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## WHITE HOUSE STAFFING MEMORANDUM

DATE: 5/27/87 ACTION/CONCURRENCE/COMMENT DUE BY: NOON on 5/28/87

SUBJECT: PRESIDENTIAL ADDRESS: PRE-ECONOMIC SUMMIT ADDRESS

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BAKER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	GRISCOM <i>see change</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DUBERSTEIN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HENKEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MILLER - OMB	<input checked="" type="checkbox"/>	<input type="checkbox"/>	HOBBS	<input type="checkbox"/>	<input type="checkbox"/>
BALL <i>See comment</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	KING	<input type="checkbox"/>	<input type="checkbox"/>
BAUER	<input type="checkbox"/>	<input type="checkbox"/>	MASENG <i>see changes</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARLUCCI <i>See comments (2)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	RISQUE <i>see comm.</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CRIBB	<input type="checkbox"/>	<input type="checkbox"/>	RYAN	<input type="checkbox"/>	<input type="checkbox"/>
CRIPPEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SPRINKEL <i>see changes</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CULVAHOUSE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TUTTLE	<input type="checkbox"/>	<input type="checkbox"/>
DAWSON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	DOLAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DONATELLI	<input type="checkbox"/>	<input type="checkbox"/>	<u>Cltw</u> <i>see comment</i>	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS: Please provide any comments directly to Tony Dolan by noon on Thursday, May 28th, with an info copy to my office. Thank you.

RESPONSE:

05/28

Pre-Economic Summit Addl.  
 per Patti - speechwriters ...  
 NSC is looking at this in A.M. --  
 we will get it sometime  
~~has~~ in the morning

(Rohrabacher/ARD)  
May 27, 1987  
10:30 a.m.

PRESIDENTIAL ADDRESS: PRE-ECONOMIC SUMMIT ADDRESS  
MONDAY, JUNE 1, 1987

Thank you and welcome to the White House. I'd like to thank you for being here. It is a pleasant coincidence that George C. Marshall Week, which we will proclaim today, coincides with the upcoming European summit. I'm certain that if Marshall were with us, he would approve of my taking advantage of this opportunity to speak with you also about some of our goals and expectations for that important gathering.

First and foremost, today we gather to honor George C. Marshall, a gallant soldier, a visionary statesman, and an American who set a standard of honor and accomplishment for all who have followed.

George Marshall is the only professional soldier ever to win the coveted Nobel Prize for Peace. It was a fitting tribute. Even in time of war, Marshall was a champion of peace. During his tenure as chief of staff of the United States Army, a war -- the greatest conflagration in human history -- was won. That victory was not a triumph of conquerors in a struggle for power and domination, but a desperate fight of free peoples for the preservation of the humane values and democratic institutions they held dear.

What made the Second World War different than all those that had preceded it was that Western civilization, by its outcome, was left in the hands of leaders like George Marshall --

individuals dedicated to ideals which were not forgotten after the enemy was vanquished.

It is difficult in this time of plenty, in this time of almost blinding prosperity, to imagine the destitution and hopelessness that pervaded Europe after the close of the Second World War. The conflict had taken the lives of many millions of Europeans. A generation of vigorous young leaders, the greatest asset of any society, had been slaughtered in 6 years of unprecedented bloodletting.

Resources used to fuel the war machines were gone, consumed. Compounding this loss, great destruction had been brought upon the face of Europe. Germany lay in almost total ruin. Throughout the rest of the continent, cities and factories were in disrepair, the whole infrastructure of a modern economy had been devastated. The monstrous job of rebuilding overwhelmed the shell-shocked survivors.

It was at this time of utmost despair when, under the leadership of wise and decent individuals like Secretary of State George C. Marshall, our country stepped forward with a program Winston Churchill referred to as the "most unsordid act in history."

Forty years ago June 5th, Secretary of State George Marshall gave the commencement address at Harvard University. In it, he laid out a proposal for the reconstruction of Europe, the foundation for what has been the most remarkable period of peace and prosperity in the history of that continent.

In today's money, the Marshall Plan was a commitment of about \$70 billion. With that: bombed-out French harbors were restored, the Corinth Canal was built in Greece, heavy industry was modernized and rebuilt across the continent, mines were opened, coal was purchased, European specialists were sent to the United States to learn manufacturing and agricultural techniques. Large corporations were provided capital, and small businesses were given a helping hand. One allocation of \$1,200, for example, permitted a Danish bicycle firm to purchase ball bearings and thus stay in business. All these and so many, many more projects, large and small, were direct beneficiaries of American largess.

The list is impressive, yet, if the Marshall Plan had simply been a transfer of resources, there can be no doubt that it would have been a colossal failure. The success of this greatest of undertakings, the rebuilding of a battle-scarred continent, can be traced to goals that are easily distinguished from the cash itself.

First, it was designed to generate hope where there was none, to activate subdued and listless peoples. George Marshall, as a soldier, well understood the role of motivation. "It is the spirit which we bring to the fight that decides the issue," he once wrote. "It is morale that wins the victory."

George Marshall's speech at Harvard was viewed by many Europeans as a lifeline thrown to them at a time when they were foundering. It gave them reason to work, to build, to invest.

And in short order, purpose replaced aimlessness. Enterprise replaced inertia.

The second and perhaps most important goal of the Marshall Plan was to provide incentives for Europeans to find common ground and to work out a way among themselves to bring down the political barriers which stifle economic activity and growth. America could have dealt with each recipient country bilaterally, playing one off against the other for our own advantage. Instead, we insisted on unprecedented cooperation among European governments. We used our leverage to help officials overcome local interest groups and work with other governments to beat back the pressures for protectionism and isolation, to free the flow of commerce, materials, and resources across international frontiers, to integrate transport and power systems, and to develop economic and political ties that would serve as an engine for progress.

It was this American mandate, more than the inflow of American capital, that brought dramatic results.

In 1947, European economies were operating at one-quarter to two-thirds of pre-war levels. By the summer of 1951, with the Marshall Plan in full swing, those economies had surpassed pre-war capacity by 43 percent; per capita G.N.P. had grown by 33.5 percent. In the next three decades, per capita standard of living in the Marshall Plan countries rose almost 145 percent. The average per capita G.N.P. went from \$2,426 in 1947 to \$8,815 in 1985. For our own people, it went from \$6,332 to \$13,655 during that time.

The Marshall Plan, in a very real sense, led to the creation of institutions that today are the pillars of the free world economy -- the European Common Market, the General Agreement on Tariffs and Trade, the O.E.C.D., NATO, and, yes, even the World Bank and the I.M.F. The Marshall Plan was an act of generosity, but it was no give-away program. Instead, it was the beginning of a process of cooperation and enterprise that has carried the peoples of the Western democracies to new heights.

In a few days, I will leave for the upcoming Economic Summit in Venice. It will be the 13th time the seven major industrialized democracies have so met, and the seventh time I have been privileged to represent the United States. Our country is still looked to for leadership, yet the power formula has changed, to a large degree because of initiatives we set in motion four decades ago. Today, free world efforts -- economic, political, and security -- depend on genuine cooperation, not pressure or domination by any one government. Self-determination, as we've recognized since the time of Woodrow Wilson, is consistent with the interaction of free peoples. We sought it and, brother, we've got it.

The governments of Western Europe, North America, and Japan are now democratic partners, in the full sense of that expression, and meetings like the Economic Summit build unity and sense of purpose. The velocity of economic change reshaping our world is making greater demands on democratic heads of state, individually and collectively. This change flows naturally from the open economic system we've established in the West. Our

peoples and countries are now operating in a global market, whether we like it or not. Instantaneous communications, multi-national corporations, the flow of international investment, widespread computer technology, and the integration of financial systems are facts of life.

The progress of mankind, however, remains dependent on political as well as economic and technological momentum. Today, we face some of the same challenges confronted by struggling Europeans four decades ago. They sought to achieve prosperity; we seek to protect it and ensure that our standard of living continues to improve. Nothing can be taken for granted. We must be active and vigorous to be successful, and we must work together. That is what freedom is all about. That is why we call the portion of the planet on which we live the free world. People here are not told what we must do. We talk things over and decide what to do for ourselves. That goes for people inside and outside of government.

There is a story about an American and a Russian. As is often the case, the American was bragging about how in the United States everyone is free to speak. The Russian replied, "In Russia we're just as free to speak; the difference is in your country you're free after you speak."

The greatest challenge for those of us who live in freedom is to recognize the ties of common interest that bind us, to prove wrong those cynics who would suggest that free enterprise and democracy lead to short-sighted policies and undisciplined self-interest.



Today -- and we can't say this too often -- it is in the common interest of all of us, in every free land, to work against parochialism and protectionism, to keep markets open and commerce flowing. By definition, protecting domestic producers from competition erodes national competitiveness, slows down economic activity, and raises prices. It also threatens the stability of the entire free world trading system.

Some countries, which have taken full advantage of America's past willingness to accept unequal trade arrangements, must realize that times have changed. The post-war era is behind us now. Today, any country selling heavily in the United States, whose markets are not totally open to American goods, is risking a devastating backlash from the American people. No country that closes its own markets, or unfairly subsidizes its exports, can expect the markets of its trading partners to remain open. This point will be pounded home in Venice.

It will also be made clear, especially to our friends in Japan and the Federal Republic of Germany, that growth-oriented domestic policies are needed to bolster a world trading system upon which they depend. Partnership today should translate into equality and a level playing field. Preserving a growing world economy is the business of every member of the world trading community.

Thorny issues will continue to be studied and discussed, but words must lead to actions. We are still waiting, for example, for movement on those commitments made by our allies concerning exchange rate stability.

Talk also continues to flow about the necessity of a coordinated attack on market-distorting agricultural policies, policies which are found in every Western country. The time to act is fast approaching.

One concern shared by the industrialized powers is what to do about those Third World countries which are not developing, not progressing; countries that, if something does not happen, will be left behind. As I noted about the European example of four decades ago, the transfer of cash alone is no solution. If tax rates are too high, if markets are not free, if government is big, corrupt, or abusive, a country cannot expect to attract the expertise and private sector investment needed to advance, nor will its own people have the incentives needed to push their economy forward.

After the war, German industry was little more than a bombed-out shell. If Ludwig Ehardt and Conrad Adhenaer, the courageous democratic post-war leaders of that country, had not dramatically, in one fell swoop, eliminated the massive government controls on the German economy in 1947, Marshall Plan aid might not have had the miraculous impact that it did. If we are serious about changing the plight of less fortunate nations, we must, at the very least, be candid with them about these economic realities. We must tell them the secret of Germany's restoration and the secret of the amazing growth taking place on the Pacific Rim. That secret is a Marshall Plan of ideas. It is simply that freedom of enterprise and the profit motive work.

They work so well that the United States now must maneuver with economically powerful rivals, friendly competitors.

Clearly, there is recognizable friction among the great democracies about trade and economic questions. Our disputes are often front-page news. The heated debates and maneuverings, however, are a healthy sign. This is to be expected, even among close friends, during a time of great forward economic movement, and let no one lose sight of the impressive strides taking place. The attention paid to complex economic issues, which decades ago were subject matter only for specialists, suggests the wide degree of consensus our nations have reached on the vital issues of war and peace, human rights, and democracy.

Today, the unity of the West on security issues is something which George Marshall and his contemporaries would look on with a deep and abiding pride. Marshall led America into war and out of isolationism. Like protectionism, isolationism is a tempting illusion. Four decades of European peace and the greatest economic expansion in history stand as evidence that isolationism and protectionism are not the way. We must work with like-minded friends to direct the course of history, or history will be determined by others who do not share our values, and we will not escape the consequences of the decisions they make.

Nowhere is this burden heavier than in the Middle East, a region that has been plagued with turmoil and death. If we retreat from the challenge, if we sail to a distance and wait passively on the sidelines, forces hostile to the free world will eventually have their way.

Last week, we lost 37 of our sons in the Persian Gulf. They were the pride and joy of their families, fine young men who volunteered to wear the uniform and serve their country. We have none better than these. They died while guarding a chokepoint of freedom, part of a military presence in the Persian Gulf that deters aggression and reaffirms America's willingness to protect its vital interests.

Yet, the American people are aware that it is not our interests alone that are being protected. The dependence of our allies on the flow of oil from that area is no secret. During the upcoming summit in Venice, it will be made clear that we expect nothing less than full support when a stand is taken that is so fundamental to the interests of every member of the alliance. The future belongs to the brave. Free men should not cower before such challenges, and they should not expect to stand alone.

The Western Alliance, with courage and unity of purpose, has time and again thwarted threats to our prosperity and security. During the last decade, as American military spending declined, the Soviets raced ahead to gain a strategic advantage, deploying a new generation of intermediate-range missiles aimed at our European allies. This hostile maneuver -- part of a long-term strategy to separate Europe from the United States -- was countered by a united alliance. Pershing and cruise missiles were deployed in Western Europe, even amidst the noise and clamor of a Soviet-orchestrated opposition campaign.

Let me emphasize here, those who believe we take pleasure in military spending are grotesquely wrong. I personally believe that pumping resources into the military, into weapons of mass destruction, like those missiles we deployed in Western Europe, is a tragic waste. If those resources were kept in the private sector, with technology already expanding, the progress, the production of new wealth, the increase in the well-being of our peoples, would be beyond our imagination.

There is only one thing that would be a bigger waste than channeling our resources into weapons, and that is war. We can not afford to spend one cent less than that which is absolutely necessary to protect our vital interests, ensure liberty, and preserve the peace. We must maintain a balance of force with any adversary so that conflict will be deterred.

That balance, however, need not be at a high level. If a fair and verifiable arrangement can be worked out, adversaries may be able to lower their expenditures on particular weapons systems and, perhaps, even to decrease overall military spending, and yet remain equally secure. This process of balancing down can be a tool that enables us to build a more secure world.

This was the basis of our proposal 6 years ago when we offered to refrain from deploying our intermediate-range missiles, if the Soviets would agree to dismantle their own. It was called the zero option. The other side refused. At that time, the fainthearted in Western countries, including a loud contingent here in the United States, suggested if we moved

forward with deployment of our Pershing and cruise missiles, all hope of arms control agreements would be lost.

The pessimists, however, have been proven stupendously wrong, and Western resolve is paying off. In recent months, we've witnessed considerable progress in our talks with the Soviet government. The Kremlin now, in principle, accepts the zero option formula in Europe and our negotiators are busy seeing if the details can be worked out. In short, we may be on the edge of an historic reduction of the number of nuclear weapons threatening mankind. If this great, first step is taken, if nuclear arms reduction is achieved, it will be due to the strength and determination of allied leaders like Prime Minister Thatcher, individuals who were firm, and rejected the hysteria and defeatism of those who would have accepted the Soviet nuclear domination of Europe. Prime Minister Thatcher and other European leaders have proven again that peace through strength is a fact of life.

Strength and realism are the watch words for real progress in dealing with our Soviet adversaries. We view changes which seem to be happening in the Soviet Union with cautious optimism. Let it be remembered that the Kremlin bosses of four decades ago rejected Soviet participation in the Marshall Plan.

If the current crop of Soviet leaders seeks another path, if they reject the closed, isolated, and belligerent policies they inherited, if they wish their country to be a part of the economic institutions of the West, we welcome the change. Let there be no mistake, however, the Soviet government is subject to

the same rules as any other. Every government which is part of or deals with the West's major economic institutions does so with open books and in good faith; economic transactions are not maneuvers for political gain or international leverage; such destructive tactics are not tolerated. Countries which are part of the system are expected to do their best to strengthen the process and institutions, or be condemned to economic isolation.

Time will tell if the signs of evolution in the Soviet Union reflect change or illusion. The decisions made by the Soviet leaders themselves will determine if relations will bloom or wither. Any agreement to reduce nuclear weapons, for example, should be followed by reductions in conventional forces. We are looking closely for signs that tangible changes have been made in that country's respect for human rights; and that does not mean just letting out a few celebrities. We are waiting for signs of an end to genocidal killing in Afghanistan or a pull back from the aggressive subversion in the developing world.

This year is also the 40th anniversary of the Truman Doctrine, which fully recognized the need for economic assistance, but underscored the necessity of providing those under attack the weapons needed to defend themselves. On March 12, 1947, President Truman addressed a joint session of Congress and spelled out America's commitment. "...it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures. I believe that we must assist free peoples to work out their own destinies in their own way."

1948 was a volatile political year for our country. I was a Democrat back then. President Truman was under attack from the left wing of his own party, and the opposition controlled both Houses of Congress -- and believe me, I know how frustrating that can be. One of his aides, before the package was sent to the Hill, suggested that the Marshall Plan should be called the Truman Plan. It is reported that President Truman curtly replied that if it went before Congress with his name on it, the plan would lay there for a while, quiver, and then die.

President Truman understood both the weaknesses and the strengths of democracy. Even amidst the deep political divisions so evident in 1948, the Marshall Plan and Truman Doctrine military aid were approved by Congress. In the end, it was our ability to overcome our own domestic political discord that made the difference. Greece and Turkey were saved. Western Europe was put on the path to recovery. Human freedom was given a chance.

Today, we face challenges of similar magnitude. The influx of thousands of Eastern bloc and Cuban advisers and over a billion dollars of sophisticated Soviet military equipment poured into Central America menace the security of the hemisphere and should be viewed as a strategic maneuver of concern to every member of the alliance. Again, the United States is looked to for leadership. Again, we are in a volatile political situation at home.

I leave for Europe, however, with confidence. This generation of free men and women will work together and succeed.



We will pass on to our children a world as filled with hope and opportunity as the one we were handed. We owe this to those who went before us, to George C. Marshall and others who shaped the world we live in.

With that said, I will sign the order proclaiming George C. Marshall Week.


Thank you and God bless you.

## THE WHITE HOUSE

WASHINGTON

3

May 28, 1987

MEMORANDUM FOR THOMAS C. GRISCOM FROM: COLIN L. POWELL SUBJECT: Pre-Economic Summit Address  
Marshall Plan: June 1, 1987

Attached are NSC revisions to the draft Presidential speech to be delivered on June 1 as part of the George Marshall proclamation event.

In our view, our changes:

-- better focus the speech on the important policy themes that the President approved for his European trip, and

-- make the tone of the speech more appropriate to the sophisticated and select audience which has been invited to the East Room for the Marshall event.

cc Rhett Dawson  
Tony Dolan

## WHITE HOUSE STAFFING MEMORANDUM

DATE: 5/27/87 ACTION/CONCURRENCE/COMMENT DUE BY: NOON on 5/28/87

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DONATELLI	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS: Please provide any comments directly to Tony Dolan by noon on Thursday, May 28th, with an info copy to my office. Thank you.

RESPONSE:

(Rohrabacher/ARD)

May 27, 1987

10:30 a.m.

PRESIDENTIAL ADDRESS: PRE-ECONOMIC SUMMIT ADDRESS  
MONDAY, JUNE 1, 1987

(ND) Thank you and welcome to the White House. I'd like to thank you for being here. It is a pleasant coincidence that George C. Marshall Week, which we will proclaim today, coincides with the upcoming European summit. I'm certain that if Marshall were with us, he would approve of my taking advantage of this opportunity to speak with you also about some of our goals and expectations for that important gathering.

(DC) ~~First and foremost,~~ Today we gather to honor George C. Marshall, a gallant soldier, a visionary statesman, and an American who set a standard of honor and <sup>achievement</sup> accomplishment for all

(XC) who have followed. We also gather to reflect upon his accomplishments and those of his nation during the time of his greatest efforts.

(B) George Marshall is the only professional soldier ever to win the coveted Nobel Prize for Peace. It was a fitting tribute. Even in time of war, Marshall was a champion of peace. During his tenure as chief of staff of the United States Army, a war -- the greatest conflagration in human history -- was won. That victory was not a triumph of conquerors in a struggle for power and domination, but a desperate fight of free peoples for the preservation of the humane values and democratic institutions they held dear.

(K) What made the Second World War different than all those that had preceded it was that Western civilization, by its outcome, was left in the hands of leaders like George Marshall --

individuals dedicated to ideals which were not forgotten after the enemy was vanquished.

NO It is difficult in this time of plenty, in this time of almost blinding prosperity, to imagine the destitution and hopelessness that pervaded Europe after the close of the Second World War. The conflict had taken the lives of many millions of Europeans. A generation of vigorous young leaders, the greatest asset of any society, had been slaughtered in 6 years of unprecedented bloodletting.

WD Resources used to fuel the war machines were gone, consumed. Compounding this loss, great destruction had been brought upon the face of Europe. Germany lay in almost total ruin.

WD Throughout the rest of the continent, cities and factories were in disrepair, the whole infrastructure of a modern economy had been devastated. The monstrous job of rebuilding overwhelmed the shell-shocked survivors.

WD It was at this time of utmost despair when, under the leadership of wise and decent individuals like Secretary of State George C. Marshall, our country stepped forward with a program Winston Churchill referred to as the "most unsordid act in history." without fanfare, and with a typical seriousness of purpose

WD Spoke at the ~~gave the~~ commencement address at Harvard University, ~~In it~~ <sup>where</sup> he laid out a proposal for the reconstruction of Europe, the

WD foundation for what has been the most remarkable period of peace and prosperity in the history of that continent. So as we meet to honor George Marshall, it is also a fitting time to commemorate the leaders of his generation who put, in his words, "political passion and prejudice" aside, to see that the United States, even as it had spent its blood to liberate the old world, met its responsibility to build it again.

INSERT 2A

In the current prosperity, it is hard to recreate the sense of ruin and despair that had been the experience of Europe in the years following the Second World War. Not only were the cities and factories in disrepair, the whole infrastructure of a modern economy had been destroyed. Bitter winters, a shortage of food and the shadow of a new menace from the East brought the newly liberated nations of Europe to the verge. It is difficult to imagine such a time now.

Against this backdrop, the remarks of Secretary of State Marshall at Harvard were a flash of light on the darkened landscape. Here was a constructive proposal to bring about the revitalization of nations and peoples exhausted by war. Here was hope where there was none.

President Truman once remarked, "A lot of [the generals] had big parades after the war, but there never was a parade for General Marshall, and he deserved it more than all the rest put together." Well, far better than a parade, in his lifetime, General Marshall had his name attached to a program Winston Churchill once referred to as the "most unsordid act in history."

The Marshall Plan was the foundation for the new era of economic and political cooperation which has brought us the many important institutions that have strengthened the free world: NATO, the General Agreement on Tariffs and Trade, the OECD and provided the environment in which the World Bank and IMF could do their work. With the assistance of these institutions, today, across the world, from Europe to the Pacific Rim, unprecedented numbers of citizens of democratic nations enjoy freedom and economic opportunity.

NO



Page 3 It is important to remember that the Marshall Plan represented a commitment of extraordinary proportions by the American people to our friends in Europe, some \$70 billion in today's dollars.

~~In today's money, the Marshall Plan was a commitment of about \$70 billion.~~ With that: bombed-out French harbors were restored, the Corinth Canal was built in Greece, heavy industry was modernized and rebuilt across the continent, mines were opened, coal was purchased, European specialists were sent to the United States to learn manufacturing and agricultural techniques. Large corporations were provided capital, and small businesses were given a helping hand. One allocation of \$1,200, for example, permitted a Danish bicycle firm to purchase ball bearings and thus stay in business. All these and so many, many more projects, large and small, were direct beneficiaries of American ~~business~~ investment in its European friends.

I call it an investment because ~~The list is impressive, yet,~~ if the Marshall Plan had simply been a transfer of resources, there can be no doubt that it would have been a colossal failure. The success of this greatest of undertakings, the rebuilding of a battle-scarred continent, can be traced to <sup>principles</sup> ~~goals~~ that are easily distinguished from the ~~cash~~ itself. ~~mere transfer of money.~~

~~First, it was designed to generate hope where there was none, to activate subdued and listless peoples. George Marshall, as a soldier, well understood the role of motivation. "It is the spirit which we bring to the fight that decides the issue," he once wrote. "It is morale that wins the victory."~~

~~George Marshall's speech at Harvard was viewed by many Europeans as a lifeline thrown to them at a time when they were foundering. It gave them reason to work, to build, to invest.~~

INSERT 3A

NO One principle is that the American people, although the most generous in the world, are also Yankee traders. There was a profound awareness that our own self-interest dictated that our trading partners in Europe should be restored because a healthy Europe and a healthy United States are mutually reinforcing. The Marshall Plan embraced the concept of a post war world of interdependence, and our many strides forward since 1947 have been a result of the strengthening of this fabric of interdependence and mutual reliance.

NO A second principle of the Marshall Plan was self-determination, a tradition in American foreign policy since President Wilson. In General Marshall's view, the solution to world problems could not be dictated by a dominant partner. Such a solution would have been a mere palliative. The United States might provide the means, but the recovery must be managed by the nations themselves. After all, freedom of choice, in economic matters, strengthens the democratic process. This continues as a precept of the American view, that we wish to work together with our partners to make the world a better and safer place. In both economic policy and security, the United States is committed to self-determination, and welcomes the process of its expression.

NO A third principle of the Marshall Plan was that it was, in the best American tradition, open-handed. In the famous words of his speech, General Marshall said, "Our policy is directed not against any country or doctrine but against hunger, poverty, desperation and chaos." And so it was. Full cooperation was



INSERT 3B

offered to any nation who wanted to assist, none to those who would stand in the way of recovery or try to profit from the misery of others.

In those principles, interdependence, self-determination and an openness to positive cooperation, are the foundation for our Western institutions, and the foundation for any new cooperative effort that free nations undertake to carry on the work begun forty years ago.

The Marshall Plan was a momentous beginning of which we are rightly proud. In the same tradition, it is incumbent upon the new generation of Americans to determine the next step, to ensure that this great nation leads the free world into meeting the challenges of the new century.

And what will this new century bring by way of challenges? It is not too early to see:

In foreign policy, we must adapt to the world's greater interdependence and work to maintain coherent and consistent world leadership by the United States and its democratic partners. We must also continue the important process of supporting the growing number of young democracies around the world, recognizing the inextricable relationship between free institutions and economic success. In security, the U.S. and the democracies must continue to meet the Soviet challenge.

We face equal challenges in economic policy. Domestic and international economic institutions must come to terms with a more integrated global economic and financial system. Additionally,

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we must work together to maintain the system of open markets, created at the time of the Marshall Plan, against protectionist pressures.

In domestic policy, the new century will require that we again rededicate this nation to teaching the basics in education, and in training a work force to meet the conditions of advanced technology. And all nations must address the problems of aging societies and work together to find a cure for AIDS.

These are but some of the challenges the new century will bring. In our response the resolve of the free world will be tested. Following the principles of the Marshall Plan, together, the free world can meet them.

And in short order, purpose replaced aimlessness. Enterprise replaced inertia.

The second and perhaps most important goal of the Marshall Plan was to provide incentives for Europeans to find common ground and to work out a way among themselves to bring down the political barriers which stifle economic activity and growth. America could have dealt with each recipient country bilaterally, playing one off against the other for our own advantage. Instead, we insisted on unprecedented cooperation among European governments. We used our leverage to help officials overcome local interest groups and work with other governments to beat back the pressures for protectionism and isolation, to free the flow of commerce, materials, and resources across international frontiers, to integrate transport and power systems, and to develop economic and political ties that would serve as an engine for progress.

It was this American mandate, more than the inflow of American capital, that brought dramatic results.

In 1947, European economies were operating at one-quarter to two-thirds of pre-war levels. By the summer of 1951, with the Marshall Plan in full swing, those economies had surpassed pre-war capacity by 43 percent; per capita G.N.P. had grown by 33.5 percent. In the next three decades, per capita standard of living in the Marshall Plan countries rose almost 145 percent. The average per capita G.N.P. went from \$2,426 in 1947 to \$8,815 in 1985. For our own people, it went from \$6,332 to \$13,655 during that time.

*no*

The Marshall Plan, in a very real sense, led to the creation of institutions that today are the pillars of the free world economy -- the European Common Market, the General Agreement on Tariffs and Trade, the O.E.C.D., NATO, and, yes, even the World Bank and the I.M.F. The Marshall Plan was an act of generosity, but it was no give-away program. Instead, it was the beginning of a process of cooperation and enterprise that has carried the peoples of the Western democracies to new heights.

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In a ~~few~~ <sup>three</sup> days, I will leave for the upcoming Economic Summit in Venice. It will be the 13th time the seven major industrialized democracies have so met, and the seventh time I

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have been privileged to represent the United States. ~~Our country~~ <sup>In Venice</sup> ~~is still looked to for leadership, yet the power formula has a view to the future. We will do well to remember that we are the changed, to a large degree because of initiatives we set in~~ ~~inheritors of the world system developed by our postwar democratic motion four decades ago. Today, free world efforts -- economic, leaders, and plan our futures based on the solid accomplishments of political, and security -- depend on genuine cooperation, not the past. Our joint responsibilities are great -- together, our pressure or domination by any one government.~~ ~~free societies serve as the primary source of technological innovation, self-determination, as we've recognized since the time of Woodrow the major markets for world production, and the core of the Wilson, is consistent with the interaction of free peoples. We~~ ~~global financial system.~~ ~~sought it and, brother, we've got it.~~

*no*

The governments of Western Europe, North America, and Japan are now democratic partners, in the full sense of that expression, and meetings like the Economic Summit build unity and sense of purpose. The velocity of economic change reshaping our world is making greater demands on democratic ~~heads of state,~~ <sup>governments</sup> individually and collectively. This change flows naturally from the open economic system we've established in the West. Our

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In Venice we will jointly address the problems confronting us. We must -- and it cannot be said often enough -- work together to keep markets open and commerce flowing, to fight protectionism in every form. The Summit nations have an important interest in seeing the successful completion of the Uruguay Round of trade negotiations.

*no*  
We must work together to ensure the implementation of growth-oriented domestic economic policies among the Summit nations to strengthen the world trading system upon which we all depend. Preserving a growing world economy is the business of every member of the world trading community. We and our allies must also fulfill our commitments on economic policy changes to bring about exchange rate stability. And at Venice, I personally hope that we will begin to obtain a commitment to prompt progress on negotiations to eliminate market-distorting agricultural policies, policies which are found in every Western country.



peoples and countries are now operating in a global market, ~~whether we like it or not~~. Instantaneous communications, multi-national corporations, the flow of international investment, widespread computer technology, and the integration of financial systems are facts of life.

The progress of mankind, however, remains dependent on political as well as economic and technological momentum. Today, we face some of the same challenges confronted by struggling Europeans four decades ago. They sought to achieve prosperity; we seek to protect it and ensure that our standard of living continues to improve. Nothing can be taken for granted. We must be active and vigorous to be successful, and we must work together. That is what freedom is all about. That is why we call the portion of the planet on which we live the free world. People here are not told what we must do. We talk things over and decide what to do for ourselves. That goes for people inside and outside of government.

There is a story about an American and a Russian. As is often the case, the American was bragging about how in the United States everyone is free to speak. The Russian replied, "In Russia we're just as free to speak; the difference is in your country you're free after you speak."

The greatest challenge for those of us who live in freedom is to recognize the ties of common interest that bind us, to prove wrong those cynics who would suggest that free enterprise and democracy lead to short-sighted policies and undisciplined self-interest.

Today -- and we can't say this too often -- it is in the common interest of all of us, in every free land, to work against parochialism and protectionism, to keep markets open and commerce flowing. By definition, protecting domestic producers from competition erodes national competitiveness, slows down economic activity, and raises prices. It also threatens the stability of the entire free world trading system.

Some countries, which have taken full advantage of America's past willingness to accept unequal trade arrangements, must realize that times have changed. The post-war era is behind us now. Today, any country selling heavily in the United States, whose markets are not totally open to American goods, is risking a devastating backlash from the American people. No country that closes its own markets, or unfairly subsidizes its exports, can expect the markets of its trading partners to remain open. This point will be pounded home in Venice.

It will also be made clear, especially to our friends in Japan and the Federal Republic of Germany, that growth-oriented domestic policies are needed to bolster a world trading system upon which they depend. Partnership today should translate into equality and a level playing field. Preserving a growing world economy is the business of every member of the world trading community.

Thorny issues will continue to be studied and discussed, but words must lead to actions. We are still waiting, for example, for movement on those commitments made by our allies concerning exchange rate stability.

Talk also continues to flow about the necessity of a coordinated attack on market-distorting agricultural policies, policies which are found in every Western country. The time to act is fast approaching.

One concern shared by the industrialized powers is what to do about those Third World countries which are not developing, not progressing; countries that, if something does not happen, will be left behind. As I noted about the European example of four decades ago, the transfer of cash alone is no solution. If tax rates are too high, if markets are not free, if government is big, corrupt, or abusive, a country cannot expect to attract the expertise and private sector investment needed to advance, nor will its own people have the incentives needed to push their economy forward.

After the war, German industry was little more than a bombed-out shell. If Ludwig Ehardt and Conrad Adenauer, the courageous democratic post-war leaders of that country, had not dramatically, in one fell swoop, eliminated the massive government controls on the German economy in 1947, Marshall Plan aid might not have had the miraculous impact that it did. If we are serious about changing the plight of less fortunate nations, we must, at the very least, be candid with them about these economic realities. We must tell them the secret of Germany's restoration and the secret of the amazing growth taking place on the Pacific Rim. That secret is a Marshall Plan of ideas. It is simply that freedom of enterprise and the profit motive work.



They work so well that the United States now must maneuver with economically powerful rivals, friendly competitors.

Clearly, there is recognizable friction among the great democracies about trade and economic questions. Our disputes are often front-page news. The heated debates and maneuverings, however, are a healthy sign. This is to be expected, even among close friends, during a time of great forward economic movement, and let no one lose sight of the impressive strides taking place. The attention paid to complex economic issues, which decades ago were subject matter only for specialists, suggests the wide degree of consensus our nations have reached on the vital issues of war and peace, human rights, and democracy.

*NY*  
*NY*  
*be discussed.*  
*Venice will also be a place where security issues will*  
~~Today, the unity of the West on security issues is something~~  
*the unity of the West*  
which George Marshall and his contemporaries would look on with a deep and abiding pride. Marshall led America ~~into~~ *through* war and out of isolationism. Like protectionism, isolationism is a tempting illusion. Four decades of European peace and the greatest economic expansion in history stand as evidence that isolationism and protectionism are not the way. We must work with like-minded friends to direct the course of history, or history will be determined by others who do not share our values, and we will not escape the consequences of the decisions they make.

Nowhere is this burden heavier than in the Middle East, a region that has been plagued with turmoil and death. If we retreat from the challenge, if we sail to a distance and wait passively on the sidelines, forces hostile to the free world will eventually have their way.

Last week, we lost 37 of our sons in the Persian Gulf. They were the pride and joy of their families, fine young men who volunteered to wear the uniform and serve their country. We have none better than these. They died while guarding a chokepoint of <sup>of importance to all our Allies and friends,</sup> freedom, part of a military presence in the Persian Gulf that deters aggression and reaffirms America's willingness to protect ~~the~~ <sup>the</sup> vital interests <sub>b</sub> of the free world.

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Yet, the American people are aware that it is not our interests alone that are being protected. The dependence of our allies on the flow of oil from that area is no secret. During the upcoming summit in Venice, it will be made clear that we expect nothing less than full support when a stand is taken that is so fundamental to the interests of every member of the alliance. The future belongs to the brave. Free men should not cower before such challenges, and they should not expect to stand alone.

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The Western Alliance, with courage and unity of purpose, has time and again thwarted threats to our prosperity and security. During the last decade, as American military spending declined, the Soviets raced ahead to gain a strategic advantage, deploying a new generation of intermediate-range missiles aimed at our European allies. This hostile maneuver -- part of a long-term strategy to separate Europe from the United States -- was countered by a united Alliance. Pershing and cruise missiles were deployed in Western Europe, even amidst the noise and clamor of a <sup>Somewhat violent</sup> ~~Soviet-orchestrated~~ opposition campaign and an intensely hostile Soviet propaganda campaign.

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There is another matter involving the Middle East that requires close cooperation with our allies and friend: the scourge of terrorism which has killed and injured Americans in Europe and elsewhere. Democracies are peculiarly vulnerable to this form of international criminality and we must work together to combat it. The Summit will address this and will, I ~~expect~~<sup>hope</sup>, give renewed impetus to the positive cooperation which has developed in the past year.

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Let me emphasize here, those who believe we take pleasure in military spending are grotesquely wrong. I personally believe that pumping resources into the military, into weapons of mass destruction, like those missiles we deployed in Western Europe, is a tragic waste. If those resources were kept in the private sector, with technology already expanding, the progress, the production of new wealth, the increase in the well-being of our peoples, would be beyond our imagination.

There is only one thing that would be a bigger waste than channeling our resources into weapons, and that is war. We can not afford to spend one cent less than that which is absolutely necessary to protect our vital interests, ensure liberty, and preserve the peace. We must maintain a balance of force with any adversary so that conflict will be deterred.

That balance, however, need not be at a high level. ~~If a fair and verifiable arrangement can be worked out, adversaries may be able to lower their expenditures on particular weapons systems and, perhaps, even to decrease overall military spending, and yet remain equally secure. This process of balancing down can be a tool that enables us to build a more secure world.~~

*Recognition of*  
This was the basis of our proposal 6 years ago when we offered to refrain from deploying our intermediate-range missiles, if the Soviets would agree to dismantle their own. It was called the zero option. The other side refused. At that time, ~~the fainthearted in Western countries, including a loud contingent here in the United States,~~ <sup>Some</sup> suggested if we moved

*was little opposition in US to INF deployment*

*Foreseeable arms reduction accords would save money, because we need to build up conventional forces and modernize nuclear forces, not reduced*

forward with deployment of our Pershing and cruise missiles, all hope of arms control agreements would be lost.

The pessimists, however, have been proven stupendously wrong, and Western resolve is paying off. In recent months, we've witnessed considerable progress in our talks with the Soviet government. The Kremlin now, in principle, accepts the zero option formula in Europe and our negotiators are busy seeing if the details can be worked out. In short, we may be on the edge of an historic reduction of the number of nuclear weapons threatening mankind. If this great, first step is taken, if nuclear arms reduction is achieved, it will be due to the

strength and determination of <sup>across Western Europe</sup> Allied leaders ~~like Prime Minister Thatcher~~, individuals who were firm, and rejected the hysteria and defeatism of those who would have accepted the Soviet nuclear domination of Europe. <sup>European leaders and indeed most Europeans</sup> ~~Prime Minister Thatcher and other European~~ <sup>have come to understand that peace comes only through strength,</sup> ~~leaders have proven again that peace through strength is a fact of life and that~~

Strength and realism are the watch words for real progress in dealing with our Soviet adversaries. We view changes which seem to be happening in the Soviet Union with cautious optimism. Let it be remembered that the Kremlin bosses of four decades ago rejected Soviet participation in the Marshall Plan.

If the current crop of Soviet leaders seeks another path, if they reject the closed, isolated, and belligerent policies they inherited, if they wish their country to be a part of the <sup>World economy</sup> ~~economic institutions of the West~~, we welcome the change. Let there be no mistake, however, the Soviet government is subject to

Can't single out Thatcher



good faith, open books, and  
the open government on which  
both depends.

the same rules as any other. Every government which is part of  
or deals with the West's major economic institutions does so with  
~~open books and in good faith~~; economic transactions are not  
maneuvers for political gain or international leverage; such  
destructive tactics are not tolerated. Countries which are part  
of the system are expected to do their best to strengthen the  
process and institutions, <sup>Insert 13 A</sup> ~~or be condemned to economic isolation.~~

real

Time will tell if the signs of evolution in the Soviet Union  
reflect change or illusion. The decisions made by the Soviet  
leaders themselves will determine if relations will bloom or  
wither. Any agreement to reduce nuclear weapons, for example,  
should be followed by reductions in conventional forces. We are  
looking closely for signs that tangible changes have been made in  
that country's respect for human rights; and that does not mean  
just letting out a few celebrities. We are waiting for signs of  
an end to genocidal killing in Afghanistan or a pull back from  
the aggressive subversion in the developing world.

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This year is also the 40th anniversary of the Truman  
Doctrine, which fully recognized the need for economic  
assistance, but underscored the necessity of providing those  
under attack the weapons needed to defend themselves. On  
March 12, 1947, President Truman addressed a joint session of  
Congress and spelled out America's commitment. "...it must be  
the policy of the United States to support free peoples who are  
resisting attempted subjugation by armed minorities or by outside  
pressures. I believe that we must assist free peoples to work  
out their own destinies in their own way."

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The Soviet Union must also understand that the price of entry into the community of economically prosperous and productive nations is not just an economic price. There is a political price of even greater importance: respect for and support for the values of freedom that are, in the end, the true engines of material prosperity.

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The challenges that confront us are very real. But we can take comfort that in an earlier time -- forty years ago -- there were equal challenges, and we Americans, with leaders such as George Marshall and with our friends at our side, met them head on. There are countless reasons why the Marshall Plan should not have become a reality in 1947: domestic political turmoil, a President and Congress from opposing parties and other problems which looked pretty insurmountable at the time. Yet, in the end, our bipartisan national unity and our ability to overcome internal political discord made the difference -- and the path to European recovery, and with it the rich communication between the old and new world, began again through the Marshall Plan.



1948 was a volatile political year for our country. I was a Democrat back then. President Truman was under attack from the left wing of his own party, and the opposition controlled both Houses of Congress -- and believe me, I know how frustrating that can be. One of his aides, before the package was sent to the Hill, suggested that the Marshall Plan should be called the Truman Plan. It is reported that President Truman curtly replied that if it went before Congress with his name on it, the plan would lay there for a while, quiver, and then die.

President Truman understood both the weaknesses and the strengths of democracy. Even amidst the deep political divisions so evident in 1948, the Marshall Plan and Truman Doctrine military aid were approved by Congress. In the end, it was our ability to overcome our own domestic political discord that made the difference. Greece and Turkey were saved. Western Europe was put on the path to recovery. Human freedom was given a chance.

Today, we face challenges of similar magnitude. The influx of thousands of Eastern bloc and Cuban advisers and over a billion dollars of sophisticated Soviet military equipment poured into Central America menace the security of the hemisphere and should be viewed as a strategic maneuver of concern to every member of the alliance. Again, the United States is looked to for leadership. Again, we are in a volatile political situation at home.

I leave for Europe, ~~however~~ with confidence. This generation of free men and women will work together and succeed.

We will pass on to our children a world as filled with hope and opportunity as the one we were handed. We owe this to those who went before us, to George C. Marshall and others who shaped the world we live in.

~~With that said, I will sign the order proclaiming George C. Marshall Week.~~ *March*

Thank you and God bless you.