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International economic summit
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INTERNATIONAL ECONOMIC SUMMIT MEETINGS OF INDUSTRIALIZED NATIONS

COMMUNIQUEs, DECLARATIONS

DATE	PLACE	SOURCE
1. Nov. 15-17, 1975	Rambouillet	DOSB Dec. 8, 1975 pp. 805-807
2. June 27-28, 1976	Puerto Rico	PPP 1976, vol. II pp.1922-1926
3. May 7-8, 1977	London	PPP 1977, vol. I, p. 819-824
4. July 16-17, 1978	Bonn	PPP 1978, vol. II, p. 1308- -1315
5. June 28-29, 1979	Tokyo	DOSB August 1979, p. 2-9
6. June 22-23, 1980	Venice	DOSB August 1980, p. 1-11
7. July 19-21, 1981	Ottawa	PPP 1981, p. 635-649
8. June 4-6, 1982	Versailles	PPP 1982, vol. I, p. 734-736
9. May 28-31, 1983	Williamsburg	PPP 1983, p. 796-799
10. June 7-9, 1984	London	DOSB August 1984, p. 1-5
11. May 2-4, 1985	Bonn	Press release

DOSB - Department of State bulletin

PPP - Public papers of the Presidents

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Leaders of Major Industrial Democracies Discuss Economic Issues

President Ford and President Valéry Giscard d'Estaing of France, Chancellor-Helmut Schmidt of the Federal Republic of Germany, Prime Minister Aldo Moro of Italy, Prime Minister Takeo Miki of Japan, and Prime Minister Harold Wilson of the United Kingdom met at the Chateau de Rambouillet near Paris November 15-17. Following are remarks made by President Ford at the conclusion of the meeting, the text of the Declaration of Rambouillet issued on November 17, and opening remarks from a news conference held by Secretary Kissinger and Secretary of the Treasury William E. Simon aboard Air Force One on November 17 en route to Washington.

REMARKS BY PRESIDENT FORD

Weekly Compilation of Presidential Documents dated Nov. 24

Mr. President: I wish to express my appreciation for the gracious hospitality of you and the French Government and the French people. My appreciation also goes to my colleagues for the spirit of good will, the spirit of friendship, which they have demonstrated during this meeting.

It has been a highly successful meeting in every respect.

In our sessions, we have covered the range of economic issues of concern to the industrialized world and challenging our democratic societies.

These meetings have been rewarding in a number of important ways. They have deepened our understanding and appreciation of our mutual economic interdependence. They have enabled us to harmonize our views on key issues, and they have strengthened our determination to solve the problems that we confront. Finally, and most

importantly, they reaffirmed our mutual confidence in a sustained and full recovery from the deepest recession since the 1930's.

Perhaps our most important accomplishment over the past several days has been our recognition that the objective of sustained, stable economic growth will be facilitated by our common efforts. As leaders of major democratic nations, we reached substantial agreement on a number of issues concerning monetary policy, trade, energy, and our relations with the developing world as outlined in our joint declaration.

Over the past three days, in this beautiful setting, we have found a new spirit, a spirit of cooperation and confidence stemming from a deeper understanding of our common destiny and our joint conviction that free peoples can master their future.

As a result of the work that we have started, the people of our countries can look forward to more jobs, less inflation, and a greater sense of economic security.

We conclude this conference with a sense of determination to carry forward this work which has been so promisingly begun.

TEXT OF DECLARATION OF RAMBOUILLET

The Heads of States and Governments of France, Federal Republic of Germany, Italy, Japan, the United Kingdom of Great Britain and Northern Ireland and the United States of America, met in the Chateau de Rambouillet from 15th to 17th of November 1975, and agreed to declare as follows:

1. In these three days we held a searching and productive exchange of views on the world economic situation, on economic problems common to our countries, on their human, social and political implications, and

on plans for resolving them.

2. We came together because of shared beliefs and shared responsibilities. We are each responsible for the government of an open, democratic society, dedicated to individual liberty and social advancement. Our success will strengthen, indeed is essential to democratic societies everywhere. We are each responsible for assuring the prosperity of a major industrial economy. The growth and stability of our economies will help the entire industrial world and developing countries to prosper.

3. To assure in a world of growing interdependence the success of the objectives set out in this declaration, we intend to play our own full part and strengthen our efforts for closer international cooperation and constructive dialogue among all countries, transcending differences in stages of economic development, degrees of resource endowment and political and social systems.

4. The industrial democracies are determined to overcome high unemployment, continuing inflation and serious energy problems. The purpose of our meeting was to review our progress, identify more clearly the problems that we must overcome in the future, and to set a course that we will follow in the period ahead.

5. The most urgent task is to assure the recovery of our economies and to reduce the waste of human resources involved in unemployment. In consolidating the recovery it is essential to avoid unleashing additional inflationary forces which would threaten its success. The objective must be growth that is steady and lasting. In this way, consumer and business confidence will be restored.

6. We are confident that our present policies are compatible and complementary and that recovery is under way. Nevertheless, we recognize the need for vigilance and adaptability in our policies. We will not allow the recovery to falter. We will not accept another outburst of inflation.

7. We also concentrated on the need for new efforts in the areas of world trade, monetary matters and raw materials, including energy.

8. As domestic recovery and economic ex-

pansion proceed, we must seek to restore growth in the volume of world trade. Growth and price stability will be fostered by maintenance of an open trading system. In a period where pressures are developing for a return to protectionism, it is essential for the main trading nations to confirm their commitment to the principles of the OECD [Organization for Economic Cooperation and Development] pledge and to avoid resorting to measures by which they could try to solve their problems at the expense of others, with damaging consequences in the economic, social and political fields. There is a responsibility on all countries, especially those with strong balance of payments positions and on those with current deficits to pursue policies which will permit the expansion of world trade to their mutual advantage.

9. We believe that the multilateral trade negotiations should be accelerated. In accordance with the principles agreed in the Tokyo Declaration, they should aim at achieving substantial tariff cuts, even eliminating tariffs in some areas, at significantly expanding agricultural trade and at reducing non-tariff measures. They should seek to achieve the maximum possible level of trade liberalization therefrom. We propose as our goal completion of the negotiations in 1977.

10. We look to an orderly and fruitful increase in our economic relations with socialist countries as an important element in progress in détente, and in world economic growth.

11. We will also intensify our efforts to achieve a prompt conclusion of the negotiations concerning export credits.

12. With regard to monetary problems, we affirm our intention to work for greater stability. This involves efforts to restore greater stability in underlying economic and financial conditions in the world economy. At the same time, our monetary authorities will act to counter disorderly market conditions, or erratic fluctuations, in exchange rates. We welcome the rapprochement, reached at the request of many other countries, between the views of the U.S. and

France on the need for stability that the reform of the international monetary system must promote. This rapprochement will facilitate agreement through the IMF [International Monetary Fund] at the next session of the Interim Committee in Jamaica on the outstanding issues of international monetary reform.

13. A co-operative relationship and improved understanding between the developing nations and the industrial world is fundamental to the prosperity of each. Sustained growth in our economies is necessary to growth in developing countries; and their growth contributes significantly to health in our own economies.

14. The present large deficits in the current accounts of the developing countries represent a critical problem for them and also for the rest of the world. This must be dealt with in a number of complementary ways. Recent proposals in several international meetings have already improved the atmosphere of the discussion between developed and developing countries. But early practical action is needed to assist the developing countries. Accordingly, we will play our part, through the IMF and other appropriate international fora, in making urgent improvements in international arrangements for the stabilization of the export earnings of developing countries and in measures to assist them in financing their deficits. In this context, priority should be given to the poorest developing countries.

15. World economic growth is clearly linked to the increasing availability of energy sources. We are determined to secure for our economies the energy sources needed for their growth. Our common interests require that we continue to cooperate in order to reduce our dependence on imported energy through conservation and the development of alternative sources. Through these measures as well as international cooperation between producer and consumer countries, responding to the long term interests of both, we shall spare no effort in order to ensure more balanced conditions and a harmonious and steady development in the world energy market.

16. We welcome the convening of the Conference on International Economic Cooperation scheduled for December 16. We will conduct this dialogue in a positive spirit to assure that the interests of all concerned are protected and advanced. We believe that industrialized and developing countries alike have a critical stake in the future success of the world economy and in the co-operative political relationships on which it must be based.

17. We intend to intensify our cooperation on all these problems in the framework of existing institutions as well as in all the relevant international organizations.

OPENING REMARKS FROM NEWS CONFERENCE OF SECRETARIES KISSINGER AND SIMON¹

Secretary Kissinger

The overall purpose of the meeting was to bring together the leaders of the industrial democracies at a time when their economies were in various states of recession.

When it was proposed, it was suggested that these leaders ought to meet to give confidence to their peoples and to convey to their peoples the sense that they were in control of their future and were not simply waiting for blind forces to play themselves out.

So we thought it was a matter of great importance; one, because for two years we have been maintaining that the political and economic cohesion of the industrial democracies was central to the structure of the non-Communist world; secondly, because we believed that the interdependence of these economies makes isolated solutions impossible; and thirdly, because we believed that there were a number of concrete issues on which work had to begin and in which common action was important.

We spent a great amount of effort within our government to prepare for this meeting, and there are always many stories when there are disagreements in the government;

¹ Text from press release 572, which also includes questions and answers.

carried forward to these meetings in Puerto Rico, has strengthened prospects for progress by the industrialized democracies in a number of key areas. If we nurture the sense of common purpose and of common vision which has characterized these discussions, we have an opportunity to shape events and to better meet the needs of our citizens and of all the world.

NOTE: The President spoke at 3:02 p.m. at the Dorado Beach Hotel, Dorado Beach, Puerto Rico. Following his remarks, the heads of the delegations of the other participating countries made final

statements.

As printed above, this item follows the text of the White House press release.

621

Joint Declaration Following the International Summit Conference in Puerto Rico. *June 28, 1976*

THE HEADS of state and government of Canada, France, the Federal Republic of Germany, Italy, Japan, the United Kingdom of Great Britain and Northern Ireland and the United States of America met at Dorado Beach, Puerto Rico, on the 27th and 28th of June, 1976, and agreed to the following declaration:

The interdependence of our destinies makes it necessary for us to approach common economic problems with a sense of common purpose and to work toward mutually consistent economic strategies through better cooperation.

We consider it essential to take into account the interests of other nations. And this is most particularly true with respect to the developing countries of the world.

It was for these purposes that we held a broad and productive exchange of views on a wide range of issues. This meeting provided a welcome opportunity to improve our mutual understanding and to intensify our cooperation in a number of areas. Those among us whose countries are members of the European Economic Community intend to make their efforts within its framework.

At Rambouillet, economic recovery was established as a primary goal and it was agreed that the desired stability depends upon the underlying economic and financial conditions in each of our countries.

Significant progress has been achieved since Rambouillet. During the recession there was widespread concern regarding the longer-run vitality of our economies. These concerns have proved to be unwarranted. Renewed confidence in the future has replaced doubts about the economic and financial outlook. Economic recovery is well under way and in many of our countries there has been substantial progress in combating inflation and reducing unemployment. This has

improved the situation in those countries where economic recovery is still relatively weak.

Our determination in recent months to avoid excessive stimulation of our economies and new impediments to trade and capital movements as contributed to the soundness and breadth of this recovery. As a result, restoration of balanced growth is within our grasp. We do not intend to lose this opportunity.

Our objective now is to manage effectively a transition to expansion which will be sustainable, which will reduce the high level of unemployment which persists in many countries and will not jeopardize our common aim of avoiding a new wave of inflation. That will call for an increase in productive investment and for partnership among all groups within our societies. This will involve acceptance, in accordance with our individual needs and circumstances, of a restoration of better balance in public finance, as well as of disciplined measures in the fiscal area and in the field of monetary policy and in some cases supplementary policies, including incomes policy. The formulation of such policies, in the context of growing interdependence, is not possible without taking into account the course of economic activity in other countries. With the right combination of policies we believe that we can achieve our objectives of orderly and sustained expansion, reducing unemployment and renewed progress toward our common goal of eliminating the problem of inflation. Sustained economic expansion and the resultant increase in individual well-being cannot be achieved in the context of high rates of inflation.

At the meeting last November, we resolved differences on structural reform of the international monetary system and agreed to promote a stable system of exchange rates which emphasized the prerequisite of developing stable underlying economic financial conditions.

With those objectives in mind, we reached specific understandings, which made a substantial contribution to the IMF meeting in Jamaica. Early legislative ratification of these agreements by all concerned is desirable. We agreed to improve cooperation in order to further our ability to counter disorderly market conditions and increase our understanding of economic problems and the corrective policies that are needed. We will continue to build on this structure of consultations.

Since November, the relationship between the dollar and most of the main currencies has been remarkably stable. However, some currencies have suffered substantial fluctuations.

The needed stability in underlying economic and financial conditions clearly has not yet been restored. Our commitment to deliberate, orderly and sustained

expansion, and to the indispensable companion goal of defeating inflation provides the basis for increased stability.

Our objective of monetary stability must not be undermined by the strains of financing international payments imbalances. We thus recognize the importance of each nation managing its economy and its international monetary affairs so as to correct or avoid persistent or structural international payments imbalances. Accordingly, each of us affirms his intention to work toward a more stable and durable payments structure through the application of appropriate internal and external policies.

Imbalances in world payments may continue in the period ahead. We recognize that problems may arise for a few developed countries which have special needs, which have not yet restored domestic economic stability, and which face major payments deficits. We agree to continue to cooperate with others in the appropriate bodies on further analysis of these problems with a view to their resolution. If assistance in financing transitory balance of payments deficits is necessary to avoid general disruptions in economic growth, then it can best be provided by multilateral means coupled with a firm program for restoring underlying equilibrium.

In the trade area, despite the recent recession, we have been generally successful in maintaining an open trading system. At the OECD we reaffirmed our pledge to avoid the imposition of new trade barriers.

Countries yielding to the temptation to resort to commercial protectionism would leave themselves open to a subsequent deterioration in their competitive standing; the vigor of their economies would be affected while at the same time chain reactions would be set in motion and the volume of world trade would shrink, hurting all countries. Wherever departures from the policy set forth in the recently renewed OECD trade pledge occur, elimination of the restrictions involved is essential and urgent. Also, it is important to avoid deliberate exchange rate policies which would create severe distortions in trade and lead to a resurgence of protectionism.

We have all set ourselves the objective of completing the Multilateral Trade Negotiations by the end of 1977. We hereby reaffirm that objective and commit ourselves to make every effort through the appropriate bodies to achieve it in accordance with the Tokyo Declaration.

Beyond the conclusion of the trade negotiations we recognize the desirability of intensifying and strengthening relationships among the major trading areas with a view to the long-term goal of a maximum expansion of trade.

We discussed East/West economic relations. We welcomed in this context

the steady growth of East/West trade, and expressed the hope that economic relations between East and West would develop their full potential on a sound financial and reciprocal commercial basis. We agreed that this process warrants our careful examination, as well as efforts on our part to ensure that these economic ties enhance overall East/West relationships.

We welcome the adoption, by the participating countries, of converging guidelines with regard to export credits. We hope that these guidelines will be adopted as soon as possible by as many countries as possible.

In the pursuit of our goal of sustained expansion, the flow of capital facilitates the efficient allocation of resources and thereby enhances our economic well-being. We, therefore, agree on the importance of a liberal climate for international investment flows. In this regard, we view as a constructive development the declaration which was announced last week when the OECD Council met at the Ministerial level.

In the field of energy, we intend to make efforts to develop, conserve and use rationally the various energy resources and to assist the energy development objectives of developing countries.

We support the aspirations of the developing nations to improve the lives of their peoples. The role of the industrialized democracies is crucial to the success of their efforts. Cooperation between the two groups must be based on mutual respect, take into consideration the interests of all parties and reject unproductive confrontation in favor of sustained and concerted efforts to find constructive solutions to the problems of development.

The industrialized democracies can be most successful in helping the developing countries meet their aspirations by agreeing on, and cooperating to implement, sound solutions to their problems which enhance the efficient operation of the international economy. Close collaboration and better coordination are necessary among the industrialized democracies. Our efforts must be mutually supportive, not competitive. Our efforts for international economic cooperation must be considered as complementary to the policies of the developing countries themselves to achieve sustainable growth and rising standards of living.

At Rambouillet, the importance of a cooperative relationship between the developed and developing nations was affirmed; particular attention was directed to following up the results of the Seventh Special Session of the UN General Assembly, and especially to addressing the balance of payments problems of some developing countries. Since then, substantial progress has been made. We welcome the constructive spirit which prevails in the work carried out in the framework of the Conference on International Economic Cooperation, and also

by the positive results achieved in some areas at UNCTAD IV in Nairobi. New measures taken in the IMF have made a substantial contribution to stabilizing the export earnings of the developing countries and to helping them finance their deficits.

We attach the greatest importance to the dialogue between developed and developing nations in the expectation that it will achieve concrete results in areas of mutual interest. And we reaffirm our countries' determination to participate in this process in the competent bodies, with a political will to succeed, looking toward negotiations, in appropriate cases. Our common goal is to find practical solutions which contribute to an equitable and productive relationship among all peoples.

NOTE: Participants in the 2-day conference were President Ford, President Valéry Giscard d'Estaing of France, Prime Minister Pierre Elliott Trudeau of Canada, Chancellor Helmut Schmidt of the Federal Republic of Germany, Prime Minister Aldo Moro of Italy, Prime Minister Takeo Miki of

Japan, and Prime Minister James Callaghan of the United Kingdom of Great Britain and Northern Ireland.

The text of the joint declaration was released at Dorado Beach, Puerto Rico.

622

Message to the Congress Transmitting Annual Report on Aeronautics and Space Activities. *June 29, 1976*

To the Congress of the United States:

I am pleased to transmit this report on the Nation's progress in space and aeronautics during 1975. This report is provided in accordance with Section 206 of the National Aeronautics and Space Act of 1958, as amended (42 U.S.C. 2476).

1975 was another year of continued progress in the Nation's space and aeronautics activities. It marked significant accomplishments in many areas.

Earth orbiting satellites continued to bring new and increased benefits in a variety of applications. Two additional international communications satellites were launched, expanding the already impressive international satellite communications capability. A second domestic commercial communications satellite was put into operation. Military satellite communications were enhanced. In addition, a new system of satellites for global weather reporting was initiated, providing reports every thirty minutes on weather across half the globe.

Landsat 2 was orbited to join Landsat 1 to provide additional earth sensing data to explore potential uses in a wide range of activities, including crop fore-

INTERNATIONAL ECONOMIC SUMMIT MEETING

Joint Declaration Issued at the Conclusion of the Meeting. May 8, 1977

In two days of intensive discussion at Downing Street we have agreed on how we can best help to promote the well-being both of our own countries and of others.

The world economy has to be seen as a whole; it involves not only co-operation among national Governments but also strengthening appropriate international organizations. We were reinforced in our awareness of the interrelationship of all the issues before us, as well as our own interdependence. We are determined to respond collectively to the challenges of the future.

—Our most urgent task is to create more jobs while continuing to reduce inflation. Inflation does not reduce unemployment. On the contrary it is one of its major causes. We are particularly concerned about the problem of unemployment among young people. We have agreed that there will be an exchange of experience and ideas on providing the young with job opportunities.

—We commit our governments to stated economic growth targets or to stabilization policies which, taken as a whole, should provide a basis for sustained non-inflationary growth, in our own countries and worldwide and for reduction of imbalances in international payments.

—Improved financing facilities are needed. The International Monetary Fund must play a prominent role. We commit ourselves to seek additional resources for the IMF and support the linkage of its lending practices to the adoption of appropriate stabilization policies.

—We will provide strong political leadership to expand opportunities for trade to strengthen the open international trading system, which will increase job opportunities. We reject protectionism: it would foster unemployment, increase inflation and undermine the welfare of our peoples. We will give a new impetus to the Tokyo Round of Multilateral Trade Negotiations. Our objective is to make substantive progress in key areas in 1977. In this field structural changes in the world economy must be taken into consideration.

—We will further conserve energy and increase and diversify energy production, so that we reduce our dependence on oil. We agree on the need to increase nuclear energy to help meet the world's energy require-

May 8

Administration of Jimmy Carter, 1977

ments. We commit ourselves to do this while reducing the risks of nuclear proliferation. We are launching an urgent study to determine how best to fulfill these purposes.

—The world economy can only grow on a sustained and equitable basis if developing countries share in that growth. We are agreed to do all in our power to achieve a successful conclusion of the CIEC and we commit ourselves to a continued constructive dialogue with developing countries. We aim to increase the flow of aid and other real resources to those countries. We invite the COMECON countries to do the same. We support multilateral institutions such as the World Bank, whose general resources should be increased sufficiently to permit its lending to rise in real terms. We stress the importance of secure private investments to foster world economic progress.

To carry out these tasks we need the assistance and cooperation of others. We will seek that cooperation in appropriate international institutions, such as the United Nations, the World Bank, the IMF, the GATT and OECD. Those among us whose countries are members of the European Economic Community intend to make their efforts within its framework.

In our discussions we have reached substantial agreement. Our firm purpose is now to put that agreement into action. We shall review progress on all the measures we have discussed here at Downing Street in order to maintain the momentum of recovery.

The message of the Downing Street Summit is thus one of confidence:
—in the continuing strength of our societies and the proven democratic principles that give them vitality;
—that we are undertaking the measures needed to overcome problems and achieve a more prosperous future.

APPENDIX TO THE INTERNATIONAL ECONOMIC SUMMIT MEETING DECLARATION

World Economic Prospects

Since 1975 the world economic situation has been improving gradually. Serious problems, however, still persist in all of our countries. Our most urgent task is to create jobs while continuing to reduce inflation. Inflation is not a remedy to unemployment but one of its major causes. Progress in the fight against inflation has been uneven. The needs for adjustment between surplus and deficit countries remain large. The world has not yet fully adjusted to the depressive effects of the 1974 oil price rise.

We commit our Governments to targets for growth and stabilization which vary from country to country but which, taken as a whole, should provide a basis for sustained non-inflationary growth worldwide.

Some of our countries have adopted reasonably expansionist growth targets for 1977. The governments of these countries will keep their policies under review, and commit themselves to adopt further policies, if needed to achieve their stated target rates and to contribute to the adjustment of payments imbalances. Others are pursuing stabilization policies designed to provide a basis for sustained growth without increasing inflationary expectations. The governments of these countries will continue to pursue those goals.

These two sets of policies are interrelated. Those of the first group of countries should help to create an environment conducive to expansion in the others without adding to inflation. Only if growth rates can be maintained in the first group and increased in the second, and inflation tackled successfully in both, can unemployment be reduced.

We are particularly concerned about the problem of unemployment among young people. Therefore we shall promote the training of young people in order to build a skilled and flexible labor force so that they can be ready to take advantage of the upturn in economic activity as it develops. All of our governments, individually or collectively, are taking appropriate measures to this end. We must learn as much as possible from each other and agree to exchange experiences and ideas.

Success in managing our domestic economies will not only strengthen world economic growth but also contribute to success in four other main economic fields to which we now turn—balance of payments financing, trade, energy and North/South relations. Progress in these fields will in turn contribute to world economic recovery.

Balance of Payments Financing

For some years to come oil-importing nations, as a group, will be facing substantial payments deficits and importing capital from OPEC nations to finance them. The deficit for the current year could run as high as \$45 billion. Only through a reduction in our dependence on imported oil and a rise in the capacity of oil-producing nations to import can that deficit be reduced.

This deficit needs to be distributed among the oil-consuming nations in a pattern compatible with their ability to attract capital on a continuing basis. The need for adjustment to this pattern remains large, and it will take much international cooperation, and determined action by surplus as well as deficit countries, if continuing progress is to be made. Strategies of adjustment in the deficit countries must include emphasis on elimination of domestic sources of inflation and improvement in international cost-price relationships. It is important that industrial countries in relatively strong payments positions should ensure continued adequate expansion of domestic demand, within prudent limits. Moreover these countries, as well as other countries in strong payments positions, should promote increased flows of long-term capital exports.

The International Monetary Fund must play a prominent role in balance of payments financing and adjustment. We therefore strongly endorse the recent agreement of the Interim Committee of the IMF to seek additional resources for that organization and to link IMF lending to the adoption of appropriate stabilization policies. These added resources will strengthen the ability of the IMF to encourage

May 8

Administration of Jimmy Carter, 1977

and assist member countries in adopting policies which will limit payments deficits and warrant their financing through the private markets. These resources should be used with the conditionality and flexibility required to encourage an appropriate pace of adjustment.

This IMF proposal should facilitate the maintenance of reasonable levels of economic activity and reduce the danger of resort to trade and payments restrictions. It demonstrates co-operation between oil-exporting nations, industrial nations in stronger financial positions, and the IMF. It will contribute materially to the health and progress of the world economy. In pursuit of this objective, we also reaffirm our intention to strive to increase monetary stability.

We agreed that the international monetary and financial system, in its new and agreed legal framework, should be strengthened by the early implementation of the increase in quotas. We will work towards an early agreement within the IMF on another increase in the quotas of that organization.

Trade

We are committed to providing strong political leadership for the global effort to expand opportunities for trade and to strengthen the open international trading system. Achievement of these goals is central to world economic prosperity and the effective resolution of economic problems faced by both developed and developing countries throughout the world.

Policies on protectionism foster unemployment, increase inflation and undermine the welfare of our peoples. We are therefore agreed on the need to maintain our political commitment to an open and non-discriminatory world trading system. We will seek both nationally and through the appropriate international institutions to promote solutions that create new jobs and consumer benefits through expanded trade and to avoid approaches which restrict trade.

The Tokyo Round of multilateral trade negotiations must be pursued vigorously. The continuing economic difficulties make it even more essential to achieve the objective of the Tokyo Declaration and to negotiate a comprehensive set of agreements to the maximum benefit of all. Toward this end, we will seek this year to achieve substantive progress in such key areas as:

(i) a tariff reduction plan of broadest possible application designed to achieve a substantial cut and harmonization and in certain cases the elimination of tariffs;

(ii) codes, agreements and other measures that will facilitate a significant reduction of non-tariff barriers to trade and the avoidance of new barriers in the future and that will take into account the structural changes which have taken place in the world economy;

(iii) a mutually acceptable approach to agriculture that will achieve increased expansion and stabilization of trade, and greater assurance of world food supplies.

Such progress should not remove the right of individual countries under existing international agreements to avoid significant market disruption.

While seeking to conclude comprehensive and balanced agreements on the basis of reciprocity among all industrial countries we are determined, in accordance with the aims of the Tokyo Declaration, to ensure that the agreements provide special benefits to developing countries.

We welcome the action taken by Governments to reduce counter-productive competition in officially supported export credits and propose that substantial further efforts be made this year to improve and extend the present consensus in this area.

We consider that irregular practices and improper conduct should be eliminated from international trade, banking and commerce, and we welcome the work being done toward international agreements prohibiting illicit payments.

Energy

We welcome the measures taken by a number of Governments to increase energy conservation. The increase in demand for energy and oil imports continues at a rate which places excessive pressure on the world's depleting hydrocarbon resources. We agree therefore on the need to do everything possible to strengthen our efforts still further.

We are committed to national and joint efforts to limit energy demand and to increase and diversify supplies. There will need to be greater exchanges of technology and joint research and development aimed at more efficient energy use, improved recovery and use of coal and other conventional resources, and the development of new energy sources.

Increasing reliance will have to be placed on nuclear energy to satisfy growing energy requirements and to help diversify sources of energy. This should be done with the utmost precaution with respect to the generation and dissemination of material that can be used for nuclear weapons. Our objective is to meet the world's energy needs and to make peaceful use of nuclear energy widely available, while avoiding the danger of the spread of nuclear weapons. We are also agreed that, in order to be effective, non-proliferation policies should as far as possible be acceptable to both industrialized and developing countries alike. To this end, we are undertaking a preliminary analysis to be completed within two months of the best means of advancing these objectives, including the study of terms of reference for international fuel cycle evaluation.

The oil-importing developing countries have special problems both in securing and in paying for the energy supplies needed to sustain their economic development programs. They require additional help in expanding their domestic energy production and to this end we hope the World Bank, as its resources grow, will give special emphasis to projects that serve this purpose.

We intend to do our utmost to ensure, during this transitional period, that the energy market functions harmoniously, in particular through strict conservation measures and the development of all our energy resources. We hope very much that the oil-producing countries will take these efforts into account and will make their contribution as well.

We believe that these activities are essential to enable all countries to have continuing energy supplies now and for the future at reasonable prices consistent with sustained non-inflationary economic growth, and we intend through all useful channels to concert our policies in continued consultation and cooperation with each other and with other countries.

North/South Relations

The world economy can only grow on a sustained and equitable basis if developing countries share in that growth. Progress has been made. The industrial countries

May 8

Administration of Jimmy Carter, 1977

have maintained an open market system despite a deep recession. They have increased aid flows, especially to poorer nations. Some \$8 billion will be available from the IDA for these nations over the next three years, as we join others in fulfilling pledges to its Fifth Replenishment. The IMF has made available to developing countries, under its compensatory financing facility nearly an additional \$2 billion last year. An International Fund for Agricultural Development has been created, based on common efforts by the developed OPEC, and other developing nations.

The progress and the spirit of cooperation that have emerged can serve as an excellent base for further steps. The next step will be the successful conclusion of the Conference on International Economic Cooperation and we agreed to do all in our power to achieve this.

We shall work:

- (i) to increase the flow of aid and other real resources from the industrial to developing countries, particularly to the 800 million people who now live in absolute poverty; and to improve the effectiveness of aid;
- (ii) to facilitate developing countries' access to sources of international finance;
- (iii) to support such multilateral lending institutions as the World Bank, whose lending capacity we believe will have to be increased in the years ahead to permit its lending to increase in real terms and widen in scope;
- (iv) to promote the secure investment needed to foster world economic development;
- (v) to secure productive results from negotiations about the stabilization of commodity prices and the creation of a Common Fund for individual buffer stock agreements and to consider problems of the stabilization of export earnings of developing countries; and
- (vi) to continue to improve access in a non-disruptive way to the markets of industrial countries for the products of developing nations.

It is desirable that these actions by developed and developing countries be assessed and concerted in relation to each other and to the larger goals that our countries share. We hope that the World Bank, together with the IMF, will consult with other developed and developing countries in exploring how this could best be done.

The well-being of the developed and developing nations are bound up together. The developing countries' growing prosperity benefit industrial countries, as the latter's growth benefits developing nations. Both developed and developing nations have a mutual interest in maintaining a climate conducive to stable growth worldwide.

NOTE: Participants in the 2-day meeting, held at 10 Downing Street, were President Carter, Valéry Giscard d'Estaing, President of the Republic of France, Pierre Elliott Trudeau, Prime Minister of Canada, Helmut Schmidt, Chancellor of the Federal Republic of Germany, Giulio Andreotti, Prime Minister of Italy, Takeo Fukuda, Prime Minister of Japan, and James Callaghan, Prime Minister and First Lord of the Treasury of the United Kingdom of Great Britain and Northern Ireland.

The text of the joint declaration was released at London, England.

cided myself about the advisability of this action.

Q. Are you still hoping for Congress to act to prevent you having to impose quotas?

THE PRESIDENT. Yes, I hope the Congress will act on the entire package. As you know, the conference committees have agreed on four-fifths of it, which encompass an energy saving of about 2.3 million barrels per day. The remaining portion concerning the tax on oil would result in an additional 2 or 300,000 barrels a day.

So, the major portion of it has at least been agreed to by the conference committees, and I hope that Congress will act without delay.

Q. Are you pleased?

THE PRESIDENT. Yes, I'm pleased.

REPORTER. Thank you, Mr. President.

NOTE: The President spoke at 7:06 p.m. outside the U.S. Ambassador's residence.

Earlier in the day, the President attended the first and second sessions of the summit conference at the Palais Schaumburg and a working luncheon hosted by Chancellor Schmidt for summit participants at the Chancellor's Bungalow.

Later in the evening, the President attended a dinner hosted by Chancellor Schmidt at Schloss Gymnich for the summit participants.

Bonn Economic Summit Conference

Informal Exchange With Reporters.
July 17, 1978

Q. Mr. President, are you going to be discussing Berlin this morning, with the protest?

THE PRESIDENT. Yes, we'll be discussing Berlin this morning.

Q. Do you have any ideas on what you want to do?

THE PRESIDENT. No. Every year the allied leaders who are responsible for Ber-

lin try to get together to discuss it for a while. And this is what we will be discussing at breakfast, among other things.

Q. Do you have any new problems that you have to discuss?

THE PRESIDENT. We have enough problems and opportunities; we're not looking for new ones.

Q. Do you feel good about the summit?

THE PRESIDENT. Very good, yes.

Q. Can the fellows really do anything about terrorism in what they bring forth today?

THE PRESIDENT. Yes.

REPORTERS. What? [Laughter]

NOTE: The President spoke at 8:15 a.m. outside the U.S. Ambassador's residence.

Following the exchange, the President attended a breakfast meeting at the Chancellor's Bungalow with President Valéry Giscard d'Estaing of France, Prime Minister James Callaghan of the United Kingdom, and Chancellor Schmidt.

Bonn Economic Summit Conference

Joint Statement on International Terrorism.
July 17, 1978

The heads of state and government, concerned about terrorism and the taking of hostages, declare that their governments will intensify their joint efforts to combat international terrorism.

To this end, in cases where a country refuses extradition or prosecution of those who have hijacked an aircraft and/or do not return such aircraft, the heads of state and government are jointly resolved that their governments should take immediate action to cease all flights to that country.

At the same time, their governments will initiate action to halt all incoming flights from that country or from any country by the airlines of the country con-

cerned. The heads of state and government urge other governments to join them in this commitment.

NOTE: Chancellor Helmut Schmidt read the joint statement during his remarks at the Bonn Stadt Theater at the conclusion of the Bonn Economic Summit Conference.

Bonn Economic Summit Conference

Remarks at the Conclusion of the Conference.
July 17, 1978

Having been fortunate enough to make an official state visit to the Federal Republic of Germany immediately prior to the summit conference, I would like to express the thanks, on behalf of all the American delegation, to President Scheel, to Chancellor Schmidt, and to the people of the Federal Republic, for their hospitality.

I have been very pleased at the results of this summit conference. The results have exceeded the expectation of all of us. The discussions and the conclusions have been carefully prepared. Each one of us has been cautious at this summit not to promise things which we could not subsequently deliver.

The assessments have been long, sometimes tedious, but comprehensive in nature. They are substantive and specific. I think each leader has gone the limit, within the bounds of political actualities, to contribute everything possible from our own individual nations to the common well-being of the world.

Our contributions have been mutually supportive. They have been different, one from another, because our capabilities and our needs are different.

We have dealt with the very serious problem of protectionism and mutually

committed ourselves to successfully concluding the multilateral trade negotiations to permit free markets to keep our people employed at home.

The Federal Republic of Germany, the Government of Japan, have generously committed themselves to increased economic growth. Other nations have joined in this commitment. The United States, recognizing our own responsibilities, and at the request of others, have committed ourselves to a comprehensive energy policy and its implementation—to cut down the importation of oil by 2½ million barrels a day by the year 1985, to raise the price of oil, which is too cheap in our own country, to the world market level to discourage waste.

We and the Canadians have recognized our need to provide some predictability, some dependability upon a supply of nuclear fuels to other nations, commensurate with a mutual profession against proliferation of nuclear explosives and the adherence to international safeguards.

We have all been concerned about inflation and have made our plans to deal with this all-pervasive threat throughout the world.

This is a time when we also recognize our strength, our stability, the benefits of peace. And our hope is that in the analysis of transient problems, with which we are trying to deal successfully, that we need not ever lose sight of the base of common purpose that binds us together in a successful endeavor in the free and democratic nations of the world.

We will be carefully monitoring progress after this summit adjourns, to make sure that those commitments made in sincerity are not forgotten nor abandoned in the months ahead.

I would like to say, finally, that we have not forgotten the developing nations of

July 17

Administration of Jimmy Carter, 1978

the world. We are fortunate, we've been blessed with economic and political and military strength and with a fine, high standard of living for our own people. We recognize the need to share this with other, less developed countries. And all these cumulative commitments, I think, will be very good and constructive for the entire world economy in the months ahead.

I personally believe that the strong statement on controlling air piracy, terrorism, is in itself worth the entire preparation and conduct of the summit. We are determined that this commitment be carried out individually and collectively. And our Foreign Ministers have been instructed immediately to contact other nations around the world without delay, to encourage them to join in with us in this substantive and, I think, adequate move to prevent air hijacking in the future.

I leave this summit conference with a resolve to carry out our purposes, to continue our mutual discussions and consultations, and with a new sense of confidence.

This has been a very successful meeting among us. The preparation for it was very instructive and educational, and the superb chairmanship of Chancellor Schmidt has helped to ensure its success.

NOTE: The President spoke at 7:12 p.m. at Bonn Stadt Theater following concluding statements by Chancellor Helmut Schmidt of the Federal Republic of Germany, Prime Minister Pierre Elliott Trudeau of Canada, President Valéry Giscard d'Estaing of France, Prime Minister Giulio Andreotti of Italy, Prime Minister Takeo Fukuda of Japan, and Prime Minister James Callaghan of the United Kingdom of Great Britain and Northern Ireland.

Earlier in the day, the President attended the third and fourth sessions of the summit conference at the Palais Schaumburg and a working luncheon hosted by President Scheel for summit participants at Villa Hammer-schmidt.

Bonn Economic Summit Conference

Declaration Issued at the Conclusion of the Conference. July 17, 1978

The Heads of State and Government of Canada, the Federal Republic of Germany, France, Italy, Japan, the United Kingdom of Great Britain and Northern Ireland and the United States of America met in Bonn on 16th and 17th July 1978. The European Community was represented by the President of the European Council and by the President of the European Commission for discussion of matters within the Community's competence.

1. We agreed on a comprehensive strategy covering growth, employment and inflation, international monetary policy, energy, trade and other issues of particular interest to developing countries. We must create more jobs and fight inflation, strengthen international trading, reduce payments imbalances, and achieve greater stability in exchange markets. We are dealing with long-term problems, which will only yield to sustained efforts. This strategy is a coherent whole, whose parts are interdependent. To this strategy, each of our countries can contribute; from it, each can benefit.

GROWTH, EMPLOYMENT AND INFLATION

2. We are concerned, above all, about world-wide unemployment because it has been at too high a level for many years, because it hits hardest at the most vulnerable sections of the population, because its economic cost is high and its human cost higher still. We will act, through measures to assure growth and develop needed skills, to increase employment.

In doing this, we will build on the progress that has already been made in the fight against inflation and will seek new successes in that fight. But we need

an improvement in growth where that can be achieved without rekindling inflation in order to reduce extremes of balance of payments surpluses and deficits. This will reduce destabilizing exchange rate movements. Improved growth will help to reduce protectionist pressures. We need it also to encourage the flow of private investment, on which economic progress depends; we will seek to reduce impediments to private investment, both domestically and internationally. Better growth is needed to ensure that the free world is able to develop to meet the expectations of its citizens and the aspirations of the developing countries.

3. A program of different actions by countries that face different conditions is needed to assure steady non-inflationary growth. In countries whose balance of payments situation and inflation rate does not impose special restrictions, this requires a faster rise in domestic demand. In countries where rising prices and costs are creating strong pressures, this means taking new measures against inflation.

—Canada reaffirmed its intention, within the limits permitted by the need to contain and reduce inflation, to achieve higher growth of employment and an increase in output of up to 5%.

—As a contribution to avert the worldwide disturbances of economic equilibrium the German Delegation has indicated that by the end of August it will propose to the legislative bodies additional and quantitatively substantial measures up to 1 p.c. of GNP, designed to achieve a significant strengthening of demand and a higher rate of growth. The order of magnitude will take account of the absorptive capacity of the capital market and the need to avoid inflationary pressures.

—The President of the French Republic has indicated that, while pursuing its policy of reduction of the rate of infla-

tion, the French Government agrees, as a contribution to the common effort, to increase by an amount of about 0.5% of G.N.P. the deficit of the budget of the State for the year 1978.

—The Italian Prime Minister has indicated that the Government undertakes to raise the rate of economic growth in 1979 by 1.5 percentage points with respect to 1978. It plans to achieve this goal by cutting public current expenditure while stimulating investments with the aim of increasing employment in a non-inflationary context.

—The Prime Minister of Japan has referred to the fact that his Government is striving for the attainment of the real growth target for fiscal year 1978, which is about 1.5 percentage points higher than the performance of the previous year, mainly through the expansion of domestic demand. He has further expressed his determination to achieve the said target by taking appropriate measures as necessary. In August or September he will determine whether additional measures are needed.

—The United Kingdom, having achieved a major reduction in the rate of inflation and improvement in the balance of payments has recently given a fiscal stimulus equivalent to rather over 1% of G.N.P. The Government intends to continue the fight against inflation so as to improve still further the prospects for growth and employment.

—The President of the United States stated that reducing inflation is essential to maintaining a healthy U.S. economy and has therefore become the top priority of U.S. economic policy. He identified the major actions that have been taken and are being taken to counter inflation in the United States: Tax cuts originally proposed for fiscal year 1979 have now been reduced by \$10 billion; government expenditure projections for 1978 and 1979 have been reduced; a very

tight budget is being prepared for 1980; steps are being taken to reduce the direct contribution by government regulations or restrictions to rising costs and prices, and a voluntary programme has been undertaken to achieve deceleration of wages and prices.

—The meeting took note with satisfaction that the common approach of the European Community already agreed at Bremen would reinforce the effectiveness of this programme.

ENERGY

4. In spite of some improvement, the present energy situation remains unsatisfactory. Much more needs to be done.

5. We are committed to reduce our dependence on imported oil.

6. We note that the European Community has already agreed at Bremen the following objectives for 1985: to reduce the Community's dependence on imported energy to 50 percent, to limit net oil imports, and to reduce to 0.8 the ratio between the rate of increase in energy consumption and the rate of increase in gross domestic product.

7. Recognizing its particular responsibility in the energy field, the United States will reduce its dependence on imported oil. The U.S. will have in place by the end of the year a comprehensive policy framework within which this effort can be urgently carried forward. By year end, measures will be in effect that will result in oil import savings of approximately 2.5 million barrels per day by 1985. In order to achieve these goals, the U.S. will establish a strategic oil reserve of 1 billion barrels; it will increase coal production by two-thirds; it will maintain the ratio between growth in gross national product and growth in energy demand at or below 0.8; and its oil consumption will grow more slowly than energy consump-

tion. The volume of oil imported in 1978 and 1979 should be less than that imported in 1977. In order to discourage excessive consumption of oil and to encourage the movement toward coal, the U.S. remains determined that the prices paid for oil in the U.S. shall be raised to the world level by the end of 1980.

8. We hope that the oil exporting countries will continue to contribute to a stable world energy situation.

9. Looking to the longer term, our countries will review their national energy programs with a view to speeding them up. General energy targets can serve as useful measures of the progress achieved.

10. Private and public investment to produce energy and to use it more efficiently within the industrial world should be increased. This can contribute significantly to economic growth.

11. The further development of nuclear energy is indispensable, and the slippage in the execution of nuclear power programmes must be reversed. To promote the peaceful use of nuclear energy and reduce the risk of nuclear proliferation, the nuclear fuel cycle studies initiated at the London Summit should be pursued. The President of the United States and the Prime Minister of Canada have expressed their firm intention to continue as reliable suppliers of nuclear fuel within the framework of effective safeguards. The President intends to use the full powers of his office to prevent any interruption of enriched uranium supply and to ensure that existing agreements will be respected. The Prime Minister intends that there shall be no interruption of Canadian uranium supply on the basis of effective safeguards.

12. Coal should play an increasing important role in the long term.

13. Joint or co-ordinated energy research and development should be carried out to hasten the development of new,

including renewable, energy sources and the more efficient use of existing sources.

14. In energy development, the environment and human safety of the population must be safeguarded with greatest care.

15. To help developing countries, we will intensify our national development assistance programs in the energy field and we will develop a co-ordinated effort to bring into use renewable energy technologies and to elaborate the details within one year. We suggest that the OECD will provide the medium for co-operation with other countries.

16. We stress the need for improvement and co-ordination of assistance for developing countries in the energy field. We suggest that the World Bank explore ways in which its activities in this field can be made increasingly responsive to the needs of the developing countries, and to examine whether new approaches, particularly to financing hydrocarbon exploration, would be useful.

TRADE

17. We reaffirm our determination to expand international trade one of the driving forces for more sustained and balanced economic growth. Through our joint efforts we will maintain and strengthen the open international trading system. We appreciate and support the progress as set forth in the Framework of Understanding on the Tokyo Round of Multilateral Trade Negotiations made public in Geneva, July 13th, 1978, even though within this Framework of understanding some difficult and important issues remain unresolved.

The successful conclusion of these negotiations, the biggest yet held, would mean not just a major trade liberalisation programme extending over the 1980s but the most important progress yet made in the

GATT in relation to non-tariff measures. Thus the GATT rules would be brought more closely into line with the requirements of the next decade—particularly in relation to safeguards—in ways which could avoid any weakening of the world trading system and be of benefit to all trading countries developed and developing alike. A substantially higher degree of equity and discipline in the international trading system would be achieved by the creation of new mechanisms in many fields for consultation and dispute settlement. Uniform application of the GATT rules is vital and we shall move in that direction as soon as possible.

In all areas of the negotiations the Summit countries look forward to working even more closely with the developing countries. We seek to ensure for all participants a sound and balanced result, which adequately takes into account the needs of developing countries, for example, through special and differential treatment, and which brings about their greater participation in the benefits and obligations of the world trading system.

At last year's Downing Street Summit we rejected a protectionist course for world trade. We agreed to give a new impetus to the Tokyo Round. Our negotiators have fulfilled that commitment. Today we charge them, in co-operation with the other participants, to resolve the outstanding issues and to conclude successfully the detailed negotiations by December 15, 1978.

18. We note with satisfaction the renewal of the pledge to maintain an open market oriented economic system made by the OECD Council of Ministers last month. Today's world economic problems cannot be solved by relapsing into open or concealed protectionism.

19. We welcome the statement on positive adjustment policy made by the OECD Ministers. There must be a readi-

ness over time, to accept and facilitate structural change. Measures to prevent such change perpetuate economic inefficiency, place the burden of structural change on trading partners and inhibit the integration of developing countries into the world economy. We are determined in our industrial, social, structural, and regional policy initiatives to help sectors in difficulties, without interfering with international competition and trade flows.

20. We note the need for countries with large current accounts deficits to increase exports and for countries with large current accounts surpluses to facilitate increases in imports. In this context, the United States is firmly committed to improve its export performance and is examining measures to this end. The Prime Minister of Japan has stated that he wishes to work for the increase of imports through the expansion of domestic demand and various efforts to facilitate imports. Furthermore, he has stated that in order to cope with the immediate situation of unusual surplus, the Government of Japan is taking a temporary and extraordinary step of calling for moderation in exports with the aim of keeping the total volume of Japan's exports for the fiscal year of 1978 at or below the level of fiscal year 1977.

21. We underline our willingness to increase our co-operation in the field of foreign private investment flows among industrialized countries and between them and developing countries. We will intensify work for further agreements in the OECD and elsewhere.

22. In the context of expanding world economic activity, we recognize the requirement for better access to our countries' markets for the products of the developing countries. At the same time we look to increasing readiness on the part of the more advanced developing countries to open their markets to imports.

RELATIONS WITH DEVELOPING COUNTRIES

23. Success in our efforts to strengthen our countries' economies will benefit the developing countries, and their economic progress will benefit us. This calls for joint action on the basis of shared responsibility.

24. In the years ahead the developing countries, particularly those most in need, can count on us for an increased flow of financial assistance and other resources for their development. The Prime Minister of Japan has stated that he will strive to double Japan's official development assistance in three years.

We deeply regret the failure of the COMECON countries to take their due share in the financial assistance to developing countries and invite them once more to do so.

25. The poorer developing countries require increased concessional aid. We support the soft loan funds of the World Bank and the three regional development banks. We pledge our governments to support replenishment of the International Development Association on a scale that would permit its lending to rise annually in real terms.

26. As regards the more advanced developing countries, we renew our pledge to support replenishment of the multilateral development banks' resources, on the scale needed to meet the growing needs for loans on commercial terms. We will encourage governmental and private co-financing of development projects with these banks.

The co-operation of the developing countries in creating a good investment climate and adequate protection for foreign investment is required if foreign private investment is to play its effective role in generating economic growth and in stimulating the transfer of technology.

We also refer to our efforts with respect to developing countries in the field of energy as outlined in paragraph 15 and 16.

27. We agreed to pursue actively the negotiations on a Common Fund to a successful conclusion and to continue our efforts to conclude individual commodity agreements and to complete studies of various ways of stabilizing export earnings.

INTERNATIONAL MONETARY POLICY

28. The erratic fluctuations of the exchange markets in recent months have had a damaging effect on confidence, investment and growth throughout the world. Essentially, exchange rate stability can only be achieved by attacking the fundamental problems which have contributed to the present large balance of payments deficits and surpluses. Implementation of the policies described above in the framework of a concerted program will help to bring about a better pattern of world payments balances and lead to greater stability in international exchange markets. This stability will in turn improve confidence and the environment for sustained economic growth.

29. Although exchange rates need to respond to changes in underlying economic and financial conditions among nations, our monetary authorities will continue to intervene to the extent necessary to counter disorderly conditions in the exchange markets. They will maintain extensive consultation to enhance these efforts' effectiveness. We will support surveillance by the International Monetary Fund, to promote effective functioning of the international monetary system.

30. The representatives of the European Community informed the meeting of the decision of the European Council at Bremen on 6/7 July to consider a scheme

for a closer monetary co-operation. The meeting welcomed the report and noted that the Community would keep the other participants informed.

CONCLUSION

31. It has been our combined purpose to attack the fundamental economic problems that our countries confront.

The measures on which we have agreed are mutually reinforcing. Their total effect should thus be more than the sum of their parts. We will now seek parliamentary and public support for these measures.

We cannot hope to achieve our purposes alone. We shall work closely together with other countries and within the appropriate international institutions; those among us whose countries are members of the European Community intend to make their efforts within this framework.

We have instructed our representatives to convene by the end of 1978 in order to review this Declaration.

We also intend to have a similar meeting among ourselves at an appropriate time next year.

NOTE: As printed above, this item follows the text of the declaration as released by the West German Government.

The President's Trip to the Federal Republic of Germany

*Remarks on Arrival at the White House.
July 17, 1978*

THE VICE PRESIDENT. *Mr. President, Rosalynn, and Amy:*

We're delighted to welcome you back home again from an extraordinarily successful trip. I think if you asked Americans what concerned them most, it would

to us with the windfall profits tax and the establishment of the energy security fund.

It's been estimated that by the end of 1980, the OPEC price increases in the last 6 months will cost our nation at least 2% in increased inflation and at least a 2% decrease in the rate of growth of the economy of the United States.

Our country is able to be self-sufficient. We have the technological ability, we have the finances, we have the natural resources. It's imperative that we act expeditiously. It's imperative that we cooperate with one another. It's necessary for us to be determined, bold, aggressive, and also that we are creative and that the Americans harness the tremendous resources of our country in the most effective and efficient and cooperative fashion.

There is no other threat to our life in America so important as these economic threats that not only weaken our nation's structure but also endanger our own security in the future. My belief is that now the American people are aroused and the Congress is aroused enough to act without delay. This will be my major purpose when I return to the United States in just a few days.

Q. Is there any economic or other type of retaliatory action we and our partners could take directly against OPEC?

A. The most important single thing that can be done on a multinational basis is what has been under consideration here in Tokyo for the last 2 days. My prediction is that the major Western allies—those who are assembled here for the economic summit—will act aggressively and without precedent to cut down on our imports and our dependence on OPEC oil. This will have a major stabilizing effect. So, with multilateral approach here in eliminating waste, cutting down on imports, investing jointly to produce new supplies of energy based on new technologies—that will be a major step on a multinational basis. But I think the major responsibility is on us to act within the United States.

Q. Have you been in touch with other leaders since the price increase has been announced to see what their reaction is?

A. Yes. I discussed this announcement with the other leaders last night. We had a good indication of what it would be, and I think that I can say that they all share my deep concern about the economic consequences of it. But there are two phases that must be addressed: One is the multinational

TOKYO ECONOMIC SUMMIT PARTICIPANTS

Canada

Prime Minister Joe Clark

France

President Valery Giscard d'Estaing

Germany, Federal Republic of

Chancellor Helmut Schmidt

Italy

Prime Minister Giulio Andreotti

Japan

Prime Minister Masayoshi Ohira

United Kingdom

Prime Minister Margaret Thatcher

United States

President Jimmy Carter

European Community

President (Acting) Valery Giscard d'Estaing (France) of the European Council

President Roy Jenkins (U.K.) of the European Commission

phase, where we work together on technology and to cut down demand for OPEC oil; and the second and obviously the most direct responsibility is for the United States to act on its own. We must do both.

Q. Do you think there will be any effect on the dollar—immediate effect on the dollar or any kind of shifting away by the oil companies to other countries?

A. My belief is that the prospective OPEC price increase has already been assimilated by the international monetary markets. If we act boldly and aggressively here in Tokyo, which I believe we will do today, that should help to stabilize the dollar.

Q. What will the consequences be of continued congressional inaction on energy?

A. The same consequences that we've already suffered. The Congress has not acted for the last 2 years on any legislation that affects oil. I've just gotten a report from the Vice President a few minutes ago that the House finally passed the windfall profits tax. It must now go to the Senate. But for the last 2 years, the Congress has passed no legislation concerning oil. The windfall profits tax, when passed, the establishment of the energy security fund will give us a substantial reservoir of financing for the creation of synthetic fuels, the movement on solar energy, the liquefaction and gasifica-

tion of coal, and other actions that can make us more energy self-sufficient.

Q. Is there anything immediate you can do to reduce the gas lines in the United States?

A. My information is that in the next few weeks—hopefully sooner—there will be an increase in supply of gasoline to the affected areas. The oil companies and the Department of Energy—and I talked to the Vice President this morning—all agree that the percentage of gasoline being allotted in the affected areas will be increased to about 97% of what it was last year, a much better supply than we have experienced the last couple of weeks.

JOINT NEWS CONFERENCE, JUNE 29, 1979²

Prime Minister Ohira

To this summit there have gathered a great number of members of the press from Japan and from outside Japan, and for showing your interest in what goes on in the summit, I would like to express our appreciation. Because of security considerations, we may have caused you many inconveniences, but I hope you understand this.

Our conference during the past 2 days has been extremely useful, but in order for the fruit of our discussions to be appreciated in various parts of the world, much depends on you members of the press. I would be grateful for your cooperation.

I am going to shortly ask various heads of state and government to speak, but as the host, I would first like to give my overall evaluation.

In this summit we have welcomed three new members of whom one is the first woman Prime Minister to the summit, and the other is the youngest Prime Minister. The two new Prime Ministers have contributed much to the success of the conference with their charm and wisdom. The third new member is somewhat older, me, and I would refrain from making any comment.

Although nearly half of the members in this Summit are new, I believe our summit has been able to create an extremely close human relation on the basis of the spirit of mutual support of the summit, which I believe is an important product of our endeavor.

This summit has been held as it was at the time when the attention of the world is focused on the oil problem. In order to respond to the situation, it has been said that our summit will be a failure unless bold and concrete measures are agreed upon.

Shortly the communique will be distributed to you, but from the viewpoint of both immediate measures and medium- and long-term points of view, I believe we have been able to reach concrete consensus that can respond to meet the expectations of the world.

As the Prime Minister of Japan, to give the specific goal of our effort to the year 1985 has taken considerable amount of courage, but recognizing the fact that we all live in a global community faced with the oil anxiety, and recognizing the need for placing our economy on a stable basis well into the future, I felt it was necessary for us to agree to that statement.

In areas other than oil, we have discussed questions such as inflation and employment, showing strong interest in protecting industrial democracies, from long-term and fundamental points of view. Although industrialized economies find ourselves in respective economic difficulties, the summit leaders have shown strong interest in the relationship with the developing nations. I have found this very encouraging. The old economies of the world are in the same boat. By sharing the new sense of responsibility and new sense of partnership, I would like to see the constructive relationship and cooperation be developed further.

Further, in the present summit, following up on what was taken up in the last summit in Bonn, we adopted a statement on air hijacking which I will now read.

This is concerning the statement. At the request of heads of state and government who participated in the summit, I, in my capacity of chairman of the meeting, am pleased to make the following statement which concerns the declaration of air hijacking issued in Bonn in July 1978.

I now read the statements.

"The heads of state and government express their pleasure with the broad support expressed by other states for the declaration on hijacking made at the Bonn summit in July 1978.

They noted that procedures for the prompt implementation of the declaration have been agreed upon and that to date enforcement measures under the declaration have not been necessary.

They also noted with satisfaction the widespread adherence to the conventions dealing with unlawful interference with international civil aviation. Extensive support for these conventions and the Bonn declaration on hijacking reflects the acceptance by the international community as a whole of the principles expressed therein.

That is the statement.

Also, in the present summit, we have adopted a special statement on the question of refugees from Indochina, which is another major fruit. Japan it-

self feels we must make our utmost contribution to the solution of this problem, and I would like to see that the statement be transmitted to other various countries and various international organizations and invite their further participation in international efforts on this question. This has been an unprecedentedly important international event, but this Tokyo summit has now come to its safe and successful conclusion, and next year we have unanimously agreed to meet again in Italy. We look forward to our reunion in Italy.

And I would like to take this opportunity to express our heartfelt appreciation to all the people, both within and without Japan, who have supported this meeting.

Because we have taken unexpected, unprecedentedly elaborate security measures in connection with the convening of this summit—and I know we have dealt inconveniences with many people, but because of their cooperation we have been able to successfully carry this conference. I thank all of these people concerned.

President Giscard d'Estaing

I think that we can say that the Tokyo summit has, indeed, achieved the aims that had been set. The leaders of the major industrialized nations, also the major consumers of oil, have done what might have been expected of them.

Faced by difficult situations, they have demonstrated their sense of re-

sponsibility and their courage—and I am speaking, of course, of my partners—by agreeing to enter into specific commitments after discussions that at times were difficult. But it must be recognized the subject and the situation are both difficult, too.

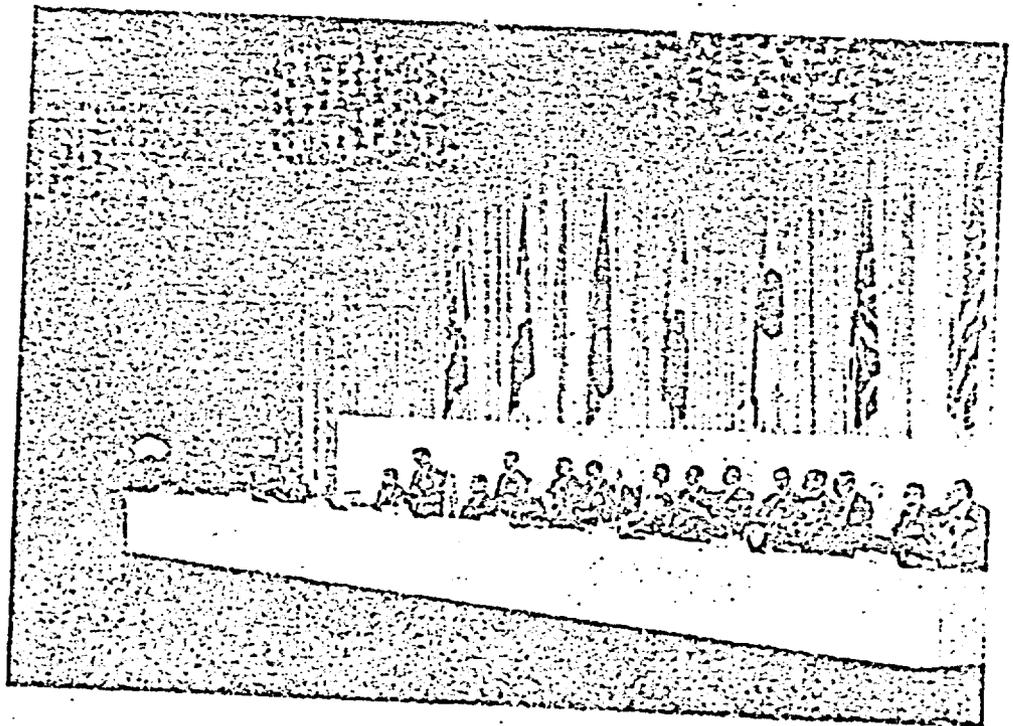
For the first time since the onset of the energy crisis 6 years ago, we agreed to adopt a joint attitude, a common attitude on three essential points. And indeed, what was expected of us? A commitment on limits of imported oil, a massive effort to develop alternative energy sources, and, lastly, an effort to eliminate practices conducive to excessively high prices on the oil markets.

Now we have agreed to limit quantities of oil that are imported, in the short term, in 1979 and in 1980, and also in the medium term, 1985. We jointly agreed on quantified targets, country by country. As far as the European Community is concerned, these targets, of course, comply with the targets and aims defined in Strasbourg.

Secondly, efforts to develop alternative energy sources. First of all, those that are available—coal and nuclear generated electricity and a very substantial program for the technological development of new energy sources.

Lastly, eliminating practices that have led to speculative increases in prices on some markets. So, I think that it can be said that our countries have taken the decisions that they were able to take. But we know that this is only one part of the problem, because we do not hold the key to the energy

Economic summit participants hold a joint news conference in the banquet room of the New Otani Hotel.



problem among ourselves alone. And I hope that our sense of responsibility will be met by an equal sense of responsibility by those who also hold part of the key to the problem. And as Acting President of the Council of the European Economic Community, I would like to emphasize the role that has been played by the Community.

First of all, by arriving at an agreement in Strasbourg last week among the nine members of the Community, which was part of our preparations for the Tokyo meeting, and then by arriving at an agreement among the seven of us here, that this, of course, presupposed that our partners were prepared, ready and willing to collaborate, that is to say, Japan, the United States, and Canada.

Now, there remains a great deal for us to do, it cannot be denied, in order to define the paths to be followed by the world economy. Growth that at the same time is energy saving, growth that is perhaps more steady, less spectacular. We are going to have to work a lot; we are going to have to invent a lot; we are going to have to improvise; we are going to have to change a number of the habits that grew up when times were easier. But we have tackled the problems in an orderly fashion and standing together. And this is what our Tokyo agreement means to us.

And I would like to add three comments. Firstly, I would like to express our concern with regard to the situation of non-oil-producing developing countries. Their situation is very much more difficult, very much more painful, very often, than ours. And this is why in discussions over the past 2 days, we have sought to bear their situation in mind, and we must insure that the approaches that are adopted do take account of their particular difficulties.

I would like to emphasize the importance we attach to the statement adopted, the declaration we have adopted on refugees from Indochina, and certainly France will maintain its efforts to support and welcome in the refugees of Indochina. And then, Mr. Chairman, we would like to thank you for your hospitality in Tokyo, worthy of the reputation of the Japanese for hospitality, and we would like to thank you for the important contribution you made to the success of our conference.

I would also like to ask you to express our thanks to His Majesty the Emperor of Japan for the welcome he extended to us yesterday evening.

President Carter

First of all, I would like to add my word of thanks to Prime Minister Ohira, to the officials of Japan, to His

Majesty the Emperor, to the people of Japan who have made this conference possible, and who have also welcomed us for an official state visit.

In my own opinion, this economic summit conference might be proven in history to have a historic meaning for most of the people on Earth. We are in trouble as we approach increasing shortages of energy and rapidly increasing prices for energy. But we have decided individually and collectively not to despair but to take action which will be meaningful and which might very well encourage others to emulate the decisions that we ourselves have made.

We recognize the seriousness of the energy question. And we have decided to act as individual nations and also as a group of nations to try to resolve this difficulty with minimum adverse effect on the people whom we represent.

One of the most difficult decisions for us, which we finally did make, was to adopt individual, national goals for limiting imports of oil for 1979, 1980, and all the way through until 1985. These goals are not expressed in generalities. They will be expressed in specific terms. They are quite substantive commitments, tangible and restrictive.

In addition, we committed ourselves individually and collectively to the rapid development of alternate supplies of energy, to increase our own production of oil and gas when we have it available, to increase the production and use of coal, taking care to protect the quality of the environment, to emphasize synthetic fuel development, oil to be derived from shale, tar sands, solar power, nuclear power with a special emphasis on safety—these types of commitments have been thoroughly discussed and will be binding upon us in the future.

We also address a difficult problem of marketing procedures so that after the price of oil is established at the source, there will be a minimum unnecessary increase in the price of oil during the marketing and delivery process.

I think for the first time publicly a group of responsible leaders representing industrial countries have spoken out forcefully and expressed our concern about the recent action of the OPEC nations. Just quoting a few words from the communique which I think are significant—"We deplore the decisions taken by the recent OPEC Conference"—we refer to the unwarranted rises in oil prices and point out the serious economic and social consequences of these decisions. We emphasized that this will result in a worldwide inflation, less growth, more

unemployment, will endanger the stability of the economic system of the world, and particularly emphasized, as the President of France has already said, the adverse impact on the developing nations of the world, who don't share the wealth that some of us have.

The refugee question was discussed with attention and concern and compassion for those who are suffering. We have collectively called on Vietnam and others who create the source of the refugee problem to try to help in dealing with it in a humane and effective way. And we have all discussed what we might do as individual nations to alleviate this problem.

Our country has accepted 220,000 refugees from Southeast Asia. We are taking in now about 7,000 per month. I have committed my nation yesterday to double this rate and to accept 14,000 refugees per month.

We have also, I think in almost every debate, quite different from my own previous experience in conferences, moved toward the boldest position, the most constructive position, the most specific position, and the most tangible position. We've not yielded to compromise by going into generalities.

I think when you read the communique, you'll discover that what I have said is accurate. In my opinion, because of these reasons and others, I consider this summit conference to have been very successful.

Chancellor Schmidt

I would first of all like to thank you for your hospitality, the hospitality that has been extended to us, and for your chairmanship of this fifth economic summit. I would like to say that our chairman, Prime Minister Ohira, has contributed significantly to the success of our conference.

I would also, like the speakers before me, like to express my warm thanks for the hospitality of the Japanese people as a whole and particularly for the hospitality of His Majesty the Emperor. And to that, I might add that I would like to thank you for the effective and very courteous work of the security forces.

As far as the substance of our work is concerned, we have arrived at compromises among ourselves. We have found common denominators, and the basis of the energy policy of our countries for the years ahead has been laid down jointly. However, I would also like to say that it is very pleasing, very satisfying to me to find in our communique a number of the positions that the Government of the Federal Republic of Germany has been advancing

both with some years. The essential to admit, and the fact that also for the public of successfully position easy for the future here. Pr already a Republic Italy, and have to were tak week ago. And w our oil E we have educed to the Euro with us. But w decision meeting- imports- through Carter to economic whole. teaching teaching. It is q that it wi tens, that we are a more rap than we cently. V the new adopted that we j the joint problems. And a many ha clear en sions do change to subst the Fed words as is. And continue of our et been fol a policy in varie domestic Policy as extension ity from greatly s biologic energy s energy s. These

both within Germany and abroad for some years.

The readiness to compromise is essential to a successful economic summit, and this is demonstrated by the fact that we Europeans—this is true also for my country, the Federal Republic of Germany—that we have successfully sought to arrive at common positions. This has not always been easy for the four member countries of the European Community represented here. President Giscard d'Estaing has already made this point for the Federal Republic of Germany, for France, for Italy, and for the United Kingdom. We have to follow up the decisions that were taken by the European Council a week ago in Strasbourg.

And we have jointly agreed to limit our oil imports through to 1985. Here we have insured that we have not prejudiced the interest of those partners of the European Community who were not with us yesterday and today.

But we have based ourselves on the decisions taken at the Strasbourg meeting. These limitations upon our oil imports which have been decided through to 1985 will, as President Carter has just said, mean that our economies, indeed our societies as a whole, will have to undergo far-reaching changes, and that means far-reaching efforts.

It is quite clear to us, and we hope that it will be quite clear to all our citizens, that after the Tokyo agreement, we are then going to have to proceed more rapidly to achieve our oil targets than we had imagined even quite recently. We are compelled to do this by the new unjustified price increases adopted by OPEC. The communique that we publish today clearly indicates the joint general approach to energy problems and the economy generally.

And the Federal Republic of Germany has, since 1973, been following a clear energy policy, and today's decisions do not require us in any way to change that. But we are going to have to substantially step up our efforts in the Federal Republic, and their fine words are going to be of little use to us. And in my country, we are going to continue to stick to the basic outlines of our energy policy, the one we have been following for some years. That is a policy which aims at oil substitution in various ways, stepping up the domestic production of coal. Thirdly, a policy aimed at extending the necessary extension of the generation of electricity from nuclear sources. Fourth, a greatly strengthened research and technological policy aimed at making energy savings and at opening up new energy sources.

These goals have been ours for many

years, but now we are going to have to tackle them with increased energy, and we are going to have to step up our efforts at achieving them. But the most important impetus can't come from the state; it must come from the citizens, from industry to save energy, to be economical in the use of energy, not just because energy is increasingly expensive but also because energy is going to be increasingly rare, there is going to be an increasing shortage of energy throughout the world.

I would also clearly like to say to President Giscard d'Estaing, nobody must be misled if we, the industrial countries, manage to limit our use of energy, our consumption of energy, into thinking that the several countries which are aiming at development, development to which we contribute, which have increasing energy require-

ments and for which we feel a certain political and moral responsibility, that must not be thought that if we save energy, if we can substitute for oil other energy sources—we must not be misled into thinking that we are thinking only of ourselves and our needs but also the very difficult circumstances in which the developing countries find themselves.

And, indeed, in this connection, I would like to warn everybody against thinking that increased energy costs, increased energy difficulties can be avoided and that one can, indeed, genuinely derive benefits from these enhanced increased energy costs.

I think that we must all jointly tackle the problems posed. I think that we must approach the situation in sober fashion, that it would be unwise to be carried away. We must, in our industrial life, in our economic life, in our political life, and indeed in our private activities, maintain a sober, clear attitude for our nations, for our people, for our economies, for governments, and for parliaments.

All of this means that we are going to have to work very much harder, and we are going to have to make very considerable efforts to embody in practice the outcome of the Tokyo agreement.

As far as my own country, the Federal Republic of Germany, is concerned, I shall, at the beginning of next week, make a statement before the German parliament—before the Bundestag—in which I will explain the conclusions that we must draw in order to embody in practice what has been recognized and decided in Tokyo. This is an aim we set ourselves, and I am fully convinced that we are going to be able to overcome the problem.

Prime Minister Andreotti

I wish to associate myself with the words of thanks which have been spoken to the Japanese Government and the Imperial Court, and to the government.

I was here 15 years ago for the Olympic Games, and I was able to see that more problems are produced for the police by the heads of states rather than so many thousands of athletes.

President Giscard and the others who have spoken before me have told you of the results achieved in these 2 days. I would confine myself to two comments of a political nature.

Every year we meet to study our problems of growth, of the struggle against unemployment, the fight against inflation, but every year increasingly I see that all our discussions develop not within the limited interests of the seven countries which come to-

**INDOCHINESE REFUGEES,
JOINT STATEMENT,
JUNE 28, 1979***

The plight of refugees from Vietnam, Laos, and Cambodia poses a humanitarian problem of historic proportions and constitutes a threat to the peace and stability of Southeast Asia. Given the tragedy and suffering which are taking place, the problem calls for an immediate and major response.

The heads of state and government call on Vietnam and other countries of Indochina to take urgent and effective measures so that the present human hardship and suffering are eliminated. They confirm the great importance they attach to the immediate cessation of the disorderly outflow of refugees without prejudice to the principles of free emigration and family reunification.

The governments represented will, as part of an international effort, significantly increase their contribution to Indochinese refugee relief and resettlement by making more funds available and by admitting more people, while taking into account the existing social and economic circumstances in each of their countries.

The heads of state and government request the Secretary General of the United Nations to convene a conference as soon as possible with a view to attaining concrete and positive results. They extend full support to this objective and are ready to participate constructively in such a conference.

The heads of state and government call on all nations to join in addressing this pressing problem.

*Issued by the seven nations at the Tokyo economic summit.

gether but within a framework of a far more general character. And it is most important that the energy policy should have been the subject of concrete agreements between we European countries, between the United States and Canada, and also with Japan.

We had some doubts as to whether we should succeed in this, and these doubts have been dissipated. But as Chancellor Schmidt has said, we have always borne in mind all the time throughout these 2 days the need for a consensus policy. And in embarking in a discussion with the oil-producing countries—but here this is not only a question of the countries where oil is produced but with enormous international interests which often regulate the market, and in the communique, you will find a clear expression of our intention better to appreciate and assess this complicated oil market. But our concern is for those countries which are the poorest and which feel more than us the consequences of decisions to raise the price both of oil and other essential commodities.

This year, too, in the communique, emphasis was placed on a policy in favor of developing countries, expressing a wish which I think has political value that all the countries, even those which are differently governed than ours, should cooperate in this broad design for development for humanity as a whole.

Our peoples must be accustomed, become accustomed not only to look at those who are better off than us but those who are worse off than us, and I know that this is not something which is easy to do. It isn't the popular thing to do, but it is the spirit which I think moves and animates our annual meetings, and I think that this should be brought out and recognition should be made of those who are cooperating in this annual opportunity to study together problems which are old problems and problems which are arising.

Finally, may I thank all of the heads of state and the heads of government who have agreed to accept the invitation to travel in May 1980 to Venice for the new meeting of the summit.

Let us express the hope that there will not be moments of crisis that we shall have to face and that, on the other hand, we can resume in a spirit of greater tranquility a discussion of the global developments. And I hope that you journalists, that to you journalists, we should be able in Venice to give you the help and the hospitality which I think is extremely important, because if that is lacking, even the positive results of the conference are not made known adequately.

Prime Minister Thatcher

My colleagues have already given you the bare bones of the communique and some of the details as well and have set out the course which this historic summit took. I, of course, endorse everything they've said, and I thought, therefore, it would be best if I tried just to step back and look at this summit meeting in slightly wider perspective.

I think first if we look at this summit meeting as one of the fourth quarter of this century, we see how very different the problems are from those which we encountered in the third quarter of this century. Then we were trying to restore the economy of the free world to try to harness everything that it can do to give a higher standard of living to our people and to try to see that we got as much growth as it was possible to get. Perhaps the country where we're meeting is an excellent example of how successful the free economy could be and of how much growth could be obtained and how much growth the free world had during those years of the third quarter of this century.

Because of its very success, we now come into new problems. Part of its very success gives us a problem over the consumption of oil. It will also give us a problem over the shortage of some other commodities. And so, in this quarter of the century—and this summit is an example of it—we really are facing very different problems. No longer can we assume automatically that growth will go on if we order our economies properly. All of a sudden we've been brought face to face with these shortages and the problems that they will mean for all of us for the standard of living for our own peoples and for the possibility of rising standards of living for those in countries less fortunate than ourselves. And really this summit was an example of how to tackle the problems of the moment, and today the problem is energy, but it won't only be today. It'll be the same problem for a number of years.

And so, we tackled it in two ways. First, to try to deal with the immediate problem, very ironic in a way that we were meeting the very day that OPEC announced its price increases. So, we had an immediate problem to tackle, and we did tackle it in the way that my colleagues have announced, by trying to set specific targets, not only for this year but for future years, to demonstrate to those suppliers that we are determined to cut down demand and limit it as far as we can and make the best, most economical use of energy.

But secondly, we're determined not to be so reliant on that source of

energy, because we know that twice in this very decade, the free world has shown how vulnerable it is to the increase in the price of oil, and we know how damaging that can be to our countries.

So, my first point is, looking at it in historical perspective, we recognize that the problems we face now are very different from those we faced in the third quarter of the century, and we have demonstrated our will to meet the problems of the day and to tackle them in the way my colleagues have described.

And my second point is this: Among us, there are three producer oil countries, and there are four which are consumer countries. You might think that our interests are different. They're not. What this particular conference has demonstrated is that our interests are very similar indeed. I represent Great Britain, a comparatively new producer country. But my interests as a citizen of Great Britain are just exactly the same as those of our colleagues represented here, because if oil takes too large a slice of the world's income, it will affect us all.

It will affect us in many ways. We, like Japan, have to export to live. If other countries have to pay so much for their oil, they haven't enough left to import the goods which we wish to export, and the same problem affects the developing countries. So, we're affected in that way.

We're affected in another way; if any action taken by a group of nations which severely cuts the possibility of a rising standard of living introduces an element of political instability into the world, and that, too, affects us all.

And then perhaps in a different way we all recognize that though we are facing economic problems from shortage of energy and the rising price of oil, twice in this decade those economic problems have been caused by political problems. And we must also if we're to solve our economic problems, look to solving them by way of a solution to the political problems of the world as well.

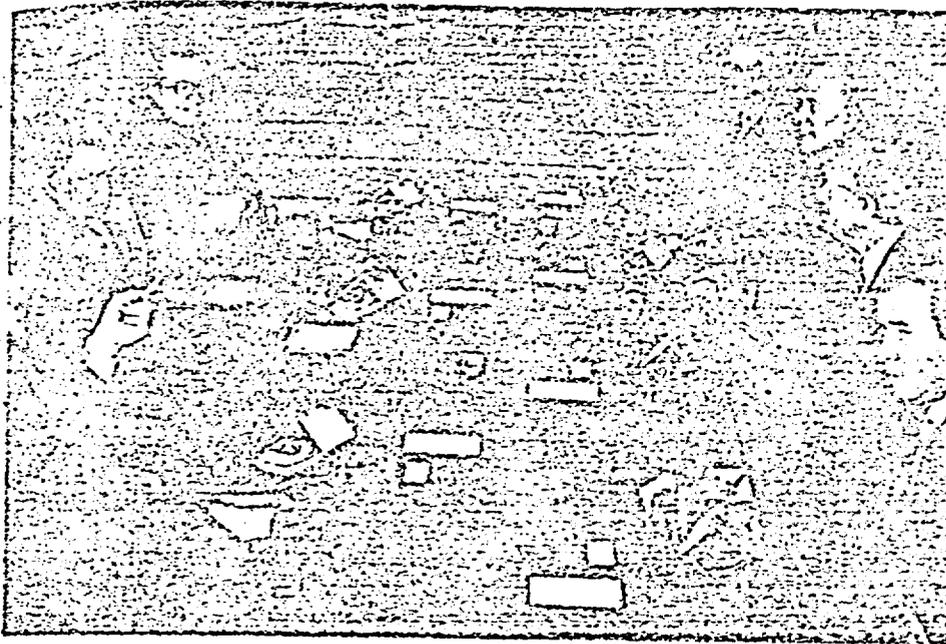
But the second point is that although we were three producer countries, our interests were just the same as those of all of the seven countries represented here and the rest of the Community, equally represented for the President of the Community and the President of the Commission.

The third point, the third general theme I wish to make is this: We are here under those very, very difficult circumstances. And the reason the seven countries meeting under these circumstances is this: that we believe we can give a clear lead; that if



From left: Minister... and a...

make the some eff world an our peop That r down to We had and Pres ate targ tions of what gov that has t We als last time somehow the incre money. I have muc we shall problems. So, in th revolution being that for oil, a red a red terms o ture. Seventh leaders. in that we ha that you o of growt statistical h by summ So my points. In taking ou ally, the country is right coun island



(From left to right) Chancellor Schmidt, Prime Minister Ohira, Prime Minister Andreotti, Prime Minister Thatcher, President Carter, President Giscard d'Estaing, and Prime Minister Clark attend a luncheon at the Japanese-style Annex in Tokyo.

make the right decisions, we can have some effect on the future course of the world and some effect on the destiny of our peoples.

That meant that we really had to get down to business in a very certain way. We had to reach, as President Carter and President Giscard have said, specific targets, give clear general directions of what governments can do and what governments can't. I believe that that has been achieved.

We also made one further point. The last time we had an oil crisis, we tried somehow to accommodate, some of us, the increase in oil price by printing money. If we do that again, we shall have much, much worse inflation, and we shall finish up with even worse problems than we encountered before. So, in that community you will find resolution that we accept for the time being that if we have to pay a lot more for oil, this means that we have, in fact, a reduction in our genuine income in terms of what it will buy for the future.

Nevertheless, perhaps because we're leaders, it didn't depress us. It means that we have to tackle the problems of growth in another way. And the only way you can ever tackle the problems of growth is to face the situation realistically, and that we have done at this summit.

So my contribution is those three points. In historical perspective, and facing our new problems first; secondly, that our interests are as one—no country is an island, and I think I'm the right country to say that—no country is an island in its interests, and we are not

any more than Japan is. Our interests are together. And our future prosperity and happiness and success of our people will only be achieved together and in concert with other nations, including those not represented here. And thirdly, that we did try to give a lead in these very difficult world problems.

Finally, may I join my colleagues in thanking the Emperor for his wonderful hospitality, in thanking you, Mr. Prime Minister, for steering us through sometimes very difficult debates to a successful and succinct communique—and I'm particularly pleased about the succinct, as well as the successful—to thank also the security forces, who've made a tremendous effort, and to thank all of the administrative staff, who've attended to every meticulous detail.

We thank you for your generosity, for your kindness, and we wish you well in the future.

Prime Minister Clark

As the Prime Minister of a nation that is a good neighbor to Japan, separated only by a little bit of ocean, I wanted to begin by expressing on behalf of the Government and the people of Canada my very real congratulations to you personally and to your colleagues in government and our very real appreciation to the people of Japan for the excellent way in which arrangements have been made for a summit that I think the world will see as an historic summit.

[In French] For Canada this summit

was of the greatest importance, since the main issue to be discussed was energy. Canada, in fact, is privileged, since it has abundant energy resources, and it is incumbent upon us to develop them as fast as possible for our own use as well as for other countries.

[In English] My government consequently is going to take all necessary action to achieve our own domestic goals of energy self-sufficiency for 1990. The work of this summit meeting provides a solid foundation from which we can launch this major Canadian effort.

In the immediate future, we in Canada are faced with the problem of declining oil production in our major producing province of Alberta. Until the mid-1980's our oil production from conventional sources in that Province will decline and decline dramatically. Consequently, imports into Canada must rise.

[At this point, the Prime Minister again spoke in French. He then translated his remarks as follows:]

Faced with the world oil shortage and in our own economic interests, I am firmly decided to keep imports as low as possible. We shall achieve this target by accelerating our energy conservation program, replacing oil by other energy sources, and by developing as quickly as possible energy sources of nonconventional character.

In keeping with that commitment, I have pledged Canada at this summit to reduce our net oil imports in 1985 to 600,000 barrels per day, from the projected need of 650,000 barrels per day.

Now, I'm convinced, that working together, the countries represented at this summit will deal effectively with the energy problems now facing us. I'm convinced that, working together, all of the people of my country in Canada will be able to achieve the goals which we have established here of moving toward energy self-sufficiency.

Now, while we have all, throughout the summit, been very concerned about the impact of the energy situation on industrialized countries of the world, I am very pleased that attention has also been paid to the special energy problems of the Third World, and that we have also called the attention of the world to the appalling refugee situation in Southeast Asia and requested immediate action both as to the cause and to the consequences of that tragedy.

President Jenkins

At this stage there is little to add, and I believe that brevity will be more valued than any other quality.

Like the heads of state and govern-

ment who have spoken before me, I am glad that we have been able to concentrate on the challenge of the energy crisis and agree on medium-term goals for oil imports, as well as for conservation and new development measures in the energy field.

I take satisfaction in the fact that the work done by the European Council at Strasbourg provided such a good foundation for and contribution to the results of this summit. Here in Tokyo, the industrialized nations have, I believe, put themselves in a better position to deal with the inevitable damage caused to us by scarce and expensive oil. We have done so without forgetting the still worse, indeed potentially crushing, impact upon the developing countries, and we have done so in the knowledge that we must follow our words with action if they are to succeed.

I add my thanks to the Emperor, to the Prime Minister, the Government and people of Japan for the welcome they have given us.

DECLARATION, JUNE 29, 1979

The Heads of State and Government of Canada, the Federal Republic of Germany, France, Italy, Japan, the United Kingdom of Great Britain and Northern Ireland, and the United States of America met in Tokyo on the 28th and 29th of June, 1979. The European Community was represented by the President of the European Council and by the President of the European Commission for discussion of matters within the Community's competence.

1. The agreements reached at the Bonn Summit helped to improve the world economy. There was higher growth in some countries, a reduction of payments imbalances, and greater currency stability.

2. But new challenges have arisen. Inflation, which was subsiding in most countries, is now regaining its momentum. Higher oil prices and oil shortage have reduced the room for maneuver in economic policy in all our countries. They will make inflation worse and curtail growth, in both the industrial and developing countries. The non-oil developing countries are among the biggest sufferers.

We are agreed on a common strategy to attack these problems. The most urgent tasks are to reduce oil consumption and to hasten the development of alternative energy sources.

Our countries have already taken significant actions to reduce oil consumption. We will intensify these efforts.

The European Community has decided to restrict 1979 oil consumption to 500 million tons (10 million barrels a day) and to maintain Community oil imports between 1980 and 1985 at an annual level not higher than in 1978. The Community is monitoring this commitment and

France, Germany, Italy, and the United Kingdom have agreed to recommend to their Community partners that each member country's contribution to these annual levels will be specified. Canada, Japan, and the US will each achieve the adjusted import levels to which they are pledged in IEA [International Energy Agency] for 1979, will maintain their imports in 1980 at a level not higher than these 1979 levels, and will be monitoring this.

The seven countries express their will to take as goals for a ceiling on oil imports in 1985, the following figures:

- For France, Germany, Italy, and the United Kingdom: the 1978 figure.

- Canada, whose oil production will be declining dramatically over the period between now and 1985, will reduce its annual average rate of growth of oil consumption to 1%, with the consequent reduction of oil imports by 50,000 barrels per day by 1985. Canada's targets for imports will therefore be 0.6 million barrels per day.

- Japan adopts as a 1985 target a level not to exceed the range between 6.3 and 6.9 million barrels a day. Japan will review this target periodically and make it more precise in the light of current developments and growth projections, and do their utmost to reduce oil imports through conservation, rationalization of use and intensive development of alternative energy sources in order to move toward lower figures.

- The United States adopts as a goal for 1985 import levels not to exceed the levels either of 1977 or the adjusted target for 1979, i.e. 8.5 million barrels per day.

These 1985 goals will serve as reference to monitor both energy conservation and the de-

velopment of alternative energy sources.

A high level group of representatives of our countries and of the EEC Commission, within the OECD [Organization for Economic Cooperation and Development], will review periodically the results achieved. Slight adjustments will be allowed to take account of special needs generated by growth.

In fulfilling these commitments, our guiding principle will be to obtain fair supplies of oil products for all countries, taking into account the differing patterns of supply, the efforts made to limit oil imports, the economic situation of each country, the quantities of oil available, and the potential of each country for energy conservation.

We urge other industrialized countries to set similar objectives for themselves.

We agree to take steps to bring into the open the working of oil markets by setting up a register of international oil transactions. We will urge oil companies and oil-exporting countries to moderate spot market transactions. We will consider the feasibility of requiring that at the time of unloading crude oil cargoes, documents be presented indicating the purchase price as certified by the producer country. We will likewise seek to achieve better information on the profit situation of oil companies and on the use of the funds available to these companies.

We agree on the importance of keeping domestic oil prices at world market prices or raising them to this level as soon as possible. We will seek to minimize and finally eliminate administrative action that might put upward pressure on oil prices that result from domestic underpricing of oil and to avoid new subsidies which would have the same effect.

Our countries will not buy oil for governmental stockpiles when this would place undue pressure on prices; we will consult about the decisions that we make to this end.

3. We pledge our countries to increase as far as possible coal use, production, and trade, without damage to the environment. We will endeavor to substitute coal for oil in the industrial and electrical sectors, encourage the improvement of coal transport, maintain positive attitudes toward investment for coal projects, pledge not to interrupt coal trade under long-term contracts unless required to do so by a national emergency, and maintain, by measures which do not obstruct coal imports, those levels of domestic coal production which are desirable for reasons of energy, regional and social policy.

We need to expand alternative sources of energy, especially those which will help to prevent further pollution, particularly increases of carbon dioxide and sulphur oxides in the atmosphere.

Without the expansion of nuclear power generating capacity in the coming decades, economic growth and higher employment will be hard to achieve. This must be done under conditions guaranteeing our people's safety. We will cooperate to this end. The International Atomic Energy Agency can play a key role in this regard.



We reaffirm the understanding reached at the Bonn Summit with respect to the reliable supply of nuclear fuel and minimizing the risk of nuclear proliferation.

New technologies in the field of energy are the key to the world's longer-term freedom from fuel crises. Large public and private resources will be required for the development and commercial application of those technologies. We will ensure that these resources are made available. An International Energy Technology Group linked to the OECD, IEA, and other appropriate international organizations will be created to review the actions being taken or planned domestically by each of our countries, and to report on the need and potential for international collaboration, including financing.

We deplore the decisions taken by the recent OPEC Conference. We recognize that relative moderation was displayed by certain of the participants. But the unwarranted rises in oil prices nevertheless agreed are bound to have very serious economic and social consequences. They mean more world-wide inflation and less growth. That will lead to more unemployment, more balance of payments difficulty, and will endanger stability in developing and developed countries of the world alike. We remain ready to examine with oil exporting countries how to define supply and demand prospects on the world oil market.

4. We agree that we should continue with the policies for our economies agreed at Bonn, adjusted to reflect current circumstances. Energy shortages and high oil prices have caused a real transfer of incomes. We will try, by our domestic economic policies, to minimize the damage to our economies. But our options are limited. Attempts to compensate for the damage by matching income increases would simply add to inflation.

5. We agree that we must do more to improve the long-term productive efficiency and flexibility of our economies. The measures needed may include more stimulus for investment and for research and development; steps to make it easier for capital and labor to move from declining to new industries; regulatory policies which avoid unnecessary impediments to investment and productivity; reduced growth in some public sector current expenditures; and removal of impediments to the international flow of trade and capital.

6. The agreements reached in the Tokyo Round are an important achievement. We are committed to their early and faithful implementation. We renew our determination to fight protectionism. We want to strengthen the GATT [General Agreement on Tariffs and Trade], both to monitor the agreements reached in the MTNs [multilateral trade negotiations] and as an instrument for future policy in maintaining the open world trading system. We will welcome the full participation of as many countries as possible in these agreements and in the system as a whole.

7. We will intensify our efforts to pursue the economic policies appropriate in each of our

countries to achieve durable external equilibrium. Stability in the foreign exchange market is essential for the sound development of world trade and the global economy. This has been furthered since the Bonn Summit by two important developments—the November 1st 1978 program of the United States in conjunction with other monetary authorities, and the successful emergence of the European Monetary System. We will continue close cooperation in exchange market policies and in support of the effective discharge by the IMF [International Monetary Fund] of its responsibilities, particularly its surveillance role and its role in strengthening further the international monetary system.

8. Constructive North-South relations are essential to the health of the world economy. We for our part have consistently worked to bring developing countries more fully into the open world trading system and to adjust our economies to changing international circumstances. The problems we face are global. They can only be resolved through shared responsibility and partnership. But this partnership cannot depend solely on the efforts of the industrialized countries. The OPEC countries have just as important a role to play. The latest decision substantially to increase oil prices will also severely increase the problems facing developing countries without oil resources as well as the difficulties for developed countries in helping them. The decision could even have a crippling effect on some of the developing countries. In this situation, we recognize, in particular, the need for the flow of financial resources to the developing countries to increase, including private and public, bilateral and multilateral resources. A good investment climate in developing countries will help the flow of foreign investment.

We are deeply concerned about the millions of people still living in conditions of absolute poverty. We will take particular account of the poorest countries in our aid programs.

Once more we urge COMECON [Council of Mutual Economic Assistance] countries to play their part.

We will place more emphasis on cooperation with developing countries in overcoming hunger and malnutrition. We will urge multilateral organizations to help these countries to develop effective food sector strategies and to build up the storage capacity needed for strong national food reserves. Increased bilateral and multilateral aid for agricultural research will be particularly important. In these and other ways we will step up our efforts to help these countries develop their human resources, through technical cooperation adapted to local conditions.

We will also place special emphasis on helping developing countries to exploit their energy potential. We strongly support the World Bank's program for hydrocarbon exploitation and urge its expansion. We will do more to help developing countries increase the use of renewable energy; we welcome the World Bank's coordination of these efforts.

PRESIDENT CARTER'S QUESTION-AND-ANSWER SESSION, JUNE 29, 1979*

First of all, the Japanese did a superb job, under very difficult circumstances, in putting together arrangements for my state visit and also for a very important conference. Secondly, I thought the results of the economic summit conference were superb. They equaled our highest expectations, and we accomplished several important goals.

First of all—and this was the most controversial all the way through—specific, tangible, individual nations' quotas or goals on imports for 1979, 1980, and extending through 1985. The individual European quotas will be assigned to those countries at the next European Community meeting in Dublin this fall, and then the European Community will be responsible for monitoring those goals. The cumulative total will not exceed their 1978 import levels.

We, the Canadians, and the Japanese also adopted goals. Our 1985 goal for imports will not exceed the lower of either 1977 or 1979, no more than 8.5 million barrels per day.

The second thing that we did was to commit ourselves individually and jointly to pursue, with the full resources of our nations, the development of alternative forms of energy.

The third thing we did about energy was to issue, for the first time, a very significant comment about the OPEC nations' recent actions. I won't go into that now. My guess is that that will be the most newsworthy item. It's the first time that the other nations of the world have expressed ourselves clearly and forcefully about the unwarranted increases in oil prices levied against the rest of the world by the OPEC countries. The fact that seven industrialized nations have agreed on the text jointly, I think, is significant.

We also aroused, I think, a great deal of interest in the refugee question. We called upon Vietnam to restrain the outflow of refugees and to minimize its impact on the people concerned, particularly the refugees themselves. We have agreed to double our own monthly quota of refugees coming from Vietnam. The Japanese have agreed to double the percentage of financing for the U.N. High Commissioner's fund on refugees.

There were other elements in the communique that will be issued when we get back to the New Otani Hotel, but those were the most significant items. Perhaps you would have a followup question.

President Carter Attends Economic Summit in Venice

President Carter departed Washington, D.C., June 19, 1980, for a trip to Italy, the Vatican, Yugoslavia, Spain, and Portugal. He returned to the United States on June 26. After state visits to Italy (see page 12) and the Vatican (see page 17), he participated in an economic summit meeting in Venice June 22-23 with the leaders of Canada, France, the Federal Republic of Germany, Italy, Japan, and the United Kingdom and the President of the European Commission. From Venice President Carter went to Yugoslavia (see page 19), Spain (see page 23), and Portugal (see page 26).

Following are the concluding statements of the eight summit participants; the declaration issued at the conclusion of the summit; and statements released to the press on Afghanistan, the taking of diplomatic hostages, refugees, and hijacking.¹

CONCLUDING STATEMENTS, JUNE 23, 1980²

Prime Minister Cossiga

May I thank, on behalf of all the heads of government—I thank all of you not only for being here but also for your collaboration in this summit through the information that you, the press, have provided. This is the final press conference, the traditional press conference we have after a summit, and it is up to me as chairman, president of this summit of the seven industrialized countries of the West.

The message, I think, emerging from this Venice summit, at the beginning of the 1980s—the beginning of a difficult decade—is a message of unity, solidarity, and cooperation.

You have before you the text of the final communique, or if not, it will be distributed to you. And yesterday you received the text on consultation that was taking place on the political themes. The problems that we've had to deal with in these 2 days, as you already understand, were numerous and by no means easy and nobody, I think, would have maintained that we could give an immediate response or reply or final reply, because, of course, this is never reality, either in history or in politics.

The truth emerging from this summit is that the seven major industrialized countries are agreed on the strategy which should guide us in facing the challenges that we have before us. We also agree that our unity and solidarity is not enough in a world which is increasingly interdependent. We are all responsible for the fate of this

world—industrialized countries and developing countries, oil-producing countries and oil-consuming countries. In the communique, I think you will find an appeal to this general sense of a joint responsibility.

As you already know, the central problem that we discussed was that of energy, and we have set out a strategy which involves specific actions to save oil but also an accelerated or speedy effort to produce alternative sources of energy—alternative to oil—including nuclear energy, whose contribution is essential for a better balance between supply and demand in the energy field. We've decided on the general lines for the decade and how we are to monitor the execution of this program.

We have decided on the need to fight inflation, but we've also agreed that we will help investment to create more jobs, improving the economic structures in our countries. In particular, in the energy field, there will be new investments which can create new jobs, which is very important to solve what is a human, social, political problem; one of the most important, that of youth.

We also discussed in depth the problems of the less rich countries. And it is our intention to confirm our commitment, but at the same time, we wish to make aware of this commitment—what should be a general opinion, a general commitment, a general responsibility—the other industrialized countries, all of them, including the Communist industrialized countries and the oil-producer countries.

The increasing cost of oil doesn't only harm the industrialized countries but creates situations which sometimes are unbearable, especially in developing

countries. And the problem cannot be solved merely through the recycling undertaken by private banks. In the final communique, you will find what other measures we intend to adopt in this field.

Venice has been the host in the past 10 days of two summit meetings, two important meetings at the highest political level. In the first, that of the nine heads of state, heads of government of the European Community, we found, in spite of the fears of many, the confirmation of the real vital unity of the Community. In this second meeting at the highest political level, which is drawing to an end today, we've taken economic and political decisions and indicated lines of action to reinforce international cooperation in the decade which is only now opened.

From Venice, then, we leave with a new spirit. We thank this marvelous city for its hospitality, with a spirit and a sense of openness to the world which has characterized the history of this beautiful city.

President Giscard d'Estaing

This meeting of the seven major industrialized nations here in Venice, of the summit—there are three things that I shall particularly bear in mind.

First of all, this summit has enabled us to issue joint statements on subjects as important as Afghanistan, the attitude to be adopted with regard to refugees throughout the world, and the problem of the holding of hostages. Also, this summit has clearly shown that there is agreement, converging views, with regard to not just the analysis, which is important, but particularly the measures that should be taken in order to resolve the economic difficulties with which we are currently faced.

And the third point is that this summit has been chaired so excellently by Italy, and we have enjoyed the finest Italian hospitality. And, Mr. President, Mr. Chairman, we thank you for both.

In the very short time available to us, there are two things to which I would like to refer: energy and development aid.

Feature

Last year in Tokyo our decisions aimed at establishing a ceiling and at reducing our oil imports. These were decisions that it was necessary for us to take but which were of a defensive, negative nature.

In Venice we have taken a different decision, and I invite you to understand the importance of this. It's expressed by a sentence in our communique, and it is our decision to break the link between oil imports and economic growth. We have set ourselves a limit of 10 years in which to break this link and, in particular, in order to efface in public opinion the feeling of anxiety, the feeling of uncertainty about the economic growth of our countries, given a high level of oil imports.

We could have confined ourselves to expressing this in very general terms. And our communique, which I think will be distributed to you shortly, contains, in fact, quite specific indications with regard to energy savings. We have decided that we shall build no new generating stations which are oil fired. We have taken measures with regard to savings to be made in the heating of dwellings and public buildings, with regard to the consumption of petrol by automobiles and other motor vehicles.

We have also taken decisions with regard to the development of alternative energy sources. As you know, there are three main sources: coal, nuclear electricity, and new energy sources. And here the target that we have set ourselves is to effect a saving by 1990 of between 15 and 20 million barrels a day of oil by using these new energy sources.

The Latin countries, that are more familiar with units expressed in millions of tons of petrol—this means that by 1990 our seven countries will, together, be producing the equivalent of 1 billion tons of oil in all equivalents—1 billion tons.

This means that between 1980 and 1990 we shall be doubling our coal production. It means that we shall be carrying forward our efforts to develop nuclear powerplants. As you know, France is making a major effort in this respect, and we shall maintain these efforts. And lastly, it means that we shall develop alternative energy sources: biomass, geothermal energy, and solar energy. And lastly, we shall be lending assistance to new producer countries, developing countries that could develop new oil resources.

If we manage to achieve all of this, we shall, in fact, reduce the link that exists between oil imports and economic growth to the following extent. Up until the 1974 crisis, when we underwent the economic growth of 100, oil imports went up by 100. At the present time, subsequent to our initial efforts, when economic growth goes up by 100, our oil imports go up by 90 or even 80. And in 1990, when our economic growth goes up by 100, our oil imports will be going up by only 60. Thus, we shall have broken the link that exists between economic growth and oil imports.

We shall be reducing our oil share, that's currently at 53% of our imports down to 40% by 1990. And as far as France is concerned, this figure will be substantially less. The goal we set ourselves is to bring the oil share in our energy consumption down to a figure of between 28% and 33% by 1990; in other words, far beyond the common goals that we have set ourselves.

A second point is aid to development.

We've said, first of all, that aid to development in the world is a responsibility that we all must share, a responsibility that is shared by all countries. And we have decided to devote thought to the mechanisms which are appropriate to the development of states in the decade 1980 to 1990. And the conclusions of the thinking that we have devoted to this, indeed, will be at the forefront of our next summit, that is to say in 1981.

And then lastly, we have emphasized that fact that we shall be making an active contribution to the very necessary dialogue that must be established between North and South.

Here you have the main features of what I have noted from our work. And now, as I'm here with Helmut Schmidt and we are two of the founding fathers of these summit meetings, because we participated at the first in Rambouillet and each summit since, I would just like to say, by way of conclusion, that the Venice summit represents a very marked progress in this institution in the way in which it functions and in its usefulness.

And then, last of all, if you would allow me, I would like to say that I shall leave Venice in a short time with great regret, and it is with great joy and pleasure that one day I shall return.

President Carter

Our meeting is ending in a spirit of gratifying concord and mutual confidence. We have joined in unity to prepare an agenda for both individual and common action.

From the history of this beautiful city, we have drawn an important lesson, that even the most secure political powers must act in time in order to shape great changes. The republic of Venice left us with incomparable beauty, which we have observed to our great pleasure. Yet in the end, its leaders failed to meet the threats of change pressing in from the east and failed to seize the opportunities for change which were opening then in the west. We are determined not to repeat these same errors.

All of us who served in positions of leadership recognize that the decade of the 1970s was a period of great difficulty and great challenge, of struggle against unpredictable and uncontrollable change. Yet we all recognize that the 1980s might very well be much more difficult, much more challenging, and much more unpredictable.

Free peoples face hard choices. The freedoms that make our nations strong are at risk in the decade of the 1980s. And we have pledged ourselves here, during this Venice conference, to secure those freedoms for the 1990s and even to the end of this century. The challenges are both political and economic in nature.

We've committed our combined strength and our influence and our voices against a ruthless power's invasion of its nearby defenseless neighbor, which threatens the stability of a crucial area of the world for us all. The Soviet aggression in Afghanistan is a profound assault against the laws of nations and a grave threat to the stability of that vital region.

We've pledged to oppose this Soviet invasion with the means at our disposal, and do this because it is a moral imperative and also a strategic imperative. We also know that by resisting Soviet militarism and aggression in the present that we can reopen the paths of peace, detente, accommodation in the future.

We've demonstrated our almost unique unity in our opposition to terrorism, hijacking, to the attacks on innocent diplomatic personnel, and toward the alleviation of the suffering of many millions of refugees around the world.

We are also committed to the same unity of purpose in overcoming our

common economic challenges. We continue to battle the inflationary forces that poison the confidence on which our economic systems are built. That battle, as we all know too well, is far from won. It compels us to a greater common effort.

Our own nation has been effective, since the convention of this summit in Tokyo, in reducing oil imports, reversing a longstanding upward trend. I just received the figures today that the first months of this year our nation's oil imports are down 13.4% below the same months last year, an indication not particularly of our own achievement but of the results of these summits, which have been felt so tangibly on the lives of our people in the past.

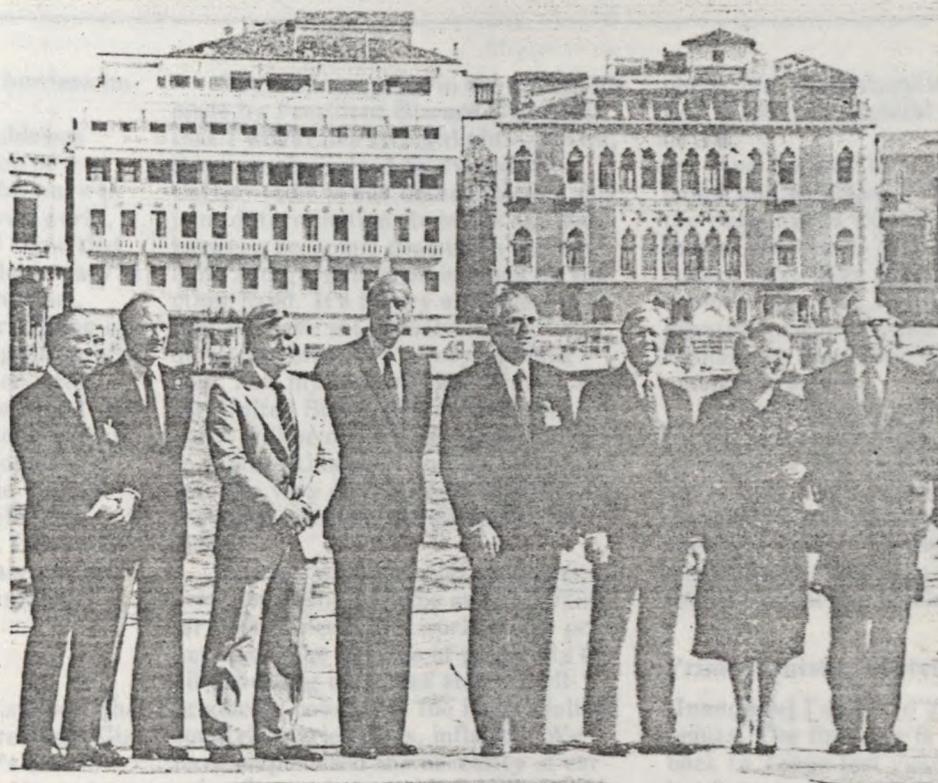
We are resolved, as the President of France has said, to break the link between our economic growth and our oil consumption. We have set ambitious goals for alternative energy sources to replace oil with coal, shale, energy deduced from the Sun, energy reduced from growing crops and trees, equivalent to between 15 and 20 million barrels of oil per day by the end of this decade. And we've agreed on concrete, definite actions with which to achieve this goal. It is a figure not idly given to the public. We feel this commitment binding on all of us.

Here, both in oil consumption and in the exploration and development of alternative energy sources, including our enormous coal reserves—six or seven times greater than all the known oil reserves in the world—is an adventure, an exciting opportunity for us, of our imagination and of our skill.

And finally, another challenge confronts us in the poor nations of the world, those nations which have been especially crippled by the unwarranted and excessive increases in the price of oil set by the OPEC nations [Organization of Petroleum Exporting Countries]. Here, again, we must match our concern with concrete action, for without such action, we will face an accelerating cycle of alienation and despair and disorder. We will study this question of aid, assistance, trade in great depth between now and next year when this summit conference is convened again.

We share responsibility with each other and with those developing nations to achieve a better life for all. We know that the hunger that afflicts many of these people is not only for food, which our nation, thank God, has in abundance, but it's a hunger also for mutual

(White House photo by Jack Kightlinger)



The participants in the Venice economic summit (left to right): Japanese Foreign Minister Okita, Canadian Prime Minister Trudeau, West German Chancellor Schmidt, French President Giscard d'Estaing, Italian Prime Minister Cossiga, President Carter, British Prime Minister Thatcher, and EC Commission President Jenkins.

respect, for mutual understanding, and for mutual support, which we are dedicated freely to give to one another. We recognize that hunger for equality of treatment and concern, and we've resolved to do everything we can do to alleviate it with dignity and with equal treatment.

What we do in facing these dangers and opportunities is a measure of our will to survive as free societies. There's no longer much real distinction that can be drawn between domestic affairs and foreign affairs, between military strength and energy or economic strength, between economic health and political vitality. These factors and the characteristics of a life in a nation are intimately entwined and inseparable. All these elements must be fused together to provide the basis for genuine security—security for the future as well as for the present.

Here in Venice, we have confronted this broad range of challenges together, and together we have fashioned our responses. Our hosts, by

their gift of hospitality, have opened this path and opportunity of harmony and tangible cooperation to us.

We owe our thanks to the authorities of the Italian Republic for preparing and coordinating our work, and particularly for our chairman—Prime Minister Cossiga—for the people of Venice who have made our stay here so pleasant. We leave this meeting thankful for their help, inspired by their example in solving problems for themselves, and committed to show in our common work how much we honor the sacrifices they have made for our own convenience.

We will now return to our own countries to ask more sacrifices of ourselves. There will undoubtedly be some who will oppose the pledges of action we've taken and given each other here. Some will seek to delay the implementation of our action. But I'm confident that our democratic societies will assume these burdens of freedom in freedom, rather than subsequently, if we

Feature

fail, to have more crushing burdens imposed on us from outside.

We've reached our conclusions freely as befits an association of free peoples. We've agreed on the ways to insure the security of our free world, now and urgently. We shall show that we can employ the tools of democracy in order to build a future of freedom.

This has been a very gratifying experience for me and one of great profit to our nation. The association with these other leaders, representing their great countries, is indeed an important element in the future development of the lives of the people of the United States of America. I'm indebted to them and, particularly, Mr. Chairman, to you and the people of Italy and the people of this beautiful community.

Chancellor Schmidt

First of all, I would like to support the excellent appreciation of President Giscard d'Estaing on this year's summit meeting. I think it is in the very nature of a meeting such as this with the press that we can't go over all the ground that the previous speakers have covered. But I would expressly like to support everything that has been said by the three previous speakers about the nature of our discussions.

And for me, there is another point, which is particularly relevant, in what President Carter said—the very great value we place upon our exchange of views.

Obviously, with regard to a series—given the current range of problems—the international links, the international political links played a perhaps greater role than in the past, took up a very great deal of our time, rather more than has been the case in earlier meetings. And in this respect, I have had an opportunity, after lengthy consultation with our Minister of Foreign Affairs, our diplomats, I have been able to report on the forthcoming visit of the Foreign Minister and myself to Moscow, the points that we shall be discussing.

We didn't ask for any mandate. We shall be speaking for our own country, but we have proceeded to a far-reaching consultation on all the areas that we wish to discuss, and we shall certainly inform ourselves in our discussions. These discussions will be informed by the points that we have covered with our colleagues. And we would like to thank our colleagues for their support.

There is one point in the comments made by President Giscard d'Estaing that I would like to highlight—indeed, this was also raised by President Carter—this is our determination, our joint determination, to break the link between economic growth on the one hand and growth in oil imports on the other hand. It's a very ambitious goal that we have set ourselves, but I am quite convinced it's a very realistic goal. And my country, like France, like the United States of America, like Italy, will be making the utmost efforts to achieve this goal, and we think that we have very good chances of achieving the goals we have set ourselves for 1990.

Energy problems, oil problems, oil price problems perhaps are of particular importance in the world at the present time. The balance of payments of oil-exporting countries and non-oil-producing countries, the industrialized countries, price rises, inflation. We have emphasized the necessity of carrying forward an anti-inflationary policy. This is very much in keeping with the policies that we pursue in my own country.

We have never before, at such a meeting, gone in such detail into the possibilities of economic relations with the developing countries, and we have set ourselves a target of doing this even more exhaustively next year. And I would very much like to emphasize the fact that we are convinced, as we have said in the communique, that the oil-exporting countries that currently have very high surpluses must directly participate in aid programs, in transfers to the non-oil-producing, developing countries.

Here, too, I would like to say that we looked at the possibility of a North-South summit with limited participation. And I'd like to say here what I said in our discussions. I certainly would intend to participate at such a meeting and would expect the oil-producing, exporting countries to do likewise.

Now, if I'm going to confine myself to the 5 minutes allowed to me, I must bring my remarks to a close. But I would very much like to thank our colleague, Francesco Cossiga. He has chaired brilliantly and most successfully two very important international meetings here in Venice within 10 days. And at this meeting—the meeting of the seven most important democratic, industrialized states in the world—we have had an extremely positive atmos-

phere, one of collaboration and cooperation. I am most grateful and appreciative of this.

And I would like to say to the ladies and gentlemen of the press, of the mass media that, of course, only part of the things that we have discussed have been able to go into the communique, but I certainly feel greatly enriched by the far-ranging discussions we have been able to have among ourselves.

I'd also like to express my thanks for the warm hospitality of Venice. Those of us who aren't Italians are very, very much impressed by the few days we've had the opportunity of spending here in Venice, in this remarkable city which is of importance to the culture of the whole world.

Prime Minister Thatcher

[Inaudible] I'd like to undertake four points. The first one is this: If you look back to Tokyo last year and think what has happened there, you'll see that the events since that time illustrate very vividly the kind of problems that we have to tackle. Those of you [inaudible] Tokyo will remember that we were then discussing the oil problem, which [inaudible]. Then the price of a barrel of oil was \$20; now it's \$30 a barrel. We were worried then; we're much, much more worried now. That illustrates one of the continuing problems which we've had to tackle.³

Another one of these is the taking of hostages in Iran, a new one which came upon us suddenly and which we're doing all we can to assist President Carter to secure their release.

The one continuing problem, one new one, and the third one, which was also discussed—for the invasion of Afghanistan, which many of us would call a continuing manifestation of an old problem and the fundamental divisions between East, West, and their political philosophies.

I mention these things as my first point to illustrate that in politics we're constantly having to deal both with short-term and long-term problems, but we try to deal with the short-term ones in a way that will contribute to the solution of the longer term problems. And we've discussed them all at this conference.

The second point will take up one of the first ones. How are we going to continue to deal with the oil problem? You've heard my colleagues give details of some of the things which we have agreed. Really, they all have this in

common: From whatever countries we come, we're trying to reduce our dependence on oil and, therefore, make ourselves less vulnerable to the oil-producing countries being able to suddenly reduce their production and leave both our economies and our politics highly vulnerable.

Everything we're doing is trying to reduce the dependence of our countries on oil and leave us less vulnerable to the acts of others. You will find them all detailed, but by and large, they boil down to that simple proposition. That means, of course, that we have to find other sources of energy. It means that in order to find the resources for developing other sources of energy, we shall have to let the price rise of the energy we're using now, and we shall have to have massive investment into alternative supplies, such as nuclear, among other things, and such as opening up new coal fields.

Now the third point I want to make is this: If we in the Western industrialized countries have found it difficult to rise to the problems of the increasing price of oil and if it's reduced our ability to help others, then the poorer countries have had the worst problem of the lot. We talk about recycling; we talk about aid. The fact is that some of the poorer countries just plain can't afford the oil they're having to import now. And if you look at the relationship of aid to the increasing prices of oil that they've had put upon them, you'll find the astonishing thing is that the aid that we all give them together from the whole of the Western world is not sufficient to match the increasing price of oil since 1978.

Everything we can do in aid isn't enough to meet their very real problems. And that is why I think, instead of just talking about North-South dialogue, I think most of us are very conscious that as well as involving the countries of the North in solving the problems of the countries of the South, we also have to involve the oil-rich countries, the oil-producing countries, because we really feel that it's not only a question of recycling money, it's also a question of giving new sources of aid to those poor countries.

And the fourth point is this: We have great ambitions; we have great wishes to help others, though we're only able to do so if each of us puts our own economies really in order.

For many of us, we have a very considerable inflation problem. Indeed, think over the past 2 years, inflation has been a very much larger part of the

problems, economical problems of Western societies. Indeed, some 2 years ago, the average of OECD [Organization for Economic Cooperation and Development] inflation was 8%; now it's some 14%. And we're not going to be able to help other countries, let alone ourselves, as much as we would wish unless we tackle that problem.

You will find quite a considerable portion of the communique taken up with the old recipes for tackling inflation. They are the old ones; there aren't any new ones. It's just sometimes that the old ones haven't been tried for long enough to produce sound money and a basis for stable growth, except perhaps in the economy of Germany, which we all admire for its tenacity in holding to sound financial principles. We recognize

Economic Summits

The Venice summit was the sixth in a series of such meetings of the leaders of the major industrialized democracies.

The summits have addressed the inter-related problems of the world economy—abrupt increases in the price of oil, persistent inflation, slow economic growth, and imbalances in international payments. They underscore the interdependence of our economies and the need to find mutually reinforcing solutions to our common problems.

The principal result of the Bonn summit, for example, was an agreement on the coordination of macroeconomic policies, which achieved a balance between measures to fight inflation and those to stimulate growth. The principal outcome of the Tokyo summit was an agreement on targets for oil imports and consumption as part of a shared response to a tight oil market and sharply rising prices.

Nov. 15-17, 1975	France, F.R.G., Italy, Japan, U.K., U.S.
Rambouillet, France	
June 27-28, 1976	Canada, France, F.R.G., Italy, Japan, U.K., U.S.
Puerto Rico	
May 7-8, 1977	France, F.R.G., U.K., U.S.
London, England	
July 16-17, 1978	Canada, France, F.R.G., Italy, Japan, U.K., U.S.
Bonn, Germany	
June 28-29, 1979	Canada, France, F.R.G., Italy, Japan, U.K., U.S.
Toyko, Japan	
June 22-23, 1980	Canada, France, F.R.G., Italy, Japan, U.K., U.S.
Venice, Italy	

that we will have to do that if we really intend to be in a position to help others.

I think that our success in tackling the problems of the coming year will depend upon whether in our own countries we can raise our economic efficiency sufficiently to match the level of our international ideals. That will be the test that we have to undergo during the coming year, and doubtless you'll be keeping us up to it as to how well we're doing.

I would like to join my colleagues in saying thank you. We've had a wonderful Chairman, who's presided over our proceedings with very, very great ability. We've been visitors in a most beautiful city, and we've had a valuable and very rewarding conference.

We, all of us, talked about difficulties. I wouldn't like the message to go out of this conference just to be one of difficulties and problems. I think the result is that we believe the Western free societies can cope with those difficulties and that we'll all be back next year—perhaps with a new set of problems, perhaps with the same—but we believe we'll have made some progress in meeting them. And I'm sure we'll all meet together, I believe, next year in Canada. We look forward to it.

Prime Minister Trudeau

In facts and figures and conclusions, there is very little I can add, if anything, to the forceful and lucid statements which my colleagues have just made, indeed add to the very detailed communique which you will have before you. I thought, for those few of you who might be interested in mood pieces, that I would say a word about the mood of cautious optimism which, in my judgment, seems to have been present among us.

I notice that Prime Minister Thatcher just used words to that effect by saying that there is a belief that we can cope with our problems. And that seemed to me to be the mood which prevails here today—not a mood of wild enthusiasm or of great self-congratulation but feeling that the industrialized democracies, challenged as they have been over the years with what seemed at each summit an intractable problem, has begun to find a way toward a solution.

One year it was the problem of recycling petrodollars, and that seems to have been solved, at least until now, and we see the great danger for the future. There was also, another year, the discussion of the impending trade wars

Feature

and protectionism to defend ourselves from each other, and that, too, seems to have been satisfactorily overcome, or at least held in abeyance. And I remember also we talked on one occasion of our slow growth and the danger that might create cynicism and perhaps a measure of revolt amongst, particularly, of the young in our populations, and that, too, seems to have been averted for the time being.

And I think we must say that to the worries that might have existed as to the possibility for industrialized democracies to come to grips with these very intractable problems, that worry is somewhat in abeyance in the sense that we have managed, not to overcome all the crises, but we have managed to manage them in a certain sense. We have remained in a reasonable measure of control of our domestic economic environment.

There is one problem which was intractable and which for the time being remains so; that is the problem of North-South relations. And we did discuss that again at this summit. I suppose it's fair to say that that is one problem that is not, of course, wholly within our control, since we must seek a measure of agreement with those countries of the Third World. I believe there were new steps taken at this summit toward a solution of those problems. Some of us, certainly myself, indicated an interest, if invited, in participating in the Brandt minisummit.

We, as my colleagues have indicated, have called upon the oil-rich countries to help solve this problem with us, and we've called upon, also, the Soviet bloc to do something to bear a part of this burden, which it certainly is not doing now. But perhaps more important, we discussed among ourselves the fact that we hadn't really broken the back of this problem, and we were determined—you will see some words in the communique to that effect—to make sure that at next year's summit we would expend every effort to come to grips with that problem, hopefully with a beginning of success.

I would not wish to finish without making some reference to the political dimensions of our discussions, to which reference has indeed already been made. We mentioned the four communiqués of a political nature, or semipolitical nature, of the refugees, hijacking, the taking of hostages, and above all, on Afghanistan.

I think it is important to underline that our summits are, first of all and above all, of an economic nature and

should remain such. But we have had to become aware of this reality that the industrialized democracies, those represented at the summit, could not avoid realizing that in the political field, where there's been rather more disarray, rather less unity than in the economic field, and the political crises still seem to be somewhat more intractable, rather more insoluble than the economic crises or the economic challenges we've had to face. But there, too, a climate of moderate optimism is justified.

On Afghanistan, we made a declaration saying that as to the essentials we share the same view on the basis, the foundation of the problem, the main positions to be taken for the future. I think we shall also have to face these responsibilities. But as far as I'm concerned, I realize that we must do it marginally to the economic discussions, which are essential to the summit. We merely envisage the possibility of translating in the political domain this sort of political unity or this democratic approach which we've achieved in the economic field.

We could hope that this may pass over into the political field. This remains to be seen, and this no doubt remains to be seen at the Canadian summit next year, since we have agreed at this summit in Venice to meet next year in 1981 at the Canadian summit.

I must say, indeed I must warn my colleagues and those of you who will be there that we shall not be able to compete with the splendor of Venice and the hospitality of the Italian people, nor even the excellence of the masterly way in which our chairman has conducted the proceedings during the past 2 days. But I can tell you that you will all be welcome. And we think, all together, we shall be able to contribute further to the solutions of some of our serious problems.

Foreign Minister Okita

On behalf of the Government and people of Japan, I wish to take this opportunity to express our deep sense of gratitude and appreciation to the condolence expressed to the sudden demise of our late Prime Minister, Mr. Ohira, by the heads of government and state.

Prime Minister Ohira had a particularly high valuation of the role of the summit in these difficult times of the world, and he had great expectations upon his participation. I truly regret that and miss his presence, but Prime Minister Cossiga and heads of state and govern-

ment have given very kind and courteous attention to us so that the Japanese delegation has been able to participate in this meeting very productively.

Yesterday, by the way, we had general elections in Japan. The results have come to be known to us by now. The party of which Prime Minister Ohira was representative enjoyed a landslide victory, increasing the number of seats of the Liberal Democratic Party from 258 to 284. I might take this opportunity to report that to you.

This summit in Venice I believe has accomplished a result that truly befits the first such summit in this decade of the eighties.

First, on the political question: Initially the summits were for economic discussions, but as other heads of government and state have commented, in these new, changing environments we have discussed political points, matters, particularly with regard to our position as regards Afghanistan. You all heard Prime Minister Cossiga yesterday in his press briefing.

The Government of Japan, since the outset of the Soviet military intervention in Afghanistan—the Government of Japan has persistently taken the view that Japan cannot tolerate such military intervention in that nation, and Japan shall continue to maintain this same attitude. I am gratified and find it very significant that among the heads of state and government in Venice, a common perception has been confirmed about this question.

As regards economic questions, Japan came to Venice looking forward to fruitful and substantive discussions on inflation and energy and the so-called North-South situation, including the question of recycling of oil money. We are satisfied that we have seen long-term strategic discussion. First, in next year's Canada summit, further discussions we look forward to take place on North-South relations. We strongly support this forthcoming agenda item.

On energy, our view is that among the seven nations here, on the supply side—in other words, not only on demand side, on the supply side—our efforts must be further redoubled. This is the question that affects the oil-market economies. We must demonstrate our resiliency and strength of market economies to the rest of the world. To that end, through investment, productivity must be increased, and through savings, inflation must be curtailed.

In other matters, that may involve political difficulties domestically, but for us industrialized nations to overcome the difficulty of paying such prices would be an essential condition for strengthening our democracies.

This summit meeting has dealt with such a long-term question fully and squarely, and we find it very significant that we have done so.

Next, on the matter of relations with the developing nations, our pres-

ent summit has paid greater attention than before to that matter; in this, it has been very meaningful. At the present, because of the sharp rise of the prices of oil, many non-oil-producing developing nations have met difficul-

Summit Statements

June 22, 1980*

Afghanistan

In seeking here in Venice to define a global economic strategy and to show our united determination to make it a reality, we are consciously accepting the responsibility that falls to the three great industrialized areas of the world—North America, Western Europe, and Japan—to help create the conditions for harmonious and sustained economic growth. But we cannot do this alone; others too have a part to play.

However, present circumstances oblige us to emphasize that our efforts will only bear fruit if we can at the same time preserve a world in which the rule of law is universally obeyed, national independence is respected, and world peace is kept. We call on all countries to join us in working for such a world and we welcome the readiness of nonaligned countries and regional groups to accept the responsibilities which this involves.

We, therefore, reaffirm hereby that the Soviet military occupation of Afghanistan is unacceptable now and that we are determined not to accept it in the future. It is incompatible with the will of the Afghan people for national independence, as demonstrated by their courageous resistance, and with the security of the states of the region. It is also incompatible with the principles of the U.N. Charter and with efforts to maintain genuine detente. It undermines the very foundations of peace, both in the region and in the world at large.

We fully endorse in this respect the views already expressed by the overwhelming majority of the international community, as set out by the U.N. General Assembly in Resolution No. ES-6/2 of 14th January 1980 and by the Islamic conference at both its recent sessions.

Afghanistan should be enabled to regain the sovereignty, territorial integrity, political independence, and nonaligned character it once enjoyed. We, therefore, call for the complete withdrawal of Soviet troops and for the Afghan people to be left free again to determine their own future.

We have taken note of today's announcement of the withdrawal of some Soviet troops from Afghanistan. In order to make a useful contribution to the solution of the Afghan crisis, this withdrawal, if confirmed, will have to be permanent and continue until the complete withdrawal of the Soviet troops. Only thus will it be possible to reestablish a situation compatible

with peace and the rule of law and thereby with the interests of all nations.

We are resolved to do everything in our power to achieve this objective. We are also ready to support any initiative to this end, such as that of the Islamic conference. And we shall support every effort designed to contribute to the political independence and to the security of the states of the region.

Those governments represented at this meeting which have taken a position against attendance at the Olympic Games vigorously reaffirm their positions.

Taking of Diplomatic Hostages

Gravely concerned by recent incidents of terrorism involving the taking of hostages and attacks on diplomatic and consular premises and personnel, the heads of state and government reaffirm their determination to deter and combat such acts. They note the completion of work on the International Convention Against the Taking of Hostages and call on all states to consider becoming parties to it as well as to the Convention on the Prevention and Punishment of Crimes Against Internationally Protected Persons of 1973.

The heads of state and government vigorously condemn the taking of hostages and the seizure of diplomatic and consular premises and personnel in contravention of the basic norms of international law and practice. The heads of state and government consider necessary that all governments should adopt policies which will contribute to the attainment of this goal and to take appropriate measures to deny terrorists any benefits from such criminal acts. They also resolve to provide to one another's diplomatic and consular missions support and assistance in situations involving the seizure of diplomatic and consular establishments or personnel.

The heads of state and government recall that every state has the duty under international law to refrain from organizing, instigating, assisting, or participating in terrorist acts in another state or acquiescing in organized activities within its territory directed toward the commission of such acts and deplore in the strongest terms any breach of this duty.

Refugees

The heads of state and government are deeply concerned at the plight of the ever-increasing number of refugees throughout the world. Hundreds of

thousands have already left the Indochinese Peninsula and Cuba, many of them taking the risk of fleeing across the open seas. Pakistan and Iran have received almost 1 million refugees from Afghanistan. In Africa refugees number several millions.

The heads of state and government note with great regret that the refugee population continues to grow and that, despite major international relief efforts, their suffering continues. They pay tribute to the generosity and forbearance with which countries in the regions affected have received refugees. For their part, the countries represented at this summit have already responded substantially to appeals for assistance to and resettlement of refugees. They will continue to do so, but their resources are not unlimited. They appeal to others to join with them in helping to relieve this suffering.

But however great the effort of the international community, it will be difficult to sustain it indefinitely. The problem of refugees has to be attacked at its root.

The heads of state and government, therefore, make a vigorous appeal to the Governments responsible for it to remove the causes of this widespread human tragedy and not to pursue policies which drive large numbers of their people from their own countries.

Hijacking

The heads of state and government expressed their satisfaction at the broad support of the international community for the principles set out in the Bonn declaration of July 1978 as well as in the international conventions dealing with unlawful interference with civil aviation. The increasing adherence to these conventions and the responsible attitude taken by states with respect to air-hijacking reflect the fact that these principles are being accepted by the international community as a whole.

The heads of state and government emphasize that hijacking remains a threat to international civil aviation and that there can be no relaxation of efforts to combat this threat. To this end they look forward to continuing cooperation with all other governments.

*Prime Minister Cossiga of Italy, chairman of the conference, issued these statements to the press on behalf of the conference participants. As printed here, they follow the text of the English translation made available by the White House; they were not issued as White House press releases.

ties, and we must, of course, step up our cooperation with these nations.

In our relationship with the developing nations, we need long-term basic strategy; that is, we in the West need it. For Japan, we have, for some time, been emphasizing increased food production and building of better human resources for improving human skills and also development of energy resources in developing nations. On these matters, too, I'm glad we have had good discussions in the present summit.

For some time to come, in all of our respective nations, we will, I expect, continue to have difficult domestic economic situations, particularly on unemployment and recession respects. Nevertheless, we must resist any protectionist pressure resolutely and squarely. And on that, too, we have seen convergence of opinion and consensus. Not only for this present generation but for our future generations, we must prove that our free democratic economies are, indeed, viable and strong. We must make every effort to demonstrate that, I believe.

Finally, may I say that we are very favorably impressed by this city of Venice. We regret our stay has been too short—only for 2 days—and too full of meetings, leaving us very little time to enjoy the beautiful sights of Venice. We think we have to come back in a more leisurely way if possible. I personally hope to bring my wife to Venice.

To the government of Italy and the municipal authorities of Venice and to all the citizens of Venice and to the en-

tire population, friendly people of Italy, and to the host government which has been most courteous, warm, and considerate for successful management of the meeting, and to the most smooth chairmanship of Prime Minister Cossiga, I would like to express our deep appreciation.

Finally, for the end of my statement, I would like to say that at the beginning of yesterday's session, I mentioned that our seven nations are fellow passengers in the same gondola, we are riding in the same gondola. And this is the feeling that I have, once again, most strongly as I leave here.

President Jenkins

The central message of this summit meeting, in my view, has been that the stability of the world economy depends on all countries recognizing their mutual needs and accepting their mutual responsibilities.

The problem faced by the seven major industrial countries and the European Community, as such, cannot be separated from those of the world as a whole. For this reason, I greatly welcome the way in which at this summit we looked beyond the frontiers of the industrial countries and our own difficulties to the problems which concern the greater part of mankind.

No outside industrial country is so closely linked to the developing world as is the European Community. Our interest is closely joined to theirs. The disequilibrium between rich and poor is tolerable to neither; both are deeply

vulnerable. The devastating impact of oil price rises on developing countries without oil of their own causes deficits which could not only deepen and prolong the existing recession but could touch the very vitals of our economic and monetary system.

On trade, the Tokyo Round has been a battle won, but not the war. We still face a protectionist threat which could cause major and lasting damage to the trading system on which our jobs and our standard of living depend.

Here at Venice we have looked realistically at these problems. We tried to see our way forward into the somber decade of the 1980s. We isolated some of the policies which should guide us and looked, as has been rightly said by Prime Minister Trudeau, with cautious optimism at the major changes which will be necessary. Above all, we recognized the common dangers and the common interests which should bind the world together.

Mr. President of the Council, I thank you for your outstanding chairmanship, and I thank the Italian Government and the people of Venice for their unforgettable hospitality.

**DECLARATION,
JUNE 23, 1980**

I. Introduction

1. In this, our first meeting of the 1980's the economic issues that have dominated our thoughts are the price and supply of energy and the implications for inflation and the level of economic activity in our own countries and for the world as a whole. Unless we can deal with the problems of energy, we cannot cope with other problems.

2. Successive large increases in the price of oil, bearing no relation to market conditions and culminating in the recent decisions by some members of the Organization of Petroleum Exporting Countries (OPEC) at Algiers, have produced the reality of even higher inflation and the imminent threat of severe recession and unemployment in the industrialised countries. At the same time they have undermined and in some cases virtually destroyed the prospects for growth in the developing countries. We believe that these consequences are increasingly coming to be appreciated by some of the oil exporting countries. The fact is that the industrialised countries of the free world, the oil producing countries, and the non-oil developing countries depend upon each other for the realisation of their potential for economic development and prosperity. Each can overcome the obstacles to that

Energy Consumption Trends

Energy consumption (thousand b/d oil equivalent)	1970-73	1974-75	1976	1977	1978	1979
United States	34,291	34,970	36,323	37,240	38,098	38,034
Japan	6,340	7,029	7,080	7,205	7,300	7,754
West Germany	5,028	5,092	5,329	5,295	5,533	5,860
France	3,363	3,550	3,645	3,677	3,690	3,790
United Kingdom	4,417	4,211	4,200	4,286	4,334	4,500
Italy	2,601	2,728	2,840	2,875	2,858	NA
Canada	3,496	3,867	3,930	4,067	4,196	4,315
Energy consumption per capita (gallons per year oil equivalent)						
United States	2,530	2,520	2,588	2,633	2,674	2,647
Japan	913	972	962	970	974	1,025
West Germany	1,255	1,260	1,328	1,322	1,383	1,468
France	1,002	1,034	1,056	1,062	1,062	1,086
United Kingdom	1,216	1,155	1,152	1,176	1,189	1,236
Italy	735	752	775	781	773	NA
Canada	2,469	2,627	2,619	2,678	2,737	2,789

NA—not available.

development, but only if all work together, and with the interests of all in mind.

3. In this spirit we have discussed the main problems that confront us in the coming decade. We are confident in the ability of our democratic societies, based on individual freedom and social solidarity, to meet these challenges. There are no quick or easy solutions; sustained efforts are needed to achieve a better future.

II. Inflation

4. The reduction of inflation is our immediate top priority and will benefit all nations. Inflation retards growth and harms all sectors of our societies. Determined fiscal and monetary restraint is required to break inflationary expectations. Continuing dialogue among the social partners is also needed for this purpose. We must retain effective international coordination to carry out this policy of restraint, and also to guard against the threat of growing unemployment and worldwide recession.

5. We are also committed to encouraging investment and innovation, so as to increase productivity, to fostering the movement of resources from declining into expanding sectors so as to provide new job opportunities, and to promoting the most effective use of resources within and among countries. This will require shifting resources from government spending to the private sector and from consumption to investment, and avoiding or carefully limiting actions that shelter particular industries or sectors from the rigors of adjustment. Measures of this kind may be economically and politically difficult in the short term, but they are essential to sustained non-inflationary growth and to increasing employment which is our major goal.

6. In shaping economic policy, we need a better understanding of the long-term effects of global population growth, industrial expansion and economic development generally. A study of trends in these areas is in hand, and our representatives will keep these matters under review.

III. Energy

7. We must break the existing link between economic growth and consumption of oil, and we mean to do so in this decade. This strategy requires conserving oil and substantially increasing production and use of alternative energy sources. To this end, maximum reliance should be placed on the price mechanism, and domestic prices for oil should take into account representative world prices. Market forces should be complemented, where appropriate, by effective fiscal incentives and administrative measures. Energy investment will contribute substantially to economic growth and employment.

8. We welcome the recent decisions of the European Community (EC), the International Energy Agency (IEA) and the Organization for Economic Cooperation and

Selected Domestic Economic Trends

	1970-73	1974-75	1976	1977	1978	1979
Real GNP growth (average annual rate, %)						
United States	3.5	-1.4	5.9	5.3	4.4	2.3
Japan	9.1	0.6	6.5	5.4	6.0	5.9
West Germany	4.4	-0.7	5.3	2.6	3.5	4.4
France	4.8	1.8	5.2	2.8	3.6	3.2
United Kingdom	3.7	-1.2	3.6	0.9	3.1	0.6
Italy	4.1	0.5	5.9	2.0	2.6	5.0
Canada	5.7	2.4	5.4	2.4	3.4	2.9
Industrial production growth (average annual rate, %)						
United States	4.0	-4.6	10.7	5.9	5.8	4.1
Japan	9.5	-7.6	11.1	4.1	6.3	8.3
West Germany	4.5	-4.2	7.3	2.6	2.7	5.3
France	5.8	-2.0	8.0	1.9	0.9	4.5
United Kingdom	2.4	-4.4	2.2	3.8	3.7	2.7
Italy	5.0	-2.6	12.4	1.1	2.0	6.5
Canada	5.9	-1.4	5.6	3.3	5.7	4.2
Consumer price inflation (average annual rate, %)						
United States	4.9	10.1	5.7	6.5	7.7	11.3
Japan	6.9	16.1	8.4	7.3	4.2	3.2
West Germany	5.3	6.5	4.5	3.7	2.7	4.1
France	6.1	12.6	9.6	9.5	9.3	10.8
United Kingdom	8.0	20.0	10.6	15.8	8.3	13.4
Italy	6.5	18.1	16.7	18.4	12.1	15.7
Canada	4.6	10.8	7.5	8.0	8.9	9.2
Unemployment rate (annual average % of labor force)						
United States	5.3	7.0	7.7	7.0	6.0	5.8
Japan	1.3	1.6	2.0	2.0	2.2	2.1
West Germany	0.8	3.2	4.0	4.0	3.8	3.3
France	1.6	3.0	4.2	4.7	5.2	6.0
United Kingdom	2.8	3.0	4.9	5.3	5.2	5.0
Italy	4.8	4.5	5.1	7.2	7.2	7.7
Canada	5.9	6.1	7.1	8.1	8.4	7.5

Development (OECD) regarding the need for long term structural changes to reduce oil consumption, continuing procedures to monitor progress, the possible use of oil ceilings to deal with tight market conditions and coordination of stock policies to mitigate the effect of market disruption. We note that the member countries of the IEA have agreed that their energy policies should result in their collective 1985 net oil imports being substantially less than their existing 1985 group objective, and that they will quantify the reduction as part of their continuing monitoring efforts. The potential for reduction has been estimated by the IEA Secretariat, given existing uncertainties, at around 4 million barrels a day (MBD).

9. To conserve oil in our countries:

- We are agreed that no new base-load, oil-fired generating capacity should be constructed, save in exceptional circumstances, and that the conversion of oil-fired capacity to other fuels should be accelerated.

- We will increase efforts, including fiscal incentives where necessary, to accelerate the substitution of oil in industry.

- We will encourage oil saving investments in residential and commercial buildings, where necessary by financial incentives and by establishing insulation standards. We look to the public sector to set an example.

- In transportation, our objective is the introduction of increasingly fuel efficient vehicles. The demand of consumers and competition among manufacturers are already leading in this direction. We will accelerate this progress, where appropriate, by arrangements or standards for improved automobile fuel efficiency, by gasoline pricing and taxation decisions, by research and development and by making public transport more attractive.

10. We must rely on fuels other than oil to meet the energy needs of future economic growth. This will require early, resolute, and wide-ranging actions. Our potential to increase the supply and use of energy sources other than oil over the next

Feature

ten years is estimated at the equivalent of 15-20 MBD of oil. We intend to make a coordinated and vigorous effort to realise this potential. To this end, we will seek a large increase in the use of coal and enhanced use of nuclear power in the medium-term, and a substantial increase in production of synthetic fuels, in solar energy and other sources of renewable energy over the longer term.

11. We shall encourage the exploration and development of our indigenous hydrocarbon resources in order to secure maximum production on a long term basis.

12. Together we intend to double coal production and use by early 1990. We will encourage long term commitments by coal producers and consumers. It will be necessary to improve infrastructures in both exporting and importing countries, as far as is economically justified, to ensure the required supply and use of coal. We look forward to the recommendations of the International Coal Industry Advisory Board. They will be considered promptly. We are conscious of the environmental risks associated with increased coal production and combustion. We will do everything in our power to ensure that increased use of fossil fuels, especially coal, does not damage the environment.

13. We underline the vital contribution of nuclear power to a more secure energy supply. The role of nuclear energy has to be increased if world energy needs are to be met. We shall therefore have to expand our nuclear generating capacity. We will continue to give the highest priority to ensuring the health and safety of the public and to perfecting methods for dealing with spent fuels and disposal of nuclear waste. We reaffirm the importance of ensuring the reliable supply of nuclear fuel and minimizing the risk of nuclear proliferation.

14. The studies made by the International Nuclear Fuel Cycle Evaluation Group, launched at the London Summit in 1977, are a significant contribution to the use of nuclear energy. We welcome their findings with respect to: increasing predictable supplies; the most effective utilization of uranium sources, including the development of advanced technologies; and the minimization of proliferation risks, including support of International Atomic Energy Agency (IAEA) safeguards. We urge all countries to take these findings into account when developing policies and programmes for the peaceful use of nuclear energy.

15. We will actively support the recommendations of the International Energy Technology Group, proposed at the Tokyo Summit last year, for bringing new energy technologies into commercial use at the earliest feasible time. As far as national programmes are concerned, we will by mid-1981 adopt a two-phased approach; first, listing the numbers and types of commercial scale plants to be constructed in each of our countries by the mid-1980s, and, second, indicating quantitative projections for expanding production by 1990,

1995 and 2000, as a basis for future actions. As far as international programmes are concerned, we will join others in creating an international team to promote collaboration among interested nations on specific projects.

16. A high level group of representatives of our countries and of the EEC Commission will review periodically the results achieved in these fields.

17. Our comprehensive energy strategy is designed to meet the requirements of the coming decade. We are convinced that it can reduce the demand for energy, particularly oil, without hampering economic growth. By carrying out this strategy we expect that, over the coming decade, the ratio between increases in collective energy consumption and economic growth of our countries will be reduced to about 0.6, that the share of oil in our total energy demand will be reduced from 53 percent now to about 40 percent by 1990, and that our collective consumption of oil in 1990 will be significantly below present levels so as to permit a balance between supply and demand at tolerable prices.

18. We continue to believe that international cooperation in energy is essential. All countries have a vital interest in a stable equilibrium between energy supply and

demand. We would welcome a constructive dialogue on energy and related issues between energy producers and consumers in order to improve the coherence of their policies.

IV. Relations With Developing Countries

19. We are deeply concerned about the impact of the oil price increases on the developing countries that have to import oil. The increase in oil prices in the last two years has more than doubled the oil bill of these countries, which now amounts to over \$50 billion. This will drive them into ever increasing indebtedness, and put at risk the whole basis of their economic growth and social progress, unless something can be done to help them.

20. We approach in a positive spirit the prospect of global negotiations in the framework of the United Nations and the formulation of a new International Development Strategy. In particular, our object is to cooperate with the developing countries in energy conservation and development, expansion of exports, enhancement of human skills and the tackling of underlying food and population problems.

Oil Import Trends

	1970-73	1974-75	1976	1977	1978	1979	1980 ¹
Net oil imports (thousand b/d)							
United States	4,351	5,857	7,072	8,565	8,002	7,939	8,900 ²
Japan	4,763	5,190	5,229	5,446	5,331	5,625	5,400
West Germany	2,707	2,488	2,675	2,639	2,724	2,837	2,850
France	2,241	2,284	2,349	2,219	2,206	2,410	2,330
United Kingdom	2,108	2,015	1,660	1,093	872	436	240
Italy	2,147	1,962	1,963	1,936	1,980	2,014	2,050
Canada	(³)	(³)	110	188	199	224	150
Net oil imports (billion U.S. \$)							
United States ⁴	4.5	24.9	32.2	42.4	39.5	56.7	
Japan	4.4	20.8	23.2	25.7	25.5	33.0	
West Germany	3.2	11.0	12.9	13.6	14.7	24.5	
France	2.4	9.5	11.2	11.2	11.5	16.2	
United Kingdom	2.5	8.4	7.8	5.4	4.4	2.3	
Italy	1.8	7.7	8.0	8.4	8.7	11.9	
Canada	(³)	(³)	1.0	1.4	1.6	1.9	
Net oil imports as a share of energy consumption (%)							
United States	12.7	16.7	19.5	23.0	21.0	20.9	
Japan	75.1	73.8	73.6	75.0	73.0	72.5	
West Germany	53.8	48.9	50.2	49.8	49.2	48.4	
France	66.6	64.3	64.4	60.3	58.0	61.7	
United Kingdom	47.7	47.9	39.5	25.5	20.3	9.7	
Italy	82.5	71.9	69.1	67.3	66.8	NA	
Canada	(³)	(³)	2.8	4.6	4.7	5.2	

NA—not available.

¹ Net oil import target pledge.

² Includes territories.

³ Net exporter.

⁴ Gross oil import bill.

21. A major international effort to help these countries increase their energy production is required. We believe that this view is gaining ground among oil-exporting countries. We ask the World Bank to examine the adequacy of the resources and the mechanisms now in place for the exploration, development and production of conventional and renewable energy sources in oil importing developing countries, to consider means, including the possibility of establishing a new affiliate or facility by which it might improve and increase its lending programmes for energy assistance, and to explore its findings with both oil-exporting and industrial countries.

22. We are deeply conscious that extreme poverty and chronic malnutrition afflict hundreds of millions of people of developing countries. The first requirement in these countries is to improve their ability to feed themselves and reduce their dependence on food imports. We are ready to join with them and the International Agencies concerned in their comprehensive long term strategies to increase food production, and to help improve national as well as international research services. We will support and, where appropriate, supplement initiatives of the World Bank and of the Food and Agricultural Organization (FAO) and to improve grain storage and food handling facilities. We underline the importance of wider membership of the new Food Aid Convention so as to secure at least 10 million tons of food aid annually and of an equitable replenishment of the International Fund for Agricultural Development.

23. High priority should be given to efforts to cope with population growth and existing United Nations and other programmes for supporting these efforts.

24. We strongly support the general capital increase of the World Bank, increases in the funding of the regional development banks, and the sixth replenishment of the International Development Association. We would welcome an increase in the rate of lending of these institutions, within the limits of their present replenishments, as needed to fulfill the programmes described above. It is essential that all members, especially the major donors, provide their full contributions on the agreed schedule.

25. We welcome the report of the Brandt Commission. We shall carefully consider its recommendations.

26. The democratic industrialised countries cannot alone carry the responsibility of aid and other different contributions to developing countries: it must be equitably shared by the oil-exporting countries and the industrialised Communist countries. The Personal Representatives are instructed to review aid policies and procedures and other contributions to developing countries and to report back their conclusions to the next Summit.

V. Monetary Problems

27. The situation created by large oil-generated payments imbalances, in particular those of oil-importing developing countries, requires a combination of determined actions by all countries to promote external adjustment and effective mechanisms for balance of payments financing. We look to the international capital market to continue to play the primary role in rechanneling the substantial oil surplus funds on the basis of sound lending standards. We support the work in progress by our monetary authorities and the Bank for International Settlements designed to improve the supervision and security of the international banking system. The private banks could usefully supplement these efforts.

28. Private lending will need to be supplemented by an expanded role for international institutions, especially the International Monetary Fund (IMF). We are committed to implementing the agreed increase in the IMF quotas, and to supporting appropriate borrowing by the Fund, if needed to meet financing requirements of its members. We encourage the IMF to seek ways in which it could, within its guidelines on conditionality, make it more attractive for countries with financing problems to use its resources. In particular, we support the IMF's examination of possible ways to reduce charges on credits to low-income developing countries. The IMF and the World Bank should work closely together in responding to these problems. We welcome the Bank's innovative lending scheme for structural adjustment. We urge oil-exporting countries to increase their direct lending to countries with financial problems thus reducing the strain on other recycling mechanisms.

29. We reaffirm our commitment to stability in the foreign exchange markets. We note that the European Monetary System (EMS) has contributed to this end. We will continue close cooperation in exchange market policies so as to avoid disorderly exchange rate fluctuations. We will also cooperate with the IMF to achieve more effective surveillance. We support continuing examination by the IMF of arrangements to provide for a more balanced evolution of the world reserve system.

VI. Trade

30. We are resolved further to strengthen the open world trading system. We will resist pressures for protectionist actions, which can only be self-defeating and aggravate inflation.

31. We endorse the positive conclusion of the multilateral trade negotiations, and commit ourselves to early and effective implementation. We welcome the participation of some of our developing partners in the new non-tariff codes and call upon others to participate. We also call for the full participation of as many countries as possible in strengthening the system of the

General Agreement on Tariffs and Trade. We urge the more advanced of our developing partners gradually to open their markets over the coming decade.

32. We reaffirm our determination to avoid a harmful export credit race. To this end we shall work with the other participants to strengthen the International Arrangement on Export Credits, with a view to reaching a mutually acceptable solution covering all aspects of the Arrangement by 1 December 1980. In particular, we shall seek to bring its terms closer to current market conditions and reduce distortions in export competition, recognising the differentiated treatment of developing countries in the Arrangement.

33. As a further step in strengthening the international trading system, we commit our governments to work in the United Nations toward an agreement to prohibit illicit payments to foreign government officials in international business transactions. If that effort falters, we will seek to conclude an agreement among our countries, but open to all, with the same objective.

VII. Conclusions

34. The economic message from this Venice Summit is clear. The key to success in resolving the major economic challenges which the world faces is to achieve and maintain a balance between energy supply and demand at reasonable levels and at tolerable prices. The stability of the world economy, on which the prosperity of every individual country relies, depends upon all of the countries concerned, recognising their mutual needs and accepting their mutual responsibilities. Those among us whose countries are members of the European Community intend to make their efforts within this framework. We, who represent seven large industrialised countries of the free world, are ready to tackle our own problems with determination and to work with others to meet the challenges of the coming decade, to our own advantage and to the benefit of the whole world.

¹Texts from Weekly Compilation of Presidential Documents of June 30, 1980, which also includes the President's and Chancellor Schmidt's exchange with reporters in Venice on June 21, the President's exchange with reporters following the first two summit sessions on June 22, and the President's interview with reporters at the conclusion of the summit on June 23. The text of President Carter's remarks on departure from the United States on June 19 are printed in the Weekly Compilation of June 23.

²Made at the Sala Degli Arazzi at the Cini Foundation. Prime Minister Cossiga, President Giscard d'Estaing, Chancellor Schmidt, and Foreign Minister Okita spoke in their native languages, and their remarks were translated by interpreters. The other participants spoke in English.

³Due to a failure in transmission, this transcript does not include the first portion of Prime Minister Thatcher's statement. ■

basis as soon as the 97th Congress returns in September.

Sincerely,

RONALD REAGAN

Note: This is the text of identical letters addressed to Senate Majority Leader

Howard H. Baker, Jr., Senate Minority Leader Robert C. Byrd, Speaker of the House of Representatives Thomas P. O'Neill, Jr., and House Minority Leader Robert H. Michel.

The text of the letter was released by the Office of the Press Secretary on July 20.

Nomination of Donald L. Totten To Be a United States Commissioner of the International Joint Commission—United States and Canada

July 20, 1981

The President today announced his intention to nominate Donald L. Totten to be a Commissioner on the part of the United States on the International Joint Commission—United States and Canada.

Since 1980 Mr. Totten has served in the Illinois State Senate after serving 8 years in the Illinois State House of Representatives. He served on the Appropriations, Higher Education, and Elections Committees.

Before his legislative career, Mr. Totten was assistant to the director of the Department of Transportation for the State of Illinois. He spent 15 years in the engineering and business fields.

In addition to his business and legislative experience, he was elected Republican

committeeman of Schaumburg Township in 1966 and reelected in 1970, 1974, and 1978. In 1976 he was State chairman of Illinois Citizens for Reagan and a member of the steering committee of the Illinois President Ford Committee. He served as regional political director for the Reagan for President Committee and State chairman for the Reagan for President Committee in Illinois in 1980.

Mr. Totten graduated from the University of Notre Dame (1955). He is married, has three children, and resides in Hoffman Estates, Ill. He was born February 19, 1933, in Brooklyn, N.Y.

Summary of Political Issues by the Chairman of the Ottawa Economic Summit Conference

July 20, 1981

1. Our discussion of international affairs confirmed our unity of view on the main issues that confront us all. We are determined to face them together in a spirit of solidarity, cooperation and responsibility.

2. We all view with concern the continuing threats to international security and stability. Lasting peace can only be built on respect for the freedom and dignity of nations and individuals. We appeal to all governments to exercise restraint and responsi-

bility in international affairs and to refrain from exploiting crises and tensions.

3. In the Middle East, we remain convinced that a solution must be found to the Arab-Israeli dispute. We all deplore the escalation of tension and continuing acts of violence now occurring in the region. We are deeply distressed by the scale of destruction, particularly in Lebanon, and the heavy civilian loss of life on both sides. We call on all states and parties to exercise re-

Public Papers of the Presidency 1981

CONSULT THE SUBJECT

July 20 / Administration of Ronald Reagan, 1981

straint, in particular to avoid retaliation which only results in escalation; and to forego acts which could lead, in the current tense situation in the area, to further bloodshed and war.

4. We are particularly concerned, in this respect, by the tragic fate of the Lebanese people. We support the efforts now in progress to permit Lebanon to achieve a genuine national reconciliation, internal security and peace with its neighbours.

5. In East-West Relations, we are seriously concerned about the continuing build-up of Soviet military power. Our concern is heightened by Soviet actions which are incompatible with the exercise of restraint and responsibility in international affairs. We ourselves, therefore, need a strong defense capability. We will be firm in insisting on a balance of military capabilities and on political restraint. We are prepared for dialogue and cooperation to the extent that the Soviet Union makes this possible. We are convinced of the importance of working towards balanced and verifiable arms control and disarmament agreements in pursuit of undiminished security at lower levels of armament and expenditure.

6. We welcome the fact that, at the Madrid Conference on Security and Cooperation in Europe, Western countries have just taken another major initiative aimed at defining the area to be covered by the measures the proposed European Disarmament Conference would negotiate. Equally important, they have proposed a number of human rights provisions that would give new hope for individuals deprived of their freedom. We believe that Soviet acceptance of these initiatives would enable a balanced conclusion of the Madrid meeting and a substantial reduction of tension in Europe.

7. As regards Afghanistan, about which we publicly stated our firm and unanimous position at last year's Venice Summit, we note that the situation remains unchanged. Therefore, with the overwhelming majority of nations, we continue to condemn the

Soviet military occupation of Afghanistan. We support international efforts to achieve the complete withdrawal of Soviet troops and to restore to the Afghan people, who are fighting a war of liberation, their right to determine their own future. We note with approval the constructive proposal of the European Council for an international conference to bring about this result and call upon the Soviet Union to accept it. We are grateful for the report given us by Foreign Secretary Carrington on his recent visit to Moscow, and his discussions there, on behalf of the Ten, on the international conference proposal.

8. Believing as we do that the Kampuchean people are entitled to self-determination, we welcome and support the Declaration of the International Conference on Kampuchea.

9. Together with other states and regional organizations, we are resolved to do what is necessary to enhance regional security and to ensure a peace built on the independence and dignity of sovereign nations. All peoples should be free to chart their own course without fear of outside intervention. To that end, we shall continue to promote peaceful resolution of disputes and to address underlying social and economic problems. We reaffirm our conviction that respect for independence and genuine non-alignment are important for international peace and security.

10. Recalling the statement on refugees adopted at the Venice Summit, we are seriously concerned over the growing plight of refugees throughout the World. We reaffirm our support for international relief efforts and our appeal to all governments to refrain from actions which can lead to massive flows of refugees.

Note: As printed above, the summary follows the text issued at the summit conference and made available by the Office of the Press Secretary. It was not issued as a White House press release.

Ottawa Economic Summit Conference Statement on Terrorism July 20, 1981

1. The Heads of State and Government, seriously concerned about the active support given to international terrorism through the supply of money and arms to terrorist groups, and about the sanctuary and training offered terrorists, as well as the continuation of acts of violence and terrorism such as aircraft hijacking, hostage-taking and attacks against diplomatic and consular personnel and premises, reaffirm their determination vigorously to combat such flagrant violations of international law. Emphasizing that all countries are threatened by acts of terrorism in disregard of fundamental human rights, they resolve to strengthen and broaden action within the international community to prevent and punish such acts.

2. The Heads of State and Government view with particular concern the recent hijacking incidents which threaten the safety of international civil aviation. They recall and reaffirm the principles set forth in the 1978 Bonn Declaration and note that there are several hijackings which have not been resolved by certain states in conformity with their obligations under international law. They call upon the governments concerned to discharge their obligations promptly and thereby contribute to the safety of international civil aviation.

3. The Heads of State and Government are convinced that, in the case of the hijacking of a Pakistan International Airlines aircraft in March, the conduct of the Babrak Karmal government of Afghanistan, both during the incident and subsequently in giving refuge to the hijackers, was and is in flagrant breach of its international obligations

under the Hague Convention to which Afghanistan is a party, and constitutes a serious threat to air safety. Consequently the Heads of State and Government propose to suspend all flights to and from Afghanistan in implementation of the Bonn Declaration unless Afghanistan immediately takes steps to comply with its obligations. Furthermore, they call upon all states which share their concern for air safety to take appropriate action to persuade Afghanistan to honour its obligations.

4. Recalling the Venice Statement on the Taking of Diplomatic Hostages, the Heads of State and Government approve continued cooperation in the event of attacks on diplomatic and consular establishments or personnel of any of their governments. They undertake that in the event of such incidents, their governments will immediately consult on an appropriate response. Moreover, they resolve that any state which directly aids and abets the commission of terrorist acts condemned in the Venice Statement, should face a prompt international response. It was agreed to exchange information on terrorist threats and activities, and to explore cooperative measures for dealing with and countering acts of terrorism, for promoting more effective implementation of existing anti-terrorist conventions, and for securing wider adherence to them.

Note: As printed above, the statement follows the text issued at the summit conference and made available by the Office of the Press Secretary. It was not issued as a White House press release.

Concluding Statements of the Ottawa Economic Summit Conference Participants July 21, 1981

Prime Minister Trudeau. Good afternoon, ladies and gentlemen. I should wish first on

behalf of my colleagues at the table here to express our welcome to the press here and

in accordance with the practices, established practices, and as Chairman of the summit meeting this year, I must make a statement summarizing the main points we have dealt with in the course of the last few days, and each of my colleagues will in turn speak to you.

The Ottawa Summit was met at a time of rapid change and great challenge to world economic progress and peace. East-West relations have been affected by the increase in the armed forces of the U.S.S.R. and its ever-increasing presence in the world. The political and economic situation of many countries has made it difficult for them to adapt to the new changes. The members of the summit meeting have also been victims of these changes and whatever we have attempted to do in the course of the last years was not necessarily carried out. We have had to reexamine the situation and restructure our activities so that, of course, there has been some pessimism about this summit.

Of course, it seemed to have been a difficult one but in my dual capacity as a participant and Chairman I am able to say, "No, the pessimists were not justified." We have met for many hours, and these contacts, of course, promote mutual trust and confidence in facing the crises we may have to—which challenge us. We've had very comprehensive discussions and frank discussions during our meetings. We have not tried to hide our divergences. We realize that we are dealing with economies which have different structures and have different reactions to the evolving situation. We have agreed that we could not revitalize our economies by isolating ourselves from one another. We have agreed on the fundamentals and realize we must take into account in our politics the impact it may have on our partners.

The whole burden of that fight cannot be made on monetary policy alone. And third, levels and movements of interest rates in one country can make life more difficult for other countries by influencing the exchange rates. This is something to which we must all remain sensitive and which we must try to minimize.

We must also pursue responsible trade policies. Over the years, as summit part-

ners, we have warned against succumbing to the temptation of protection. These warnings have served us well. If we had drifted into protectionism, we might have conjured up an economic crisis similar to that of the 1930's. We have reiterated our strong commitment to an open, liberal, and multilateral trading system. We have agreed to deal with trade distortions. But we are determined not to lay the burdens of adjustment at the doorstep of our neighbors. We are looking forward to working with others on a trade agenda for the 1980's.

I regard this consensus about trade policy as one of the most important to have emerged from our meeting, not least for a major trading nation like Canada.

One of the uncertainties hovering over this summit was how it would deal with the North-South relationship. It's no secret to anyone that I attach very great importance to that relationship as an element of fundamental equity of mutual interests and benefits, and of global security.

The Ottawa Summit was the first of a series of important meetings this year where the North-South relationship will be at the center of the agenda. It seemed important to me, therefore, that the signal emanating from Ottawa should be clear and that it could be positive. For such a signal to be persuasive, it had to come from all of us jointly. That was the purpose of much of the travel, that as Chairman of this year's meetings I undertook in the weeks immediately preceding the summit.

The world looked to the Ottawa Summit for some sign of movement, some basis for hope that progress is possible, that the logjam can be broken. I'm very pleased with what we've been able to achieve. Our discussions showed a common appreciation of the magnitude of the problem and a common readiness to respond to it. There is now a disposition on the part of all summit countries to pursue any opportunity for meaningful progress, including what are known as global negotiations. That openness to the process of global negotiations represents a consensus which did not exist before our summit and seemed very remote not too many months ago.

The message we send from this meeting to the developing countries is the following: First, we respect your independence and support genuine nonalignment as a contribution to international peace and stability and as a basis for cooperation. Second, we look to you to play a full part in the international economic system and to become closely integrated to it. Third, we are ready to participate with you in preparations for a process of global negotiations. Fourth, we appreciate the problems of energy supply which you are encountering and are prepared to join with the surplus oil-exporting countries in examining how best we might jointly help you in developing your indigenous energy reserves. Five, we recognize the importance of more food production in your countries and of greater world food security and will try to make increased resources available for these purposes. Six, we will maintain our strong multilateral commitment to the international financial institutions and to the role they have played in alleviating the problems of development. And lastly, we will direct the major portion of our aid to the poorer countries.

On the occasion of this year's summit meeting, it seemed to us we could not ignore the fact that the strengthening of the armed forces in the Soviet Union has had an impact on the resources of our country and on the orientations which we have had to follow. We are convinced of the need for a strong defense capability, but we're also open to the possibility of dialog and negotiation with the Soviet Union, particularly as regards the nuclear armaments and security with less armaments and diminished cost.

I should wish, in conclusion, as Prime Minister of Canada, to say that we were very happy to be the host nation of this summit meeting. I am particularly grateful to all those who have accepted the challenge for this great endeavor and have provided the maximum of effort in assuring success. May I be permitted also to express deep gratitude to my colleagues at this table for having made my task so easy and to wish them Godspeed as they return to their own countries.

I will now call on the President of the United States, President Reagan.

President Reagan. Prime Minister Trudeau, I am sure I speak for all of us in thanking you for the welcome we've had and the hospitality that we've enjoyed during our 2 days together in Montebello. *Merci.* You've been a most gracious host, and my fellow countrymen and I shall long be grateful.

Not long ago, the conventional wisdom was that our seven nations were more sharply divided than any time in years. Only three of us had attended an economic summit before, and the rest of us are still in the first grade, the first-year class.

To the outside world this looked like it would be a difficult summit. Inflation rates are running at incredible levels. Unemployment, I should say, disrupts the lives of millions of people, and new fears of protectionism are sweeping across our continents. The agenda of Montebello represented an enormous challenge for all of us. The true measure of these past 2 days, days filled with candid but always friendly talks, is that we leave with a true sense of common understanding and common purpose. We've discussed at great length how each one of us is addressing economic problems at home while working in concert to assure that we are sensitive to the impact of our actions upon our partners.

I'm grateful to the other leaders here for their degree of understanding and support for the economic policies we're embarked upon in the United States. We have also resolved that we shall resist protectionism and support an open, expanding system for multilateral trade. And, as you have been told by the Prime Minister, we shall work together in helping the developing nations move toward full partnership in that system.

As Chancellor Schmidt has told us, our unity in economic matters is the best insurance we have against a return to the disastrous "beggar-thy-neighbor" policies of another era. Economic unity and political unity are two great goals we must continue to pursue. All our nations share democratic institutions based on a belief in human dignity, freedom, and the preeminence of the individual. I believe that we depart with fresh confidence and optimism about the

future of democratic values and our societies.

Many uncertainties still lie ahead; much remains to be done. But, as an American, I would like to recall for you an inspiring story of my native land. It's the story of young Franklin Roosevelt, who was struck down by polio in the prime of life and then, struggling to cover and to scale new heights. I mention it because much of that struggle took place on a little island not too far from here in New Brunswick, Canada, and the story is remembered by a very appropriate title, "Sunrise at Campobello."

Now, today, as we leave Montebello, I just can't resist the suggestion that over the past few years our nations have suffered from an affliction too, an economic affliction. I hope sometime in the future people will look back and say that here, in these talks, we began to put our nations back on the road to economic recovery and that a new Sun rose at Montebello.

That is a hope I know all of us share. Thank you very much.

Prime Minister Trudeau. Thank you, President Reagan. I now give the floor to the President of the French Republic, President Mitterrand.

President Mitterrand. I, too, would like to express my thanks to Mr. Pierre Elliott Trudeau, Prime Minister, and I would like to thank the Canadian Government for their excellent welcome and for the very favorable conditions under which the Ottawa or Montebello Summit was carried out. These conditions were so favorable that we were able to progress, to achieve work, and even to achieve some conclusions.

You know that France has an original policy, a new policy, if you like, within this framework, as compared to the theme generally put forward. Now, I call this an original policy. It is our own peculiar policy. We have our own objectives, and it was important for us to see whether it was possible—and I had no doubt this was possible—for us to fulfill this policy in harmony with the others. By the others, I mean our main partners, those represented here and a few others as well. This has been possible partly because everybody participated, partly because everybody has realized what elements in our own policies can harm other

countries' policies and what must, therefore, be set aside.

We have all realized what can be favorable to our common success and should, thus, be supported. But this has succeeded also because France is in favor of solidarity. We support, first of all, our friends. We think of history—particularly the history of the past half century in which we have seen disruptions, crises, and war—and we, thus, are united behind a certain number of fundamental changes, particularly freedom—freedom concerning the international level and freedom concerning democracy and democratic values within each of our countries.

We stand solidly behind our friends, and we also fully support those who, without being represented here, have been kept in mind in many of our discussions, and in many, in fact, of our decisions. I'm thinking more particularly of the countries of the Third World, more particularly the poorer among the countries of the Third World.

Right from the beginning, I wanted to emphasize the fact that we have to cooperate, to restrict as much as possible erratic exchange rates in our currencies, and to avoid as much as possible, as well, high interest rates. This is not a French problem; it is a European problem. In fact, I can say that this is a worldwide problem. I can say this taking into account possible consequences of present trends.

If you have a look at the text of our communique, you will see that there are a certain number of points being put forward concerning these issues. Similarly, right from the start, our position was in favor of everything that is able to bring down protectionism provided, of course, that right from the start we are all familiar with the whole set of existing mechanisms—mechanisms which mean that here and there protectionism is much too present.

Concerning trade with East bloc countries, as the communique says, a new examination of the situation will be carried out shortly. I have expressed the hope that, concerning this issue as concerning all the others, we take stock very precisely of the state of trade with those countries and that we take stock of the strategic consequences

that might arise. This is also a point included in the communique.

In addition to this, priority had to be given during our talks to a policy towards countries of the Third World, what we call North-South relations. This is necessary not simply because it is our duty, but also because it is in our own interest. We must be distrustful of any attitude that I would term paternalistic. It is when we will be able to expand trade on stable bases, when we will be able to stabilize raw material prices—once this is done—it will be possible for those countries to set up lasting development plans. And once they have done this, we, the industrialized countries, will be able to fulfill our tasks.

And I think that along the lines of what we call the energy affiliate and along the lines of global negotiations which will be referred to again at Cancún, and also concerning international relations, I would say that on all these points progress has been achieved. We have been able to outline our objectives clearly.

And then, particularly during our informal meetings, we discussed problems concerning international relations, concerning the balance of forces. The position of France has always been as follows: equilibrium above anything else. Of course, equilibrium has to dominate not simply the matter of forces, but it should determine the nature, the type of negotiation to be opened up—the aim being to ensure disarmament and peace.

In conclusion, I would like to say that in Paris, or perhaps I should say in France, the next summit will be held. As you know, we have reached the end of a first cycle here in Canada. This was the seventh summit. So a new cycle of such summit meetings will begin, and I am very happy that the first element, the first step in this cycle, will take place in France. I will be happy to welcome there, my friends and partners, gathered here today. And since it is my task, I will continue to put forward and defend the interests of my country, but I will make sure that the summit of the industrialized countries will make it possible for us to continue along the path of understanding of our common interests and of our common tasks.

Thank you, very much. Thank you, Mr. President.

Prime Minister Trudeau. The Chancellor of the Federal Republic of Germany, Chancellor Schmidt, now has the floor.

Chancellor Schmidt. Thank you, Mr. Chairman, ladies and gentlemen. First of all, I, too, would like to thank you very warmly for the welcome, the hospitality of your country, and for the way you have acted as Chairman. You have been a very fair, very just Chairman. Thank you very much, Mr. Trudeau.

I think that we have found many areas in which we have been able to agree, and there were also many other areas or sectors in which close cooperation is possible and in which I think we can achieve or have already achieved a compromise. We have all expressed our desire to fight inflation and unemployment and to achieve competent and strong world trade and world economy.

I would like to stress these points because this time, even more so than in the past, the countries were represented by heads of state who use different economic policies or recipes, if I can call them this, in their own countries, in the range between monetarism and Keynesian theory.

I would like to bring up four points. Firstly, the main role played by trade policy. We agreed here that we do not wish to adopt any policies that take account only of national goals and do not take account of the repercussions they may have on the world economy. We do not wish to pursue such national policies.

I'd like to refer you to points 21 through 24 of the communique more particularly. We all face considerable pressure towards protectionism in our own governments, and we have all here expressed the desire to avoid such protectionism with a view to maintaining the strength and freedom of world trade.

Secondly, another important subject was that concerning the problems caused by high interest rates. We had a very detailed and interesting discussion without any accusations from one of the other parties, and several participants mentioned what negative repercussions a longlasting, high interest rate would have on their national econo-

mies. This is true in any case for the German economy, particularly if you keep in mind the fact that the European economies have already been more strongly affected by the second oil price rise than was expected a couple of years ago.

We also welcome the fact that the United States of America has expressed the intention to do their very best to bring down these high interest rates. President Reagan, too, has told us that the American economy is also suffering from high interest rates.

It has not yet been able to see whether the fight against inflation in the United States might take certain different paths, which is why I have had to point out that my government, when I go back to Bonn, will begin to take certain decisions concerning the fact that, unfortunately for the time being, we will still have to deal with high interest rates and that we will thus have to take certain measures.

The third point, North-South relations, I would like to emphasize what Prime Minister Trudeau said a moment ago, and I would like to say, quite clearly, that we have full respect towards truly nonaligned countries, towards genuine nonalignment, which we consider to be an essential element of stability throughout the world.

I would also like to announce that the Federal Government in Bonn will support the organization of global negotiations in the near future. I am happy that we have already been able to hold discussions on the upcoming summit in Cancún.

Fourthly, I would like to emphasize the importance of the exchange of views involving the basic agreement concerning East-West relations where we are talking about equilibrium in military forces, dialog, and preparedness to cooperation. An exchange of views about present-day problems, about arms limitation and arms control, more particularly, were particularly important to me.

And I was also very much interested in the exchange of views about the present-day situation in the Middle East. We have expressed the common desire to see peace be established in that part of the world in the near future. We all want the vicious circle of the use of violence in that part of the world to be ended.

In conclusion, I would like to thank very warmly President Reagan, President Mitterrand, my colleagues Prime Minister Thatcher, Mr. Spadolini, Mr. Suzuki, and more particularly, to our host, Prime Minister Pierre Trudeau. I would like to thank you all for the openness, the frankness with which you all spoke.

As far as I am concerned, I have been very much enriched by this summit meeting, and I have to say that I'm happy to note that we have become better acquainted and that we are all determined not to accept that we should act without taking account of each other's problems. But quite on the contrary, we have said strongly that we will take into account everybody else's interests and problems. These are two essential points for me.

Thank you.

Prime Minister Trudeau. Thank you very much, Chancellor. From Great Britain, Prime Minister Thatcher.

Prime Minister Thatcher. Mr. Chairman, can I join my colleagues in paying a very warm tribute to your skilled chairmanship and thorough preparations. I think our success at this summit owes a great deal to those two things. I'd like also to say thank you to our Canadian hosts for the excellent arrangements they made, both in Montebello and in Ottawa.

It is my third economic summit. And over that period, we've increasingly given time in our discussions to the major political issues of the day such as Afghanistan and the Middle East, as well as to the economic problems that face us. I think this development reflects reality, because political issues and economic matters can't be isolated from one another and treated separately. They interact at every level, national and international. And I think this reality was recognized more at this summit than at any other. And the result, I think, was a workmanlike, balanced discussion which comprehended all of the major problems, whether economic or political, that face the Western world.

On these substantive issues, I'd like to confine my comments to four points: First, the world economy. At the last two summits in Tokyo and Venice, our work was domi-

nated by the impact of the second oil price shock on the world economy. We then considered the impact it would have and how we should react to it. This time, of course, we met in the trough of the recession which that shock produced. But we've had to look at the whole range of economic questions, at the twin evils of inflation and unemployment, the need to adopt our economies and attitudes in order to beat unemployment, and of monetary disorders producing high interest rates and volatile exchange rates.

We all agreed on the need to fight inflation as the precondition for defeating unemployment as you have emphasized, Mr. Chairman, and on the need for low monetary growth, on the need for containing public borrowing, and for tight control of government expenditure. We are all giving effect to these principles in our own policies according to our own different circumstances.

Now, the second substantive issue on which I'd like to comment is developing countries. I think I take away three salient thoughts from our discussions on relations with developing countries. The first is that we share many of the problems of the world economy with them—the need to develop energy resources, to encourage investment, to fight inflation and unemployment, and to expand trade. All of these things we share with them. The second thing that we share is that we welcome discussion with them in whatever ways or groups are useful. And the third is, we must pay particular regard to the needs of the poorer countries. We agreed to direct a major portion of our aid to the poorer countries, and I would like to stress that the United Kingdom has a particularly good record on that.

Thirdly, a few comments about the Middle East. We have been meeting in the shadow of a further outbreak of fierce fighting in the Middle East. Once again, the unfortunate people of Lebanon are bearing the brunt of a conflict that is not of their seeking. And whatever any of us may think about the causes, we all agree on the need for an urgent cease-fire in Lebanon, for an end to the loss of innocent civilian life there and, above all, for a solution to the conflict

between Arabs and Israel from which this violence flows. In the United Kingdom, we shall continue to use all our influence for this purpose.

And the last issue on which I'd like to comment—East-West relations. We discussed this scene and the concern that we all feel about the extent of the Soviet military threat to our interests. Speaking for Britain, I've been heartened by the strength of common purpose that I sensed in our discussions. We all agreed, and we agreed with real determination, on the need to maintain a strong defense capability and to insist on the need for military balance. Of course, that goes hand-in-hand with our readiness to negotiate arms control agreements that will ensure genuine security at a lower level of weaponry and resources.

So, Mr. Chairman, our discussions have linked the two aspects of the preservation of the free world and the free market economy which sustains it, namely, defense and the maintenance of peace and the health and soundness of the world economy. Altogether, a very successful summit on which you, Mr. Chairman, and Canada deserve our thanks and congratulations.

Thank you.

Prime Minister Trudeau. Ms. Thatcher, thank you. I will now call on the Prime Minister of Japan, Prime Minister Suzuki.

Prime Minister Suzuki. Thank you, Mr. Chairman. For this most successful conclusion of this Ottawa Summit, we are indebted to the outstanding chairmanship of Prime Minister Trudeau and the most generous cooperation by the Government of Canada. I am grateful, Mr. Prime Minister, beyond expression.

The fundamental task of summitry, particularly this summit, is for us to deal with political and economic difficulties that threaten the peace and the prosperity of the world. It is in this sense that as the sole representative having crossed the Pacific Ocean to join this summitry, to say that the nations of Asia and the Pacific also have much expectation of and interest in this summit.

Now, as regards the fruits of this summit, there have been many fruits—on East-West

relations, North-South issues, and various problems that face all of us in the West within us. We have committed ourselves and expressed this commitment that we should tackle these problems with a common perception and sense of common objectives in a way that befits our respective nations and its strength and circumstances.

Another fruit is that we have felt strongly that we should demonstrate that the Western political, economic, and social institutions are superior to those in the East. And also to step up our cooperation with the Third World and pledging ourselves to the steadfast maintenance of free trade institutions is a most important fruit out of this summit. I believe this is indeed the message from Ottawa to the world.

Our participants have expressed our solidarity and cooperation and this strong expression, I believe, is a most valuable and irreplaceable achievement of this summit.

Above all, I am satisfied that we have been able to build friendship and mutual confidence among us, the leaders of these summit nations.

The North-South question was an important item on our agenda. We have been united in recognition that our interdependence in international community is becoming more important than ever, and we have committed to further expand official development assistance.

In conclusion, I would like to say that for this most successful summit conference, I am again grateful to Prime Minister Trudeau personally and to the people of Canada for their most generous support and cooperation and, with that note of thanks, I would like to conclude my comments.

Thank you.

Prime Minister Trudeau. I now give the floor to the President of the Council of the Italian Republic, Mr. Spadolini.

Prime Minister Spadolini. The Government of the Italian Republic is very grateful to the Canadian Government and in particular to Prime Minister Trudeau, who was the animator and coordinator of our discussion, for the perfect organization of this summit meeting of the main industrial countries of the Western world—a summit meeting which has coincided with one of

the most difficult periods of the Western industrial countries and after many events which have affected our countries, which has had an impact on all our countries and which have made it necessary to search for new points of view and coordinated views.

In this case, also, as in the past, the work of the summit meeting developed in a spirit of civil and constructive confrontation and a frame of tolerance and a mutual understanding within a frame of a common understanding of our pluralistic, complex society, which is shaken by serious events. In a short period of time, the societies we have constructed on the basis of a reliance on and a firm belief in our values have gone over to uncertainty and doubt. And it is our responsibility to interpret and to understand the reasons for these upheavals, which are affecting the very foundation of our societies, in order to revitalize our societies and to broaden consensus and trust in our political democratic institutions based on stability of our economy and the social progress.

The Italian Government has explained its own policy in the field of economics, and social policies as well, which is aimed at controlling inflation through a range of initiatives and activities aimed at reducing the cost—government costs—and conciliating the interests of unions and management, just as all of the nations participating in these matters. We are convinced that we must defeat this monster of inflation and unemployment since they absorb ever-increasing resources and leave very little room for productive investments.

We consider it very significant that the joint communique refers explicitly to the common desire of the seven governments that the fluctuations of interest rates cause difficulties for other countries in pursuing their affairs. The problem of foreign exchange and stability of markets is considered very important for the proper and consistent development of our economies.

We have also dealt with the problems of energy and the dialog—the North-South dialog. We have emphasized our interest in developing alternative sources of energy, starting with nuclear energy.

As regards the problems affecting our societies, many derived from the need to find a common measure between industrialized countries and developing countries, mindful of the mutual interdependence of the summit, has made forward progress in this. We are well aware that developing countries, that is to say, the Third World, their public debt has reached proportions which can no longer be sustained, and therefore, there is an urgent need to provide aid to those countries so that they will not be burdened with further debts. And we have given appropriate priority to the harmonious development of relations between the North and South. And if we forego this need, we would be abdicating our own responsibility as regards peoples who are faced with those problems of underdevelopment and hunger. That is why we have proposed that Italy should assume, as soon as possible, in concert with the European economy, the development of specific proposals for action in the field of food and agriculture, in coordination with the international agencies in Rome and that should—priority interest should be devoted to those countries. One of the results of our summit meeting has been to unite our bonds even stronger on the basis of effective common activities and pursuits beyond all rhetoric and ritual. And this is a battle which, as Chancellor Schmidt indicated, is of essential importance.

Italy reaffirms, just as France, as Prime Minister Mitterrand, its solidarity with the Western powers in the knowledge and that there is a close link between Europe and the United States, and this has been again confirmed by President Reagan. And we may say that this is a great satisfaction for us to observe that we have—there are many common points on which we have agreed—social justice, international peace, and other items are all indivisible problems for us.

Prime Minister Trudeau. I now give the floor to the President of the European Community, Mr. Gaston Thorn.

President Thorn. Thank you, Mr. Chairman. I'm sure it's no exaggeration to be the seventh to thank you. And I would like to say that the heads of state and of governments represented here have decided to

start up a new cycle, a second cycle of summits. And they have done so because the results quite justify such a second cycle. This is because the conference was very well prepared, of course, and also because the welcome extended by Canada and the beautiful site at which the conference took place favored such success. Moreover, Prime Minister Trudeau had taken up the pilgrim staff and had made sure that debates be restricted as much as possible, that as many results be achieved as possible.

Speaking on behalf of the Community, on behalf of the Commission of the European Communities, I'm not speaking at the same level and not speaking on behalf—for example, I'm not wishing to take the place of Mrs. Thatcher, who's President of the Council at the time being.

But I would like to say that the Community, particularly countries not represented at the summit, wish to be heard, wish to speak. And we have been heard. It has been sufficiently often said that times are very hard. They are particularly hard for the European Community. Why is this so? Well, because in terms of trade, we are more vulnerable than anybody else—we depend much more on foreign trade—and also because, in monetary terms, our interdependence is greater and, thus, perhaps we suffer more greatly from the repercussions of policies carried out in other industrialized countries. Moreover, perhaps our commitment is greater towards the Third World, since we are committed to the Lomé Convention, for example, which binds us to a large number of Third World countries.

It has been said that it was important for us to get to know each other. It was particularly important through personal contact to become aware of the limits of everybody, to understand why perhaps each of us have adopted somewhat different attitudes. I think that once this understanding exists, there should no longer be any unclarity among ourselves. We understand the essential points. We agree, although we do, all of us, understand that sometimes we have to act differently. We agree that trade at the world level must remain open, that protectionism is something we all should avoid, it

July 21 / Administration of Ronald Reagan, 1981

being fully understood that free trade is a common rule that has to be respected by everybody, and this is why another conference at the ministerial level will perhaps be organized.

Now, we also understand why the United States follows a certain policy while other countries adopt another policy, and we have to see, as the Chancellor of Germany has just said, we have to—we will have to see how each of us will have to react to the results of this conference between us. You will have to react as well, of course.

Finally, I would like to say that I'm very happy that during this summit of the industrialized nations we did not concern ourselves only with industrialized nations. We dealt also with other countries, with the developing countries, not for reasons of charity but because we know that the future of those countries will play an important part in our own future. And I am happy on behalf of the European Community to be able to see that on this point people have moved closer together and that dialog, perhaps even global negotiations, and perhaps even the energy affiliate, on all these points I think that we have achieved greater agreement. We are happy to see that concerning substantive matters we all agree. And once again, I would like to thank

Canada warmly for their excellent organization of this summit.

Thank you.

Prime Minister Trudeau. Thank you, Mr. President of the European Community.

Ladies and gentlemen, this ends the meeting we have with the press. I believe the press of the various countries will have some occasion to meet the heads of state or government of its own country. At this time, however, we adjourn this meeting.

Merci beaucoup.

Note: Prime Minister Pierre Elliott Trudeau of Canada, Chairman of the summit meeting, spoke at 5:05 p.m. in the Opera House at the National Arts Centre in Ottawa, Ontario, Canada. Some participants spoke in their native languages, and their remarks were translated by interpreters.

The concluding statements were made to members of the press following the 2½ days of the summit conference between President Reagan, Prime Minister Trudeau, President François Mitterrand of France, Chancellor Helmut Schmidt of the Federal Republic of Germany, Prime Minister Zenko Suzuki of Japan, Prime Minister Margaret Thatcher of the United Kingdom, Prime Minister Giovanni Spadolini of Italy, and Gaston Thorn, President of the Commission of the European Communities.

Declaration Issued at the Conclusion of the Ottawa Economic Summit Conference

July 21, 1981

1. We have met at a time of rapid change and great challenge to world economic progress and peace. Our meeting has served to reinforce the strength of our common bonds. We are conscious that economic issues reflect and affect the broader political purposes we share. In a world of interdependence, we reaffirm our common objectives and our recognition of the need to take into account the effects on others of policies we pursue. We are confident in our joint determination and ability to tackle our problems in a spirit of shared responsibility,

both among ourselves and with our partners throughout the world.

The Economy

2. The primary challenge we addressed at this meeting was the need to revitalize the economies of the industrial democracies, to meet the needs of our own people and strengthen world prosperity.

3. Since the Venice Summit the average rate of inflation in our countries has fallen, although in four of them inflation remains in double figures. In many countries unem-

ployment has risen sharply and is still rising. There is a prospect of moderate economic growth in the coming year but at present it promises little early relief from unemployment. The large payments deficits originating in the 1979-80 oil price increase have so far been financed without imposing intolerable adjustment burdens but are likely to persist for some time. Interest rates have reached record levels in many countries and, if long sustained at these levels, would threaten productive investment.

4. The fight to bring down inflation and reduce unemployment must be our highest priority and these linked problems must be tackled at the same time. We must continue to reduce inflation if we are to secure the higher investment and sustainable growth on which the durable recovery of employment depends. The balanced use of a range of policy instruments is required. We must involve our peoples in a greater appreciation of the need for change: change in expectations about growth and earnings, change in management and labour relations and practices, change in the pattern of industry, change in the direction and scale of investment, and change in energy use and supply.

5. We need in most countries urgently to reduce public borrowing; where our circumstances permit or we are able to make changes within the limits of our budgets, we will increase support for productive investment and innovation. We must also accept the role of the market in our economies. We must not let transitional measures that may be needed to ease change become permanent forms of protection or subsidy.

6. We see low and stable monetary growth as essential to reducing inflation. Interest rates have to play their part in achieving this and are likely to remain high where fears of inflation remain strong. But we are fully aware that levels and movements of interest rates in one country can make stabilization policies more difficult in other countries by influencing their exchange rates and their economies. For these reasons, most of us need also to rely on containment of budgetary deficits, by means of restraint in government expenditures as necessary. It is also highly desirable to minimize volatility of interest rates and

exchange rates; greater stability in foreign exchange and financial markets is important for the sound development of the world economy.

7. In a world of strong capital flows and large deficits it is in the interests of all that the financial soundness of the international banking system and the international financial institutions be fully maintained. We welcome the recently expanded role of the IMF in financing payments deficits on terms which encourage needed adjustment.

8. In shaping our long term economic policies, care should be taken to preserve the environment and the resource base of our planet.

Relations With Developing Countries

9. We support the stability, independence and genuine non-alignment of developing countries and reaffirm our commitment to cooperate with them in a spirit of mutual interest, respect and benefit, recognizing the reality of our interdependence.

10. It is in our interest as well as in theirs that the developing countries should grow and flourish and play a full part in the international economic system commensurate with their capabilities and responsibilities and become more closely integrated in it.

11. We look forward to constructive and substantive discussions with them, and believe the Cancún Summit offers an early opportunity to address our common problems anew.

12. We reaffirm our willingness to explore all avenues of consultation and cooperation with developing countries in whatever forums may be appropriate. We are ready to participate in preparations for a mutually acceptable process of global negotiations in circumstances offering the prospect of meaningful progress.

13. While growth has been strong in most middle income developing countries, we are deeply conscious of the serious economic problems in many developing countries, and the grim poverty faced especially by the poorer among them. We remain ready to support the developing countries in the efforts they make to promote their economic and social development within the frame-

work of their own social values and traditions. These efforts are vital to their success.

14. We are committed to maintaining substantial and, in many cases, growing levels of Official Development Assistance and will seek to increase public understanding of its importance. We will direct the major portion of our aid to poorer countries, and will participate actively in the United Nations Conference on the Least Developed Countries.

15. We point out that the strengthening of our own economies, increasing access to our markets, and removing impediments to capital flows contribute larger amounts of needed resources and technology and thereby complement official aid. The flow of private capital will be further encouraged in so far as the developing countries themselves provide assurances for the protection and security of investments.

16. The Soviet Union and its partners, whose contributions are meagre, should make more development assistance available, and take a greater share of exports of developing countries, while respecting their independence and non-alignment.

17. We will maintain a strong commitment to the international financial institutions and work to ensure that they have, and use effectively, the financial resources for their important responsibilities.

18. We attach high priority to the resolution of the problems created for the non-oil developing countries by the damaging effects on them of high cost of energy imports following the two oil price shocks. We call on the surplus oil-exporting countries to broaden their valuable efforts to finance development in non-oil developing countries, especially in the field of energy. We stand ready to cooperate with them for this purpose and to explore with them, in a spirit of partnership, possible mechanisms, such as those being examined in the World Bank, which would take due account of the importance of their financial contributions.

19. We recognize the importance of accelerated food production in the developing world and of greater world food security, and the need for developing countries to pursue sound agricultural and food policies; we will examine ways to make increased resources available for these purposes. We

note that the Italian Government has in mind to discuss within the European Community proposals to be put forward in close cooperation with the specialized U.N. institutions located in Rome for special action in this field primarily directed to the poorest countries.

20. We are deeply concerned about the implications of world population growth. Many developing countries are taking action to deal with that problem, in ways sensitive to human values and dignity; and to develop human resources, including technical and managerial capabilities. We recognize the importance of these issues and will place greater emphasis on international efforts in these areas.

Trade

21. We reaffirm our strong commitment to maintaining liberal trade policies and to the effective operation of an open multilateral trading system as embodied in the GATT.

22. We will work together to strengthen this system in the interest of all trading countries, recognizing that this will involve structural adaptation to changes in the world economy.

23. We will implement the agreements reached in the Multilateral Trade Negotiations and invite other countries, particularly developing countries, to join in these mutually beneficial trading arrangements.

24. We will continue to resist protectionist pressures, since we recognize that any protectionist measure, whether in the form of overt or hidden trade restrictions or in the form of subsidies to prop up declining industries, not only undermines the dynamism of our economies but also, over time, aggravates inflation and unemployment.

25. We welcome the new initiative represented by the proposal of the Consultative Group of Eighteen that the GATT Contracting Parties convene a meeting at Ministerial level during 1982, as well as that of the OECD countries in their programme of study to examine trade issues.

26. We will keep under close review the role played by our countries in the smooth functioning of the multilateral trading system with a view to ensuring maximum

openness of our markets in a spirit of reciprocity, while allowing for the safeguard measures provided for in the GATT.

27. We endorse efforts to reach agreement by the end of this year on reducing subsidy elements in official export credit schemes.

Energy

28. We are confident that, with perseverance, the energy goals we set at Venice for the decade can be achieved, enabling us to break the link between economic growth and oil consumption through structural change in our energy economies.

29. Recognizing that our countries are still vulnerable and energy supply remains a potential constraint to a revival of economic growth, we will accelerate the development and use of all our energy sources, both conventional and new, and continue to promote energy savings and the replacement of oil by other fuels.

30. To these ends we will continue to rely heavily on market mechanisms, supplemented as necessary by government action.

31. Our capacity to deal with short-term oil market problems should be improved, particularly through the holding of adequate levels of stocks.

32. In most of our countries progress in constructing new nuclear facilities is slow. We intend in each of our countries to encourage greater public acceptance of nuclear energy, and respond to public concerns about safety, health, nuclear waste management and non-proliferation. We will further our efforts in the development of advanced technologies, particularly in spent fuel management.

33. We will take steps to realize the potential for the economic production, trade and use of coal and will do everything in

our power to ensure that its increased use does not damage the environment.

34. We also intend to see to it that we develop to the fullest possible extent sources of renewable energy such as solar, geothermal and biomass energy. We will work for practical achievements at the forthcoming United Nations Conference on New and Renewable Sources of Energy.

35. We look forward to improved understanding and cooperation with the oil exporting countries in the interests of the world economy.

East-West Economic Relations

36. We also reviewed the significance of East-West economic relations for our political and security interests. We recognized that there is a complex balance of political and economic interests and risks in these relations. We concluded that consultations and, where appropriate, coordination are necessary to ensure that, in the field of East-West relations, our economic policies continue to be compatible with our political and security objectives.

37. We will undertake to consult to improve the present system of controls on trade in strategic goods and related technology with the U.S.S.R.

Conclusion

38. We are convinced that our democratic, free societies are equal to the challenges we face. We will move forward together and with all countries ready to work with us in a spirit of cooperation and harmony. We have agreed to meet again next year and have accepted the invitation of the President of the French Republic to hold this meeting in France. We intend to maintain close and continuing consultation and cooperation with each other.

Remarks About Federal Tax Reduction Legislation at a White House Luncheon for Out-of-Town Editors and Broadcasters July 22, 1981

Ladies and gentlemen, please go on eating your dessert. It won't bother me a bit; I got mine already. I want to take a moment just to welcome you to the White

Communique Issued at the Conclusion of the Versailles Economic Summit Conference in France

June 6, 1982

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

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

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

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

the undertakings contained in the attached statement.

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

—We agree to pursue a prudent and diversified economic approach to the U.S.S.R. and Eastern Europe, consistent with our political and security interests. This includes actions in three key areas. First, following international discussions in January, our representatives will work together to improve the international system for controlling exports of strategic goods to these countries and national arrangements for the enforcement of security controls. Second, we will exchange information in the OECD on all aspects of our economic, commercial and financial relations with the Soviet Union and Eastern Europe. Third, taking into account existing economic and financial considerations, we have agreed to handle cautiously financial relations with the U.S.S.R. and other Eastern European countries, in such a way as to ensure that

they are conducted on a sound economic basis, including also the need for commercial prudence in limiting export credits. The development of economic and financial relations will be subject to periodic ex-post review.

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

—The growth of the developing countries and the deepening of a constructive relationship with them are vital for the political and economic well-being of the whole world. It is therefore important that a high level of financial flows and official assistance should be maintained and that their amount and their effectiveness should be increased as far as possible, with responsibilities shared broadly among all countries capable of making a contribution. The launching of global negotiations is a major political objective approved by all participants in the summit. The latest draft resolution circulated by the Group of the 77 is helpful, and the discussion at Versailles showed general acceptance of the view that it would serve as a basis for consultations with the countries concerned. We believe that there is now a good prospect for the early launching and success of the global negotiations, provided that the independence of the specialised agencies is guaranteed. At the same time, we are prepared to continue and develop practical cooperation with the developing countries through innovations within the World Bank, through our support of the work of the Regional Development Banks, through progress in countering instability of commodity export earnings, through the encouragement of private capital flows, including international arrangements to im-

prove the conditions for private investment, and through a further concentration of official assistance on the poorer countries. This is why we see a need for special temporary arrangements to overcome funding problems for IDA VI, and for an early start to consideration of IDA VII. We will give special encouragement to programmes or arrangements designed to increase food and energy production in developing countries which have to import these essentials, and to programmes to address the implications of population growth.

—In the field of balance of payments support, we look forward to progress at the September IMF annual meeting towards settling the increase in the size of the fund appropriate to the coming Eighth Quota Review.

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

June 6 / Administration of Ronald Reagan, 1982

Statement of International Monetary Undertakings

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

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

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

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

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

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

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

Note: As printed above, the item follows a text of the communique provided by the Department of State.

Remarks Following a Meeting With Pope John Paul II in Vatican City

June 7, 1982

The President. Your Holiness, your Eminences, your Excellencies, members of the clergy, and ladies and gentlemen:

On behalf of myself and for all Americans, I want to express profound appreciation to you, Your Holiness, and to all of those from the Holy City who made it possible for us to meet in Vatican City.

This is truly a city of peace, love, and charity, where the highest to the humblest among us seek to follow in the footsteps of the fishermen. As you know, Your Holiness, this is my first visit to Europe as President. And I would like to think of it as a pilgrimage for peace, a journey aimed at strengthening the forces for peace in the free West by offering new opportunities for realistic negotiations with those who may not share the values of freedom and the spirit we cherish.

This is no easy task, but I leave this audience with a renewed sense of hope and

dedication. Hope—because one cannot meet a man like Your Holiness without feeling that a world that can produce such courage and vision out of adversity and oppression is capable, with God's help, of building a better future. Dedication—because one cannot enter this citadel of faith, the fountainhead of so many of the values we in the free West hold dear, without coming away resolved to do all in one's power to live up to them.

Certain common experiences we've shared in our different walks of life, Your Holiness, and the warm correspondence we've carried on, also, gave our meeting a special meaning for me. I hope that others will follow. Let me add that all Americans remember with great warmth your historic visit to our shores in 1979. We all hope that you'll be back again with your timeless message. Ours is a nation grounded on faith, faith in man's ability through God-given

past. Here we have tried to shape the positive and common approach to our economic future. These democracies feel special responses for—or responsible for the world economy and for the democratic values we all share. And so, we came together determined to do something about some of the world's toughest problems.

Our meeting has shown a spirit of confidence, optimism, and certainty—confidence that recovery is underway, optimism that it will be durable, and certainty that economic policy and security ties among us will be strengthened in the future.

The United States has been privileged to host this meeting from which a message of hope can be sent to the people of the world and to future generations. Together the summit partners are facing today's enormous challenges head on and not settling for quick fixes. We are the guardians of fundamental democratic values, the values that have always united us.

We will only be satisfied when we have restored durable economic growth that offers our people an opportunity for the better future that they deserve.

The meeting will conclude with tonight's dinner, and may I just add a heartfelt thank you to the wonderful people of Williams-

burg who have been so warm in their greeting to us, so gracious and so kind, and that have made this, in addition to a hard-working session, a distinct pleasure. And I think I speak for all of us in saying this.

Thank you all.

Note: The President read the statement on behalf of the summit participants at 3 p.m. in the International Press Briefing Room in William and Mary Hall at the College of William and Mary.

The 1983 Summit of Industrialized Nations, the ninth economic summit conference, was hosted by the United States. In addition to the President, the summit was attended by President François Mitterrand of France, Prime Minister Margaret Thatcher of the United Kingdom, Prime Minister Pierre Elliott Trudeau of Canada, Chancellor Helmut Kohl of the Federal Republic of Germany, Prime Minister Yasuhiro Nakasone of Japan, Prime Minister Amintore Fanfani of Italy, and Gaston Thorn, President of the Commission of the European Communities. The leaders were accompanied by their foreign and finance ministers. Secretary of State George P. Shultz and Secretary of the Treasury Donald T. Regan accompanied the President.

Williamsburg Economic Summit Conference Declaration on Economic Recovery

May 30, 1983

Our nations are united in their dedication to democracy, individual freedom, creativity, moral purpose, human dignity, and personal and cultural development. It is to preserve, sustain, and extend these shared values that our prosperity is important.

The recession has put our societies through a severe test, but they have proved resilient. Significant success has been achieved in reducing inflation and interest rates; there have been improvements in productivity; and we now clearly see signs of recovery.

Nevertheless, the industrialized democracies continue to face the challenge of ensur-

ing that the recovery materializes and endures, in order to reverse a decade of cumulative inflation and reduce unemployment. We must all focus on achieving and maintaining low inflation, and reducing interest rates from their present too-high levels. We renew our commitment to reduce structural budget deficits, in particular, by limiting the growth of expenditures.

We recognize that we must act together and that we must pursue a balanced set of policies that take into account and exploit relationships between growth, trade, and finance, in order that recovery may spread to all countries, developed and developing

alike.

In pursuance of these objectives, we have agreed as follows:

(1) Our governments will pursue appropriate monetary and budgetary policies that will be conducive to low inflation, reduced interest rates, higher productive investment and greater employment opportunities, particularly for the young.

(2) The consultation process initiated at Versailles will be enhanced to promote convergence of economic performance in our economies and greater stability of exchange rates, on the lines indicated in an annex to this Declaration. We agree to pursue closer consultations on policies affecting exchange markets and on market conditions. While retaining our freedom to operate independently, we are willing to undertake coordinated intervention in exchange markets in instances where it is agreed that such intervention would be helpful.

(3) We commit ourselves to halt protectionism, and as recovery proceeds to reverse it by dismantling trade barriers. We intend to consult within appropriate existing fora on ways to implement and monitor this commitment. We shall give impetus to resolving current trade problems. We will actively pursue the current work programs in the General Agreement on Tariffs and Trade (GATT) and Organization for Economic Cooperation and Development, including trade in services and in high technology products. We should work to achieve further trade liberalization negotiations in the GATT, with particular emphasis on expanding trade with and among developing countries. We have agreed to continue consultations on proposals for a new negotiating round in the GATT.

(4) We view with concern the international financial situation, and especially the debt burdens of many developing nations. We agree to a strategy based on: effective adjustment and development policies by debtor nations; adequate private and official financing; more open markets; and worldwide economic recovery. We will seek early ratification of the increases in resources for the International Monetary Fund and the General Arrangements to Borrow. We encourage closer cooperation and timely sharing of information among countries and the

international institutions, in particular between the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (IBRD), and the GATT.

(5) We have invited Ministers of Finance, in consultation with the Managing Director of the IMF, to define the conditions for improving the international monetary system and to consider the part which might, in due course, be played in this process by a high-level international monetary conference.

(6) The weight of the recession has fallen very heavily on developing countries and we are deeply concerned about their recovery. Restoring sound economic growth while keeping our markets open is crucial. Special attention will be given to the flow of resources, in particular official development assistance, to poorer countries, and for food and energy production, both bilaterally and through appropriate international institutions. We reaffirm our commitments to provide agreed funding levels for the International Development Association. We welcome the openness to dialogue which the developing countries evinced at the recent conferences of the Non-Aligned Movement in New Delhi and the Group of 77 in Buenos Aires, and we share their commitment to engage with understanding and cooperation in the forthcoming meeting of the United Nations Conference on Trade and Development in Belgrade.

(7) We are agreed upon the need to encourage both the development of advanced technology and the public acceptance of its role in promoting growth, employment and trade. We have noted with approval the report of the Working Group on Technology, Growth and Employment which was set up at Versailles last year, and commend the progress made in the 18 cooperative projects discussed in that report. We will follow the implementation and coordination of work on these projects, and look forward to receiving a further report at our next meeting.

(8) We all share the view that more predictability and less volatility in oil prices would be helpful to world economic prospects. We agree that the fall in oil prices in

no way diminishes the importance and urgency of efforts to conserve energy, to develop economic alternative energy sources, to maintain and, where possible, improve contacts between oil-exporting and importing countries, and to encourage the growth of indigenous energy production in developing countries which at present lack it.

(9) 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.

(10) We have agreed to strengthen cooperation in protection of the environment, in better use of natural resources, and in health research.

Our discussions here at Williamsburg give us new confidence in the prospects for a recovery. We have strengthened our resolve to deal cooperatively with continuing problems so as to promote a sound and sustainable recovery, bringing new jobs and a better life for the people of our own countries and of the world.

We have agreed to meet again next year, and have accepted the British Prime Minister's invitation to meet in the United Kingdom.

ANNEX

Strengthening Economic Cooperation for Growth and Stability

I. We have examined in the light of our experience the procedures outlined in the undertakings agreed at Versailles last year which seek to ensure greater monetary stability in the interest of balanced growth and progress of the world economy.

II. We reaffirm the objectives of achieving non-inflationary growth of income and employment, and promoting exchange market stability through policies designed to bring about greater convergence of economic performance in this direction.

III. We are reinforcing our multilateral cooperation with the International Monetary Fund in its surveillance activities, according to the procedures agreed at Versailles, through the following approach:

A. We are focusing on near-term policy

actions leading to convergence of economic conditions in the medium term. The overall medium-term perspective remains essential, both to ensure that short-term policy innovations do not lead to divergence and to reassure business and financial markets.

B. In accordance with the agreement reached at Versailles, we are focusing our attention on issues in the monetary and financial fields including interaction with policies in other areas. We shall take fully into account the international implications of our own policy decisions. Policies and objectives that will be kept under review include:

(1) Monetary Policy. Disciplined non-inflationary growth of monetary aggregates, and appropriate interest rates, to avoid subsequent resurgence of inflation and rebound in interest rates, thus allowing room for sustainable growth.

(2) Fiscal Policy. We will aim, preferably through discipline over government expenditures, to reduce structural budget deficits and bear in mind the consequences of fiscal policy for interest rates and growth.

(3) Exchange Rate Policy. We will improve consultations, policy convergence and international cooperation to help stabilize exchange markets, bearing in mind our conclusions on the Exchange Market Intervention Study.

(4) Policies Toward Productivity and Employment. While relying on market signals as a guide to efficient economic decisions, we will take measures to improve training and mobility of our labor forces, with particular concern for the problems of youth unemployment, and promote continued structural adjustment, especially by:

—Enhancing flexibility and openness of economies and financial markets.

—Encouraging research and development as well as profitability and productive investment.

—Continued efforts in each country, and improved international cooperation, where appropriate, on structural adjustment measures (e.g., regional, sectoral, energy policies).

IV. We shall continue to assess together regularly in this framework the progress we are making, consider any corrective action

which may be necessary from time-to-time, and react promptly to significant changes.

Note: As printed above, this item follows

the text of the declaration provided by the Office of the 1983 Summit of Industrialized Nations in Williamsburg, Va.

Toast at a Dinner for Williamsburg Economic Summit Conference Participants at the Abby Aldrich Rockefeller Folk Art Center in Virginia

May 30, 1983

Well, it's a pleasure to see all of you and to tell you that our discussions over the last few days have been as fruitful and as useful and enjoyable as we had all hoped.

As I noted at the outset—that our countries were linked by a multitude of mutual interests and by a shared commitment to freedom and democracy. Williamsburg, as a site, was the site of the first representative assembly and the second university in the colonies which then became the United States. It has been a particularly appropriate place in which to rededicate ourselves to these principles.

The preservation of the values we share must strengthen our domestic economies, seek advantages of vigorous international trade, and deal intelligently with the problems of crises in the developing world. And while doing this, we must also give appropriate attention to our security interests. These objectives are complex, sometimes seemingly contradictory and always difficult to achieve.

Our individual perceptions about particular issues may sometimes differ, but gather-

ings such as this give us an opportunity to work together on a regular basis to address the problems we share. This meeting has, in my judgment, achieved that objective. It has left me more confident than ever of the basic health of our free way of life and our ability and cooperation to lay a sound foundation for our children and our children's children.

In that spirit, I want to toast all of you, who in the last few days have participated in this chapter of a vital and unceasing effort. And so, therefore, I think we can drink to the causes that have brought us here, to the success that we've had, and to our dream of continuing on this road as far as we all can see.

And for some of us here, there is great gratitude to many of you for all that you have done to contribute to these meetings.

Note: The President spoke at 9:45 p.m. in a tent set up on the grounds of the folk art center. The President and Mrs. Reagan hosted the dinner for heads of delegations and guests.

Interview With American and Foreign Journalists at the Williamsburg Economic Summit Conference in Virginia

May 31, 1983

Williamsburg Economic Summit

Q. Mr. President, you had said before this summit that you wanted it structured in this way because you'd have a frank discussion with other leaders.

The President. Yeah.

Q. Did you learn anything from that? Did your views change in any way because of what was said to you here in that format?

The President. Well, actually, not in any

London Economic Summit

*President Reagan attended the
10th economic summit of
the industrialized nations in London
June 7-9, 1984, which was hosted
by British Prime Minister Margaret Thatcher.*

*The other participants were
Prime Minister Pierre-Elliott Trudeau (Canada),
President Francois Mitterrand (France),
Chancellor Helmut Kohl (West Germany),
Prime Minister Bettino Craxi (Italy),
Prime Minister Yasuhiro Nakasone (Japan),
and Gaston Thorn, President of the
European Communities Commission.
Following are texts of four declarations
and a statement issued by the participants
and President Reagan's radio address.¹*

Dept. of External Affairs
Min. des Affaires extérieures
OTTAWA

OCT 16 1984

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Declaration on Democratic Values, June 8, 1984

We, the Heads of State or Government of seven major industrial democracies with the President of the Commission of the European Communities, assembled in London for the Tenth Economic Summit meeting, affirm our commitment to the values which sustain and bring together our societies.

2. We believe in a rule of law which respects and protects without fear or favour the rights and liberties of every citizen and provides the setting in which the human spirit can develop in freedom and diversity.

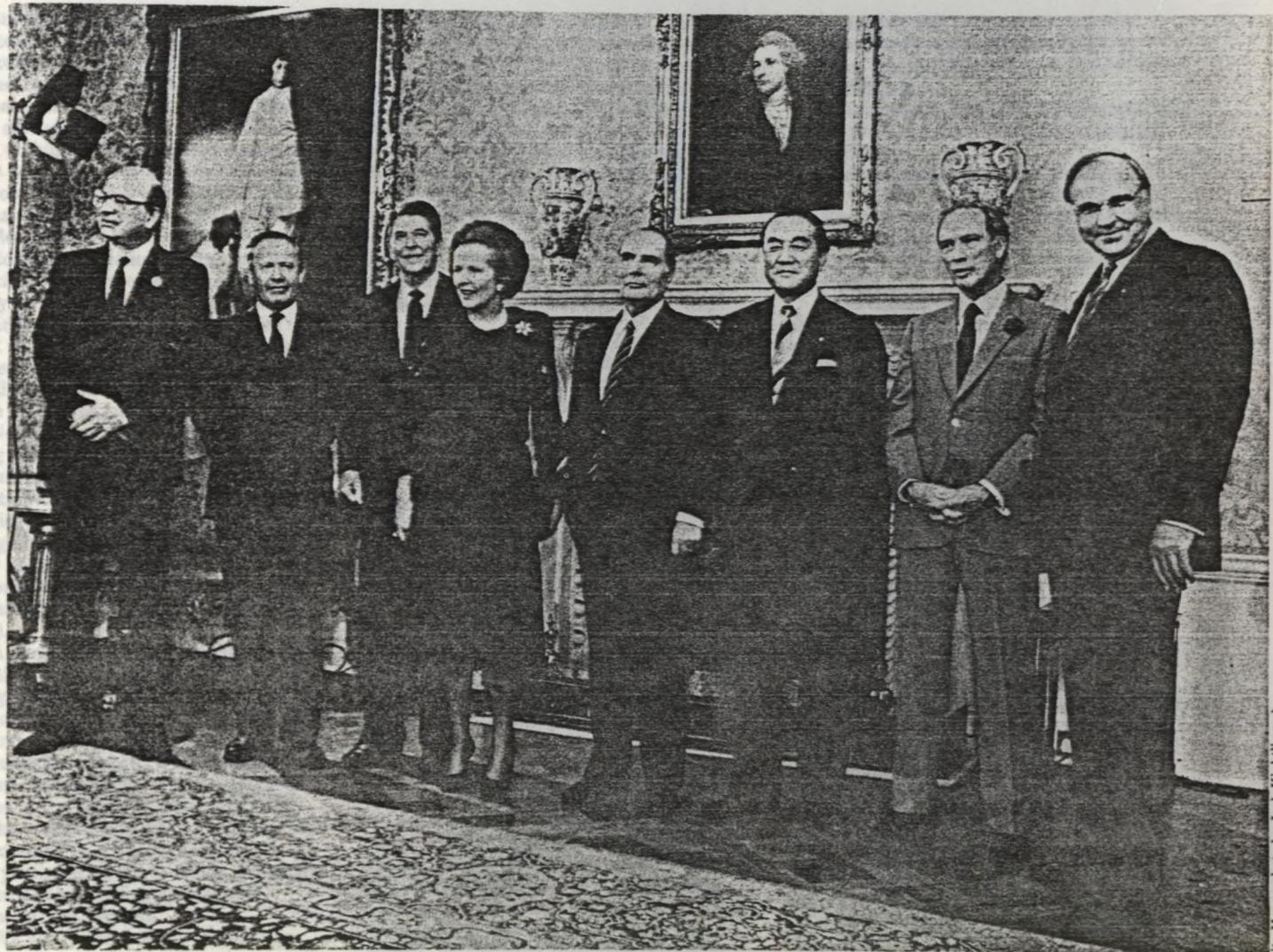
3. We believe in a system of democracy which ensures genuine choice in elections freely held, free expression of opinion and the capacity to respond and adapt to change in all its aspects.

4. We believe that, in the political and economic systems of our democracies, it is for Governments to set conditions in which there can be the greatest possible range and

freedom of choice and personal initiative; in which the ideals of social justice, obligations and rights can be pursued; in which enterprise can flourish and employment opportunities can be available for all; in which all have equal opportunities of sharing in the benefits of growth and there is support for those who suffer or are in need; in which the lives of all can be enriched by the fruits of innovation, imagination and scientific discovery; and in which there can be confidence in the soundness of the currency. Our countries have the resources and will jointly to master the tasks of the new industrial revolution.

5. We believe in close partnership among our countries in the conviction that this will reinforce political stability and economic growth in the world as a whole. We look for co-operation with all countries on the basis of respect for their independence and territorial integrity, regardless of differences between political, economic and social systems. We respect genuine non-alignment. We are aware that economic strength places special moral responsibilities upon us. We reaffirm our

Lancaster House, the site of the 10th economic summit of industrialized nations, is situated adjacent to St. James's Palace overlooking the Mall. It is a notable example of a great London mansion of the period spanning the end of the Georgian era and the beginning of that of Queen Victoria. Construction began in 1825, and the main design and most of the decoration were the work of Benjamin Dean Wyatt. Between 1838 and 1843, Sir Charles Barry (the architect of the Houses of Parliament) was employed to decorate the great staircase hall, which is the most splendid of its kind and date in England. Lancaster House housed the collection for the London Museum during 1914-46 and was the locale of a number of conferences marking important stages in the constitutional development of the Commonwealth countries.



(White House photo by Jack Kightlinger)

determination to fight hunger and poverty throughout the world.

6. We believe in the need for peace with freedom and justice. Each of us rejects the use of force as a means of settling disputes. Each of us will maintain only the military strength necessary to deter aggression and to meet our responsibilities for effective defence. We believe that in today's world the independence of each of our countries is of concern to us all. We are convinced that international problems and conflicts can and must be resolved through reasoned dialogue and negotiation and we shall support all efforts to this end.

7. Strong in these beliefs, and endowed with great diversity and creative vigour, we look forward to the future with confidence.

Left to right are Prime Minister Craxi, President Thorn, President Reagan, Prime Minister Thatcher, President Mitterrand, Prime Minister Nakasone, Prime Minister Trudeau, and Chancellor Kohl.

Economic Declaration, June 9, 1984²

We, the Heads of State or Government of seven major industrialised countries and the President of the Commission of the European Communities, have gathered in London from 7 to 9 June 1984 at the invitation of the Rt Hon Margaret Thatcher FRS MP, the Prime Minister of the United Kingdom, for the tenth annual Economic Summit.

2. The primary purpose of these meetings is to enable Heads of State or Government to come together to discuss economic problems, prospects and opportunities for our countries

and for the world. We have been able to achieve not only closer understanding of each other's positions and views but also a large measure of agreement on the basic objectives of our respective policies.

3. At our last meeting, in Williamsburg in 1983, we were already able to detect clear signs of recovery from world recession. That recovery can now be seen to be established in our countries. It is more soundly based than previous recoveries in that it results from the firm efforts made in the Summit countries and elsewhere over recent years to reduce inflation.

Economic Summit

4. But its continuation requires unremitting efforts. We have to make the most of the opportunities with which we are now presented to reinforce the basis for enduring growth and the creation of new jobs. We need to spread the benefits of recovery widely; both within the industrialised countries and also to the developing countries, especially the poorer countries who stand to gain more than any from a sustainable growth of the world economy. High interest rates, and failure to reduce inflation further and damp down inflationary expectations, could put recovery at risk. Prudent monetary and budgetary policies of the kind that have brought us so far will have to be sustained and where necessary strengthened. We reaffirm the commitment of our Governments to those objectives and policies.

5. Not the least of our concerns is the growing strain of public expenditure in all our countries. Public expenditure has to be kept within the limits of what our national economies can afford. We welcome the increasing attention being given to these problems by national governments and in such international bodies as the Organisation for Economic Co-operation and Development (OECD).

6. As unemployment in our countries remains high, we emphasise the need for sustained growth and creation of new jobs. We must make sure that the industrial economies adapt and develop in response to demand and to technological change. We must encourage active job training policies and removal of rigidities in the labour market, and bring about the conditions in which more new jobs will be created on a lasting basis, especially for the young. We need to foster and expand the international trading system and liberalise capital markets.

7. We are mindful of the concerns expressed by the developing countries, and of the political and economic difficulties which many of them face. In our discussion of each of the issues before us we have recognised the economic interdependence of the industrialised and developing countries. We reaffirm our willingness to conduct our relations with them in a spirit of goodwill and co-operation. To this end we have asked Ministers of Finance to consider the scope for intensified discussion of international financial issues of particular concern to developing countries in the IBRD [International Bank for Reconstruction and Development] Development Committee, an appropriate and broadly representative forum for this purpose.

8. In our strategy for dealing with the debt burdens of many developing countries, a key role has been played by the International Monetary Fund (IMF), whose resources have been strengthened for the purpose. Debtor countries have been increasingly ready to accept the need to adjust their economic policies, despite the painful and courageous

efforts it requires. In a climate of world recovery and growing world trade, this strategy should continue to enable the international financial system to manage the problems that may still arise. But continuously high or even further growing levels of international interest rates could both exacerbate the problems of the debtor countries and make it more difficult to sustain the strategy. This underlines the importance of policies which will be conducive to lower interest rates and which take account of the impact of our policies upon other countries.

9. We have therefore agreed:

(1) to continue with and where necessary strengthen policies to reduce inflation and interest rates to control monetary growth and where necessary reduce budgetary deficits;

(2) to seek to reduce obstacles to the creation of new jobs:

- by encouraging the development of industries and services in response to demand and technological change including in innovative small and medium-sized businesses;

- by encouraging the efficient working of the labour market;

- by encouraging the improvement and extension of job training;

- by encouraging flexibility in the patterns of working time;

- and by discouraging measures to preserve obsolescent production and technology;

(3) to support and strengthen work in the appropriate international organisations, notably the OECD, on increasing understanding of the sources and patterns of economic change, and on improving economic efficiency and promoting growth, in particular by encouraging innovation and working for a more widespread acceptance of technological change, harmonising standards and facilitating the mobility of labour and capital;

(4) to maintain and wherever possible increase flows of resources, including official development assistance and assistance through the international financial and development institutions, to the developing countries and particularly to the poorest countries; to work with the developing countries to encourage more openness towards private investment flows; and to encourage practical measures in those countries to conserve resources and enhance indigenous food and energy production. Some of us also wish to activate the Common Fund for Commodities;

(5) in a spirit of co-operation with the countries concerned, to confirm the strategy on debt and continue to implement and develop it flexibly case by case; we have reviewed progress and attach particular importance to:

- helping debtor countries to make necessary economic and financial policy changes, taking due account of political and social difficulties;

- encouraging the IMF in its central role in this process, which it has been carrying out skillfully;

- encouraging closer co-operation between the IMF and the International Bank for Reconstruction and Development (IBRD), and strengthening the role of the IBRD in fostering development over the medium and long term;

- in cases where debtor countries are themselves making successful efforts to improve their position, encouraging more extended multi-year rescheduling of commercial debts and standing ready where appropriate to negotiate similarly in respect of debts to governments and government agencies;

- encouraging the flow of long-term direct investment; just as there is need for industrial countries to make their markets more open for the exports of developing countries, so these countries can help themselves by encouraging investment from the industrial countries;

- encouraging the substitution of more stable long-term finance, both direct and portfolio, for short-term bank lending;

(6) to invite Finance Ministers to carry forward, in an urgent and thorough manner, their current work on ways to improve the operation of the international monetary system, including exchange rates, surveillance, the creation, control and distribution of international liquidity and the role of the IMF; and to complete the present phase of their work in the first half of 1985 with a view to discussion at an early meeting of the IMF Interim Committee. The question of a further allocation of Special Drawing Rights is to be reconsidered by the IMF Interim Committee in September 1984;

(7) to carry forward the procedures agreed at Versailles and at Williamsburg for multilateral monitoring and surveillance of convergence of economic performance toward lower inflation and higher growth;

(8) to seek to improve the operation and stability of the international financial system, by means of prudent policies among the major countries, by providing an adequate flow of funding to the international financial institutions, and by improving international access to capital markets in industrialised countries;

(9) to urge all trading countries, industrialised and developing alike, to resist continuing protectionist pressures, to reduce barriers to trade and to make renewed efforts to liberalise and expand international trade in manufactures, commodities and services;

(10) to accelerate the completion of current trade liberalisation programmes, particularly the 1982 GATT [General Agreement on Tariffs and Trade] work programme, in co-operation with other trading partners; to press forward with the work on trade in services in the international organisations; to reaffirm the agreement reached at the OECD Ministerial Meeting in May 1984 on the important contribution which a new round of multilateral trade negotiations would make to strengthening the open multilateral trading system for the mutual benefit of all economies, industrial and developing; and, building on the 1982 GATT work programme, to consult partners in the GATT with a view to decisions at an early date on the possible objectives, arrangements and timing for a new negotiating round.

10. We are greatly concerned about the acute problems of poverty and drought in parts of Africa. We attach major importance to the special action programme for Africa, which is being prepared by the World Bank and should provide renewed impetus to the joint efforts of the international community to help.

11. We have considered the possible implications of a further deterioration of the situation in the Gulf for the supply of oil. We are satisfied that, given the stocks of oil presently available in the world, the availability of other sources of energy, and the scope for conservation in the use of energy, adequate supplies could be maintained for a substantial period of time by international co-operation and mutually supportive action. We will continue to act together to that end.

12. We note with approval the continuing consensus on the security and other implications of economic relations with Eastern countries, and on the need to continue work on this subject in the appropriate organisations.

13. We welcome the further report of the Working Group on Technology, Growth and Employment created by the Versailles Economic Summit, and the progress made in the eighteen areas of co-operation, and invite the Group to pursue further work and to report to Personal Representatives in time for the next Economic Summit. We also welcome the invitation of the Italian Government to an international conference to be held in Italy in 1985 on the theme of technological innovation and the creation of new jobs.

14. We recognise the international dimension of environmental problems and the role of environmental factors in economic development. We have invited Ministers responsible for environmental policies to identify areas for continuing co-operation in this field. In addition we have decided to invite the Working Group on Technology, Growth and Employment to consider what has been done so far and to identify specific areas for research

on the causes, effects and means of limiting environmental pollution of air, water and ground where existing knowledge is inadequate, and to identify possible projects for industrial co-operation to develop cost-effective techniques to reduce environmental damage. The Group is invited to report on these matters by 31 December 1984. In the meantime we welcome the invitation from the Government of the Federal Republic of Germany to certain Summit countries to an international conference on the environment in Munich on 24-27 June 1984.

15. We thank the Prime Minister of Japan for his report on the Hakone Conference of Life Sciences and Mankind, organised by the Japan Foundation in March 1984, and welcome the intention of the French Government to sponsor a second Conference in 1985.

16. We believe that manned spaced stations are the kind of programme that provides a stimulus for technological development leading to strengthening economies and improved quality of life. Such stations are being studied in some of our countries with a view to their being launched in the framework of national or international programmes. In that context each of our countries will consider carefully the generous and thoughtful invitation received from the President of the United States to other Summit countries to participate in the development of such a station by the United States. We welcome the intention of the United States to report at the next Summit on international participation in their programme.

17. We have agreed to meet again next year and have accepted the Federal Chancellor's invitation to meet in the Federal Republic of Germany.

Declaration on East-West Relations and Arms Control, June 9, 1984

1. We had a substantial discussion of East-West relations. We stressed that the first need is for solidarity and resolve among us all.

2. At the same time, we are determined to pursue the search for extended political dialogue and long-term co-operation with the Soviet Union and her allies. Contacts exist and are being developed in a number of fields. Each of us will pursue all useful opportunities for dialogue.

3. Our aim is security and the lowest possible level of forces. We wish to see early and positive results in the various arms control negotiations and the speedy resumption of those now suspended. The United States

has offered to re-start nuclear arms control talks anywhere, at any time, without preconditions. We hope that the Soviet Union will act in a constructive and positive way. We are convinced that this would be in the common interest of both East and West. We are in favour of agreements which would build confidence and give concrete expression, through precise commitments, to the principle of the non-use of force.

4. We believe that East and West have important common interests: in preserving peace; in enhancing confidence and security; in reducing the risks of surprise attack or war by accident; in improving crisis management techniques; and in preventing the spread of nuclear weapons.

Declaration on International Terrorism, June 9, 1984

1. The Heads of State and Government discussed the problem of international terrorism.

2. They noted that hijacking and kidnapping had declined since the Declarations of Bonn (1978), Venice (1980) and Ottawa (1981) as a result of improved security measures, but that terrorism had developed other techniques, sometimes in association with traffic in drugs.

3. They expressed their resolve to combat this threat by every possible means, strengthening existing measures and developing effective new ones.

4. They were disturbed to note the ease with which terrorists move across international boundaries, and gain access to weapons, explosives, training and finance.

5. They viewed with serious concern the increasing involvement of states and governments in acts of terrorism, including the abuse of diplomatic immunity. They acknowledge the inviolability of diplomatic missions and other requirements of international law; but they emphasised the obligations which that law also entails.

6. Proposals which found support in the discussion included the following:

- closer co-operation and co-ordination between police and security organisations and other relevant authorities, especially in the exchange of information, intelligence and technical knowledge;

- scrutiny by each country of gaps in its national legislation which might be exploited by terrorists;

- use of the powers of the receiving state under the Vienna Convention in such matters as the size of diplomatic missions, and the number of buildings enjoying diplomatic immunity;

- action by each country to review the sale of weapons to states supporting terrorism;
- consultation and as far as possible cooperation over the expulsion or exclusion from their countries of known terrorists, including persons of diplomatic status involved in terrorism.

7. The Heads of State and Government recognised that this is a problem which affects all civilised states. They resolved to promote action through competent international organisations and among the international community as a whole to prevent and punish terrorist acts.

Statement on the Iran-Iraq Conflict, June 9, 1984

1. We discussed the Iraq/Iran conflict in all its various aspects.

2. We expressed our deep concern at the mounting toll in human suffering, physical damage and bitterness that this conflict has brought; and at the breaches of international humanitarian law that have occurred.

3. The hope and desire of us all is that both sides will cease their attacks on each other and on the shipping of other states. The principle of freedom of navigation must be respected. We are concerned that the conflict should not spread further and we shall do what we can to encourage stability in the region.

4. We encourage the parties to seek a peaceful and honourable settlement. We shall support any efforts designed to bring this about, particularly those of the United Nations Secretary-General.

5. We also considered the implications for world oil supplies on the lines set out in the Economic Declaration. We noted that the world oil market has remained relatively stable. We believe that the international system has both the will and the capacity to cope with any foreseeable problems through the continuation of the prudent and realistic approach that is already being applied.



(White House photo by Bill FitzPatrick)

In January 1984, President Reagan committed the United States to develop a permanently manned space station by the early 1990s to satisfy U.S. civil and commercial requirements in space. At the same time, he invited America's friends and allies to participate in the program. The space station will benefit the scientific research of all participating nations and provide the capability to conduct space-based research in many fields including astrophysics, earth sciences and applications, life sciences, astronomy, materials processing, and communications. Viewing the model space station with President Reagan are EC Commission President Thorn, Chancellor Kohl, Prime Minister Thatcher, Italian Foreign Minister Andreotti, Canadian Finance Minister Lalonde, and Prime Minister Nakasone.

President's Radio Address, June 9, 1984³

Greetings from London. As you probably know, Nancy and I have been in Europe for 8 days, visiting Ireland, commemorating the 40th anniversary of D-Day at Normandy, and now meeting with the leaders of the major industrialized democracies at the economic summit to strengthen the basis for freedom, prosperity, and peace.

Change comes neither easily nor quickly in foreign affairs. Finding solutions to critical global problems requires lengthy and sustained efforts, the kind we've been making ever since my first economic summit in Ottawa in 1981. Those efforts are now paying off as we reap the benefits of sound policies. Think back 4 years—America was weak at home and abroad. Remember double-digit inflation, 20% interest rates, zero

growth, and those never-ending excuses that such misery would be part of our lives for years to come. And remember how our foreign policy invited Soviet aggression and expansion in Afghanistan, Central America, and Africa. Entire countries were lost. Doubt spread about America's leadership in defense of freedom and peace. And so, freedom and peace became less secure.

A lot has changed. Today America stands taller in the world. At home we've made a fundamental change in direction—away from bigger and bigger government, toward more power and incentives for people; away from confusion and failure, toward progress through commitment to the enduring values of Western civilization; away from weakness and instability, toward peace through strength and a willingness to negotiate.

Together with our allies, we've tried to adopt a similar strategy for progress abroad—guided by realism, by common

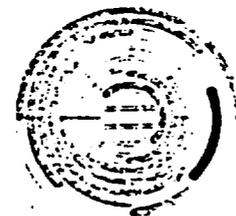
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Pressemitteilung

Bonn Economic Summit 1985

Final Communiqué



WIRTSCHAFTSGIPFEL
BONN 1985

BONN ECONOMIC SUMMIT 1985
SOMMÉTÉ ECONOMIQUE DE BONN 1985
VERGEEF ECONOMICO DE BONN 1985

**THE BONN ECONOMIC DECLARATION
TOWARDS SUSTAINED GROWTH AND HIGHER EMPLOYMENT**

4 May 1985

1. Conscious of the responsibility which we bear, together with other Governments, for the future of the world economy and the preservation of natural resources, we, the Heads of State or Government of seven major industrial nations and the President of the Commission of the European Communities, meeting in Bonn from 2 to 4 May 1985, have discussed the economic outlook, problems, and prospects for our countries and the world.
2. World economic conditions are better than they have been for a considerable time. Since we last met, further progress has been achieved in bringing down inflation and strengthening the basis for growth. The recovery in the industrial countries has begun to spread to the developing world. The debt problems of developing countries, though far from solved, are being flexibly and effectively addressed.
3. Nevertheless, our countries still face important challenges. Above all, we need:
 - to strengthen the ability of our economies to respond to new developments;
 - to increase job opportunities;
 - to reduce social inequalities;
 - to correct persistent economic imbalances;
 - to halt protectionism; and
 - to improve the stability of the world monetary system.
4. Our discussions of these challenges have led us to the following conclusions:

- (a) The best contribution we can make to a lasting new prosperity in which all nations can share is unremittingly to pursue, individually in our own countries and co-operatively together, policies conducive to sustained growth and higher employment.
- (b) The prosperity of developed and developing countries has become increasingly linked. We will continue to work with the developing countries in a spirit of true partnership.
- (c) Open multilateral trade is essential to global prosperity and we urge an early and substantial reduction of barriers to trade.
- (d) We seek also to make the functioning of the world monetary system more stable and more effective.
- (e) Economic progress and the preservation of the natural environment are necessary and mutually supportive goals. Effective environmental protection is a central element in our national and international policies.

I. Growth and Employment

5. In order to sustain non-inflationary growth and higher employment, we have agreed that:
 - We will consolidate and enhance the progress made in bringing down inflation.
 - We will follow prudent, and where necessary strengthened monetary and budgetary policies with a view to stable prices, lower interest rates and more productive investment. Each of our countries will exercise firm control over public spending in order to reduce budget deficits, when excessive, and, where necessary, the share of public spending in Gross National Product.
 - We will work to remove obstacles to growth and encourage initiative and enterprise so as to release the creative energies of our peoples, while maintaining appropriate social policies for those in need.

- We will promote greater adaptability and responsiveness in all markets, particularly the labour market.
- We will encourage training to improve occupational skills, particularly for the young.
- We will exploit to the full the opportunities for prosperity and the creation of permanent jobs, provided by economic change and technological progress.

6. Building on these common principles, each of us has indicated the specific priorities for national policies:

- The President of the United States considers it essential to achieve a rapid and appreciable cut in public expenditures and thus a substantial reduction in the budget deficit. He stresses also the need for further deregulation and for a reform of the tax system aimed at encouraging the efficient use of resources and stimulating new saving and investment.
- The President of the French Republic stresses the need to continue bringing down inflation, to modernize the means of production and to improve employment, to control public spending and to combat social inequality. In that context he attaches high priority to education, research and investment in high technologies with a view to sustained growth.
- The Government of the United Kingdom will continue to work to reduce inflation and to create the conditions for sustained growth. It will continue to keep public spending under strict control and maintain monetary discipline. It will promote the development of small and medium-sized businesses and advanced technological industries, and encourage initiative and enterprise and the creation of new job opportunities.
- The Government of the Federal Republic of Germany attaches high priority to strengthening the flexibility and vigour of the economy in order to achieve a lasting improvement in growth and to create new jobs. Small and medium-sized businesses should be especially encouraged as well as high technologies. It will continue to reduce the

claims of the public sector on the economy, the budget deficit and the burden of taxation.

- The Government of Japan considers it essential to persevere with its policy of budgetary discipline and strengthening market functions, particularly with a view to fostering investment. It intends to achieve further progress in deregulating financial markets, promoting the international role of the Yen, facilitating access to markets and encouraging growth in imports.
- The Italian Government gives priority to the further reduction of inflation and of the public deficit, while sustaining growth and investment. Particular emphasis will be put on incentives to create small and medium-sized industries, especially in the field of high technology, and to promote employment, especially for young people.
- The Government of Canada will focus on promoting investment and creating jobs in the private sector, on removing obstacles to sustained non-inflationary growth, on reducing the budget deficit and on restraining government expenditure. It will encourage entrepreneurial activities, with emphasis on the small and medium-sized business sectors.
- The Commission of the European Communities attaches high priority to completing a genuine internal market without barriers, which will eliminate rigidities and generate fresh economic growth on a Community-wide scale. A strengthened European Monetary System and closer economic convergence will further serve this end.

By pursuing these policies we will not only address our domestic problems, but at the same time contribute to an enduring growth of the world economy and a more balanced expansion of international trade.

II. Relations with Developing Countries

7. Sustained growth in world trade, lower interest rates, open markets and continued financing in amounts and on terms appropriate to each individual case are essential to enable developing countries to achieve sound growth and overcome their economic and financial difficulties. Flows of resources, including official development assistance, should be maintained and, wherever possible, increased, especially to the poorer countries. In particular, more stable long-term finance, such as direct investment from industrial countries, should be encouraged. We welcome longer-term debt restructuring agreements between debtor countries and commercial banks. We continue to stand ready, where appropriate, to negotiate further multi-year reschedulings of debts to governments and government agencies.

8. We continue to encourage the constructive dialogue with the developing countries in the existing international institutions with a view to promoting their economic development and thereby their social and political stability. We emphasize the crucial role of, and the improved cooperation between, the International Monetary Fund and the World Bank Group in supporting policies by debtor countries necessary to strengthen the confidence of domestic and foreign creditors and investors, to mobilize domestic savings and to ensure efficient use of resources and sound long-term development. We agree to work to ensure that these institutions are equipped with the necessary resources and instruments, and we stand ready to discuss an increase in the resources available to the World Bank which may be necessary in the coming years. We remain concerned over the particular problems facing a number of developing countries that are neither among the poorest nor foremost among the group of major debtors. We agree that consideration should be given to easing the financial constraints of these countries on a case-by-case basis.

9. We are deeply concerned about the plight of African peoples who are suffering from famine and drought. We welcome the positive response from our citizens and from private organisations, as well as the substantial assistance provided by the governments of many countries and the establishment by the World Bank of the Special Facility for Subsahara Africa. We shall continue to supply emergency food aid. In addition, we shall intensify our co-operation with African countries to help them develop their economic potential and a long-term food strategy, based on their own

agricultural programmes. We are prepared to promote increases in food production by supplying agricultural inputs such as seed, pesticides and fertilizers, within the framework of agricultural development projects. We agree upon the need to improve the existing early warning systems and improve transportation arrangements. Political obstacles in the countries concerned should not be allowed to stand in the way of the delivery of food to the hungry. We emphasize the need to examine the establishment of a research network on dry zone grains. We shall strengthen our co-operation with African countries in fighting against desertification. Continued efforts are needed by all countries in a position to contribute to any or all of this work. We call upon the Soviet Union and other Communist countries to assume their responsibilities in this regard. We have set up an expert group to prepare proposals for follow-up-measures to be reported to Foreign Ministers by September 1985.

III. Multilateral Trading System and International Monetary System

10. Protectionism does not solve problems; it creates them. Further tangible progress in relaxing and dismantling existing trade restrictions is essential. We need new initiatives for strengthening the open multilateral trading system. We strongly endorse the agreement reached by the OECD Ministerial Council that a new GATT round should begin as soon as possible. Most of us think that this should be in 1986. We agree that it would be useful that a preparatory meeting of senior officials should take place in the GATT before the end of the summer to reach a broad consensus on subject matter and modalities for such negotiations. We also agree that active participation of a significant number of developed and developing countries in such negotiations is essential. We are looking to a balanced package for negotiation.
11. It is also essential to improve the functioning of the international monetary system. We take note that the Finance Ministers of the Group of Ten, at their meeting in Tokyo in June, intend to complete their current work on ways to improve the functioning of the monetary system and to put forward proposals, to be discussed at the next meeting of the Interim Committee of

the International Monetary Fund in Seoul in October, with a view to making the international monetary system more stable and more effective.

IV. Environmental Policies

12. New approaches and strengthened international co-operation are essential to anticipate and prevent damage to the environment, which knows no national frontiers. We shall co-operate in order to solve pressing environmental problems such as acid deposition and air pollution from motor vehicles and all other significant sources. We shall also address other concerns such as climatic change, the protection of the ozone layer and the management of toxic chemicals and hazardous wastes. The protection of soils, fresh water and the sea, in particular of regional seas, must be strengthened.
13. We shall harness both the mechanisms of governmental vigilance and the disciplines of the market to solve environmental problems. We shall develop and apply the "polluter pays" principle more widely. Science and technology must contribute to reconciling environmental protection and economic growth.
14. Improved and internationally harmonized techniques of environmental measurement are essential. We invite the environmental experts of the Technology, Growth and Employment Working Group to consult with the appropriate international bodies about the most efficient ways for achieving progress in this field.
15. We welcome the contribution made by the Environment Ministers to closer international co-operation on environmental concerns. We shall focus our co-operation within existing international bodies, especially the OECD. We shall work with developing countries for the avoidance of environmental damage and disasters world-wide.

V. Co-operation in Science and Technology

16. We are convinced that international co-operation in research and technology in major projects should be enhanced to make maximum use of

our scientific potential. We recognize that such projects require appropriately shared participation and responsibility as well as adequate rules concerning access to the results achieved, the transfer of technology and the use of technologies involved.

17. We welcome the positive responses of the Member States of the European Space Agency (ESA), Canada and Japan to the invitation of the President of the United States to co-operate in the United States Manned Space Station Programme on the basis of a genuine partnership and a fair and appropriate exchange of information, experience and technologies. Discussions on intergovernmental co-operation in development and utilization of permanently manned space stations will begin promptly. We also welcome the conclusions of the ESA Council on the need for Europe to maintain and expand its autonomous capability in space activity, and on the long-term European Space Plan and its objectives.
18. We welcome the report from the Technology, Growth and Employment Working Group on the work done in the eighteen areas of co-operation and invite the Group to complete its review by the end of the year. We welcome the positive contribution which the Ministerial Conference on "Technological Development and Employment" held in Venice has made towards wider acceptance of the role of technological change in promoting growth and employment. We also welcome the results of the Rambouillet Conference on Bioethics and thank the Federal Republic of Germany for its willingness to host a symposium on neurobiology in 1986.
19. We have agreed to meet again next year and have accepted the Japanese Prime Minister's invitation to meet in Japan.

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