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THE WHITE HOUSE
WASHINGTON

February 20, 1982

WS

MEMORANDUM FOR THE HONORABLE ROBERT HORMATS
ASSISTANT SECRETARY OF STATE

SUBJECT: ECONOMIC SUMMIT -- PRESIDENT'S SCHEDULE

FROM : RICHARD G. DARMAN
ASSISTANT TO THE PRESIDENT

Dia

At Mike Deaver's suggestion, I am providing you with this note to underline certain points touched on in our discussion this morning.

The following points concern the schedule:

- As a general matter, we believe the schedule should allow more time for discussion within delegations (and for bilateral meetings, for those who wish them). We recommend, for example, that the Saturday lunch be scheduled to conclude promptly at 2:30 -- in order to allow an hour before the resumption of plenary sessions. This is simply one example.
- We believe the scheduled Sunday luncheon could be omitted altogether -- and left as free time. In the U.S. case, we might use this time for a D-Day-related event or for internal discussion of the draft chairman's statement. But for all, it might be said that the present schedule already includes more than enough joint meals.
- We believe the program for Sunday evening should be shortened considerably. The day will be a long day in any case. Does it really need to finish with a 2-hour entertainment performance (questionable as a matter of public relations also) and an 11:30 fireworks display? Our present thinking is that the U.S. will have to conclude its participation in the evening's festivities by 11:00 p.m. -- and we would think this advisable for all delegations.

In addition to these points concerning the schedule, would you please also bear in mind the following, for use as appropriate:

- The space initially proposed for the U.S. delegation in the Trianon Hotel was clearly inadequate. We stated this to Attali et al. in no uncertain terms. In a private meeting, Attali suggested he might be able to provide us with more space. Our logistics people will be following up -- but please be aware that we must have more than what the French have officially offered.
- We suggested to Attali that we could live with the 10-plus-4 pin allocation (as we understand its application) -- provided some satisfactory system for couriers would be developed. Attali promised to take a look at this. Please press as appropriate.
- Our current thinking is that the U.S. delegation will be a "four minister" delegation -- Haig, Regan, Baker, Clark -- not a two minister delegation. That is, four of our people will be said to have ministerial rank -- and we would expect that they could be treated accordingly. We recognize that only 2 ministers would be at the table with the President. But we would hope that Clark and Baker could be invited to ministerial meals, etc.

If you have questions on any of these matters, please give me a call.

Have a good trip!

WHITE HOUSE STAFFING MEMORANDUM

4086
F0006-04

DATE: 6/12/82 ACTION/CONCURRENCE/COMMENT DUE BY: _____

SUBJECT: NOTETAKERS NOTES FROM ECONOMIC 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 type="checkbox"/>
BAKER	<input type="checkbox"/>	<input type="checkbox"/>	JAMES	<input type="checkbox"/>	<input type="checkbox"/>
DEAVER	<input type="checkbox"/>	<input type="checkbox"/>	JENKINS	<input type="checkbox"/>	<input type="checkbox"/>
STOCKMAN	<input type="checkbox"/>	<input type="checkbox"/>	MURPHY	<input type="checkbox"/>	<input type="checkbox"/>
CLARK	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROLLINS	<input type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input type="checkbox"/> P	<input type="checkbox"/> SS	WILLIAMSON	<input type="checkbox"/>	<input type="checkbox"/>
DOLE	<input type="checkbox"/>	<input type="checkbox"/>	WEIDENBAUM	<input type="checkbox"/>	<input type="checkbox"/>
DUBERSTEIN	<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"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

Remarks:

Attached for appropriate action and filing are the original copies of Jim Baker's notes from the plenary sessions he attended at Versailles.

Also attached are intermediate working documents related to the communique.

Richard G. Darman
Assistant to the President
(x2702)

NSC # 8204086

Response:

SAT AM. PLENARY - JUNE 5.

Wittbrand: Opening Pleasantries. Explain
working of mixer & translation apparatus.
Talks about historic nature of the room.
Hope you all will feel at home.

Talks about agreed upon agenda for mtg.
Points out that political problems have to be
addressed in other form & in evenings.

We Heads of State as well as experts
in specifics. Hope for an unencumbered
free discussion that unfortunately don't see
so much anyone in mtgs of Heads of State
accompanied by all their experts.

It's an honor to welcome you here. We shall
continue to have dinner & lunch together -
just the 7 of us.

Last night we talked about State of the
World - a # of questions on which peace &
solidarity depend.

(2)

Let us think about problems in Latin America, the Middle East + elsewhere.

But here we should speak seriously about economic matters that influence our political choices.

Nobody is here to be put in the dock or feel that they are. We are here among friends.

First prob. we should address are MACROECONOMIC ones

Then talk about - have to tackle E-W prob. + N-S prob.

So much then for basic outline of this conference.

But we've got to start somewhere + I've drafted a document with which to start. It is on TECHNOLOGY.

How to fashion the industrial society at end of century

Each of our countries should help promote

(3)

sector & fashion a new technological
revolution

Won't read whole report but I do
want to read you the 1st 3 pages.

(Does so.) (See report)

Technological field opens up the inspirational
quality of our young people.

We've got to give our young people something
to inspire them to look above themselves, the
capacity to create - Blah Blah Blah....

We're all confronted w/ the same prob-
-le technology - altho' some of us have
better natural resources than others.

Let's not open world market of technology -
meaning even the Southern countries can
compete. How can we stabilize the world's
eco. system? all of this is linked with
(I stopped drunk the Xerox.)

all of this is very closely linked w/ E-W
& N-S relations. We all esp. democracy

①

+ dream. only limit if based on a
value system. Dialogue, Exchange & Freedom

Please study the document I've left
with you as an introductory item. We now
have 45 mins if any of you wish to speak

Suzuki:

~~From~~ I listened w/ deep interest
to Mr. M's statement. We all want to
~~revitalize~~ revitalize the world's economy
We should look to future - not past. The
current world's economic system is critical.
High unemployment + low growth.

GIPPER BRAKE HIS CLASSES

I LEFT ROOM TO GET THEM FIXED

10 MINS. LATER SUZUKI STILL TALKING
LONG STATEMENT WHICH HE READ.

Japan thinks it should depend
primarily on priv. sector, but Gov't has a
role when risks are too great + costs too big +
head train too long.

(5)

Need to promote transfer of tech.
between devel. countries & between N & S.

(Still reading - long paper)

Ref. science, Nuclear energy, etc worthy of
special atten.

Trade - imp. that we have a common
framework of discussion

Developed countries should spread the
fruits of their cooperation to the developing
countries.

We are grappling w/ probs of Science & Tech.
as a way out of dire eco. circumstances

SCHLITZ

Other final communique should speak
to your proposal. Technological progress is
vital to us - an advantage we have over
Eastern bloc - we've got to maintain this
advantage.

I share Aiyub's thoughts about setting
up a working grp. in OECD or elsewhere to
study Pres. Wilentz's proposal.

6

greater technological progress can ease
some of the world's prob. like overpopulation.
(Spent good bit of time talking about
world's overpop. prob.)

In our yr. when we meet again in US at
invitation of Pres Reagan we should look in
more detail at prob. of overpop. &
exhaustion of world's resources.

We should involve the Church in this
Within the privacy of this room let me say -
Jr's talked w/ Pope on this w/ out considerable
success Jr's afraid.

Prime Minister of Italy

We fully share the aims & inspiration
of your report which was excellent
We should get high behind the working group
study. We must guide & control devel.

7 | in South - so that it's not too disruptive.

Agree with setting up working groups
to study devel. & circulation of tech. through
world.

7.

TRUDEAU

Technology is science of techniques
- more than just techniques

(Got heavily into overpopulation
prob. pointed up by N. Schmidt)

We accordingly must adopt a new
system of moral values & interdependence
even tho' it's not up to an Eco. Summit
to discuss philosophy.

Mitterand

Strand Insp. of bio-technology (food medicine
drugs) - will significantly reduce health
care expenditures in future yrs.

another example: We all talk about
self sufficiency in agriculture. Hunger in
world is rampant - bio-technology can likewise
help in this area.

So much for the examples. I know you're all
familiar w/ this anyway.

I thank you for recommending a work group to

(2)

study this & report back to us next year
in U.S. - the country that's made most
significant advances in technology.

I thank each of you for the cordiality of our
private sessions together.

Our first particular praise to Trudeau - "from
whom we learned a lot in Ottawa last year"
and while it is a very ephemeral thing
because few of us will be around when summit
meets again in France 7 yrs. from now.

COFFEE BREAK

(9)

AFTER COFFEE BREAK

Mitterand: Will continue until 12:45 P.M.

I was planning to open it to Macroeconomic considerations but pleased to hear a break that P.M. of Belgium, Pres of US + Mrs Thatcher want to comment on P.M. of Belgium my report re Technology.

on behalf of E.C. - your report calls to mind certain basic truths.

Prog in Science + Technology gives us means to improve our lives + our economies.

(We don't have to just sit back + accept a bad economic situation.)

(Left room to see Clark)

Back in after 10 mins

RR speaking

Overpop? More than $\frac{2}{3}$ of people of world are engaged in agri. Most just scratching the grid around their own hut. If all could reach the level of agri. dev. we have in some places in U.S. we could feed the world on 10% of arable land in world.

(10)

as we said at Caux we have sent out
agri. Tech force
I am an optimist re where we can go w/ technology
I agree with the work grip & w/ sharing where
the matter is approx. w/ Govt
But let's leave as much as possible to priv. sector

Pratche - (Mixed 1st part

Passing Clark's material to R.P.
& Woody's to A.H.)

Govt to put \$ our money into investment
& not into transfer payments.

So if we're to profit by new technology -
Don't put real income into consumption but
into investment investment

Also need to upgrade our techniques of management
Japanese are expert in this regard.
People have to be rewarded for risk ~~taking~~ taking

We profit from netly like this every year & one
way is it better able us to maintain an open
trading system

So - I too welcome the working party & hope it
will report to us on the final ^{of your progress} year next year.

(11)

RP: a footnote - ^{Mr.} Thatcher touched upon the
fears that technology would replace jobs

In USA... tel. operators were supposed to
be displaced by the dial tel.

Today if we didn't have the dial phone there would not
be any women ^{in all USA} to serve as operators of the ~~to~~ phone
there.

Schmidt: wishes that last remark of Mrs Thatcher
be included in the communiqué:
"That Tech. progress is indispensable to overcome
the prob. of our people"

Mitterand: agrees w/ what RP has said
+ their working party will look only at the possible
+ joint uses of present tech.

RP made some very humorous remarks + we all
know that 17 mgs French towns didn't have
railroads cause Town Councils were worried about
specks burning the wheat

We must reduce the time lag between technological
advance + invention and the jobs created thereby.
Far too long a time passed from ^{the} Industrial Revol.
and the creation of jobs by it. So that's why I introduce
this study.

(12)

Now let's turn to MACROECONOMIC PROBS. -
on which all other subjects are based.

Who wants to throw a few balls into the ring?
Helms?

Schmitt:

7 countries acc. to the ECI estimates will
have a lower GNP than last yr.

And reports for Japan unemployment is way up.

30 million people in OECD countries are out of
work. Eco. has gone off rails in a big way.

Outlook for '83 more favorable of course. Inflation
pushed in most countries. And many have
almost balanced their current accounts bal.

For '83 we can predict an increase in real growth
but unemployment will prob. continue to rise.

We're all in a time of increasing unemployment & declining
growth.

Of course every country must use its own eco.
policy mix acc. to its own needs.

Also each of us must take into consid. the effect
our partic. eco. pols. have on rest of us. So we must

(17)

closely consult & cooperate.

Future of world is dependent on Economy.

Eco. health stronger in regard to East & Soviet Union. It's equally as imp. as military bal.

Stability of world monetary system is vital.

World Trading System must be reinforced

High int. rates are the greatest barrier to economic growth. U.S. rates are highest now.

Countries have to give a clear signal to markets that budget deficits will be reduced. ~~It's vital~~

Wellcome Mr's efforts to reduce budget deficit in U.S. U.S. has leading role in the world economy. So does the dollar. 75% of world's hard currency reserves are in dollars.

This is not easy for the U.S. — but like it or not U.S. has this leading role & none of us can take it ~~or~~ over or divert from it.

It's impossible to dissociate ourselves from U.S. int. rates & captl. mkt. Hence we

(14)

remember ~~to~~ ^{have} not handled things as well as we could.

I apologize for ~~being~~ ^{being} so long. I didn't know I'd be expected Shenpa for this and agenda item.

[Long pause while nobody volunteered to speak up] [Mittened explains the painting on the wall in some detail] ~~W. Clinton~~

RR

We are plagued w/ unemployment + high int. rates, but we believe we're embarked on a course that's 180° diff. than course followed in our country since WWII.

Hence we had ^{in recession:} booming of money, quick fix, passage of social spending to ease unemployment + big deficits.

And a chart shows w/in 2 or 3 yrs another recession - w/ each being deeper than one before + w/ deferred spending increasing. Now our debt is \$1 Trillion. Our budget would be bal. were it not for the trillion to pay int. on state debt of \$1 Trillion.

(15)

Now. We've cut spending growth and int rates
are down by 25%.

Most significantly we've reduced
inflation to 6% for last 12 mos - from 12.4%
(in one mo. we had deflation) - to 3% for last
3 mos.

Int. rates stay high because mkt. think
we won't stay the course.

But we are going to.

Mr. Jepsen has failed to pass a budget. We've
worked hard to get one.

We asked for one (a budget) that would've
decreased deficit by 35.8 B over 3 yrs.

While we have unemployment at 9.5% & 10 million
unemploy. we have over 100m employed -
exceeds ~~it~~ them in many yrs.

I know that some of us live alone & int rates are
of concern to you.
But we think our int. rates are held up there
psychologically. But we believe that when we get
from Cong. a budget w/ large spending reductions - rates
will begin to come down.

(16)

We have a tax plan in place - 40B⁺
in added purchasing power - shot in arm - to
recovery on July 1 - to stim. productivity,
savings + investment.

We're going to stay with our Economic
Plan. I recommend closer consultation
at the Ministerial level to improve
economic conditions for all of us.

I also believe we should have a joint study
of exchange rates + what has been the
history of intervention. We don't think it's
successful - except of course where
markets are truly disorderly.

Mitterand:
adjourn for lunch.

We agreed to pursue a prudent and diversified economic approach to USSR and Eastern Europe, consistent with our political and security interests. This includes actions in ~~two~~^{three} key areas.

First, ~~in accordance with the conclusions of the January high level meeting of the COCOM~~^{following international discussions in January}, our ~~senior officials~~^{representatives} will work together to improve the ~~COCOM~~^{international} control system and national enforcement of security control arrangements.
↑ for strategic materials controlling

Second, we will exchange information in the OECD on all aspects of our economic, commercial and financial relations with the Soviet Union and Eastern Europe.

Third, taking into account existing economic and financial considerations, we have agreed to handle cautiously the financial relations with the USSR and other Eastern European countries, in such a way as to ensure that they are conducted on a sound economic basis. The development of economic and financial relations will be subject to periodical ex post monitoring.

~~Fourth, we will actively pursue the development and diversification of energy supplies to our countries in order to minimize dependence on too few sources. (1)~~ out

(1) The fourth principle would be more properly included in the energy part of the declaration.

including the need for commercial prudence also in limiting export credits.

~~including the need for commercial prudence ^{also} in limiting export credits~~
including the need to limit export credits
... of commercial prudence

6 june 1982

DECLARATION OF THE SEVEN HEADS OF STATE AND GOVERNMENT
AND REPRESENTATIVES OF THE EUROPEAN COMMUNITIES

In the course of our meeting at Versailles we have improved our mutual understanding of the world economic situation, and we have agreed on a number of objectives for our future action.

We affirm that the improvement of the present situation, by a further reduction of inflation and by a return to steady growth and higher levels of employment, would strengthen our joint capacity to safeguard our security, to maintain confidence in the democratic values that we share, and to preserve the cultural heritage of our peoples in all their diversity. Full employment, price stability and sustained and balanced growth are ambitious objectives. They are attainable in the coming years only if we pursue policies which encourage productive investment and technological progress ; if, in addition to our own individual efforts, we are willing to join forces ; if each country is sensitive to the effects of its policies on others, and if we collaborate in promoting world development.

In this spirit, we have decided to implement the following lines of action :

- Growth and employment must be increased.

achievement of monetary policy
will

This ~~cannot~~ be attained on a durable basis unless we are successful in our continuing fight against inflation. This will also help to bring down interest rates which are now ~~insupportably~~ *unacceptably* high and to bring about more stable exchange rates. It is essential to intensify our economic and monetary cooperation. In this regard, we will work towards a constructive and orderly evolution of the international monetary system by a closer cooperation among the authorities representing the currencies of North-America, of Japan and of the European Community *ies* in pursuing medium term economic and monetary objectives. In this respect, we have committed ourselves to the undertakings contained in the attached statement.

- The growth of world trade in all its facets is both a necessary element for the growth of each country and a consequence of that growth. We reaffirm our commitment to strengthening the open multilateral trading system as embodied in the GATT and to maintaining its effective operation. In order to promote stability and employment through trade and growth, we will resist protectionist pressures and trade distorting practices. We are resolved to complete the work of the Tokyo round and to improve the capacity of the GATT to solve current and future trade problems. We will also work towards the further opening of our markets. We will cooperate with the developing countries to strengthen and improve the multilateral system, to expand trading opportunities in particular with the newly industrialised countries. We shall participate fully in the forthcoming GATT Ministerial Conference in order to take concrete steps towards these ends. We shall work for early agreement on

In order to achieve an essential reduction of real interest rates we will ~~proceed~~, as a matter of urgency, pursue prudent monetary policies and

the renewal of the OECD export credit consensus.

new text
3A

Economic exchanges have an important role in the development of a stable East-West relationship. We affirm our intention so to conduct east-west economic relations as to ensure that they are mutually advantageous and that they take full account of security considerations, particularly in the technological, economic and financial areas, including the need for commercial prudence in export credits. We shall consult through the usual channels among ourselves and with existing international fora to achieving these ends. *

- The progress we have already made does not diminish the need for continuing efforts to economize on energy, particularly through the price mechanism, and to promote alternative sources, including nuclear energy and coal, in a long-term perspective. These efforts will enable us further to reduce our vulnerability to interruptions in the supply of energy and instability of prices. Cooperation to develop new energy technologies, and to strengthen our capacity to deal with disruptions, can contribute to our common energy security. We shall also work to strengthen our cooperation with both oil-exporting and oil-importing developing countries.

- The growth of the developing countries and the deepening of a constructive relationship with them are vital for the political and economic well being of the whole world. It

* Ce texte a été approuvé ad referendum par certaines délégations.

is therefore important that a high level of financial flows and official assistance should be maintained and that their amount and their effectiveness, should be increased as far as possible, with responsibilities shared broadly among all countries capable of making a contribution. The launching of global negotiations is a major political objective approved by all participants in the Summit. ^{Provided that the independence of the specialized institutions} The latest draft resolution circulated by the G77 is helpful, and a discussion at Versailles showed general acceptance of the view that it would serve as the basis for consultations with the countries concerned. We believe that there is now a good prospect for the early launching and success of the global negotiations.

is guaranteed

At the same time, we are prepared to continue and develop practical cooperation with the developing countries through innovations within the World Bank, including in the area of energy, and sustaining the strength of the IDA and other multilateral development institutions. We are ready to support international arrangements to improve the conditions for private investment ; programmes designed to increase indigenous food and energy production and programs to address the implications of population growth. We are also ready to support economically sound measures to help reduce, and counter the effects of, instability in the commodity ⁵²¹⁰⁷¹ exports earnings of those developing countries especially dependent on them. Finally we favour to a further concentration of official assistance towards poorer countries.

new
text
p 4.A

- Revitalisation and growth of the world economy will depend not only on our own efforts but also to a

NORTH SOUTH LANGUAGE FOR THE DECLARATION

At the same time, we are prepared to continue and develop practical cooperation with the developing countries through innovations within the World Bank, through our support of the work of the Regional Development Banks, ~~through progress towards a greater stabilisation of commodity earnings,~~ ^{in countering instability of} through the encouragement of private capital flows (including international arrangements to improve the conditions for private investment) and through a further concentration of official assistance on the ^{(CD) poor} poorest countries. We see a need for special temporary arrangements to overcome funding problems for IDA VI, and ^{and for an early start to consideration of IDA VII.} We will give special encouragement to programmes or arrangements designed to increase food and energy production in developing countries which have to import these essentials. In the field of balance of payments support, we look forward to progress at the September IMF Annual Meeting towards settling the increase in the size of the Fund appropriate to the coming Eighth Quota Review.

we

and to programmes to address the implications of population growth

large extent upon cooperation among our countries and with other countries in the exploitation of scientific and technological development. We have to exploit the immense opportunities presented by the new technologies, particularly for creating new employment opportunities. We need to remove barriers to, and to promote, the development of and trade in new technologies both in the public sector and in the private sector. Our countries will need to train men and women in the new technologies and to create the economic, social and cultural conditions which allows these technologies to develop and flourish. We have considered the report presented to us on these issues by the President of the French Republic. In this context we have decided to set up promptly a working group of representatives of our governments and of the European Community to develop, in close consultation with the relevant international institutions, especially the O.E.C.D., proposals to give effect to these objectives. ~~is to be~~
~~made~~. The group will be asked to submit its report to us by 31 December 1982. The conclusions of the report and the resulting actions will be considered at the next Economic Summit to be held in 1983 in the United States.

*nothing on international
involvement needs*

6 june 1982

STATEMENT OF INTERNATIONAL MONETARY UNDERTAKINGS

1. We accept a joint responsibility to work for greater stability of the world monetary system. We recognize that this rests primarily on convergence of policies designed to achieve lower inflation, higher employment and renewed economic growth ; and thus to maintain the internal and external value of our currencies. We are determined to discharge this obligation in close collaboration with all interested countries and monetary institutions.

2. We attach major importance to the role of the IMF as a monetary authority and we will give it our full support in its efforts to foster stability.

3. We are ready to strengthen our cooperation with the IMF in its work of surveillance ; and to develop this on a multilateral basis taking into account particularly the currencies constituting the SDR

4. We rule out the use of our exchange rates to gain unfair competitive advantages.

5. We are ready, if necessary, to use intervention in exchange markets to counter disorderly conditions, as provided for under article IV of the IMF articles of agreement.

6. Those of us who are members of the EMS consider that these undertakings are complementary to the obligations of stability which they have already undertaken in that framework, ~~and recognize the role of the System in the further development of stability in the international monetary system.~~

7. We are all convinced that greater monetary stability will assist freer flows of goods, services and capital. We are determined to see that greater monetary stability and freer flows of trade and capital reinforce one another in the interest of economic growth and employment.

DECLARATION OF THE SEVEN HEADS OF STATE AND GOVERNMENT
AND REPRESENTATIVES OF THE EUROPEAN COMMUNITIES

In the course of our meeting at Versailles we have ^{improved} ~~improved~~ our mutual understanding of the gravity of the world economic situation, and we have agreed on a number of objectives ^{for urgent} ~~for urgent~~ action with a view to improve it. ^{Ep?}

We affirm that the improvement of the present situation, by a further reduction of inflation and by a return to steady growth and higher levels of employment, would strengthen our joint capacity to safeguard our security, to maintain confidence in the democratic values that we share, and to preserve the cultural heritage of our peoples in all their diversity. Full employment, price stability and ^{DLF} sustained and balanced growth are ambitious objectives. They are attainable in the coming years only if we pursue policies which encourage productive investment and technological progress ; if, in addition to our own individual efforts, we are willing to join forces ; if each country is sensitive to the effects of its policies on other, and if we collaborate in promoting world development.

In this spirit, we have decided to implement the following lines of action :

- Growth and employment must be increased. ~~.....~~

~~financial~~
policies

→ This will be attained on a durable basis if we are successful in our continuing fight against inflation. This will also help to bring down interest rates, which are now unacceptably high, and to bring about more stable exchange rates. In order to achieve this essential reduction of real interest rates, we will as a matter of urgency pursue prudent monetary policies and achieve greater control of budgetary ~~deficits~~. It is essential to intensify our economic and monetary cooperation. In this regard, we will work towards a constructive and orderly evolution of the international monetary system by a closer cooperation among the authorities representing the currencies of North America, of Japan and of the European Community in pursuing medium-term economic and monetary objectives. In this respect, we have committed ourselves to the undertakings contained in the attached statement.

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- The growth of world trade in all its facets is both a necessary element for the growth of each country and a consequence of that growth. We reaffirm our commitment to strengthening the open multilateral trading system as embodied in the GATT and to maintaining its effective operation. In order to promote stability and employment through trade and growth, we will resist protectionist pressures and trade-distorting practices. We are resolved to complete the work of the Tokyo Round and to improve the capacity of the GATT to solve current and future trade problems. We will also work towards the further opening of our markets. We will cooperate with the developing countries to strengthen and improve the multilateral system, and to expand trading opportunities in particular with the newly industrialized countries. We shall participate fully in the forthcoming GATT Ministerial Conference in order to take concrete steps towards these ends. We shall work for early agreement on ~~page 2~~

page 2

The renewal of the OECD export credit consensus.

2

- We agreed to pursue a prudent and diversified economic approach to ²the U.S.S.R. and Eastern Europe, consistent with our political and security interests. This includes actions in three key areas. First, following international discussions in January, our representatives will work together to improve the international system for controlling exports of strategic goods to the Soviet bloc and national arrangements for the enforcement of security controls. Second, we will exchange information in the OECD on all aspects of our economic, commercial and financial relations with the Soviet Union and Eastern Europe. Third, taking into account existing economic and financial considerations, we have agreed to handle cautiously the financial relations with the U.S.S.R. and other Eastern European countries, in such a way as to ensure that they are conducted on a sound economic basis including the need for commercial prudence in limiting export credits. The development of economic and financial relations will be subject to periodical ex-post ^{also} survey.

monitoring

Jan 3

- The progress we have already made does not diminish the need for continuing efforts to economise on energy, particularly through the price mechanism, and to promote alternative sources, including nuclear energy and coal, in a long-term perspective. These efforts will enable us further to reduce our vulnerability to interruptions in the supply of energy and instability of prices. Cooperation to develop new energy technologies, and to strengthen our capacity to deal with disruptions, can contribute to our common energy security. We shall also work to strengthen our cooperation with both oil-exporting and oil-importing developing countries.

- The growth of the developing countries and the deepening of a constructive relationship with them are vital for the political and economic well being of the whole world. It is therefore important that a high level of financial flows and official assistance should be maintained and that their amount and their effectiveness should be increased as far as possible, with responsibilities shared broadly among all countries capable of making a contribution. The launching of global negotiations is a major political objective approved by all participants in the Summit. ~~The~~ latest draft resolution circulated by the Group of the 77 is helpful, and a discussion at Versailles showed general acceptance of the view that it would serve as the basis for consultations with the countries concerned. ~~We~~ believe that there is now a good prospect for the early launching and success of the global negotiations, provided that the independence of the specialised agencies is guaranteed. At the same time, we are prepared to continue and develop practical cooperation with the developing countries through innovations within the World Bank, through our support of the work of the Regional Development Banks, through progress in countering instability of commodity export earnings, through the encouragement of private capital flows (including international arrangements to improve the conditions for private investment) and through a further concentration of official assistance on the poorer countries. ~~This is why~~ we see a need for special temporary arrangements to overcome funding problems for IDA VI, and for an early start to consideration of IDA VII. We will give special encouragement to programmes or arrangements designed to increase food and energy production in developing countries which have to import these essentials, and JS programmes to address the implications of population growth. In the field of balance of payments support, we look forward to progress at the September IMF Annual Meeting towards settling the increase in the size of the Fund appropriate to the coming Eighth Quota Review.

OK?

PREVIOUSLY
LATER WORD
"SUMMIT"

NEW
WORD

100-1000

- Revitalization and growth of the world economy will depend not only on our own effort but also to a large extent upon cooperation among our countries and with other countries in the exploitation of scientific and technological development. We have to exploit the immense opportunities presented by the new technologies, particularly for creating new employment. We need to remove barriers^{to}, and to promote the development of and trade in new technologies both in the public sector and in the private sector. Our countries will need to train men and women in the new technologies and to create the economic, social and cultural conditions which allow these technologies to develop and flourish. We have considered the report presented to us on these issues by the President of the French Republic. In this context we have decided to set up promptly a working group of representatives of our governments and of the European Communities to develop, in close consultation with the appropriate international institutions, especially the OECD, proposals to give help to attain these objectives. The group will be asked to submit its report to us by 31 December 1982. The conclusion of the report and the resulting action will be considered at the next economic Summit to be held in 1983 in the United States.

100-1000

STATEMENT OF INTERNATIONAL MONETARY UNDERTAKINGS

1. We accept a joint responsibility to work for greater stability of the world monetary system. We recognize that this rests primarily on convergence of policies designed to achieve lower inflation, higher employments and renewed economic growth ; and thus to maintain the internal and external values of our currencies. We are determined to discharge this obligation in close collaboration with all interested countries and monetary institutions.

2. We attach major importance to the role of the IMF as a monetary authority and we will give it our full support in its efforts to foster stability.

3. We are ready to strengthen our cooperation with the IMF in its work of surveillance ; and to develop this on a multilateral basis taking into account particularly the currencies constituting the SDR.

4. We rule out the use of our exchange rates to gain unfair competitive advantages.

5. We are ready, if necessary, to use intervention in exchange markets to counter disorderly conditions, as provided for under article IV of the IMF articles of agreement.

6. Those of us who are members of the EMS consider that these undertakings are complementary to the obligations of stability which they have already undertaken in that framework.

7. We are all convinced that greater monetary stability will assist freer flows of goods, services and capital. We are determined to see that greater monetary stability and freer flows of trade and capital reinforce one another in the interest of economic growth and employment.



Château de Versailles
4, 5 et 6 juin 1982

DECLARATION OF THE SEVEN HEADS OF STATE AND GOVERNMENT
AND REPRESENTATIVES OF THE EUROPEAN COMMUNITIES

In the course of our meeting at Versailles we have deepened our mutual understanding of the gravity of the world economic situation, and we have agreed on a number of objectives for urgent action with a view to improving it.

We affirm that the improvement of the present situation, by a further reduction of inflation and by a return to steady growth and higher levels of employment, will strengthen our joint capacity to safeguard our security, to maintain confidence in the democratic values that we share, and to preserve the cultural heritage of our peoples in all their diversity. Full employment, price stability and sustained and balanced growth are ambitious objectives. They are attainable in the coming years only if we pursue policies which encourage productive investment and technological progress ; if, in addition to our own individual efforts, we are willing to join forces, if each country is sensitive to the effects of its policies on others and if we collaborate in promoting world development.

In this spirit, we have decided to implement the following lines of action :

- Growth and employment must be increased. This will be attained on a durable basis only if we are successful in our continuing fight against inflation. That will also help to bring down interest rates, which are now unacceptably high, and to bring about more stable exchange rates. In order to achieve this essential reduction of real interest rates, we will as a matter of urgency pursue prudent monetary policies and achieve greater control of budgetary deficits. It is essential to intensify our economic and monetary cooperation. In this regard, we will work towards a constructive and orderly evolution of the international monetary system by a closer cooperation among the authorities representing the currencies of North America, of Japan and of the European Community in pursuing medium-term economic and monetary objectives. In this respect, we have committed ourselves to the undertakings contained in the attached statement.

- The growth of world trade in all its facets is both a necessary element for the growth of each country and a consequence of that growth. We reaffirm our commitment to strengthening the open multilateral trading system as embodied in the GATT and to maintaining its effective operation. In order to promote stability and employment

- 2 -

through trade and growth, we will resist protectionist pressures and trade-distorting practices. We are resolved to complete the work of the Tokyo Round and to improve the capacity of the GATT to solve current and future trade problems. We will also work towards the further opening of our markets. We will cooperate with the developing countries to strengthen and improve the multilateral system, and to expand trading opportunities in particular with the newly industrialized countries. We shall participate fully in the forthcoming GATT Ministerial Conference in order to take concrete steps towards these ends. We shall work for early agreement on the renewal of the OECD export credit consensus.

- We agree to pursue a prudent and diversified economic approach to the U.S.S.R. and Eastern Europe, consistent with our political and security interests. This includes actions in three key areas. First, following international discussions in January, our representatives will work together to improve the international system for controlling exports of strategic goods to these countries and national arrangements for the enforcement of security controls. Second, we will exchange information in the OECD on all aspects of our economic, commercial and financial relations with the Soviet Union and Eastern Europe. Third, taking into account existing economic and financial considerations, we have agreed to handle cautiously financial relations with the U.S.S.R. and other Eastern European countries, in such a way as to ensure that they are conducted on a sound economic basis, including also the need for commercial prudence in limiting export credits. The development of economic and financial relations will be subject to periodic ex-post review.

- The progress we have already made does not diminish the need for continuing efforts to economise on energy, particularly through the price mechanism, and to promote alternative sources, including nuclear energy and coal, in a long-term perspective. These efforts will enable us further to reduce our vulnerability to interruptions in the supply of energy and instability of prices. Cooperation to develop new energy technologies, and to strengthen our capacity to deal with disruptions, can contribute to our common energy security. We shall also work to strengthen our cooperation with both oil-exporting and oil-importing developing countries.

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TO CLARK

FROM DARMAN, R

DOCDATE 12 JUN 82

SUSPENSE

KEYWORDS: FRENCH SUMMIT
DARMAN REFERRAL

ECONOMICS

BAKER, J

SUBJECT: BAKER NOTES FM PLENARY SESSIONS AT VERSAILLES

ACTION: PREPARE MEMO FOR CLARK

DUE: 15 JUN 82 STATUS S FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

NAU

BAILEY

COMMENTS

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Action resulting from:

- document (attached)
- telephone call
- meeting (attach conference report if available)

Document Date: 1 / 1

From: _____

Date Received: 5 / 10 / 82

Subject: USICA Inclusion in Versailles/Bonn Meetings

ACTION CODES:

- A — Appropriate Action
- D — Draft Response
- R — Direct Reply w/Copy
- B — Briefing Paper
- F — Furnish Fact Sheet
- S — For Signature
- C — Comment/Recommendation
- I — Info Copy Only/No Action Necessary
- X — Interim Reply

ROUTE TO:

Date Sent	Name	Action Codes	Date Due	Action Taken
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COMMENTS: _____

Originator: Dunlop Faoro Fuller Gonzalez Hart Hodapp

KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING MATERIAL AND WHEN THE ASSIGNED ACTION IS COMPLETE, RETURN TO:

Office of Cabinet Affairs
Attention: Karen Hart (x-2823)
West Wing/Ground Floor

THE WHITE HOUSE
WASHINGTON

May 4, 1982

slr
Bealey
lets discuss
CE

MEMORANDUM FOR: CRAIG FULLER
FROM: MORT ALLIN *MA*
SUBJECT: Recommendation for USICA Inclusion
in Versailles/Bonn Meetings

USICA is now being included in the IGS working on the Versailles and Bonn summits. I recommend that Director Wick or his representative also be included in the Cabinet Council meetings on Versailles and be invited as an observer to Cabinet meetings on the subject. The public affairs side of the trip will be very important in Europe and we should have ICA fully aware of our planning.

REC'D. CA MAY 04 1982

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THE WHITE HOUSE