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WHITE HOUSE STAFFING MEMORANDUM

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

SUBJECT: PRESIDENTIAL ADDRESS: PRE-ECONOMIC SUMMIT ADDRESS

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BAKER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	GRISCOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DUBERSTEIN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HENKEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MILLER - OMB	<input checked="" type="checkbox"/>	<input type="checkbox"/>	HOBBS	<input type="checkbox"/>	<input type="checkbox"/>
BALL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	KING	<input type="checkbox"/>	<input type="checkbox"/>
BAUER	<input type="checkbox"/>	<input type="checkbox"/>	MASENG	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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REMARKS:

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

OK with suggested changes
Bery Sprinkel

RESPONSE:

Rhett Dawson
 Ext. 2702

(Rohrabacher/ARD)

May 27, 1987

10:30 a.m.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

It was this American mandate, more than the inflow of American capital, that brought dramatic results. ~~In 1947, European economies were operating at one-quarter to two-thirds of pre-war levels. By the summer of 1951, with the Marshall Plan in full swing, these economies had surpassed pre-war capacity by 43 percent, per capita G.N.P. 33.5 percent.~~ ^{Under the} ~~Marshall Plan~~ ^{of Marshall plan beneficiaries} ~~had grown by~~ ^{grew by} ~~In the next three decades, per capita standard of living in the Marshall Plan countries rose almost 145 percent.~~

~~The average per capita G.N.P. went from \$2,426 in 1947 to \$8,815 in 1985. For our own people, it went from \$6,332 to \$13,655 during that time.~~

It is logically impossible to compare the rate of 7.5% (1947-51)

Comparisons vary tricky - Depends on choice of exchange rate.

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

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

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

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

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

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

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

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

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

While the vibrancy of the U.S. economy has contributed importantly to the world expansion, preserving a growing world economy is the business of every member of the world trading community. This will be made clear, especially to our friends in Japan and the Federal Republic of West Germany, that growth-oriented domestic policies are needed to bolster the world trading system upon which they depend. Important strides in the direction of greater policy coordination were made last year at the Economic Summit in Tokyo and were continued this year at meetings by Group of Seven Finance Ministers at the Louvre and in Washington. The commitments made at these meetings need to be translated into action.

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NEW
TEXT

Proposed
Rewrite

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

New Zealand
does not
subsidize
agriculture

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Thank you and God bless you.

10.7 MAY 28 1987 28

WHITE HOUSE STAFFING MEMORANDUM

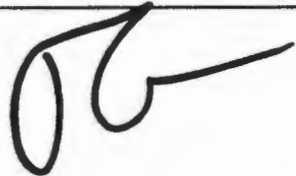
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RESPONSE:

See changes 

(Rohrabacher/ARD)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Thank you and God bless you.

WHITE HOUSE STAFFING MEMORANDUM

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

SUBJECT: PRESIDENTIAL ADDRESS: PRE-ECONOMIC SUMMIT ADDRESS

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BAKER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	GRISCOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DUBERSTEIN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HENKEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MILLER - OMB	<input checked="" type="checkbox"/>	<input type="checkbox"/>	HOBBS	<input type="checkbox"/>	<input type="checkbox"/>
BALL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	KING	<input type="checkbox"/>	<input type="checkbox"/>
BAUER	<input type="checkbox"/>	<input type="checkbox"/>	MASENG	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARLUCCI	<input checked="" type="checkbox"/>	<input type="checkbox"/>	RISQUE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CRIBB	<input type="checkbox"/>	<input type="checkbox"/>	RYAN	<input type="checkbox"/>	<input type="checkbox"/>
CRIPPEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SPRINKEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CULVAHOUSE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TUTTLE	<input type="checkbox"/>	<input type="checkbox"/>
DAWSON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	DOLAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DONATELLI	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

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

RESPONSE: *See changes*

(Rohrabacher/ARD)

May 27, 1987

10:30 a.m.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Marshall Plan, in a very real sense, led to the creation of institutions that today are the pillars of the free world economy -- the European Common Market, the General Agreement on Tariffs and Trade, the O.E.C.D., NATO, and, yes, even the World Bank and the I.M.F. The Marshall Plan was an act of generosity, but it was ~~no~~ ^{not a} give-away program. Instead, it was the beginning of a process of cooperation and enterprise that has carried the peoples of the Western democracies to new heights.

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

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

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

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

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

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