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WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name WHITE HOUSE OFFICE OF RECORDS MANAGEMENT
(WHORM): SUBJECT FILE

Withdrawer
DLB 12/19/2019

File Folder FO006-06 (145282) (4/OF 10)
2

FOIA
F16-011

Box Number

BIERGANNNS

97

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
244096	MEMO	DUPLICATE OF 104975; ALLAN WALLIS TO WILLIAM CLARK, MICHAEL DEAVER, RE: WILLIAMSBURG SUMMIT: REPORT OF FINAL PREPARATORY MEETING	5	5/16/1983	B1

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

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

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
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THE WHITE HOUSE

WASHINGTON

May 16, 1983

PROPOSED PRESIDENTIAL BRIEFING SCHEDULE - ECONOMIC SUMMIT

Summit Schedule

Saturday, May 28th

8:00 p.m. - 9:30 p.m.

Heads of Delegation Dinner (90 min.)

Topics for Discussion:

1. Arms Control
2. INF
3. Security

Sunday, May 29th

9:00 a.m. - 11:45 a.m.

House of Burgess

1st Session (2 hrs. 45 min.)

Topics for Discussion:

1. General Integrated view of economic recovery
2. Assessment of where we are now
3. Common approaches toward recovery

12:10 p.m. - 1:15 p.m.

Lunch - Raleigh Tavern (1 hr. 5 min.)

Topics of Discussion:

1. East/West ~~Economic~~ Relations

P.O. New

1:45 p.m. - 4:45 p.m.

East Lounge - Plenary Session (3 hrs.)

Topics of Discussion:

1. Focus on actions, individual and collective for world economic recovery
2. macro economics
 - trade policy
 - debt problems
 - East/West Economic Relations

Briefing Schedule

Tuesday, May 24th

1:00 p.m. - 3:00 p.m.

Cabinet Room (90 min.)

Briefing:

1. Arms Control
2. INF
3. Security

MKD Intro.

Wednesday, May 25th

9:30 a.m. - 12:30 p.m.

Cabinet Room (3 hrs)

Topics for Discussion:

1. General Integrated view of economic recovery
2. Assessment of where we are now
3. Common approaches toward recovery

12:30 p.m. - 1:30 p.m.

Lunch - Cabinet Room (1 hr.)

Topics for Discussion:

1. East/West ~~Economic~~ Relations

P.O. Local

1:45 p.m. - 4:45 p.m.

Cabinet Room (3 Hrs.)

Topics of Discussion:

1. Focus on actions, individual and collective for world economic recovery
2. macro economics
 - trade policy
 - debt problems
 - East/West Economic Relations

Sunday, May 29th Continued

Evening

8:05 p.m. - 9:55 p.m. (2 hrs.)

Dinner/Coffee - Governor's Palace

Topics of Discussion:

1. Middle East

Monday, May 30th

9:10 a.m. - 12:30 p.m. (3 hrs. 40 min.)

East Lounge

Topics of Discussion:

1. Discuss issues left from previous days discussions
2. Discuss joint statement

12:40 p.m. - 2:10 p.m. (1 hr. 40 min.)

Bassett Hall

Topics of Discussion:

1. Wrap-up Session

Thursday, May 26th

Afternoon

~~2:30~~ p.m. - 4:00 p.m.

3:00

Cabinet Room (1 hr. 30 min.)

Topics of Discussion:

1. Middle East

Friday, May 27th

3:00 p.m. - 5:00 p.m. (2 hrs.)

Providence Hall

Topics of Discussion:

1. Discuss issues left from previous days discussion
2. Discuss joint statement

~~SECRET~~

URGENT

SYSTEM II
90633

DECLASSIFIED

Exec 340, E.O. 12958, as amended
Pres House Guidelines, Sept. 11, 2009
BY NADA *dh* DATE 12/15/2017

THE WHITE HOUSE

WASHINGTON

'83 MAY 16 P3:33

SECRET

MEMORANDUM FOR THE WHITE HOUSE SUMMIT GROUP

FROM: WILLIAM P. CLARK *wpc*
MICHAEL K. DEAVER

SUBJECT: White House Summit Group Meeting
May 16, Situation Room, . 4:30 P.M.

The White House Summit Group meets today in the Situation Room at 4:30 p.m. The agenda and background materials are attached.

Attachments

Tab A - Agenda
Tab B - Wallis Report

cc: Martin Feldstein
Allen Wallis
Beryl Sprinkel
Edwin Harper
David Gergen
Larry Speakes
William Sittmann
Michael McManus
Craig Fuller
~~Richard Darman~~
Henry Nau

SECRET

Declassify on: OADR

~~SECRET~~

TAB A

White House Summit Group
May 16, 1983
Situation Room
4:30 P.M.

AGENDA

1. Report on Final Preparatory Meeting
(Written Report at Tab B) Wallis
 - A. Joint Statement
 - B. Possible Annex on Economic
Policy Convergence Sprinkel
 - C. INF Statement
2. Schedule and Press Guidelines McManus
3. Public Diplomacy Rentschler
4. Follow-Up Actions Nau

TAB B

WITHDRAWAL SHEET

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Collection Name

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Drafted: HNau:jad
May 14, 1983 395-6961

May 12, 1983

I. SUMMARY INTRODUCTION

This is a time of real improvement in economic circumstances. Recovery is underway, and this fact increases our mutual confidence that it will soon spread to all countries, industrial and developing. The challenge is to ensure that this recovery endures and reverses a decade of cumulative inflation and unemployment. In this effort, we are mindful of the basic interrelationships that link our economies and the world economic system:

- The link between sustainable domestic growth and the open trading system.
- ~~The link between convergence of domestic policies towards non-inflationary sustainable growth stability.~~
- The link between open markets and the availability of financing.
- The link between international economic cooperation and world progress.

To meet the challenge of an enduring recovery for ourselves and future generations requires steady and purposeful action over both the short- and longer-term, across a range of policies that exploit and reinforce these interrelationships.

- Promoting conditions for growth, employment and job creation, structural adjustment, and acceptance of technological development.
- Maintaining the fight against inflation with the objective of achieving lower interest rates and more stable exchange rates while identifying consultations on economic policies and market conditions.
- Supporting the international financial system and strengthening world economic cooperation and institutions.
- Reversing protectionism and beginning to work to achieve further trade liberalization.
- Recognizing that prosperity is more than material gain, but also reflects our basic shared values of political freedom, economic opportunity, cultural creativity, and human dignity, and

contributes to the defense of these values which also guide our economic and other relations with Eastern countries.

II. ASSESSMENT: REALISTIC OPTIMISM

Improvements are undeniable:

- Major successes have been achieved in reducing inflation.
- Interest rates have been significantly reduced.
- Productivity increases are being registered.
- Some successes in controlling budget expenditures are being achieved.
- Consensus exists to reduce inflation and unemployment on the basis of sustainable growth promoting policy convergence, further reduction of interest rates and greater stability of exchange rates.
- Measures to reduce dependence on oil have helped to bring about a decline in oil prices.
- Recovery in our countries spreading to others will help ensure the revival of world trade and easing of debt burden of many developing countries.

However, unemployment, especially among young people, remains intolerably high and continues to increase in some countries. It can be brought down only if an enduring recovery is achieved. Serious problems remain which, if untended, will endanger the prospect of an enduring recovery.

- Differences in inflation among countries remain too great.
- Inflationary expectations, together with unacceptably high current and future budget deficits and the possibility of excessive and volatile monetary growth, keep interest rates too high, threatening to inhibit investment and recovery and producing distortions and volatility in exchange rates.
- Protectionist pressures threaten our open trade and financial system and prospects for recovery in both industrial and developing countries.
- Conditions in many developing countries remain much more acute than in our own; in many of them,

unprecedented international debt burdens, exacerbated by high interest rates and low commodity prices, continue to constrain trade and, even in some cases, to threaten financial and related political stability and create human hardship.

III. COMMON APPROACH TO A SUSTAINED RECOVERY

No single country, policy or immediate action can ensure a quick or sustained recovery. Success requires a common approach involving actions taken now across a broad range of policy areas, anchored within a framework of longer-term policy goals and decisions.

Actions Now:

- Enhance the intensive consultation process initiated at Versailles to promote convergence of economic conditions in key currency countries and thereby contribute to greater exchange rate stability.
- Develop cooperative consultations on policies and exchange market conditions and, while retaining the freedom to operate independently, be willing to intervene in exchange markets in a coordinated manner in instances where we agree such intervention would be helpful.
- Encourage governments to reduce excessive budget deficits, especially by reducing expenditures, thereby lowering inflationary expectations and high interest rates.
- Pursue appropriate non-inflationary growth of monetary aggregates to achieve and maintain low inflation and interest rates.
- Halt and reverse protectionism and make use of favorable conditions provided by recovery progressively to relax and dismantle trade barriers and trade-distorting domestic measures, including those related to trade in high technology products.
- Give new impetus to resolve current problems in agricultural trade, conflicts of jurisdiction and the need to achieve a safeguard agreement (by October 1983) as mandated by the GATT Ministerial.
- Agree to press forward with the GATT work program on trade in services.
- Begin work now to achieve further trade liberalization in the GATT, focusing particularly on trade with and among the developing countries, and on their ability to export and so to service their debt.

- Secure early ratification of the increases in IMF and GAB resources and provide interim financing as appropriate.
- Reaffirm commitments to provide agreed funding levels for IDA and the other multilateral development banks.
- Continue with agreed strategy, and strengthen cooperation, for managing current debt problems, including effective adjustment, adequate private and official financing, and sustained, non-inflationary recovery in industrial countries.
- Welcome openness to dialogue expressed by developing countries at New Delhi and Buenos Aires conferences and engage constructively in UNCTAD VI, emphasizing our program for a durable recovery and practical proposals to manage debt problems, facilitate adjustment, promote trade, revive commodity markets, encourage more private investment in, and official assistance for, developing countries and strengthen the dialogue with developing countries in appropriate fora.
- Agree to consult among each other and with other countries to address interrelationships among growth, trade, and finance in the world economy and to encourage better coordination among international economic institutions.
- Implement agreed conclusions for early action reflected in the results of work programs on East-West economic relations. (Identify significant results of pre-Summit meetings.)

IV. LONGER-TERM POLICY GOALS AND DECISIONS

- Sustain fight against inflation and structural budget deficits to encourage a higher level of investment and new job creation.
- Pursue the consultative arrangement agreed at Versailles to promote economic convergence toward low inflation and sustained growth and thereby achieve greater exchange rate stability, continuing with our agreement on exchange market intervention, in the context of an open trading investment and financial system.
- Invite Ministers of Finance, in consultation with the Managing Director of the IMF, to define the conditions for improving the international monetary

system and to consider the part which might, in due course, be played in this process by a high-level international monetary conference.

- Promote technological development and trade, including their public acceptance, and in particular the implementation of the specific projects included in the program for cooperation initiated at Versailles.
- Promote structural adjustment and its public acceptance, in order to enhance competition and the flexibility of markets and to improve the allocation of resources, by all appropriate means including revitalization of training and the encouragement of mobility.
- Invite Ministers of Trade, in consultation with the Director General of the GATT, to define the conditions for improving the open multilateral trading system, including trade between developed and developing countries, and to consider the possibility of more frequent Ministerial meetings in the GATT to maintain urgency in this process.
- Examine ways to improve the effectiveness of the development process and structural adjustment by assuring non-inflationary flows of public and private finance and investment to the developing countries, with special attention to an adequate flow of resources to the poorer countries, both bilaterally and through IDA, the IBRD and similar institutions.
- Continue efforts to conserve energy and develop economic alternative energy resources so as to ensure Western energy security and enhance energy production in developing countries.
- Find practical ways to promote increasing food production in developing countries.
- Work together to find ways, without discouraging growth and technological development, to protect and preserve natural resources and to reduce the threat of pollution from industrial processes (e.g., acid rain).
- Promote cooperation in the development of human resources, including education and training and the improvement of health.

- Continue work in appropriate existing fora to develop agreed analysis of our economic relations with the East, with attention to our shared security concerns, and on this basis pursue independent policy actions consistent with agreed principles and common analysis reflecting the fact that these relations should be compatible with the basic values and security concerns of Western countries.

~~CONFIDENTIAL~~

3181

THE WHITE HOUSE

WASHINGTON

May 11, 1983

~~CONFIDENTIAL~~

Meeting with Lane Kirkland and
Trade Union Representatives

DATE: May 13, 1983

LOCATION: Cabinet Room

TIME: 2:15 p.m.

FROM: WILLIAM P. CLARK

DECLASSIFIED

Authority NSC Waiver

BY dlr NARA DATE 12/18/2019

I. PURPOSE

In preparation for the Williamsburg Summit, to hear the views and recommendations of international labor leaders; to gain support in the group for U.S. objectives at the Summit.

II. BACKGROUND

By tradition, the host Head of State for the economic summit receives a delegation of trade union leaders from the industrialized democracies. The group that you will meet with represents the Trade Union Advisory Committee (TUAC) to the Organization for Economic Cooperation and Development (OECD). The delegation will present to you a memorandum formally presenting the TUAC's views on international economic policy.

The TUAC agrees with our basic objectives for the Summit: to emphasize a sustained non-inflationary world economic recovery as the surest way to create more jobs. The TUAC is also in favor of full employment policies and puts more emphasis on resuming growth than on fighting inflation. In hearing the delegation's concerns, you will wish to make the following points:

-- Jobs through sustained non-inflationary economic growth: we believe that the recovery has begun both in the U.S. and in other industrialized countries; we should be confident of that recovery without being complacent; unemployment has started down in the U.S.; we are committed to reducing it further as our highest priority.

-- International economic growth must be balanced and sustained: we must keep inflation down and control budget deficits; we must reverse protectionist measures and support the international financial system.

-- Solidarity in Poland: we are concerned with supporting the Polish people in their attempt to form free labor unions; we believe it is important not to allow the public to forget the situation in Poland.

~~CONFIDENTIAL~~

Declassify on: OADR

cc Vice President
Ed Meese
Jim Baker
Mike Deaver

~~CONFIDENTIAL~~

III. PARTICIPANTS

U.S. President
 Vice President
 Secretary of State Shultz
 William P. Clark
 Faith Whittlesey
 Under Secretary of State for Economic Affairs,
 Allen Wallis
 Robert C. McFarlane
 State Department Coordinator International Labor
 Affairs, John Warnock
 Dennis C. Blair

Lane Kirkland, President, AFL-CIO
 Irving Brown, Director, International Department,
 AFL-CIO

Trade Union Reps: David Basnett, President, TUAC - UK
 Geoffrey Houthuys, Vice President, TUAC - Belgium
 Kari Tapiola, General Secretary, TUAC - Finland
 P.P. Narayanan, President, International Conference of
 Free Trade Unions (ICFTU) - Malaysia
 Bjorn Petterson, Deputy General Secretary, European
 Trade Union Confederation (ETUC) - Sweden
 Dennis McDermott, TUAC Member - Canada
 Jean Rouzier, TUAC Member - France
 Edmond Maire, TUAC Member - France
 Ernst Breit, TUAC Member - Germany
 Pierre Carniti, TUAC Member - Italy
 Gianpiero Sambucini, TUAC Member - Italy
 Tadanobu Usami, TUAC Member - Japan
 Motofumi Makieda, TUAC Member - Japan
 Toshifumi Tateyama, TUAC Member - Japan
 Moss Evans, TUAC Member - UK

IV. PRESS PLAN

Open press coverage at beginning of meeting.

V. SEQUENCE OF EVENTS

2:15 p.m. Meet participants, Cabinet Room
 2:20 p.m. Begin photo coverage
 2:25 - 3:15 p.m. Discussion

Tab A Talking Points

Prepared by:
Dennis Blair

TALKING POINTS

-- WELCOME. PLEASURE TO MEET WITH THIS GROUP. INTERESTED IN YOUR IDEAS ON THE ECONOMIC PROBLEMS WHICH FACE US ALL. YOUR INTERESTS AND OURS ARE IN MORE JOBS. AT WILLIAMSBURG WE WILL BE DISCUSSING THE BEST WAY TO ACHIEVE THE SUSTAINED ECONOMIC GROWTH WHICH WILL ENSURE JOBS.

-- ECONOMIC SITUATION. RECOVERY IS UNDERWAY IN THE U.S., AND THE OUTLOOK IS IMPROVING IN OTHER COUNTRIES. FURTHER IMPROVEMENT IS NEEDED, MOST IMPORTANTLY IN REDUCING UNEMPLOYMENT.

-- ECONOMIC RECOVERY MUST BE BALANCED AND SUSTAINED. NO "QUICK FIXES;" WE MUST RESIST PROTECTIONISM AND SUPPORT THE INTERNATIONAL FINANCIAL SYSTEM.

-- SUMMIT IS ALSO ABOUT VALUES. OUR ECONOMIC PROSPERITY IS CLOSELY LINKED TO OUR DEMOCRATIC VALUES AND INDIVIDUAL RIGHTS AND THEIR DEFENSE.

-- POLISH SOLIDARITY. WE APPRECIATE THE ROLE THAT ORGANIZED LABOR HAS PLAYED IN KEEPING THE SITUATION ON THE PUBLIC CONSCIENCE. WE MUST NOT LET THE PEOPLE AND WORKERS OF POLAND THINK THEY HAVE BEEN FORGOTTEN.

MEETING WITH INTERNATIONAL LABOR LEADERS MAY 13

- WELCOME. INTERESTED IN YOUR IDEAS. WE ALL WANT JOBS. SUSTAINED GROWTH BEST WAY TO ACHIEVE
- ECONOMIC SITUATION. RECOVERY UNDERWAY IN U.S. AND STARTING ELSEWHERE. UNEMPLOYMENT STILL HIGH
- BALANCED, SUSTAINABLE RECOVERY. NO "QUICK FIXES." RESIST PROTECTIONISM AND SUPPORT FINANCIAL SYSTEM.
- SUMMIT IS ALSO ABOUT VALUES
- SOLIDARITY. POLAND CANNOT BE FORGOTTEN. APPRECIATE THE ROLE OF ORGANIZED LABOR.

WHITE HOUSE STAFFING MEMORANDUM

DATE: 5/5/83 ACTION/CONCURRENCE/COMMENT DUE BY: FYI

SUBJECT: EUROPEAN CONCERNS AT WILLIAMSBURG -- CEA MEMO OF 5/4

file summit

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	GERGEN	<input type="checkbox"/>	<input type="checkbox"/>
MEESE	<input type="checkbox"/>	<input type="checkbox"/>	HARPER	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BAKER	<input type="checkbox"/>	<input type="checkbox"/>	JENKINS	<input type="checkbox"/>	<input type="checkbox"/>
DEAVER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MURPHY	<input type="checkbox"/>	<input type="checkbox"/>
STOCKMAN	<input type="checkbox"/>	<input type="checkbox"/>	ROLLINS	<input type="checkbox"/>	<input type="checkbox"/>
CLARK	<input type="checkbox"/>	<input checked="" type="checkbox"/>	WHITTLESEY	<input type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	WILLIAMSON	<input type="checkbox"/>	<input type="checkbox"/>
DUBERSTEIN	<input type="checkbox"/>	<input type="checkbox"/>	VON DAMM	<input type="checkbox"/>	<input type="checkbox"/>
FELDSTEIN	<input type="checkbox"/>	<input type="checkbox"/>	BRADY/SPEAKES	<input type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input type="checkbox"/>	<input type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input type="checkbox"/>
FULLER	<input type="checkbox"/>	<input type="checkbox"/>	<u>MCMANUS</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Remarks:

The original has been forwarded to the President.

Richard G. Darman
Assistant to the President
(x2702)

Response:

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

May 4, 1983

MEMORANDUM FOR THE PRESIDENT

FROM: MARTIN FELDSTEIN 

SUBJECT: EUROPEAN CONCERNS AT WILLIAMSBURG

Last week, while I was in Europe for an OECD meeting, I spoke with key government officials in London, Paris and Rome. In these conversations I repeatedly heard six comments that I think you are likely to hear at Williamsburg. Here is a summary of these comments and of the points that I made in reply:

1. "The United States should expand more rapidly."
 - We expect the U.S. economy to grow at more than 4.5 percent this year, faster than any of the major European countries.
 - Using more expansionary monetary or fiscal policy would be a mistake because it would cause inflation to rise.
 - Higher inflation could lead to a subsequent slowdown which could cause an early end to the recovery.

2. "We need a coordinated policy of expansion among the major industrial countries."
 - That's just a disguised way of saying that the U.S., Germany and Japan should expand faster.
 - While we'd be pleased to see a strong recovery in Europe and Japan, that would not change U.S. policy. Coordination is therefore irrelevant for us.
 - We don't want to tell other countries how to manage their affairs, but we hope that countries will converge toward a policy of price stability.

3. "The United States should lower its interest rates."

- ° Our interest rates have come down substantially since Versailles, reflecting the fall in expected inflation in the United States. Further declines in expected inflation will reduce interest rates further.
- ° The real long-term interest rate -- the difference between the interest rate on bonds and the expected rate of inflation -- will come down when the prospective budget deficit in the out-years is reduced. The Administration has proposed spending cuts and tax increases that would eliminate two-thirds of the budget deficit by 1987-88.

4. "The United States should intervene more actively in foreign exchange markets to stabilize the dollar."

- ° Exchange rate intervention cannot offset the substantial exchange rate shifts that are caused by such fundamental factors as changes in inflation, budget deficits, and the price of oil.
- ° To reduce these swings, countries should converge to stable prices at home.
- ° Businesses can protect themselves from much of the exchange risk involved in trade by using forward markets and overseas financing. Countries that limit such transactions (France and Italy) are hurting their own businesses.

5. "The United States should reduce the value of the dollar relative to other currencies."

- ° We do not favor an artificially strong dollar which hurts U.S. exporters and U.S. firms that compete with imports from abroad.
- ° When Congress agrees to the Administration's request to reduce out-year budget deficits, the long-term interest rate in the U.S. will decline. This will make it less attractive for foreigners to invest in dollars and the dollar will decline.
- ° Exchange rate intervention cannot reduce the dollar's value as long as the real interest rate remains high.

6. "The strong dollar keeps our import costs high and prevents us from getting our inflation down." (Italy and France made this point.)

- A drop in the dollar would give only a relatively small one-time decline in import costs.
- The only way to get inflation down is by controlling domestic monetary policy and domestic demand.
- Several European countries have reduced inflation to six percent or less despite the strong dollar (e.g., Germany, U.K., Holland).

RW file
Summit

CABINET AFFAIRS STAFFING MEMORANDUM

DATE: 5/3/83 NUMBER: 073300CA DUE BY: _____

SUBJECT: Report of the Working Group on Exchange Market Intervention

	ACTION	FYI		ACTION	FYI
ALL CABINET MEMBERS	<input type="checkbox"/>	<input type="checkbox"/>	Baker	<input type="checkbox"/>	<input type="checkbox"/>
Vice President	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Deaver	<input type="checkbox"/>	<input type="checkbox"/>
State	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Clark	<input type="checkbox"/>	<input type="checkbox"/>
Treasury	<input type="checkbox"/>	<input type="checkbox"/>	<u>Darman (For WH Staffing)</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Defense	<input type="checkbox"/>	<input type="checkbox"/>	Harper	<input type="checkbox"/>	<input type="checkbox"/>
Attorney General	<input type="checkbox"/>	<input type="checkbox"/>	Jenkins	<input type="checkbox"/>	<input type="checkbox"/>
Interior	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Agriculture	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Commerce	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Labor	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HHS	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HUD	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Transportation	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Energy	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Education	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Counsellor	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
OMB	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
CIA	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
UN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
USTR	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
CEA	<input type="checkbox"/>	<input checked="" type="checkbox"/>	CCCT/Gunn	<input type="checkbox"/>	<input type="checkbox"/>
CEQ	<input type="checkbox"/>	<input type="checkbox"/>	CCEA/Porter	<input type="checkbox"/>	<input type="checkbox"/>
OSTP	<input type="checkbox"/>	<input type="checkbox"/>	CCFA/Boggs	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	CCHR/Carleson	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	CCLP/Uhlmann	<input type="checkbox"/>	<input type="checkbox"/>
			CCMA/Bledsoe	<input type="checkbox"/>	<input type="checkbox"/>
			CCNRE/Boggs	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Enclosed for your information is the report of the working group on Exchange Market Intervention.

RETURN TO:

Craig L. Fuller
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STATEMENT ON THE INTERVENTION STUDY

On Friday, April 29, the Summit Finance Ministers, Central Bank Governors, and Representatives of the European Community met in Washington, D.C. and issued the following statement:

Exchange rate fluctuations and their effects on economic performance and international trade have been a matter of concern in each of our countries, and to the international financial community, since 1973, when the transition to widespread floating of exchange rates took place. At the first Economic Summit in Rambouillet, and most recently at last year's Versailles Summit, our governments agreed on the principle that orderly underlying economic and financial conditions are necessary to achieve stable exchange markets. Our governments pledged themselves to pursue economic policies designed to foster convergence in the economic performance of our countries, toward sustainable non-inflationary economic growth and high employment, as a primary means of attaining such conditions.

However, greater convergence toward economic performance of that kind takes time to accomplish and may not always be sufficient to prevent disorderly market conditions. Views have differed among us on the role of foreign exchange market intervention as an additional means of attaining greater exchange market stability, and our practices in this regard have differed widely from country to country and over time. In order to take stock of our experience with foreign exchange market intervention over the decade of floating exchange rates, and to gather evidence on the impacts of such intervention in the past, an international study of the topic was commissioned at the Versailles Summit.

This study, carried out by a working group of officials from our finance ministries and central banks, was completed in January, when the working group submitted its report to our Deputies for review. The scope of the study was limited, as far as possible, to the impacts of intervention. Since that time, the Deputies have discussed its policy implications; their discussions have not been limited to intervention alone. We in turn met this afternoon to review both their points of agreement and the policy issues which remained under active discussion.

We regard the working group's report as a significant and useful addition to the body of information and analysis on this topic, and are therefore making it public today. It distills a great deal of evidence and spans a number of points of view. Our policy-oriented discussions, based on the report, have already resulted in major improvements in our mutual understanding of issues, concepts and objectives related to exchange rate policy and foreign exchange market intervention.

We have reached agreement on the following:

- A. The achievement of greater exchange rate stability, which does not imply rigidity, is a major objective and commitment of our countries.

- B. The path to greater exchange rate stability must lie in the direction of compatible mixes of policies supporting sustainable non-inflationary growth. This will be the primary objective of a strengthened multilateral surveillance as agreed in Versailles.
- C. In the formulation of our domestic economic and financial policies, our countries should have regard to the behavior of our exchange rates, as one possible indication of need for policy adjustment. Close attention should also be given to the interactions and wider international implications of policies in each of our countries.
- D. Under present circumstances, the role of intervention can only be limited. Intervention can be useful to counter disorderly market conditions and to reduce short-term volatility. Intervention may also on occasion express an attitude toward exchange markets. Intervention will normally be useful only when complementing and supporting other policies. We are agreed on the need for closer consultations on policies and market conditions; and, while retaining our freedom to operate independently, are willing to undertake coordinated intervention in instances where it is agreed that such intervention would be helpful.

Washington, D.C.
April 29, 1983

OPENING STATEMENT FOR
DONALD T. REGAN
SECRETARY OF THE TREASURY
APRIL 29, 1983

Good afternoon.

The effects of exchange rate fluctuations on the world economy and international trade have been a concern since 1973, when the transition to widespread floating of exchange rates took place. At the first Economic Summit in Rambouillet, and most recently at last year's Versailles Summit, our governments agreed on the principle that orderly underlying economic and financial conditions are necessary to achieve stable exchange markets. We pledged ourselves to pursue economic policies designed to foster convergence in the economic performance of our countries. Almost all of us have lived up to that pledge. We agreed to work for sustainable non-inflationary economic growth and high employment.

In the Spring of '82 I suggested the need to examine the experience with exchange market intervention. It was later agreed at Versailles that the seven summit nations would work together on a study of the impact of intervention in foreign exchange markets. That report is complete and is being released this afternoon by the seven nations. In addition, we -- that is, the finance ministers representing the seven nations -- have issued a brief joint statement concerning the study.

The study represents a great deal of work on everyone's part and I know it will serve as a very useful analytical piece to use as a common basis for discussion. Essentially, I would summarize the findings of the report as follows:

-- First, intervention can have a limited short-term impact

on exchange rates. But it is basically incapable of changing underlying trends, and attempts to use it for this purpose can be counterproductive.

-- Secondly, in order for there to be a lasting impact on exchange rates it is necessary to have appropriate policy changes.

-- Thirdly, the study did find that intervention on a coordinated basis by two countries or more could have a bigger impact, basically for psychological reasons, than intervention by a single country. But even here, the impact is still limited and transient.

As you know, the policy of this Administration has been and continues to be that we consider intervention to be useful only in instances of a disorderly foreign exchange market. In those instances, intervention can be helpful in bringing order back to an otherwise disorderly market.

International economic and monetary matters have been the topic of discussion at a number of recent meetings. Last week Secretary Shultz, Secretary Baldrige and I visited Mexico City; I met last week here at Treasury with the Brazilians; and today we concluded a two day Development Committee meeting followed by a G-7 meeting. Sunday I will leave for Manila for bilateral consultations with Philippine government officials and for the Asian Development Bank Annual Meeting. In addition there are a number of other key meetings ahead including the OECD Ministerial, an informal meeting of trade and finance ministers, summit preparatory meetings by Heads of State and the Sherpas, and, of course, the Summit in Williamsburg at the end of next month. But that will not be the end of the process. Our responsibilities are continuous.

All of these meetings address a number of international

issues, but the one issue that overrides them all is sustained growth. Fortunately, we are seeing increasing signs that the recovery here in the U.S. is taking hold and picking up momentum. And I think we are beginning to see more evidence of heightened economic activity abroad. It is essential that this recovery be world-wide; that it be non-inflationary and that it be sustained. I am optimistic that it will be.