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THE WHITE HOUSE
WASHINGTON

May 25, 1983

NOTE FOR CRAIG L. FULLER

FROM: Adele Gonzalez

RE: Williamsburg Summit Public
Affairs Briefing Materials
073340CA

Attached are comments submitted by
State.

Treasury, USDA, Energy and CEA did
not comment.

No reply was received from Commerce,
DOD, nor USTR.

Attachment

File

073340CA

FO 006-06

File → 078340Ca

U.S. DEPARTMENT OF LABOR

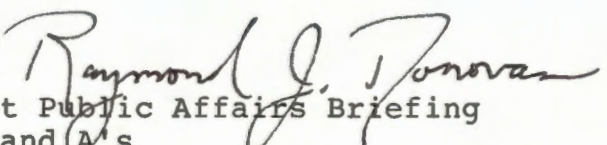
SECRETARY OF LABOR
WASHINGTON, D.C.

MAY 24 1983

MEMORANDUM FOR CRAIG L. FULLER
Assistant to the President
for Cabinet Affairs

FROM: RAYMOND J. DONOVAN

SUBJECT: Williamsburg Summit Public Affairs Briefing
Materials and Q's and A's



I have no comments on these documents.



OFFICE OF THE SECRETARY OF THE TREASURY
WASHINGTON, D.C. 20220

May 23, 1983

MEMORANDUM FOR THE HONORABLE CRAIG L. FULLER
ASSISTANT TO THE PRESIDENT
FOR CABINET AFFAIRS

FROM: David L. Chew *DL*
Executive Assistant to the Secretary

The Treasury Department has no comments to make on the Williamsburg Summit Public Affairs Briefing Materials and Qs and As.



DEPARTMENT OF STATE

Washington, D.C. 20520

May 20, 1983

MEMORANDUM FOR MR. CRAIG L. FULLER
THE WHITE HOUSE

SUBJECT: Public Affairs Briefing Material for
the Williamsburg Summit

The Department of State has reviewed the public affairs briefing material from Ambassador Rentschler and suggests changes as noted in the two papers attached.

In addition, the last line of the first page of the UNCTAD paper might be clarified by reading "\$150 billion," instead of "\$150,000 million."

Stoney
Charles Hill
Executive Secretary

Attachments:
Papers from Briefing Package

DATE SENT: <u>05/20/83</u>	CLASSIFIED MATERIAL Copy For Addressee	V	2257410
FROM: <u>THE DIRECTOR</u>	<u>S/S-I</u>	<u>7241</u>	<u>NS</u>
(Name)	(Office Symbol)	(Room No.)	(Bldg.)
TO: <u>WHITE HOUSE-MR. CRAIG L. FULLER</u>			
(Name)	(Office Symbol)	(Room No.)	(Bldg.)
PART V DATE RECEIVED: _____			
IDENTIFICATION <u>8315425</u>			
Optional Form 112 Rev. 8/79 State AID USICA	THIS PART MAY BE USED FOR DISTRIBUTION AND/OR DESTRUCTION - 5 FAM 975.8 AND 960.4 RETAINED FOR 3 YEARS		

Background: The world economy is beginning to revive from a three-year-long recession. Industrial country real growth was almost nil during 1980-82. Most countries implemented strong anti-inflation policies during that period and the results of that disinflation are now visible. Inflation rates in industrial countries have declined sharply from 13 percent in 1980 to less than six percent in February 1983. This impressive gain in controlling inflation is also reducing expectations about future inflation and setting the stage for a durable recovery.

Forecasts of real growth have been revised upward continuously over the last six months. Most now anticipate an average two percent growth in real GNP for 1983. The recovery is expected to gather strength over the year and record three and one-half to four percent growth in 1984. Such a recovery will stop the rise in unemployment rates during 1983 and reductions in unemployment rates are expected in many countries by the end of 1983.

U.S. Position: The advantages of following anti-inflationary policies are now clear. Those countries that have succeeded in reducing inflation rates significantly are now experiencing economic recoveries. Their inflation rates are generally below five percent and real growth will quicken over the course of this year and next. ~~In those countries where inflation rates remain in double digits, no recovery is in sight, external deficits are still large, and exchange rates have been under strong pressure.~~

The only successful way to create permanent jobs is to establish durable, non-inflationary domestic growth. If countries return to discredited inflationary policies in order to reap short-term gains in terms of jobs and real growth, they will witness again the "stop-go" economic environment of the 1970's. We must resist any efforts to stimulate artificially domestic economies by excessive monetary growth or increased government spending..

In those countries where inflation rates are still high, policies have been adopted to bring inflation under control. With such policies in effect, recovery can and will spread more broadly.

INTEREST RATES, MONETARY POLICY AND THE BUDGET DEFICIT

Background: Some of the other Summit countries will complain about high U.S. interest rates as an obstacle to world recovery. At last year's Summit, the blame was placed on excessively tight U.S. monetary policy, but with more rapid monetary growth since last fall the complaint has shifted to high federal budget deficits, especially for the "out years."

U.S. Position: Future U.S. Federal Government deficits can affect future interest rates in two different ways. First, markets may fear that the future deficits will be monetized at a time of high aggregate demand, thereby generating future inflation from excessive monetary growth and leading to higher nominal interest rates to compensate lenders for the decline in the real value of their assets. Alternatively, markets may expect that future deficits will not be monetized, and that monetary restraint will raise real interest rates as private investment is crowded out to make way for federal spending. In either case, expectations of future inflation prevent current long-term interest rates from declining as much as would be expected from the sharp reduction in U.S. inflation.

~~Many foreigners tend to exaggerate the interest rate impact of future U.S. deficits. Also, some countries are looking for scapegoats for their own policy failures.~~ The level of interest rates is much more influenced by expected inflation rates than by the size of budget deficits. Short-term interest rates have fallen sharply in countries that have pursued anti-inflation policies. In the U.S., short-term rates have declined from 18 percent two years ago to less than 9 percent at present. However, this does not mean that the U.S. is unconcerned about large budget deficits in the out years. We are concerned and the President is committed to reduce them.



Department of Energy
Washington, D.C. 20585

MAY 20 1983

MEMORANDUM FOR CRAIG L. FULLER
Assistant to the President
for Cabinet Affairs

SUBJECT: "Public Affairs Briefing Material" for
the Williamsburg Summit

We have reviewed the material you forwarded to us from Ambassador Rentschler's Summit Public Affairs Group. The Department of Energy has no comments or recommendations to make on the content of the package, as it is quite comprehensive.

I would like to note, however, that we have found the public affairs guidance that we have received from Ambassador Rentschler's group to be quite helpful. We drew from it in preparation for Secretary Don Hodel's participation in the International Energy Agency Ministerial on May 8.

A handwritten signature in dark ink, appearing to read "Earl E. Gjeldre".

Earl E. Gjeldre
Special Assistant to the Secretary
for Policy and Programs

133 1A

*1) copy
2) suspense*
Original

CABINET AFFAIRS STAFFING MEMORANDUM

DATE: May 17, 1983 NUMBER: 073340CA DUE BY: Friday, May 20
SUBJECT: Williamsburg Summit Public Affairs Briefing Materials
and Q's and A's

	ACTION	FYI		ACTION	FYI
ALL CABINET MEMBERS	<input type="checkbox"/>	<input type="checkbox"/>	Baker	<input type="checkbox"/>	<input type="checkbox"/>
✓ Vice President	<input type="checkbox"/>	<input type="checkbox"/>	Deaver	<input type="checkbox"/>	<input type="checkbox"/>
✓ State <i>(attached)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Clark	<input type="checkbox"/>	<input type="checkbox"/>
✓ Treasury <i>(no comment - Phy. Mo 5/23)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Darman <i>(For WH Staffing)</i>	<input type="checkbox"/>	<input type="checkbox"/>
Defense	<input type="checkbox"/>	<input type="checkbox"/>	Harper	<input type="checkbox"/>	<input type="checkbox"/>
Attorney General	<input type="checkbox"/>	<input type="checkbox"/>	Jenkins	<input type="checkbox"/>	<input type="checkbox"/>
Interior	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
✓ Agriculture <i>no comment / vid. and 5/24; 5:26p</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Commerce	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
✓ Labor <i>no comment</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HHS	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HUD	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Transportation	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
✓ Energy <i>no comment (attached)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Education	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Counsellor	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
OMB	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
CIA	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
UN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
USTR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CCCT/Gunn	<input type="checkbox"/>	<input type="checkbox"/>
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_____	<input type="checkbox"/>	<input type="checkbox"/>	CCFA/Boggs	<input type="checkbox"/>	<input type="checkbox"/>
✓ CEAO <i>w/ Fellstein for 5/20 9:55p</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CCHR/Carleson	<input type="checkbox"/>	<input type="checkbox"/>
CEQ	<input type="checkbox"/>	<input type="checkbox"/>	CCLP/Uhlmann	<input type="checkbox"/>	<input type="checkbox"/>
OSTP	<input type="checkbox"/>	<input type="checkbox"/>	CCMA/Bledsoe	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	CCNRE/Boggs	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>			

REMARKS:

Do you have any comments/recommendations on the attached material prepared as "Public Affairs Briefing Material" for the Williamsburg Summit? Please submit them by no later than 5 pm, Friday, May 20.

Thanks.

RETURN TO:

- Craig L. Fuller
Assistant to the President
for Cabinet Affairs
456-2823
- Becky Norton Dunlop
Director, Office of
Cabinet Affairs
456-2800

MEMORANDUM

May 16, 1983

To: (See distribution)

From: Ambassador James Rentschler
Summit Public Affairs Group

Subject: Williamsburg Summit Public Affairs Briefing Materials
and Q's and A's

I am providing the attached packet of material for your agency's use in discussing the Williamsburg Summit in public fora.

This material includes a concise overview paper, an approved statement of priorities, a multi-purpose speech on the Summit, and issues papers and Q's and A's on likely Summit issues.

The Q's and A's are for background only.

The speech is a cleared text which can serve as basic material for your efforts, or it can be delivered "as is."

The other materials, broken down into major headings likely to be the subjects of discussion at the Summit, include:

Macroeconomics and recovery
Free/fair trade, debt management and finance
Security related trade issues. (To follow.)

WILLIAMSBURG SUMMIT PUBLIC AFFAIRS BRIEFING MATERIALS AND
Q's AND A's

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Thomas Niles (EUR)
Ray Reimer (EUR/RPE)
Theodore Russell (EUR/RPE)

Received from

USIA w/o

transmittal memo

Attach every thing
except this
cover sheet.

Staff to:
State/Comm/Treas/USTR
USDA/Labor/Energy/DOD
CEA

Do you have any comments
re: information on
the attached
material prepared

as "Public Affairs Briefing
Material" for the Williamsburg Summit

TABLE OF CONTENTS

- TAB 1 Overview of the Williamsburg Economic Summit
and Statement of Priorities.
- TAB 2 Multi-purpose Speech
- TAB 3 Macro-economics and Recovery
- TAB 4 Free/Fair Trade, Debt Management and Finance
- TAB 5 Security Related Trade Issues

1.

President Reagan will host the Summit of Industrialized Nations in Williamsburg, Virginia, May 28-30. His major purpose will be to provide for an exchange of views on the most important economic issues.

Background: This Summit is the ninth in a series of annual meetings that began in Rambouillet, France in 1975. The other participants will be: Francois Mitterrand (France), Margaret Thatcher (United Kingdom), Pierre Trudeau (Canada), Helmut Kohl (Federal Republic of Germany), Yasuhiro Nakasone (Japan), Amintore Fanfani (Italy), and Gaston Thorn (Commission of European Communities).

The Summit leaders will meet as the worst and longest recession of the postwar period comes to an end. Economic recovery is already underway in the United States and elsewhere. But, serious problems, such as high unemployment, remain.

The President will emphasize informal discussion at this Summit. Although the serious issues will have been carefully prepared, there will be neither a rigid agenda nor a pre-negotiated communique. The brief concluding statement will reflect what the eight leaders actually discuss.

U.S. Position: The emphasis of the Summit will be two-fold: to establish the framework for broader economic recovery and to reinforce the cohesion and confidence of the Summit nations.

The President is looking forward to the Summit with four priorities in mind:

1. Marking the real progress made in beginning economic recovery;
2. Making clear that only sustained recovery can help the Summit nations and others, especially in Europe where unemployment has increased for 11 years, and developing nations, where heavy debt obligations will persist for the rest of the decade. These efforts will involve:
 - Acting with steadiness, consistency and a longer-term view across a range of policy areas;
 - Bringing down inflation in all countries and encouraging convergence of domestic economic performance;
 - Reversing recent protectionist trends;
 - Supporting the international financial system in order to maintain vital trade, especially for the developing world;
 - Continuing ad hoc discussions of the relationship between trade and financial issues;
 - Continuing emphasis on fundamental adjustments so that all nations adapt new technology, retain workers, and reduce inefficiency.
3. Avoiding quick fixes and single solutions to complex issues;
4. Recognizing that the Summit nations' concern with economic progress reflects their basic values by:
 - Reinforcing security commitments with economic cooperation and recovery;
 - Reaffirming the common approach to East-West economic relations in the IEA, OECD, and NATO;
 - Restricting the flow of high technology products and knowledge which has a clear and important military application to the East;
 - Emphasizing that the work of Williamsburg does not end with the Summit, but that the sound strategies sought there serve the interests of successor generations.

U.S. PRIORITIES FOR THE 1983 ECONOMIC SUMMIT
OF INDUSTRIALIZED NATIONS

President Reagan will host the ninth annual Economic Summit in Williamsburg, Virginia, May 28 - 30, 1983. The President is looking forward to the Summit with four priorities in mind:

I. Mark the real progress that has been achieved in beginning the economic recovery:

-- Economic recovery is underway in the United States.

-- Some other Summit countries--UK, Germany, and Japan--are experiencing improved economic circumstances.

-- The Summit countries' economic policies are more on a converging path than they have been in some time.

-- Confidence is growing that the recovery will spread to other industrial countries and the developing countries.

II. Make clear that only a sustained recovery can help the Summit and other countries, especially in Europe where unemployment has increased for eleven straight years, and in the developing countries where heavy debt obligations will persist for the rest of this decade.

-- Artificially stimulating the recovery may only increase expectations in inflation, which already remain high because of lingering concerns about government spending and excessive money creation.

-- Acting with steadiness and consistency across a range of policy areas that exploit linkages between the domestic and international economies and reinforce the impetus to growth means:

- Bringing inflation down in all countries so as to achieve greater stability in exchange rates.

- Reversing recent protectionist measures so growth can spread to other nations, both industrial and developing.

- Supporting the international financial system so as to maintain vital trade, to enhance recovery in the developed world through exports and to provide markets for the heavily indebted countries.

-- A sustained recovery requires a longer-term perspective to guide current domestic policy actions and to improve the international trading and financial system.

- Encouraging convergence of domestic economic performance around low inflation and higher output in a medium-term perspective (two-three years) thereby ensuring greater international monetary stability.

- Continuing ad hoc discussion of the relationships between trade and financial issues to encourage, over time, further liberalization of trade in the GATT, particularly with developing countries, and to seek improvements in the international financial system.

- Continued emphasis on fundamental adjustments in both industrial and developing countries to adapt new technology, retrain workers, and reduce inefficiency.

III. Stress that if the recovery is to be a sustained one, bringing real economic growth and increased employment, we must avoid the lure of quick fixes and single solutions to complex problems. In particular, we must avoid a new round of worldwide inflation and rising interest rates.

IV. Secure broad recognition that the concern of the Summit countries with economic progress is not primarily a matter of material gain, but a reflection of the basic shared values of these countries of individual freedom and economic opportunity and an essential element of their security. <

-- Economic progress and cooperation reinforce security commitments to maintain peace and defend freedom.

-- The common approach taken by the allies to East-West economic relations in the IEA, OECD and NATO is good evidence that this recognition is growing.

-- In the interest of the free world's security, we will work with our allies to restrict the flow of high technology products and knowledge having a clear and important military application to the East.

2.

WILLIAMSBURG SUMMIT

TOWARD A NEW ERA OF ECONOMIC OPPORTUNITY

INTRODUCTION

Leaders of the major industrial nations will meet in historic Williamsburg, Virginia this month to address economic issues of historic magnitude. The central challenge before this Economic Summit is: Can we maintain economic recovery and marshal the moral purpose that unites democratic nations?

President Reagan believes that we have the will and the wherewithal to move together toward a new era of economic opportunity. We are confident of our collective capacity to build on the past for the future, to the lasting benefit of the generations destined to succeed us.

In this spirit, the President will host the 1983 Economic Summit of Industrialized Nations. He believes that the strong economic recovery underway in the United States reflects the positive potential for the rest of the world. The worst and longest recession of the postwar period is over in America:

- Inflation has plunged from 12.4% in 1980 to just 3.8%;
- The prime rate is now 10.5%, about half its recent peak of 21.5%;
- The Dow-Jones Industrial Average has topped the 1200 mark for the first time in history.

America is on the move. There need be no doubt about the depth and durability of recovery.

However, it is clear that serious problems do remain at home and abroad.

- Far too many people are without jobs.
- Pressure for protectionism continues.
- Massive debt hangs, like a sword of Damocles, over many nations.
- Leaders in other countries worry about high U.S. interest rates and budget deficits that could choke off growth.

For these reasons -- the recovery underway and the work still to be done -- the President attaches special importance to the Williamsburg Economic Summit. He sees the opportunity to bring the people of the Summit nations -- and others -- new hope for individual initiative and common benefit. The Summit leaders can help provide the framework for a new era of economic opportunity through:

- Growing convergence toward conditions that will sustain non-inflationary real growth, providing new jobs and greater stability in the international monetary system;

-- Increasing cooperation in international trade and finance;

-- Expanding consensus on East-West economic relations.

In order to convey the range of the problems and possibilities before the Summit leaders, let me address, in turn, the following key questions:

First, what approach will we take to the meeting this year?

Second, what are the major issues confronting the Summit leaders?

Finally, why will the Williamsburg Summit matter for the American people and others?

APPROACH TO THE SUMMIT

The Summit of Industrialized Nations will take place in Colonial Williamsburg, Virginia, May 28-30, 1983. It is the ninth annual summit since 1975. Its main purpose is to provide international leaders the opportunity to exchange ideas on the most important economic issues we face together.

This year the U.S. assumes the responsibility as host country for the second time. We hosted the Summit in Puerto Rico in 1976.

At Williamsburg, President Reagan will chair meetings attended by his counterparts from France, the United Kingdom, Canada, the Federal Republic of Germany, Japan and Italy, as well as the President of the Commission of the European Communities. The foreign and finance ministers of each delegation will participate in some meetings with the leaders but, for over half the available time, the leaders will meet alone.

The President plans a distinctive approach for the Williamsburg Summit. Too many previous meetings have been single-issue summits, to the exclusion of the broader global agenda. Too many have presented the Summit leaders with pre-cooked communiqués.

We live in a world where national leaders are often sailors on a global sea. They must chart their difficult course, with a clear eye for broader economic currents and more distant horizons. The President will therefore seek an integrated discussion of domestic and international economic problems, looking toward consensus on a common approach on actions to take now within a longer-range policy and perspective.

As host, the President will emphasize the key inter-relationships that underlie our shared participation in the world economy.

-- The relationship between growth and an open world economy. With revived non-inflationary growth, we must reject protectionism and renew our commitment to open

- The relationship between domestic economic policies and exchange rate stability. We must strengthen the process of multilateral consultations to help understand how we can achieve greater convergence of economic conditions among the major countries. We must each emphasize low inflation and growth if we are to achieve greater stability of exchange rates.

- The relationship between greater access to markets and long-term management of international debt. We need liberalized trade, especially with developing nations, if those countries are to export enough to sustain their own growth and have the capacity to service their debts.

- The relationship between economic strength and security. The economic vitality of the Summit nations is an integral part of their security. Hence, the close link between East-West economic relationships and broader strategic interests.

To help achieve a useful discussion of these related issues, the President will set an informal tone at the Summit. Based on careful preparations by their Personal Representatives, the Summit leaders will focus on issues which reflect their own particular priorities. Their final statement will reflect what they actually say and do during their three days together.

ISSUES FOR DISCUSSION

The President's overriding objective will be to work with his fellow Summit leaders to help maintain momentum for a new era of economic opportunity. His emphasis, to that end, will be on:

- Establishing the basis for sustained non-inflationary growth to create more jobs;
- Strengthening the international trade and financial systems;

In addition, the President will work with his colleagues to build on agreements among their governments on East-West economic relations. Those relations should be consonant with our shared political and security concerns. We must all recognize that prosperity is more than material gain; it involves the defense of our shared stake in political freedom, economic opportunity and moral purpose. There are thus special requirements for our relations with the Soviet Union and the nations of Eastern Europe.

Jobs and Growth

The Summit leaders will discuss the status of economic recovery in their respective nations and prospects for the future. The President believes that there is cause for realistic optimism. The United States is well along on the road to recovery, and several

other Summit nations are on the mend. Inflation, interest rates, oil prices, and government spending are down. Productivity and investment are up.

However, the record of global recovery is still mixed. The President is most concerned about the intolerable rate of unemployment. The overall figures are staggering: 32 million people out of work in the 24 advanced nations of the OECD (Organization for Economic Cooperation and Development). For the individual and for families, lost jobs mean lost income and lost dignity. To redress this human tragedy, the President will lead the discussion at Williamsburg toward an agreed approach to:

- Reduce interest rates still further;
- Promote greater discipline over public spending; and
- Ensure greater capital investment and technological development.

Action by any one nation is not enough. Although meaningful economic reform must begin at home, cooperation in an interdependent world economy must cross borders. For this reason, the President will try to enhance the process of multilateral surveillance of domestic economic policies begun at the Versailles Summit last year.

The Summit leaders reaffirmed at Versailles the basic understanding reached at the first Economic Summit in 1975 -- specifically, that greater convergence in underlying economic performance is essential to greater exchange market stability. All Summit nations have pledged to pursue policies designed to foster sustainable, non-inflationary growth.

This process of multilateral surveillance has begun to pay off. The U.S., UK, FRG, and Japan have set the stage for sustainable, non-inflationary recovery. Others have begun to implement policies to bring conditions in their economies more in line with their partners in an effort to relieve the pressures on their payments balances and exchange rates.

More can and should be done. Convergence of economic conditions can help assure the stability in exchange markets sought by all Summit nations. It can succeed, where intervention in the exchange markets cannot. President Reagan believes that governments can achieve only small, short-lived impact through intervention. The facts buttress his belief. Steps to compensate for policy divergence cost too much and do not work over the long term.

Both in domestic economic policy and international economic cooperation, the President will counsel against the "quick fix." He will instead advocate the longer view. We must remain, steadily and courageously, on course to seize the prize of enduring prosperity.

Trade and Finance

The questions of free and fair trade, the viability of the international financial system, and management of external debt form the second group of economic issues for discussion at Williamsburg. Most fundamentally, the Summit leaders need to recognize the relationship among those matters -- and act accordingly. Our goal is to assure better management of the world economy through both improving coordination among macroeconomic, financial and trade policies and an improved working relationship among the existing international trade and monetary institutions.

Global recession, with the attendant slowdown in world trade and seven-fold increase in international debt during the last decade, has brought the general relationship between international trade and finance into the forefront. More frequent joint meetings between trade and finance officials could help assure closer cooperation and coordination. The Summit leaders may well agree to pledge support for the work begun at the GATT Ministerial of 1982, with special emphasis on the need for work on such items as high technology, services and international investment. And, they want to help ensure the viability of the international financial system through efforts to work with individual debtor countries, bolster the role of the IMF by means of quota increases, and encourage a constructive role by commercial banks in cooperation with governments.

Improved Summit-nation cooperation is particularly important if we are to address successfully the growing problems in developing countries. In the short term, less developed countries cannot import needed goods without access to adequate financing, which is tied to sound domestic adjustment. In the medium and longer term, developing nations must be able to export goods in order to generate foreign exchange, both to pay their debts and to increase the imports essential to their growth -- and to the growth in the developed nations.

The President has repeatedly stressed the importance of trade in the development process. He has been a strong and untiring advocate of development, based on economic freedom and private initiative. At the Cancun Summit, he committed himself to renewing preferential access to the U.S. market for the products of developing nations. He has espoused a special and innovative development program, known as the Caribbean Basin Initiative.

East-West Economic Relations

The President hopes, through discussions at Williamsburg, to build on the emerging consensus on East-West economic relations.

To that end, we began an important work program last December. Intensive work is now underway in various institutions:

-- In the OECD, we are negotiating new arrangements on export credits and examining the balance of advantages to the West from trade and financial relations with the East.

-- In both the OECD and the International Energy Agency, we have been studying the implications for our energy security of undue dependence on particular sources of supply. We need protection against potential disruptions that could undercut our security.

-- In NATO, we have completed a study on the security implications of East-West economic relations. We expect the NATO Ministerial in June to draw appropriate conclusions from that study.

-- In COCOM, we are working to strengthen controls over strategic goods and technology that could enhance Soviet military capability.

In each of these areas and institutions, we are making good progress. The President wants to build on this progress at the Summit.

There is a growing consensus on the overall approach that ought to guide East-West economic relations. The greater this consensus, the greater our capacity to defend our shared stake in freedom.

SIGNIFICANCE OF THE SUMMIT

The three days in Williamsburg will provide the leaders of the industrialized nations with an unusual opportunity for discussion and reflection. It will not be a forum for negotiations, an occasion for elaborate communiques, or a "dialogue of the deaf." It will be a time for frank talk among friends. <

They can help build the framework for enduring economic recovery. Their discussions can contribute to the ongoing process of consultations and cooperation.

By addressing major areas of concern, the Summit leaders can use their time in the colonial capital of the past to help shape our economic fortunes, and those of our children, for the future. It was in Williamsburg that the Virginia Declaration of Rights was signed in 1776. That Declaration -- derived from the British Magna

Carta and echoed in the French Declaration of the Rights of Man -- set forth ideals espoused by all the Summit nations today:

-- "That all power is vested in, and derived from, the people;"

-- "That government is, or ought to be, instituted for the common benefit, protection and security."

When the Summit leaders meet at Williamsburg, they will have the opportunity to give those ideals fresh reaffirmation.

The President is confident: we have the vision and we have the vitality for a new era of economic opportunity. At historic Williamsburg, the Summit leaders can reinforce our collective capacity to make the future work -- and work well -- for our people and their "common benefit, protection, and security."

(Wang #2047A)

(Revised 5/6/83 pm)