle 70s. The fight against inflation has been pursued with determination and the average rate of inflation has fallen. Energy use and oil dependence have been reduced. Growth in the two years 1980 and 1981 will be higher on an average than in 1974 and 1975 in the industrial countries, while inflation is likely to be lower. Growth has been better maintained in the developing countries than in the industrial countries. The large balance of payments deficits which the energy price increase produced have so far been financed at substantial cost in both developed and developing countries but without imposing intolerable adjustment burdens.

2. On the other hand, the experience of individual countries has differed within this broad picture. In four of our seven countries, inflation remains in double figures. In many countries, unemployment has risen sharply and is still rising. There is a prospect for moderate growth in the coming year but at present it promises little early relief from unemployment. Balance of payments surpluses and deficits originating in the

rates have reached record levels in many countries. If long sustained at these levels, they would threaten productive investment and impose heavy burdens, particularly on deficit countries, developed and developing.

3. We are agreed that the fight to bring down inflation and reduce unemployment must be our highest priority. We are agreed too that these linked problems must be tackled at the same time. We must continue to reduce inflation if we are to secure the higher investment and sustainable growth which are necessary preconditions of the durable recovery of employment. To reduce unemployment and to improve the ability of our economies to adapt to change requires the balanced use of a range of policy instruments. We have to convince our peoples, especially the social partners, of the need for change: change in expectations about pay and conditions, and about the policy environment in which decisions on both pay and prices have to be made, change in management and labour practices, change in the pattern of industry, change in the direction and scale of investment, and change in energy use and supply.

4. We need urgently to reduce public borrowing; but where our circumstances permit or we are able to make changes within the limits of our budgets, we will increase support for productive investment and innovation. We have also to accept and strengthen the application of market disciplines throughout the economy, including heavy reliance on the price mechanism

to conserve energy. And we must not let transitional measures that may be needed to ease change become permanent forms of protection or subsidy.

5. We see low and stable monetary growth as essential to reducing inflation. Interest rates have to play their part in achieving this and are likely to remain high where fears of inflation remain strong. But we are acutely aware that levels and movements of interest rates in one country can make more difficult stabilization policies in other countries by influencing their exchange rates and their economies. For these reasons, as much reliance as possible should be placed on restraint in government expenditure and containment of budgetary deficits. It is also desirable to minimize volatility of interest rates and exchange rates.

6. In a world of strong capital flows and large deficits it is in the interests of all that the financial soundness of the international banking system and the international financial institutions be fully maintained. We welcome the expanded role of the IMF in financing balance of payments deficits on terms which encourage needed adjustment.

### III RELATIONS WITH DEVELOPING COUNTRIES

1. We support the stability, growth, independence and genuine non-alignment of developing countries. We recognize the reality of interdependence and reaffirm our commitment

to cooperate and to strengthen our relations with developing countries in a spirit of mutual interest, respect and benefit. We look to them to play a full part in the international system commensurate with their capabilities and responsibilities and to become more fully integrated in it.

2. We look forward to constructive and substantive discussions with them, individually and multilaterally, particularly at the Cancun Summit. We reaffirm the positive spirit we expressed at Venice towards the prospect of Global Negotiations, subject to mutually satisfactory agreement on procedures and agenda, and are willing to participate as soon as possible in efforts to reach an agreed basis for the launching of such Negotiations. (Supported by other Summit countries).

OR

2. We look forward to constructive and substantive discussions with them, individually and multilaterally. The Cancun Summit offers an early opportunity to address our common problems in a new light. Further, recalling the positive spirit expressed at Venice towards the prospect of Global Negotiations, subject to mutually satisfactory agreement on procedures and agenda, we reaffirm our willingness to explore all avenues of consultation and international cooperation with developing countries in whatever forums may be necessary. (Supported by the US.)

3. We are deeply conscious of the serious economic problems in many developing countries, and the grim poverty faced



especially by the poorer among them. We remain ready to support their efforts to promote economic and social development since these efforts are vital to their success.

4. We are committed to maintaining substantial and, in many cases, growing levels of ODA, and will seek to increase public understanding of this policy. We will allocate the major portion of our aid to poorer countries and we will participate actively in the United Nations Conference on the Least Developed Countries. It is important to emphasize that strengthening our own economies, increasing access to our markets, and removing impediments to nonconcessional and private capital flows contribute much larger amounts of needed resources and technology to developing countries and thereby complement official aid.

5. The Soviet Union and its partners, whose contributions are meagre, should make more development assistance available, and take a greater share of exports of developing countries, while respecting their independence and non-alignment.

6. We support the crucial role played by the International Financial Institutions. We will maintain a strong commitment to those bodies, and work to ensure that they have, and use effectively, the financial resources necessary for carrying out their important responsibilities and for encouraging sound policies in member countries.

7. We attach high priority to the resolution of the problems created for the non-oil developing countries by the damaging effects on them of high costs of energy imports following the two oil price shocks. The surplus oil-exporting countries have, with us, a large stake in the resolution of these problems. We call on them further to broaden their valuable efforts to finance development in non-oil developing countries, especially in the field of energy. We stand ready to co-operate with them for this purpose and to explore with them, in a spirit of partnership, possible mechanisms, such as those being examined in the World Bank, which would take due account of the importance of their financial contributions. A favorable climate for energy exploration and investment in non-oil developing countries is indispensable. We will work for practical achievements at the forthcoming UN Conference on New and Renewable Sources of Energy.

8. In view of our concerns about food shortages and malnutrition, we recognize the importance of accelerated food production in the developing world and of greater world food security; and the need for developing countries to pursue sound agricultural and food policies. We will examine ways to make increased resources for assistance available for these purposes. We welcome the emphasis being given to food-related issues within multilateral institutions, including the new facility in the IMF.



9. We recognize the need for many developing countries to deal with problems of excessive population growth, in ways sensitive to human values and dignity; and to develop human resources, including technical and managerial capabilities. We will place greater emphasis on international efforts in these areas.



impetus to the strengthening of the open and multi-lateral trading system. We welcome the proposal by the Consultative Group of Eighteen that the GATT CONTRACTING PARTIES should envisage the convening of a meeting at Ministerial level during 1982. Bearing in mind in particular the need further to integrate the developing countries into the world economy, we will be prepared to cooperate with others in assuring the implementation of the results of the Tokyo Round, and in analyzing both the issues confronting the trading system and the trends and opportunities likely to emerge in the 1980s. We will also work together with the other OECD countries in their program of study to examine trade issues.

4. We will keep under review the role played by our countries in the smooth functioning of the multilateral trading system, with particular emphasis on the need to maximize the openness of markets (while allowing for the safeguard measures provided for in the GATT) or (Disruption by the concentration of exports on specific markets and in narrow sectors should be avoided through appropriate international cooperation. Within the framework of this cooperation and according to internationally established rules, a timely industrial adjustment should be sought.)

5. We endorse the accelerated efforts to conclude by the end of this year an agreement to reduce the subsidy effects of official export credit schemes, since an unbridled export credit race will bring about distortion of trade.

#### V. ENERGY

1. At Venice we set the objective of breaking the link between economic growth and oil consumption by effecting fundamental structural change in our energy economies. That change is now underway. But our countries continue to be vulnerable and energy supply remains a potential constraint to revived economic growth over the decade. We must accelerate the development and use of all our energy sources, both conventional and new, promote energy efficiency and replace oil by other fuels. To these ends we will continue to rely heavily on market mechanisms, supplemented as necessary by government action.

2. We are confident that, with perseverance, our goals for the decade can be achieved. We will continue to watch progress closely. In the meantime, our capacity to deal with short-term oil market problems should be improved, particularly through the holding of adequate levels of stocks.

3. In many countries, progress in constructing new nuclear facilities is disappointly slow. We recognize concerns about safety, health, nuclear waste management and non-proliferation but are convinced that these concerns can and will be met. We intend, in each of our countries, to encourage public acceptance of nuclear energy. We will further our efforts in the development of advanced technologies and in spent fuel management.

4. We will also take steps to realize the potential for economic production, trade and use of coal; this could include removal of impediments, and an improvement in the climate which would favor the conclusion of long-term arrangements between buyers and sellers. We will do everything in our power to ensure that increased use of coal does not damage the environment.

5. The successful implementation of our energy strategy will contribute significantly to the health of the global economy. We look forward to improved understanding and cooperation with the oil exporting countries.

#### VI. EAST-WEST ECONOMIC RELATIONS

We also reviewed the significance of East-West economic relations for our political and security interests. We

recognized that there is a complex balance of political and economic interests and risks in these relations. We concluded that continuing consultations and (where appropriate) coordination are necessary to ensure that, in the field of East-West relations, our economic policies continue to be compatible with our political and security objectives, for example in such areas as strategic trade controls and the need to guard against the risks of becoming vulnerable to dependence on Eastern resources and markets.

## VII. CONCLUSIONS

1. This and earlier Economic Summits confirm our conviction that our common problems can be resolved only through close consultation and cooperation. The resources of our democratic, free societies are equal to the tasks we face. This Summit finds us more united than ever in our perception of shared concerns and in our attachment to our common values and goals. We shall move forward together and with all countries ready to work with us in a spirit of cooperation and harmony. In order to ensure the greatest possible degree of concertation of our approaches to the fundamental problems which we all face, we intend between now and the next meeting to maintain continuing contact with each other (both directly and through our Personal Representatives) or (with a view to agreeing how consultation and cooperation can be made even closer).

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