U.S. Analysts Unimpressed With Summit

Communique Goals Called Too Vague

By Martin Crutsinger
Associated Press

The Venice summit's economic agreement was greeted with a big yawn yesterday by U.S. analysts, including one economist who said he'd call it a failure "except nobody was expecting very much."

Leaders of the world's seven largest industrial democracies, ending their three-day summit, pledged to keep closer watch on each other's economies, fight protectionism and work for long-term reductions in government farm subsidies.

Analysts said the joint communique, with its goals of "growth, stability, employment and prosperity," was long on vague promises and short on concrete steps to ease growing threats of another worldwide recession.

Financial markets took the summit in stride. Traders said it produced no surprises, indicating that the dollar would not come under intense downward pressure in coming days.

"The market expected nothing and that is about what they got," said David Wyss, an economist with Data Resources Inc., a Lexington, Mass., forecasting firm.

Some analysts viewed the summit results as a setback for the Reagan administration, which failed to persuade its allies to promise a faster end to farm subsidies. The administration also was thwarted in efforts to strengthen procedures by which the seven summit partners would coordinate their economic policies.

"I would call the summit agreement a failure, except nobody expected very much," said Michael Evans, a Washington economic forecaster.

Lawrence Chimerine, president of Wharton Economics of Bala Cynwyd, Pa., said the summit ac-

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cord would have little impact on the world economy.

"I don't get the feeling that the participants in the summit are as concerned about the very real potential for a worldwide recession occurring in the next year or two," he said.

"As a result, they didn't take the kind of strong steps that could have reduced the risks of a recession."

The summit leaders agreed to strengthen a process of international surveillance that was initiated a year ago at the Tokyo summit. Under this procedure, the finance ministers of the United States, Britain, Japan, West Germany, France, Canada and Italy will meet periodically to review the economic performance in each of their countries as measured by several indicators. These include trade statistics, inflation, interest rates, unemployment and overall economic growth.

If a nation's economy failed to meet its targets, the plan calls for the finance ministers to consider recommending unspecified "remedial actions."

But Treasury Secretary James A. Baker III, chief architect of the surveillance program, failed in an effort to require that the periodic economic forecasts be made public, as a means of exerting more pressure on countries to stimulate their growth.

Economists said that in the year since the surveillance program began operating, it has produced no significant breakthroughs in promoting world economic growth.

"Surveillance is a good idea but there is no teeth in the agreement," Wyss said. "It just says we are going to use a random set of numbers to judge our performance and we will decide ourselves what they mean."

Analysts said the summit communique resorted to vague language because the United States has been unable to reach agreement with West Germany and Japan on what is needed to spur sagging economic growth.

While the United States has been pressing these two industrial giants to do more to stimulate their economies to help reduce huge U.S. trade deficits, Japan and the Europeans have countered that the Reagan administration hasn't done enough to reduce massive U.S. budget deficits.

The federal deficit hit a record $220.7 billion last year. U.S. analysts say a growing share of the deficit was bankrolled by foreign investors, robbing other countries of capital they need to promote their own growth.

"You can't expect West Germany and Japan to stimulate their economies if they are sending all of their spare cash over here to finance our deficits," Evans said. "The problem of getting the economy back on track rests in our own backyard."