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**Collection:** Advance, Office of Presidential: Records,  
1981-1989

**SERIES:** IV: SUMMITS OF INDUSTRIALIZED NATIONS  
(G-7), 1981-1988

**Folder Title:** Trip Book: Trip of the President to  
Ireland, Normandy and the London Economic Summit  
06/01/1984-06/10/1984 (Green Binder) (2 of 4)

**Box:** OA 17071

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# WITHDRAWAL SHEET

## Ronald Reagan Library

**Collection Name** ADVANCE, OFFICE OF PRESIDENTIAL: RECORDS

**Withdrawer**

BCB 9/1/2006

**File Folder** TRIP OF PRESIDENT REAGAN TO IRELAND,  
NORMANDY AND THE LONDON ECONOMIC SUMMIT  
[2 OF 4]

**FOIA**

F01-037

**Box Number** OA17071

THOMAS HACHEY

2

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
27326	REPORT	REPORT <b>D 7/12/2006</b> <b>F01-054/1#11; R 11/6/2015</b> <b>M428 #27326</b>	1	3/19/1984	B1
27327	REPORT	REPORT <b>D 7/12/2006</b> <b>F01-054/1#12; R 11/6/2015</b> <b>M428 #27327</b>	1	5/21/1984	B1
27328	REPORT	REPORT <b>D 7/12/2006</b> <b>F01-054/1#13; R 11/6/2015</b> <b>M428 #27328</b>	1	5/21/1984	B1
27329	REPORT	REPORT <b>D 7/12/2006</b> <b>F01-054/1#14; R 11/6/2015</b> <b>M428 #27329</b>	1	1/11/1984	B1
27330	REPORT	REPORT <b>D 7/12/2006</b> <b>F01-054/1#15; R 11/6/2015</b> <b>M428 #27330</b>	1	1/11/1984	B1
27331	REPORT	REPORT <b>D 7/12/2006</b> <b>F01-054/1#16; R 11/6/2015</b> <b>M428 #27331</b>	1	3/15/1984	B1
27332	REPORT	REPORT <b>D 7/12/2006</b> <b>F01-054/1#17; R 11/6/2015</b> <b>M428 #27332</b>	1	3/16/1984	B1

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

- B-1 National security classified information [(b)(1) of the FOIA]
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ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
27333	REPORT	REPORT <b>D 7/12/2006</b> <b>F01-054/1#18; R 11/6/2015</b> <b>M428 #27333</b>	1	5/21/1984	B1
27334	REPORT	REPORT <b>D 7/12/2006</b> <b>F01-054/1#19; R 11/6/2015</b> <b>M428 #27334</b>	1	4/11/1984	B1
27335	REPORT	REPORT <b>D 7/12/2006</b> <b>F01-054/1#20; R 11/6/2015</b> <b>M428 #27335</b>	1	2/28/1984	B1
27336	REPORT	REPORT <b>D 7/12/2006</b> <b>F01-054/1#21; R 11/6/2015</b> <b>M428 #27336</b>	1	1/11/1984	B1
27337	REPORT	REPORT <b>D 7/12/2006</b> <b>F01-054/1#22; R 11/6/2015</b> <b>M428 #27337</b>	1	5/21/1984	B1
27338	REPORT	REPORT <b>D 7/12/2006</b> <b>F01-054/1#23; R 11/6/2015</b> <b>M428 #27338</b>	1	5/21/1984	B1
27339	REPORT	REPORT <b>D 7/12/2006</b> <b>F01-054/1#24; R 11/6/2015</b> <b>M428 #27339</b>	1	5/1/1984	B1

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ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
27340	REPORT	REPORT <b>D 7/12/2006</b> <b>F01-054/1#25; R 11/6/2015</b> <b>M428 #27340</b>	1	5/1/1984	B1
27341	REPORT	REPORT <b>D 7/12/2006</b> <b>F01-054/1#26; R 11/6/2015</b> <b>M428 #27341</b>	1	5/18/1984	B1
27342	REPORT	REPORT <b>D 7/12/2006</b> <b>F01-054/1#27; R 11/6/2015</b> <b>M428 #27342</b>	1	12/30/1983	B1
27343	REPORT	REPORT <b>D 7/12/2006</b> <b>F01-054/1#28; R 11/6/2015</b> <b>M428 #27343</b>	1	5/18/1984	B1
27344	REPORT	REPORT <b>D 7/12/2006</b> <b>F01-054/1#29; R 11/6/2015</b> <b>M428 #27344</b>	1	5/21/1984	B1
27345	REPORT	REPORT <b>D 7/12/2006</b> <b>F01-054/1#30; R 11/6/2015</b> <b>M428 #27345</b>	1	12/9/1983	B1
27346	REPORT	REPORT <b>D 7/12/2006</b> <b>F01-054/1#31; D 11/6/2015</b> <b>M428 #27346</b>	1	5/21/1984	B1

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F01-037

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ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
27347	REPORT	REPORT <b>D 7/12/2006</b> <b>F01-054/1#32; D 11/6/2015</b> <b>M428 #27347</b>	1	5/21/1984	B1
27348	REPORT	REPORT <b>D 7/12/2006</b> <b>F01-054/1#33; D 11/6/2015</b> <b>M428 #27348</b>	1	5/21/1984	B1

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

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# WITHDRAWAL SHEET

## Ronald Reagan Library

**Collection:** ADVANCE, OFFICE OF ~~THE~~ PRESIDENTIAL:  
 Trip Records *SERIES IV: G-7 SUMMITS*

**Archivist:** srj/srj

*9th 2/7/2006*

**OA/Box:** OA ~~14958~~ 17071

**FOIA ID:** F01-054, Hachey

**File Folder:** Trip Book: Trip of Pres. Reagan to Ireland, Normandy  
 and the London Economic Summit June 1-10, 1984 (Green Binder) (2of4)

**Date:** 8/25/2004

DOCUMENT NO. & TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. bio	1p., whole	3/19/84	B1, B3
2. bio	1p., whole	5/21/84	B1, B3
3. bio	1p., whole	5/21/84	B1, B3
4. bio	1p., whole	1/11/84	B1, B3
5. bio	1p., whole	1/11/84	B1, B3
6. bio	1p., whole	3/15/84	B1, B3
7. bio	1p., whole	3/16/84	B1, B3
8. bio	1p., whole	5/21/84	B1, B3
9. bio	1p., whole	4/11/84	B1, B3
10. bio	1p., whole	2/28/84	B1, B3
11. bio	1p., whole	1/11/84	B1, B3
12. bio	1p., whole	5/21/84	B1, B3
13. bio	1p., whole	5/21/84	B1, B3
14. bio	1p., whole	5/1/84	B1, B3
15. bio	1p., whole	5/1/84	B1, B3
15. bio	1p., whole	5/18/84	B1, B3

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- B-7a Release could reasonably be expected to interfere with enforcement proceedings [(b)(7)(A) of the FOIA].
- B-7b Release would deprive an individual of the right to a fair trial or impartial adjudication [(b)(7)(B) of the FOIA].
- B-7c Release could reasonably be expected to cause unwarranted invasion or privacy [(b)(7)(C) of the FOIA].
- B-7d Release could reasonably be expected to disclose the identity of a confidential source [(b)(7)(D) of the FOIA].
- B-7e Release would disclose techniques or procedures for law enforcement investigations or prosecutions or would disclose guidelines which could reasonably be expected to risk circumvention of the law [(b)(7)(E) of the FOIA].
- B-7f Release could reasonably be expected to endanger the life or physical safety of any individual [(b)(7)(F) of the FOIA].
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## Ronald Reagan Library

**Collection:** ADVANCE, OFFICE OF ~~THE~~ PRESIDENTIAL: Archivist: srj/srj  
 Trip Records *SERIES IV: G-7 Summits* *gh 2/2/2006*  
**OA/Box:** OA 44358 *17071* **FOIA ID:** F01-054, Hachey  
**File Folder:** Trip Book: Trip of Pres. Reagan to Ireland, Normandy **Date:** 8/25/2004  
 and the London Economic Summit June 1-10, 1984 (Green Binder) (2of4)

DOCUMENT NO. & TYPE	SUBJECT/TITLE	DATE	RESTRICTION
16. bio	1p., whole	12/30/83	B1, B3
17. bio	1p., whole	5/18/84	B1, B3
18. bio	1p., whole	5/21/84	B1, B3
19. bio	1p., whole	12/9/84	B1, B3
20. bio	1p., whole	5/12/84	B1, B3
21. bio	1p., whole	5/21/84	B1, B3
22. bio	1p., whole	5/21/84	B1, B3

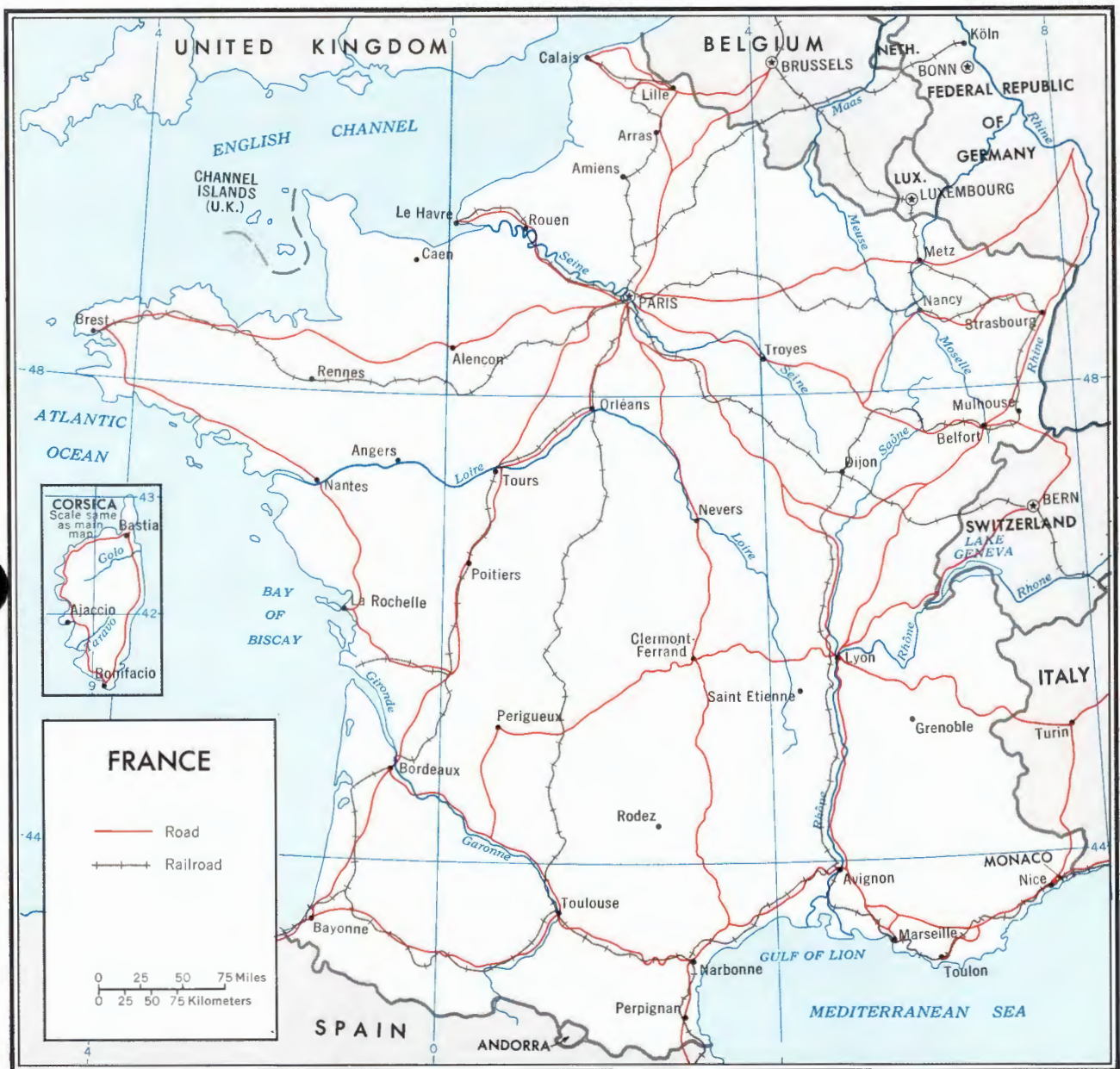
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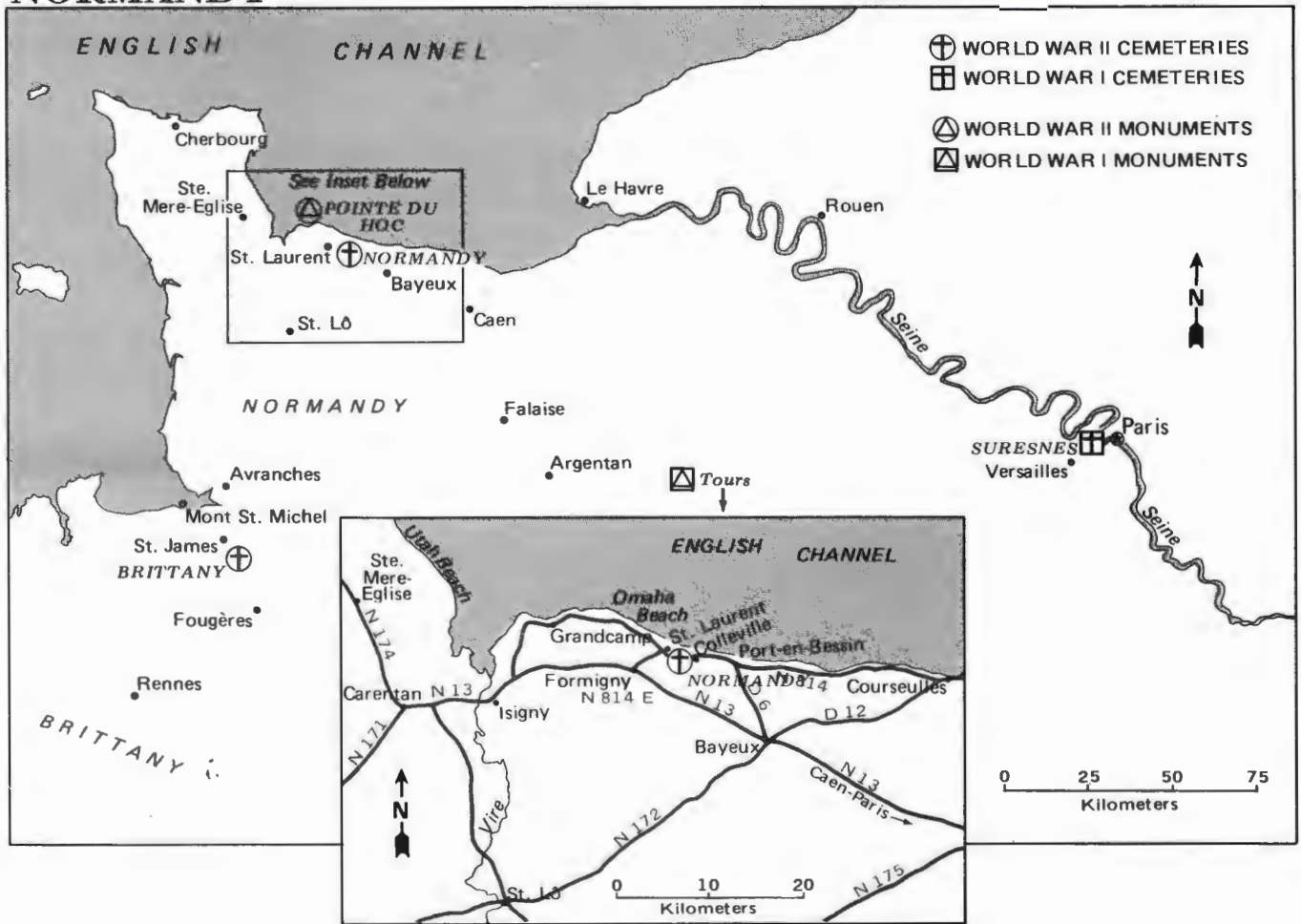






Base 57554 1-68

# NORMANDY



FRENCH FRANC CONVERSION TABLE AT F 8.49 = U.S. \$

(Franc = 100 centimes)

<u>FRANC TO U.S. DOLLARS</u>		<u>U.S. DOLLARS TO FRANC</u>	
<u>franc</u>	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>franc</u>
.25	0.03	.10	0.85
1.00	0.12	.25	2.12
2.00	.24	.50	4.25
8.49	1.00	1.00	8.49
-----			
10.00	1.18	5.00	42.45
30.00	3.53	10.00	84.90
50.00	5.89	20.00	169.80
100.00	11.78	50.00	424.50
300.00	35.34	100.00	849.00
500.00	58.89	200.00	1,698.00
1,000.00	117.79	300.00	2,547.00
2,000.00	235.57	400.00	3,396.00
5,000.00	588.93	500.00	4,245.00

NOTE: ALL U.S. DOLLAR VALUES ARE ROUNDED TO NEAREST U.S. CENT. VALUE OF FRENCH FRANC FLUCTUATES DAILY ACCORDING TO CURRENCY MARKET CONDITIONS.

## NORMANDY SITE INFORMATION

Pointe Du Hoc Ranger Monument - is located on a cliff 8 miles west of the Normandy American Cemetery overlooking Omaha Beach. It was erected by the French to honor elements of the 2nd Ranger Battalion under the command of LTC James E. Rudder which scaled the 100-foot cliff, seized the objective, and defended it successfully against determined German counterattacks at high cost. It is the only point on the beach to be left in its 1944 state (with barbed wire, block houses, and two-ton bomb craters) and is one of the most gripping reminders of the effort and sacrifice that liberation entailed.

The monument consists of a simple granite pylon atop a concrete bunker with inscriptions in French and English on tablets at its base. It was officially turned over to the American government on January 11, 1979 for care and maintenance in perpetuity. This battle-scarred area on the right flank of Omaha Beach remains much as the Rangers left it on June 8, 1944.

Normandy Cemetery - The Cemetery is situated on a cliff overlooking Omaha Beach and the English Channel, northeast of St. Laurent-sur-Mer, 10 miles northwest of Bayeux, France.

The cemetery site, at the north end of its 1/2-mile access road, covers 172 1/2 acres and contains the graves of 9,386 of our military dead, most of whom gave their lives in the landings and ensuing operations. On the walls of the semicircular garden on the east side of the memorial are inscribed the names of 1,557 of our missing who sleep in unknown graves.

The memorial consists of a semicircular colonnade with a loggia at each end containing large maps and narratives of the military operations; at the center is the bronze statue, "Spirit of American Youth." Two orientation tables, which overlook the beach, depict the landing in Normandy and the artificial harbor established here. Facing west at the memorial, one sees in the foreground the reflecting pool; beyond is the burial area with the circular chapel and, at the far end, the granite statues representing the United States and France.

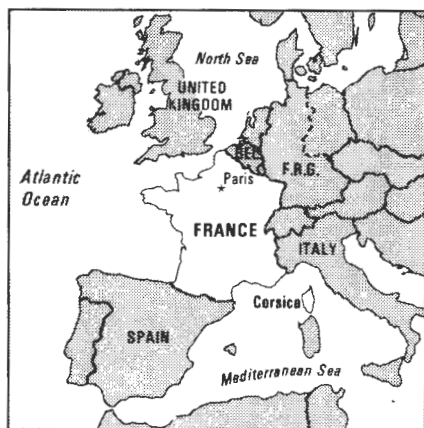
Omaha Beach - The most difficult of the 5 Normandy beachheads (Utah, Omaha, Gold, Juno and Sword), was established here at the base of towering German-controlled cliffs at 6:30 a.m. on the morning of June 6, 1944, with the landing of the first American infantry division. Of 32 landing craft, only five made the beach. Sixteen of nineteen bulldozers were knocked out by German artillery, and 2,000 were killed.

Utah Beach Monument - This monument commemorates the achievements of the American Forces of the VII Corps who fought in the liberation of the Cotentin Peninsula from 6 June to 1 July 1944. It consists of a 24 foot rose granite obelisk surrounded by a small park overlooking the historic sand dunes of Utah Beach, one of two American landing beaches during the Normandy Invasion of June 1944.



United States Department of State  
Bureau of Public Affairs

March 1984



**Official Name:**  
French Republic

## PROFILE

### People

**Population** (1983 est.): 54,748,000. **Annual growth rate** (1983 est.): 0.5%. **Ethnic groups:** Celtic and Latin with Teutonic, Slavic, North African, Indochinese, and Basque minorities. **Religion:** Roman Catholic, 90%. **Language:** French. **Education:** *Years compulsory*—10. *Literacy*—99%. **Infant mortality rate:** 9/1,000. **Work force** (24 million, 1983 est.): *Agriculture*—8.3%. *Industry and commerce*—45.2%. *Services*—46.5%. **Registered unemployment** (Dec. 31, 1983): 8.8%.

### Geography

**Area:** 551,670 sq. km. (212,668 sq. mi.); largest West European country, about four-fifths the size of Texas. **Cities:** *Capital*—Paris. *Other cities*—Marseille, Lyon, Toulouse, Strasbourg, Nice, Bordeaux. **Terrain:** Varied. **Climate:** Temperate; similar to that of eastern US.

### Government

**Type:** Republic. **Constitution:** September 28, 1958.

**Branches:** *Executive*—president (chief of state); prime minister (head of government). *Legislative*—bicameral Parliament (491-member National Assembly, 292-member Senate). *Judicial*—Court of Cassation (civil and criminal law), Council of State (administrative court), Constitutional Council (constitutional law).

**Subdivisions:** 21 administrative regions containing 95 departments (metropolitan France). Five overseas departments (Guadeloupe, Martinique, French Guiana, Reunion, and Saint-Pierre and Miquelon); five overseas territories (New Caledonia, French Polynesia, Wallis and Futuna Islands, and French Southern and Antarctic Territories); and one special-status territory (Mayotte).

**Political parties:** Socialist Party (PS), Rally for the Republic (RPR—Gaullists), Union for French Democracy (UDF—Giscardians/Centrist), Communist Party (PCF), various minor parties.

**Suffrage:** Universal over 18.

**Defense** (1984 est.): 18% of central government budget.

**Flag:** Three vertical stripes of blue, white, and red.

### Economy

**GDP** (1983): \$920 billion. **Avg. annual growth rate** (1983): 0.5%. **Per capita income** (1983): \$7,179. **Avg. inflation rate** (1983): 9.6%.

**Natural resources:** Coal, iron ore, bauxite, fish, forests.

**Agricultural products:** Beef, dairy products, cereals, sugar beets, potatoes, wine grapes.

**Industries:** Steel, machinery and equipment, textiles and clothing, chemicals, food processing, aircraft, electronics.

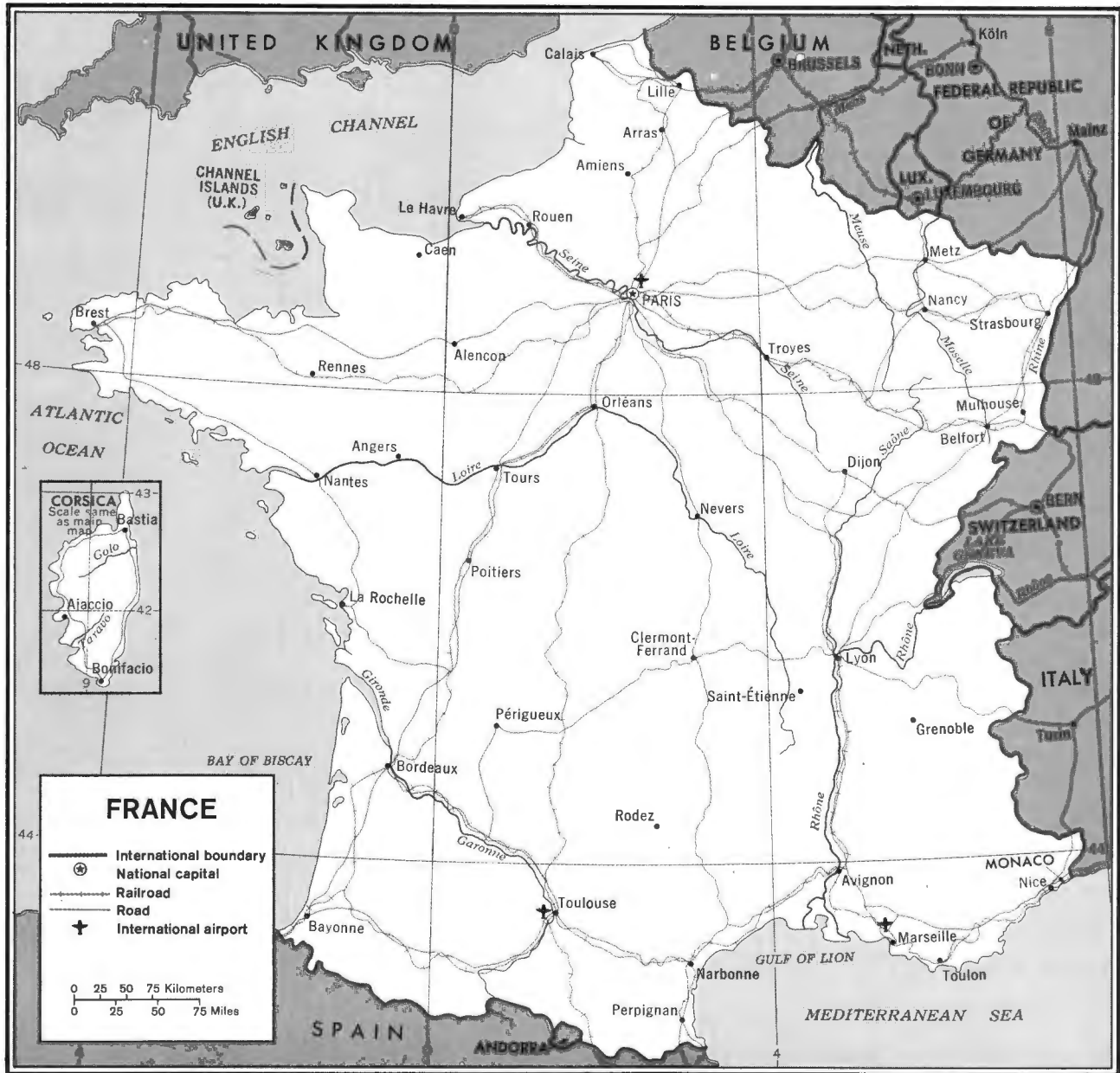
**Trade** (1983): *Exports*—\$94.9 billion: machinery, transportation equipment, foodstuffs, iron, steel, textiles, agricultural products including wine. *Imports*—\$100.6 billion: crude petroleum, machinery and equipment, chemicals, iron and steel, agricultural products, textiles. *Partners*—FRG, Belgium, Luxembourg, Italy, US, UK, Netherlands, Japan.

**Official exchange rate** (1983 avg.): 7.61 francs=US\$1; Jan.-June 1983 avg., 7.17 francs=US\$1; July-Dec. 1983 avg., 8.05 francs=US\$1.

### Membership in International Organizations

UN and most of its specialized agencies, NATO, Organization for Economic Cooperation and Development (OECD), Western European Union, European Communities (EC), INTELSAT.





## GEOGRAPHY

France, the largest West European nation, is two-thirds flat plains or gently rolling hills; the rest is mountainous. A broad plain covers most of northern and western France from the Belgian border in the northeast to Bayonne in the southwest and rises to uplands in Normandy, Brittany, and the east. This large plain is bounded on the south by the steeply rising ridges of the Pyrenees, on the southeast by the mountainous plateau of the Massif Central, and on the east by the rugged Alps, the low ridges of the Jura, and the rounded summits of the densely forested Vosges. The principal

rivers are the Rhone in the south, the Loire and the Garonne in the west, and the Seine in the north. The Rhine River forms part of France's eastern border with the Federal Republic of Germany.

France generally has cool winters and mild summers in the west and the north. Southern France has a Mediterranean climate, with hot summers and mild winters.

## PEOPLE

Since prehistoric times, France has been a crossroads of trade, travel, and invasion. The French people are made up of elements of three basic European stocks—Celtic, Latin, and Teutonic. Over the centuries, however, these groups

have blended so that today they may be referred to only in the broadest sense.

France's birth rate was among the highest in Europe from 1945 until the late 1960s, when it began to decline. The annual net increase of births over deaths stood at 250,000–350,000 until 1974. Because of this growth and immigration, the population increased from 41 million in 1946 to 53 million in 1977. In the past few years, the level of births has continued to fall. Yet France's birth rate is still higher than that of nearly all other West European countries, except Italy. In 1983, the rate was 13.7 births per 1,000.

Traditionally, France has had a high level of immigration, and about 3 million people entered the country between the

two World Wars. After the establishment of an independent Algerian state in 1962, about 1 million French citizens returned to France. As of December 31, 1982, France's population of immigrant workers and their families was officially estimated at 4,459,068, including some 120,000 whose status was legalized in 1982. Resident aliens fall into two main groups: South Europeans (52% of total) and North Africans (26% of total), the two principal nationalities being Portuguese and Algerian.

About 90% of the people are baptized Roman Catholic, fewer than 2% are Protestant, and about 1% are Jewish. Immigration in the 1960s and early 1970s from North Africa, especially Algeria, accounts for the more than 1 million Muslims in France.

French education is free and mandatory between ages 6 and 16. The public education system is highly centralized and has a budget amounting to about 4.4% of the gross domestic product (GDP). In 1983, an estimated 17.7% of the national budget was allocated to education. Private education is primarily Roman Catholic. Higher education in France, which began with the founding of the University of Paris in 1150, enrolls about 1 million students in 69 universities in continental France and an additional 60,000 in special schools such as the *Grandes Ecoles* and technical colleges.

The French language is descended from the vernacular Latin spoken by the Romans in Gaul. Although French includes many Celtic and Germanic words, its structure and most of its words derive from Latin. Since the early Middle Ages, French has been an international language. Spoken around the world today, French is a common second language and, like English, is an official language at the United Nations. In Africa, Asia, the Pacific, and the West Indies, the French language has been a unifying factor, particularly in those countries where it serves as the only common language among a variety of indigenous languages and dialects.

Since the time of the Roman Empire, France's achievements in literature, the arts, and science have influenced Western culture. In architecture, the Romanesque basilicas, the soaring Gothic cathedrals, the formal gardens of Versailles, the imperial design of Parisian boulevards and squares, and the modern designs of masters like Le Corbusier attest to France's influence.

French painting has spanned the centuries in greatness. Some famous names include Watteau (1684-1721), who de-

scribed the polished, elegant society of his time; David (1748-1825), the neoclassical artist of the Revolution and Empire; Delacroix (1798-1863) the romantic; the naturalists and realists Corot (1796-1875), Millet (1814-75), and Courbet (1819-77), who painted realistic landscapes and scenes from rural life; and the impressionists, including Monet (1840-1926) and Renoir (1841-1919), who explored light on canvas, and Cezanne (1839-1906), whose ideas about the treatment of space and dimension are at the base of 20th century modern art. Other famous artists, such as Van Gogh and Picasso, were drawn to France from other countries.

In music, Berlioz (1803-69) in the romantic period was followed by Debussy (1862-1918) and Faure (1845-1924), who were inspired by the impressionist movement in painting. In the 19th century, Bizet (1838-75) wrote the opera *Carmen* and Gounod (1818-93) wrote *Faust* and *Romeo and Juliette*. Chopin (1810-49), though born in Poland, spent his adult life in Paris.

France has played a leading role in scientific advances. Descartes (1596-1650) contributed to mathematics and to the modern scientific method; Lavoisier (1743-94) laid the fundamentals of modern chemistry and physics; Becquerel (1854-1912) and the Curies jointly discovered radium and the principle of radioactivity; and Pasteur (1822-95) developed theories of germs and vaccinations. Several important French inventors were Daguerre (1789-1851), a theatrical scenery painter who invented the daguerrotype, an early photograph; Braille (1809-52), a blind teacher of the blind, after whom is named the system of raised lettering enabling the blind to read; and Bertillon (1853-1914), an anthropologist and criminologist who organized the fingerprint system of identification. In the 20th century, French scientists have won a number of Nobel Prizes.

French literature is renowned from the medieval romances of Marie de France and Chretien de Troyes and the poetry in Old French of Francois Villon to the 20th century novelists Colette, Proust, Sartre, and Camus. Over the intervening centuries were the Renaissance writers Rabelais (fiction), Ronsard (poetry), and Montaigne (essays); the 17th century classical dramatists Corneille, Racine, and Moliere; the 18th century rationalist philosophers Montesquieu, Voltaire, and Jean-Jacques Rousseau; the romantics Germain de Stael, Victor Hugo, Alexandre Dumas (father and son), and Alphonse de Lamartine; 19th century novelists Stendhal, George Sand, and

Balzac; realist Flaubert; naturalists Zola and Baudelaire; and 19th century poets Verlaine, Rimbaud, and Valery.

French filmmakers from Jean Renoir to Francois Truffaut have won acclaim over the past decades.

## HISTORY

France was one of the earliest countries to progress from feudalism into the era of the nation-state. Its monarchs surrounded themselves with capable ministers, and French armies were among the most disciplined and professional of their day. During the reign of Louis XIV (1643-1715), France was the preeminent power in Europe. But Louis' and his successors' overly ambitious projects and military campaigns led to chronic financial problems for the government in the 18th century. Deteriorating economic conditions and popular resentment against the complicated system of privileges granted the nobility and other favored groups were the principal causes of the French Revolution (1789-94).

Although the Revolution established republican and egalitarian principles of government, France reverted to forms of absolute rule or constitutional monarchy four times—the Empire of Napoleon, the Restoration of Louis XVIII, the reign of Louis-Philippe, and the Second Empire of Napoleon III. After the Franco-Prussian War (1870), the Third Republic was established and lasted until the military defeat of 1940.

World War I brought great losses of troops and materiel. In the 1920s, France began to rebuild its army (then the largest in Europe) and to establish an elaborate system of border defenses (the Maginot Line) and alliances to offset resurgent German strength. France was defeated, however, and occupied in 1940. Following 4 years of occupation and strife, Allied Forces liberated France in 1944. The nation emerged exhausted from World War II and faced a series of new problems.

After a short period of provisional government, initially led by General Charles de Gaulle, the Fourth Republic was established under a new constitution with a parliamentary form of government controlled by a series of coalitions. The heterogeneous nature of the coalitions and the lack of agreement on measures for dealing with Indochina and Algeria caused successive cabinet crises and changes of government. The government structure finally collapsed over the Algerian question on May 13, 1958. A threatened coup led Parliament to call on



Gen. de Gaulle to head the government and prevent civil war. He became prime minister in June (at the beginning of the Fifth Republic) and was elected president in December.

On December 5, 1965, for the first time in this century, the French people went to the polls to elect a president by direct ballot. Gen. de Gaulle defeated Francois Mitterrand with 55% of the vote.

Student dissatisfaction and unrest triggered major disturbances and nationwide strikes in May 1968. Students took over university buildings and battled police in Paris and other large cities, and workers occupied factories throughout the country. The economy was grinding to a halt, and France seemed on the brink of chaos. President de Gaulle dissolved the National Assembly, called for national elections, and announced his intention to pursue a policy of sweeping reform, based on the principle of "participation." The voters, fearing disorder and a possible Communist takeover, voted an overwhelming Gaullist majority into the National Assembly.

In April 1969, President de Gaulle's government conducted a national referendum on the creation of 21 regions with limited political powers. On April 27, the government's proposals were defeated (48% in favor, 52% opposed), and President de Gaulle resigned.

In 1969, a number of candidates presented themselves in the election for a new president. Georges Pompidou, a prime minister under de Gaulle, was supported not only by the Gaullists but also by their Independent Republic allies and some Centrists and was elected with a 58% majority of the votes.

In 1971, Francois Mitterrand assembled various Socialist groups into a new unified Socialist Party. The Socialists, led by Mitterrand, the Communist Party (PCF), headed by Georges Marchais, and a faction of the Radical Party reached agreement on a joint program on which to base their campaign for the March 1973 legislative elections. The union of the left more than doubled its assembly representation, and Mitterrand emerged from the campaign as the left's chief spokesman.

President Pompidou died in office on April 2, 1974, and the race to succeed him split the ruling Gaullist coalition. The UDR (Gaullist) Party selected former Prime Minister Chaban-Delmas as its candidate, but he was eliminated in the first round of voting. Valery Giscard d'Estaing, finance minister in the Pompidou government and head of the Gaullist-aligned Independent

Republicans, narrowly defeated Francois Mitterrand, who ran as the only candidate of the left. On assuming office, Giscard d'Estaing became the first non-Gaullist president of the Fifth Republic. He appointed Gaullist Jacques Chirac as prime minister to head a government of Gaullists, Independent Republicans, Centrists, and nonparty technicians.

Policy differences between President Giscard d'Estaing and Chirac led to the latter's resignation in August 1976, although the Gaullist Party continued to support Chirac's successor, prominent international economist Raymond Barre. Barre's appointment marked the first time under the Fifth Republic that neither the chief of state nor the head of government was a member of the Gaullist Party.

A Communist-Socialist coalition intended to confront the parties of the governing majority in the legislative elections of March 1978. The Communists, a minority within this union of the left, broke with the Socialists by demanding the right to receive key ministries should the left win and by calling for extensive nationalization of industries. The breakup of the common front contributed to the left's defeat in the March 1978 elections, with the coalition of the Giscard d'Estaing party group winning 50.49% of the popular vote and electing 291 deputies to the National Assembly compared to the left's 200.

In November 1980, Francois Mitterrand, after fending off a challenge to his leadership, captured the nomination as the Socialist Party's presidential candidate. A bruising campaign, focusing on the theme of rising unemployment, pitted four principal candidates against each other: Giscard d'Estaing, Jacques Chirac, Francois Mitterrand, and Communist Party chief Georges Marchais. Giscard and Mitterrand emerged as the finalists after a primary round on April 26, 1981, which also saw the Communist Party's electoral strength reduced to 15% from the PCF's traditional 20% of the vote. On May 18, 1981, Francois Mitterrand defeated Giscard d'Estaing and was elected president with 51.75% of the vote.

On assuming office on May 21, 1981, President Mitterrand named long-time Socialist Party leader Pierre Mauroy as his prime minister and immediately dissolved the National Assembly. New legislative elections were held in June 1981, and Socialist Party candidates and their allies captured 285 of the 491 parliamentary seats, giving them absolute majority control of the National Assembly. Communists kept only 44 of the 86 seats they had held before the June elections. Four Communist

ministers were appointed to the government.

During the first year of his presidency, Mitterrand enjoyed high public opinion ratings. As economic difficulties mounted, however, Mitterrand's popularity, along with that of the left in general, declined. Most local elections since 1981 have shown a shift in voter preferences away from the left, to the benefit of Centrist and right-wing candidates.

Legislative elections are scheduled for the spring of 1986, and the next presidential election will be in 1988.

## GOVERNMENT

The constitution of the Fifth Republic was approved by public referendum on September 28, 1958. It greatly strengthened the authority of the executive in relation to Parliament. Under the constitution, the president is elected directly for a 7-year term. Presidential arbitration assures the regular functioning of the public powers and the continuity of the state. The president names the prime minister, presides over the cabinet, commands the armed forces, and concludes treaties. The president may submit questions to a national referendum and can dissolve the National Assembly. In certain emergency situations, the president may assume full powers. The president is thus the dominant element in the constitutional system.

Parliament meets in regular session twice annually for a maximum of 3 months on each occasion. Special sessions are common. Although parliamentary powers are diminished from those existing under the Fourth Republic, the National Assembly can still force the dissolution of the government or call new elections if an absolute majority of the total assembly membership votes a censure motion.

The National Assembly is the principal legislative body. Its deputies are directly elected to 5-year terms, and all seats are voted on in each election. Senators are chosen by an electoral college for 9-year terms, and one-third of the Senate is renewed every 3 years. The Senate's legislative powers are limited, as the National Assembly has the last word in the event of a disagreement between the two houses. The government has a strong influence in shaping the agenda of Parliament. The government can also link its life to any legislative text, and unless a motion of censure is introduced and voted, the text is considered adopted without a vote.

The most distinctive feature of the French judicial system is that it is divided into two categories: a regular court system and a court system that deals specifically with legal problems of the French administration and its relation to the French citizen. The Court of Cassation is the supreme court of appeals in the regular court system; at the top of the administrative courts is the powerful Council of State.

Traditionally, decisionmaking in France has been highly centralized, with each of France's departments headed by a prefect appointed by the central government. In 1982, the national government passed legislation to decentralize authority by giving a wide range of administrative and fiscal powers to local elected officials. However, 2 years later, these laws were still in the process of being implemented.

### Principal Government Officials

President—Francois Mitterrand  
 Prime Minister—Pierre Mauroy  
 President of the National Assembly—  
 Louis Mermaz  
 President of the Senate—Alain Poher

### Ministers

Economy and Finance—Jacques Delors  
 Budget—Henri Emmanuelli (State Secretary)  
 Consumer Affairs—Catherine Lalumiere (State Secretary)  
 Social Affairs—Pierre Berégovoy  
 Employment—Jack Ralite (Junior Minister)  
 Health—Edmond Herve (State Secretary)  
 Family Affairs, Immigrants—  
 Georgina Dufoix (State Secretary)  
 Senior Citizens—Daniel Benoist (State Secretary)  
 Repatriated Citizens—Raymond Courriere (State Secretary)  
 Interior and Decentralization—Gaston Defferre  
 Public Security—Joseph Franceschi (State Secretary)  
 Overseas Departments and Territories—George Lemoine (State Secretary)  
 Transportation—Charles Fiterman  
 Maritime Affairs—Guy Lengagne (State Secretary)  
 Justice—Robert Badinter  
 External Affairs—Claude Cheysson  
 Development and Cooperation—  
 Christian Nucci (Junior Minister)  
 Defense—Charles Hernu  
 Defense—Jean Gatel (State Secretary)  
 Veterans' Affairs—Jean Laurain (State Secretary)



Alexandre Gustave Eiffel designed the 295-meter-high iron tower for the Paris exposition of 1889.

Agriculture—Michel Rocard  
 Forestry—Rene Suchon (State Secretary)  
 Industry and Research—Laurent Fabius  
 Post and Telecommunications—Louis Mexandeau (Junior Minister)  
 Energy—Jean Auroux (State Secretary)  
 Education—Alain Savary  
 Education—Roger Gerard Schwartzberg (State Secretary)  
 Commerce and Tourism—Edith Cresson  
 Tourism—Roland Carraz (State Secretary)  
 Housing and Urban Development—  
 Paul Quiles  
 Commerce and Crafts—Michel Crepeau  
 Vocational Training—Marcel Rigout  
 European Affairs—Roland Dumas

Government Spokesman—Max Gallo (State Secretary)  
 Culture—Jack Lang (Junior Minister)  
 Youth and Sports—Edwige Avice (Junior Minister)  
 Women's Rights—Yvette Roudy (Junior Minister)  
 Civil Service—Anicet Le Pors (State Secretary)  
 Environmental Affairs—Huguette Bouchardeau (State Secretary)  
 Communications—Georges Fillioud (State Secretary)  
 Planning—Jean Le Garrec (State Secretary)  
 Ambassador to the United States and OAS—Bernard Vernier-Palliez  
 Ambassador to the United Nations—Luc de la Barre de Nanteuil

France maintains an embassy in the United States at 2535 Belmont Road NW., Washington, D.C. 20008 (tel. 202-328-2600). Consulates general are located at Boston, Chicago, Detroit, Houston, Los Angeles, New Orleans, New York, San Francisco, and Miramar, Puerto Rico.

## POLITICAL CONDITIONS

Four political groups dominate the political scene. In the National Assembly the Socialist Party, led by Lionel Jospin who succeeded Mitterrand as first secretary, holds 267 seats. Nineteen center-left deputies are also affiliated with the Socialists. The Chirac-led Gaullists, also known as the Rally for the Republic (RPR) and their allies have 90 assembly seats; the UDF federation of parties that supported President Giscard has 63 seats; and the Communist Party holds 44. The remaining 9 seats are held by independents or unaffiliated deputies. The cabinet, headed by Prime Minister Mauroy, is composed of 43 ministers, junior ministers, and state secretaries, of whom 36 are Socialists, 4 (transportation, employment, vocational training, and civil service) are Communists, 2 (education and commerce-crafts) are left radicals, and 1 (environment) is independent left.

## ECONOMY

France is one of the world's foremost industrial and agricultural countries. It has substantial agricultural resources, a diversified modern industrial system, and a highly skilled labor force.

Between 1959 and 1973, the French economy grew in real terms at an average annual rate of 5.5%. In late 1974, following the energy crisis, the economy experienced a steep downturn accompanied by accelerated inflation, rising unemployment, and large balance-of-payments deficits. Real growth since 1973 has averaged 2.4%. In 1981, the election of a Socialist President and the ensuing parliamentary elections that returned a Socialist majority led to changes in economic orientation. A number of large manufacturing firms were nationalized, along with most of the commercial banking sector. The initial Socialist policies were stimulative, relying partly on income redistribution and partly on increased government spending with a view to increasing growth and holding down unemployment. These policies were out of phase with those of

France's trading partners, and the resulting increase in import demand was not offset by an increase in demand for French exports. By early 1983, the growing trade deficit and relatively high inflation rate put severe pressure on the currency. This pressure culminated in a devaluation in March 1983, which was backed up by a classical economic stabilization plan of reductions in the budget deficit, spending cuts, increased taxes, and tighter monetary and credit policies.

The short-term goals of these policies were to bring the trade and current account deficits back into balance over a 2-year period and to bring price inflation down into line with France's trading partners. The restrictive policies began to bear fruit quickly on the trade front as the deficit narrowed substantially in the fall of 1983. By the year's end, the government's goal of cutting in half the 1982 trade deficit of 92 billion francs had been marginally exceeded. The French economy, however, remains vulnerable to inflation. Although there was indication of some slowing of price rises during the second half of 1983, the government was unable to meet its inflationary targets.

Progress on inflation will depend in large part on the development of personal incomes during 1984. The progress of wage negotiations is crucial in this respect and is also of primary importance to the government's medium-term goal of improving French industrial competitiveness. The manufacturing sector is handicapped by high labor costs and overstaffing, which is particularly severe in the steel, coal, shipbuilding, and automobile sectors. The government is devoting substantial efforts to try to cushion the social impact of unemployment, while at the same time attempting to assist the streamlining and modernization of the sectors concerned.

## Industry

France's highly developed and diversified industrial enterprises generate about one-third of the GDP and employ about one-third of the work force. This distribution is similar to that of other highly industrialized nations. The government is a significant factor in the industrial sector, both in its planning and regulatory activities and in its ownership and operation of important industrial facilities. Government involvement in industry has traditionally been strong in France and was increased by the 1981 nationalizations. Government-owned or majority-owned enterprises account for 21% of industrial sales, 23% of the industrial work force, 30% of industrial exports, and 53% of industrial fixed investment. The different percentages reflect

the fact that the government-owned part of industry is concentrated in the large, capital-intensive industries. These companies are under the general supervision of the government, their majority shareholder, but function independently in terms of ongoing operations.

The most important areas of industrial production include steel and related products, aluminum, chemicals, and mechanical and electrical goods. France has been notably successful in developing dynamic telecommunications, aerospace, and weapons sectors. With virtually no domestic oil production, France has banked heavily on development of nuclear power, which now produces about 40% of the country's electrical energy.

Compared to an EC average of 43%, only 20% of the French work force is unionized. There are several competing union confederations. The largest, oldest, and most powerful union is the Communist-dominated General Labor Confederation (CGT), followed by the Workers' Force (FO) and the French Democratic Confederation of Labor (CFDT).

## Trade

France is the second largest trading nation in Western Europe (after the Federal Republic of Germany). Trade with the enlarged EC accounts for over one-half of the total. In recent years, France has sought, with some success, to expand trade with the Middle East, Eastern Europe, and the Soviet Union. It also has active economic relations with the nations of francophone Africa and North Africa.

U.S. sales to France have risen substantially in recent years, principally in machinery and electrical equipment, soybeans, chemicals, aircraft, and aerospace components. Principal French exports to the United States are iron and steel, machinery and electrical equipment, beverages, and chemicals. Cumulative U.S. direct investment in France was \$9.1 billion at the end of 1981.

## Agriculture

A favorable climate, large tracts of fertile land, and the application of modern technology have combined to make France the leading agricultural producer in Western Europe. The European Community's (EC) common agricultural policy also has created a large, easily accessible market for French products. France is one of the world's leading producers of dairy products and wheat and is basically

self-sufficient in agricultural products, except for feed compounds and tropical produce. Although more land is devoted to pasture and grain, much of France's best land is planted in wine grapes in strictly controlled, small regions.

### Balance of Payments

After recording a current account surplus in 1978 and 1979, France's external account moved into a \$4.2 billion deficit in 1980, generally due to the impact of increased energy costs prices. This deficit widened rapidly to \$4.7 billion in 1981, and to \$12 billion in 1982 under the impact of stimulative domestic economic policies and depressed foreign demand for French exports. The devaluation and economic stabilization program introduced in mid-1983 arrested the growth of the deficit, which narrowed in the second half of the year, so that the total was less than half the size of the previous year. The string of current-account deficits, however, had to be financed by capital inflows, so that by 1984, France's gross foreign debt was estimated at about \$53 billion. Interest payments on this debt will continue to add to current account outflows, implying that France will have to follow policies that ensure a trade surplus for several years.

### FOREIGN RELATIONS

A charter member of the United Nations, France holds one of the permanent seats in the Security Council and is a member of most of its specialized agencies, including the UN Educational, Scientific, and Cultural Organization (UNESCO), the International Labour Organization (ILO), and the World Health Organization (WHO).

### Europe

France is a leader in Western Europe because of its size, location, strong economy, membership in European organizations, and energetic diplomacy. Progress toward European political union has a high priority. France has made several proposals to strengthen the institutions of the EC but does not envision any significant transfers of its sovereignty to the Community in the near future. France also attaches great importance to Franco-German cooperation as the foundation of efforts to enhance European union. Both President Mitterrand and External Relations Minister Cheysson (a former EC commissioner) strongly support the Community.

### Middle East

France supports the Israeli-Egyptian peace treaty and Israel's right to exist within secure boundaries. President Mitterrand made an official visit to Israel in 1982. France also believes in the necessity for a comprehensive Middle Eastern peace settlement that would include Israel's withdrawal from all occupied territories and the establishment of a Palestinian homeland. France continues its active role in efforts to bring stability to the Middle East, including a major contribution to the UN peacekeeping force in Lebanon and participation in the Sinai Multinational Force and observers. In the summer of 1982, France cooperated with the United States, the United Kingdom, and Italy in putting a multinational force into Beirut following the Israeli invasion. French policy in the Middle East takes account of the republic's interest in ensuring supplies of Arab oil and access to markets.

### Africa

France plays a significant role in Africa, especially in its former colonies, through extensive aid programs, commercial activities, military agreements, and cultural leadership. Key advisory positions are staffed by French nationals in many African countries. In those former colonies where French presence remains important, France contributes to political, military, and social stability. France and the United States cooperated in assisting the Government of Chad in halting an invasion by Libyan-Chadian opposition forces in 1983. France sent a large military force to Chad in August 1983.

### Asia

France has extensive commercial relations with Asian countries including Japan, Korea, Indonesia, and China. Japanese competition in automobiles, electronics, and machine tools is a major economic problem. France is making a large contribution to resettling Indochinese refugees and is seeking to broaden its influence with Vietnam and Laos.

### Latin America

Since the left came to power in 1981, France has taken a greater interest in Latin American affairs, particularly Central America. Although France and the United States agree on the need for strengthening democratic institutions in the region, there have been important differences on specific issues. There are

large Latin American exile communities in France, notably from Argentina and Chile. French economic interests in the region are growing but remain only a small portion of France's worldwide economic activities.

### DEFENSE

France is a charter signatory to the North Atlantic Treaty and a member of the North Atlantic Council. Since 1966, it has been outside the NATO integrated military structures, although it remains a member of some Alliance military or quasi-military bodies. In addition, France maintains liaison missions with the major NATO commands and is represented in NATO political groups such as the North Atlantic Council and its subordinate bodies.

French military doctrine is based on the concept of national independence. Its armed forces are subject to national command, and any decision to cooperate with France's allies is subject to the sovereign decision of the French president. The French Army maintains one of its corps in the Federal Republic of Germany, in addition to two corps stationed in France near its eastern and northern borders.

France is linked to its European

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### Travel Notes

**Customs:** US citizens visiting for less than 3 months need only present a valid passport. No visa or vaccination is required. Travelers must declare goods carried in hand or in baggage and pass through customs inspection.

**Clothing:** Clothing needs are similar to those in Washington, DC.

**Health:** No special precautions are needed. Standards of medical care are usually acceptable. The American Hospital of Paris is located at 63 Boulevard Victor-Hugo, 9200 Neuilly sur Seine (tel. 747-5300).

**Telecommunications:** Domestic and international telephone, telegraph, and cable communications are good. Paris is six time zones ahead of the eastern US.

**Transportation:** Streetcars and buses offer good transportation in all large French cities. Paris has an excellent subway system and local rail services. Taxis are available at moderate rates in all cities. Good air and railway service is available to all parts of France and other European capitals.

**Holidays and closing hours:** July 14, Bastille Day, is the national holiday. Shops and other businesses close from 1:00 to 3:00 pm daily. Many establishments in Paris and other cities are closed during August.

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neighbors through the 1948 Treaty of Brussels and the 1954 Paris Accords. It is a member of the Western European Union and has a close bilateral security relationship with the Federal Republic of Germany based on the 1963 Elysee Treaty.

The French maintain a strategic nuclear triad of manned bombers, land-based IRBMs and SSBNs. It is modernizing its nuclear forces, and a sixth SSBN will be launched in 1985.

France is also reorganizing its army. When this reform is completed in 1985, the army will regroup five divisions into a rapid action force designed to be able to intervene rapidly in a European conflict or overseas if necessary. Its navy of 210 oceangoing ships with 200 combat aircraft is the largest in Western Europe. The French Air Force has about 972 aircraft in operational units.

France participates in the Committee on Disarmament in Geneva and in the Conference on Disarmament in Europe. France is not a signatory to the Limited Test Ban Treaty and conducts nuclear testing underground at its South Pacific test site. France has not adhered to the Nuclear Non-Proliferation Treaty but conducts itself in accordance with the terms of the treaty. The French Government endorsed the SALT II Treaty. The French strongly support the process of U.S.-Soviet nuclear arms control, but they object to inclusion of any French forces in these negotiations.

## U.S.-FRENCH RELATIONS

Relations between the United States and France are active and cordial. Since Francois Mitterrand's presidential victory, he has met with President Reagan on numerous occasions, including a 7-day state visit to the United States in March 1984. Bilateral contact at the vice presidential and cabinet level is frequent.

France and the United States are allies who share common values and have parallel policies on many political, economic, and security issues. Differences are discussed frankly when they develop and have not been allowed to impair the pattern of close cooperation that characterizes relations between the two countries.

### Principal U.S. Officials

Ambassador—Evan G. Galbraith  
Deputy Chief of Mission—John J. Maresca

Minister-Counselor for Economic Affairs—Michael E. Ely (Gerald Rosen, due to arrive in September 1984)

Counselor for Political Affairs—Adrian A. Basora

## Further Information

These titles are provided as a general indication of material published on this country. The Department of State does not endorse unofficial publications.

Major English-language newspaper:  
*International Herald Tribune*, published in Paris.

### General Reading

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Consul General—John W. DeWitt  
(Robert E. Ezelle, September 1984)  
Counselor for Public Affairs—Terrence F. Catherman  
Counselor for Commercial Affairs—E. William Tatge  
Counselor for Administrative Affairs—Charles E. Emmons  
Defense and Army Attache—Brig. Gen. Donald C. Hilbert

### Consular Posts

Consul General, Marseille—Edward M. Sachet (Edmund Van Gilder, August 1984)  
Consul General, Bordeaux—William A. Shepard  
Consul General, Lyon—Peter R. Chaveas  
Consul General, Strasbourg—Robert O. Homme

Consul General, Nice—William V. Newlin  
Consul General, Martinique—Timothy C. Brown

The U.S. Embassy in France is located at 2 Avenue Gabriel, Paris 8 (tel. 296-1202). The United States is also represented in Paris by its missions to the OECD and UNESCO. ■

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**EVAN G. GALBRAITH  
AMBASSADOR TO FRANCE**

Evan G. Galbraith was appointed Ambassador to France in 1981. Ambassador Galbraith has served as an attorney (1956–60); assistant vice president for international finance (1961–63), administrator-director (Paris—1963–68), and vice president (1968–69) of an international trust company; independent financial consultant (1969); manager-director-chairman of an international trust company (London—1969–75); and chairman of an overseas corporation (1975–80). Ambassador Galbraith's previous government experience was as Special Assistant to the Secretary of Commerce (1960–61).

Ambassador Galbraith was born in Ohio in 1928. He received a BA in 1950 from Yale University and a JD in 1953 from the Harvard School of Law. He served in the U.S. Navy from 1953 to 1956.

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# U.S. ARMY NEWS RELEASE

US Army Public Affairs

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FOR IMMEDIATE RELEASE

D-DAY PLUS 40 YEARS -- LANDPOWER, KEY TO VICTORY

People of Western Europe: A landing was made this morning on the coast of France by troops of the Allied Expeditionary Force. This landing is part of the concerted United Nations plan for the liberation of Europe. . . .I call upon all who love freedom to stand with us now. Together we shall achieve victory. -- Gen. Dwight D. Eisenhower

This now famous broadcast ended months of silence and preparation for the greatest amphibious assault in history, Operation Overlord. Under Eisenhower's command, millions of men, thousands of ships and tens of thousands of tanks and vehicles were formed into what Eisenhower called "a great human spring, coiled for the moment when its energy should be released and it would vault the English channel."

The site planned for the invasion was one of the most closely guarded secrets of World War II. Hitler believed the Allies would invade France at Calais, a location closer to England and more convenient in many ways. Eisenhower, on the other hand, chose the beaches at Normandy for the invasion.



## LANDPOWER, KEY TO PEACE

Weather became the critical factor when selecting the date of the invasion. The seas had to be calm enough for the large transport ships, the tides high enough for the landing craft, and the moon bright enough for the paratroopers who were to be dropped behind enemy lines. Few days in June 1944 afforded those ideal conditions, and when foul weather precluded the 5th, Eisenhower selected the sixth, a day now known to millions as "the longest day."

The invasion force was composed of soldiers from the United States, Canada, France, Poland and Great Britain. The landing area on the French coast was divided into five zones named Omaha, Utah, Gold, Juno and Sword. While the Allies landed in the latter three zones, the First U.S. Army under Gen. Omar Bradley landed on Omaha and Utah.

As the landing craft began approaching the beaches, Allied air forces created a massive air umbrella formed by thousands of fighters and medium range bombers. Battleships and cruisers kept up a steady bombardment as frogmen swam through the surf to blow up obstacles and clear a path for the assault boats.

## LANDPOWER, KEY TO VICTORY

Now, as one historian has put it, "it was up to the foot soldier with the hand gun who can neither sail away nor fly away." Those soldiers hitting the beach were met by withering fire from the crack German 352d Infantry Division. The first assault wave was pinned down and successive waves of soldiers were being bunched up with nowhere to go. Offshore, Gen. Bradley listened gravely to the reports from the Army's First Infantry Division and contemplated withdrawing the attack.

At that point, however, the American fighting man again proved himself up to the task. One by one, enemy positions were knocked out until Bradley received the words he had been hoping to hear: "Troops formerly pinned down on beaches Easy Red, Easy Green, Red Fox advancing up heights behind beaches." The soldiers had gained the beachhead; the liberation of Europe had begun.

When Gen. Eisenhower met the day before D-Day with the soldiers being sent into battle, he told them, "I have full confidence in your courage, devotion to duty and skill in battle." Today's soldier is still recognized for those same qualities of courage, devotion to duty and skill in battle. As on the beaches of Normandy, it is the foot soldier, with the help of support troops of the Total Army, who is the key to victory. As with the soldiers of 40 years ago whose memory we honor this year, today's soldier remains strong in battle, compassionate in victory and vigilant in peace.

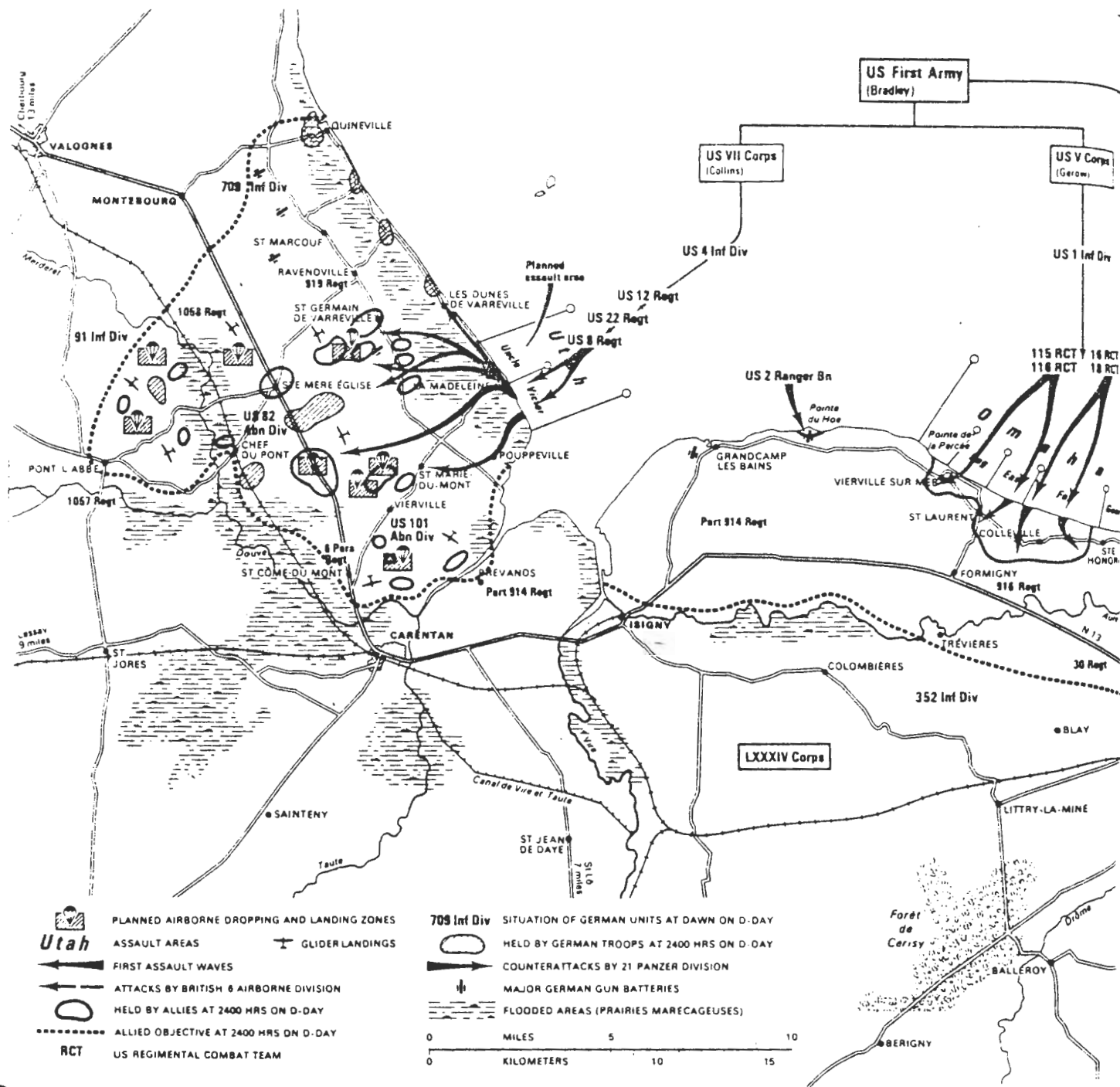
## NORMANDY INVASION AND D-DAY LANDINGS, 1944

**Normandy Invasion**, also known as **OPERATION OVERLORD**, name given to the Allied invasion of Europe on June 6, 1944. As the trend of World War II began to swing in favour of the Allies, Gen. Dwight D. Eisenhower was charged with the task of forming the largest invasion fleet in history. While plans were being formed in England, Field Marshal Erwin Rommel was building his "Atlantic Wall" on the coastline of France.

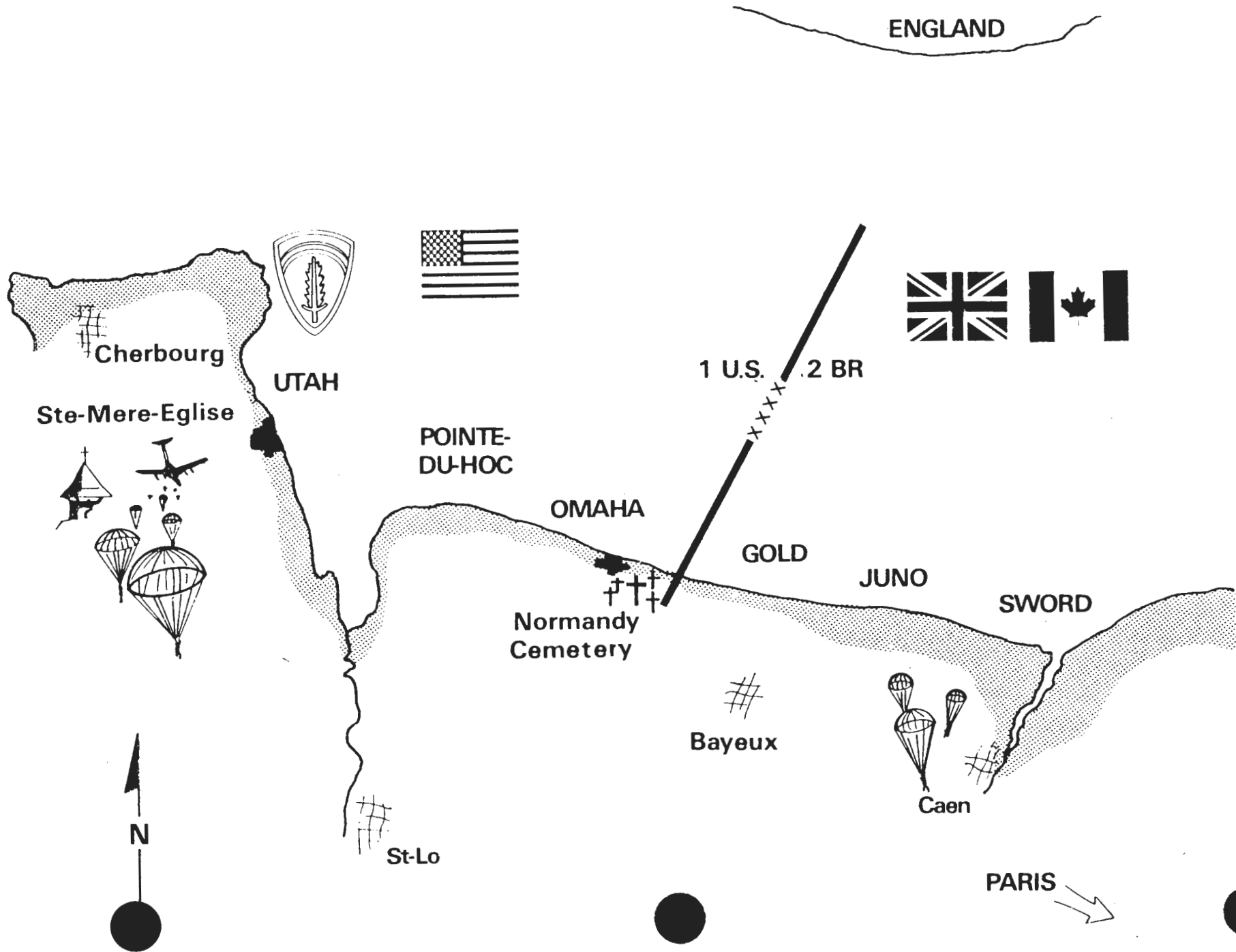
After being delayed 24 hours by the worst channel weather in 25 years, the invasion began on D-Day with units of the U.S. 82nd and 101st Airborne divisions landing near the town of Saint-Mère-Église, while British commando units captured key bridges and knocked out Nazi communications. In the morning, the assault troops of the combined Allied armies, including the French, Canadian, British, and the United States landed at five beaches along the Normandy coast code named Utah, Omaha, Gold, Juno, and Sword. While four beaches were taken early, Omaha turned out to be the stiffest test, being nicknamed "Bloody Omaha." By nightfall, sizable beachheads were in control on all five landing areas and the final campaign to defeat Germany was under way.

### **D-Day Landings, 1944**

Detailed planning for the invasion of Europe, the decision which had been finally settled at the Trident and Quadrant Conferences, was galvanized by the arrival from the Mediterranean of Generals Eisenhower and Montgomery, to be Supreme and Ground Commanders respectively, in December 1943. Montgomery in particular insisted on increasing the number of assaulting divisions from three to five and of air-landing divisions from one to three. Eisenhower was of one mind with him and secured the postponement of the landing from May to June 1944 accordingly. Its location was not in question: fighter range limited the planners to a choice between the Pas de Calais and Normandy. Normandy was preferred because of its weaker defenses. A preliminary aerial attack on the bridges and railways of northern France isolated the battlefield from the rest of the country in the Spring of 1944. Meanwhile the invasion fleet, the Tactical Air Force of 6000 airplanes and the 45 divisions which were to fight the Battle of Europe assembled in the United Kingdom. To oppose them, Rundstedt, German commander in the west, had an outnumbered air force and a non-existent navy, but over fifty divisions, including ten armored, of which 40 formed Army Group B, under Rommel, on the Channel coast. Rommel had greatly strengthened the fixed defenses of the shore and laid millions of mines but he was away from the scene at the moment of the landing on 6 June having been lulled into a false sense of security by the extremely effective Allied deception plan. This plan had also deceived the Germans as to the direction of the crossings and persuaded them that a fictitious army group, as strong again as that actually invading, was waiting in Kent to make a second invasion across the Channel narrows. Slow reaction allowed the Allies to land on four of the five beaches with light losses. At the fifth, Omaha, the accompanying amphibious tanks were swamped and the US 1st Division suffered heavily. All five divisions, however, had secured footholds by evening, and at the flanks had made contact with the airborne divisions (US 82nd and 101st and British 6th) which had dropped in the early morning. The Germans attacked east of Caen on the evening of 6 June but were repulsed. It was the only organized counterattack of the day. During the next five days fighting intensified both at Caen in the British sector, and Carentan in the American but by 12 June the Allies had succeeded in uniting their bridgeheads and were holding a continuous front 60 miles long, and, at its maximum, 15 deep.







## **CRITERIA FOR LANDING SITE**

- 1. WITHIN FIGHTER-BOMBER RANGE OF SOUTHERN ENGLAND.**
- 2. BEACH DEFENSES COULD BE REDUCED BY AIR/NAVAL BOMBARDMENT.**
- 3. PORT WHICH COULD BE TAKEN QUICKLY.**
- 4. BEACHES SUITABLE FOR PROLONGED USE.**
- 5. GOOD ROAD NETS TO INTERIOR.**
- 6. SHORT AXIS OF ADVANCE INTO GERMANY.**

## GLOSSARY OF CODE NAMES AND ACRONYMS

ROUNDUP	Various plans for 1941-43 cross-channel attack in final phases of War.
SLEDGEHAMMER	Emergency invasion of Europe if USSR seemed about to collapse or if internal collapse threatened Germany.
BOLERO	Build up of troops and material in Great Britain for invasion of Europe.
OVERLORD	The 1944 invasion of Europe.
NEPTUNE	The D-Day landings.
COBRA	The breakout by First US Army near St. Lo. July 25.
GOODWOOD	Attempted breakout by British near Caen July 18. If failed to achieve a breakthrough.
MULBERRIES	Artificial harbors for Overlord.
ANVIL	Invasion of Southern France in 1944.
HUSKY	July 1943 Invasion of Sicily.
COSSAC	Chief of Staff to Supreme Allied Commander (designate) carried on planning of Overlord from April 1943 to January 1944 when General Eisenhower became Supreme Allied Commander.
SCAEF	Supreme Commander, Allied Expeditionary Force.
SHAEF	Supreme Headquarters, Allied Expeditionary Force.
OB WEST	Oberbefehlshaber West. Highest German ground headquarters of the western front.
USAAFE	United States Strategic Air Forces in Europe.



Aircraft Estimates (Allied)

5,409 fighters

3,467 heavy bombers

1,645 light & medium bombers

2,316 transports

14,674 sorties on D-Day

German Aircraft Estimate

319 in area of which 100 were fighters

Naval Craft (Allied)

6 battleships

23 cruisers

122 destroyers

360 PT boats

Thousands (estimates from 5000 to 6500) of frigates and small combat and landing crafts.

Troops (estimate)

154,000 troops to 174,000 on 1st day  
(70,500 American) (23,000 Airborne)

Thousands of resistance fighters

83,115 British & Canadian

# D-DAY REMEMBERED

**P**arades, retreat ceremonies and a parachute jump into Normandy will mark the 40th anniversary of the Army's participation in the D-day landings in France. The Navy and the Air Force, who provided the transportation and protection for Army airborne and infantry divisions during Operation Overlord, will participate on a smaller scale.

The commemorative activities of the Stateside Army units that participated in the initial landings into France on June 6, 1944 have been determined, for the most part. The Navy crews of transport vessels and members of the 8th and 9th Army Air Forces transport and fighter squadrons who took part in the invasion will commemorate the anniversary with reunions, held at the crew and squadron levels.

## 82d Jumps into French Town

Plans for U.S. military participation at Normandy itself are complete, according to Col. John C. Grant, the executive officer of the Defense Department World War II Coordinating Activity for Historical Observances.

A company-sized unit from the 82d Airborne Division will parachute into Ste.-Mère-Eglise, France, on June 5, Grant says.

The plan calls for the company to leave Fort Bragg, N.C., on June 2 or 3 and then stop in Britain for a visit with British parachute forces. Following the June 5 jump into Normandy, the soldiers will take part in memorial services on June 6 and conduct terrain walks through the Normandy area, he says.

The 82d and the 101st Airborne Division were the two American airborne units that parachuted into Normandy during the initial invasion. Also involved

in the initial landings were the 1st, 4th and 29th Infantry Divisions.

The 1st, at Fort Riley, Kan., plans to hold a parade through the nearby town of Junction City, according to Capt. Doug Bidle, a division spokesman. About 2,500 soldiers, representing all of the units in the Big Red One, will take part. Veterans of D-day will ride in World War II amphibious vehicles at the head of the parade, he adds.

Also in the parade will be some of the division's organizational equipment, including several tanks, the Multiple Launch Rocket System, self-propelled howitzers and armored personnel carriers, Bidle says.

Also under consideration is a round of commemorative dinners at the Riley officer, NCO and enlisted clubs that evening. That activity would involve D-day veterans making the rounds of the clubs, escorted by the commanding general, to mix with division soldiers.

## Putting On the Dog

Three of the battalions that were part of the 4th when it hit Utah Beach still are part of the current division structure. The 1st Battalion, 22d Infantry Division will be undergoing training at Fort Irwin, Calif., on the anniversary of D-day, according to division spokesman Maj. Terry Monrad. But the 1st Battalion, 8th Infantry Division and the 1st Battalion, 12th Infantry Division will be at Fort Carson, Colo., the Ivy Division's home post.

Tentative plans for D-day ceremonies at Carson include a mass retreat ceremony involving the two battalions. Following that ceremony at 4:30 p.m., current plans call for a formal ball that would include participation by members of the surrounding communities, Monrad says.

## 'Week of the Eagles'

The 40th anniversary of D-day occurs during the 101st's biannual "Week of the Eagles," says Maj. Steven Roy, division spokesman for the Screaming Eagles at Fort Campbell, Ky. During that biennial event, the division conducts an open house, division review and generally "puts on the dog," Roy says.

"The theme this year will be the celebration of the 40th anniversary of D-day and all World War II events of 1944 [that the 101st took part in] including Bastogne [the strategic strongpoint held by the 101st during the Battle of the Bulge] and Market Garden [the 1944 American-British airborne assault into occupied Holland]," Roy says.

A commemorative dinner on June 6 will include a speech by retired Lt. Gen. Harry W.O. Kinnard, a Normandy veteran and president of the division association. A color guard dressed in World War II uniforms and a narration about the events of D-day also will be featured during the dinner. Music from the World War II era also should help "bring back the mood and spirit of the times," Roy says.

World War II veterans will participate in the division review on June 8, he says. "We honor them by letting them lead the review."

Kinnard says that since he will be attending ceremonies at Campbell on the anniversary of D-day, he will not be returning to Normandy. However, he says, the division association's vice president will be leading a delegation of D-day veterans to Normandy for the anniversary.

Although the 29th no longer is part of the force structure, that division's association will mark the anniversary by a return visit to Normandy, according to Frank Oberle, who was a PFC when he landed on D-day. Oberle, the editor of the association's newsletter, says that he had planned to visit Normandy this year, but business pressures make that impossible.

For those not going to France to mark the anniversary, he says, the association is holding its annual banquet on June 2 in Valley Forge, Pa., as part of a weekend gathering of division veterans. The association-sponsored tour has been filled, he said, but 29th Division veterans who would like to attend the banquet may contact him at 1948 Crooked Oak Drive, Lancaster, Pa., 17601 (telephone 215-455-8775). Another point of contact, he says, is James A. McClellan, 5642 N. Rosehill Street, Philadelphia, Pa., 19120 (telephone 215-455-8775).

Several hundred veterans who served with the 82d plan to return to Normandy, according to Daniel Campbell, executive secretary of the division association. Among those planning to make a return are members of the C-47 Club, a subgroup within the association. That club limits its members to those who jumped from a C-47 during a World War II campaign with the All-American Division.

George B. Wood, one of the division's chaplains who jumped into Normandy, says that retired Lt. Gen. James Gavin, the 82d's World War II commanding general, will join C-47 Club members in England and during the organization's Normandy visit. Because of the club's longtime relationship with the people of Normandy, arrangements have been made to stay in private homes there, Wood says.

The clergyman says he will take part in services at Ste.-Mère-Eglise during his return visit. Former PFC Robert M. Murphy, a pathfinder during the invasion who also had trained with French paratroopers, has been granted permission by French authorities to jump with the French Red Berets during an anniversary parachute drop, Wood says.

He indicates that those who have not already made arrangements to visit Normandy may be out of luck, an observation made by some other veterans' groups contacted. Wood says there is "no possibility of getting room reservations in Normandy" at the time of the D-day anniversary.

#### 'Big Red Ones' Will Wait

Arthur L. Chaitt, executive director of the Society of the First Division, says that while some division veterans may go to Normandy, the association is not sponsoring tours during the anniversary period. Two tour groups are going in May and two in September.

"Even in past years [on the anniversary] it was so chaotic that even the official party couldn't get to some functions," he says. "I'm going to be in Normandy on D-day. I vacation there regularly [but] won't go near the beach."

Chaitt says the association's annual reunion in Boston August 22-26 will be a salute to D-day, the Battle of the Bulge and other World War II actions.

Officials at The Retired Officers' Association also said their tours to the Normandy area and other points in Europe will run from May 21 to June 5 to avoid the crush on the 40th anniversary. Those interested in the TROA tour may contact TROA Travel Service, P.O. Box 2116, Arlington, Va., 22202 (telephone 800-638-8784). Those planning to brave the crush anyway probably will find it "difficult at the very best unless you made your arrangements" well in advance, an official says.

#### Navy, Air Force Participation

According to Lt. Cmdr. Bill Brittain of Navy community relations, Navy ships will be making calls at several ports in France, including St. Maxime (May 27), Cherbourg (June 4-7), Le Havre (June 5-7), Brest (June 8-12) and Cannes (July 4), and the British cities of Weymouth and Portsmouth (both June 3).

The names of the ships making the port calls have not been determined, according to Brittain.

Robin Whittle of the Air Force Association says that no plans have been made to accommodate members who plan to visit Normandy for the 40th anniversary.

Instead, to commemorate Air Force participation in the invasion, the association plans to hold its third annual salute to senior statesmen at the Bolling AFB officers club in Washington, D.C., on the evening of June 6th. The theme of the private function will be the D-day invasion. A 10-minute film clip about the invasion will be shown.

Invitations to the private function have been sent to all former Air Force secretaries, chiefs of staff, chief master sergeants of the Air Force, all past chairmen of the boards of the Air Force Association and the Aerospace Education Foundation, as well as members who took part in the invasion.

At the Normandy site itself, active Air Force participation will be limited to appearances by bands and color guards at several ceremonies.

Russ Hartley of the World Wars Commemorative Society says that although some society members who are veterans of the campaign will go over as a group for 40th anniversary ceremonies, they are "pretty much at the mercies of what's already been planned by the British and the French."

The society is a nonprofit organization that puts together tours and seminars on both world wars for veterans, college students and other interested parties. It plans to schedule several smaller ceremonies relating to Normandy, the Battle of the Bulge and other related campaigns for interested groups later on in the summer. The society's major focus will involve 40th anniversary ceremonies of the Italian campaigns, later in the summer.

For more information, write to Russ Hartley, World Wars Commemorative Society, 19435 Clifton Road, Cleveland, Ohio 44102 or call 800-821-0168. □

Don Hirst is an associate editor of Army Times; Nick Adde is editor of At Ease.





PREVIOUS ECONOMIC SUMMITS

<u>U.S. President</u>	<u>Dates and Sites</u>	<u>Participants</u>
Ford	November 15-17, 1975 Rambouillet, France	United States, France, United Kingdom, Federal Republic of Germany, Japan, and Italy
Ford	June 26-28, 1976 Puerto Rico	United States, France, United Kingdom, Canada, Federal Republic of Germany, Japan, and Italy
Carter	May 5-11, 1977 London, England	United States, France, United Kingdom, and Federal Republic of Germany
Carter	July 16-17, 1978 Bonn, Germany	United States, France, United Kingdom, Canada, Federal Republic of Germany, Japan, and Italy
Carter	June 28-29, 1979 Tokyo, Japan	United States, France, United Kingdom, Canada, Federal Republic of Germany, Japan, and Italy
Carter	June 22-23, 1980 Venice, Italy	United State, France, United Kingdom, Canada, Federal Republic of Germany, Japan, and Italy
Reagan	July 19-21, 1981 Ottawa, Canada	United States, France, United Kingdom, Canada, Federal Republic of Germany, Japan, and Italy
Reagan	June 4-6, 1982 Versailles, France	United States, France, United Kingdom, Canada, Federal Republic of Germany, Japan, and Italy

Reagan

May 28-30, 1983  
Williamsburg, Virginia  
United States

United States, France,  
United Kingdom,  
Canada, Federal  
Republic of Germany,  
Japan, and Italy

HEADS OF STATE AND PRINCIPALS PARTICIPATING  
IN THE ECONOMIC SUMMIT

The United States

President Ronald Reagan  
Secretary of State George P. Shultz  
Secretary of the Treasury Donald Regan

France

President Francois Mitterrand  
Minister of External Relations Claude Cheysson  
Minister of the Economy, Finance and Budget Jacques Delors

United Kingdom

Prime Minister Margaret Thatcher  
Secretary of State for Foreign and Commonwealth Affairs  
Sir Geoffrey Howe  
Chancellor of the Exchequer Nigel Lawson

Canada

Prime Minister Pierre Elliott Trudeau  
Secretary of State for External Affairs Allan J. MacEachen  
Minister of Finance Mark Lalonde

Federal Republic of Germany

Chancellor Helmut Kohl  
Minister of Foreign Affairs Hans-Dietrich Genscher  
Minister of Finance Dr. Gerhard Stoltenberg

Japan

Prime Minister Yasuhiro Nakasone  
Minister of Foreign Affairs Shintaro Abe  
Minister of Finance Noboru Takeshita  
Minister of International Trade & Industry Hikosaburo Okonogi

Italy

Prime Minister Bettino Craxi  
Minister of Foreign Affairs Giulio Andreotti  
Minister of Treasury Giovanni Goria

European Communities Commission

Mr. Gaston Thorn, President  
Minister of Foreign Affairs Wilhelm Haferkamp  
Minister of Finance Francois Xavier Ortoli



# Background Profiles on Participating Countries

**Official Name:**  
United States of America



## PROFILE

### People

**Nationality:** *Noun and adjective:* American(s). **Population** (1983): 234.2 million. **Annual growth rate:** 0.9%. **Ethnic groups** (1980): white (79.7%), black (11.7%), Spanish origin (6.5%), Asian and Pacific Islander (1.5%), American Indian, Eskimo, and Aleut (0.6%). **Religions** (1980): Protestant 55%, Catholic 37%, Jewish 4.4%, other 3.5%. **Language:** English (predominant). **Education:** *Years compulsory*—varies with individual State laws. **Literacy**—99% over age 14 (1980). **Work force** (1983): 110.727 million (includes 1.664 million members of armed forces of U.S.).

### Geography

**Area:** 9,371,829 sq. km (3,618,275 sq. mi.). **Cities:** *Capital*—Washington, D.C. (pop. 756,510 in 1970). *Other cities*—New York, Chicago, Los Angeles, Philadelphia, Detroit. **Terrain:** 19% cultivated, 27% grazing and pasture, 32% forested, 22% urban and other.

### Government

**Type:** Federal republic. **Independence:** 1776. **Constitution:** 1788.

**Branches:** *Executive*—president. *Legislative*—bicameral (House of Representatives and Senate). *Judicial*—Supreme Court, State and local courts.

**Subdivisions:** 50 States, District of Columbia, Commonwealth of Puerto Rico, Guam, Virgin Islands, American Samoa, Wake and Midway Islands; under UN trusteeship: Caroline, Marshall, and Northern Mariana Islands.

**Political parties:** Republican Party, Democratic Party, several other groups or parties of minor political significance. **Suffrage:** Universal over age 18, not compulsory.

**Flag:** 13 alternating red and white horizontal bars, with 50 white stars (representing the 50 States) in a blue field at top of staff side.

**National holiday:** July 4 (Independence Day).

### Economy

**GNP** (1983): \$3,080.7 billion. **Per capita income** (1983): \$13,154.

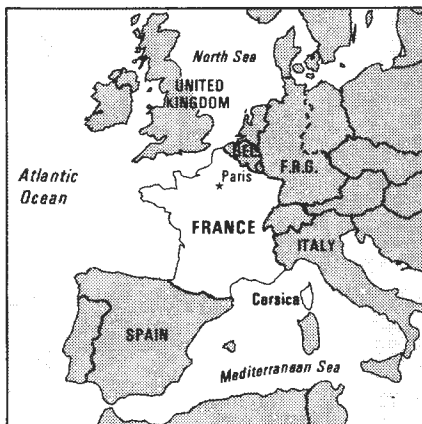
**Trade:** *Exports*—\$233.68 billion (f.o.b., 1981): machinery, chemicals, transport equipment, agricultural products. *Major markets*—EEC, Canada, LAFTA, Japan, Mexico. *Imports*—\$273.4 billion (c.i.f., 1981): crude and partly refined petroleum, machinery, transport equipment (mainly new automobiles). *Major suppliers* (1980)—Canada, EEC, Japan, LAFTA, Mexico. Saudi Arabia, Nigeria.

**Aid to other countries** (FY 1982): Economic \$8.129 billion; military \$4.19 billion.

### Membership in International Organizations

ADB, ANZUS, BIS, CCC, CENTO, Colombo Plan, DAC, FAO, GATT, Group of Ten, IADB, IAEA, IBRD, ICAC, ICAO, ICEM, ICES, ICO, IDA, IDB, IEA, IFAD, IFC, IHO, ILO, International Lead and Zinc Study Group, IMCO, IMF, INTELSAT, IPU, IRC, ITC, ITU, International Whaling Commission, International Wheat Council, NATO, OAS, OECD, PAHO, SPC, UN, UNESCO, UPU, WHO, WIPO, WMO, WSG, WTO.

## Official Name: French Republic



### PROFILE

#### People

**Population** (1983 est.): 54,748,000. **Annual growth rate** (1983 est.): 0.5%. **Ethnic groups:** Celtic and Latin with Teutonic, Slavic, North African, Indochinese, and Basque minorities. **Religion:** Roman Catholic, 90%. **Language:** French. **Education:** *Years compulsory*—10. **Literacy**—99%. **Infant mortality rate:** 9/1,000. **Work force** (24 million, 1983 est.): *Agriculture*—8.3%. *Industry and commerce*—45.2%. *Services*—46.5%. **Registered unemployment** (Dec. 31, 1983): 8.8%.

#### Geography

**Area:** 551,670 sq. km. (212,668 sq. mi.); largest West European country, about four-fifths the size of Texas. **Cities:** *Capital*—Paris. *Other cities*—Marseille, Lyon, Toulouse, Strasbourg, Nice, Bordeaux. **Terrain:** Varied. **Climate:** Temperate; similar to that of eastern US.

#### Government

**Type:** Republic. **Constitution:** September 28, 1958.

**Branches:** *Executive*—president (chief of state); prime minister (head of government). *Legislative*—bicameral Parliament (491-member National Assembly, 292-member Senate). *Judicial*—Court of Cassation (civil and criminal law), Council of State (administrative court), Constitutional Council (constitutional law).

**Subdivisions:** 21 administrative regions containing 95 departments (metropolitan France). Five overseas departments (Guadeloupe, Martinique, French Guiana, Reunion, and Saint-Pierre and Miquelon); five overseas territories (New Caledonia, French Polynesia, Wallis and Futuna Islands, and French Southern and Antarctic Territories); and one special-status territory (Mayotte).

**Political parties:** Socialist Party (PS), Rally for the Republic (RPR—Gaullists), Union for French Democracy (UDF—Giscardians/Centrist), Communist Party (PCF), various minor parties.

**Suffrage:** Universal over 18.

**Defense** (1984 est.): 18% of central government budget.

**Flag:** Three vertical stripes of blue, white, and red.

#### Economy

**GDP** (1983): \$920 billion. **Avg. annual growth rate** (1983): 0.5%. **Per capita income** (1983): \$7,179. **Avg. inflation rate** (1983): 9.6%.

**Natural resources:** Coal, iron ore, bauxite, fish, forests.

**Agricultural products:** Beef, dairy products, cereals, sugar beets, potatoes, wine grapes.

**Industries:** Steel, machinery and equipment, textiles and clothing, chemicals, food processing, aircraft, electronics.

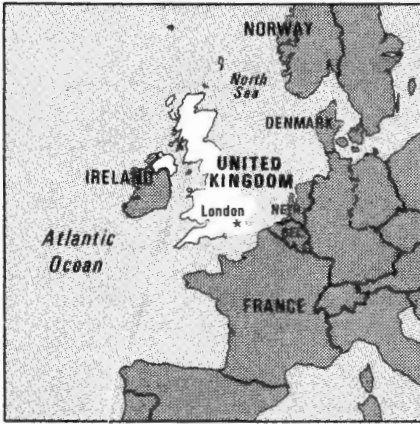
**Trade** (1983): *Exports*—\$94.9 billion: machinery, transportation equipment, foodstuffs, iron, steel, textiles, agricultural products including wine. *Imports*—\$100.6 billion: crude petroleum, machinery and equipment, chemicals, iron and steel, agricultural products, textiles. *Partners*—FRG, Belgium, Luxembourg, Italy, US, UK, Netherlands, Japan

**Official exchange rate** (1983 avg.): 7.61 francs=US\$1; Jan.-June 1983 avg., 7.17 francs=US\$1; July-Dec. 1983 avg., 8.05 francs=US\$1.

#### Membership in International Organizations

UN and most of its specialized agencies, NATO, Organization for Economic Cooperation and Development (OECD), Western European Union, European Communities (EC), INTELSAT.

**Official Name:  
United Kingdom  
of Great Britain and  
Northern Ireland**



**PROFILE**

**People**

**Noun:** Briton(s). **Adjective:** British. **Population** (1980 est.): 55.9 million; 1986 projection, 56.4 million. **Annual growth rate:** Negligible. **Ethnic groups:** British, West Indian, Indian, Pakistani. **Religions:** Church of England, Roman Catholic, Presbyterian. **Languages:** English, Welsh, Gaelic. **Education:** *Years compulsory*—12. *Attendance*—nearly 100%. *Literacy*—99%. **Health:** *Infant mortality rate*—13.3/1,000. *Life expectancy*—males 70 yrs., females 76 yrs. **Work force** (about 26.3 million in Dec. 1982): *Agriculture*—1.6%. *Manufacturing and engineering*—30.4%. *Construction*—5.6%. *Mining and energy*—3.1%. *Services*—59.3%.

**Geography**

**Area:** 244,046 sq. km. (94,226 sq. mi.); slightly smaller than Oregon. **Cities:** *Capital*—London (metropolitan pop. about 6.7 million in mid-1981). *Other cities*—Birmingham, Glasgow, Leeds, Sheffield, Liverpool, Bradford, Manchester, Edinburgh, Bristol, Belfast. **Terrain:** 30% arable, 50% meadow and pasture, 12% waste or urban, 7% forested, 1% inland water. **Climate:** Generally mild and temperate; weather is subject to frequent changes but to few extremes of temperature.

**Government**

**Type:** Constitutional monarchy. **Constitution:** Unwritten; partly statutes, partly common law and practice.

**Branches:** *Executive*—monarch (chief of state), prime minister (head of government), cabinet. *Legislative*—bicameral Parliament: House of Commons, House of Lords. *Judicial*—magistrates' courts, county courts, high courts, appellate courts, House of Lords.

**Subdivisions:** Municipalities, counties, parliamentary constituencies, province of Northern Ireland, and Scottish regions.

**Political parties:** Conservative, Labour, Liberal, Social Democratic, and small Scottish, Welsh, and Northern Irish parties. **Suffrage:** British subjects and citizens of the Irish Republic resident in the UK, 18 yrs. or older.

**Central government expenditures** (1982): \$182 billion.

**Defense** (1982): 6.2% of GDP.

**Flag:** The red, white, and blue Union Jack combines crosses of the patron saints of England (St. George), Scotland (St. Andrew), and Ireland (St. Patrick).

**Economy**

**GDP** (1982): \$353 billion. **Annual growth rate** (1982): 1%. **Per capita GDP** (1982): \$6,309. **Avg. inflation rate** (1982): 8.6%.

**Natural resources:** Coal, oil, gas (North Sea).

**Agriculture** (2.2% of GDP): Cereals, livestock, livestock products, fish.

**Manufacturing** (24.8% of GDP): Steel, heavy engineering and metal manufacturing, textiles, motor vehicles and aircraft, construction, electronics, chemicals.

**Trade** (1982): *Exports*—\$86 billion: machinery and transport equipment, petroleum, manufactures, chemicals. *Major markets*—EC, US, Sweden, Saudi Arabia, Nigeria, Switzerland, South Africa. *Imports*—\$88.3 billion: machinery and transport equipment, manufactures, foodstuffs, petroleum, chemicals. *Major suppliers*—EC, US, Japan, Norway, Sweden, Switzerland.

**Exchange rate** (June 1983): 1 UK pound = US\$1.55.

**Fiscal year:** April 1–March 31.

**Membership in International Organizations**

UN and its specialized agencies, NATO, European Community (EC), Organization for Economic Cooperation and Development (OECD), INTELSAT.

**Official Name:**  
**Canada**



**PROFILE**

**People**

**Nationality:** *Noun and adjective*—Canadian(s). **Population** (1982): 24.3 million. **Annual growth rate** (1971-79): 1.1%. **Ethnic groups:** British 45%, French 29%, other European 23%, indigenous Indian and Eskimo 1.5%. **Religions:** Roman Catholic 46%, United Church 18%, Anglican 12%. **Languages:** English, French. **Literacy:** 99%. **Health:** *Infant mortality rate*—15/1,000 (US = 13.8/1,000). *Life expectancy*—69 yrs. males, 76 yrs. females. **Work force** (11.9 million, 1982): *Agriculture*—5%. *Industry and commerce*—43.5%. *Services*—38%. *Government*—6.6%.

**Geography**

**Area:** 9.92 million sq. km. (3.8 million sq. mi.); second largest country in the world. **Cities:** *Capital*—Ottawa (pop. 695,000). *Other cities*—Toronto (2.8 million), Montreal (2.8 million), Vancouver (1.1 million). **Terrain:** Varied. **Climate:** Temperate to arctic.

**Government**

**Type:** Confederation with parliamentary democracy. **Independence:** July 1, 1867. **Constitution:** Amended British North America Act patriated to Canada in 1982, Charter of Rights and unwritten custom.

**Branches:** *Executive*—Queen Elizabeth II (chief of state, represented by a governor general), prime minister (head of government), Cabinet. *Legislative*—bicameral Parliament (104-member Senate, 282-member House of Commons). *Judicial*—Supreme Court.

**Political parties:** Progressive Conservative, Liberal, New Democratic, Social Credit. **Suffrage:** Universal over 18.

**Central government budget** (1983-84 est.): \$71.1 billion.

**Defense:** 2% of GNP.

**Subdivisions:** 10 provinces, 2 territories.

**Flag:** A red maple leaf on a white background flanked by vertical red bands.

**Economy**

**GNP** (1982 est.): \$272 billion. **Annual growth rate** (1982 est.): -4.8%. **Per capita income** (1982 est.): \$10,193.

**Natural resources:** Metals and minerals, fish, forests, wildlife.

**Agriculture:** Wheat, livestock and meat, feedgrains, oilseeds, dairy products, tobacco, fruits, vegetables.

**Industry:** Motor vehicles and parts, fish and forest products, petroleum and natural gas, processed and unprocessed minerals.

**Trade** (1981): *Exports*—\$69.8 billion: motor vehicles and parts, lumber, woodpulp and newsprint, crude and fabricated metals, natural gas, crude petroleum, wheat. *Partners*—US 66%, EC 11%, Japan 5%. *Imports*—\$65.8 billion: motor vehicles and parts, industrial machinery, crude petroleum, chemicals, agricultural machinery. *Partners*—US 69%, EC 8%, Japan 5%.

**Official exchange rate** (floating), avg. 1982: C\$1 = US\$0.81.

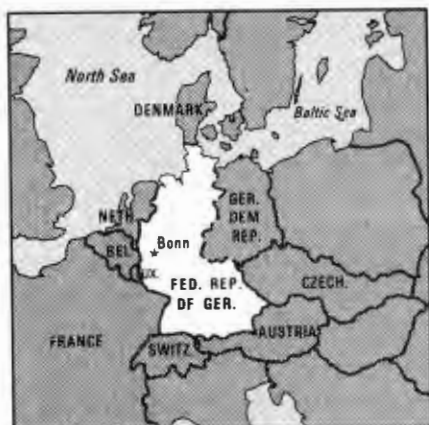
**Fiscal year:** April 1-March 31.

**Development assistance** (FY 1981-82): \$1.23 billion or 0.43% of GNP.

**Membership in International Organizations**

UN, NATO, Organization for Economic Cooperation and Development (OECD), Commonwealth of Nations, Agency for Cultural and Technical Cooperation, International Energy Agency (IEA), INTELSAT.

**Official Name:**  
**Federal Republic of Germany**



**PROFILE**

**People**

**Noun and adjective:** German(s). **Population** (1980 est.): 61.6 million, expected to decline gradually because of low birth rates. **Ethnic groups:** Primarily German; Danish minority. **Religions:** Protestant 44%, Roman Catholic 45%. **Language:** German. **Education:** *Years compulsory*—10. *Attendance*—100%. *Literacy*—99%. **Health:** *Infant mortality rate*—13.5/1,000. *Life expectancy*—women 73.4 yrs., men 67.2 yrs. **Work force** (27 million): *Agriculture*—6%. *Industry and commerce*—48%. *Services*—25%. *Government*—10%.

**Geography**

**Area:** 249,535 sq. km. (95,975 sq. mi.) including West Berlin; about the size of Wyoming. **Cities:** *Capital*—Bonn (pop. 300,000). *Other cities*—West Berlin (about 2 million), Hamburg (about 2 million), Munich (1.3 million). **Terrain:** Lowlands in the north, central uplands, mountainous Alpine region in the south. **Climate:** Temperate; cooler than much of the US.

**Government**

**Type:** Federal republic. **Independence:** 1954 (London and Paris agreements gave FRG full sovereignty). **Occupation Statute:** September 21, 1949, granted full self-government.

**Branches:** *Executive*—president (titular chief of state), chancellor (executive head of government). *Legislative*—bicameral Parliament. *Judicial*—independent, Federal Constitutional Court. **Subdivisions:** 10 *Laender* (states). The western sectors of Berlin are governed by the US, the UK, and France, which together with the USSR have special rights and responsibilities in Berlin.

**Political parties:** Christian Democratic Union/Christian Social Union (CDU/CSU); Social Democratic Party (SPD); Free Democratic Party (FDP); "Greens" (environmentalists); National Democratic Party (NPD); Communist Party (DKP). **Suffrage:** Universal over 18.

**Central government budget** (FY 1982): \$101.18 billion.

**Defense:** 3.4% of GNP (1981 est.).

**Flag:** Three horizontal bands, black, red, and gold, from top to bottom.

**Economy**

**GNP** (1982): \$658.8 billion. **Annual growth rate** (1982): -1.19% (real). **Per capita income:** \$10,688. **Avg. inflation rate:** 4.8%.

**Natural resources:** Iron, coal, potash.

**Agriculture** (2% of GNP): Grains, potatoes, sugar beets.

**Industry** (43% of GNP): Iron, steel, coal, cement, chemicals, machinery, ships, vehicles.

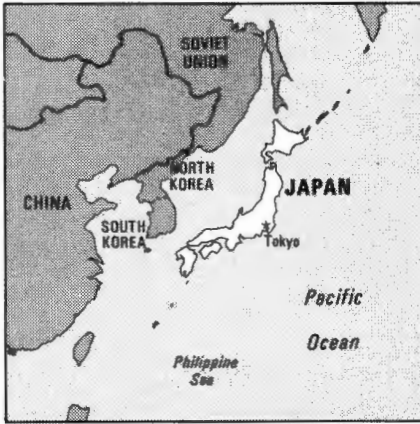
**Trade** (1982): *Exports*—\$175.5 billion: chemicals, motor vehicles, iron and steel products. *Major markets*—EC and European countries, US, Latin America, communist countries, OPEC countries. *Imports*—\$162 billion: raw materials, fuels, machinery. *Major suppliers*—EC countries, US, Latin America, communist countries.

**Official exchange rate** (May 1983): About 2.47 Deutsche marks = US\$1.

**Membership in International Organizations**

UN and affiliated agencies, Council of Europe, European Community (EC), Western European Union (WEU), Organization for Economic Cooperation and Development (OECD), International Energy Agency, INTELSAT.

## Official Name: Japan



### PROFILE

#### People

**Noun and adjective:** Japanese. **Population** (1982): 118,450,000. **Annual growth rate:** 0.8%. **Ethnic groups:** Japanese; Korean 0.6%. **Religions:** Shintoism and Buddhism; Christian 0.8%. **Language:** Japanese. **Literacy:** 99%. **Life expectancy:** Males 73 yrs., females 78 yrs. **Work force** (55.3 million, 1979): **Agriculture**—11%. **Trade, manufacturing, mining, and construction**—34%. **Services**—48%. **Government**—5%.

#### Geography

**Area:** 381,945 sq. km. (147,470 sq. mi.); slightly smaller than California. **Cities:** *Capital*—Tokyo. *Other cities*—Sapporo, Kyoto, Osaka. **Terrain:** Rugged, mountainous islands. **Climate:** Varies from subtropical to temperate.

#### Government

**Type:** Parliamentary democracy. **Constitution:** May 3, 1947.

**Branches:** *Executive*—prime minister (head of government). *Legislative*—bicameral Diet (House of Representatives and House of Councilors). *Judicial*—Civil law system with Anglo-American influence.

**Subdivisions:** 47 prefectures.

**Political parties:** Liberal Democratic Party (LDP), Japan Socialist Party (JSP), Democratic Socialist Party (DSP), Komeito

(Clean Government Party), Japan Communist Party (JCP). **Suffrage:** Universal over age 20.

**Flag:** Red sun on white field.

#### Economy

**GNP** (1982): \$1.046 trillion. **Real growth rate:** 2.5% 1982, 4.0% 1972–82. **Per capita GNP** (1982): \$8,836.

**Natural resources:** Negligible mineral resources, fish.

**Agriculture:** Rice, vegetables, fruits, milk, meat, silk.

**Industries:** Machinery and equipment, metals and metal products, textiles, autos, chemicals, electrical and electronic equipment.

**Trade** (1981): *Exports*—\$152 billion: machinery and equipment, metals and metal products, textiles. *Major markets*—US 25%, EC 12.4%, Southeast Asia 22.6%, communist countries 6.0%. *Imports*—\$143.2 billion: fossil fuels, metal ore, raw materials, foodstuffs, machinery and equipment. *Major suppliers*—US 17.5%, EC 6.0%, Southeast Asia 22.0%, communist countries 5.4%.

**Fiscal year:** April 1–March 31.

**Official exchange rate** (April 1983, floating): About 235 yen = US\$1.

**Total official development assistance:** \$4.5 billion (budget 1982 = 0.34% of GNP).

#### Membership in International Organizations

UN and its specialized agencies, such as International Monetary Fund (IMF), International Court of Justice (ICJ), General Agreement on Tariffs and Trade (GATT), and International Labour Organization; International Energy Agency (IEA); Organization for Economic Cooperation and Development (OECD); INTELSAT.

**Official Name:**  
**Italian Republic**



**PROFILE**

**People**

**Nationality:** *Noun and adjective*—Italian(s). **Population** (1981): 57 million. **Annual growth rate** (1970–79): 0.6%. **Ethnic groups:** Primarily Italian, but small groups of German-, French-, Slovene-, and Albanian-Italians. **Religion:** Roman Catholic. **Language:** Italian. **Education:** *Years compulsory*—8. *Adult literacy*—98%. **Health:** *Infant mortality rate*—18/1,000 live births. *Life expectancy*—73 yrs. **Work force** (22 million, 1982): *Agriculture*—15%. *Industry and commerce*—37%. *Services*—48%.

**Geography**

**Area:** 301,225 sq. km. (116,303 sq. mi.); about the size of Georgia and Florida combined. **Cities:** *Capital*—Rome (pop. 3.5 million). *Other cities*—Milan, Naples, Florence. **Terrain:** Mostly rugged and mountainous. **Climate:** Generally mild Mediterranean.

**Government**

**Type:** Republic. **Independence:** June 2, 1946. **Constitution:** January 1, 1948.

**Branches:** *Executive*—president (chief of state), Council of Ministers (Cabinet), headed by the president of the council (prime minister). *Legislative*—bicameral Parliament; 630-member Chamber of Deputies, 322-member Senate. *Judicial*—independent constitutional court.

**Subdivisions:** 94 provinces, 20 regions.

**Political parties:** Christian Democratic, Italian Communist, Italian Socialist, Italian Social Movement, Social Democratic, Republican, Liberal, Radical. **Suffrage:** Universal over age 18.

**Defense** (1980): 2.2% of GNP.

**Flag:** Three vertical bands—green, white, and red.

**Economy**

**GNP** (1980): \$394.4 billion. **Per capita income** (1980): \$6,914. **Avg. inflation rate last 4 yrs.:** 17%.

**Natural resources:** Fish, dwindling natural gas reserves.

**Agricultural products:** Wheat, rice, grapes, olives, citrus fruits.

**Industries:** Automobiles, machinery, chemicals, textiles, shoes.

**Trade** (1980): *Exports*—\$77.9 billion: machinery and transport equipment, textiles, foodstuffs, chemicals, footwear. *Imports*—\$99.7 billion: machinery and transport equipment, foodstuffs, ferrous and nonferrous metals, wool, cotton, petroleum. *Major trade partners*—FRG (18%), France (14%), UK (4%), Benelux countries (7%), US (7%), USSR (2%).

**Official exchange rate** (March 1982): 1,280 lire = US\$1.

**Membership in international organizations:** UN and its specialized agencies, NATO, OECD, EC, Western European Union, Council of Europe, INTELSAT.

**Official Name:**  
**European Communities (EC)**



**PROFILE**

**Background**

**ESTABLISHED:** On April 18, 1951, when the European Coal and Steel Community (ECSC) Treaty was signed in Paris, and on March 25, 1957, when the treaties for the European Economic Community (EEC) and the European Atomic Energy Community (EURATOM) were signed in Rome.

**PURPOSES:** To reconcile France and Germany after World War II, and to make possible an eventual federation of Europe.

**MEMBERS:** "The Six"—Belgium, the Federal Republic of Germany, France, Italy, Luxembourg, Netherlands. "The Nine"—in 1973 Denmark, Ireland, and the United Kingdom joined "the Six." "The Ten"—on January 1, 1981, Greece will join.

**OFFICIAL LANGUAGES:** Danish, Dutch, English, French, German, and Italian. (Greek will be added January 1, 1981.)

**Organization**

**PRINCIPAL ORGANS:** Council of Ministers, Commission, Parliament, Court of Justice.

**PRINCIPAL AREAS OF COMMUNITY COMPETENCE:** Internal and external trade, agriculture, monetary coordination, fisheries, common industrial and commercial policies, assistance, science and research, common social and regional policies.

**BUDGET (1979):** About \$17 billion, funded by customs duties and 1% of each member's value added tax (VAT).

**Trade**

**IMPORTS (1979):** *Worldwide*—\$298.7 billion. *From US*—\$42.6 billion (23% of US exports). **EXPORTS:** *Worldwide*—\$265.8 billion. *To US*—\$33.3 billion (6% of EC exports).

**EC and US Officials**

**COMMISSION PRESIDENT:** Roy Jenkins (UK). Luxembourg's Foreign Minister, Gaston Thorn, becomes President January 5, 1981.

**US REPRESENTATIVE TO THE EC:** Thomas Enders (40 Blvd. du Regent, Brussels, tel. 513-38-30).

**EC REPRESENTATIVE TO THE US:** Roland de Kergolay (2100 M St. NW., Washington, DC 20037, tel. 202-862-9500).

\*Logo of the EC Commission; the Community as a whole has no logo.



27326

**François MITTERRAND**  
(Phonetic: meetairRAHN)

**FRANCE**

*President*  
(since May 1981)

*Addressed as:*  
*Mr. President*



François Mitterrand is the first Socialist president in the history of the Fifth Republic. He capped 37 years of political activity in May 1981, when he was elected after two previous attempts had failed: in 1965 against Charles de Gaulle and in 1974, when he was barely defeated (by 425,000 votes) by Valéry Giscard d'Estaing. The Socialist Party (PSF) currently controls a majority of the seats in the National Assembly.

Mitterrand is the unofficial leader of the PSF, which he built while he was its first secretary during 1971-81 by persuading a variety of leftist groups with slightly differing philosophies to join with him. In his writings and public statements, he has described the kind of society he hopes to make in France as being neither capitalist, nor Communist, nor in the social democratic mold of West Germany and Scandinavia. According to his public pronouncements, Mitterrand favors close ties to the Atlantic Alliance but opposes French reintegration into NATO's military structure. He has called for greater European unity while stressing France's independence in foreign affairs. Although he has spoken and written admiringly about the United States, he has been critical of some US foreign policies, particularly in the Third World. He publicly advocates a more generous attitude toward the Third World than he thinks the West has practiced in the past, and he argues that expanding markets in the Third World is essential to West European economic recovery. In press interviews, he has likened instability in the Third World to the kind of unrest that took place in Europe during industrialization in the 19th century.

Mitterrand holds degrees in law and letters, as well as a diploma from the School of Political Science. During World War II he served in the Resistance. He held a high-level post in Charles de Gaulle's government during August-September 1944. A member of the National Assembly since 1946 (except for the period 1958-62, when he served in the Senate), Mitterrand entered the Cabinet in 1947, at the age of 30, and served in 11 coalition governments over the next decade. The most important of the several portfolios he held were Interior (1954-55) and Justice (1956-57). His opposition to de Gaulle's return to power in 1958 kept him in relative political oblivion until the 1965 presidential campaign.

Born in rural France, Mitterrand, 67, enjoys returning to the countryside; he has a vacation home in southwestern France. He is an avid reader, an eloquent speaker, and the author of 12 books; the most recent appeared in December 1981. He enjoys playing golf and tennis. He understands English. Mitterrand uses the Elysée Palace as an office; he and his wife continue to live in their house on the Left Bank in Paris. They have two sons and several grandchildren.

DECLASSIFIED / RE/0452

CR M 84-11190  
19 March 1984

NLRR M478 #27326

BY GA NARA DATE 11/15

27327

**Claude CHEYSSON**  
(Phonetic: shaySOHN)

**FRANCE**

*Minister of External Relations*  
(since May 1981)

*Addressed as:*  
*Mr. Minister*



Career diplomat Claude Cheysson is a member of the ruling French Socialist Party. He served as an adviser to François Mitterrand during his successful campaign for the presidency in 1981. In September 1983 Cheysson began a one-year term as Honorary President of the North Atlantic Council. He has publicly stated that France will continue to be a reliable and solid partner in the Atlantic Alliance. He has nevertheless told the National Assembly Foreign Affairs Committee that the French Government is adamantly opposed to any geographic or functional extension of the Alliance's responsibilities. He has also stated that normal relations with the Soviet Union cannot be envisaged so long as the Soviets occupy Afghanistan, threaten Poland, and continue the buildup of intermediate-range nuclear weapons aimed at Europe.

Cheysson entered the foreign service in 1948, after graduating from the prestigious Ecole Polytechnique and the National School of Administration. He held assignments in Palestine and Bonn before going to Saigon in 1952 to be an adviser to the President of South Vietnam. As a principal adviser to then Prime Minister Pierre Mendès-France during 1954-55, Cheysson participated in the negotiations that led to the French withdrawal from Indochina. Over the next 10 years he was involved in African affairs at the Foreign Ministry. From 1966 until 1970 Cheysson was Ambassador to Indonesia. During 1970-73 he was president of the board of the state-owned chemical and fertilizer companies. He served as a commissioner of the European Communities from 1973 until 1981. During his tenure in the EC, he held the development aid portfolio and was responsible for cooperation between the EC and Third World countries.

Married three times, Cheysson, 64, has six children, including an adopted daughter who was a Kampuchean refugee. He is a grandfather. He speaks excellent English.

CR M 84-12840  
21 May 1984

DECLASSIFIED (RE/CASE 2)  
NLRR M 428 #27327  
BY CW NARA DATE 11/6/85

27328

**Jacques DELORS**  
(Phonetic: duhLOHR)

**FRANCE**

*Minister of Economy,  
Finance, and Budget  
(since March 1983)*

*Addressed as:  
Mr. Minister*



A financial and economic affairs adviser to French Socialist Party (PSF) leader François Mitterrand since 1974, Jacques Delors has been the Cabinet official responsible for the economy and finance since the PSF came to power when Mitterrand was elected President in May 1981. Following a reorganization of the Cabinet in March 1983, he also assumed responsibility for budget and consumer affairs. He now ranks second in protocol only to Prime Minister Pierre Mauroy.

Delors holds degrees in economics and banking from both the University of Paris and the Center for Advanced Studies in Banking. He worked for the Bank of France from 1944 until 1962 and then represented the bank on the French Planning Commission, where he was in charge of social affairs during 1962-69. Delors first came to national prominence as a social and economic policy adviser to Jacques Chaban-Delmas, a Gaullist who was Prime Minister from 1969 until 1972. Delors worked briefly in the government as secretary general of vocational education and then became an associate professor of business administration at the University of Paris, a post he held from 1973 until 1981. He joined the PSF in 1974. He was elected to the European Parliament in 1979 and was chairman of its Economic and Monetary Affairs Committee during 1979-81. He was elected mayor of Clichy, a suburb of Paris, in March 1983.

Delors, 58, enjoys listening to jazz, reading, and going to the movies. He understands English but prefers to speak French. He is married and has a daughter.

CR M 84-12843  
21 May 1984

DECLASSIFIED (RELEASE)  
M428 #27328  
BY CN NARA DATE 11/6/15

**Margaret Roberts THATCHER**

**UNITED KINGDOM**

*Prime Minister  
(since May 1979)*

*Addressed as:  
Prime Minister*

Leader of the Conservative Party since 1975, Margaret Thatcher is the first woman ever to serve as prime minister of Britain or of any European country. She is a self-proclaimed crusader for free enterprise, free trade, and the economic revival of Great Britain. In her public comments she has frequently declared her support for a strong NATO, an independent British nuclear deterrent, and the need for balanced and verifiable arms control measures.



The daughter of a grocer and a seamstress, Thatcher won a scholarship to Somerville College, Oxford, and graduated with honors in chemistry in 1947. While there she was president of the University Conservative Association. After working for four years as a research chemist in an industrial firm, she began to study law, specializing in tax legislation and patents. A member of Parliament since 1959, Thatcher has held several important government positions, including those of joint parliamentary secretary to the Ministry of Pensions and National Insurance (1961-64), Secretary of State for Education and Science (1970-74), and shadow deputy chancellor of the exchequer (1974-75).

Thatcher visited the United States in 1967 on a Foreign Leader Grant. On later trips she met with Presidents Gerald Ford (1975) and Jimmy Carter (1977, 1979). She renewed an acquaintance with President Ronald Reagan, whom she has known for several years, on a state visit to Washington in February 1981. In June 1982 Thatcher addressed the UN Special Session on Disarmament in New York and then traveled to Washington, where she again met with President Reagan. In January 1983 she became the first prime minister in British history to visit the Falkland Islands. In May she attended the Economic Summit in Williamsburg. Thatcher returned to the United States in September 1983 and again conferred with President Reagan.

Thatcher, 58, enjoys listening to the music of Bach, Beethoven, and Chopin and reading detective stories, historical novels, and biographies. Her husband, Denis, is a retired oil company executive. The Thatchers have 30-year-old twins, Mark and Carol.

CR M 84-10309  
11 January 1984

DECLASSIFIED (RE/OKS)  
M428 # 27329  
CN DATE 4/6/15

27330

**Sir (Richard) Geoffrey HOWE**

**UNITED KINGDOM**

*Secretary of State for Foreign  
and Commonwealth Affairs  
(since June 1983)*

**Addressed as:**  
*Secretary or  
Sir Geoffrey*



Before assuming his current duties, Sir Geoffrey Howe had served since 1979 as Chancellor of the Exchequer, a position equivalent to that of the US Secretary of the Treasury. In that post he was one of the architects of the Conservative government's economic policy. While the Tories were out of power during 1975-79, he served as opposition spokesman on Treasury and economic affairs.

Howe is Welsh. His father was a solicitor, and his mother was a justice of the peace. He holds M.A. and LL.B. degrees from Trinity Hall, Cambridge. As a student he was chairman of the Cambridge University Conservative Association. He was an Army officer from 1945 until 1948. Since entering Parliament in 1964 Howe has served as opposition spokesman on labor and social services, solicitor general, Minister for Trade and Consumer Affairs, and opposition spokesman on social services. He has also served on the boards of directors of several British companies. During January-September 1983 he was chairman of the Interim Committee, the policymaking body of the International Monetary Fund. Howe has visited this country many times, most recently in September 1983, when he accompanied Prime Minister Margaret Thatcher to Washington.

Howe was knighted in 1970 and two years later was made a member of the Privy Council, an advisory body to the Queen. He enjoys gardening, attending the opera (he lists Mozart as his favorite composer), and reading. Howe, 57, is married to the former Elspeth Shand and has three children (including twin daughters). The family has a small dog named Budget.

CR M 84-10315  
11 January 1984

DECLASSIFIED (RELEASED)  
NLRR M428 # 27330  
BY CW NARA DATE 11/6/15

27331

**Nigel LAWSON**

**UNITED KINGDOM**

*Chancellor of the Exchequer*  
(since June 1983)

*Addressed as:*  
*Chancellor*



Before assuming his current duties, Conservative Nigel Lawson had served as financial secretary to the Treasury (1979-81) and then as Secretary of State for Energy. According to the British press, as financial secretary he was the chief architect of the government's medium-term financial strategy. As Energy Secretary he introduced legislation (subsequently passed) that allowed the government to sell a majority interest in the exploration and production activities of the British National Oil Corporation to a new private firm, Britoil. Since becoming Chancellor of the Exchequer, Lawson has publicly advocated further privatization measures. He has also criticized US budget deficits, which he says result in high interest rates that adversely affect the world economy.

The son of a London tea merchant, Lawson was educated at Christ Church College, Oxford, where he earned a B.A. degree (honors) in philosophy, politics, and economics. In the mid-1950s he was an officer in the Royal Naval Volunteer Reserve. Between 1956 and 1972 Lawson was an editor or writer for several of Britain's best known newspapers. During 1963-64 he was also a speechwriter for then Prime Minister Sir Alec Douglas-Home. In 1965 he was a consultant to the British Broadcasting Corporation on economic and financial matters. Lawson was a special policy adviser at Conservative Party headquarters from 1973 until 1974, when he was elected to the House of Commons. He has served as an opposition whip (1976-77) and an opposition spokesman on Treasury and economic affairs (1977-79).

Lawson, 52, has written or contributed to several books. He enjoys music and has an interest in poetry; during a 1982 press interview he said that all the great English poets—including Shakespeare—had been Tories. Lawson has been married since 1980 to the former Thérèse Macy Maclear, his onetime secretary. He has six children, four of them from a previous marriage.

CR M 84-11497  
15 March 1984

DECLASSIFIED / 26/07/80  
MLRR m428 # 27331  
BY CN DATE 11/6/15

27332

**Pierre Elliott TRUDEAU**  
(Phonetic: trooDOH)

CANADA

*Prime Minister*  
(since March 1980)

*Addressed as:*  
*Mr. Prime Minister*



After spending 15 of the past 16 years as Prime Minister, Pierre Trudeau announced on 29 February 1984 that he would turn over his positions as head of the government and leader of the Liberal Party to a successor to be chosen at the party's convention in June. His decision to retire was influenced by various factors, according to the press. For one thing, public opinion polls taken over the past three years have shown that the popularity of the Liberal Party, and of Trudeau himself, has been at an alltime low. On top of that, in late 1983 he had launched a peace initiative designed to bring the five major nuclear powers (the United States, the Soviet Union, Britain, France, and China) to a conference in 1984 to stabilize and perhaps even reduce their nuclear arsenals. He carried his message to Eastern and Western Europe, China, Japan, and the United States, as well as to a meeting of Commonwealth countries in New Delhi. He was met politely, but, according to press reports, did not receive the support that he had envisioned.

Trudeau has studied at the University of Montreal, Harvard University, the London School of Economics, and the Ecole des Sciences Politiques in Paris. He has practiced and taught law. Trudeau has served in Parliament since 1965. In 1966 he became parliamentary secretary to then Prime Minister Lester Pearson, and the following year he was named Minister of Justice and Attorney General. Trudeau initially became Prime Minister in 1968. In an election held in May 1979 the Progressive Conservative Party defeated the Liberals, and he became leader of the opposition. Trudeau resigned as leader of the Liberal Party in November 1979, but when the PC government fell the next month he was persuaded to return to lead the party again. The Liberals scored an impressive victory in the March 1980 election.

Trudeau, 64, excels at sports. He is bilingual in French and English and speaks some Spanish. Trudeau and his wife separated in 1977; he has custody of their three young sons.

CR M 84-11500  
16 March 1984

DECLASSIFIED (RELEASED)  
MLRR M 428 #27332  
BY CW NARA DATE 11/6/85



27333

**Allan Joseph MACEACHEN**  
(Phonetic: mcEHKen)

CANADA

***Deputy Prime Minister;  
Secretary of State for  
External Affairs***

***Addressed as:  
Mr. Deputy Prime Minister***



An economist, Allan MacEachen is widely recognized as one of Canada's most experienced political leaders. During his 25 years in the House of Commons, he has held numerous Cabinet posts. After the Liberal Party defeat in the May 1979 elections, MacEachen served as Liberal House leader and external affairs spokesman until the Liberals were reelected in February 1980. Named Deputy Prime Minister in March 1980, he served concurrently as Minister of Finance from that time until he assumed the External Affairs portfolio in September 1982.

From 1946 until 1951 MacEachen taught economics at St. Francis Xavier University in Nova Scotia, taking time out in 1948 to do graduate work in economics at the University of Chicago. He studied at the Massachusetts Institute of Technology during 1951-53. First elected to Parliament in 1953, MacEachen served for five years before being defeated. He was reelected in 1962 and has since held the following positions: Minister of Labor, Minister of National Health and Welfare, government leader in the House of Commons (three times), Minister of Manpower and Immigration, President of the Privy Council (twice), and Secretary of State for External Affairs. In June 1980 he completed a five-year term as a member of the MIT Corporation.

MacEachen, 62, is the son of a miner. He enjoys reading, especially biographies and detective stories. He has a keen interest in Gaelic music, literature, and history and likes to don a kilt on Scottish holidays. MacEachen is not married.

CR M 84-12825  
21 May 1984

DECLASSIFIED/RELEASSED  
FILE M428 #27333  
BY CN HARRIS 11/6/15



27334

**Marc LALONDE**  
(Phonetic: laLAWND)

CANADA

**Minister of Finance**  
(since September 1982)

**Addressed as:**  
**Mr. Minister**



A close associate of Prime Minister Pierre Trudeau's, Marc Lalonde is widely acknowledged to be one of Canada's leading French Canadian politicians. The press has lauded his intelligence, his technical competence, and his decisiveness. In public speeches he has been mildly critical of US interest rates and budget deficits and of their impact on world economic recovery. During the mid-1970s Lalonde led the Quebec branch of the Liberal Party. Well known as a strong federalist, he opposes separatism or any special status for Quebec. After the defeat of the Liberal Party in the May 1979 election, he served as the Liberal spokesman on energy until his party returned to power in February 1980. He was Minister of Energy, Mines, and Resources from 1980 until 1982.

Lalonde holds two degrees in law from the University of Montreal and an M.A. degree in economics and political science from Oxford. He practiced law in Montreal and taught economics and law at the Universities of Montreal and Ottawa before entering politics. During the mid-1960s he and Trudeau were members of a group of French Canadian intellectuals who condemned Quebec nationalism. Lalonde was one of the main figures in Trudeau's successful campaign for the Liberal Party leadership in 1968, and from 1968 until 1972 he served as principal secretary in the Prime Minister's Office. First elected to the House of Commons in 1972, Lalonde became Minister of National Health and Welfare that same year. He has also been Minister of State for Federal-Provincial Relations and Minister of Justice and Attorney General.

Lalonde, 54, likes to read and enjoys outdoor activities; he plays squash and tennis. He speaks English and French. Married to the former Clair Tréteau, he has four children.

CR M 84-12030  
11 April 1984

DECLASSIFIED / (RE/OASD)  
NLRR M470 #27334  
BY W NARA DATE 11/6/15

27335

**Helmut KOHL**

**FEDERAL REPUBLIC OF GERMANY**

*Chancellor  
(since October 1982)*

*Addressed as:  
Mr. Chancellor*



A longtime member of the Christian Democratic Union, Helmut Kohl was the leader of the CDU/Christian Social Union (CSU) caucus in the Bundestag from 1976 until he became Chancellor. At 53, he is the youngest chancellor West Germany has ever had.

Kohl has studied history, law, and political science at the Universities of Frankfurt and Heidelberg. He holds a doctorate in history. First elected to the Rhineland-Palatinate legislature in 1959, he subsequently served as deputy chairman (1961-63) and chairman (1963-69) of its CDU caucus. He was elected to the national CDU executive board in 1965, served as deputy chairman of the party from 1969 until 1973, and has been chairman since 1973. During 1969-76 he served as Minister-President (equivalent to governor) of Rhineland-Palatinate. He was an unsuccessful candidate for chancellor in 1976, and he withdrew his candidacy for that post in the 1980 election in favor of another CDU politician, who later lost the CDU/CSU nomination to Franz Josef Strauss, head of the CSU.

Kohl is a wine connoisseur. He smokes a pipe. He enjoys listening to music, both classical and modern. An active participant in sports, he enjoys soccer, handball, swimming, and mountain climbing. Kohl speaks a little English. Married to the former Hannelore Renner, he has two sons.

CR M 84-11154  
28 February 1984

DECLASSIFIED/RE/CASD  
NLR M428 #27335  
CN [unclear] DATE 11/6/15

27336

**Hans-Dietrich GENSCHER**  
(Phonetic: GHENsher)

**FEDERAL REPUBLIC OF GERMANY**

*Vice Chancellor; Minister  
of Foreign Affairs  
(since May 1974)*

*Addressed as:  
Mr. Minister*



Chairman of the Free Democratic Party (FDP) Hans-Dietrich Genscher has been a fixture in the government for 15 years. As Foreign Minister, he has widely publicized his commitment to furthering nonalignment in Africa and to creating a European Union. He also publicly supported NATO's 1979 decision to modernize its intermediate-range nuclear forces and was the first foreign minister of a NATO country to call publicly for an East-West agreement on mutual renunciation of force. Most recently, he has called for the Western Alliance to develop a new, long-term policy on East-West relations.

Genscher left his native East Germany in 1952 to settle in Bremen, where he practiced law. He later joined the FDP and began working his way up through the party. In 1956 he went to Bonn as an assistant to the FDP Bundestag caucus. He served as its executive secretary from 1959 until he was elected to the Bundestag six years later. He has served in the Bundestag since then. Genscher was business manager of the national FDP organization during 1962-64 and one of three deputy chairmen from 1968 until 1974, when he became chairman. He served as Minister of the Interior from 1969 until he was named to his present positions. Genscher ended his party's 13-year coalition with the Social Democratic Party in mid-September 1982 and relinquished his Cabinet posts. Less than two weeks later he brought the FDP into the present Christian Democratic Union/Christian Social Union-FDP coalition and reassumed his positions as Vice Chancellor and Foreign Minister.

Genscher, 56, speaks French and a little English. A former tuberculosis patient, he is interested in physical fitness and is a soccer fan and an enthusiastic swimmer. He is currently recovering from injuries received in an automobile accident in early January. He enjoys music (Dvorak and Tchaikovsky), modern paintings (Feininger), and reading mystery stories, especially those by Agatha Christie. Genscher collects pewter beakers and plates. Married twice, he has a daughter by his first wife.

CR M 84-10297  
11 January 1984

DECLASSIFIED (R/CASE)  
LRR M428 #27336  
BY CH NAME DATE 11/6/15

27337

**Otto Graf LAMBSDORFF**  
(Phonetic: LAHMSdorf)

**FEDERAL REPUBLIC OF GERMANY**

*Minister for Economics*  
(since October 1977)

*Addressed as:*  
**Mr. Minister**



Otto Graf Lambsdorff is one of his country's staunchest defenders of the free enterprise system, according to the West German press. Press articles have described him as an economic and financial conservative who advocates small government and freedom and rights for the individual.

Lambsdorff originally held his current post in the Social Democratic Party (SPD) - Free Democratic Party (FDP) coalition government headed by Helmut Schmidt. In September 1982 he and the three other FDP ministers resigned, bringing the SPD-FDP coalition to an end after 13 years. About two weeks later Lambsdorff was reappointed to his position in a new coalition government composed of the FDP, Chancellor Helmut Kohl's Christian Democratic Union, and Franz Josef Strauss's Christian Social Union.

Born in Aachen (in Westphalia), Lambsdorff counts among his ancestors members of the Westphalian nobility. In 1952 he received a doctorate in law from the University of Cologne. He worked in the banking sector from 1955 until 1971. He then served as a member of the executive board of a major German reinsurance company until he assumed his current post. He has served in the Bundestag since 1972 as a representative from North Rhine-Westphalia.

As a result of war injuries, Lambsdorff, 57, has an artificial leg and uses a cane. He speaks English. Divorced and remarried, he has three children by his first wife.

CR M 84-12830  
21 May 1984

DECLASSIFIED / RELEASED  
NLRR M428 27337  
BY CN DATE 11/6/15

27338

**Gerhard STOLTENBERG**  
(Phonetic: SHTOHLtenbehrk)

**FEDERAL REPUBLIC OF GERMANY**

*Minister of Finance*  
(since October 1982)

*Addressed as:*  
*Mr. Minister*



One of the leading economic experts of the Christian Democratic Union (CDU), Gerhard Stoltenberg favors conservative economic policies. He frequently contributes articles on domestic and international economic developments to *Handelsblatt*, West Germany's leading economic daily. Stoltenberg was reelected to the Bundestag in the March 1983 national election after a 12-year hiatus, during which time he served as Minister-President of Schleswig-Holstein and chairman of the CDU in that state. During the same period he was also the fiscal policy spokesman for the party in the Bundesrat (upper house of parliament) and on the CDU Executive Committee.

Stoltenberg studied history, sociology, and philosophy at the University of Kiel, earning a doctorate in history in 1954. During 1960-65 he taught the university's seminar on the science and history of politics. A member of the CDU since 1947, he served during 1955-61 as national chairman of its youth group, Junge Union, and was elected to the party presidium in 1969. Stoltenberg was a member of the Schleswig-Holstein parliament during 1954-57 and of the Bundestag from 1957 until 1971. During 1965-69 he served as Minister of Scientific Research.

Stoltenberg, 55, speaks English. He enjoys reading, music, sailing, and skiing and collects East Asian art. Married to the former Margot Rann, he has a son and a daughter.

CR M 84-12829  
21 May 1984

DECLASSIFIED / (RE/CASE)  
HLRR M428 # 27338  
BY CN NARA DATE 11/6/15

27339

**Yasuhiro NAKASONE**  
(Phonetic: nahkahsohneh)

**JAPAN**

**Prime Minister**  
(since November 1982)

**Addressed as:**  
**Mr. Prime Minister**



Yasuhiro Nakasone has been featured in both the Japanese and foreign press as the most colorful, outgoing prime minister in postwar Japan. In July 1983 he stated publicly that he would like to make his country, already an economic power, into a political force in the international community. His success at establishing rapport with President Ronald Reagan has been reported in the Japanese media with evident pride. Leader of his own Liberal Democratic Party (LDP) faction for more than 15 years, Nakasone had long been mentioned in the Japanese press as a possible future prime minister. In December 1983, in the first election to the lower house of the Diet to be held in over three years, the LDP lost 36 seats and its absolute majority position. With the support of eight members of the New Liberal Club party, however, Nakasone has been able to form a working majority for the LDP. He has said he will run again for party president in November 1984.

A graduate of the Law Faculty of Tokyo University, Nakasone joined the Home Ministry in 1941. He served in a noncombat post in the Navy during World War II and then worked in the Home Ministry until entering politics in 1947. He has since held Cabinet-level positions in the following bodies: the Science and Technology Agency, the Transport Ministry, the Japan Defense Agency, the Atomic Energy Commission, and the International Trade and Industry Ministry. He has twice served as chairman of the LDP Executive Council (1971-72, 1977-78), and he was party secretary general during 1974-76. Before his selection to head the government, Nakasone had served in the Cabinet since mid-1980 as head of the Administrative Management Agency. In that post he created a government-appointed commission charged with preparing proposals for reducing the size of the government bureaucracy and improving the efficiency of public corporations. He has been active in fostering improved relations with China and the nations of the Middle East and has made several trips to those areas.

Nakasone, who will be 66 on 27 May, is an amateur painter, poet, and horticulturist. He has written several books describing his political philosophy. He speaks English. Nakasone and his wife, Tsutako, have a son and two daughters.

CR M 84-12418  
1 May 1984

DECLASSIFIED (RE/OBSERVED)  
AHLRR M428 #27339  
BY CH NARA DATE 1/6/15

27340

**Shintaro ABE**  
(Phonetic: ahbeh)

JAPAN

**Minister of Foreign Affairs**  
(since November 1982)

**Addressed as:**  
**Mr. Minister**



One of the best known politicians in Japan, Shintaro Abe is a leading candidate to become prime minister. He is the second-ranking member and heir apparent of the faction of the ruling Liberal Democratic Party headed by former Prime Minister (1976-78) Takeo Fukuda. Abe unsuccessfully challenged Prime Minister Yasuhiro Nakasone for the LDP presidency and the prime-ministership in late 1982. After the December 1983 election he was one of only two Cabinet ministers Nakasone retained.

The son of a prewar politician, Abe graduated from the Law Faculty of Tokyo University and served as a political reporter for the *Mainichi Shimbun* before entering politics. One of his first positions was that of private secretary to Prime Minister (1957-60) Nobusuke Kishi. First elected to the Diet in 1958, he has served in recent years as Minister of Agriculture, Forestry, and Fisheries; chairman of the LDP Diet Policy Committee; Chief Cabinet Secretary; chairman of the LDP Policy Affairs Research Council; and Minister of International Trade and Industry. Abe has traveled abroad often; he represented Japan at the funeral of Soviet leader Yuriy Andropov.

Abe, 61, enjoys Japanese fencing, golf, and the board game go. He speaks some English but prefers to use an interpreter. He is married to the former Yoko Kishi, daughter of his onetime employer, and has two sons.

CR M 84-12419  
1 May 1984

DECLASSIFIED (20050)

REF M428 #2734

UNCLASSIFIED DATE 11/15

27341

**Noboru TAKESHITA**  
(Phonetic: tahkehshhtah)

**JAPAN**

*Minister of Finance*  
(since November 1982)

*Addressed as:*  
**Mr. Minister**



Noboru Takeshita is serving as Minister of Finance for the second time; he previously held that portfolio during 1979-80. A senior member of the ruling Liberal Democratic Party, he is the third-ranking member of the largest LDP faction, which is led by former Prime Minister (1972-74) Kakuei Tanaka. Takeshita, who has been elected to the House of Representatives (the lower house of the Diet) 10 times since 1958, has been mentioned in the Japanese press as a possible future prime minister.

After graduating from the Department of Commerce at Waseda University in 1947, Takeshita taught in a junior high school. He served two terms in the Shimane Prefectural Assembly before entering the Diet. Within the LDP he has been chairman of the Youth Committee (1961-66) and of the National Organization Committee (1977-78) and senior deputy secretary of the party (1981-fall 1982). He served as Chief Cabinet Secretary under Prime Minister Eisaku Sato during 1971 and under Prime Minister Tanaka during 1974. He served as Minister of Construction in 1976. In 1977 he helped organize the Japan Forum for a Free Society, an LDP-oriented study group (now chaired by Akio Morita, the chairman of Sony Corporation) of prominent young businessmen, intellectuals, and politicians.

As a young man, Takeshita competed as a sumo wrestler, and he also holds a black belt in judo. He has visited the United States both as Finance Minister and as a member of the Diet. Takeshita is 60 years old. He and his wife, Naoko, have three daughters.

CR M 84-12815  
18 May 1984

DECLASSIFIED (2E/0950)  
M 428 #27341  
BY AN NAR DATE 11/6/15



27342

**Hikosaburo OKONOGI**  
(Phonetic: ohkohnohghee)

JAPAN

*Minister of International  
Trade and Industry*  
(since 27 December 1983)

*Addressed as:*  
*Mr. Minister*



Hikosaburo Okonogi is serving in his first Cabinet post. He belongs to the Liberal Democratic Party (LDP) faction headed by Prime Minister Yasuhiro Nakasone. According to the Japanese press, Okonogi is experienced at negotiating with members of the opposition parties and is knowledgeable about urban and transportation problems. As chairman of the LDP Diet Policy Committee, he steered his party's legislative agenda through the fall 1983 Diet session.

Okonogi graduated from the Political Economics Faculty of Waseda University in 1952. He later worked at his father's lumber firm for 11 years and then served in the Yokohama city assembly. Since 1969 he has been a member of the lower house of the Diet, where he represents the first district of Kanagawa Prefecture. At various times during his tenure there Okonogi has served as parliamentary vice minister of foreign affairs, chairman of the lower house Transportation Committee, a member of the lower house Management Committee, and vice chairman of the Diet Policy Committee.

One Japanese newspaper reporter notes that Okonogi has a quick mind and is a clever writer and a gifted orator. The same reporter adds that Okonogi is agreeable and is willing to listen to the opinions of others. A devout Buddhist, he rises early each morning to chant sutras before breakfast. He excels at golf. Okonogi probably does not speak English. He and his wife, Setsuko, have two sons, one of whom is private secretary to Diet member Tatsuo Ozawa. Okonogi will be 56 on 26 January.

CR M 83-16453  
30 December 1983

DECLASSIFIED (RE/CRSED)

REF ID: A660428 #27342

BY CW NARA DATE 11/15

27343

**Bettino CRAXI**  
(Phonetic: KRAHKsee)

**ITALY**

**Prime Minister**  
(since August 1983)

**Addressed as:**  
**Mr. Prime Minister**



Bettino Craxi is the first member of the Socialist Party (PSI) and only the second person outside the Christian Democratic Party (DC) to head an Italian Cabinet since World War II. He heads a five-party coalition that, in addition to the PSI and the DC, includes the Liberals, the Republicans, and the Social Democrats. A politician with a strong following in Milan, Craxi became national vice secretary of the PSI in 1969 and national secretary in 1976. He was first elected to the Chamber of Deputies in 1968 and has since served on its Committees for Foreign Affairs and for Emigration and as president of the PSI group.

Craxi was born in Milan. His father was a socialist who was forced underground by the Fascists—a circumstance that heightened Craxi's interest in a political career. He joined the PSI youth movement while a law student in Milan. He later served as secretary of the party's Milan Provincial Federation and of its Lombardy Regional Federation. He was elected to the party's Central Committee in 1957 and to its Directorate in 1965. During 1960-70 he also represented the PSI on the Milan City Council, serving first as comptroller and later as head of the social welfare department.

During the past few years, Craxi has attended meetings of the Socialist International, of which he is a vice president, and has visited Romania, Yugoslavia, Canada, Israel, Hungary, Austria, Portugal, Somalia, and Algeria. He has also made several visits to the United States, including one in 1961 to attend the World Conference on Local Administration in Washington, in 1962 to celebrate the "twin city" relationship between Chicago and Milan, and in October 1983 to meet with President Ronald Reagan. He met with Vice President George Bush in Rome in February 1984.

Craxi, 50, has said that he has little time for hobbies but enjoys watching televised soccer games, playing the guitar, singing folk songs, and reading works from Hemingway to Dostoevskiy. He knows some English. A frequent contributor to Italian periodicals, he has also written *Socialism and Reality*, *Nine Letters From Prague* (which deals with the fall of Czechoslovak leader Alexander Dubcek), and *Socialism From Santiago to Prague*. Craxi is married to the former Anna Maria Moncini, who, he has said publicly, fully shares his political, social, and humanistic ideals. The Craxis have a son and a daughter.

CR M 84-12814  
18 May 1984

DECLASSIFIED (K0/0950)  
M426 #27343  
CN NO DATE 11/6/85

27344

**Giulio ANDREOTTI**  
(Phonetic: ahndrayAHTtee)

**ITALY**

*Minister of Foreign Affairs*  
(since August 1983)

*Addressed as:*  
*Mr. Minister*



Long a prominent leader of the Christian Democratic Party (DC), Giulio Andreotti has served in the government for virtually his entire political life. Appointed Under Secretary of State in 1947, at the age of 28, he has since been Minister of the Interior, Finance, Treasury, Defense (twice), Commerce and Industry, Budget and Economic Planning, and the Fund for the South. He was Prime Minister three times during the 1970s. Elected to the Constituent Assembly in 1946 and to the Chamber of Deputies in 1948, Andreotti has served since October 1979 as chairman of the Chamber's Committee for Foreign Affairs. He has also served as president of the Italian Inter-Parliamentary Union, in which capacity he has headed IPU delegations to countries in the Eastern and Western Hemispheres. He has visited the United States often.

Andreotti was born in Rome. His father, an elementary school teacher, wanted him to study medicine, but Andreotti chose law instead, graduating with honors from the University of Rome in 1940. Early in his career he played an active role in the Catholic Action Movement. He became director of several Catholic publications, and in 1942 he was elected president of the Association of Catholic Graduates. In 1944 he joined the staff of *Il Popolo*, the DC daily, and he later became its political editor.

The Italian press has called Andreotti a skilled negotiator, respected for his pragmatism by all factions of his party; it further characterizes him as a man of few words, who is invariably polite in the thick of partisan battles. He is a movie and soccer fan and a Latin buff. In 1980 he published a book, *Among My Friends a Few Popes*. He speaks fluent French, can converse in Spanish, and knows some English. Andreotti, 65, is married and has four children.

CR M 84-12813  
21 May 1984

DECLASSIFIED (Re/OA/SCA)

M428 # 7344

CW

11/6/15

27345

**Giovanni Giuseppe GORIA**  
(Phonetic: GOReeah)

ITALY

*Minister of the Treasury*  
(since December 1982)

*Addressed as:*  
*Mr. Minister*



At 40, Giovanni Giuseppe Goria is the youngest minister in the current government and the youngest politician ever to hold the Treasury portfolio. Trained and experienced in economics and public administration, he is responsible for controlling public expenditures and, together with the governor of the Bank of Italy, for controlling the issuance of the country's currency and the exchange rate of the lira. He shares responsibility for overall economic policy with the Ministers for Budget and Economic Planning and for Finance.

A northern Italian from the Piedmont region, Goria received a degree in economics and finance from the University of Turin and has taught related subjects at his alma mater and at the University of Pavia. Early in his career he worked for the Chamber of Commerce in Asti, his hometown. From 1974 until 1976 he was managing director of the Asti Savings Bank. Joining the Christian Democratic Party (DC) soon after graduating from college, Goria subsequently served the party on the local level before being selected by party officials to run for the Chamber of Deputies in 1976.

Since 1976 Goria has served on a special parliamentary commission on tax census control and on the Treasury and Finance Committee. He has also served on the Economic Committee of the North Atlantic Council. During 1978-79 he headed the staff of economic advisers to then Prime Minister Giulio Andreotti, and he subsequently served on the staff of DC national secretary Ciriaco De Mita as head of the party's economic programming department. From July 1981 until his appointment to the Cabinet, he was Under Secretary of State for the Budget and Economic Planning.

Goria was a member of a delegation of officials from the Ministry of Finance and the parliamentary Committee for Treasury and Finance that came to the United States in 1978 to study the operations of the Internal Revenue Service. He returned to this country in 1981 under the auspices of the International Visitor Program.

Goria has contributed articles on taxation and economics to such Italian weeklies as *L'Espresso* and *Panorama*. A former soccer player, he enjoys sports. He also likes to listen to jazz and classical music and visit museums of modern art. He speaks French. He and his wife, Eugenia, have two children.

CR M 83-16474  
9 December 1983

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M428 # 27345  
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4/6/15

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## London Economic Summit

April 1984

Background: The seven-nation London economic summit on June 7-9, 1984, will be the 10th economic summit of the Western industrialized countries. Meetings have taken place annually in member countries starting with Rambouillet (France) in 1975; Puerto Rico (US) in 1976; London (UK) in 1977; Bonn (Federal Republic of Germany) in 1978; Tokyo (Japan) in 1979; Venice (Italy) in 1980; Ottawa (Canada) in 1981; Versailles (France) in 1982, and Williamsburg (US) in 1983.

The summits have provided a useful link for consultations on Western economic concerns and security. They also provide a forum for high-level review of the work of the summit country governments in a variety of international institutions, including the General Agreement on Tariffs and Trade (GATT), the International Monetary Fund (IMF), and the Organization for Economic Cooperation and Development (OECD).

Ottawa: At the Ottawa summit, President Reagan outlined our policy to promote sustainable, market-oriented, noninflationary growth by reducing government spending, changing the tax code to promote savings and investment, and targeting stable and moderate money growth. He also called attention to the potential for erosion of Western security by excessive dependence on Soviet energy resources and to the need to reassess East-West economic relations. The leaders examined the problems of developing countries caused by the explosion of oil prices and financing imbalances during the 1970s. This theme was pursued further at a meeting of 22 developed and developing countries in Cancun, Mexico, later in 1981.

Versailles: At Versailles, the summit created a mechanism to enable countries with special responsibilities for the international monetary and financial system to consult about economic policies affecting the system and also to study past experience in international exchange rate policies. Versailles also highlighted the role emerging technologies will play in the future growth, employment, and trade of our economies. The discussion of East-West economic relations underlined the need for greater consensus among the participants.

Williamsburg: At Williamsburg, members committed themselves to reversing the trend toward protectionism; implementing a joint strategy for managing international debt problems; improving the monetary system; approving the growing consensus among them on East-West economic relations; and progressing toward greater convergence of economic performance among the US, Japan, the Federal Republic of Germany, the UK, and France. They endorsed general conclusions about the role of exchange market operation and intervention and called for consultations on proposals for a new round of trade negotiations.

Progress since Williamsburg: Largely as a result of a growing international consensus on the policies the President first advocated at Ottawa, economic conditions in the summit countries today contrast significantly with those prevailing before Williamsburg. US recovery has surpassed optimistic predictions in 1983. There is greater confidence that the world debt problem can be managed. Strong recession-induced protectionist pressures in the US and other industrialized countries have been checked. US-West European tensions over trade relations with the Soviet Union have diminished.

Although this consensus is real and should help to assure a constructive approach to the variety of international economic problems with which the London summit will deal, some concern remains in other countries about the effects of certain US economic policies and their alleged adverse impact on other countries.

In fact:

- The US recovery is leading other summit countries out of recession and is strengthening the industrialized West as a whole. The less developed countries also are beginning to recover, both through better economic management and the increased demand created by the strong US recovery.
- The US has resisted intense protectionist pressures and is resolved to create momentum for new trade negotiations.
- We are determined to reduce our budget deficit through greater control of government spending and pursuit of policies that will reduce inflationary expectations and bring interest rates down. We will work with other countries to help solve underlying economic and social problems due to a changing world economy.
- Our economic strategy depends on all countries acting to strengthen the interrelationships among economic growth, international trade, and financial policies by promoting more open markets for goods and capital to sustain global growth.

London summit: US objectives for London are to promote policies that will assure that the noninflationary recovery in the Western industrialized countries endures and spreads to the rest of the world. We will stress the need to maintain and expand the open trading and financial system. We will encourage further work in appropriate institutions to promote market-oriented adjustment; continued management of debt problems; early agreement on a new trade round; and a broadened consensus on East-West economic relations.



LOOKING TOWARDS LONDON: TEN YEARS OF ECONOMIC SUMMITRY

A KEYNOTE ADDRESS

GIVEN BY

ALLEN WALLIS

UNDER SECRETARY OF STATE

FOR ECONOMIC AFFAIRS

TO

THE 63RD ANNUAL MEETING OF

THE AMERICAN ASSOCIATION  
OF EXPORTERS AND IMPORTERS

DURING "WORLD TRADE WEEK"

MAY 23, 1984

Pierre Hotel

New York City

LOOKING TOWARDS LONDON: TEN YEARS OF ECONOMIC SUMMITRY

WHEN I ACCEPTED THE INVITATION TO BE YOUR KEYNOTE SPEAKER, I REALIZED THAT I WOULD APPEAR ON THE EVE OF AN IMPORTANT EVENT, THE TENTH ANNUAL ECONOMIC SUMMIT MEETING OF THE HEADS OF STATE AND GOVERNMENT OF THE SEVEN MAJOR INDUSTRIALIZED COUNTRIES: THE UNITED STATES, CANADA, JAPAN, THE UNITED KINGDOM, THE FEDERAL REPUBLIC OF GERMANY, FRANCE, AND ITALY.

THE FIRST ECONOMIC SUMMIT, WHICH DID NOT INCLUDE CANADA OR ITALY, WAS HELD IN RAMBOUILLET, FRANCE, IN 1975. I DOUBT THAT MANY PEOPLE PREDICTED THEN THAT RAMBOUILLET WOULD LEAD TO YEARLY MEETINGS OF THE LEADERS OF THE SEVEN LARGEST FREE-WORLD ECONOMIES TO DISCUSS MUTUAL ECONOMIC CONCERNS. CERTAINLY ONE OF THE THOUGHTS MOST REMOTE FROM MY MIND THEN WAS THAT I WOULD BECOME INVOLVED IN THE NINTH AND TENTH SUMMITS. ONE OF MY FIRST ASSIGNMENTS WHEN I CAME TO WASHINGTON IN JULY 1982 WAS TO SERVE AS THE PRESIDENT'S PERSONAL REPRESENTATIVE IN PREPARING FOR THE WILLIAMSBURG ECONOMIC SUMMIT. THAT MEETING WAS HIGHLY SUCCESSFUL, THANKS TO THE MAJOR PART THE PRESIDENT PERSONALLY TOOK IN THE PREPARATIONS, AND ABOVE ALL TO HIS SPLENDID PRESIDING AT THE ACTUAL SESSIONS. FOR THE PAST SEVERAL MONTHS, I HAVE BEEN INCREASINGLY ABSORBED IN PREPARING FOR THE LONDON SUMMIT, WHICH WILL BE HELD JUNE 7 TO 9. IN FACT I RETURNED ONLY YESTERDAY FROM CHEVENING, NEAR LONDON, WHERE THE PERSONAL REPRESENTATIVES MET FOR TWO DAYS IN THEIR FINAL PREPARATORY SESSION.

I DID NOT REALIZE UNTIL RECENTLY THAT MY SPEECH TODAY WOULD BE NEAR THE ANNIVERSARY OF ANOTHER HISTORIC EVENT OF PARTICULAR SIGNIFICANCE TO THIS MEETING AND TO NATIONAL TRADE WEEK. FIFTY YEARS AGO, SECRETARY OF STATE CORDELL HULL SHEPHERDED THROUGH THE CONGRESS THE SEMINAL RECIPROCAL TRADE AGREEMENTS ACT. COMING FOUR YEARS AFTER THE SMOOT-HAWLEY TARIFF ACT HAD DEVASTATED WORLD TRADE, AND A YEAR AFTER THE UNITED STATES HAD "TORPEDOED" THE LONDON ECONOMIC CONFERENCE, THE RECIPROCAL TRADE AGREEMENTS ACT WAS THE FIRST MAJOR STEP IN THE EMERGENCE OF THE UNITED STATES INTO GLOBAL ECONOMIC LEADERSHIP. IT MEANT THAT THE UNITED STATES WAS BEGINNING TO SHIFT FROM EXTREME PROTECTIONISM TOWARDS ASSERTIVE, FORWARD-LOOKING EFFORTS TO LIBERALIZE WORLD TRADE. THE ACT SYMBOLIZED HULL'S STRONG BELIEF, WHICH HE HAD VOICED AS A CONGRESSMAN DURING THE FIRST WORLD WAR, THAT "UNHAMPERED TRADE" DOVETAILS WITH PEACE; HIGH TARIFFS, TRADE BARRIERS, AND UNFAIR ECONOMIC COMPETITION WITH WAR."

A HALF CENTURY LATER, THE WORLD ECONOMY HAS CHANGED DRAMATICALLY. IT IS MORE COMPLEX. YET THE ESSENTIAL GOAL OF THE RECIPROCAL TRADE AGREEMENTS ACT -- TRADE LIBERALIZATION -- REMAINS ONE OF THE CENTRAL OBJECTIVES OF THE UNITED STATES AS WE APPROACH THE TENTH ECONOMIC SUMMIT. JUST AS HULL ARGUED THAT BEGGAR-THY-NEIGHBOR TRADE POLICIES BEGAT THE CONFLICT OF

WORLD WAR I, WE TODAY ARE FIRMLY CONVINCED THAT TRADE LIBERALIZATION AND A COORDINATED APPROACH TO RELATED ECONOMIC ISSUES ARE VITAL TO WESTERN SOLIDARITY. IN THE DECADES FOLLOWING HULL'S STEWARDSHIP, WE HAVE LEARNED COLLECTIVELY THAT THERE CAN BE NO SECURE PEACE WITHOUT ECONOMIC HARMONY.

IT WAS THIS KIND OF THINKING THAT LED FORMER FRENCH PRESIDENT GISCARD D'ESTAING TO CALL THE FIRST SUMMIT MEETING AT RAMBOUILLET AND THIS IS WHY IT IS SO VITAL TODAY TO CONTINUE REGULAR CONSULTATIONS AT THE HIGHEST LEVELS OF WESTERN GOVERNMENTS ON ISSUES THAT ARE BASIC TO PEACE AND PROSPERITY -- ISSUES SUCH AS GROWTH, TRADE, FINANCE, MONEY, DEVELOPMENT, AND ECONOMIC SECURITY. LESS THAN TWO WEEKS AGO, AMBASSADOR BROCK, THE UNITED STATES TRADE REPRESENTATIVE, CONVOKED A HIGHLY USEFUL MEETING OF MANY OF HIS MAIN COUNTERPARTS TO LET THEIR HAIR DOWN AND TO VET THE PROBLEMS FACING THE MULTILATERAL TRADE SYSTEM. LAST WEEK, SECRETARY OF THE TREASURY REGAN MET WITH TEN OTHER FINANCE MINISTERS FOR A COMPARABLE PURPOSE RELATING TO INTERNATIONAL FINANCE. BUT THE VALUE OF ECONOMIC SUMMITS IS THAT THEY GO BEYOND DISCUSSION OF ANY SINGLE SUBJECT.

THE SUMMITS AFFORD LEADERS AN OPPORTUNITY TO TAKE ACCOUNT OF THE INTERRELATIONSHIPS AMONG THE VARIOUS ASPECTS OF ECONOMIC POLICY. BILATERAL MEETINGS CAN ACCOMPLISH PART OF THIS FUNCTION. BILATERAL ISSUES, HOWEVER, TEND TO BE RELATIVELY SHARPLY DEFINED. IN AN INTERDEPENDENT WORLD, ECONOMIC ISSUES ARE MORE COMPLEX AND MULTILATERAL. LEADERS, NOT THEIR STAFFS, MUST ULTIMATELY MAKE THE HARD CHOICES ON ECONOMIC POLICY THAT AFFECT NOT ONLY THEIR ELECTORATES BUT ALSO MILLIONS OF PEOPLE OUTSIDE THEIR BORDERS. IT IS VALUABLE FOR THEM TO HEAR DIRECTLY FROM THEIR COUNTERPARTS OTHER, SOMETIMES CONFLICTING IDEAS ON HOW BEST TO APPROACH MUTUAL PROBLEMS.

JUST AS IMPORTANT IS THE FACT THAT ECONOMIC SUMMITS ALLOW THE HEADS OF GOVERNMENT AN UNUSUAL OPPORTUNITY TO GET A BETTER SENSE OF EACH OTHER'S LARGER PRIORITIES, PERCEPTIONS, PREJUDICES, AND POLICIES. WHILE THERE IS AN ABUNDANCE OF OPPORTUNITIES EACH YEAR FOR TRADE AND FINANCE MINISTERS TO MEET, THE ANNUAL SUMMITS PROVIDE THE ONLY REGULAR OCCASION FOR THE MAJOR WESTERN HEADS OF GOVERNMENT TO CONFER ON ECONOMIC ISSUES.

THE MAIN TOPIC OF MY TALK TODAY IS OUR PRINCIPAL GOALS AND OBJECTIVES FOR THE LONDON SUMMIT. BEFORE I OUTLINE THEM, HOWEVER, I WILL SET THE STAGE BY SKETCHING THE EVOLUTION OF SUMMITS SINCE PRESIDENT REAGAN TOOK OFFICE.

OTTAWA IN 1981 WAS PRESIDENT REAGAN'S FIRST SUMMIT AND THEREFORE HIS FIRST OPPORTUNITY TO EXPLAIN HIS DOMESTIC ECONOMIC POLICIES TO HIS SUMMIT COLLEAGUES. ALREADY IN PLACE WAS MUCH OF HIS PROGRAM TO PROMOTE SUSTAINABLE, MARKET-ORIENTED, NON-INFLATIONARY GROWTH. THE KEY COMPONENTS OF THIS PROGRAM WERE, AS THEY ARE TODAY, TO REDUCE GOVERNMENT SPENDING,

TO CHANGE THE TAX CODE IN WAYS THAT PROVIDE INCENTIVES FOR INDIVIDUALS TO WORK, TO SAVE AND TO INVEST, TO REDUCE GOVERNMENT REGULATION, AND TO ACHIEVE STABLE AND MODERATE GROWTH IN THE MONEY SUPPLY. AT THE TIME, THE PRESIDENT'S STRONG EMPHASIS ON STOPPING INFLATION AND ON SHIFTING RESOURCES AND THEIR MANAGEMENT AWAY FROM GOVERNMENT AND INTO PRIVATE CONTROL WAS SEEN BY SOME AS BEING AT BEST ON THE FRINGES OF RESPECTABLE ECONOMIC POLICY. THUS, AT OTTAWA THE PRESIDENT WAS RECEIVED POLITELY BUT SKEPTICALLY.

THE PRESIDENT ALSO USED THE OPPORTUNITY TO HIGHLIGHT HIS CONCERNS ABOUT THE RELATIONSHIP BETWEEN ECONOMIC RELATIONS WITH EASTERN COUNTRIES AND WESTERN SECURITY. FINALLY, AT OTTAWA THE PRESIDENT GAVE A PREVIEW OF THE APPROACH HE WAS TO ARTICULATE MORE FULLY AT CANCUN LATER THAT YEAR ON MANAGING THE RELATIONSHIP BETWEEN DEVELOPED AND LESS DEVELOPED ECONOMIES.

AT VERSAILLES IN 1972, THE HEADS OF GOVERNMENT WERE FACED WITH A SOMBER ECONOMIC TABLEAU -- FALLING OUTPUT, RISING UNEMPLOYMENT, AND HIGH INTEREST RATES. THE SOLE BRIGHT SPOT WAS LOWER INFLATION IN THE UNITED STATES. CONCERN ABOUT EXCHANGE RATES LED TO AGREEMENT TO DEVELOP A FRAMEWORK IN WHICH THE FIVE COUNTRIES WITH SPECIAL RESPONSIBILITIES FOR THE INTERNATIONAL MONETARY AND FINANCIAL SYSTEMS -- NAMELY THE U.S., JAPAN, THE FRG, THE UK, AND FRANCE -- COULD CONSULT MORE EFFECTIVELY ABOUT THE EFFECTS OF THEIR DOMESTIC ECONOMIC POLICIES ON THE INTERNATIONAL ECONOMY. A STUDY OF THE HISTORICAL RECORD OF EXCHANGE RATES WAS ALSO LAUNCHED. FINALLY, VERSAILLES HIGHLIGHTED FURTHER THE PRESSING NEED FOR GREATER CONSENSUS ON EAST-WEST ECONOMIC ISSUES.

BY THE TIME OF WILLIAMSBURG, DEVELOPMENTS IN THE AMERICAN ECONOMY HAD ALREADY BEGUN TO SHOW THE SUCCESS OF THE ECONOMIC POLICIES PRESIDENT REAGAN HAD FIRST CHAMPIONED AT OTTAWA TWO YEARS EARLIER. THE SUMMIT LEADERS EXPRESSED CONFIDENCE THAT ECONOMIC RECOVERY WAS BECOMING A REALITY, WITH THE UNITED STATES IN THE LEAD. THEY DEFINED A STRATEGY BY WHICH, THROUGH A MORE OPEN TRADE AND FINANCIAL SYSTEM, THEY COULD GRAPPLE EFFECTIVELY WITH THE LEGACIES FROM THE 1970'S OF INFLATION, UNEMPLOYMENT, AND DEBT. THEY AGREED ON WAYS TO PROMOTE GREATER CONVERGENCE OF ECONOMIC PERFORMANCE, ACCEPTING THEREBY THE CONCLUSION FROM THE STUDY OF EXCHANGE RATES THAT ECONOMIC CONVERGENCE WAS ESSENTIAL FOR STABILITY OF EXCHANGE MARKETS. AT WILLIAMSBURG, THE CRY FOR MASSIVE GOVERNMENT INTERVENTION INTENDED TO CONTROL EXCHANGE MARKETS WAS MUTED THOUGH NOT QUITE STILLED. ON EAST-WEST ECONOMIC ISSUES, THE LEADERS POINTED TO A NEW CONSENSUS BASED ON WORK CARRIED OUT IN INSTITUTIONS SUCH AS THE ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT, THE NORTH ATLANTIC TREATY ORGANIZATION, AND THE INTERNATIONAL ENERGY AGENCY. FINALLY, STRESSING THE INTERRELATIONSHIPS AMONG GROWTH, TRADE, AND FINANCE, THE LEADERS AGREED ON THE COMPONENTS OF A STRATEGY FOR MANAGING INTERNATIONAL DEBT AND

FOR PROMOTING A MORE OPEN TRADE SYSTEM. THESE COMPONENTS INCLUDED IMMEDIATE ACTIONS AS WELL AS OTHERS THAT WOULD BE CONSIDERED FOR THE MEDIUM TERM, SUCH AS A NEW ROUND OF MULTILATERAL TRADE NEGOTIATIONS.

WITH THIS BACKGROUND ON THE EVOLUTION OF THE LAST THREE SUMMITS, LET ME TURN TO A DISCUSSION OF OUR GOALS AND OBJECTIVES FOR THE NEXT SUMMIT AT LONDON.

THE UNITED STATES WILL PURSUE TWO PRINCIPAL OBJECTIVES AT THE LONDON SUMMIT:

-- FIRST, TO CONFIRM THAT ECONOMIC RECOVERY -- NOT JUST IN THE UNITED STATES, BUT IN OTHER SUMMIT COUNTRIES -- HAS TAKEN HOLD FIRMLY AND THAT WE NEED TO RECOMMIT OURSELVES COLLECTIVELY TO POLICIES THAT WILL ENSURE THAT GROWTH WILL BE SUSTAINED, WILL NOT BECOME INFLATIONARY, AND WILL SPREAD TO THE REST OF THE WORLD;

-- SECOND, TO BUILD ON THE STRATEGY OUTLINED AT WILLIAMSBURG FOR MANAGING INTERNATIONAL TRADE AND FINANCIAL PROBLEMS AND TO TRANSLATE THAT STRATEGY INTO A CONCRETE PROGRAM OF ACTION.

IN A SENSE, LONDON WILL BE A TRANSITION SUMMIT, MARKING THE PASSAGE FROM A PERIOD IN WHICH THE TASK WAS TO LAY SOLID DOMESTIC FOUNDATIONS FOR GROWTH TO ONE IN WHICH OUR NATIONS TOGETHER, BUILDING ON AGREEMENTS AT WILLIAMSBURG, CAN FURTHER SHAPE THEIR VISION OF THE FUTURE OF THE INTERNATIONAL ECONOMIC SYSTEM. SINCE THE BEGINNING OF HIS ADMINISTRATION, THE PRESIDENT HAS ARGUED THAT THE FOUNDATION OF A WELL-FUNCTIONING INTERNATIONAL ECONOMY MUST BE POLICIES IN EACH OF THE MAJOR COUNTRIES TO REDUCE INFLATION AND TO EXPAND THE SCOPE FOR INDIVIDUAL INITIATIVE. THE THRUST OF HIS MESSAGE HAS BEEN THAT THE PROPER ROLE OF GOVERNMENT MUST BE TO REMOVE DOMESTIC ECONOMIC RIGIDITIES IN ORDER TO FACILITATE, NOT FRUSTRATE, ADJUSTMENT TO CHANGING CIRCUMSTANCES, THUS CREATING NEW JOBS AND A DURABLE PROSPERITY.

IN CONTRAST TO THE SITUATION AT OTTAWA, AT VERSAILLES, AND EVEN TO SOME EXTENT AT WILLIAMSBURG, THE PRESIDENT'S MESSAGE, AND INDEED HIS ECONOMIC PROGRAM, ARE NOW MORE WIDELY ACCEPTED AMONG OUR SUMMIT PARTNERS. THE CHANGE IN ATTITUDE OF SOME SUMMIT COUNTRIES IS STRIKING INDEED. OUR PARTNERS NOW RECOGNIZE THAT THE PRESIDENT'S POLICIES HAVE SUCCEEDED AND THAT, THROUGH HIS CONTRIBUTION TO THE PAST THREE SUMMITS, HE HAS FORGED WITH THEM A COHERENT STRATEGY FOR SUSTAINABLE, NON-INFLATIONARY GROWTH THAT IS BRINGING OUR NATIONS OUT OF THE RECESSIONARY TROUGH OF THE EARLY 1980'S. ALTHOUGH FURTHER REDUCTION IN MARKET RIGIDITIES IN MANY COUNTRIES WILL BE SLOW AND PAINFUL, ALL NOW AGREE ON ITS NECESSITY AND ARE WORKING TO ACHIEVE IT. THUS, THE LONDON SUMMIT WILL PROVIDE AN

OPPORTUNITY TO REVIEW AND TO TAKE SATISFACTION FROM OUR ACHIEVEMENTS DURING THE PRESIDENT'S FIRST TERM, STRESSING THE CONSISTENCY AND CONTINUITY OF PURPOSE THAT HAS CHARACTERIZED THE PRESIDENT'S APPROACH TO BOTH DOMESTIC AND INTERNATIONAL ECONOMIC PROBLEMS.

BUT THE LONDON SUMMIT WILL BE MORE THAN A SUMMARY OR RECITATION OF PAST SUCCESSES. BECAUSE SUMMIT LEADERS WILL START THEIR DISCUSSIONS ALREADY BASICALLY AGREED ON THE PROBLEMS THEY FACE AND ON THE OBJECTIVES OF THEIR RESPECTIVE NATIONAL ECONOMIC POLICIES, LONDON OFFERS THE ADDITIONAL AND UNIQUE OPPORTUNITY FOR LEADERS TO LOOK BEYOND CURRENT PROBLEMS AND TO DEVELOP FURTHER A STRATEGY THAT WILL CONSOLIDATE ECONOMIC RECOVERY AND ADVANCE OUR OBJECTIVES OF MORE OPEN WORLD MARKETS.

OUR TWO BROAD OBJECTIVES AT LONDON, THEN, ARE STRENGTHENING AND SPREADING RECOVERY, AND PROGRESS ON INTERNATIONAL TRADE, FINANCE, AND DEBT. LET ME TRANSLATE THESE BROAD OBJECTIVES INTO MORE SPECIFIC GOALS.

WE EXPECT THAT ONE OF THE MAIN SUBJECTS DISCUSSED AT LONDON WILL BE THE ECONOMIC SITUATION AND THE OUTLOOK FOR WORLD RECOVERY. THERE HAS BEEN A BROAD CONVERGENCE OF THE ECONOMIC PERFORMANCES OF SUMMIT COUNTRIES TOWARD FASTER GROWTH AND LOWER INFLATION. SUMMIT COUNTRIES GREW ON THE AVERAGE OF 2.4% IN 1983. THIS CONTRASTS WITH 0.4% IN 1982 AND 4.5% FORECAST FOR 1984. SUMMIT COUNTRY INFLATION WAS 6.8% IN 1982, 4.3% IN 1983, AND IS FORECAST TO BE 4.6% THIS YEAR. CONTINUED NON-INFLATIONARY EXPANSION IN SUMMIT COUNTRIES IS ESSENTIAL TO SPUR SIMILAR GROWTH IN OTHER INDUSTRIALIZED COUNTRIES AS WELL AS IN THE LESS DEVELOPED COUNTRIES.

THUS, ONE OF OUR CHIEF TASKS AT LONDON IS TO EXPLORE WAYS TO SUSTAIN THIS CONVERGENCE OF SUMMIT COUNTRY ECONOMIC PERFORMANCE AND TO ENSURE THAT HIGHER GROWTH AND LOWER INFLATION SPREAD TO THE REST OF THE WORLD. WE BELIEVE THE KEY ELEMENTS OF OUR ACTION PLAN SHOULD BE:

-- FIRST, TO RESTRAIN GOVERNMENT SPENDING, THUS ALLOWING EXPANSION OF THE PRIVATE SECTOR;

-- SECOND, TO PROMOTE STABLE, MODERATE MONETARY GROWTH, THUS INDUCING LOWER INTEREST RATES AND INCREASING CONFIDENCE THAT INFLATION WILL BE CONTAINED;

-- THIRD, TO REMOVE STRUCTURAL RIGIDITIES THAT ARE INHIBITING THE GROWTH OF EMPLOYMENT IN SOME SUMMIT COUNTRIES; AND

-- FOURTH, TO MAINTAIN AND ENHANCE THE OPEN TRADING SYSTEM IN ORDER TO FOSTER ECONOMIC GROWTH, PARTICULARLY IN THE DEVELOPING WORLD.

CONCERNS WILL UNDOUBTEDLY BE VOICED ABOUT U.S. BUDGET DEFICITS AND THE FEAR THAT THEY WILL CAUSE HIGHER INTEREST RATES THAT COULD CHOK OFF RECOVERY AND REIGNITE INFLATION IN BOTH INDUSTRIAL AND DEVELOPING NATIONS. WITH ACTION NOW TAKEN IN BOTH THE HOUSE AND SENATE ON THE PRESIDENT'S PROPOSALS FOR A "DOWNPAYMENT" ON THE DEFICIT, WE BELIEVE WE CAN PROMISE REAL ACTION IN THE NEAR FUTURE TO REDUCE BUDGET DEFICITS. WE WILL POINT AGAIN TO THE MULTILATERAL SURVEILLANCE PROCESS, INITIATED AT VERSAILLES AND STRENGTHENED AT WILLIAMSBURG, AS A FORUM FOR CONTINUING CONSULTATIONS ON CONVERGENCE. WE WILL ALSO POINT OUT THAT THE SIZEABLE TRADE AND CURRENT ACCOUNT DEFICITS OF THE UNITED STATES HAVE MADE MAJOR CONTRIBUTIONS TO GROWTH IN OTHER COUNTRIES AS THEIR EXPORTS TO OUR MARKET HAVE RISEN. HOWEVER, THAT SITUATION WILL NOT LAST FOREVER, SO IT IS URGENT THAT ALL COUNTRIES PURSUE THEIR ADJUSTMENT EFFORTS.

AS REGARDS THE DEVELOPING COUNTRIES WITH SEVERE DEBT PROBLEMS, ALL PARTIES MUST CONTINUE TO FULFILL THEIR RESPONSIBILITIES UNDER THE FIVE-POINT DEBT STRATEGY ENDORSED AT WILLIAMSBURG. THE PROBLEM WILL BE MANAGEABLE IN THE LONG RUN, AS WELL AS THE SHORT, IF EACH OF US DOES HIS JOB.

OUR OBJECTIVE AT LONDON IS TO CONFIRM THAT OUR STRATEGY FOR MANAGING LDC DEBT PROBLEMS ON A FLEXIBLE, CASE-BY-CASE BASIS IS WORKING AND REQUIRES NO FUNDAMENTAL CHANGE. THIS STRATEGY HAS WORKED SUCCESSFULLY TO PROMOTE ADJUSTMENT EFFORTS IN DEBTOR COUNTRIES AND HAS CHECKED SERIOUS DISRUPTION OF THE INTERNATIONAL TRADE, FINANCE, AND MONETARY SYSTEMS.

WE BELIEVE THIS STRATEGY IS APPROPRIATE FOR THE MEDIUM AS WELL AS THE SHORT TERM. THERE HAVE BEEN SEVERAL SUGGESTIONS RECENTLY THAT OUR STRATEGY LACKS A MEDIUM-TO-LONG TERM COMPONENT. IN FACT, IT HAS BOTH. WE BELIEVE THE LONDON SUMMIT WILL OFFER AN OPPORTUNITY TO EXPAND AND CLARIFY THE MEDIUM-TERM ASPECTS OF THE STRATEGY AGREED TO AT WILLIAMSBURG. WE WILL STRESS FOUR MAJOR ELEMENTS:

-- THE NEED FOR CONTINUED ADJUSTMENTS BY DEBTOR COUNTRIES WITH THE SUPPORT OF THE IMF AND LENDING BY COMMERCIAL BANKS;

-- THE NEED TO EXPAND TRADE BETWEEN DEVELOPED AND DEVELOPING COUNTRIES TO PROMOTE GROWTH IN BOTH AND TO ASSURE THAT HEAVY DEBTORS WILL BE ABLE TO EARN FOREIGN EXCHANGE TO SERVICE THEIR DEBTS AND TO JUSTIFY INCREASED COMMERCIAL BANK LENDING IN THE YEARS AHEAD;

-- THE NEED FOR DEVELOPING COUNTRIES TO STIMULATE INCREASED FOREIGN DIRECT INVESTMENT TO REDRESS THE IMBALANCE BETWEEN DEBT AND EQUITY IN THEIR EXTERNAL FINANCES AND TO ATTRACT THE FINANCIAL, TECHNOLOGICAL, AND MANAGEMENT RESOURCES THEY NEED TO EXPLOIT FUTURE EXPORT OPPORTUNITIES; AND

-- THE NEED FOR CLOSER COORDINATION BETWEEN THE INTERNATIONAL MONETARY FUND AND THE WORLD BANK IN ORDER TO MAKE THE ROLE OF THE BANK MORE CONSISTENT WITH THAT OF THE IMF IN PROMOTING ADJUSTMENT IN DEVELOPING COUNTRIES, AND IN STRENGTHENING THE BANK'S CONTRIBUTION TO LONGER-TERM DEVELOPMENT.

WITH RESPECT TO INTERNATIONAL TRADE, THE CHALLENGE FOR SUMMIT LEADERS AT LONDON WILL BE TO CONSOLIDATE THE MOVEMENT TOWARD WORLDWIDE ECONOMIC RECOVERY, TO PROMOTE EARLY PROGRESS IN LIBERALIZING TRADE AND IMPROVING THE TRADE SYSTEM, AND TO MOVE FORWARD TOWARD NEW MULTILATERAL TRADE NEGOTIATIONS TO ACHIEVE MORE COMPREHENSIVE LIBERALIZATION.

AT THE OECD MINISTERIAL MEETING LAST WEEK, MEMBER COUNTRIES AGREED THAT A NEW ROUND OF MULTILATERAL TRADE NEGOTIATIONS IS "OF THE UTMOST IMPORTANCE TO A STRENGTHENING OF THE LIBERAL TRADE SYSTEM." THEY URGED EXPANDED CONSULTATIONS WITH ALL GATT COUNTRIES AND GAVE A HIGH PRIORITY TO THE GATT WORK PROGRAM ESTABLISHED IN 1982 TO LAY THE GROUNDWORK FOR THE DEVELOPMENT OF A CONSENSUS ON SUCH NEGOTIATIONS. WE HOPE THE SUMMIT WILL GIVE A REAL IMPETUS AT THE HIGHEST POLITICAL LEVEL TO THIS UNDERTAKING. THE LIBERALIZATION THAT SUCH NEGOTIATIONS CAN ACHIEVE IS ESSENTIAL IN ORDER TO CONSOLIDATE THE FUTURE SUCCESS OF THE STRATEGIES FOR DOMESTIC GROWTH ON WHICH OUR COUNTRIES ARE NOW EMBARKED.

FINALLY, OUR OBJECTIVES ON EAST-WEST ECONOMIC RELATIONS AT LONDON ARE SIMPLE AND STRAIGHTFORWARD. WE WILL SEEK TO CONTINUE TO WORK CLOSELY WITH OUR SUMMIT PARTNERS AND OTHER ALLIES TO BROADEN OUR CONSENSUS ON PRUDENT ECONOMIC RELATIONSHIPS WITH THE SOVIET UNION AND THE COUNTRIES OF EASTERN EUROPE. WE WILL URGE THAT WORK UNDERWAY SINCE 1982 IN SUCH SPECIALIZED ORGANIZATIONS AS THE OECD, IEA, COCOM, AND NATO CONTINUE IN ORDER TO MAKE THAT CONSENSUS AS COMPREHENSIVE AS POSSIBLE.

IN SPITE OF THE LENGTH WITH WHICH I HAVE DESCRIBED U.S. GOALS AND OBJECTIVES AT LONDON AND THE ISSUES WE EXPECT TO TACKLE COLLECTIVELY, YOU MOST DEFINITELY SHOULD NOT GET AN IMPRESSION THAT WE EXPECT MAJOR BREAKTHROUGHS AT LONDON THAT WILL MAKE HEADLINES IN THE WALL STREET JOURNAL, THE NEW YORK TIMES OR THE JOURNAL OF COMMERCE. FOR AT LEAST THREE REASONS, I EXPECT THIS NOT TO OCCUR.

FIRST, IF THE PROBLEMS DISCUSSED AT LONDON WERE SUSCEPTIBLE TO EASY ANSWERS AND QUICK FIXES, THERE WOULD BE NO REASON FOR THE SUMMIT. THE ISSUES WITH WHICH THE SUMMIT LEADERS WRESTLE ARE COMPLEX. ONLY LONG TERM APPROACHES PROVIDE REAL SOLUTIONS, AND LONG TERM APPROACHES ARE COMPLICATED AND DIFFICULT. THOSE WHO EXPECT BLINDING REVELATIONS AND FACILE CURES FOR THE WORLD'S ECONOMIC ILLS WILL BE DISAPPOINTED -- NOT ONLY IN JUNE AT LONDON, BUT PERPETUALLY EVERYWHERE.



IN A REPETITION OF THE ATMOSPHERE INTRODUCED BY PRESIDENT REAGAN AT WILLIAMSBURG, WE EXPECT THAT SUMMIT LEADERS AT LONDON WILL DISCUSS THESE LONGER TERM APPROACHES IN AN INFORMAL, FLEXIBLE MANNER, WITHOUT THE RIGIDLY STRUCTURED AGENDA AND PRE-NEGOTIATED COMMUNIQUE OF MOST SUMMITS BEFORE WILLIAMSBURG. EARLIER SUMMITS FOCUSED ON DETAILED MEANS TO COORDINATE MACROECONOMIC POLICIES, REFLECTING A VIEW THAT THE ROUTE TO SUSTAINED GROWTH LAY IN INTERNATIONALLY CONCERTED MANIPULATION OF DEMAND -- SO-CALLED "FINE TUNING." THESE EFFORTS WERE DISAPPOINTING AND MAY HAVE CONTRIBUTED TO THE INSTABILITY THAT ONLY NOW IS BEING BROUGHT UNDER CONTROL. WHILE OUR NEW APPROACH TO SUMMITRY MAY PRODUCE FEWER HEADLINES, IT SEEMS TO ME EMINENTLY MORE PRUDENT AND CONSTRUCTIVE.

THE SECOND REASON THAT HEADLINE HUNTERS WILL BE DISAPPOINTED IS THAT DISAGREEMENTS MAKE THE BEST HEADLINES. AS SUMMIT ECONOMIES EXPAND, SCAPEGOATING DIMINISHES; NEVERTHELESS, I EXPECT THE STORIES FROM LONDON TO FOCUS ON EXPRESSIONS OF CONCERN ABOUT INTEREST RATES, DEFICITS, AND DEBT CRISES. I URGE THAT YOU NOT BE MISLED IF THAT HAPPENS. EXPRESSIONS OF CONCERN, WHICH INDEED WE ALL SHARE, DO NOT NECESSARILY MEAN DISAGREEMENT OR DISARRAY. WHILE THERE WILL NOT BE AGREEMENT ON EVERY ISSUE, I WILL BE SURPRISED IF THERE IS SIGNIFICANT DISAGREEMENT ON AN ISSUE OF MAJOR IMPORTANCE. SO I SUGGEST THAT YOU LOOK BEYOND THE HEADLINES, READ CAREFULLY THE STATEMENTS THAT ARE ISSUED, AND DRAW YOUR OWN CONCLUSIONS.

FINALLY, I ANTICIPATE THAT NO STARTLING NEWS WILL COME OUT OF LONDON BECAUSE THE NEWS DEALS WITH THE PRESENT BUT THE SUMMIT DEALS WITH THE FUTURE. THE REAL TEST OF THE LONDON SUMMIT'S SUCCESS WILL BE REFLECTED NOT IN NEXT MONTH'S HEADLINES, BUT IN THE MONTHS THAT FOLLOW; NOT IN WHAT THE LEADERS SAY AT LONDON, BUT IN WHAT THEY DO IN THE MONTHS AND YEARS AHEAD WHEN THE UNITED STATES AND OUR SUMMIT PARTNERS SEEK TO IMPLEMENT DOMESTICALLY AND INTERNATIONALLY THE POLICIES SKETCHED AT LONDON. WE HAVE COME A LONG WAY, INDIVIDUALLY AND COLLECTIVELY, IN THE 50 YEARS SINCE THE RECIPROCAL TRADE AGREEMENTS ACT, BUT THERE IS STILL A LONG WAY TO GO. LONDON, LIKE ITS PREDECESSOR SUMMITS, WILL MARK ANOTHER, AND I BELIEVE A SIGNIFICANT, MILESTONE ON OUR JOURNEY.

# International Economic Issues

February 7, 1984



United States Department of State  
*Bureau of Public Affairs*  
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*Following is a statement by W. Allen Wallis, Under Secretary for Economic Affairs, before the Joint Economic Committee, February 7, 1984.*

This series of hearings on international economic policy provides a service not only to the Congress and the public but also to the Administration by requiring us to focus from time to time on the broad picture. My task today is made easier by the testimony you have already received from Ambassador Brock [U.S. Trade Representative William E. Brock], Secretary [of the Treasury Donald T.] Regan, and others in senior economic positions in the Administration. Rather than review ground that they have covered, I will restrict my comments to the international aspects of the economic scene.

With your indulgence, I will preface my remarks with a few words on the relationship between domestic and international economic policy. My position as Under Secretary of State for Economic Affairs gives me a unique vantage point from which to comment on this issue. One often hears the question, "What is the Administration's international economic policy?" or from less friendly folks, "The Administration has no international economic policy." This comment, while intended to be derogatory, embodies some good economics. What the Administration has is an economic policy, the same abroad as at home.

As I have traveled around the world, I have been struck by the validity of old-fashioned market economics, by the importance of keeping inflation under con-

trol, and by the stifling effects of governments. Good economic policy is good economic policy whether the application is domestic or international.

What is different about "international" economic policy is not the economics but the politics, and the politics are more domestic than international. Trade policy, for example, seems to be a quintessential example of international economic policy. But I see trade policy more as did the 19th-century humorist Ambrose Bierce. Bierce defined tariffs as devices "to protect the domestic producer against the greed of his consumers." Trade policy involves decisions about diverting the income of some groups in a country (for example, consumers of automobiles) for the benefit of other groups in the same country (for example, producers of automobiles). The policy may be carried out at the border by limiting access to the U.S. market, but both its beneficiaries and its victims are primarily domestic and only secondarily foreign.

During the 3 years of this Administration, understanding has spread internationally that economic health is first and foremost the result of the economic policies followed at home. But I can testify from experience in numerous meetings at the Organization for Economic Cooperation and Development (OECD), with officials of scores of countries, and at the economic summits that there is still a long way to go. The idea dies slowly that a new international institution, or a coordinated action program, or massive transfer of resources will solve the problems of growth, employment, development, or debts.

## Economic Summits

I can illustrate my point by referring to the economic summit meetings, which bring together the leaders of the seven major industrialized countries of the free world. As the President's personal representative for the summit, I directed preparations for last year's meeting in Williamsburg. I will represent the President again in preparing for this year's summit in London, which will be the 10th such meeting.

The economic summit meetings are evolving in a more productive direction, providing more flexible and informal opportunities for consultation and collaboration and deemphasizing formal, negotiated, specific commitments. Earlier meetings focused on detailed coordination of macroeconomic policies, reflecting a view that the route to sustained growth lay in internationally concerted manipulation of demand—so-called "fine tuning." These efforts were disappointing and may have contributed to the instability which we only now have begun to control. Although I will not take the time to do so now, it is instructive to compare the policy prescriptions in the Bonn declaration of 1978 with the annex to the Williamsburg declaration, entitled "Strengthening Economic Cooperation for Growth and Stability."

At Williamsburg the leaders rejected calls for quick fixes and reconfirmed a medium-term approach to economic policies first laid out in the annex to the Versailles communique. They recognized trade as the mechanism transmitting growth among countries, enlarging markets, increasing efficiency, and spurring more growth. Understanding that pressures for protectionism represented a serious threat to a sustained and vigorous recovery, they pledged themselves "to halt protectionism and as recovery proceeds, to reverse it by dismantling trade barriers." A further danger dealt with at Williamsburg was the heavy burden of debt that hung over more than a score of developing countries. While achieving a lasting, vigorous recovery in the industrialized world was the key to a lasting solution to this problem, the immediate serious financial problems of certain countries—notably Mexico, Brazil, and Argentina—had to be managed if the recovery was to be sustained. Finally, and most important, the major message from Williamsburg was that the steady application of anti-inflationary policies was promoting economic recovery and that there would be continuation of policies favorable to sustained growth.

It is now clear that the confidence projected at Williamsburg 8 months ago was not just wishful thinking. Noninflationary recovery in the United States is now well established. Performance and prospects in other countries vary, of course, in large measure reflecting different degrees of success in reducing inflation. Strong linkages to the U.S. economy have also helped. The recovery in Canada closely mirrors that in the United States. Among other summit countries, growth in 1983 appears to have improved substantially in Japan, Germany, and the United Kingdom. Growth in France was weak or negative in 1983, but adjustment measures taken in France last year should bear fruit in 1984.

## Impact of the U.S. Recovery

In many ways, 1983 was a watershed for the international economy. The prophets of gloom and doom were easy to find as the recession hit bottom in late 1982. A quick review of the forecasting record is revealing.

In July 1982, when full-year forecasts for 1983 were beginning to be presented, the consensus was that the United States would experience a very modest recovery—2% full year to full year. At that time, the outlook was generally thought to be weaker in the United States than in Europe or Japan.

As the year 1983 progressed, these consensus forecasts proved to be well removed from reality. By spring, the U.S. recovery was well underway. The Japanese economy was still weak. However, France was entering a recession, Germany was faced with weak domestic demand, and the U.K. recovery seemed to be losing strength. This shift in relative growth prospects and performance added to the attractiveness of dollar assets.

As we now know, even the mid-year forecasts failed to grasp the strength of the U.S. recovery. Output rose over 6% while inflation barely exceeded 3%, though forecasts in July 1982 had been 5.5%.

Despite the strong recovery, U.S. economic policies have been—and continue to be—subject to considerable foreign criticism. This is natural, given our large weight in the world economy, our traditional leadership in international economic policy, and the natural inclination of human beings to look for scapegoats. Opinion abroad has moved from doubts that a genuine recovery was occurring, to concern that it would be short lived or weak, to worry that it might be so rapid as to reignite inflation. Recently foreign criticisms have

focused on assertions that high U.S. budget deficits are causing high real interest rates, which in turn are causing the dollar to be too high, thus—it is alleged—hindering recovery abroad. Secretary Regan has addressed the fallacies of this line of argument in detail, so I will not repeat what he said, except to note that I agree with him.

The U.S. recovery has had far-reaching effects. As the recovery proceeded, the strong growth in U.S. imports has provided the major impetus to world trade. The strong dollar has substantially improved the competitive position of our trading partners, allowing them to take full advantage of the growth in our market and compete effectively in third-country markets. (The French trade deficit, for example, was cut in half last year, primarily because of the increased competitiveness of French goods.) The deterioration in the U.S. trade and current account balances between 1982 and 1983, estimated to be \$30 billion, is a measure of the powerful trade stimulus provided to other countries. The vigor of our recovery has boosted confidence and eased concern about the fragility of the world financial system.

While on the subject of the record trade deficits—the 1984 deficit is projected to exceed substantially the record \$65 billion of 1983—I want to comment on the popular notion that restricting imports will help reduce that deficit. If we lump goods and services together and look at the current account balance rather than the trade balance, we find that we are examining, once again, an international manifestation of a domestic phenomenon. The current account balance is always exactly equal to the difference between domestic savings and domestic investment. An excess of savings (as in Japan) goes with a surplus on current account; a deficit of savings (as in the United States) goes with a deficit on current account. Trade barriers alter the pattern of consumer spending but not, directly, the level of spending. Similarly, commercial policy can affect the pattern of investment but has no necessary impact on its level since trade restrictions favor some domestic industries at the expense of others. Trade policy cannot, therefore, have more than a transitory influence on the size of the current account deficit.

## Efforts To Reverse Protectionism

Last week Ambassador Brock ably reemphasized to you our dedication to the aim agreed to in Williamsburg to halt and reverse protectionism. As he explained, we are pursuing this objective

through a number of avenues. On the bilateral side, we are working with the Japanese Government to gain better market access for U.S. products, in particular for products of high technology and of agriculture. We have achieved some success already, notably on trade in semiconductors and access for telecommunications equipment. We expect progress in other areas as well. With the European Economic Community (EC), our efforts to deal with the increased use of export subsidies and market restrictions have, as Ambassador Brock pointed out, been less successful. As the recovery in Europe gains strength, however, we can hope for a reduction in protectionist pressures in Europe.

Work by the trade ministers of the United States, Canada, Japan, and the European Community is leading to specific steps in the short term to reduce trade barriers. These are small steps—acceleration of the tariff cuts agreed to in the Tokyo Round, for example, and granting duty-free entry to exports from the very poorest countries—but they are steps in the right direction, and they are evidence that multilateral agreements to roll back protection can become reality.

In the longer term, we are putting a good deal of emphasis on a new round of trade negotiations as a comprehensive means to dismantle trade barriers and to improve the international trading climate. Since the inception of the General Agreement on Tariffs and Trade (GATT), repeated rounds of multilateral trade negotiations have provided the basis for the expanded liberalization of international trade. They have provided a framework for generating the political will to reduce barriers; they have provided also a liberalizing direction for the management of trade policy during difficult economic periods, making it easier for governments to resist protectionist pressures. It is time to consider the preparation of new multilateral negotiations.

Let me single out one area of trade policy which the Department of State considers of key importance in our foreign economic policy: the defense and promotion of U.S. interests in agriculture. Agricultural exports totaled \$36 billion in 1982 and supported well over a million jobs.

Many countries have trade barriers that shut out agricultural products to protect less efficient domestic producers. In some cases high price supports for domestic producers result in huge surpluses which are then disposed of through the use of export subsidies. We have also been engaged in intensive

discussions with the EC concerning the use of export subsidies and proposed changes in the Common Agricultural Policy which would result in further restricting access to the EC market.

Currently, we are in discussions with the Japanese to expand access to their market for products such as beef and citrus. The expansion of imports would benefit not only U.S. exporters but also Japanese consumers.

We are also participating in discussions in the GATT on ways to improve the effectiveness of international rules governing the conduct of agricultural trade. The major thrust of these efforts has been to restrict the use of export subsidies. We believe that improved international discipline is needed so that U.S. farmers can benefit from their great efficiency and spread those benefits to consumers everywhere. The State Department works closely with the U.S. Trade Representative and the Department of Agriculture in efforts to reduce barriers to agricultural trade.

#### East-West Trade

I would like to examine with you the exception that proves the rule. I said earlier that good economic policy was not a question of international or domestic application. But there are cases which require us to pursue "bad" economic policy because of overriding foreign policy and security concerns. Trade with the Soviet Union and its allies is such an exception.

In looking at East-West trade and how it relates to our security, there are a number of distinctive features that we must recognize.

**First**, this is an area of economic activity where some government intervention is necessary. The asymmetry of our two societies, with many self-interested firms and individuals on our side and a security-conscious monolith on the other, dictates a role for government.

**Second**, we recognize that in many areas of East-West economic relations it is difficult to decide where to draw the line between allowable and impermissible transactions and the decision often hinges on information that is not available to the public.

**The third** and most important feature of our East-West economic policy is our strong belief that the best approach to East-West economic relations is one that we can implement in conjunction with our allies and partners. After all, if we deny a sale and the Soviets can easily purchase an equivalent item elsewhere, not much is gained—and something may be lost—by

our action. This was illustrated by the 1980 grain embargo in which the Soviets were able, with only a little inconvenience and additional expense, to replace the grain that we denied them.

Because we believe strongly that a collective approach is most effective in enhancing Western security, we have worked very hard during the last 2 years with our allies and partners to enhance our common understanding of the interrelationship between economics and security and to develop a basic framework for the conduct of East-West economic relations.

The results achieved thus far are encouraging. The hopes of President Reagan and Secretary Shultz in undertaking a year ago a series of studies on East-West economic relations have been borne out amply by the positive and constructive spirit in which they were conducted and by the results that have been achieved. In fact, the policy conclusions based on those studies made it unnecessary for the summit leaders to spend much time at Williamsburg on this subject, though at Ottawa in 1981 and at Versailles in 1982 it had generated controversy. The Williamsburg declaration said:

East-West economic relations should be compatible with our security interests. We take note with approval of the work of the multilateral organizations which have in recent months analyzed and drawn conclusions regarding the key aspects of East-West economic relations. We encourage continuing work by these organizations, as appropriate.

Let me review for you some of the major points on which the leaders based this statement.

**First**, they recognize that the Soviets use some forms of trade to enhance their military capabilities and that, as a result, we must be vigilant to ensure that economic relations are consistent with our common security interests. While some forms of trade that are conducted on commercially sound terms can benefit both sides, we must insist on a balance of advantages and avoid preferential treatment of the Soviets.

**Second**, in regard to energy, the United States and its partners recognize that natural gas, with its relatively inflexible supply system, poses particular security problems. We have agreed that, in meeting future gas needs, we will take concrete steps to ensure that no one producer is in a position to exercise monopoly power over industrial countries. Further, we are also acting to encourage the production of natural gas from Norwegian and North American

sources, and each nation is improving its safety-net measures in order to be able to deal with any interruptions of supply. The United States and its partners have agreed also to conduct regular reviews of each country's energy policy, giving special attention to dependencies and alternative sources of supply. We believe that these concrete accomplishments will enhance Western energy security and make it more difficult for the Soviets to use their abundant energy resources to extract political gains.

**Third**, we reached agreement that it is not sensible to continue to give the Soviets the same reductions on interest rates given to newly industrialized countries to finance their imports. Our agreed minimum interest rate for official lending to industrial countries, including the Soviets, is now 12.4%, which is above the current U.S. prime rate. Also in the area of credits, we are working to improve our ability to monitor credit flows, so that our data on foreign indebtedness will be accurate and up to date.

**Finally**, in coordinating controls over the export of strategic technology, we are united with our allies in declaring that economic relations should not be permitted to contribute to Soviet military capabilities. At an April high-level meeting with our COCOM [Coordinating Committee for Multilateral Security Export Controls] partners, we explored ways in which the multilateral system of controls could be strengthened. The proceedings of the meeting are confidential, but I can say that the

United States is well pleased with the work on improving coordination in export licensing and in the enforcement of controls. We are confident that the results of the COCOM work will reduce the flow of high technology to the East.

### Conclusion

In conclusion, I have a few general observations on the role of the State Department in international economic issues. As our world economy has become increasingly interdependent, two things have happened:

**First**, the relative share of the United States in total world production and trade has shrunk; and

**Second**, the importance of trade to the U.S. economy has grown.

This latter phenomenon has been translated into greater attention by the "domestic" agencies to international issues. In this arena, the principal concerns of the State Department for our foreign relations—concerns which are hard to measure in dollars and cents—are not always fully understood. And I must confess that my colleagues at State do not always understand my concerns about actions they believe are valuable in the foreign policy arena.

So I find myself the nexus of misunderstanding. In carrying out this role, I attend a never-ending stream of meetings. On the domestic side, I represent the Secretary at the various Cabinet councils and other Cabinet-level groups (such as the Senior Interagency Group on International Economic Policy)

that formulate policy options and recommendations for the President. On the international side, I head the U.S. delegation to a series of bilateral economic consultations with the EC, Japan, New Zealand, Korea, India, Pakistan, and the Association of South East Asian Nations. Then there are the international organizations—most notably the Organization for Economic Cooperation and Development and the economic summits—in which we propound and defend our view of successful economic policy. My colleagues in the Administration could extend this list to the International Monetary Fund, the GATT, the World Bank, and other institutions which are more directly involved in negotiations on the rules and resources of the international economic system.

There is a lot of institutional knowledge, folklore, and mythology about all of this. But the basic principle that I follow, sitting where international and domestic forces merge, is the one I stated at the beginning of my statement: good economic policy is good economic policy, whether applied domestically or internationally. ■

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# The World Economy After Williamsburg

June 22, 1983



United States Department of State  
*Bureau of Public Affairs*  
Washington, D.C.

*Following is an address by Allen Wallis, Under Secretary of State for Economic Affairs, before the American Chamber of Commerce, Wellington, New Zealand, June 22, 1983.*

It is a pleasure to be with you this afternoon to look briefly at the world economy after Williamsburg. I must confess that 6 months ago I was not sure that there would be a world after Williamsburg—we in Washington were so wrapped up in its preparation. But I was brought back to the real world one Sunday afternoon in March. I was in Florida with some old friends from Rochester. One of the group asked me what I was doing in Washington; I said I was the “sherpa” for the economic summit. He said: “The summit, what’s that?” I recount this story to put the Williamsburg meeting in its proper perspective—an important meeting but not an event that will shake the world. The world after Williamsburg depends not on what the participants did and said there but what they will do back home: to support the recovery, to reverse protectionism, and to encourage the process of economic development around the world. And it depends as much on the heads of other governments as on the seven presidents and prime ministers who met at Williamsburg the last 3 days in May.

After reading the final declaration, President Reagan added his personal assessment of the results. He said: “Our meeting has shown a spirit of confidence, optimism, and certainty—confidence that recovery is underway, opti-

mism that it will be durable, and certainty that economic policy and security ties among us will be strengthened in the future.”

## **Sustaining International Recovery**

Let me elaborate on these points. “Confidence that recovery is underway” is not simply wishful thinking. It is based on good evidence that virtually all of the leaders brought to Williamsburg. Speaking for the United States, I can assure you that our economy certainly looks good. Industrial production has been rising for 6 months and by May was nearly 7% above its November low. Employment has increased by nearly 800,000 from its December low, and the unemployment rate has fallen from 10.7% in December to 10.0% in May. Personal incomes are rising and retail sales are gaining momentum. Although real GNP rose at only a 2.5% annual rate in the first quarter of this year, we estimate it grew at over 6% during the second quarter, and we forecast that the fourth quarter of 1983 will exceed the fourth quarter of 1982 by at least 5%.

The beginning of the recovery has been accompanied by price stability. The producer price index for all finished goods was no higher in April than it had been the previous September, and the consumer price index in April was less than 1% above its level 6 months earlier. This favorable price performance is, in part, a reflection of the unusual decline in energy prices that has occurred in the past few months. But even when the



volatile prices of energy, food, and shelter are excluded, the consumer price index increased at an annual rate of only 4% between October and April.

Labor productivity is increasing sharply this year, and wages are rising only moderately. Thus, unit labor costs are increasing very little. In the first quarter of 1983, unit labor costs in non-farm business rose at an annual rate of only 1.2%, down dramatically from the 7.2% increase in 1982 and the 11.2% increase in 1981.

When the inflation news is so good month after month, it is easy to forget that consumer prices rose 25% as recently as the 2 years ending in December 1980.

President Reagan's "optimism that the recovery will be durable" is based on the leaders' determination to avoid the pitfalls that have brought us a decade of boom-bust, stop-go economic performance. The Williamsburg declaration clearly emphasizes the need to avoid three dangers if we are to achieve growth that is noninflationary and sustainable.

First, the Williamsburg declaration follows the consensus established at the OECD [Organization for Economic Cooperation and Development] ministerial meeting earlier in May to take a medium-term approach to economic policy, eschewing the route of "quick fixes" and quicker disappointments.

Second, the participants at Williamsburg recognized trade as the mechanism that transmits growth in one country to other countries, thereby enlarging the market, increasing efficiency, and spurring more growth. The statement on trade from Williamsburg is the strongest yet in a series of recent major statements on world trade. At the GATT [General Agreement on Tariffs and Trade] meeting last November, the trade ministers hinted at the need to remove trade barriers. At the OECD, ministers agreed to fight protectionism and dismantle trade barriers. At Williamsburg, the heads of government of the seven largest economies committed themselves "to halt protectionism, and as recovery proceeds to reverse it by dismantling trade barriers." They went on to state their intention to monitor this commitment "within the appropriate existing fora" such as the GATT and the OECD. A new wave of protection would spell the end to the recovery before it gets underway. Only heads of government can balance all of the interests and judge that protection is the wrong way to go. As I said earlier, the words at Williamsburg will not change the world, but adherence to this

one commitment on trade can. You could be certain that we in the United States will be pursuing this vigorously.

A third danger to sustaining the recovery that was dealt with at Williamsburg is more international in character: the heavy burden of debt that hangs over more than a score of developing countries. Substantial progress has been made in the past year in dealing with the serious financial problems of Mexico, Brazil, and other countries, but the situation is far from settled. Failure to resolve these problems could threaten the trading and financial arrangements of the world and thus undermine the recovery that is clearly underway. The debtor countries must continue to make substantial, indeed painful, adjustments to bring their domestic finances and international trade balances into a more satisfactory state. At the same time, the commercial banks, the IMF [International Monetary Fund], and the individual governments must also strengthen their own collaborative efforts. The Williamsburg declaration is clear on this point, again in terms very similar to the consensus reached at the OECD earlier. A key step—early ratification of the IMF quota increases—is a top legislative priority for us back in Washington. We have recently had good news from the Senate on this score.

### Three Fallacies

Many would add the budget deficits in the United States to this list of dangers to the growing recovery. I do not want to dismiss the evil of budget deficits lightly—but before I address their evil side, allow me a few moments to address three fallacies which are tied back to budget deficits. The fallacies arise from a chain of causality that goes something like this: high deficits, caused by the recent tax rate reductions and the defense spending program, force up real interest rates. These higher real interest rates attract capital from abroad which raises the value of the U.S. dollar relative to other currencies. Let's consider three links in this chain:

- The link between exchange rates and interest rates;
- The link between interest rates (especially real interest rates) and budget deficits; and
- The link between deficits and taxes (throwing in defense expenditures for good measure).

**Exchange Rates and Interest Rates.** To be sure, the dollar has been strong. Equivalently, the franc, the pound, and the mark have been weak.

Also, the United States is running a current account deficit in its balance of payments, largely because the value of imports exceeds the value of exports. That deficit is expected to reach record levels this year.

The strong dollar is a spur to export industries in foreign countries and to their industries that compete with imports from the United States. Correspondingly, it's a handicap to our exporters in a very big way.

Individuals who believe that the dollar is overvalued, in the sense that they believe that its foreign exchange value will fall, can readily put their own money where their judgments are and buy francs, marks, and so forth, or sell the dollar short. Note that the international monetary market of the Chicago Mercantile Exchange and other futures exchanges offer easy and efficient access to those wishing either to speculate in foreign exchange markets or to hedge against exchange rate changes and volatility. The strength of the dollar is largely a consequence of the successful anti-inflation policy of the United States, of the safe haven the United States affords foreign investors, and of the improved prospects in the United States for substantial economic recovery. In my judgment, high interest rates are not the major factor causing the dollar to be so high. When interest rates in the United States fell sharply from July through November of 1982, the dollar continued to strengthen against the British pound, the German mark, the French franc, the Japanese yen, the Italian lira, and other major foreign currencies. If U.S. interest rates are crucial in determining foreign exchange rates, why did the dollar strengthen, not weaken, when U.S. interest rates cascaded down?

Look at a specific example: since December 1980 the French franc has depreciated about 65% against the dollar, from 4.5 francs per dollar, to 7.4. What has happened to interest rates in the United States and France over that period? U.S. short-term rates were 16.3% in December 1980 and are now around 8.7%. Comparable French rates were 11.5% then, 12.6% now. U.S. rates have fallen sharply—French rates have risen. The differential has shifted by nearly 10 percentage points in favor of French assets. If anything, that should have led to a stronger franc and a weaker dollar. It obviously didn't. Even for a more recent period—say since May 1981—the franc has fallen by about 35%; the interest rate differential has moved about 5 points in favor of French assets. Similar lack of correlation between changes in interest rates and

changes in exchange rates can be found in other pairs of currencies, though they are not often as dramatic. We must acknowledge that other factors have been more important than interest rates in determining exchange rates.

**Deficits and Interest Rates.** Now I want to turn to the link between deficits and interest rates. Now that I have debunked the idea that interest rates dominate exchange rates, you may not be interested in U.S. interest rates—but they are important, both for the U.S. recovery and for the debt servicing problems of developing countries or other countries with external debt.

Nominal interest rates in the United States have fallen drastically. In 1981, the first year of the Reagan Administration, interest rates peaked at 15.5% (AAA corporate bonds) when the Federal deficit was \$60 billion, or 2% of U.S. gross national product. So far this year, the same long-term rate is about 11% while the projected deficit is \$191 billion (for calendar year 1983), about 6% of GNP. In other words, the deficit tripled as a percentage of the total economy and long-term bond rates have dropped by more than a quarter.

It is a widespread myth that the real rate of interest in the United States at present is high. This is emphasized especially by those who blame most of the world's ills on the high real rate of interest in the United States. They are just imagining that it's high; it's not. In fact, there is no evidence at all that the real rate in the United States today is high.

How is the real rate of interest calculated? The correct way is to take the nominal rate of interest and subtract from it the anticipated rate of inflation. The incorrect, but common, way is to take the nominal rate and subtract the current rate of inflation. At present, there is a substantial discrepancy between the current and the anticipated rates of inflation. Consequently, there is a substantial difference between the real rate and the unreal real rate.

The nominal rate of interest currently is something on the order of 10%. A recent survey of businessmen shows that they anticipate a rate of inflation of 6-7% for the next 10 years. This implies that the real rate of interest currently is 3-4%, which is in line with historical experience. The unreal, or erroneous, real rate, however, appears to be 7 or 8% if the current rate of inflation is 2 or 3%.

Why the discrepancy between the current and the anticipated rates of inflation? The answer, I think, is experience. Since the Second World War, the U.S. Government has said con-

tinuously and emphatically that it was going to eliminate inflation. Inflation has, in fact, been essentially eliminated three or four times in that period. Mark Twain said that he knows that it is easy to stop smoking, because he has done it many times. Similarly, we can say that it is easy to stop inflation: we know, because we have done it several times. After each time, however, we went back to a rate of inflation that was even higher than the one we cured. People in the market are aware of this; so, regardless of the intentions of the Administration, they are going to be slow to conclude that inflation really has been brought under lasting control. If, in fact, inflation is kept under control for a period, people in the market will gradually regain confidence and lower their anticipations of the rate of inflation. After all, until about 20 years ago, the United States had very little inflation except in times of war. The average rate from the beginning of the government until 20 years ago, omitting periods of war, was about zero, and perhaps even half a percent negative. So there is a real chance of bringing real interest rates down, provided that the government manages to "stay the course." The only way to lower the real rate of interest is to gain credibility for government intentions.

**Deficits and Taxes.** Since the Reagan Administration proposed and the Congress passed a major tax bill cutting marginal tax rates and then indexing tax rates to eliminate so-called bracket creep, it is assumed by many that the deficit is due to insufficient taxation. Why else would we be hearing so many voices in Washington advocating cancellation of the 1983 tax rate cut or elimination of indexation? But taxes are not the issue, nor as I just said, are deficits; the issue is government spending. Government spending uses up resources and leaves fewer resources for the private sector. If resources are used less efficiently in the public sector than in the private sector, overall efficiency falls. Even if the same number of people are at work, total output is less useful, less valuable. This is the equivalent of a fall in output. I believe that we are well past this point at the present time in most areas of government expenditures. This is the major reason for shrinking the public sector in order to make possible a larger total pie.

If more resources are to be channeled into the public sector, higher taxes depress private sector activity, thereby freeing resources and making them

available for the public sector. However, when President Reagan took office tax rates had become so high—largely because effective rates had been driven up by inflation rather than being explicitly legislated by Congress—that the private sector was too depressed for our own good. Moreover, the depressive effects of high and rising marginal tax rates have differentially depressed saving, capital formation, and risk taking more than consumption, and reduced work effort more than leisure.

High taxes worked all too well in curtailing private sector activity. We needed a reduction in marginal tax rates, especially those taxes that discourage investment, saving, risk taking, and work. We also needed a reduction in marginal tax rates to undo some or all of the bracket creep of recent years. To achieve these results, the President's program proposed a permanent and predictable cut in marginal tax rates, including indexation of the tax system to prevent future bracket creep. Higher taxes would only reduce output, employment, and economic growth.

I believe we hear so little about speeding up or enlarging tax cuts and so much about rescinding the 1983 tax cut and the future indexing of the Federal tax code precisely because there is a well understood link between revenues and government spending. Spenders simply want the revenues to maintain or to expand government spending. Spenders want control of more income so they can spend it the way they wish.

Understandably, the big spenders are fighting hard to retain the revenue system that depends on inflation-induced, unlegislated tax rate increases—bracket creep—under which they have prospered while the economy has suffered. To succeed, the big spenders need, as before, the cooperation of fiscal conservatives eager or willing to raise taxes to reduce deficits. In the process, fiscal conservatives become the tax collectors for spenders. After each tax increase, deficits don't really decline because expenditures tend to rise at least as fast as revenues. Many of us who supported, and continue to support, tax reduction and indexation of the tax code do so precisely because we believe that restraining revenues is necessary to restrain government spending.

This is why deficits do matter and must be reduced. Deficits are the measure of indiscipline in government spending. The Williamsburg declaration contained a commitment to reduce budget deficits—not by raising taxes but by limiting the growth of expenditures. The Administration remains committed to this goal.



These elements—the facts that recovery is well underway in the United States and elsewhere; that the summit leaders have agreed on a strategy that gives real promise it will be sustained and noninflationary; and their commitments to assure it is transmitted to other countries through positive action to reduce trade barriers and maintain an adequate flow of financial resources to

manage current international debt problems—can indeed give us confidence that we will be able to meet and surmount the challenges we face in the future. However, as I stressed earlier, it is what we do, not what we say that is the only guarantee of our success. Thus, the real judgment on the prospects for global recovery and sustainable growth will be determined by our actions in the months to come. Williamsburg laid the foundations on which we can build; it will be up

to the governments represented there, in cooperation with their partners in other countries, to make the Williamsburg concepts reality. ■

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