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THE WHITE HOUSE
WASHINGTON

July 15, 1985

Dear Ken,

Sometimes it takes us a long time to get around to thanking people for their tremendous efforts. I'd just like to note how well the Bonn Summit and attendant activities went over and also to pay tribute to the guy who very quietly crafted the words that did the job. In my book you really exemplify the President's motto, "there's no limit...".

With best personal regards,

Jack Svahn

Mr. Ken Khachigian
209 Avenida Del Mar
Suite 203
San Clemente, California 92672

8513503

United States Department of State

Washington, D.C. 20520

May 3, 1985



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MEMORANDUM FOR ROBERT C. MCFARLANE
THE WHITE HOUSE

LD

Subject: Public Affairs Activities in Support of Bonn Summit

Attached is a listing for the month of April of economic speaking platforms and media activities including television, radio and press interviews, direct line telephone interviews with editorial writers and briefings for the written press. In addition the Department distributed in April 16,000 copies of the attached GIST and 11,400 copies of Current Policy Paper 681 "Prospects for the Bonn Summit". Recipients were selected on the basis of a registered interest in economic affairs and included non-governmental representatives in media, academic, and business fields.

Written documentation prepared by the Bureau of Public Affairs and used in the White House Press Briefing Book included some 18 GIST's, 10 Current Policy papers, 15 country Background Notes, 5 Historical Papers, 6 State Department Bulletin reprints and other special reports.

The direct line exercise, April 24-29, aimed at major media markets was well timed and generated very favorable comment from editors charged with drafting items for publication the week of April 29. Among the leading newspapers of the 17 reached were the Christian Science Monitor, Journal of Commerce (NYC) and the Chicago Tribune. Resource interviewees came from the Office of the U.S. Trade Representative as well as the Department of State.

Nicholas Platt
for Nicholas Platt
Executive Secretary

Attachments:

- List of Economic Speaking Platforms and Media Events
- Bonn Summit GIST
- Current Policy Paper "Prospects for the Bonn Summit"

NSC # 8503663

Economic Speaking Platform
and
Media Activities in Support of
Bonn Economic Summit

Television

April 22	NBC-TV News - Irving R. Levine	Wallis, Allen
April 29	NHK-TV - Japan - Yoshiki Hidaka	Wallis, Allen
April 30	Worldnet to European Posts	Secretary Shultz

Interviews and Briefings:

April 22	Foreign Press Center (ON-THE-RECORD)	Rentschler, James A., Morris, Robert J., Miles, Thomas M.T.
April 23	<u>New York Times</u> (ON BACKGROUND)	Wallis, Allen
April 24	<u>Business Week</u> (ON BACKGROUND) Wolzak and France	Wallis, Allen
April 25	<u>Washington Post</u> (ON-THE-RECORD) David Ottaway and John Goshko	Secretary Shultz
April 25	<u>Wall Street Journal</u> (ON BACKGROUND)	Wallis, Allen
April 29	European Journalists (ON-THE-RECORD)	Secretary Shultz
April 30	White House Press Briefing (ON-THE-RECORD)	Secretary Shultz

Direct-Line Editorial Backgrounders

April 24	<u>Providence Journal</u> Leonard Cohen, Editorial Writer	Brown, Scott B.
April 24	<u>Crain's Cleveland Business</u> Brian Tucker, Editor	Brown, Scott B.
April 24	<u>Cincinnati Enquirer</u> Robert Webb, Editorial Writer	Brown, Scott B.

Direct-Line Editorial Backgrounders - CONTINUED

April 24	<u>New Orleans Times Picayune</u> Michael Forsythe, Editor, Editorial Page	Feketekuty, Geza
April 24	<u>Pittsburg Post Gazette - Japan</u> Joseph Plummer, Editorial Writer	Malott, John R.
April 24	<u>San Diego Union</u> Edward Nichols, Associate Editor	Malott, John R.
April 24	<u>Toledo Blade</u> Ralph Johnson, Editorial Director	Riemer, Reynold A.
April 24	<u>Arizona Daily Star (Tucson)</u> Judy Donovan, Editorial Writer	Riemer, Reynold R.
April 25	<u>Christian Science Monitor</u> Robert Hey, Editorial Writer	Morris, Robert J.
April 25	<u>Columbus Dispatch</u> David Ferguson, Editorial Writer	Feketekuty, Geza
April 25	<u>Minneapolis Star Tribune</u> Tony Morley, Editorial Writer	Feketekuty, Geza
April 25	<u>Baltimore Sun</u> Joseph Sterne, Editor, Editorial Page	Feketekuty, Geza
April 25	<u>Houston Chronicle</u> David Langworthy, Editorial Writer	Feketekuty, Geza
April 25	<u>Journal of Commerce (NYC)</u> Keith Rockwell, Editorial Writer	Lamb, Denis
April 25	<u>Pittsburgh Post Gazette</u> Joseph Plummer, Editorial Writer	Riemer, Reynold A.
April 29	<u>Detroit Free Press</u> Marius Ziomecki, Editorial Writer	Riemer, Reynold A.
April 30	<u>Chicago Tribune</u> Michael McGuire, Editorial Writer	Riemer, Reynold A.

Radio

April 26	VOA "Press Conference USA" Gary Edguist, Moderator Reporters: Philomena Jurey, VOA White House Correspondent, Ron Pemstein, VOA State Department Correspondent Barry Wood, VOA Economic Correspondent	Secretary Shultz
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Speaking Platforms

April 4	U.S. Council For International Business New York City (ON-THE-RECORD)	Wallis, Allen
April 23	Senior Business Executives Conference Department of State, Washington (ON-THE-RECORD)	Wallis, Allen

Bonn Economic Summit

April 1985

Background: The seven-nation Bonn economic summit on May 2-4, 1985, will be the 11th economic summit of the Western industrialized countries. Meetings have taken place annually in member countries starting with Rambouillet (France) in 1975; Puerto Rico (US) in 1976; London (UK) in 1977; Bonn (Federal Republic of Germany) in 1978; Tokyo (Japan) in 1979; Venice (Italy) in 1980; Ottawa (Canada) in 1981; Versailles (France) in 1982, Williamsburg (US) in 1983; and London again in 1984.

The summits have provided a useful forum for consultations on Western economic concerns and security. They also provide the opportunity for high-level review of the work of the summit country governments in a variety of international institutions, including the General Agreement on Tariffs and Trade (GATT), the International Monetary Fund (IMF), and the Organization for Economic Cooperation and Development (OECD).

Ottawa: At the Ottawa summit, President Reagan outlined our policy to promote sustainable, market-oriented, noninflationary growth by reducing government spending, changing tax codes to promote savings and investment, and targeting stable and moderate money growth. He also called attention to the potential for erosion of Western security resulting from excessive dependence on Soviet energy resources and to the need to reassess East-West economic relations. The leaders examined the problems of developing countries caused by the explosion of oil prices and financing imbalances during the 1970s. This theme was pursued further at a meeting of 22 developed and developing countries in Cancun, Mexico, later in 1981.

Versailles: At Versailles, the summit created a mechanism to enable key countries to consult about economic policies and to study past experience with exchange rate intervention. It also highlighted the role of emerging technologies and the need for greater consensus among the summit participants on East-West economic relations.

Williamsburg: At Williamsburg, members committed themselves to reversing the trend toward protectionism; implementing a joint strategy for managing international debt problems; consulting closely on policies affecting the monetary system; approving the members' growing consensus on East-West economic relations; and progressing toward greater convergence of economic performance among the US, Japan, the Federal Republic of Germany, the UK, and France. They endorsed general conclusions about the role of exchange market operation and intervention and called for consultations on proposals for a new round of trade negotiations.

London: At London, the summit resulted in a strong endorsement of the basic anti-inflationary stance first advocated by the President at Ottawa. It marked the passage from a period of constructing firm domestic bases for noninflationary growth to one of enhancing the openness of international trade and finance. As Williamsburg signaled

the beginning of recovery and offered an outline of future strategies in the international economy, the London summit gave a clearer focus to future tasks and actions. It also encouraged further work by appropriate institutions to promote market-oriented adjustment, continued management of debt problems, early agreement on a new trade round, and a broadened consensus on East-West economic relations.

Progress since Williamsburg and London: Largely as a result of growing international consensus on the policies the President first advocated at Ottawa, and endorsed at Williamsburg and London, economic conditions in the summit countries today contrast significantly with those prevailing before Williamsburg. A clear recognition now exists among summit countries that sustainable noninflationary economic growth and job creation should be based on domestic economic policies that foster market-oriented adjustment, reduce government spending, and maintain stable monetary growth. The strong and sustained US recovery has led other summit countries out of recession and is strengthening the industrialized West as a whole. The less developed countries also are recovering, both through better economic management and the increased demand created by US growth. There is confidence that the world debt problem can be managed. Strong recession-induced protectionist pressures in the US and other industrialized countries have been checked and individual protective measures rolled back. There is also greater US-West European agreement over trade relations with the Soviet Union.

Our economic strategy depends on all countries acting to strengthen the interrelationships among economic growth, international trade, and financial policies by promoting more open markets for goods and capital to sustain global growth. For its part, the US is determined to reduce its budget deficit through greater control of government spending and pursuit of policies that will further reduce inflationary expectations and continue to bring interest rates down. The US will work with other countries to help solve underlying economic and social problems due to a changing world economy.

Bonn summit: US objectives for Bonn are to promote policies that will assure further convergence of economic performance and concerted action to achieve more open trade and financial markets. Both are necessary to ensure that world recovery endures and its benefits continue to spread. We will stress the importance of actively pursuing the strategies laid out at Williamsburg and London for dealing with the interrelated problems of growth, debt, trade, and finance. In particular, we will stress the importance of moving rapidly to a new round of negotiations aimed at expanding trade, dealing with various forms of protection, and improving the operation of the international trading system. We also will seek to focus closer attention on the need for structural changes (in both developed and developing countries) to promote stable growth of output and employment with low levels of inflation.

Prospects for the Bonn Summit

April 4, 1985



United States Department of State
Bureau of Public Affairs
Washington, D.C.

Following is an address by Allen Wallis, Under Secretary for Economic Affairs, before the U.S. Council for International Business, New York, April 4, 1985.

Spring brings an intensive round of international meetings, which will culminate in the Bonn economic summit. A week from today, Deputy Secretary Dam and I will attend the OECD [Organization for Economic Cooperation and Development] ministerial meeting in Paris, along with other senior U.S. Cabinet officials. The next week will bring meetings of the IMF [International Monetary Fund] Interim and [World Bank] Development Committees, here in Washington. The Bonn summit follows 2 weeks later, May 2-4, as the opening event in the President's visit to Europe.

The Summit in Perspective

I will take a few minutes this afternoon to survey our hopes for Bonn. First, though, I will try to put the summit in perspective.

The annual economic summits, which began in 1974, are attended by the heads of the seven largest industrial democracies: Japan, Canada, the United Kingdom, the Federal Republic of Germany, France, Italy, and, of course, the United States. The President of the European Commission also attends. The meetings are neither a beginning nor an end in themselves but rather the most prominent part of the continuing process of cooperation and dialogue among the major industrial countries. The summits

provide useful reference points at which to assess that cooperation.

The past 4 years have seen a definite improvement in both the tone and the substance of summit discussions. At Ottawa in 1981, most of the leaders recognized that the performance of their economies was deteriorating, but they did not share a clear vision of how to repair the situation. Indeed, the fundamental nature of the economic crisis facing the industrial world was not yet fully

appreciated, and President Reagan's market-oriented prescriptions for dealing with it met with undisguised skepticism.

By the time of the 1982 summit at Versailles, all of the major industrial economies were in recession, and it was apparent that their economic problems were deep seated. The summit leaders began a difficult process of sorting out differences of view and approach. Versailles is sometimes referred to as a



Allen Wallis was born November 5, 1912, in Philadelphia, Pennsylvania. He graduated from the University of Minnesota in 1932, and from 1932 to 1936 he studied economics and statistics at the graduate level at the University of Minnesota, the University of Chicago, and Columbia University.

Mr. Wallis has spent most of his career in universities at Yale, Stanford, Columbia, Chicago, and Rochester. At Chicago, he was Dean of the Graduate School of Business, and from 1962 to 1982 he was Chancellor of the University of Rochester. He is author of some 10 books and monographs and numerous articles on economics, statistics, public policy, and higher education.

Mr. Wallis was a research economist during the Roosevelt Administration and a Special Assistant to President Eisenhower from 1959 to 1961. He has served on eight presidential commissions, on four of them as chairman, under Presidents Nixon, Ford, and Carter. He has been a director of nine corporations and of many nonprofit educational, cultural, civic, and charitable institutions.

Mr. Wallis joined the State Department in July 1982 and was sworn in 2 months later as Under Secretary of State for Economic Affairs. Among a variety of responsibilities, he serves as President Reagan's personal representative in preparing for the annual economic summit meetings.

failure because the disagreements among countries were so apparent and so much publicized. There were disagreements on East-West economic relations and on managing exchange rates.

In an effort to reduce the disagreements, several programs were initiated. One of these was a process of intensified consultations among the five leading financial countries on monetary and financial issues. This led to a thorough airing of different points of view, buttressed by studies of the facts revealed in the historical records of the five countries. These discussions greatly reduced the differences among the countries. A second initiative resulting from Versailles was a thorough study of economic relations with the Eastern countries. A third was an examination of experience with intervention by governments in foreign exchange markets.

The value of these three initiatives became apparent at the Williamsburg summit in 1983. The Williamsburg summit ratified cooperative strategies for dealing with global problems—promoting sustainable, noninflationary recovery through sound monetary and fiscal policies and greater reliance on market forces; addressing international debt problems through a coordinated plan to promote orderly economic adjustment in troubled developing countries; curbing protectionism; and adopting a prudent, common approach to economic relations with the Soviet bloc.

During the following year, our pursuit of these strategies bore fruit, so that last year in London the summit leaders were able to reaffirm the approaches they had worked out so painstakingly over the previous 3 years and to suggest ways in which each could be improved in the light of further experience. It was an occasion both to recognize and celebrate the economic recovery and to point out how other nations could benefit both from our noninflationary growth and by emulating the policies which had made it possible.

Important Issues

What, then, is there left to accomplish in Bonn? Quite a bit. For the United States, there are clear parallels between goals President Reagan has set for himself as he begins his second term and those which we believe the world's seven largest industrial countries should adopt next month in Bonn. Certainly one of our goals is to do more of the same—there is no point in backsliding into unsound policies when the policies we are pursuing are working. However,

recovery in many of the major industrial economies is still weak and uncertain. Because good economic policies and performance in the summit countries are so crucial to the rest of the world's welfare, the President will urge actions to strengthen prospects for sustainable growth and for higher employment.

We expect that the summit will focus on two areas: eliminating structural barriers and safeguarding and strengthening the international trading system. Before I discuss these two major themes in greater detail, I will summarize briefly other important issues that will be discussed at Bonn.

- The first is the need to continue cooperation to promote sustainable growth in the developing countries. The approach we have taken to problems of debt and adjustment has been working. Two weeks from now in Washington, at the Interim and Development Committees' meetings, key financial officials from the entire free world will take stock and make suggestions for strengthening our joint efforts. We will stress the need to adopt coherent policies over the long run to promote adjustment and sustainable growth and the roles which open trade and private foreign investment must play in this process.

- A second and particularly urgent area for cooperative action, both in the short run and the long run, is meeting the food crisis in sub-Saharan Africa. The United States has taken the leading role in this effort. Our famine and refugee relief to Africa, at over \$1 billion this year, is more than that of all other donors combined. For the long run, we are encouraging basic agricultural reforms through existing bilateral aid programs, our new African economic reform program and Food for Progress initiative, and our participation in multilateral institutions. We are also urging greater coordination among bilateral donors to achieve the greatest possible impact on African economic policies and development prospects.

- Third, there will be special emphasis this year on cooperation to protect the environment and on the relationship between environmental protection and economic growth. Studies and other work commissioned at last year's summit will be reviewed, and the conclusions of the meeting of environment ministers last December in London will presumably be recognized.

- Fourth, we expect the summit leaders to discuss cooperation in other special areas, including efforts to develop a manned space station and ac-

tion to lessen the likelihood and minimize the impact of potential disruptions of energy supplies.

Removing Structural Barriers to Sustainable Growth

Turning to core issues, the main thesis of this year's summit will be the removal of structural barriers to sustainable growth.

World economic recovery has continued to strengthen during the past year. Led by the United States, real growth of GNP [gross national product] in the OECD countries was nearly 5% in 1984, and our own 6.9% growth was the highest since 1951. Moreover, this second year of strong growth came without reigniting inflation. In the United States, last year's rate of increase in consumer prices was just over 4%, a rate at which we expect it may stabilize for the next few years. For the OECD as a whole, inflation declined last year to 5.5%, the lowest since 1972. Meanwhile, growth of real GNP in the non-OPEC developing countries also increased significantly last year to about 4%.

As we begin this third consecutive year of noninflationary expansion, however, there are some disquieting signs. In the developing countries, economic prospects are still uneven. There is a favorable outlook for many of the larger LDCs [less developed countries] which either have avoided severe debt-servicing problems or have taken steps toward economic stabilization in cooperation with the International Monetary Fund. But many others are not doing well. Inflation is still severe, even in some countries which are succeeding in other aspects of the adjustment process, and sustainable expansion will require a protracted effort to resolve basic structural problems.

Still, these problems by now are familiar, and even if progress is not coming as quickly as we would like, the trend is in the right direction. More troubling for the Bonn summit is the fact that we summit countries ourselves have left a great deal of unfinished business in our efforts to ensure a sustained, noninflationary recovery.

In the United States, President Reagan's "sea change" in economic policy has already produced dramatic results. To safeguard our continuing expansion, however, we must cut excessive government spending, to avoid a growing drain on resources for private consumption and investment. We must also reform our tax system, in order to eliminate the distortions inherent in the

present tax code and to reduce the disincentives of high marginal rates of income taxation. These will be complemented by continuing efforts to pursue a sound monetary policy compatible with low inflation and a sustainable rate of growth and to deregulate markets and remove other structural barriers to the interplay of market forces.

Japan, too, needs to continue strengthening all aspects of its economic policy. In addition, Japan has a particular need to accept more fully the responsibilities of Western economic leadership, which the success of its economic policies to date and the strength of its economy enabled it to assume. In order to strengthen the international system of trade and investment, both for its own benefit and the benefit of other participants in that system, Japan needs to implement fully and quickly its commitments to capital market liberalization and to open its markets for goods and services.

The most serious structural barriers to vigorous economic growth are in Europe. The clearest sign of this is in the disparity between recent growth and employment in Europe and in the other major industrial countries. Japan's 5.5% growth last year and Canada's 4.5% were both quite respectable. These two economies continued to generate expanded employment opportunities; as a result, Canada's unemployment rate has dropped, and Japan's has remained stable at a very low level.

In contrast, growth in the four European summit countries was only about 2% last year—and that was their strongest performance in 4 years. Unemployment rates in Europe, historically much lower than ours, have continued rising well into double digits and will reach yet another new record this year.

Unemployment thus has become a major social issue in Europe. Some observers have speculated that the main problem is that demographic factors—the entry of women into the labor force and a “baby boom” that came later than in the United States—are creating a bulge in the European labor force. If this were true, Europe's unemployment problem might begin to take care of itself in time. Unfortunately, the facts do not leave us such room for complacency. The problem is not just a growing labor force: the number of jobs available in Europe has not grown at all since 1970, a period during which the U.S. economy has added 27 million jobs. This long-term stagnation of employment in Europe is a cause for concern

not only to European governments but to their allies and trading partners. It contains the seeds of political and economic instability, of weakness to the alliance and damage to the world economy.

The essential problem for Europe is a deeply rooted pattern of obstacles to change, which thwart the efficient use of economic resources. These structural barriers are especially troublesome in the labor market, where they distort both the supply of, and demand for, new employees.

On the demand side, labor has increasingly priced itself out of the market, particularly in manufacturing. This has come about not only through persistently high real wage increases but also as a by-product of restrictive work rules and excessively adversarial relations between labor and management. These self-inflicted wounds are exacerbated by government policies, including high nonwage labor costs resulting from social welfare and pension levies, and strict government regulations governing layoffs and discharges. For example, as a result of French Government regulations, a company that wants to lay off more than 50 employees can be forced to wait as long as a year to put those layoffs into effect. Rules of this type were enacted with the intention of protecting jobs, but, like most government interferences in the marketplace, their effect has been the opposite of their intentions. Employers are reluctant to hire new workers in good times because they know they will not be able to lay them off in a downturn. One European explained to me that the secret of the American economy's success lies in two words: “You're fired!”

Government policies also have depressed the supply of labor in Europe and made it less responsive to changing economic conditions. No industrialized country leaves the unemployed and needy entirely to their own devices; however, unemployment and welfare benefits in Europe are so generous that they have become a significant source of rigidity in labor markets. Employed workers are less likely to make a vigorous search for new jobs, or to accept jobs that pay less than their previous wages, when the combination of welfare and unemployment benefits replaces most of their previous earnings more or less permanently. The disincentive effect of high income-replacement rates in Europe is compounded by the generosity of benefits for the long-term unemployed. Whereas in the United States, employment benefits are cut back after several months, in some European countries the combined in-

come from unemployment benefits and welfare actually rises with time.

These labor market rigidities not only have depressed the rate of economic growth but also have distorted its pattern. Businessmen who face a rising relative cost for one of their essential inputs find it more difficult to compete and grow, and to survive they must change the relative proportions of their inputs. This has been happening in Europe for some time. A study by the EC [European Community] Commission last year found that high labor costs had led to a significant shift toward labor saving, rather than employment-creating, investments.

In addition to labor market rigidities, our summit partners face other structural problems that hinder their economic performance. Among the ones which are most directly the result of government policy, and thus most directly susceptible to remedial action, are controls on financial markets, nationalized industries run on uneconomic terms, and subsidies.

Concern over long-term economic prospects in Europe has been reflected in the weakening of European currencies during the last few years, not only against the U.S. dollar but also against the Japanese yen and Canadian dollar. We hope that the recent weakness of the European currencies will help impress our allies with the urgency of their structural problems, which we expect to be a major theme not only of the Bonn summit but also of work in the coming year in the OECD.

Countering Demands for Protectionism

Our second major summit theme is aimed at destructive government interference in the international trading system. Nobody in this room needs to be reminded that protectionist pressures are growing—not only in Europe, where rising unemployment provides an explanation (though not an excuse), but also here in the United States. Indeed, the trend seems to feed on itself: proponents of import restrictions can point to “unfair” trade practices by other countries as a provocation, and when they succeed in restricting trade there is often retaliation in kind.

Just as trade liberalization fueled economic growth in the 1950s and 1960s, protectionism threatens it in the 1980s. The closing of markets eliminates gains from trade and specialization, that, more than any other single danger,

jeopardizes both the current economic recovery and prospects for future expansion. Furthermore, it defeats our strategy for resolving international debt problems. All the major free-world nations have worked hard to promote and make possible the economic adjustments which troubled debtor nations must undertake to restore their economic health. So far, such adjustments have been paying off. The prospects for growth in these countries have improved, and the threat to the world financial system has diminished. Unless troubled debtor nations continue to have access to growing markets for their exports, however, this process will be derailed to the detriment of all.

The solution is clear: it is essential to renew the process of liberalizing trade. High-level commitments at international meetings to resist protectionism are a recurring phenomenon, but they are little more than free-floating rhetoric with no basis in political reality. We are past the point where rhetoric is useful or even credible. We must be able to counter demands for protectionism at home with demonstrable progress in eliminating protectionism abroad.

The U.S. has had some success over the past year in rolling back protectionism and negotiating greater market access. We are engaged in the most in-

tensive round of bilateral negotiations with Japan that we have seen in several years. However, bilateral efforts are of limited effectiveness. It is time for a clear commitment to a new round of formal, multilateral trade negotiations within the GATT [General Agreement on Tariffs and Trade]. Such a commitment must entail both a specific early target date and a call for broad participation. Should the summit countries declare their intention to begin preparations immediately, it would be possible for formal negotiations to begin by early 1986. President Reagan made the importance of this goal clear in his State of the Union message when he urged "... all our trading partners, developed and developing alike, to join us in a new round of trade negotiations to expand trade and competition and strengthen the global economy—and to begin it in this next year." We will have our ears cocked for a response to that call both at this month's OECD ministerial and at next month's Bonn summit.

Conclusion

Any responsible U.S. Government official who talks about an upcoming economic summit must caution his listeners *not* to expect dramatic events or major breakthroughs. The purpose of these meetings is not to engage heads of

government in specific negotiations but to encourage a wide-ranging and informal discussion which permits them to come to a deeper understanding of one another's points of view and their foundations.

However, this time I have broken the usual ground rules by admitting that we hope for at least one agreement of crucial importance. If the free international trading system is to survive, we do not have the luxury of dragging our heels or splitting hairs. Unless the summit leaders take this opportunity to join forces in a firm commitment to launch the new round of trade negotiations, the forces of protectionism will almost certainly gain control.

For the broadest summary of our goals at Bonn, I will turn again to the President's State of the Union message:

We have begun well. But it's only a beginning. We're not here to congratulate ourselves on what we have done but to challenge ourselves to finish what has not yet been done. ■

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THE SECRETARY OF STATE
WASHINGTON

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August 12, 1985

Dear Mr. President:

Thanks so much for the stunning ice bucket,
with its message from you about our Bonn Summit.
As you contemplate the sweeping evolution of views
from Ottawa to Bonn, you are entitled to real
satisfaction at your impact. I am pleased to have
played a part in helping you bring this change
about.

With my great respect
and admiration,

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

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to
White House

National Security Council
The White House

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GI001

TR123

Dear Jim:

Our discussions this past May at the Bonn Economic Summit were confirmation of a growing international commitment to the free market principles that we have advanced. In many ways, Bonn was an expression by our partners of support and endorsement for our fundamental policy approach.

Your participation as the United States' "Finance Minister" and as a member of my Official Party to the Summit was a most important contribution to the effective delivery of our message and a key factor in the success we achieved.

I am pleased to offer you this memento for a job well done, and to express my continuing gratitude for your superb contribution to the team.

Sincerely,

RON

The Honorable James A. Baker III
Secretary of the Treasury
Washington, D.C. 20220

RR:CAD:sew 8PGR
Bonn

350807

Dear Rick:

Our discussions this past May at the Bonn Economic Summit were confirmation of a growing international commitment to the free market principles that we have advanced. In many ways, Bonn was an expression by our partners of support and endorsement for our fundamental policy approach.

Your participation as a member of my Official Party to the Summit was a most important contribution to the effective delivery of our message and a key factor in the success we achieved.

I am pleased to offer you this memento for a job well done, and to express my continuing gratitude for your superb contribution to the team.

Sincerely,

RR

The Honorable Richard R. Burt
Department of State
Washington, D.C. 20520

RR:CAD:sew 8PGR
Bonn

850807

Dear Dick:

Our discussions this past May at the Bonn Economic Summit were confirmation of a growing international commitment to the free market principles that we have advanced. In many ways, Bonn was an expression by our partners of support and endorsement for our fundamental policy approach.

Your participation as a member of my Official Party to the Summit was a most important contribution to the effective delivery of our message and a key factor in the success we achieved.

I am pleased to offer you this memento for a job well done, and to express my continuing gratitude for your superb contribution to the team.

Sincerely,

RON

The Honorable Richard G. Darman
Deputy Secretary of the Treasury
Washington, D.C. 20220

RR:CAD:sew 8PGR
Bonn

350807

Dear Mike:

Our discussions this past May at the Bonn Economic Summit were confirmation of a growing international commitment to the free market principles that we have advanced. In many ways, Bonn was an expression by our partners of support and endorsement for our fundamental policy approach.

Your participation as a member of my Official Party to the Summit was a most important contribution to the effective delivery of our message and a key factor in the success we achieved.

I am pleased to offer you this memento for a job well done, and to express my continuing gratitude for your superb contribution to the team.

Sincerely,

RON

The Honorable Michael K. Deaver
4521 Dexter Street, N.W.
Washington, D.C. 20007

RR:CAD:sew 8PGR
Bonn

850807

Dear Fred:

Our discussions this past May at the Bonn Economic Summit were confirmation of a growing international commitment to the free market principles that we have advanced. In many ways, Bonn was an expression by our partners of support and endorsement for our fundamental policy approach.

Your participation as a member of my Official Party to the Summit was a most important contribution to the effective delivery of our message and a key factor in the success we achieved.

I am pleased to offer you this memento for a job well done, and to express my continuing gratitude for your superb contribution to the team.

Sincerely,

RON

The Honorable Fred F. Fielding
The White House
Washington, D.C. 20500

RR:CAD:sew 8PGR
Bonn

350807

Dear Bud:

Our discussions this past May at the Bonn Economic Summit were confirmation of a growing international commitment to the free market principles that we have advanced. In many ways, Bonn was an expression by our partners of support and endorsement for our fundamental policy approach.

Your participation as my National Security Adviser and as a member of my Official Party to the Summit was a most important contribution to the effective delivery of our message and a key factor in the success we achieved.

I am pleased to offer you this memento for a job well done, and to express my continuing gratitude for your superb contribution to the team.

Sincerely,

RON

The Honorable Robert C. McFarlane
The White House
Washington, D.C. 20500

RR:CAD:sew 8PGR
Bonn

850807

Dear Doug:

Our discussions this past May at the Bonn Economic Summit were confirmation of a growing international commitment to the free market principles that we have advanced. In many ways, Bonn was an expression by our partners of support and endorsement for our fundamental policy approach.

Your participation as a "Sherpa" and as a member of my Official Party to the Summit was a most important contribution to the effective delivery of our message and a key factor in the success we achieved.

I am pleased to offer you this memento for a job well done. I look forward to your continued assistance in your new position as Assistant Secretary of State for Economic and Business Affairs.

Sincerely,

RONALD REAGAN

The Honorable Douglas W. McMinn
Assistant Secretary of State
Washington, D.C. 20520

RR:CAD:sew 8PGR
Bonn/McMinn

850807

Dear Don:

Our discussions this past May at the Bonn Economic Summit were confirmation of a growing international commitment to the free market principles that we have advanced. In many ways, Bonn was an expression by our partners of support and endorsement for our fundamental policy approach.

Your participation as my Chief of Staff and as a member of my Official Party to the Summit was a most important contribution to the effective delivery of our message and a key factor in the success we achieved.

I am pleased to offer you this memento for a job well done, and to express my continuing gratitude for your superb contribution to the team.

Sincerely,

RON

The Honorable Donald T. Regan
The White House
Washington, D.C. 20500

RR:CAD:sew 8PGR
Bonn

850807

Dear George:

Our discussions this past May at the Bonn Economic Summit were confirmation of a growing international commitment to the free market principles that we have advanced. In many ways, Bonn was an expression by our partners of support and endorsement for our fundamental policy approach.

Your participation as the United States' "Foreign Minister" and as a member of my Official Party to the Summit was a most important contribution to the effective delivery of our message and a key factor in the success we achieved.

I am pleased to offer you this memento for a job well done, and to express my continuing gratitude for your superb contribution to the team.

Sincerely,

RON

The Honorable George P. Shultz
Secretary of State
Washington, D.C. 20520

RR:CAD:sew 8PGR
Bonn

850807

Dear Larry:

Our discussions this past May at the Bonn Economic Summit were confirmation of a growing international commitment to the free market principles that we have advanced. In many ways, Bonn was an expression by our partners of support and endorsement for our fundamental policy approach.

Your participation as a member of my Official Party to the Summit was a most important contribution to the effective delivery of our message and a key factor in the success we achieved.

I am pleased to offer you this memento for a job well done, and to express my continuing gratitude for your superb contribution to the team.

Sincerely,

RON

The Honorable Larry Speakes
The White House
Washington, D.C. 20500

RR:CAD:sew 8PGR
Bonn

850807

Dear Beryl:

Our discussions this past May at the Bonn Economic Summit were confirmation of a growing international commitment to the free market principles that we have advanced. In many ways, Bonn was an expression by our partners of support and endorsement for our fundamental policy approach.

Your participation as a "Sherpa" and as a member of my Official Party to the Summit was a most important contribution to the effective delivery of our message and a key factor in the success we achieved.

I am pleased to offer you this memento for a job well done. I look forward to your continued assistance in your new position as Chairman of the Council of Economic Advisers.

Sincerely,

RONALD REAGAN

The Honorable Beryl Wayne Sprinkel
Chairman
Council of Economic Advisers
Washington, D.C. 20506

RR:CAD:sew 8PGR
Bonn/Sprinkel

850807

Dear Allen:

Our discussions this past May at the Bonn Economic Summit were confirmation of a growing international commitment to the free market principles that we have advanced. In many ways, Bonn was an expression by our partners of support and endorsement for our fundamental policy approach.

Your participation as my Personal Representative was a most important contribution to the effective delivery of our message and a key factor in the success we achieved.

I am pleased to offer you this memento for a job well done, and to express my continuing gratitude for your superb contribution to the team.

Sincerely,

RONALD REAGAN

The Honorable Allen Wallis
Department of the Treasury
Washington, D.C. 20220

RR:CAD:sew 8PGR
Bonn/Wallis

**United States
Information
Agency**

Washington, D.C. 20547

→ Steve Steiner Director 3902 add on

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TR123



July 24, 1985

JUL 29 1985

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FG006-12

Dear Bud:

Thank you for your memorandum of July 12 commending Bud Korengold's performance on the Bonn Summit Public Diplomacy Team. I am delighted that it all worked out so well.

When I selected Bud to serve on the Public Diplomacy Team, I was confident that he would be effective. Your comments are a very welcome confirmation of this confidence.

I shall be glad to see that your request is carried out: your memorandum will be made a part of Bud's personnel file, I will also have a copy of this letter sent to Bud's file and copies of both memo and letter sent to Bud.

Thank you again for taking the trouble to acknowledge the contribution of this fine officer to Ambassador Rentschler's Inter-Agency Public Diplomacy Team.

Best regards.

Sincerely,

Charles Z. Wick

The Honorable
Robert C. McFarlane
Assistant to the President
for National Security Affairs
The White House

THE WHITE HOUSE

WASHINGTON

July 12, 1985

MEMORANDUM FOR THE HONORABLE CHARLES Z. WICK
Director, United States Information Agency

SUBJECT: Appreciation for Robert J. (Bud) Korengold's
Detail to the Bonn Summit Public Diplomacy Team

It is always difficult to acknowledge on an individual basis the many contributions made in the course of a Presidential trip. Nevertheless, I have no hesitation in singling out one USIA officer whose professionalism greatly helped Ambassador Jim Rentschler's Inter-Agency Public Diplomacy Team.

As Jim himself has repeatedly noted, and as I had occasion to verify first-hand, Bud Korengold was the glue which held most of our public diplomacy effort together, not only during the Bonn Economic Summit itself but throughout the remainder of the President's April 30-May 10 itinerary in Europe. His six-week role as the liaison between USIA and virtually every other public diplomacy event of importance -- including preparation of the President's speeches, organization of briefing sessions, and harnessing field operations to the travelling White House Press Office -- set a very high standard. That this superb activity took place in an environment complicated by a grueling schedule and considerable public controversy is a further testament to Mr. Korengold's professional skills. The following specific items exemplify the tone and breadth of Bud's performance:

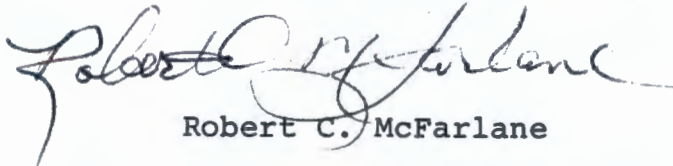
---Drawing on the instincts of a professional newsman's background, he personally vetted the roster of Washington-based foreign media representatives and ensured that the President's two pre-departure meetings with members of that group included responsible, issue-oriented journalists who would treat the "mini" press conferences with the seriousness and substance they deserved. Bud's intuitive sense of what questions would be on the correspondents' minds helped greatly to prepare the President for those events, which in turn produced good scene-setting coverage overseas and were also picked up by domestic media.

---Making excellent use of his news background, Bud worked closely with the White House speechwriters and key members of the NSC staff to develop public statements in Europe that contained built-in leads specially crafted to European audiences. The Strasbourg speech, in particular, bore evidence of his skillful counsel and editing. Bud also engineered the intricate and fast-paced communication and translation operation that provided the Strasbourg speech, in English, by delivery time, not only to U.S. embassies and consulates and news organizations worldwide, but also, in French and German versions, to the President's audiences at the European Parliament.

---Bud's inventive approach also salvaged a Worldnet appearance by George Shultz on summit and trip-related issues that had appeared impossible to do because the Secretary's tight schedule ruled out a trip to Worldnet studies. Bud worked out a special Worldnet communication link with a room in the Old Executive Office Building close to the site of the Secretary's final pre-departure briefing for the White House press corps. The special arrangement allowed the Secretary to conduct his Worldnet interview inside the OEOB and then proceed in a matter of minutes to his Press Corps briefing.

---Most importantly, Bud served as a one-man switching center in the enormously complex but indispensable job of mobilizing the talents of USIA field officers at each of the four major Presidential stops and matching these up with the requirements of the White House Press Office. So successful was this management operation that White House Press Spokesman Larry Speakes made a point of praising the grace, good humor, and determination with which this gifted USIA officer helped guide the Press Office through its arduous task. Both Larry and Jim Rentschler have already strongly recommended that Mr. Korengold be "ear-marked" for similar service during next year's Tokyo Summit.

Because I know you share my high opinion of Bud's abilities, I would be grateful if this expression of appreciation for his invaluable services were made a part of his personnel file.



Robert C. McFarlane

NATIONAL SECURITY COUNCIL

May 14, 1985

UNCLASSIFIEDACTION

SIGNED

MEMORANDUM FOR ROBERT C. McFARLANE

FROM: JAMES M. RENTSCHLER *J. i.*SUBJECT: Appreciation for Public Diplomacy Team
Member Bud Korengold

We were very fortunate in obtaining for the second straight year the services of USIA Officer Bud Korengold as a key member -- perhaps the key member -- of my Public Diplomacy SWAT Team for the President's European trip. Your memo to Charlie Wick (Tab A) will provide not only appropriate and much appreciated recognition of Korengold's contribution inside his parent agency but in addition will help ensure that we can get our mitts on him next year if need be.

RECOMMENDATION

That you sign the memo to Charlie Wick at Tab A.

Approved *m*

Disapproved _____

Attachment Tab A

National Security Council
The White House

169 *BD*

RECEIVED

System #

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Package #

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85 MAY 15 P 1: 18

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	SEQUENCE TO	HAS SEEN	DISPOSITION
Bob Pearson	<u>1</u>	<u>P</u>	
Bob Kimmitt			
John Poindexter			
Paul Thompson	<u>3</u>	<u>8</u>	
Wilma Hall	<u>4</u>		
Bud McFarlane	<u>5</u>	<u>M</u>	
Bob Kimmitt	<u>6</u>		
NSC Secretariat	<u>7</u>		<u>D</u>
Situation Room			
<i>Antschler</i>	<u>2</u>		<u>D</u>

I = Information A = Action R = Retain D = Dispatch N = No further Action

cc: VP Meese Regan Deaver Other

COMMENTS

Should be seen by: _____
(Date/Time)

FAB A

*7/12 -
Cy for
Paul Thompson
please.*

Handwritten notes and signatures covering the bottom half of the page, including 'Should be seen by' and 'Summitt'.

NSC/S PROFILE

UNCLASSIFIED

ID 8503902

RECEIVED 16 MAY 85 09

TO MCFARLANE

FROM RENTSCHLER

DOCDATE 14 MAY 85

KEYWORDS PUBLIC DIPLOMACY

BONN SUMMIT

KORENGOLD, ROBERT J

SUBJECT: APPRECIATION FOR PUBLIC DIPLOMACY TEAM MEMBER KORENGOLD

ACTION: FOR SIGNATURE

DUE: 17 MAY 85 STATUS X FILES WH

FOR ACTION

FOR CONCURRENCE

FOR INFO

MCFARLANE

COMMENTS

REF# LOG NSCIFID (HW)

ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO
	C 7/12	Mcfarlane sgd		JR
Steiner	7-30	Recd USA ltr		SS
	7-30	Recd USA ltr gm		SS

DISPATCH

✓ E.A. 7/12

W/ATTCH FILE

E.A.