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(Economic Summit, Bonn, Germany, 05/02/1985-05/04/1985)

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Current Status Details for CTRH RECID: 293506PD MAIN SUBCODE: FO006

Current Status	Open
User Name	dbarrie
Status Date	2019-08-15
Case Number	Prior
Notes	2 p. Transferred to FO006-08

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Review Status History

No.	Status	Date	User	Case Number	Notes
1	Open	2019-08-15	dbarrie	Prior	2 p. Transferred to FO006-08
2	Open	2009-09-25	swilliams		prior

THE WHITE HOUSE
WASHINGTON

February 14, 1985

293506 PD
F0006
WE003
C0054-02
FG006-12

MEMORANDUM FOR JOHN A. SVAHN

FROM: CARL A. ANDERSON *CA*

SUBJECT: Inclusion of Population Issue in Thematic
Paper for Berlin Economic Summit

Douglas McMinn of NSC informed me regarding attached that they had also received the same recommendation from Secretary Baker but with slightly different alternative language. NSC will therefore inform State that US delegation should work to delete the item. I reminded him that the statement developed at the Cancun meeting was silent on the issue. If that is not possible again, then interested parties will be contacted to develop alternative language.

THE WHITE HOUSE

WASHINGTON

February 10, 1985

MEMORANDUM FOR ROBERT M. KIMMITT

FROM:

CARL A. ANDERSON 

SUBJECT:

Thematic Paper for Berlin Economic Summit

Pursuant to our conversation earlier today, the attached item should be deleted from the agenda. If, however, the subject is included in the statement of the conference we would recommend the following:

The Summit Countries will, as a primary objective, encourage developing countries to adopt sound economic policies and, where appropriate, population policies consistent with respect for human dignity and family values.

Under Secretary Wallis will leave tomorrow morning for the meeting and requires a response by COB this date.



U.S. National Archives & Records Administration

Current Status Details for CTRH RECID: 294411 MAIN SUBCODE: FO006

Current Status	Open
User Name	dbarrie
Status Date	2019-08-15
Case Number	F16-011
Notes	4 p. Transferred to FO006-08

[Change Status](#)

[Close Window](#)

Review Status History

No.	Status	Date	User	Case Number	Notes
1	Open	2019-08-15	dbarrie	F16-011	4 p. Transferred to FO006-08

294411

THE WHITE HOUSE
WASHINGTON

JV

1/11/85 **PF**

118
FO006
CO05402
PR00701
PR010
FO
FB00612
as Schedule proposal

MEMORANDUM

TO: ROBERT MCFARLANE

FROM: FREDERICK J. RYAN, JR.

SUBJ: APPROVED PRESIDENTIAL ACTIVITY

MEETING: with the Sherpa Team for Bonn Summit

DATE: January 23, 1985

TIME: 1:00 pm

DURATION: 30 minutes

LOCATION: Cabinet Room

REMARKS REQUIRED: Briefing paper to be provided by NSC

MEDIA COVERAGE: Coordinate with Press Office

FIRST LADY
PARTICIPATION: No

NOTE: PROJECT OFFICER, SEE ATTACHED CHECKLIST

- | | | |
|---------------|-------------------|------------|
| cc: R. Darman | J. Rosebush | R. Kimmitt |
| R. Deprospero | R. Scouten | |
| B. Elliott | B. Shaddix | |
| D. Fischer | W. Sittmann | |
| C. Fuller | L. Speakes | |
| W. Henkel | WHCA Audio/Visual | |
| E. Hickey | WHCA Operations | |
| G. Hodges | A. Wrobleski | |
| C. McCain | Nell Yates | |
| B. Oglesby | | |

THE WHITE HOUSE

WASHINGTON

January 8, 1985

RECEIVED

JAN 13 1985

SCHEDULING
OFFICESCHEDULE PROPOSAL

TO: FREDERICK J. RYAN, JR., Director
Presidential Appointments and Scheduling

FROM: ROBERT M. KIMMITT *Bob*

REQUEST: Meeting with the President's Sherpa team for the preparation of policy aspects of the Bonn Economic Summit.

PURPOSE: To review with the President the status of preparations for the Bonn Economic Summit prior to a mid-February meeting of summit country Sherpa teams.

BACKGROUND: The 1985 Economic Summit will be held in Bonn, May 2-4. Substantive preparations for this meeting of Heads of State are underway. U.S. strategy and tactics for this year's summit build on the foundations of the medium-term strategy for managing international trade and financial problems outlined at London last June.

PREVIOUS PARTICIPATION: The President has met with his Sherpa teams in preparation for the economic summits held in each of the past 4 years.

DATE AND TIME: Week of January 21, 1985
DURATION: 45 minutes

LOCATION: Cabinet Room

PARTICIPANTS: List attached

OUTLINE OF EVENTS: Fifteen-minute briefing for the President on the status of preparations for the Bonn Economic Summit, followed by a 30-minute discussion of the objectives, problems, strategy and tactics of the next steps in the preparatory process.

REMARKS REQUIRED: None. (A briefing paper will be provided in advance of the meeting.)

MEDIA COVERAGE: Photo opportunity

PROPOSED "PHOTO": The President and members of the Summit White House Group sitting at the table.

RECOMMENDED BY: Robert C. McFarlane

OPPOSED BY: None

APPROVED FOR ✓

Date 1-23-85

Time 1:00

Length 30 min

Date 1/10/85

FIR

LIST OF PARTICIPANTS

The Vice President

George P. Shultz, Secretary of State

Donald T. Regan, Secretary of the Treasury

Edwin Meese, Counsellor to the President

William E. Brock, United States Trade Representative

James A. Baker, Chief of Staff and Assistant to the President

Michael K. Deaver, Deputy Chief of Staff and Assistant to the President

Robert C. McFarlane, Assistant to the President for National Security Affairs

Richard G. Darman, Assistant to the President and Deputy to the Chief of Staff

Craig L. Fuller, Assistant to the President for Cabinet Affairs

John A. Svahn, Assistant to the President for Policy Development

Michael A. McManus, Assistant to the President and Deputy to the Deputy Chief of Staff

W. Allen Wallis, Under Secretary of State for Economic Affairs

Beryl W. Sprinkel, Under Secretary of Treasury for Monetary Affairs

Donald R. Fortier, Deputy Assistant to the President for National Security Affairs

William Henkel, Deputy Assistant to the President and Director of Presidential Advance

Robert M. Kimmitt, Deputy Assistant to the President for National Security Affairs and Executive Secretary, National Security Council

Karna Small, Deputy Assistant to the President and Senior Director, Public Affairs, National Security Council

M. Marlin Fitzwater, Special Assistant to the President and Deputy Press Secretary for Foreign Affairs

William F. Martin, Special Assistant to the President for National Security Affairs and Senior Director for Coordination

Robert B. Sims, Special Assistant to the President and Deputy
Press Secretary for Foreign Affairs

Douglas W. McMinn, Staff Member, National Security Council

Robert J. Morris, Deputy to the Under Secretary of State for
Economic Affairs

James L. Hooley, Deputy Director for Presidential Advance

NASB

THE WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

ID# 302290

F0006-08

INCOMING

DATE RECEIVED: MAY 01, 1985

NAME OF CORRESPONDENT: THE HONORABLE JAMES ABDNOR

SUBJECT: WRITES CONCERNING THE FORTHCOMING BONN SUMMIT

ROUTE TO: OFFICE/AGENCY (STAFF NAME)	ACTION		DISPOSITION	
	ACT CODE	DATE YY/MM/DD	TYPE RESP	C COMPLETED D YY/MM/DD
M. B. OGLESBY <i>OGLESBY</i>	ORG	85/05/01	220	A850509 <i>PX</i>
REFERRAL NOTE: _____				
<i>LA OGLE</i>		8505/14		A 8510028 <i>TR</i>
REFERRAL NOTE: <i>gtr. write</i>				
	A	8507/15	FYI	8510/15
REFERRAL NOTE: _____				
REFERRAL NOTE: _____				
REFERRAL NOTE: _____				

COMMENTS: _____

ADDITIONAL CORRESPONDENTS: MEDIA:L INDIVIDUAL CODES: 1220 _____

MAIL USER CODES: (A) _____ (B) _____ (C) _____

- *****
- | | | | |
|--------------------------|----------------------|----------------------|---|
| *ACTION CODES: | *DISPOSITION CODES: | *OUTGOING | * |
| * | * | * CORRESPONDENCE: | * |
| *A-APPROPRIATE ACTION | *A-ANSWERED | *TYPE RESP=INITIALS | * |
| *C-COMMENT/RECOM | *B-NON-SPEC-REFERRAL | * OF SIGNER | * |
| *D-DRAFT RESPONSE | *C-COMPLETED | * CODE = A | * |
| *F-FURNISH FACT SHEET | *S-SUSPENDED | *COMPLETED = DATE OF | * |
| *I-INFO COPY/NO ACT NEC* | | * OUTGOING | * |
| *R-DIRECT REPLY W/COPY * | | | * |
| *S-FOR-SIGNATURE | | | * |
| *X-INTERIM REPLY | | | * |
- *****

REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE
(ROOM 75, OPOB) EXT. 2590
KPFP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING
LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS
MANAGEMENT.

UNCLASSIFIED
(Classification)

DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT
TRANSMITTAL FORM

S/S 8514659

Date July 12, 1985

For: Mr. Robert C. McFarlane
National Security Council
The White House

Reference:

To: The President From: The Honorable James Abdnor

Date: April 30, 1985 Subject: World trading system
and large trade deficit

WH Referral Dated: May 14, 1985 NSC ID# 302290
(if any)

 The attached item was sent directly to the
Department of State

Action Taken:

 A draft reply is attached.

 A draft reply will be forwarded.

 A translation is attached.


XX An information copy of a direct reply is attached.

 We believe no response is necessary for the reason
cited below.

 The Department of State has no objection to the
proposed travel.

 Other.

Remarks:


Nicholas Platt
Executive Secretary

UNCLASSIFIED

(Classification)



United States Department of State

Washington, D.C. 20520

JUN 28 1953

Dear Senator Abdnor:

This is in further reply to your April 30 letter to the President, which was acknowledged on May 9 by Presidential Assistant M. B. Oglesby, Jr., and was subsequently referred to the State Department. Your letter concerned the world trading system, and expressed concern over our large trade deficit; you also asked that the President use the occasion of the Bonn Summit to urge our allies to cooperate more closely with the United States in economic matters.

I would like to stress that the Administration shares your view that export subsidies and other unfair trading practices have no place in our market. The Administration has built a strong record of enforcement of our laws on unfair trading practices, and will continue to act vigorously in that regard.

At the same time, we continue to press for expanded opportunities for American firms to market their goods and services abroad. This work is proceeding both bilaterally and multilaterally. We are consulting and negotiating with several of our trading partners, notably Japan, with which extensive talks are in progress, with a view to increasing our exports. And we are preparing for a new round of multilateral trade negotiations under the General Agreement on Tariffs and Trade, with a preparatory meeting of senior trade officials to take place later this year. I am pleased to note that the Bonn Summit Communique gave a strong endorsement to the proposal for a new round of trade talks, while calling for "tangible progress in relaxing and dismantling existing trade restrictions."

With best wishes,

Sincerely,

Wm/ly
William L. Ball, III
Assistant Secretary
Legislative and Intergovernmental Affairs

The Honorable
James Abdnor,
United States Senate.

~~ORIGIN L. JOURNAL~~

8514659

T H E W H I T E H O U S E O F F I C E

REFERRAL

MAY 14, 1985

TO: DEPARTMENT OF STATE
ATTN: WILL BALL

ACTION REQUESTED:
DIRECT REPLY, FURNISH INFO COPY

DESCRIPTION OF INCOMING:

ID: 302290

MEDIA: LETTER, DATED APRIL 30, 1985

TO: PRESIDENT REAGAN

FROM: THE HONORABLE JAMES ABDNOR
U. S. HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515

SUBJECT: OUTLINES HIS CONCERNS OVER THE TRADE DEFICIT AND URGES YOU COMMUNICATE TO OUR ALLIES THIS NATION'S AND CONGRESS' GROWING IMPATIENCE WITH THEIR UNFAIR TRADE PRACTICES. ADDS THAT YOU SHOULD CONVEY OUR FIRM EXPECTATION THAT THEY RESPOND WITH APPROPRIATE AND IMMEDIATE ACTION OR WE WILL BE FORCED TO TAKE COUNTER-MEASURES TO ENSURE A "MORE LEVEL PLAYING FIELD FOR AMERICAN PRODUCERS."

PROMPT ACTION IS ESSENTIAL -- IF REQUIRED ACTION HAS NOT BEEN TAKEN WITHIN 9 WORKING DAYS OF RECEIPT, PLEASE TELEPHONE THE UNDERSIGNED AT 456-7486.

RETURN CORRESPONDENCE, WORKSHEET AND COPY OF RESPONSE (OR DRAFT) TO:
AGENCY LIAISON, ROOM 91, THE WHITE HOUSE

SALLY KELLEY
DIRECTOR OF AGENCY LIAISON
PRESIDENTIAL CORRESPONDENCE

May 9, 1985

Dear Senator Abdnor:

On the President's behalf, I would like to thank you for your April 30 letter regarding President Reagan's meetings with Chancellor Kohl and other western leaders in Bonn.

We appreciated receiving your recommendations with respect to issues to be covered in discussions during the Economic Summit. Please know that your comments regarding trade matters were directed to the President's foreign policy advisers, and you should be receiving a more detailed response regarding the Summit meeting after the President returns to the United States.

With best wishes,

Sincerely,

M. B. Oglesby, Jr.
Assistant to the President

The Honorable James Abdnor
United States Senate
Washington, D.C. 20510

cc: w/copy of inc to Will Ball, Cong Affrs,
State - for DIRECT response

MBO:KRJ:hlb

302290

Congress of the United States

JOINT ECONOMIC COMMITTEE

(CREATED PURSUANT TO SEC. 5(4) OF PUBLIC LAW 304, 79TH CONGRESS)

WASHINGTON, D.C. 20510

April 30, 1985

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

Nearly 40 years after the end of World War II, the United States continues to believe that its strategic partnership with Canada, Europe, and Japan remains the best guarantee of United States security. Present disagreements between Washington and its allies in no way alter this fundamental truth. But for too long we have inadvertently allowed those same allies to manipulate our partnership to serve their national ends -- to the inevitable detriment of American interests. How? Through acquiescing to unequal security and trade arrangements. Let us focus on trade.

Mr. President, the time has come to inform our allies that we can no longer shoulder the primary responsibility of ensuring global recovery without a larger contribution by other leading Western economies. Which is exactly what we have been doing -- through generous, unreciprocated, import policies that make the United States an inviting target for an export hungry world. This is an intolerable situation. And the forthcoming Bonn Summit affords you a timely opportunity to drive that point home with maximum effect.

Consider that between 1981 and 1984 the rest of the world increased its exports to this country by the staggering sum of \$327.8 billion. For 1984 alone, this meant approximately \$187 billion worth of sales in the United States marketplace for our summit partners, with a corresponding trade deficit for the United States of \$69 billion.

Over the short term these import trends will continue. A case in point is February's \$11.4 billion trade deficit. Brought on by the largest drop of United States export sales since 1978, the result has been a glutted American marketplace and staggering U.S. trade deficits, which could soon push the United States to unilaterally undertake severe measures to control imports. This is assuming our allies continue to pursue shortsighted market protection and export subsidization practices which have forced the United States to bear an inordinate amount of Western responsibility for saving the global economy.

The President
April 30, 1985
Page 2

This point is particularly relevant in industrial country trade with Third World nations, with the United States continuing to absorb far larger amounts of manufactured goods from the less developed countries (LDC's) than its Western trade partners.

Between 1979 and 1983, U.S. imports of manufactured products from LDC's has increased from \$26 billion to \$46 billion per year. In 1983 the United States absorbed almost 58 percent of LDC manufactured exports to all industrialized countries compared with 45 percent in 1979. In sharp contrast, Mr. President, Japan's import share of LDC's exports has fallen from 11 percent to 8 percent, the European Economic Community's share from 37 percent to 27 percent and Canada's share is virtually unchanged. This sharp percentage decline in European and Japanese purchases of Third World manufactured goods, in my opinion, is at the root of our dollar and trade deficit problems and the debt and economic growth problems of the Third World.

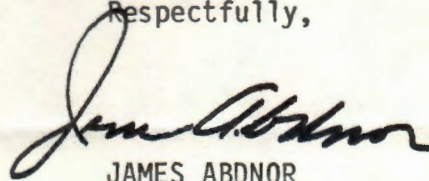
There is a limit to which this nation can go in securing everyone else's well-being at the expense of its own. And, Mr. President, we are about to reach that limit. All one needs to do is look around and see what is happening to the American economy as its allies continue to profit from our trade altruism -- at the same time U.S. exporters of manufactured and agricultural goods are forced to compete against government-subsidized monopolies in Europe, Japan, and other international markets. Case in point, massive public subsidies given over to European agricultural exporters which, if allowed to continue, could drive relatively unsubsidized, private American competitors out of the global marketplace. These concerns, if anything, are bolstered by recent USDA estimates that for the fourth year in a row, U.S. agricultural export sales will be down. For this year that could mean a ten percent decline in those sales over what they were in 1984 -- from \$38 to \$34.5 billion. The United States believes that the marketplace is the legitimate, and final arbiter of economic decisions. But with a projected trade deficit of \$140 billion this year, we believe the time has arrived for our Western partners to champion the same capitalistic, pro-competition principles that we do. Otherwise we will be forced to take counter-measures to ensure a more level playing field for American producers.

The United States does not want a trade war. But in your discussions with our allies at Bonn, Mr. President, we believe it incumbent on you to communicate this nation's and the Congress's growing impatience with their unfair trade practices, and our firm expectation that they will respond to our impatience with appropriate, and immediate actions. They must see that their

The President
April 30, 1985
Page 3

selfish, short-sighted trade practices are placing in serious jeopardy this nation's, and thereby the world's, economic future. We expect that the message from the Bonn Summit will be a strong confirmation by our allies that economic cooperation is essential to the security of the alliance.

Respectfully,

A handwritten signature in black ink, appearing to read "James Abdnor". The signature is written in a cursive style with a large initial "J".

JAMES ABDNOR
Vice Chairman

8513774

ID# 302562

THE WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

FO006-08

INCOMING

DATE RECEIVED: APRIL 15, 1985

NAME OF CORRESPONDENT: THE HONORABLE EDSON W. SPENCER

SUBJECT: WRITES WITH SUGGESTIONS FOR THE BONN SUMMIT _____

ACTION DISPOSITION

ROUTE TO: OFFICE/AGENCY (STAFF NAME) ACT CODE DATE YY/MM/DD TYPE RESP C COMPLETED D YY/MM/DD

MARY JO JACOBI	ORG	85/04/15		C 85/04/15	VI
REFERRAL NOTE: _____					
<i>Wskimm</i>	<i>R</i>	<i>85/05/01</i>		<i>C 85/05/02</i>	<i>VI</i>
REFERRAL NOTE: _____					
<i>V99DOS</i>	<i>R</i>	<i>85/05/06</i>		<i>A 85/05/08</i>	<i>AB</i>
REFERRAL NOTE: _____					
REFERRAL NOTE: _____					
REFERRAL NOTE: _____					

COMMENTS: *State*

ADDITIONAL CORRESPONDENTS: MEDIA:L INDIVIDUAL CODES: _____

PL MAIL USER CODES: (A) _____ (B) _____ (C) _____

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*ACTION CODES:          *DISPOSITION CODES:      *OUTGOING                *
*                       *                                     * CORRESPONDENCE:       *
*A-APPROPRIATE ACTION  *A-ANSWERED                *TYPE RESP=INITIALS    *
*C-COMMENT/RECOM       *B-NON-SPEC-REFERRAL      *           OF SIGNER  *
*D-DRAFT RESPONSE      *C-COMPLETED              *           CODE = A    *
*F-FURNISH FACT SHEET  *S-SUSPENDED              *COMPLETED = DATE OF  *
*I-INFO COPY/NO ACT NEC*                                     *           OUTGOING   *
*R-DIRECT REPLY W/COPY *                                     *                       *
*S-FOR-SIGNATURE        *                                     *                       *
*X-INTERIM REPLY        *                                     *                       *
*****

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REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE
(ROOM 75, OEOB) EXT. 2590
KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING
LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS
MANAGEMENT.

UNCLASSIFIED

(Classification)

DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT
TRANSMITTAL FORM

S/S 8513774

Date May 9, 1985

For: Mr. Robert C. McFarlane
National Security Council
The White House

Reference:

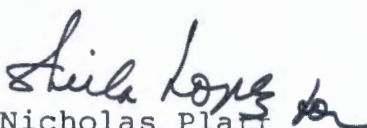
To: President Reagan From: Edson W. Spencer
Date: April 10, 1985 Subject: Suggestions for the
Bonn Summit from a Task Force of the Business Roundtable
WH Referral Date: May 6, 1985 NSC ID# 302562
(if any)

_____ The attached item was sent directly to the
Department of State.

Action Taken:

- _____ A draft reply is attached.
_____ A draft reply will be forwarded.
_____ A translation is attached.
 An information copy of a direct reply is attached.
_____ We believe no response is necessary for the reason
cited below.
_____ The Department of State has no objection to the
proposed travel.
_____ Other.

Remarks:


Nicholas Platt
Executive Secretary

UNCLASSIFIED

(Classification)

UNDER SECRETARY OF STATE
FOR ECONOMIC AFFAIRS
WASHINGTON

May 8, 1985

Dear Ed:

The President has asked me to thank you for the suggestions of the International Trade and Investment Task Force of the Business Roundtable on issues before the Bonn Summit.

You will find in the Bonn Economic Declaration, a copy of which I enclose, undertakings by Heads of Government that respond to several of the Task Force suggestions. I refer to the specific priorities by each of the Heads to take domestic actions that will help to strengthen and sustain their domestic recoveries and thereby the growth of the world economy. In this connection the President undertook to press forward on reduction of our budget deficit, and Japan to facilitate access to its markets and encourage growth in its imports. You will also find consensus on the need to improve the functioning of the international monetary system, a subject that will be considered by the Finance Ministers of the Group of Ten in June and by the Interim Committee of the International Monetary Fund in October, "with a view to making the international monetary system more stable and more effective."

As to a new round of trade negotiations, we regret the reluctance of the French President to join his colleagues in agreeing to a date to begin formal trade negotiations, but we note that all the Heads of Government were agreed that a new GATT round should begin as soon as possible and that a preparatory meeting for those negotiations should take place this summer.

Sincerely,



Allen Wallis

Enclosure:

As stated.

Mr. Edson W. Spencer,
Chairman and Chief Executive Officer,
Honeywell Inc.,
Honeywell Plaza,
Minneapolis, Minnesota.

8513774

T H E W H I T E H O U S E O F F I C E

REFERRAL

MAY 6, 1985

TO: DEPARTMENT OF STATE

ACTION REQUESTED:

DIRECT REPLY, FURNISH INFO COPY

DESCRIPTION OF INCOMING:

ID: 302562

MEDIA: LETTER, DATED APRIL 10, 1985

TO: PRESIDENT REAGAN

FROM: THE HONORABLE EDSON W. SPENCER
CHAIRMAN AND CHIEF EXECUTIVE
OFFICER
HONEYWELLLL INC.
HONEYWELL PLAZA
MINNEAPOLIS MN 55408

SUBJECT: WRITES WITH SUGGESTIONS FOR THE BONN SUMMIT

PROMPT ACTION IS ESSENTIAL -- IF REQUIRED ACTION HAS NOT BEEN
TAKEN WITHIN 9 WORKING DAYS OF RECEIPT, PLEASE TELEPHONE THE
UNDERSIGNED AT 456-7486.

RETURN CORRESPONDENCE, WORKSHEET AND COPY OF RESPONSE
(OR DRAFT) TO:
AGENCY LIAISON, ROOM 91, THE WHITE HOUSE

SALLY KELLEY
DIRECTOR OF AGENCY LIAISON
PRESIDENTIAL CORRESPONDENCE

**THE BONN ECONOMIC DECLARATION
TOWARDS SUSTAINED GROWTH AND HIGHER EMPLOYMENT**

4 May 1985

1. Conscious of the responsibility which we bear, together with other Governments, for the future of the world economy and the preservation of natural resources, we, the Heads of State or Government of seven major industrial nations and the President of the Commission of the European Communities, meeting in Bonn from 2 to 4 May 1985, have discussed the economic outlook, problems, and prospects for our countries and the world.
2. World economic conditions are better than they have been for a considerable time. Since we last met, further progress has been achieved in bringing down inflation and strengthening the basis for growth. The recovery in the industrial countries has begun to spread to the developing world. The debt problems of developing countries, though far from solved, are being flexibly and effectively addressed.
3. Nevertheless, our countries still face important challenges. Above all, we need:
 - to strengthen the ability of our economies to respond to new developments;
 - to increase job opportunities;
 - to reduce social inequalities;
 - to correct persistent economic imbalances;
 - to halt protectionism; and
 - to improve the stability of the world monetary system.
4. Our discussions of these challenges have led us to the following conclusions:

- (a) The best contribution we can make to a lasting new prosperity in which all nations can share is unremittingly to pursue, individually in our own countries and co-operatively together, policies conducive to sustained growth and higher employment.
- (b) The prosperity of developed and developing countries has become increasingly linked. We will continue to work with the developing countries in a spirit of true partnership.
- (c) Open multilateral trade is essential to global prosperity and we urge an early and substantial reduction of barriers to trade.
- (d) We seek also to make the functioning of the world monetary system more stable and more effective.
- (e) Economic progress and the preservation of the natural environment are necessary and mutually supportive goals. Effective environmental protection is a central element in our national and international policies.

I. Growth and Employment

5. In order to sustain non-inflationary growth and higher employment, we have agreed that:

- We will consolidate and enhance the progress made in bringing down inflation.
- We will follow prudent, and where necessary strengthened monetary and budgetary policies with a view to stable prices, lower interest rates and more productive investment. Each of our countries will exercise firm control over public spending in order to reduce budget deficits, when excessive, and, where necessary, the share of public spending in Gross National Product.
- We will work to remove obstacles to growth and encourage initiative and enterprise so as to release the creative energies of our peoples, while maintaining appropriate social policies for those in need.

- We will promote greater adaptability and responsiveness in all markets, particularly the labour market.
- We will encourage training to improve occupational skills, particularly for the young.
- We will exploit to the full the opportunities for prosperity and the creation of permanent jobs, provided by economic change and technological progress.

6. Building on these common principles, each of us has indicated the specific priorities for national policies.

- The President of the United States considers it essential to achieve a rapid and appreciable cut in public expenditures and thus a substantial reduction in the budget deficit. He stresses also the need for further deregulation and for a reform of the tax system aimed at encouraging the efficient use of resources and stimulating new saving and investment.
- The President of the French Republic stresses the need to continue bringing down inflation, to modernize the means of production and to improve employment, to control public spending and to combat social inequality. In that context he attaches high priority to education, research and investment in high technologies with a view to sustained growth.
- The Government of the United Kingdom will continue to work to reduce inflation and to create the conditions for sustained growth. It will continue to keep public spending under strict control and maintain monetary discipline. It will promote the development of small and medium-sized businesses and advanced technological industries, and encourage initiative and enterprise and the creation of new job opportunities.
- The Government of the Federal Republic of Germany attaches high priority to strengthening the flexibility and vigour of the economy in order to achieve a lasting improvement in growth and to create new jobs. Small and medium-sized businesses should be especially encouraged as well as high technologies. It will continue to reduce the

claims of the public sector on the economy, the budget deficit and the burden of taxation.

- The Government of Japan considers it essential to persevere with its policy of budgetary discipline and strengthening market functions, particularly with a view to fostering investment. It intends to achieve further progress in deregulating financial markets, promoting the international role of the Yen, facilitating access to markets and encouraging growth in imports.
- The Italian Government gives priority to the further reduction of inflation and of the public deficit, while sustaining growth and investment. Particular emphasis will be put on incentives to create small and medium-sized industries, especially in the field of high technology, and to promote employment, especially for young people.
- The Government of Canada will focus on promoting investment and creating jobs in the private sector, on removing obstacles to sustained non-inflationary growth, on reducing the budget deficit and on restraining government expenditure. It will encourage entrepreneurial activities, with emphasis on the small and medium-sized business sectors.
- The Commission of the European Communities attaches high priority to completing a genuine internal market without barriers, which will eliminate rigidities and generate fresh economic growth on a Community-wide scale. A strengthened European Monetary System and closer economic convergence will further serve this end.

By pursuing these policies we will not only address our domestic problems, but at the same time contribute to an enduring growth of the world economy and a more balanced expansion of international trade.

II. Relations with Developing Countries

7. Sustained growth in world trade, lower interest rates, open markets and continued financing in amounts and on terms appropriate to each individual case are essential to enable developing countries to achieve sound growth and overcome their economic and financial difficulties. Flows of resources, including official development assistance, should be maintained and, wherever possible, increased, especially to the poorer countries. In particular, more stable long-term finance, such as direct investment from industrial countries, should be encouraged. We welcome longer-term debt restructuring agreements between debtor countries and commercial banks. We continue to stand ready, where appropriate, to negotiate further multi-year reschedulings of debts to governments and government agencies.
8. We continue to encourage the constructive dialogue with the developing countries in the existing international institutions with a view to promoting their economic development and thereby their social and political stability. We emphasize the crucial role of, and the improved cooperation between, the International Monetary Fund and the World Bank Group in supporting policies by debtor countries necessary to strengthen the confidence of domestic and foreign creditors and investors, to mobilize domestic savings and to ensure efficient use of resources and sound long-term development. We agree to work to ensure that these institutions are equipped with the necessary resources and instruments, and we stand ready to discuss an increase in the resources available to the World Bank which may be necessary in the coming years. We remain concerned over the particular problems facing a number of developing countries that are neither among the poorest nor foremost among the group of major debtors. We agree that consideration should be given to easing the financial constraints of these countries on a case-by-case basis.
9. We are deeply concerned about the plight of African peoples who are suffering from famine and drought. We welcome the positive response from our citizens and from private organisations, as well as the substantial assistance provided by the governments of many countries and the establishment by the World Bank of the Special Facility for Subsahara Africa. We shall continue to supply emergency food aid. In addition, we shall intensify our co-operation with African countries to help them develop their economic potential and a long-term food strategy, based on their own

agricultural programmes. We are prepared to promote increases in food production by supplying agricultural inputs such as seed, pesticides and fertilizers, within the framework of agricultural development projects. We agree upon the need to improve the existing early warning systems and improve transportation arrangements. Political obstacles in the countries concerned should not be allowed to stand in the way of the delivery of food to the hungry. We emphasize the need to examine the establishment of a research network on dry zone grains. We shall strengthen our co-operation with African countries in fighting against desertification. Continued efforts are needed by all countries in a position to contribute to any or all of this work. We call upon the Soviet Union and other Communist countries to assume their responsibilities in this regard. We have set up an expert group to prepare proposals for follow-up-measures to be reported to Foreign Ministers by September 1985.

III. Multilateral Trading System and International Monetary System

10. Protectionism does not solve problems; it creates them. Further tangible progress in relaxing and dismantling existing trade restrictions is essential. We need new initiatives for strengthening the open multilateral trading system. We strongly endorse the agreement reached by the OECD Ministerial Council that a new GATT round should begin as soon as possible. Most of us think that this should be in 1986. We agree that it would be useful that a preparatory meeting of senior officials should take place in the GATT before the end of the summer to reach a broad consensus on subject matter and modalities for such negotiations. We also agree that active participation of a significant number of developed and developing countries in such negotiations is essential. We are looking to a balanced package for negotiation.
11. It is also essential to improve the functioning of the international monetary system. We take note that the Finance Ministers of the Group of Ten, at their meeting in Tokyo in June, intend to complete their current work on ways to improve the functioning of the monetary system and to put forward proposals, to be discussed at the next meeting of the Interim Committee of

the International Monetary Fund in Seoul in October, with a view to making the international monetary system more stable and more effective.

IV. Environmental Policies

12. New approaches and strengthened international co-operation are essential to anticipate and prevent damage to the environment, which knows no national frontiers. We shall co-operate in order to solve pressing environmental problems such as acid deposition and air pollution from motor vehicles and all other significant sources. We shall also address other concerns such as climatic change, the protection of the ozone layer and the management of toxic chemicals and hazardous wastes. The protection of soils, fresh water and the sea, in particular of regional seas, must be strengthened.
13. We shall harness both the mechanisms of governmental vigilance and the disciplines of the market to solve environmental problems. We shall develop and apply the "polluter pays" principle more widely. Science and technology must contribute to reconciling environmental protection and economic growth.
14. Improved and internationally harmonized techniques of environmental measurement are essential. We invite the environmental experts of the Technology, Growth and Employment Working Group to consult with the appropriate international bodies about the most efficient ways for achieving progress in this field.
15. We welcome the contribution made by the Environment Ministers to closer international co-operation on environmental concerns. We shall focus our co-operation within existing international bodies, especially the OECD. We shall work with developing countries for the avoidance of environmental damage and disasters world-wide.

V. Co-operation in Science and Technology

16. We are convinced that international co-operation in research and technology in major projects should be enhanced to make maximum use of

our scientific potential. We recognize that such projects require appropriately shared participation and responsibility as well as adequate rules concerning access to the results achieved, the transfer of technology and the use of technologies involved.

17. We welcome the positive responses of the Member States of the European Space Agency (ESA), Canada and Japan to the invitation of the President of the United States to co-operate in the United States Manned Space Station Programme on the basis of a genuine partnership and a fair and appropriate exchange of information, experience and technologies. Discussions on intergovernmental co-operation in development and utilization of permanently manned space stations will begin promptly. We also welcome the conclusions of the ESA Council on the need for Europe to maintain and expand its autonomous capability in space activity, and on the long-term European Space Plan and its objectives.
18. We welcome the report from the Technology, Growth and Employment Working Group on the work done in the eighteen areas of co-operation and invite the Group to complete its review by the end of the year. We welcome the positive contribution which the Ministerial Conference on "Technological Development and Employment" held in Venice has made towards wider acceptance of the role of technological change in promoting growth and employment. We also welcome the results of the Rambouillet Conference on Bioethics and thank the Federal Republic of Germany for its willingness to host a symposium on neurobiology in 1986.
19. We have agreed to meet again next year and have accepted the Japanese Prime Minister's invitation to meet in Japan.

302562

M. J. Jacobs

Honeywell

8513774

EDSON W. SPENCER
Chairman and Chief Executive Officer

April 10, 1985

The Honorable Ronald Reagan
The White House
Washington, D.C. 20500

Dear Mr. President:

These suggestions for the Bonn Summit are being submitted in my capacity as Chairman of the International Trade and Investment Task Force of the Business Roundtable.

1. The United States has been the engine of expansion of the economies of the free world. This has been at the expense of our trade balance.

It is time for other industrialized nations (EEC and Japan) to accelerate expansion of their economies so as to import more manufactured products from each other and from the newly industrializing countries. This will also have the effect of increasing demand for raw materials from the less developed countries.

Summit meetings have long called for coordination of macro economic policies. It is time for our trading partners to adopt policies that encourage industrial expansion, much as your Administration has done in the United States.

2. The size of the U.S. trade deficit is leading to some very dangerous trends that will affect American industry for many years in the future. Deindustrialization of our economy is underway as business decisions are made, for competitive reasons, to transfer procurement, manufacturing, and even engineering offshore.

A major contributor to the trade deficit is the disproportionately high value of the dollar. We can, and your Administration with support of the Congress must, reduce the federal budget deficit. A reduction in the budget deficit will reduce demands for capital, leading to lower interest rates and a realignment of exchange rates that, in turn, will help reduce the trade deficit.

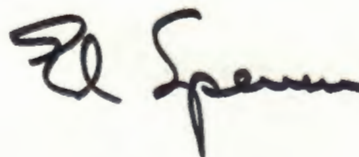
There are, however, things our trading partners should join us in doing. We would like to see you push on these subjects at the Summit:

Page two

- a. There is a need for another round of Multinational Trade Negotiations. The Business Roundtable would like to see a Summit commitment to starting these negotiations. A Business Roundtable statement on trade negotiations has been submitted to the USTR.
 - b. The international exchange rate system needs a review. We endorse a separate conference of monetary authorities to discuss exchange rates to see if a new mechanism is desirable--or possible--to reduce wide short-term swings.
3. We hope you will take advantage of Prime Minister Nakasone's presence to continue your dialogue on the further steps Japan needs to take to import more manufactured products and to reduce their trade deficit with the U.S.
- a. The Prime Minister's personal commitment to persuade the Japanese people to increase imports is very encouraging. The latest liberalization package, if fully implemented, will help to reduce the trade deficit. Most American businessmen, however, are skeptical of the steps in the latest announcement leading to measureable and speedy results.
 - b. Remaining impediments to imports should be eliminated--or in a few politically sensitive areas reduced--in accordance with a pre-announced schedule.
 - c. Japan should be asked to commit to a short-range, \$4 billion import increase in manufactured products from the U.S.--about the same amount as will result from the increased auto exports to our country. The Japanese government should also be asked to implement a long-range plan and promotion for increasing imports.

As businessmen, we want to emphasize that all of the above suggestions are important to us in continuing the strong expansion of our economy and in assuring the long-term strength of our nation's industrial base.

Sincerely yours,



EWSpencer:dr

cc: The Honorable William Brock
The Honorable Malcolm Baldrige
The Honorable George Shultz

THE WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

ID# 302649

FO006-08
8513776

INCOMING

DATE RECEIVED: APRIL 16, 1985

NAME OF CORRESPONDENT: MR. ABRAHAM KATZ

SUBJECT: ENCLOSURES STATEMENT FOR SUBMISSION TO THE
HEADS OF STATE AND GOVERNMENT ATTENDING THE
BONN SUMMIT, MAY (2-4) 85

ROUTE TO: OFFICE/AGENCY (STAFF NAME)	ACTION		DISPOSITION	
	ACT CODE	DATE YY/MM/DD	TYPE RESP	C COMPLETED D YY/MM/DD
MARY JO JACOBI	ORG	85/04/16		C 85/04/29/12
REFERRAL NOTE: _____				
<i>W/S Kimm</i>	<i>TR</i>	<i>85/05/01</i>		<i>C 85/05/01 TR</i>
REFERRAL NOTE: _____				
<i>99005</i>	<i>R</i>	<i>85/05/06</i>	<i>TR</i>	<i>A 85/05/08 AB</i>
REFERRAL NOTE: _____				
REFERRAL NOTE: _____				
REFERRAL NOTE: _____				

COMMENTS: _____

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ADDITIONAL CORRESPONDENTS: _____ MEDIA: L INDIVIDUAL CODES: _____

PL MAIL USER CODES: (A) _____ (B) _____ (C) _____

 *ACTION CODES: *DISPOSITION CODES: *OUTGOING *
 * * *CORRESPONDENCE: *
 *A-APPROPRIATE ACTION *A-ANSWERED *TYPE RESP=INITIALS *
 *C-COMMENT/RECOM *B-NON-SPEC-REFERRAL * OF SIGNER *
 *D-DRAFT RESPONSE *C-COMPLETED * CODE = A *
 *F-FURNISH FACT SHEET *S-SUSPENDED *COMPLETED = DATE OF *
 I-INFO COPY/NO ACT NEC * *OUTGOING *
 *R-DIRECT REPLY W/COPY * * *
 *S-FOR-SIGNATURE * * *
 *X-INTERIM REPLY * * *

REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE
 (ROOM 75, OEOB) EXT. 2590
 KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING
 LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS
 MANAGEMENT.

UNCLASSIFIED
(Classification)

DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT
TRANSMITTAL FORM

S/S 8514303
XR 8513776
S/S XR 8511672

Date MAY 9 1985

For: Mr. Robert C. McFarlane
National Security Council
The White House

Reference:

To: President Reagan From: Abraham Katz
Date: April 12, 1985 Subject: Encloses Statement of
International Chamber of Commerce
WH Referral Date: May 6, 1985 NSC ID# 302649
(if any)

 The attached item was sent directly to the
Department of State.

Action Taken:

- A draft reply is attached.
 A draft reply will be forwarded.
 A translation is attached.
 X An information copy of a direct reply is attached.
 We believe no response is necessary for the reason
cited below.
 The Department of State has no objection to the
proposed travel.
 Other.

Remarks:

Nicholas Platt
Nicholas Platt
Executive Secretary

UNDER SECRETARY OF STATE
FOR ECONOMIC AFFAIRS
WASHINGTON

May 8, 1985

Dear Abe:

The President has asked me to convey his appreciation for the thoughtful statement of the International Chamber of Commerce on the principal issues before the Bonn Summit. Those issues were addressed constructively by the Summit participants, as you will see from a reading of the Communique, a copy of which I enclose. I call to your attention the specific priorities noted by each of the Heads of Government for domestic actions to strengthen and sustain their national recoveries and thereby world recovery, as well as their support for a new round of trade negotiations, a more stable monetary system, and economic progress in developing countries.

While we regret the reluctance of the French President to join his colleagues in agreeing to a date to begin formal trade negotiations, all the Summit participants agree that a new trade round should be held as soon as possible and that a preparatory committee meeting should take place this summer.

Sincerely,


Allen Wallis

Enclosure:

As stated.

Mr. Abraham Katz,
President,
United States Council for
International Business,
1212 Avenue of the Americas,
New York, New York.

Drafted: EB:RSGold:meh *RS9*
5/8/85:632-2175

Clearance: EUR/RPE:BJJones *RS9*

8513776

T H E W H I T E H O U S E O F F I C E

REFERRAL

MAY 6, 1985

TO: DEPARTMENT OF STATE

ACTION REQUESTED:

DIRECT REPLY, FURNISH INFO COPY

DESCRIPTION OF INCOMING:

ID: 302649

MEDIA: LETTER, DATED APRIL 12, 1985

TO: PRESIDENT REAGAN

FROM: MR. ABRAHAM KATZ
PRESIDENT
UNITED STATES COUNCIL FOR
INTERNATIONAL BUSINESS
1212 AVENUE OF THE AMERICAS
NEW YORK NY 10036

SUBJECT: ENCLOSURES STATEMENT FOR SUBMISSION TO THE
HEADS OF STATE AND GOVERNMENT ATTENDING THE
BONN SUMMIT, MAY (2-4) 85

PROMPT ACTION IS ESSENTIAL -- IF REQUIRED ACTION HAS NOT BEEN
TAKEN WITHIN 9 WORKING DAYS OF RECEIPT, PLEASE TELEPHONE THE
UNDERSIGNED AT 456-7486.

RETURN CORRESPONDENCE, WORKSHEET AND COPY OF RESPONSE
(OR DRAFT) TO:
AGENCY LIAISON, ROOM 91, THE WHITE HOUSE

SALLY KELLEY
DIRECTOR OF AGENCY LIAISON
PRESIDENTIAL CORRESPONDENCE

1212 Avenue of the Americas New York, New York 10036
Telephone: 212.354.4480 Telex: 820864

#302649



**United States Council for
International Business**

ABRAHAM KATZ, President

Serving American Business as U.S. Affiliate of:

8513776

The International Chamber of Commerce
The International Organisation of Employers
The Business and Industry Advisory Committee to the OECD
The ATA Carnet System

April 12, 1985

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

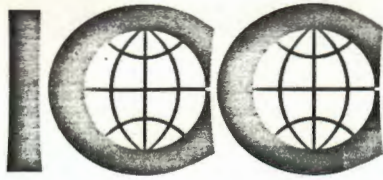
At the request of the International Chamber of Commerce (ICC), I am enclosing a statement for submission to the Heads of State and Government attending the Bonn Summit May 2-4, 1985. The United States Council for International Business, which is the U.S. affiliate of the ICC, participated in the preparation of this text and commends it to your attention. It sets forth the position on the main Summit issues of the Organization which represents the views of the business communities of the Free World.

We wish you well in your endeavors in Bonn.

Very respectfully yours,

Abraham Katz
President

Enc.



International Chamber of Commerce
38 Cours Albert 1^{er}, 75008 Paris
Telephone: 261.85.97
Cables: Incomerc-Paris
Telex: 650770

8513776

STATEMENT

of the International Chamber of Commerce

for

Submission to the Heads of State and Government

attending the Bonn Summit, 2 - 4 May 1985

During the year since the London Summit meeting, world economic recovery and the expansion of international trade have proved stronger than was then anticipated; inflation has generally remained in check; and a number of heavily-indebted developing countries have achieved remarkable improvements on the current account of their external payments. International business, represented by the ICC, applauds these achievements which, in relation to the depressed and very precarious condition of the world economy only a few years ago, are substantial.

Nonetheless, the current recovery is not without substantial negative elements which constitute a source of serious concern:

- a) Although the recovery has been spreading to more and more countries throughout the world, it remains uneven with considerable differences in growth and employment rates among both developed and developing countries. In particular, large-scale unemployment and inadequate job creation continue to be a major problem in Western Europe and many developing countries.
- b) In the United States, the large budget and trade deficits and the excessive dependence on capital in-flows raise concern about the sustainability of that country's recovery, which is so important to the rest of the world. The large trade and current account surplus of Japan with the rest of the world are another source of imbalance and uncertainty for the recovery.
- c) Although the worst scenarios feared a few years ago have been successfully avoided, the developing country debt problem remains very serious and very vulnerable to a faltering of economic recovery in the rest of the world.
- d) Most important of all, the prospects for achieving sustainable economic growth throughout the world are threatened by the loss of business confidence in the functions of the international trade and monetary systems. Despite the undertakings of the participating governments in the final Declaration of the Williamsburg Summit two years ago "to halt

protectionism and as the recovery proceeds to reverse it by dismantling trade barriers," protectionist measures have been taken in a number of countries. Some of these measures have hindered the efforts of the heavily-indebted developing countries to earn the means to service and repay their loans. Protectionist pressures have been exacerbated in the United States by recent developments in the currency markets and in other countries by the slowness to adjust their domestic structures. Uncertainties in the trade and financial markets and structural rigidities are inhibiting a major expansion of investment in some countries.

The ICC calls upon the governments represented at Bonn to address with determination the current problems in the international trade and monetary systems and to implement their commitments with clear and concrete actions. To achieve improvements, a parallel approach to both trade and monetary matters will be essential.

Specifically, in the monetary field, the ICC believes that governments can and should do more to coordinate the design and implementation of their macro-economic policies with the aim of improving the fundamentals that underlie currency and exchange rate movements. Greater day-to-day cooperation among financial authorities has also become vital as a result of the large volume of international capital movements and the sophisticated communications systems of today's world.

In the trade field, the ICC calls upon governments to give their full support to a new round of trade negotiations under the aegis of the GATT. What is required at an early date is an international commitment to such negotiations and preparatory work to create the widest possible consensus for a specific agenda. The ICC believes that such an agenda must include steps to:

- a) roll back the protectionist measures that have accumulated in recent years;
- b) liberalize and establish agreed rules for international trade in agricultural products;
- c) open up new areas of trade that are not currently subject to GATT rules and disciplines;
- d) strengthen the machinery of the GATT with the aim of ensuring that countries observe more strictly their obligations under international agreements and the GATT is enabled to deal with the trade-distorting effects of subsidies and other domestic measures, and
- e) spread the benefits and over time the disciplines of the open trading to developing countries.

Finally in view of the linkages in the world's trade and financial systems and in order to facilitate a parallel approach to the interacting problems of both, the ICC urges governments to promote closer working relationships between the trade industry and financial ministries within their national capitals and on the international level between the GATT, IMF and World Bank.

**THE BONN ECONOMIC DECLARATION
TOWARDS SUSTAINED GROWTH AND HIGHER EMPLOYMENT**

4 May 1985

1. Conscious of the responsibility which we bear, together with other Governments, for the future of the world economy and the preservation of natural resources, we, the Heads of State or Government of seven major industrial nations and the President of the Commission of the European Communities, meeting in Bonn from 2 to 4 May 1985, have discussed the economic outlook, problems, and prospects for our countries and the world.
2. World economic conditions are better than they have been for a considerable time. Since we last met, further progress has been achieved in bringing down inflation and strengthening the basis for growth. The recovery in the industrial countries has begun to spread to the developing world. The debt problems of developing countries, though far from solved, are being flexibly and effectively addressed.
3. Nevertheless, our countries still face important challenges. Above all, we need:
 - to strengthen the ability of our economies to respond to new developments;
 - to increase job opportunities;
 - to reduce social inequalities;
 - to correct persistent economic imbalances;
 - to halt protectionism; and
 - to improve the stability of the world monetary system.
4. Our discussions of these challenges have led us to the following conclusions:

- (a) The best contribution we can make to a lasting new prosperity in which all nations can share is unremittingly to pursue, individually in our own countries and co-operatively together, policies conducive to sustained growth and higher employment.
- (b) The prosperity of developed and developing countries has become increasingly linked. We will continue to work with the developing countries in a spirit of true partnership.
- (c) Open multilateral trade is essential to global prosperity and we urge an early and substantial reduction of barriers to trade.
- (d) We seek also to make the functioning of the world monetary system more stable and more effective.
- (e) Economic progress and the preservation of the natural environment are necessary and mutually supportive goals. Effective environmental protection is a central element in our national and international policies.

I. Growth and Employment

5. In order to sustain non-inflationary growth and higher employment, we have agreed that:
- We will consolidate and enhance the progress made in bringing down inflation.
 - We will follow prudent, and where necessary strengthened monetary and budgetary policies with a view to stable prices, lower interest rates and more productive investment. Each of our countries will exercise firm control over public spending in order to reduce budget deficits, when excessive, and, where necessary, the share of public spending in Gross National Product.
 - We will work to remove obstacles to growth and encourage initiative and enterprise so as to release the creative energies of our peoples, while maintaining appropriate social policies for those in need.

- We will promote greater adaptability and responsiveness in all markets, particularly the labour market.
- We will encourage training to improve occupational skills, particularly for the young.
- We will exploit to the full the opportunities for prosperity and the creation of permanent jobs, provided by economic change and technological progress.

6. Building on these common principles, each of us has indicated the specific priorities for national policies.

- The President of the United States considers it essential to achieve a rapid and appreciable cut in public expenditures and thus a substantial reduction in the budget deficit. He stresses also the need for further deregulation and for a reform of the tax system aimed at encouraging the efficient use of resources and stimulating new saving and investment.
- The President of the French Republic stresses the need to continue bringing down inflation, to modernize the means of production and to improve employment, to control public spending and to combat social inequality. In that context he attaches high priority to education, research and investment in high technologies with a view to sustained growth.
- The Government of the United Kingdom will continue to work to reduce inflation and to create the conditions for sustained growth. It will continue to keep public spending under strict control and maintain monetary discipline. It will promote the development of small and medium-sized businesses and advanced technological industries, and encourage initiative and enterprise and the creation of new job opportunities.
- The Government of the Federal Republic of Germany attaches high priority to strengthening the flexibility and vigour of the economy in order to achieve a lasting improvement in growth and to create new jobs. Small and medium-sized businesses should be especially encouraged as well as high technologies. It will continue to reduce the

claims of the public sector on the economy, the budget deficit and the burden of taxation.

- The Government of Japan considers it essential to persevere with its policy of budgetary discipline and strengthening market functions, particularly with a view to fostering investment. It intends to achieve further progress in deregulating financial markets, promoting the international role of the Yen, facilitating access to markets and encouraging growth in imports.
- The Italian Government gives priority to the further reduction of inflation and of the public deficit, while sustaining growth and investment. Particular emphasis will be put on incentives to create small and medium-sized industries, especially in the field of high technology, and to promote employment, especially for young people.
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- The Commission of the European Communities attaches high priority to completing a genuine internal market without barriers, which will eliminate rigidities and generate fresh economic growth on a Community-wide scale. A strengthened European Monetary System and closer economic convergence will further serve this end.

By pursuing these policies we will not only address our domestic problems, but at the same time contribute to an enduring growth of the world economy and a more balanced expansion of international trade.

II. Relations with Developing Countries

7. Sustained growth in world trade, lower interest rates, open markets and continued financing in amounts and on terms appropriate to each individual case are essential to enable developing countries to achieve sound growth and overcome their economic and financial difficulties. Flows of resources, including official development assistance, should be maintained and, wherever possible, increased, especially to the poorer countries. In particular, more stable long-term finance, such as direct investment from industrial countries, should be encouraged. We welcome longer-term debt restructuring agreements between debtor countries and commercial banks. We continue to stand ready, where appropriate, to negotiate further multi-year reschedulings of debts to governments and government agencies.
8. We continue to encourage the constructive dialogue with the developing countries in the existing international institutions with a view to promoting their economic development and thereby their social and political stability. We emphasize the crucial role of, and the improved cooperation between, the International Monetary Fund and the World Bank Group in supporting policies by debtor countries necessary to strengthen the confidence of domestic and foreign creditors and investors, to mobilize domestic savings and to ensure efficient use of resources and sound long-term development. We agree to work to ensure that these institutions are equipped with the necessary resources and instruments, and we stand ready to discuss an increase in the resources available to the World Bank which may be necessary in the coming years. We remain concerned over the particular problems facing a number of developing countries that are neither among the poorest nor foremost among the group of major debtors. We agree that consideration should be given to easing the financial constraints of these countries on a case-by-case basis.
9. We are deeply concerned about the plight of African peoples who are suffering from famine and drought. We welcome the positive response from our citizens and from private organisations, as well as the substantial assistance provided by the governments of many countries and the establishment by the World Bank of the Special Facility for Subsahara Africa. We shall continue to supply emergency food aid. In addition, we shall intensify our co-operation with African countries to help them develop their economic potential and a long-term food strategy, based on their own

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14. Improved and internationally harmonized techniques of environmental measurement are essential. We invite the environmental experts of the Technology, Growth and Employment Working Group to consult with the appropriate international bodies about the most efficient ways for achieving progress in this field.
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V. Co-operation in Science and Technology

16. We are convinced that international co-operation in research and technology in major projects should be enhanced to make maximum use of

our scientific potential. We recognize that such projects require appropriately shared participation and responsibility as well as adequate rules concerning access to the results achieved, the transfer of technology and the use of technologies involved.

17. We welcome the positive responses of the Member States of the European Space Agency (ESA), Canada and Japan to the invitation of the President of the United States to co-operate in the United States Manned Space Station Programme on the basis of a genuine partnership and a fair and appropriate exchange of information, experience and technologies. Discussions on intergovernmental co-operation in development and utilization of permanently manned space stations will begin promptly. We also welcome the conclusions of the ESA Council on the need for Europe to maintain and expand its autonomous capability in space activity, and on the long-term European Space Plan and its objectives.
18. We welcome the report from the Technology, Growth and Employment Working Group on the work done in the eighteen areas of co-operation and invite the Group to complete its review by the end of the year. We welcome the positive contribution which the Ministerial Conference on "Technological Development and Employment" held in Venice has made towards wider acceptance of the role of technological change in promoting growth and employment. We also welcome the results of the Rambouillet Conference on Bioethics and thank the Federal Republic of Germany for its willingness to host a symposium on neurobiology in 1986.
19. We have agreed to meet again next year and have accepted the Japanese Prime Minister's invitation to meet in Japan.