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National Archives Catalogue: https://catalog.archives.gov/DIRECTOR OF PUBLIC AFFAIRS
SUBJECT: Talking Points on the Toronto Economic Summit

Attached for your information and use is a set of White House Talking Points on the Toronto Economic Summit.

If you have any questions concerning this material, please feel free to contact the White House Office of Public Affairs at (202) 456-7170.

## TORONTO ECONOMIC SUMMIT

President Reagan will participate in his eighth Economic Summit June 19-21 when he meets in Toronto with other leaders of the free world's seven major industrialized nations. In addition to the U.S., those nations are Japan, West Germany, France, the United Kingdom, Italy and Canada. The European Community will also be represented at the Toronto Summit.

## MAJOR U.S. THEMES

President Reagan will pursue three major themes at the summit, which is the 14 th among the free world's economic powers.

1. The Past Eight Years -- Free Markets and Open Societies

There is increasing acceptance that free markets and open societies are the only ways to promote enduring economic growth and development. State planning, intervention and control do not work. Over the past eight years, countries with free economies and open societies have had impressive rates of growth. The United States has been in the forefront in promoting democracy and economic freedom around the world.
2. International Cooperation and Shared Responsibilities

Consultation and coordination among Summit participants -as well as nations that are members of the General Agreement on Tariffs and Trade (GATT), the Organization for Economic Cooperation and Development (OECD), and the North Atlantic Treaty Organization (NATO) -- have dealt with economic problems and threats to security. The United States supports this approach of shared responsibilities.
3. A Look Ahead -- Removing Barriers

The future belongs to the flexible, to nations that take advantage of the free exchange of ideas, goods and services. The U.S. expects the Toronto Summit to give a major political push to the Uruguay Round in order that global barriers to the international flow of goods can be ended.

## ECONOMIC GROWTH AMONG SUMMIT PARTICIPANTS

- Since 1981, economic summits have helped set out a market-oriented strategy to bring down inflation and promote recovery and economic growth.
- The seven summit nations have cooperated on economic policy; resisted protectionism; launched a new round of trade negotiations; and established a case-by-case strategy to deal with the debt of developing countries.

For each country attending the Toronto Summit, the rate of growth in goods and services produced was significantly higher in 1987 than in 1981.
o The table below reports growth rates in real gross national product (GNP) for the United States, Germany and Japan, and in gross domestic product (GDP) for the other countries. GDP reports production but excludes investment income earned abroad.

Growth Rate of Real GNP and GDP in percentages

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| U.S. | 1.9 | 2.9 |
| :--- | ---: | ---: |
| Japan | 3.7 | 4.2 |
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| Italy | 1.1 | 3.1 |
| Canada | 3.7 | 3.9 |
| Summit-7 | 1.7 | 3.1 |

## THE SUMMIT ISSUES

A number of specific issues are expected to arise during the summit. Here is the U.S. position on these issues:

## Coordinating Economic Policy

- President Reagan believes in coordinating economic policies of the major industrial countries to promote a stronger world economy and a more stable financial system. The development of consistent and compatible policies and economic performance will help improve growth, reduce trade imbalances and provide greater exchange rate stability.
- Progress in coordination is being made:
-- At the Tokyo (1986) and Venice (1987) Summits, the seven nations decided to make increased use of economic indicators to survey their economies, and agreed on economic goals for the future.
- In October 1987, the benefits of increased coordination were demonstrated following the decline in the stock market. The worldwide economy survived with little damage.
- Among other things, the President is encouraging:
-- Continued step-by-step strengthening of the coordination process to achieve a sound world economy and stable financial markets.
-- Reduction of our own budget deficit. In fiscal year 1987, the U.S. reduced its budget deficit by $\$ 72$ billion, from $\$ 221$ billion to $\$ 149$ billion. Under the President's proposed budget for $F Y$ 1989, the deficit would decline to $\$ 23$ billion by FY 1993.
-- Stable exchange rates. Excessive fluctuation of those rates, or a dramatic change in the value of the dollar, could damage the prospect for growth in the world economy. Furthermore, stable and consistent policies will contribute to exchange rate stability.
-- Reductions in subsidies to agriculture and other industries, and steps to make labor more mobile.
-- A new index for commodity prices that would include the price of gold as well as other commodities such as wheat and oil. This would be an additional instrument with which to examine global price trends.
-- A review of structural issues among the nations, such as tax reform; measures to reduce government interference in markets, including financial markets; and deregulation to move the world to a market-oriented economy.


## Agriculture

- The goal of the Reagan Administration is the eventual elimination of all subsidies and import restrictions to allow all farmers to compete on a level playing field. Assistance to farmers which is not linked to prices and production could be substituted.
- The Administration has asked the members of GATT to phase out over 10 years all agricultural programs which directly or indirectly distort trade. A framework for worldwide reform of agriculture should be completed when trade ministers meet for the mid-term review of the GATT Uruguay Round in December 1988.


## International Trade

- The President favors open markets and liberalized international trade. This would include support among the summit nations for a successful mid-term review of the Uruguay Round.
o The President is seeking an endorsement of a framework approach for negotiations on Uruguay Round issues. This framework will lay out specific goals, a road map and a timetable to the finish line. The U.S. would like the summit leaders to urge their ministers toward agreements on intellectual property, services, investment, the functioning of the GATT system, and the integration of the newly industrialized economies into the GATT.


## International Debt

- Considerable progress is being made in supporting debtor nations' efforts to achieve sustained growth, restore investor confidence, and improve credit-worthiness.
-- Major debtors have placed increased emphasis on market-based policies to increase economic efficiency.
-- They are implementing reforms to promote growth, trade and capital flows. These include privatizing public sector enterprises, tax system reforms, trade liberalization, removal of price controls and promotion of realistic exchange and interest rates.
-- Eight of the major debtors achieved growth of 4 percent or better last year, while debt service ratios have fallen by one-fourth since 1982.
- At the Venice Sumit in 1987, participants encouraged efforts by commercial banks and debtor countries to develop a "menu" of financing options to help debtor nations reform their economies and help the banking community devise new financing packages. The U.S. supports the case-by-case menu approach.
o There is a continuing need for assistance to the low-income economies, particulary sub-Saharan Africa, through enhanced support from the summit countries and international
financial institutions.
o The U.S. is willing to support a number of different approaches for the poorest countries. Creditor countries in a position to do so could provide interest rate concessions on a case-by-case basis. Other countries might consider a broader range of initiatives.


## Narcotics

- Illegal narcotics should never be part of international trade. The President favors increased international cooperation to prevent money laundering and the flow of profits from illicit drugs to financial institutions around the world.


## Other Topics

Among other topics that could be discussed at the Toronto Summit are these: East-West economic relations and implications for allied security; regional issues; cooperation against terrorism; and the environment.

MEMORANDUM FOR ADMINISTRATION SPOKESPERSONS

> FROM:

MARION C. BLAKE M DIRECTOR OF PUBLIC AFFAIRS

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THE WHITE HOUSE
WASHINGTON

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\text { June 13, } 1988 \text { Fino JUN } 13 \text { PH 7: } 14
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Re ers

MEMORANDUM FOR RHETT B. DAWSON
FROM:

SUBJECT: Toronto Economic Summit

Attached for clearance, with White House and agency comments included, is an Issue Brief on the Toronto Summit. I would like to mail this to our list of editorial writers as soon as possible.

Thank you.


## TORONTO ECONOMIC SUMMIT

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- At the Venice Summit in 1987, participants encouraged efforts by commercial banks and debtor countries to develop a "menu" of financing options to help debtor nations reform their economies and help the banking community devise new financing packages. The U.S. supports the case-by-case menu approach.
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## Other Topics

Among other topics that could be discussed at the Toronto Summit are these: East-West economic relations and implications for allied security; regional issues; cooperation against terrorism; and the environment.

## WHITE HOUSE STAFFING MEMORANDUM

DATE: $\qquad$ $6 / 9 / 88$ ACTION/CONCURRENCE/COMMENT DUE BY: $5: 006710 / 88$ SUBJECT: TORONTO ECONOMIC SUMMIT


REMARKS:
please provide your comments/recommendations directly to Marion Blakey's office with an info copy to my office by 5:00 Friday, June lo. THank you.

RESPONSE:

THE WHITE HOUSE
WASHINGTON
June 9, 1988

MEMORANDUM FOR RHETT B. DAWSON

| FROM: MARION C. BLAKEY O3 fu |  |
| :--- | :--- |
| SUBJECT: | Toronto Economic Summit |

Attached for staffing is an Issue Brief on the Toronto Summit. I am requesting a deadiine of 6 p.m. Friday June 10.

Thank you.

## TORONTO ECONOMIC SUMMIT

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President Reagan will pursue three major themes at the Summit, which is the 14 th between the free world's economic powers.

1. The Past Eight Years: Free Markets and Open Societies

There is increasing awareness that free markets and open societies are the only ways to promote economic growth and development. State planning, intervention and control do not work. Over the past eight years, countries with free economies and open societies have had high rates of growth. The United States has been in the forefront in promoting democracy and economic freedom around the world.
2. International Cooperation and Shared Responsibilities:

Consultation and coordination among Summit participants, as well as nations that are members of the General Agreement on Tariffs and Trade (GATT) and the North Atlantic Treaty Organization (NATO), have successfully dealt with economic problems and threats to security. The United States supports this approach of shared responsibilities.
3. A Look Ahead: Removing Barriers

The future belongs to the flexible, to nations that take advantage of the free exchange of ideas, goods and services. The U.S. expects the Toronto Summit to give a major political push to removing barriers in agriculture, trade and services.

## ECONOMIC GROWTH AMONG SUMMIT PARTICIPANTS

o Since 1981, summits have helped set out a market-oriented strategy to bring down inflation and promote recovery and economic growth.

- The seven summit nations have cooperated on economic policy; resisted protectionism; launched a new round of trade negotiations; and established a global strategy to deal with the debt of developing countries.
- For each country attending the Toronto Summit, the rate of growth in goods and services produced was significantly higher in 1987 than in 1981.
- The table below reports growth rates in real gross national product (GNP) for the United States and Japan, and in gross domestic product (GDP) for the other countries. GDP reports production but excludes investment income.
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## THE SUMMIT ISSUES

A number of specific issues are expected to arise during the Summit. Here is the U.S. position on these issues:

## Coordinating Economic Policy

- President Reagan believes in coordinating economic policies of the major industrial countries to promote a stronger world economy and a more stable financial system. The focus must not only be on exchange rates, but on whether the world economy is open and growing. Through peer pressure, nations can encourage corrective action by those with excessive trade surpluses or deficits.
- Progress in coordination is being made:
-- At the Tokyo (1986) and Venice (1987) Summits the seven nations decided to make increased use of economic indicators to survey the economy, and agreed on economic goals for the future.
-- In October 1987, the benefits of increased coordination were demonstrated during the decline in the stock market. A worldwide financial panic was avoided.
- In part, the President favors:
-- Assurance that countries with a trade surplus (particularly the Federal Republic of Germany and Japan) will continue to improve their growth and reduce trade imbalances.
-- Reduction of our own budget deficit. In fiscal year 1987, the U.S. reduced its budget deficit by $\$ 71$ billion, from $\$ 221$ billion to $\$ 150$ billion. Under the President's proposed budget for FY 1989, the deficit would decline to $\$ 23$ billion by FY 1993.
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-- A new index for commodity prices that would include the price of gold as well as other commodities such as wheat and oil. This would be an additional instrument with which to examine global price trends.
-- A review of tax reform among the nations, as well as measures to reduce government interference in markets, including financial markets, and deregulation. The U.S. also favors reductions in subsidies to agriculture and other industries, and steps to make labor more mobile.


## Agriculture

- The goal of the Reagan Administration is the eventual elimination of all subsidies and import restrictions to allow all farmers to compete on a level playing field without the subsidies now required.
o The Administration has asked the 95 members of GATT to phase out over 10 years all agricultural subsidies which directly or indirectly distort trade. Long-term goals for reform of agriculture worldwide should be completed by the mid-term review of the GATT Uruguay Round in December 1988.

International Trade

- The Toronto Summit should reaffirm its opposition to protectionist trading measures that promote high tariffs. In 1930, the average tariff on manufactured goods was 50 percent. Today it is about 5 percent.
- Summit participants should discuss how other nations', including the Newly Industrialized Countries (NICs) can contribute to a more prosperous world.


## International Debt

- By the end of 1987, Third World countries were $\$ 1.2$ trillion in debt, more than twice their 1979 debt. The U.S. believes economic growth is the key to restoring the credit of those debtor nations.
o At the Venice Summit in 1987, participants encouraged efforts by commercial banks and debtor countries to develop a "menu" of financing options to help debtor nations reform their economies. The U.S. supports the case-by-case menu approach.
- Substantial progress has been made since the Venice Summit:
-- Brazil and Mexico, which could have renounced their debts, instead agreed to reschedule their obligations.
-- Eight of the 15 major debtor nations achieved growth of 4 percent to 5 percent in 1987. Only three countries achieved that in 1986. Debt service and the ratio of debt to interest has fallen by at least one-fourth since 1982.
o Summit countries that can do so should provide interest-rate concessions to countries with low incomes and heavy debts and reschedule those debts. (The U.S. cannot provide interest rates below the cost of funds for policy and budgetary reasons.)


## Other Topics

Among other topics that could be discussed at the Toronto Summit are these: East-West economic relations and implications for allied security; regional issues; cooperation against terrorism; drugs; and the environment.
$\qquad$ 561512

WHITE HOUSE STAFFING MEMORANDUM
Rucomads
DATE: $\qquad$ 6/9/88 ACTION/CONCURRENCECOMMENT DUE EX: $\qquad$ U4 105:0076\%10/88

SUBJECT: $\qquad$ TORONTO ECONOMIC SUMMIT


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RESPONSE:

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| MEMORANDUM FOR | GERRY BECKER |
| :--- | :--- |
|  | White House ołfice of Public Affairs |
| FROM: |  |
|  | I. Wayne Arny, III |
|  | Associate Director, |
|  | Office of Management and Budget |

Please note the following comments on the White House Issue Brief for the Toronto Economic Sumit:

Page 2, Tic \#3: The sentlice "GDP reports production but excludes investment income." should read "GDP reports production but excludes foreign investment income."

Paqe 4. Tic \#4: The senthnce "Brazil and Mexico, which coula have renounced their debts, instead agreed to reschedule their obligations." is inaccurate. In February 1987, Brazil declared a moratorium on interest payments and did not pay any interest until November 1987. A more accurate sentame might read: "Brazil is in the process of normalizing its relations with its commercial bank creditors and is developing a program of economic reform. Mexico has worked with its commercial bank creditors to develop innovative strategies to reduce its debt."
The sent fince "Debt service and the ratio of debt to interest has fallen by at least one-fourth since 1982." would more accurately read "Ratios of both total debt service to exports and interest payments to exports have declined by at least one-fourth since 1982 due primarily to the decline in interest rates."

Questions on these comments can be addressed to Julia Doherty at 395-3947.

## TORONTO ECONOMIC SUMMIT

President Reagan will participate in his eighth Economic Summit June 19-21 when he meets in Toronto with other leaders of the free world's seven major industrialized nations. In addition to the U.S., those nations are Japan, West Germany, France, the United Kingdom, Italy and Canada. The European Community will also be represented at the Toronto Summit.

## MAJOR U.S. THEMES

President Reagan will pursue three major themes at the Summit, which is the 14 th between the free world's economic powers.

1. The Past Eight Years: Free Markets and Open Societies

There is increasing awareness that free markets and open societies are the only ways to promote economic growth and development. State planning, intervention and control do not work. Over the past eight years, countries with free economies and open societies have had high rates of growth. The United States has been in the forefront in promoting democracy and economic freedom around the world.
2. International Cooperation and Shared Responsibilities:

Consultation and coordination among Summit participants, as well as nations that are members of the General Agreement on Tariffs and Trade (GATT) and the North Atlantic Treaty Organization (NATO), have successfully dealt with economic problems and threats to security. The United States supports this approach of shared responsibilities.
3. A Look Ahead: Removing Barriers

The future belongs to the flexible, to nations that take advantage of the free exchange of ideas, goods and services. The U.S. expects the Toronto Summit to give a major political push to removing barriers in agriculture, trade and services.

## ECONOMIC GROWTH AMONG SUMMIT PARTICIPANTS

- Since 1981, summits have helped set out a market-oriented strategy to bring down inflation and promote recovery and economic growth.
o The seven summit nations have cooperated on economic policy; resisted protectionism; launched a new round of trade negotiations; and established a global strategy to deal with the debt of developing countries.
o For each country attending the Toronto summit, the rate of growth in goods and services produced was significantly higher in 1987 than in 1981.
o The table below reports growth rates in real/gross national product (GNP) for the United states and Japan, and in gross domestic product (GDP) for the other countries. GDP reports production but excludes investment income.

Growth Rate of Real GNP and GDP in percentages

19811987

| U.S. | 1.9 | 2.9 |
| :--- | ---: | ---: |
| Japan | 3.7 | 4.2 |
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## THE SUMMIT ISSUES

A number of specific issues are expected to arise during the Summit. Here is the U.S. position on these issues:

## Coordinating Economic Policy

o President Reagan believes in coordinating economic policies of the major industrial countries to promote a stronger world economy and a more stable financial system. The focus must not only be on exchange rates, but on whether the world economy is open and growing. Through peer pressure, nations can encourage corrective action by those with excessive trade surpluses or deficits.
o Progress in coordination is being made:
-- At the Tokyo (1986) and Venice (1987) summits the seven nations decided to make increased use of economic indicators to survey the economy, and agreed on economic goals for the future.
-- In October 1987, the benefits of increased coordination were demonstrated during the decline in the stock market. A worldwide financial panic was avoided.

- In part, the President favors:
-- Assurance that countries with a trade surplus (particularly the Federal Republic of Germany and Japan) will continue to improve their growth and reduce trade imbalances.
-- Reduction of our own budget deficit. In fiscal year 1987, the U.S. reduced its budget deficit by $\$ 71$ billion, from $\$ 221$ billion to $\$ 150$ billion. Under the President's proposed budget for FY 1989, the deficit would decline to $\$ 23$ billion by FY 1993.
-- Stable exchange rates. Excessive fluctuation of those rates, or a dramatic change in the value of the dollar, could damage the prospect for growth in the world economy.
-- A new index for commodity prices that would include the price of gold as well as other commodities such as wheat and oil. This would be an additional instrument with which to examine global price trends.
-- A review of tax reform among the nations, as well as measures to reduce government interference in markets, including financial markets, and deregulation. The U.S. also favors reductions in subsidies to agriculture and other industries, and steps to make labor more mobile.


## Agriculture

o The goal of the Reagan Administration is the eventual elimination of all subsidies and import restrictions to allow all farmers to compete on a level playing field without the subsidies now required.

- The Administration has asked the 95 members of GATT to phase out over 10 years all agricultural subsidies which directly or indirectly distort trade. Long-term goals for reform of agriculture worldwide should be completed by the mid-term review of the GATT Uruguay Round in December 1988.

International Trade

- The Toronto Summit should reaffirm its opposition to protectionist tradinf measures that promote high tariffs. In 1930, the average thriff on manufactured goods was 50 percent. Today it ish aboat 5 percent.
- Summit participants should discuss how other nations, including the Newly Industrialized Countries (NICs) can contribute to a more prosperous world.


## International Debt

- By the end of 1987, Third World countries were $\$ 1.2$ trillion in debt, more than twice their 1979 debt. The U.S. believes economic growth is the key to restoring the credit of those debtor nations.
- At the Venice Summit in 1987, participants encouraged efforts by commercial banks and debtor countries to develop a "menu" of financing options to help debtor nations reform their economies. The U.S. supports the case-by-case menu approach.
- Substantial progress has been made since the Venice Summit:
-- Brazil and Mexico, which could have renounced their debts, instead agreed to reschedule their obligations.
-- Eight of the 15 major debtor nations achieved growth of 4 percent to 5 percent in 1987. Only three countries achieved that in 1986. Debt service and the ratio of debt to interest has fallen by at least one-fourth since 1982.
- Summit countries that can do so should provide interest-rate concessions to countries with low incomes and heavy debts and reschedule those debts. (The U.S. cannot provide interest rates below the cost of funds for policy and budgetary reasons.)


## Other Topics

Among other topics that could be discussed at the Toronto Summit are these: East-West economic relations and implications for allied security; regional issues; cooperation against terrorism; drugs; and the environment.

## WHITE HOUSE STAFFING MEMORANDUM




REMARKS:
Please provide your comments/recommendations directly to Marion Blakey's office with an info copy to my office by 5:00 Friday, June 10. THank you.
see changes


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