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STATEMENT BY THE PRESIDENT

I am pleased to announce this morning that the leaders of six other major industrialized nations have accepted the invitation of the United States to attend a summit conference later this month.

The conference will be held June 27 and 28 in Puerto Rico. In addition to the United States, ~~those who will be represented will be~~ Canada, France, Germany, Italy, Japan and the United Kingdom ~~will be represented~~ *will be represented*

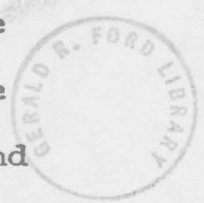
I have asked them to ~~join~~ *participate* in this meeting because it is vital that the leaders of the industrial democracies continue a process of close consultation and cooperation *on the broad range of challenges and opportunities before them in all fields of*

In the past, world leaders have met to ~~confront~~ *deal with* crises. But today's complex problems require that leaders meet to avoid them. *common interest.*

Last fall, when we met at Rambouillet in France, we agreed to extensive cooperation in order to sustain the economic recovery, ~~and~~ *and* this has meant less inflation and more jobs for millions upon millions of people.

Now we must meet again to chart a course that will keep the recovery moving forward at a healthy, sustained pace.

There will be many other subjects on the agenda in Puerto Rico -- including international financial, monetary and trade issues. But the ~~central~~ issue at the heart of the discussions



is ~~simply~~ to determine what our nations can do, working  
together, to ~~create a better economic environment~~ <sup>develop political</sup> ~~environment~~ for all  
of our citizens.

Thank you.

*create a more prosperous and secure future*



a more prosperous  
and secure future

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Secretary Kissinger suggests a new final paragraph for the  
Presidential statement on the Puerto Rican summit:

"There will be many issues of international economic  
and political significance on the agenda in Puerto Rico.  
The central issue at the heart of the discussions is  
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MEMORANDUM

THE WHITE HOUSE

WASHINGTON

June 3, 1976

MEMORANDUM FOR ROBERT T. HARTMANN

VIA: DOUG J. SMITH 

FROM: MIKE JOHNSON

SUBJECT: BRIEFING ON SUMMIT CONFERENCE  
ROOM 345 EOB, JUNE 2, 1976

The meeting was opened with a rough sketch of how the NSC envisions the format of the Conference. The Summit would be patterned closely after the Summit in Rambouillet France in November, 1975. Attending would be the heads of state from the United States, Canada, Great Britain, France, West Germany, Japan and Italy, as well as their Foreign Ministers and Finance Ministers, with as few members of support staff as possible.

The Conference will be held in Puerto Rico June 27 and 28 for a 24 to 36-hour period. It is anticipated that the President would be the first to arrive in Puerto Rico the morning of June 26 in order to greet the visiting dignitaries as they arrived. There would be no formal events scheduled for the 26th, however. Red Caveney had just returned from Puerto Rico where he surveyed possible sites for the Conference. He proposed a full pre-advance trip to the island June 7 and 8.

Caveney said the tourist season had passed and accommodations were available in several areas. He said the poor condition of roads and the large number of automobiles would necessitate helicopter travel by summit participants. Airport facilities could be found in three locations: the primary facility is the San Juan International Airport just east of the capital city. The second facility is the Roosevelt Roads Naval Station on the northeast corner of the island, and the third facility is the former Ramey Air Force Base in the northwest corner of Puerto Rico.

Robert T. Hartmann

June 3, 1976

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The City of San Juan had been all but eliminated as a possible site for the conference, according to Cavaney, because of the history of violence and the violence-prone atmosphere in the city. Other major cities on the island include Ponce and Mayaguez, neither of which have adequate living accommodations for the Summit.

There are two feasible sites for the conference. The less likely of the two is at Palmas del Mar on the east coast of the island directly south of the Naval Station. The site includes a Marriott Hotel with 300 rooms and function areas that would be suitable for a Rambouillet-type conference with restricted attendance and informal talks. Accommodations for the press would be difficult at this site and it is anticipated that press would be housed in a community north of the Naval Station. There are some seaside villas in the vicinity of the site that could be made available for support staff.

Far better accommodations, according to the survey, are available at Dorado and Cerromar Beach hotels just west of San Juan and directly east of the Ramey base. The Dorado site is a relatively secured complex with several hotels, excellent function facilities, an elaborate convention center and adequate living quarters for the participants, including the press. There is also adequate space for informal dialogue.

It seemed to be the concensus of those attending the meeting that the Dorado-Cerromar facilities are the best available in Puerto Rico.

Recommendations from participants in the meeting concerning a Summit site are expected in the Advance Office by the close of business, June 3, 1976.

Conversation concerning subject matter at the conference was restricted to the fact that it would deal with economic issues, in a fashion similar to Rambouillet, which dealt with "the range of economic issues confronting the western world, including promotion of economic recovery, trade and monetary policy, developments in energy and other raw materials and market relations with other developed and developing nations."

cc: Dr. Charles McCall

JUNE 3, 1976

Office of the White House Press Secretary

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THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

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The conference will be held June 27 and 28 in the Commonwealth of Puerto Rico. In addition to the United States, Canada, France, Germany, Italy, Japan and the United Kingdom will be represented.

I have invited them to participate in this meeting because it is vital that the leaders of the industrial democracies continue a process of close consultation and cooperation on the broad range of challenges and opportunities before them in all fields of common interest.

In the past, world leaders have met to deal with crises. But today's complex problems require that leaders meet to avoid them.

Last fall, when we met at Rambouillet in France, we agreed to extensive cooperation in order to sustain the economic recovery. This has meant less inflation and more jobs for millions upon millions of people.

Now we must meet again to chart a course that will keep the recovery moving forward at a healthy, sustained pace.

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12:00 P.M. (EDT)

JUNE 3, 1976

Office of the White House Press Secretary

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THE WHITE HOUSE

JOINT ANNOUNCEMENT OF THE INTERNATIONAL SUMMIT  
PUERTO RICO

JUNE 27-28, 1976

At the invitation of the President of the United States, the Heads of States and Governments of France, the Federal Republic of Germany, Italy, Japan, the United Kingdom of Great Britain and Northern Ireland and the United States of America will meet June 27 and 28 in Puerto Rico. In addition, given the close ties and cooperation between the United States and Canada and the fact that the meeting is being held in the Western Hemisphere, the President of the United States has invited Canada to participate.

The participants will discuss problems of mutual interest including the progress of their economic recoveries and the current phase of their efforts to attain sustained economic expansion, financial and monetary matters, trade, energy and relations with developing nations.

Recognizing the contribution of the Rambouillet Summit to the significant progress made in achieving strong economic recovery in the industrialized nations, improvement of the international monetary system and monetary cooperation, ensuring an open international trading order, strengthening energy cooperation among industrialized nations and building a constructive dialogue with the developing world, the leaders believe that this meeting can further progress in all areas of mutual interest.

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OFFICE OF THE WHITE HOUSE PRESS SECRETARY

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THE WHITE HOUSE  
PRESS CONFERENCE  
OF  
HENRY A. KISSINGER  
SECRETARY OF THE DEPARTMENT OF STATE  
WILLIAM E. SIMON  
SECRETARY OF THE DEPARTMENT OF TREASURY  
AND  
ALAN GREENSPAN  
CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS

ROOM 450  
THE OLD EXECUTIVE OFFICE BUILDING

12:20 P.M. EDT

MR. NESSEN: Sorry to keep everyone waiting.

The purpose of this briefing, which is on the record and for immediate release, is to give you an opportunity to ask questions about the summit meeting to be held in Puerto Rico later this month.

As you see, the briefers are the Secretary of State, the Secretary of the Treasury and the President's Chairman of the Council of Economic Advisers.

Dr. Kissinger would like to begin by giving you a brief history of how the summit meeting came about.

SECRETARY KISSINGER: My problem, ladies and gentlemen, is that I have to go to a lunch I am giving for the King of Spain so if I should leave in the middle of my statement (Laughter) you will understand the reason.

Let me give you a brief summary of the origin of these series of meetings. They grew out of a proposal originally made by the French President last year that the leaders of the industrial democracies had an obligation to make clear to their peoples that they were in control of their futures.

They had the resources and they had the economic systems to achieve economic recovery, security and political cooperation and, therefore, they met at Rambouillet last year, at that time under the impact of an economic crisis in many of the countries.

MORE

They decided to cooperate in major fields and, in fact, at Rambouillet a very significant agreement was concluded in the monetary field which then was consummated a few weeks later in Jamaica.

Now, the measures that were discussed then have substantially taken hold. Economic recovery is underway in most of the countries. We have been reviewing within our Government throughout the spring the cooperation between the industrial democracies and so, when President Giscard came over here, President Ford suggested to him that the time might be appropriate to review the recovery that had been made, to see how the industrial democracies could chart the future, not so much under the impact of a crisis, but from the point of view of what kind of a world they wanted to help bring about.

He asked me on my trip to Europe to take up this subject with Chancellor Schmidt and Prime Minister Callahan and with their agreement then approach the other parties for this summit meeting that will take place in Puerto Rico.

The fact is that if you look at the world today, the industrial democracies have the resources to achieve the well being of their populations in a degree that is not equaled in any other system in any other part of the globe.

As events have turned out, the whole process of development in the Third World depends entirely -- I would say almost exclusively -- on the industrial democracies.

The relationship of the East-West economic relations is importantly driven by the economies of the industrial democracies. What has been lacking is sufficient cooperation and synchronization of policies that sometimes have prevented the achievement of opportunities.

Cooperation has been improving, but we are attempting to regularize, by these periodic meetings, so this should be seen as one of a series of meetings that will take place between the industrialized democracies and which was started at Rambouillet, is continuing in Puerto Rico and will undoubtedly continue at other important points, maybe at somewhat the same interval.

This is all the background I wanted to give. My associates and I will be glad to answer questions.

Q Mr. Secretary, if the real purpose of this --

MORE

SECRETARY KISSINGER: I was amazed he didn't get up when you said, "Mr. Secretary." (Laughter)

SECRETARY SIMON: Secretary Number One and Secretary Number Two. (Laughter)

Q Either one. (Laughter)

If the real purpose of this summer conference in the tropics is totally divorced from any U.S. partisan political considerations, will President Ford invite Governors Reagan, Carter and Brown and Senator Church to be present and participate with him at all news conferences?

SECRETARY KISSINGER: If the President invited all of the candidates, I think we would have difficulty finding adequate hotel space. (Laughter)

But, I think when there is a Democratic candidate, he will be briefed, as has been the tradition in every campaign, and we do not believe that the cohesion of the industrialized democracies, the economic progress of their peoples and their relations to other parts of the world is a partisan issue that should be handled on the basis that you suggest.

SECRETARY SIMON: Can I add to that, Father, if I could for a second?

Excuse me, Henry.

The charge of politics as far as a summit is concerned implies that the President should not be doing these very important things like running the country and making the decisions for our future stability and everything we are attempting to accomplish, that indeed all the problems have disappeared, the problems of dealing with an economic recovery in a noninflationary way, of insuring cooperation in critical financial and monetary issues, of moving forward on multilateral trade negotiations, the North-South issue, all the other issues that require attention from heads of State.

I must admit that naturally people are going to make the head of State look well, but I consider the charge of politics a poor substitute for thought.

Q On another subject here, please, the President's statement here said the Rambouillet conference has led to less inflation and to more jobs for millions upon millions of people. Can you give us some specific examples of what was done at Rambouillet that has directly brought more jobs for millions upon millions of people?

MORE

SECRETARY KISSINGER: Can I let my economic adviser answer that?

Q I should have said Secretary Number Two. I am sorry. (Laughter)

SECRETARY SIMON: We talk about directly and we talk about the adoption of economic policies that are going to be bringing about sustained progress, and I am talking about underlying sustained progress and economic expansion in a noninflationary way.

We recognize the independence of nations that we have discussed so much. We recognize that noninflationary economies at home require proper domestic policies first and foremost and a discussion among the world leaders, recognizing that only the stability, as we agreed at Rambouillet, on the international monetary issues, stability in international monetary and financial markets are going to come when we achieve the underlying stability in our own domestic economies.

How can that be achieved? How can we indeed have the shared prosperity that we all speak of, enlarging the pie, rather than, as some suggest, redistributing that pie that presently exists?

It is very difficult, obviously, to say that this agreement or that agreement pointed to specifically more jobs, but setting the tone for confidence, confidence of the individuals and countries that their leaders, their elected and appointed leaders are indeed dealing with these problems. It is an intangible, I will admit, but we all know how important confidence is in this country when one looks at consumer spending and the rest and how important that is.

Q Mr. Secretary, you said the kind of tone that has brought millions upon millions of people to work. Is that what you are saying?

SECRETARY SIMON: I beg your pardon?

Q Are you saying that the sort of tone, a tone was set at Rambouillet, a tone of confidence and leadership that had the concrete result of putting millions and millions of people to work? Is that what you are saying?

SECRETARY SIMON: I am saying sure, that a tone was set, not only a tone, but an agreement of what kind of policies we are going to have to sustain in each of our individual countries to assure that these millions and millions of people are going to be put to work on a permanent basis.

MORE

Q Mr. Secretary, what are the specific issues you think will be discussed at Rambouillet? Why do they come up now rather than two months from now?

SECRETARY SIMON: I think probably one of the more important issues in my area -- and I would like Henry also to respond to this -- is the pace of the economic recovery worldwide. Certainly, as we have discussed here, the pace of economic recovery in the United States, it came not only sooner than we expected, the recovery itself, but its pace has been stronger than we expected.

This raises a danger of renewed inflation, which we all know could abort a recovery. We have to make sure that policies are adopted here--that this danger is recognized for us, as I said to this other gentleman--have a sustained durable expansion and these are the policies we are fighting for here.

All these issues, - recognizing again the interdependence, will be discussed among the world leaders, what policies they are adopting.

We still have the problem of the terrible price of oil in the world that is affecting the economies. The North-South dialogue obviously is going to be discussed, our programs to assist the developing nations.

All of these problems have not disappeared and for the world political leaders to address themselves to these important topics I don't consider to be unusual, I consider it to be highly constructive.

Q What are you going to be able to do at Puerto Rico that addresses the problem of the terrible price of oil?

SECRETARY SIMON: The one thing I don't wish to imply is that important announcements are going to come out of this that are going to instantly solve all the problems that we confront in the world today because clearly they are not. But, a renewed desire, obviously a commitment on the part of the oil consuming world to cooperate in their energy policies, in trade restrictions, which indeed we discussed at Rambouillet I, the trade restrictions of the OECD pledge, the desire to move forward quickly with satisfactory resolution in the multilateral trade negotiations -- all of these are very important items on the future agenda and just because again we have an election year in the United States we should not postpone those important discussions.

MORE



Q You didn't list exchange rates. Does that mean that this is fairly quiescent now and you are not going to list it?

SECRETARY SIMON: Oh, no. When I say we didn't list it, as you know certain agreements were reached at Rambouillet which paved the way for the agreement at Jamaica for the international monetary reform. It was agreed most importantly at both fora that it was the underlying conditions where the attention had to be focused to bring a stability to exchange rates.

I am sure the instability that has existed in certain currencies today as a result of the divergence of inflation rates in various countries will be discussed. But, the causes of these are universally recognized and we believe that we are dealing with them individually.

Now, every country that had to adjust to the oil price increase, to the terrible inflation on its own, has adjusted at a different rate, and these are problems that we have to discuss in a very frank fashion.

Q What can you do about the internal economic conditions in individual countries that are causing them to have exchange rate problems? What can the U.S. do?

SECRETARY SIMON: It is not a matter of us attempting to do something about the particular economic problems in another country but recognizing that we have an economy that represents about 28 percent of the world's GNP, recognizing that we have an important responsibility because our policies obviously affect the other economies of the world. This feeling is shared by the countries that we are going to be visiting with and a frank and open discussion of the economic recovery, the economic problems that each of us face individually and how it affects each other collectively and what policies we are taking to remedy the terrible problems that we face, all of these are extremely helpful.

Q Mr. Secretary, on the question of the pace of the recovery and its possible implications for the inflation rate, are we going to seek any sort of agreement or pledge from the other countries regarding the pace of recovery in their nations?

SECRETARY SIMON: No, I don't think that has been anticipated at all, Art.

MORE

Q A discussion?

SECRETARY SIMON: A general discussion again of the policies we are pursuing to make sure that the economic expansion, the very healthy and balanced economic expansion that we have underway now becomes durable and lasting and noninflationary.

Q Can you comment on whether you think we need to synchronize the policies of the industrialized nations more on the North-South dialogue--more than they were at the just concluded UNCTAD conference?

SECRETARY KISSINGER: First of all, with respect to some of the points that Bill made, when we met at Rambouillet for the first time, one of the grave concerns of all of the other countries there was the pace of the American economic recovery and they felt they had to talk us into a more rapid rate of recovery so that the mere fact that when we presented rather detailed explanations of where we were going to go, which turned out to be underestimates, and the fact that we have been the entrance in many respects of their own recovery.

It contributed to a degree of confidence that promoted recovery -- decisions in those countries that contributed to their own recoveries.

Now, with respect to the North-South dialogue, we think it is imperative that the industrialized democracies cooperate more effectively in the process of development. But ten to 15 years ago one used to talk about the competition between the Socialist countries and the industrialized democracies in the developing world.

Whatever competition goes on now, it is perfectly clear that the economic development depends overwhelmingly on the industrialized democracies.

But, their efforts are fragmented on a national basis within the industrialized democracies, on a national, on a bilateral basis with many of the developing countries, so there has to be a better degree of cooperation and coordination of these efforts, which is one reason why we supported President Giscard's proposal for an African development program.

Secondly, at international conference, it is simply not appropriate for the industrialized democracies to engage in essentially tactical competition on what sort of formulations they could come up with that get increasingly divorced from what can practically be accomplished.

MORE

I believe it is in the interest, above all, of the developing countries, as well as of the developed countries, that a more cooperative approach be developed among the developing countries, and I believe that some of the things that happened at UNCTAD underline this necessity.

We believe that some considerable progress was made at UNCTAD but more could have been made if there had been a greater coherence among the industrialized democracies.

Q Mr. Secretary, both yourself and Secretary Simon say that, political considerations apart, but I wonder in the timing of the conference if there was concern to try to find a period when we are politically quiescent, a plan for the Republican Convention, after the Republican primaries, and I wonder beyond that are there also international considerations? Did you want to hold this after the Italian elections?

SECRETARY KISSINGER: I didn't hear.

Q Did you also, beyond any domestic political considerations, want to hold this summit after the Italian elections?

SECRETARY KISSINGER: In terms of everybody's schedule, it turned out that the end of June was the best time. There were meetings, after all, between the President and the French President in May. There are some State visitors coming to the United States in July as a result of our Bicentennial. August, we obviously are at the height of a political season, so if decisions were to be taken that could be implemented, it was desirable to do it before the summer recesses in the various other countries and this was the first time that turned out to be convenient for everybody. There was no explicit discussion of relation to political processes.

Q Mr. Secretary, what is being done about Puerto Rico's own economic situation and that the situation that exists in New York cannot happen there and what guarantees are going to be made that the Puerto Rico bondholders will get paid first in case of any problems?

SECRETARY KISSINGER: I will have to let my economic advisers answer that question.

Q Can Mr. Simon answer that? (Laughter)

MORE

SECRETARY SIMON: I would rather Henry answered that one. (Laughter)

SECRETARY KISSINGER: The summit takes place in Puerto Rico, but it is not primarily about Puerto Rico. In fact, it isn't about Puerto Rico at all. (Laughter)

Q But you are talking about our own economic situation here, which includes Puerto Rico.

SECRETARY KISSINGER: We would think the economic problems of Puerto Rico, serious as they may be, are primarily internal problems of the United States and are not a subject for an international summit meeting.

Each of the leaders will present his view of the overall economic situation from the aspect of how it can contribute to the coordination of the industrial democracies but it has not been the tradition that they would raise essentially internal problems at such a summit.

Q Mr. Secretary, inasmuch as the Nairobi meeting rejected your proposal for an International Resources Bank, I am wondering, do you have the upcoming Puerto Rico session as an opportunity to get together and come up with another proposal?

SECRETARY KISSINGER: First of all, you have to look at what was rejected. By a vote of 33 to 31, with 90 nations either abstaining or not participating, a study of the proposal was not adopted.

Secretary Simon and I have issued a joint statement saying that this sort of procedure where we went out of our way to consider the views of the developing countries and by a technical majority, two-thirds of which came from Socialist countries that are not participating in any of these development efforts, that this is not a procedure that will help the dialogue.

To us the international Resources Bank was above all of benefit to the developing countries. It was of no particular benefit to the United States. At any preparatory meetings of the studies that are being foreseen as a result of UNCTAD, we will introduce this idea again and we expect it will be studied with care, together with a whole set of other proposals.

So, we believe that some progress was made at UNCTAD. A large number of the proposals we made were adopted. That particular proposal was defeated by a parliamentary maneuver that is not worthy of the process.

MORE

Q You don't intend to revise it in any way?

SECRETARY KISSINGER: I don't think it had anything to do with the merits of the issue and our concern was that the merits would not be given an opportunity to be expressed.

Q Mr. Secretary, was any consideration given to inviting Canada to this meeting?

SECRETARY KISSINGER: Canada is being invited to this meeting.

Q Along that same line, have the protests from the Belgians and the Dutch arrived yet? (Laughter)

SECRETARY KISSINGER: Why limit it like that? Why limit it to these two countries?

Q Because of the fact that was basically the reason Canada wasn't invited to Rambouillet. In other words, they were mad then and I assume they are mad now. Do you anticipate protests from them or have protests arrived?

SECRETARY KISSINGER: No protests have arrived and, given the confidence that these nations all have for each other, we don't expect any.

Q Have you heard from any?

SECRETARY KISSINGER: No, we haven't heard from anybody yet.

Q Mr. Secretary, was France consulted on the invitation to Canada?

SECRETARY KISSINGER: Yes, all parties agreed to all the invitations.

Q But the joint statement, Mr. Secretary, makes clear that the case of Canada is somewhat special. It says here that, in addition, given the close ties, etcetera, etcetera, that seems to imply a rather special case-- we will invite the Prime Minister this time around but not the next time necessarily. Is that a fair interpretation?

SECRETARY KISSINGER: These invitations are handled by consensus and this was the basis on which the invitation was agreed upon.

Q We can take it this is a one-shot deal?

SECRETARY KISSINGER: No, the United States has always supported the participation of Canada at these meetings. We did so last time, and we did so this time, and we shall do so in the future.

MORE

Q Mr. Kissinger, can Mr. Greenspan answer a question?

SECRETARY KISSINGER: By all means.

Q Mr. Greenspan, do you think that the recovery is so strong now that the dangers of reacceleration of inflation are imminent? Would you recommend at this conference that the major industrialized countries begin to move toward more restrictive monetary and fiscal policies?

MR. GREENSPAN: First I think what the evidence indicates is that the recovery in the United States as well as in many of the other industrialized countries is proceeding at a pace somewhat faster than was believed reasonable at Rambouillet. I would not say that implicit in that pattern is an imminent reignition of inflationary forces.

None the less, I think we are all aware on the basis of the past history of business expansions worldwide that there is the potential of imbalances emerging in the future. I would certainly expect that the summit meeting will address a number of the issues and in fact the whole concept of anticipating potential problems is something which I think is a key factor in this particular meeting.

Q Along that line, at that time would you recommend or suggest that the major countries begin to consider moving toward more restraint in use of monetary and fiscal policies?

MR. GREENSPAN: I think you are talking about policy decisions that have to be and will be made by the individual countries. I think that the discussions that I presume will take place will largely be on issues of general broad interest but I would not imagine that we or anybody else will recommend to others what their specific actions should be in any individual case.

Q Every time either you or Nessen or Mr. Simon speak to this question of accelerating recovery in the industrialized nations, the only one you ever cite by name is the United States. Can you get specific, what other countries are you talking about?

MR. GREENSPAN: The reason that we do that is that there are two elements involved. One is that it is fairly clear from the statistics that the recovery is fairly broad-based. In our case we can be very specific in stating the recovery has out-paced our expectations. It would be rather presumptuous of us to make statements about who was forecasting what in other countries, so that I would not want to say in all instances recovery is more or less than they anticipated.

MORE

Q What about from our point of view, as we saw how we thought they should be coming along?

MR. GREENSPAN: I would say in general the recoveries of most of the industrial countries are proceeding at a pace better than has been expected by our internal forecasts and by those of some of the international agencies such as the OECD.

Q If you are going to discuss potential imbalances in the future, is there any other way to deal with it than -- to go back to the last question -- some kind of trade expansion? What else can you discuss?

MR. GREENSPAN: I am not saying that should not be discussed as a series of options. I don't want to presume what in fact heads of States will discuss; they will discuss what they wish to discuss. I am merely indicating that when you are in a period such as we are in, the nature of one's discussion would clearly be similar to those which we would discuss ourselves.

Q But the extent of the recovery is one of the specific reasons cited as one of the specific reasons for this meeting?

MR. GREENSPAN: Yes, and I think the discussions would be around policies which will contribute to balanced expansion and the sustaining of the recoveries that are now under way.

Q Then you will talk about the adequacy of monetary and fiscal policies?

MR. GREENSPAN: The question you raised, Ed, was a very specific question about recommendations made by individuals to other individuals about what they should be doing. I would doubt that.

Q You say the recovery is faster than anticipated. Do you also consider it is faster than desirable?

MR. GREENSPAN: No, I do not.

Q Could I try you on this same question I tried on Secretary Simon? Can you point to anything specifically done at Rambouillet that has brought jobs to millions and millions of people? You are taking credit for that and I would like to know if you have anything specific to back it up?

MR. GREENSPAN: Let's understand what in fact creates jobs. First, what we are talking about is a very significant turn-around that is in the process world-wide. A number of the issues that are involved here are, for example, the expansion of capital investment, the developing of a broad state of improved confidence world-wide and what is implied in the statement is not only the jobs that have been created since then, which is a relatively short period, but implicitly the conditions being set in place which will contribute to the recovery in jobs and in employment in the period ahead.

Q Secretary Simon, I have a quote down from you earlier in the meeting where you said the charge for politics is a poor substitute for thought. What do you mean by that?

SECRETARY SIMON: By that I mean the notion sometimes when they take every action deemed by a fellow running for office, whose present responsibility is making the day-to-day decisions to run the country, it is very simple to say he made that decision or this decision, or he is making this trip or that trip for purely domestic political reasons. If you think about it for a minute -- and this is exactly what I mean -- had we taken inventory of the world problems, if you will, and we do have a full ration of them, doesn't it make good sense for the President of the United States to meet with the leaders of the industrialized world to discuss these problems?

You know, it used to be in this world that world leaders would get together to react to crises, and isn't it much better to anticipate problems that might exist in the future so that we will have the ability to act rather than just to continually react?

We found in the first session -- and again it is difficult, as this gentleman's question -- you know, to point to the specifics of what we achieved that accomplishes the instant resolution of the problem. As I said before, the economic policies in each domestic economy set the stage for the expansion but there is much we can do together that is going to assist in sustaining this. What Alan said, looking at the developing countries, how can we help the developing countries to enlarge their pie? Domestic investment in their countries, encouraging investment in their countries is the best way to improve productivity and the standard of living of their people. The oil problem, the trade problem, you would be surprised what a great misunderstanding exists even with the communication network in this world on issues that we take for granted. Even though we finance ministers communicate on a constant basis, there were an awful lot of misunderstandings, or potential misunderstandings avoided and clarified at the last session. You know, just the relationship, and I can think of one quite important one, New York City. We were in the midst of the big debate on New York City and the fiscal crisis, and default, and bankruptcy and what that means and there was a very great misunderstanding of the relationship of our cities to our States and Federal Government vis-a-vis the relationship of the major cities in Europe to their government.

MORE



Q Mr. Secretary, was any thought given to holding this conference after November 2 so you would avoid all of these thoughtless charges?

SECRETARY SIMON: No, when we first started to discuss this a couple of months ago, we said all right, it is desirable to have another meeting of the world leaders. If so, what could or should possibly be discussed as far as the issues. Are they of sufficient importance for us to have a review?

You know, at Rambouillet I, we made the decision future meetings would be held if we thought they would be useful, indeed. When we inventoried a list of potential discussions, again starting with the economic recovery that is now underway in all of our economies, clearly evident, and looking at the problem of inflation in the future, we picked a time that would be convenient for all.

Someone mentioned at the back of the room before about the Italian elections. If you will remember back when our discussions started about this, there were no Italian elections at that time.

Q Mr. Secretary, can you provide us with an estimate of how much this happening in Puerto Rico is going to cost the United States Treasury?

SECRETARY SIMON: No, Phil, I would find that very difficult to do. I don't even know. I will try and get that and see for you specifically. I will list it. We have not done that.

Q What is the site of the conference?

SECRETARY SIMON: I believe the conference is going to be held at Dorado.

Q The lack of response of the developing States to the IRB seems to indicate that the debt question is still front and center in the minds of many of these countries. What is the posture and feeling of this Government on the possibility of defaults and cancellations of debts among these States before the end of this year possibly?

SECRETARY SIMON: We have not seen any evidence and we have dealt with that in many public statements in recent times of default by the developing countries. What we have to do is separate the developing countries, those who have suffered temporarily, let's say, from the problems of inflation, the recession, the quadrupling of oil, those countries that have strong foundations to their economies.

MORE

When we look at the prodigies in the developing world, the Taiwans, the South Koreans, the Brazilians and their growth rate in recent years prior to the severe recession we all suffered, and our response and the initiatives, the compensatory finance, the expanded financing facilities that have been recommended and the adoption of many of those policies by the interim committee in Jamaica in January, plus our analysis of what their balance of payments problem is, we have seen, with the world recovery, with the economic recovery, increased demand for exports.

The developing countries are already benefiting from this increased demand. We have also seen an increase of approximately 20 percent in their commodity prices from those terribly depressed levels. All these are going to lessen, these two factors, the deficit in these countries.

I expect this, as the economic recovery continues, to solve the problem. Our analysis is, of the approximately \$28 billion deficit that we see for this sector of the world, about \$25 billion is going to be taken care of through normal capital flows, aid, private investment and normal export financing, perhaps a smidgen more, so pretty much it is taken care of.

THE PRESS: Thank you.

END (AT 12:58 P.M. EDT)

THE WHITE HOUSE  
WASHINGTON

June 4, 1976 9:50 p.m.

Mr. Hartmann/Mr. Smith/Neta:

Jeanne in the Advance Office called.

She said that they had no definite times or information yet, but that sometime Monday afternoon they were planning on having another meeting on the Puerto Rico trip-- she will call with details when she gets them.

Also, she said that there will probably be a pre-advance trip to Puerto Rico leaving sometime on Tuesday.

I gave this information to Dr. McCall.

Gail

Office of the White House Press Secretary

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THE WHITE HOUSE

TEXT OF REMARKS BY THE PRESIDENT UPON ARRIVAL  
FOR THE INTERNATIONAL CONFERENCE  
SAN JUAN, PUERTO RICO

In recent years the industrialized democracies have become increasingly concerned with questions of economic growth and stability. The linkages between our nations have multiplied and our economies have become more closely interrelated. Last November at Rambouillet we began a dialogue which recognized our mutual concerns and our interrelationships. Today we come together to continue that dialogue. We are fully aware of how important it is for us to work together to shape policies to achieve stable economic growth and to respond to the new challenges and opportunities which face us all.

Since we last met we have witnessed significant economic improvements throughout the world. Certainly in the United States our progress has been better than many predicted. But some old problems remain and new ones confront us. The very speed of the recovery itself serves as a major test of our ability to ensure long-term stability in our economy. This is not a test, however, for the United States alone. It is the special challenge facing the peoples of all the industrialized democracies. I welcome the opportunity to meet again with the leaders of our major economic partners. I am confident that these discussions will help us to continue our current economic progress, and move us ever closer to our goal of economic growth and stability throughout the world.

This is my first visit as President to the Commonwealth of Puerto Rico. It is a fitting moment to reflect on the rich and long history of cooperation and participation which this Island and its people share with the United States. That history has been built on a simple but fundamental precept--the right of the people of Puerto Rico and the United States freely to determine the nature of their ties with one another. Over the years we have chosen to have a close relationship, and we have built this relationship around a common citizenship, a common defense, a common currency, and a common market.

Today, we find that the nature of our relationship is again, as in the past, a subject of free discussion and debate. This in itself is the best testament to the strength of what we have built together, and it is the best promise that what we together choose to do in the future will be beneficial to the people of this Island.

There are those, however, who seek to distort the facts; to mislead others about our relationship with Puerto Rico. The record is clear and open. We are proud of the relationship that we have developed together and we invite the world to examine it. We commend to its critics the same freedom of choice through free and open election which is enjoyed by the people of Puerto Rico. Those who might be inclined to interfere in our freely determined relations should know that such an act will be considered as intervention in the domestic affairs of Puerto Rico and the United States; it will be an unfriendly act which will be resisted by appropriate means.

In the midst of this beautiful setting, we cannot forget that problems, both political and economic, remain. As we base our hopes on freedom of choice and expression to help resolve the political problems, so we look to cooperation and interdependence to overcome our economic problems. I am hopeful that the work of the Summit will give a new impetus to the growth of our worldwide economy and improved international cooperation, and thus will have a positive effect on both the United States and Puerto Rico.

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JUNE 26, 1976

OFFICE OF THE WHITE HOUSE PRESS SECRETARY  
(Carolina, Puerto Rico)

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THE WHITE HOUSE

EXCHANGE OF REMARKS  
BETWEEN THE PRESIDENT  
AND  
RAFAEL HERNANDEZ COLON  
GOVERNOR OF PUERTO RICO

PUERTO RICO INTERNATIONAL AIRPORT

12:10 P.M. AST

THE PRESIDENT: Mr. Governor, distinguished members of the welcoming committee, I thank you for the very warm welcome upon my arrival at the Summit. It is an honor for the United States to be the host of this conference. I know that world leaders who are joining me will be as appreciative of the beauty and the hospitality of Puerto Rico as I am.

In recent years, the industrialized democracies have become increasingly concerned with the questions of economic growth and stability. The linkages between our nations have multiplied. Our economies have become more closely interrelated. Last November at Rambouillet we began a dialogue which recognized our mutual concerns and our interrelationships. Today, we come together to continue that dialogue. We are fully aware of how important it is for us to work together to shape policies, to achieve stable economic growth and to respond to the new challenges and opportunities which face us all.

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MORE

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Mr. Governor, I am hopeful that the work of this Summit will give a new impetus to the growth of our worldwide economy and improve international cooperation and thus we will have a positive effect on both the United States and Puerto Rico.

Again, I thank you, Mr. Governor, for your warm welcome and for your help in hosting this Summit.

Thank you.

MORE

GOVERNOR COLON: Thank you, Mr. President.

THE PRESIDENT: Thank you very much.

GOVERNOR COLON: Mr. President, on behalf of all the people of Puerto Rico, bienvenidos -- welcome to Puerto Rico.

The Commonwealth is both proud and honored for this visit by the President of the United States and to serve as the site for the summit conference of the heads of State and Government of the United States, France, Great Britain, Germany, Japan, Italy and Canada.

The decisions to be made during the two days of the conference will have a profound and lasting effect on the economies of the world. We pray that your deliberations and those of your fellow heads of State and Government be guided by the highest sense of world community and a profound commitment to the welfare of the peoples of the world.

We know that during this conference of the industrialized democracies special attention and consideration will be given to the needs of the developing nations of the world in the interest of true human harmony and brotherhood.

We in Puerto Rico are convinced that ultimate success lies in common cooperation and mutual respect of the kind that exists between Puerto Rico and the United States and which have been the basis of our struggle to bring a better life, a better way of life for all of our people.

Mr. President, please accept a warm and fraternal abrazo in the name of the people of Puerto Rico and our sincere desire for a fruitful and successful conference.

END

(AT 12:10 P.M. AST)

JUNE 27, 1976

Office of the White House Press Secretary  
(Dorado Beach, Puerto Rico)

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THE WHITE HOUSE

TEXT OF REMARKS BY THE PRESIDENT  
TO BE DELIVERED AT THE  
OPENING SESSION  
OF THE INTERNATIONAL CONFERENCE IN PUERTO RICO

On behalf of myself and my colleagues, and the people of the United States, I welcome you to Puerto Rico. We have a formidable task ahead of us in these next two days -- to address major common concerns, and to identify areas in which improved cooperation among us can contribute to the well being of our citizens and to a more secure and prosperous world.

As we all know, meetings of this sort raise anticipations of dramatic results. But the important thing about Rambouillet, and our meeting here today, is that they are part of an essential and continuing bilateral and multilateral effort by the leaders of key industrialized democracies to address common problems and to improve mutual understanding. The complexity of our nations' economies, individually and collectively, means that we as leaders cannot afford to allow major difficulties to arise and then, by dramatic meetings, attempt to resolve them. It requires instead that we concert our efforts to prevent problems from arising in the first place -- to shape the future rather than reacting to it. It is with that objective in mind that this Summit is being held.

The central economic, political, and security importance of our countries to one another, and to the world, confers upon us special responsibilities. In the economic area, on which we will focus today and tomorrow, our strong commitment to shape constructive approaches can contribute to the prosperity of our peoples, strengthen our broader relationships, and prove highly beneficial to the world at large. Recent experience has clearly demonstrated that, because of the interdependence of our nations, common problems are unlikely to be solved unless we apply our mutual efforts. They have, in addition, shown that our common interests are far more significant than the differences which arise among us from time to time. We have, therefore, wisely approached recent problems with a political will and spirit of cooperation which have not only helped us resolve them but which have in fact strengthened considerably relations among our nations and among the industrialized democracies as a whole.

This conference builds on, and can help us continue, the progress already made. The vision and sense of shared purpose which results from our meetings will help each of us pursue constructive policies at home, with respect to our economic partners, and in dealing with major global issues.

I am confident that the same positive spirit that was developed at Rambouillet will extend through our meetings here in Puerto Rico and beyond. Much of the world's future depends on our constructive cooperation.

# # #



OFFICE OF THE WHITE HOUSE PRESS SECRETARY  
(San Juan, Puerto Rico)

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THE WHITE HOUSE

PRESS CONFERENCE  
OF  
HELMUT SONNENFELDT, COUNSELLOR  
DEPARTMENT OF STATE  
ALAN GREENSPAN, CHAIRMAN  
COUNCIL OF ECONOMIC ADVISORS  
EDWIN YEO, UNDER SECRETARY  
DEPARTMENT OF THE TREASURY

CONDADO BEACH CONVENTION CENTER

8:25 P.M. AST

MR. NESSEN: Well, you know we promised to have the President's opening statement distributed at noon today and we did distribute it at noon today. We also promised to have a briefing at 8:30 and it is 8:30, so whatever else happens here, the summit is a success in that sense.

Let me introduce you to the briefers who will tell you about the meeting and then afterwards I will come back for just a couple of logistic notes about tomorrow.

The briefers are going to be the Counsellor of the State Department, Helmut Sonnenfeldt; the Chairman of the President's Council of Economic Advisors, Alan Greenspan; and the Under Secretary of the Treasury, Edwin Yeo. And the briefing is on the record.

MR. SONNENFELDT: Ladies and gentlemen, good evening.

I just want to make a couple of opening remarks and then Alan Greenspan and Ed Yeo will get into the meat.

You have had the President's opening statement at the session distributed to you which conveys his own view which is shared by his colleagues of the significance of this summit meeting.

It has been pointed out before but it is well worth stressing again that these countries whose leaders are assembled here between them produce a large proportion of the world's economic wealth. But in addition to their economic prowess the countries in this group here represent systems of government and societies to which we are closely linked and with which we share significant values and traditions.

MORE

Consequently, a meeting of this sort when it occurs at a level such as this should not be seen as a technical discussion per se. This should not be seen as a meeting that elevates the normal negotiations that go on all the time at various levels to the summit. It goes beyond the substance of normal negotiations and it goes beyond the technicalities of normal negotiations to the level of political leadership and political concern and that is what this meeting is about.

These gentlemen have assembled here not so much to solve particular technical problems but to demonstrate the level of concern with these problems and they are talking to each other in that vein.

The President was most pleased with this opening session. It carried on well the spirit as well as the substantiveness of the conversations at Rambouillet. There was a general sense of determination to continue to come to grips with the problems that we face, but there was also not a complacent but a satisfied recognition of the substantial progress that has been made on many of the economic issues that were discussed at Rambouillet and, of course, in many of the other institutions of which we are all members together with these other countries.

So the mood at this session was one of determination and one of confidence and very much of a sense of joint responsibility. Very much the note of these discussions has to do with facing common problems with a sense of common purpose and common determination.

Now that is something that I think happens uniquely at a meeting at the summit level. These gentlemen are political leaders, they represent their countries as a whole and that is what is reflected in the level and the substance of the discussion and so the President we just left down there a few moments ago is well satisfied that this very excellent spirit and this great sense of responsibility, sense of accomplishment has been carried over from the previous meeting to this one.

Now with that I would like to ask Alan Greenspan to go into the first of the agenda topics that was taken up today and then Ed Yeo will follow after that and we will be happy to take questions within limits after that.

Thank you.

MORE

MR. GREENSPAN: The principal subjects discussed at today's meeting referred to the international economic scene and many of its financial counterparts. Although there were a number of collateral issues discussed, because there was a great deal of general conversation, these nonetheless dominated the overall discussion, and what Ed and I would like to do is give you the best we can the President's position on these various issues. Obviously, we cannot discuss at this point what the responses of the other heads of Government or heads of State were with respect to these issues, but that will be covered in the joint communique which will be issued tomorrow.

The President opened his general remarks with respect to the international economic outlook by commenting that when they had met last November at Rambouillet that the discussions largely centered on how to assure a balanced recovery from what was, as you will recall, an exceptionally deep recession of 1974 and 1975.

At the time, the U.S. economy was on the path to recovery, but it was not by any means clear that this was true worldwide. There were certainly a number of economies which were lagging.

He was pleased to note that today, as they were meeting, the economic climate had obviously improved and, in a number of countries, including the United States, pre-recession levels of output had been regained or even surpassed. Unemployment was beginning to recede and considerable progress had been made in reducing rates of inflation, and that the recoveries reflected the significant expansion which everyone had. There was, in effect, a set of interrelationships that were feeding on each other.

The President then proceeded to discuss some of the evidence involved which many of you, of course, I think, are quite familiar with, and he pointed out that in many respects our success in turning the recession around reflects the fact that we -- we, meaning the United States -- were able to refrain in the face of strong political pressures from instituting overstimulative measures in our economies and from imposing restrictions on trade. Both of these courses would have been shortsighted in nature and would have proved counterproductive.

The President pointed out, however, that lest we get carried away with the accomplishments of the months in the recent past that we think in terms of some of the problems that still exist for the major industrial countries and specifically those who were seated around the table.

The main problem that he pointed out that had led to the deep recession was the climate of inflation that persisted for a decade severely exacerbated by the severe oil prices of 1973 and 1974. The global inflationary climate resulted in part -- in large part, he pointed out -- because Governments overcommitted themselves to ameliorate social inequities at home and abroad and to achieve an ever-rising standard of living.

These commitments proved to be in retrospect and in economic terms too ambitious in what they actually attempted to achieve, as well as in expectations they raised. And, as a consequence, the major task for the next several years is both economic and political, not only to restore our economies to a sustained growth path but also to set realistic goals that are accepted by the public at large.

He pointed out that the task is not an easy one but believed that we have learned from the experience of the past several years and that success is capable of being achieved.

He pointed out that perhaps the most important lesson is that inflation by itself creates recession and is thereby a major cause of unemployment and, hence, a necessary condition to restoring and maintaining full employment is to eliminate the inflationary tendencies from our economies.

He then went on to point out that another major issue was that we must pay greater attention to the state of confidence in our economies, and he pointed out what has been going on in the United States and the marked improvement we have seen, which has been a major factor engendering the recovery in this country, and alluded to conditions in other countries as well.

He then pointed out that for these general reasons a lasting turn-around in price expectations is crucial to the attainment of high employment levels. And he was most concerned, as he has said on many occasions in the past, to be double certain that our fiscal and monetary policies in the period ahead avoid the undue risks of setting off another round of inflation.

He then went through a general discussion of many of our fiscal problems, difficulties on the expenditure side, the inflexibility that we have in our budget and indicated that we must look to the longer term to basically focus on policies which will get us to a sustained, balanced economic system in the future, and that most policies must be implemented early on because it takes a fairly long time for them to be put into place.

He then went on to discuss some of the inter-relationships that exist amongst the various industrial countries and how, as I indicated earlier, he said that the effect of recovery in one country affects other countries and that therefore there is a very significant inter-relationship which exists and must be basically focused on by all nations.

He did point out a number of the problems that we do have with respect to commodity prices, and some of the difficulties which undoubtedly will exist in the future as we proceed towards the attainment of our full employment goals.

Finally, he stated in formulating national policies the strength of worldwide demand must explicitly be taken into account. Thus, we need to strengthen our mutual understanding of changes in the economic parameters affecting the world economy.

The mutuality of our policy goals is clear. The main contribution the U.S. can make to the international economic community is to achieve stable conditions at home. In shaping our policies to this effect, he pointed out their external impact must be taken into account but such external considerations, the President stated, must not override the overall objective without which neither we -- that is, the United States -- nor the international community can regain full employment.

The President also made a general presentation on international financial matters and Ed Yeo will summarize in a fairly general way what the President indicated to the group of heads of State and heads of Government.

MORE

MR. YEO: Good evening.

The President opened his comments by looking at the progress that has been made as a result of Rambouillet and noting that we had resolved the differences that had characterized the immediate period prior to Rambouillet, the differences that we had regarding the future shape of the monetary system. He described the blueprint for reform that came out of Rambouillet and was adopted in Jamaica by the entire membership of the International Monetary Fund.

He then described the shared analysis of the existing international monetary situation and some of the techniques for dealing with the problems that we face in terms of shared analysis. The President described the agreement that exchange rate stability, which we all desire, has its origins in the underlying economic and financial factors. This is coupled directly with his comments on the economy as Alan has described. He went on to point out that at Rambouillet and then again in Jamaica we agreed that exchange rate stability was a function, a product, of stable and expanding economies and the financial systems that are the corollary or the parallel of underlying economic stability.

He had a series of suggestions. The first that he put forward was that we all, as a matter of urgency, would complete the agreed upon monetary reform package. What he was referring to was that we must press ahead with legislation required to ratify the amendment of the IMF articles and the increase in IMF produce.

Second, he cited the value of the machinery of collaboration and consultation agreed to at Rambouillet. The President said that that machinery has enabled us to prevent exchange market problems which have emerged in recent months from becoming more serious.

Third, the President, addressing himself to the operation of the system as a whole, suggested that we must renew our efforts to eliminate persistent payment imbalances and work to maintain a tenable distribution of payment balances, both surpluses and deficits.

He concluded by an analysis of our own experience over the last 12 months citing that we had experienced a \$15 billion turn-around in our own current account; that is, we moved from a very substantial surplus, \$12 billion for the year 1975 to what appears to be a small deficit for 1976 and he related that turn-around to two factors.

One, that the United States was certainly in a position to deal with a small deficit, that it could finance it readily, that for an economy such as ours a swing from surplus during an inventory recession to a small deficit during a vigorous recovery probably reflected overall equilibrium and he related the movement of our own current account to the overall world payments situation and pointed out that this made a constructive contribution to a continued tenable payments pattern.

That is a description of what the President said regarding monetary matters. We are all prepared to attempt to answer your questions.

MR. SONNENFELDT: Do you have any questions?

Q Mr. Sonnenfeldt, has the question of assisting Italy in its economic recovery been raised?

Q Question please?

MR. SONNENFELDT: The question was whether the problem of economic assistance to Italy has been raised.

The subjects that were discussed today have just been summarized by my two colleagues and other issues obviously are being discussed on the margins but I really am not at the moment in a position to mention any of those partly because we really have not had a chance to talk to anybody about it.

The agenda topics for today were the ones that Mr. Greenspan and Mr. Yeo have mentioned and that particular topic is not specifically on the agenda for tomorrow which will, if I may just mention this, include international trade and investment, the matters of North-South relations, some of the problems of East-West economic relationships that were mentioned at the OEDC and energy.

Q I assume, then, you are not denying that it might have been discussed today?

MR. SONNENFELDT: I cannot specifically deny it because there was a profusion of discussions informally. There has been a lunch -- I mean, excuse me, dinner and there have been walks on the lawn and so on and so forth so I cannot specifically confirm or deny any one subject that you might mention and I might just as well say that it is not particularly productive for you to ask because I just can't go beyond the items that have been discussed substantively.

Q Do we have a position on Italian aid?

Q Would you repeat the question?

MR. SONNENFELDT: Is there an American position on Italian aid?

Well, the problems of the relationship of economic developments in Italy to international economic problems are always matters that are under examination in various bodies but I am not at the moment prepared to say that there is a specific position on it because the issues are complicated and they really have not arisen in that form.

MORE

Q Excuse me, sir. The economic climate in the United States has increased since 1974. Could you please tell us to what point that this climate has increased?

Q Would you repeat the question, please?

MR. GREENSPAN: The basic question is to what extent has the recovery in the United States proceeded from the severe recession of 1974-75.

We have recovered a substantial amount of the production lost. As you know, the unemployment rate has not as yet fallen back to where it was at the beginning but employment is at new record high levels. I would best describe the recovery as yet incomplete but all evidence indicates that it will be a full recovery when it finally reaches that point which we expect within the period ahead.

MORE



Q Mr. Greenspan, in the President's remarks, did he invite or commit the United States to any particular pattern of economic behavior in any particular goals?

MR. GREENSPAN: Well, I think that much of what the United States is doing as a responsible international economic participant has already been publicly stated in one form or another. It is fairly obvious that in our economic policy matters we clearly take into consideration the impact that such policies will have on other nations. It is not always easy to formulate precisely what these relationships are, but we, in the United States, as the President has indicated, intend to be a responsible partner because we all recognize the increasing interrelationship that exists and the common destiny that most of the democratic societies have, especially the large industrial ones.  
(Laughter)

Q Mr. Greenspan, Mr. Yeo said that the President made a series of suggestions on the international monetary matters. Did the President also make any suggestions as to how he thought that the participating nations could achieve a balanced recovery?

MR. GREENSPAN: I think in the President's remarks he indicated many of the policies that we are involved in and we have outlined in many instances the basic diagnosis which our Government has of the overall international economic problem. He did not specifically indicate to any individual nation his evaluation and I doubt very much if he will.

Q Mr. Greenspan, did other countries agree with his diagnosis?

MR. GREENSPAN: As Mr. Sonnenfeldt said, I think it would not be appropriate for us at this point in any way to either directly quote or even characterize the remarks of other nations.

Q How do you know they were satisfied?

Q Could you say if either the Japanese or the German Prime Ministers responded to your analogy of the United States going from \$12 billion surplus to \$3 billion deficit? Did they respond at all, no matter what they said?

MR. GREENSPAN: Sounds like Rich Thomas, is that right?

There was no way to --

Q It is a yes or no question, sir.

MR. GREENSPAN: No, but the yes or no basically does violate the rules which I just laid down with respect to what I was about to say.

MORE

Q Mr. Yeo, I would like to ask you a question. Could you clarify more specifically what President Ford meant by a more tenable payment pattern and did he point out the so-called responsibility of surplus countries?

Q Repeat the second part of the question.

MR. YEO: The question is, what did the President mean by a more tenable payment pattern, and did he specify any countries?

The answer to the second part of the question is that he did not specify any countries other than a review of developments in our own current account.

The answer to the first part is that in working for a continued, tenable pattern of payments he was calling attention to the efforts which are ongoing to deal with potential structural payments problems.

Q What are the potential structural payments problems? (Laughter) Could you give a definition?

MR. YEO: A potential structural payments problem (Laughter) was similar to the problem that the United States had during the second part of the Sixties when, for some years, we were running current account deficits. That is one example.

Q Mr. Yeo, for instance, are you in this connection complaining about that the U.S. Government does not have, so to speak, control over the dollar, that other countries are still deciding the exchange rate of the dollar? Is this what you mean?

MR. YEO: No. I think that I ought to reiterate what Alan said. I am describing what the President said and I gave you as precisely as I could what the President said. He did not in any way address his remarks in the frame of a complaint. He dealt with the system, and the only specific country he mentioned was the United States.

Q Excuse me, sir. President Ford asked about a matter of urgency, about the complete monetary reform. What kind of reform will the President be able to present to the United States' people?

MR. YEO: The President was referring to the package of monetary reforms that was agreed upon in Jamaica in January. It has already been agreed upon in terms of the major elements of reform.

One, a floating rate system was agreed upon. Two, an increase of one-third in IMF quotas was agreed upon. For example, in the United States to implement that in both cases requires legislation, and the President was calling for legislative action in terms of implementation of the reform package that had been designed at Rambouillet and Jamaica, and agreed upon at Jamaica.

MR. NESSEN: Let's have two more questions.

Q Mr. Greenspan, I believe you said that the President said that Governments -- I don't think you specified which -- but they overcommitted themselves in an effort to accommodate social gains and to achieve an ever-rising standard of living, something like that.

I wonder if you could be a little more specific? What Governments was he talking about and, if you can't talk about other Governments, can you tell us in what ways the United States moved in that direction?

Q Question, please.

MR. GREENSPAN: Repeat the question, you say?

Q Yes.

MR. GREENSPAN: The question was really for an elaboration on the citation which I gave which the President made with respect to overcommitments that were made. He did not specify specific countries and I think that I, at this stage, would have to allow the statement to stand for itself, since it was not further elaborated by him at that point.

Q He made no further elaboration of that?

MR. GREENSPAN: Not in his formal remarks, and he did not make any further statements with respect to that issue today.

Q It is an awfully broad statement left standing just like that.

MR. GREENSPAN: Well, I am sorry, but I cannot go beyond what was stated. You are asking for my statement with respect to what he said.

Q It sounds as if the President says that he is opposed to a rising standard of living.

MR. GREENSPAN: I think in other areas of the President's statement and in numerous other remarks, that is clearly not his position. He is in favor of a rising standard of living and believes that that will be possible for all industrial nations and all other nations of the world.

MORE

Q Because we don't really get the feel of what happened, President Ford opened with the statement, then what? Was there an exchange of views and how do you know there was all this wonderful spirit and satisfaction and mood and so forth? (Laughter)

MR. NESSEN: I think in that case, Helen, if I may --

Q I just want the modus operandi of how it went for three hours.

MR. NESSEN: I think Alan was reflecting the President's own reaction to the first day's session.

Q Didn't you say there was a concurrence?

Q Mr. Greenspan, may I have the next question?

Q I am sorry.

Q Wait a minute. See if we can get an answer to this one.

MR. SONNENFELDT: I think Ron gave the answer when the President --

Q We would like to know what happened after that first statement.

MR. SONNENFELDT: We are not in a position to give you a blow-by-blow account of a private session of this kind. We are trying to give you (a) the flavor of the general atmosphere and the import of it and, secondly, specifically to the extent that we can, what the President had to say. Now the rest of it, what others had to say, is going to have to come from others and the final evaluation of it and some of the issues that have been raised I think will have to come out in subsequent discussions.

Q Hal, what we are trying to get at is was there a give and take of any kind or did they just all sit around and make speeches at each other?

MR. SONNENFELDT: No, no, of course not. Let me just explain that, as at Rambouillet, the understanding is that as a particular comes up, one of the heads may lead off, is prepared to lead off, just to kick off the discussion and then once that has happened there is quite a free exchange of views.

Q May I ask a simple question?

MR. GREENSPAN: Excuse me just a minute. There was in fact quite extensive discussion on a number of issues but we cannot specify.

MR. SONNENFELDT: We are holding up other briefings so if we can really keep it --

MR. NESSEN: Let's take these two and then wrap it up, and I have just a couple of things for you.

Q My simple question is this: In your report, the respective reports of what was said, I didn't hear a thing that you had not said and said and said, and it is absolutely, you know, as familiar as it can be. Now I think what everybody is interested in is what is the purpose of this meeting? Why are you here aside from this tonal atmospherics at such enormous expense? Can you really say what this meeting is about?

MR. SONNENFELDT: I think it has been said numerous times, and the fact that it has been said again and again does not invalidate it -- you know, there are some things that can be said again and again and still remain valid even so. (Laughter)

I am responding to your comment. No, I mean, it is obvious that economic developments have moved on in the last several months since Rambouillet. There are many issues on the table. These are obviously being discussed but they are being discussed by political leaders rather than only by ministers responsible for a particular segment of a Government. So that is what they are here for and so, you know, I don't think that there is any great drama attached to it nor is there any great mystery attached to it.

Q Mr. Nessen, may I ask my question now, please?

MR. NESSEN: Please.

Q Was there any discussion or will there be any discussion as to a strategy in the event that the OPEC countries unfreeze oil prices?

MR. GREENSPAN: The question of energy was not on the agenda today, it was not discussed, and it may be discussed tomorrow. We will have to tell you at that time.

Q Thank you.

Q Thank you.

MR. NESSEN: Now, let me give you the good news. All those who thought they had to assemble at 7 o'clock for the pool to Dorado tomorrow morning will be happy to know that they don't have to assemble until 10 o'clock. The pool is going to leave later.

And the 6:00 to 7:00 a.m. baggage call is changed to a 9:00 to a 10:00 a.m. baggage call.

As we have said before the final statements by the leaders will be piped down here and will be piped through a mult so you can record them here. We will try to help as much as possible with translations. I can't be very definite in what we will be able to provide, but we will do the best we can on translations.

MORE

As far as a final communique out of the meeting and what time it will be available, I can't give you a precise time now other than to say that we will get it down here, reproduced and distributed as quickly as possible tomorrow.

And unless there are questions, I think --

Q Does this mean there is no morning meeting or --

MR. NESSEN: There is a morning meeting but there was no plan for a pool picture of the morning meeting, so it was thought why not let people sleep in a little.

Phil.

Q Did the President make this long statement or did this come out throughout the three hours, or whatever?

MR. NESSEN: Which was that, Phil?

Q Everything that they said he said.

MR. NESSEN: No, it came out throughout the length of the meeting.

THE PRESS: Thank you.

END (AT 9:15 P.M. AST)

OFFICE OF THE WHITE HOUSE PRESS SECRETARY  
(Dorado Beach, Puerto Rico)

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THE WHITE HOUSE  
PRESS CONFERENCE  
OF  
WILLIAM E. SIMON  
SECRETARY OF THE TREASURY  
  
DORADO BEACH CLUB

2:25 P.M. AST

SECRETARY SIMON: I thought I would just come over here and respond to any questions you might have on any of the topics that we have discussed.

Q I wonder if I could start it. Could you single out the one issue that you think is the dominant issue that you have been concerned with during this meeting?

SECRETARY SIMON: I would say the major issue was the first topic that we discussed, and that is the whole subject of the sustainability of the economic expansion that is underway in all of our countries and the so-called, at one point, not in these sessions but in the past, these so-called alleged trade-offs between unemployment and inflation which we don't believe exist. Indeed, both are interdependent and it was inflation that caused the unemployment, and excessively expanding the economies at this point -- you know, the entire discussion -- and that took a fair amount of time in this general agreement, and understanding on this issue as well.

Q Do you think continence is the biggest result at this conference, concretely speaking?

SECRETARY SIMON: Well, you know, this goes back to what we said at the press briefing in Washington initially; that to expect per se hard news out of this summit meeting would be wrong; that with the myriad of problems that the world leaders face today it is indeed unusual for them to sit down and discuss possible actions that might be taken in the future in attempting to foresee certain events, an ability to act rather than to react, as President Ford said initially. So again, talking about hard news would --

Q Then, there are no agreements as such?

SECRETARY SIMON: By agreements, we talked about lots of things -- the specifics of our Jamaica Declaration where in the communique -- I don't remember the exact language -- we spoke about assistance over and above the assistance that is provided in the international monetary fund, the whole idea of a super-tranche with very stringent conditionality attached to it.

MORE

Q For whom? The developing countries?

SECRETARY SIMON: It would depend how it was implemented. If it was implemented with the general arrangement to borrow, that would be for the participants in the general arrangement to borrow, which is primarily the developed countries. We have an ongoing appropriation in the Congress of \$2 billion for the GAB. This is one method that could be used. So, there are others and we discussed the possibility of those in temporary -- and I underline temporary -- need of financing for a transitory nature while they put their economic houses in order.

Q Would that be --

SECRETARY SIMON: There again, it would depend on (a) the country in need and (b) how it was structured. If it was the general agreement to borrow, yes, it would, because it was a developed country.

Q And that would work for Great Britain as well?

SECRETARY SIMON: Yes, that is a developed country as well, sure.

Q Any difference of opinion on the problem of inflation; that is, how much of a problem it is versus how much of a problem of unemployment some of these countries still face?

SECRETARY SIMON: Obviously -- a couple of things. Number one, there is absolutely no disagreement on the problems of inflation and for this period of the recovery the inflationary rate that exists today and the outlook as the private pressures grow, as the expansion continues, this is our number one threat. But the real discussion centers on policies that are compatible with the inflation risk and yet continue to bring the horrendous rate of unemployment down in each of our countries.

Q Has the United States made any offer to help Italy out of its problems?

SECRETARY SIMON: No, the United States has made no offer. We discussed, as I say, the possibility.

Q The possibility of what?

SECRETARY SIMON: The possibility of what I just described over here -- the general agreement to borrow and the super-tranche.

Q Did the President lecture Britain and Italy? You talked of putting the houses together.

SECRETARY SIMON: Absolutely not. No, absolutely not, Helen. There is no lecturing. We all share common problems in certain countries. It is a matter of degree.



Q Well, what do you mean by putting your houses together?

SECRETARY SIMON: There is a conditionality involved in borrowing from the international monetary fund which sets specific economic policies to be put in place to attack the causes of the problems rather than the results of the problems, because obviously any balance of payments assistance, temporary assistance -- and it always is temporary short-term loans -- given to a country in the absence of the adoption of proper economic policies' throwing money down the drain, so this is what we --

Q There have been some suggestions that what the President's real theme was here was to give these leaders a little lecture on "go slow" Republican economics. Is this what happened?

SECRETARY SIMON: I don't think that we can call it Republican economics. I don't know that the OECD and many other international bodies can be described as being Republican. When one looks at the future as far as excessive expansion of our economies which will weaken inflation, as it has done twice before in the past decade, this has been clearly the theme of the United States, that it is echoed by others as well. What the difficult part is is how to quantify what degree of expansion in the various economies and the capacity problem that we face, the bottlenecks in certain industries that we are going to be experiencing in the months ahead.

Q So was the message slow? They are not trying to hammer it?

SECRETARY SIMON: That would have been the first topic of discussion, of the moderate policies that are going to promote a sustainable expansion in our economy.

Q Mr. Secretary, was there any discussion of the East-West trade and the possible use of that to extract political benefits?

SECRETARY SIMON: Oh, no, no. We discussed East-West trade, certainly, and the export credits -- you are all well aware of the guidelines of the Export-Import Bank and the general consensus that we are trying to reach on export credits and avoidance of a credit war. Yes, we discussed that.

Q The American proposal before we were ready to leave last week did indicate that there might be some political benefit to be expected from the proper use --

SECRETARY SIMON: No, it would appear that those proposals, primarily in Henry's speech, raised a lot of questions, and a proper analysis has not been done. The growth and the debt of Eastern European countries, including the USSR, what the outlook is in the future, what their deficit financing may or may not be, you have to make some assumptions on what their harvest will be, the price of gold and other --

Q So this has a bearing pretty much on what direction you might go?

SECRETARY SIMON: Yes, we certainly wish to promote East-West trade. It has been our policy. There are clear benefits for all. To invoke an economic and a political sense as well to create a community of interest, if you will, among the business and political leaders of the world I think is important for world peace.

Q Among the discussions on commodities, Mr. Secretary, was coffee specifically mentioned in those commodity discussions?

SECRETARY SIMON: Not specifically. We really didn't talk about a particular commodity. We talked about a range of commodities and the various proposals to assuage the violent fluctuations in commodity prices and how that can be best helped, and I think the United States' position is well-known on that, that we will talk about commodities on a case-by-case basis, but we have fundamental disagreement with anyone who suggests mechanisms which would distort the normal functioning of the marketplace.

Q Do you have a feeling that the French will be forthcoming in terms of the North-South dialogue, that we will have a common --

SECRETARY SIMON: Oh, yes. Well, actually when the meetings starts again in 15 minutes they will be continuing the North-South because that is a very important dialogue.

Q Bill, has the Italian Government come in with any specific proposals, requests or subjects for discussion on its own position?

SECRETARY SIMON: Well, they have made statements and they have made several interventions, but I would say as far as a specific proposal, no.

Q It seems to me the most important agreement to come out of this is going to be the agreement to hold down inflation and to their recovery from recession, but that the United States realizes each country must decide how to go about that.

SECRETARY SIMON: Yes, I would say that that is one of the most important and a recognition that really everything else we discuss almost follows this, and all of the disruption of not only our economies that inflation creates but also the social instability, and this is the understanding that is beginning to sink in around the world, that when we talk about these issues we are not talking about narrow issues of economics, we are talking about the fundamental issues of equity and social stability all over the world and that is important, so we don't want to make the same mistake we have made twice in the past ten years.

Yes.

MORE

Q Aren't you talking also here about the political impact of each government on economics, and in that case was there any question raised by any of the delegations or any thought given which would change an American economic policy if there is a change in the American Government next year?

SECRETARY SIMON: No. I can truly say that that was not even brought up in quiet conversations or side bar conversations --

Q Is that because they don't think it is going to happen or because they are too polite to raise the question?

SECRETARY SIMON: Perhaps a little bit of both. Most of the ones I spoke to are interested in our primary process and the rest and they find it incomprehensible to believe that President Ford would not be reelected as an incumbent President seeking reelection.

Q It hasn't been a major question, has it?

SECRETARY SIMON: Yes, it has, because I think it is worth it, if you will, for the world leaders to sit down and have a better understanding of how we as individuals, consistent with what you said, are attacking the problems.

Q Mr. Secretary, you say that this is all worth it and what is wrong with these leaders getting together, yet there is a great deal of skepticism reflected in our questions. Back home one of the Reagan strategists said that the American people have watched Presidents go to summits for years, nothing ever happens, they are sick and tired of it. Isn't this really the skepticism overshadowing a great deal of what you may think you have accomplished.

SECRETARY SIMON: I would hope not but I would say that that is a possibility because we are in a more cynical period in the United States and around the world than ever before where all of the leaders in the world -- their capacity as leaders are being called into question by their people. This is a phenomenon that I wish I knew the answer to, bringing us back to some degree of our senses and the optimism that usually characterizes the American people, but after the shocks they have experienced in the past ten years I would not expect that to happen very quickly.

I can see the charge, especially in a heated primary campaign and election year, a charge of politics, but again I ask people to sit down when we are talking about East-West trade and energy and the all-important inflation-unemployment issue, and we are talking about trade issues and investment issues, the MGN and the rest -- I think that those issues clearly warranted the leaders getting together to discuss it but I don't expect that I will be able to disabuse the charge of politics.

MORE

Q But you find the charge unfounded?

SECRETARY SIMON: Yes, I give you my honest opinion, Helen. I do, because we worked --

Q Will there be anything in the joint statement that you are not covering now, any blockbusters or anything like that?

SECRETARY SIMON: No, not that I know of, Helen.

Q Will price stability be in the communique? Certain conference sources, at least one delegation briefing last evening, suggested there absolutely would be, but it would not be called by that name.

SECRETARY SIMON: When we talk about price stability, we are talking about inflation?

Q Well, a pledge for all countries to --

SECRETARY SIMON: Well, I don't remember the term "pledge," no.

Q Well, is there a conference "pledge," or whatever you call it?

SECRETARY SIMON: I would not say it is a pledge. The nations are resolved to maintain the expansion -- to help balance the expansion we have underway and to bring down unemployment as rapidly as possible. Now, you can use the econometric models, as you have so often, and say, my goodness, this growth rate means you are still going to have unemployment of X by 1980. I don't happen to buy that. I think the Phillip's Curve, as we all know, has been discredited as has Elkins's Law, on the growth. The fact that we put 3,700,000 people to work in the past year, from the drop of the recession to today, I think is extraordinary and we can get back to what we will define as full employment.

Q How would you define full employment?

SECRETARY SIMON: I define full employment in two ways: One, all those willing and able to work have a job; and number two, everyone recognizes -- although politically they have never been willing to face it -- that the full employment rate that was set in 1946 in the United States at 4 percent no longer is warranted due to the change in proportion in the labor force -- women, teenagers and the rest -- and today most economists are in the 5 to 5-1/4 percent.

The misconception that gets generated is that the same 5 million people are unemployed constantly, or whatever the number is. It is not. The turnover is extremely rapid, those leaving and entering the labor force.

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Q We are talking to the Europeans, and Japanese also, about moving down inflation. Don't some of the Europeans feel they have done more to curb the use of energy and thereby hold down increases in energy?

SECRETARY SIMON: I would say so, and I would also add to that that I agree with them because the largest number focusing on our energy policy in the United States has been in the last 10 years. I am talking 10 years because that is when we started to focus on it.

Q Can you give any information that the British are about to cut their public spending for next year?

SECRETARY SIMON: I think you better ask the Brits that. I will give you my impressions about the United States -- I can get in enough trouble that way.

THE PRESS: Thank you.

END

(AT 2:40 P.M. AST)

OFFICE OF THE WHITE HOUSE PRESS SECRETARY  
(Dorado Beach, Puerto Rico)

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THE WHITE HOUSE

STATEMENT BY THE PRESIDENT  
AT THE CONCLUSION  
OF THE  
INTERNATIONAL CONFERENCE

DORADO BEACH CLUB

3:02 P.M. AST

We have just concluded two days of very productive discussions on a number of issues of great importance to us all. Our talks were characterized by a seriousness of purpose, a firm desire to improve our understanding of one another's views, and a common commitment to strengthen constructive cooperation among all nations.

During the course of our discussions we reached agreement in several significant areas. These are set out in the declaration that we have just adopted.

First, we are confident about the future economic and financial outlook for our countries. All of us are committed to achieving sustainable growth which will reduce unemployment without jeopardizing our common aim of avoiding a new wave of inflation. We recognize that the sustained economic expansion we seek and the resultant increase in individual well-being cannot be achieved in the context of high inflation rates.

We agreed that our objective of monetary stability must not be undermined by the strains of financing payments imbalances. Each nation should manage its economy and its international monetary affairs so as to correct or avoid persistent or structural international payments imbalances.

We have recognized 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 agreed that if assistance in financing transitory balance of payments deficits is necessary to avoid general disruptions in economic growth, it can best be provided by multilateral means, in conjunction with a firm program for restoring underlying equilibrium.

The industrialized democracies can be most successful in helping developing nations by agreeing on, and working together to implement, sound solutions to their own problems solutions which enhance the efficient operation of the international economy. Our efforts must be mutually supportive rather than competitive. We remain determined to continue the dialogue with the developing countries to achieve concrete results.

MORE

We agreed on the importance of maintaining a liberal climate for the flow of international investment. We agreed to examine carefully the various aspects of East-West economic contacts so that they enhance overall East-West relations.

Together, the results of our discussions represent a significant step forward in cooperation among the industrial democracies. They establish positive directions which will benefit not only our peoples but the international economy as a whole.

In conclusion, let me add a personal note. I was greatly impressed with the candid and friendly atmosphere here. Our countries have come through a difficult period. Our cooperation during this period has not only contributed to the resolution of problems, but has in fact significantly strengthened relations among our countries and among the industrialized democracies as a whole.

We can be proud of this record and of our nations' abilities to meet the severe challenges we have faced. In my view, the spirit of Rambouillet which was 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 vision which has characterized these discussions, we have an opportunity to shape events and better meet the needs of our citizens and all the world.

END

(AT 3:10 P.M. AST)

OFFICE OF THE WHITE HOUSE PRESS SECRETARY  
(Dorado Beach, Puerto Rico)

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THE WHITE HOUSE  
PRESS CONFERENCE  
OF  
HENRY A. KISSINGER  
SECRETARY OF STATE  
AND  
WILLIAM E. SIMON  
SECRETARY OF THE TREASURY

SATELLITE PRESS CENTER

4:15 P.M. AST

SECRETARY KISSINGER: Let me say that basically the purpose of this conference was to enable the leaders of the industrial democracies, a group of nations that between them have 60 percent of the world's GNP, to discuss a number of economic issues and to discuss a number of issues where economic and political considerations merge, such as East-West and North-South issues. They discussed them in a very free and relaxed atmosphere.

It was not a question of reading prepared statements at each other, but, as Prime Minister Callaghan said, there was usually one of the leaders who introduced one of the issues and then there was a free and easy discussion.

We believe that on the major issues confronting these countries a large degree of understanding was reached that should help encourage the economic processes and it should also enable the countries represented here to work together on international issues such as those that were mentioned in the communique, but what no communique can reflect is the many conversations that took place at the side, the attitude of the participants that reflected the conviction that they represented parallel values and the realization that their destinies were linked together.

With this, let us answer your specific questions

Q Can any of you quantify the type of assistance that is in mind for Italy?

SECRETARY KISSINGER: There was no specific discussion of any particular amount nor indeed of the framework within which assistance can take place. There is a general statement in this document that we would apply to all circumstances in which there is persistent or temporary disequilibrium and perhaps Bill can explain its significance better.

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SECRETARY SIMON: Well, there is an existing agreement in the international monetary fund that loans can be made on a supplementary basis when resources are needed to forestall or to cope with a temporary problem in the international monetary system that is impairing its proper functioning and we discussed the possibility of, if something like this were needed, as I believe the communique says verbatim, what type mechanism should be brought into place for transitory financing, for balance of payments purposes under very stringent economic conditions.

Q May I ask the first Secretary -- (Laughter) -- given the fact that you said we should not expect any dramatic developments out of this, can you give us an idea of any changes that might come about as a result of this meeting, or any new directions that the United States' policy might take?

SECRETARY KISSINGER: Well, first of all, one cannot expect that the foreign policy of major countries can be redesigned every six months and if that were to happen, that would be a reason for alarm rather than for congratulations.

On the economic side, all of the countries face the situation now that the recession which seemed to be the dominant problem at Rambouillet has turned to a greater or lesser degree on the various countries into a recovery problem, and the problem that had to be discussed was how to sustain this recovery without inflation.

On the East-West trade, this was not discussed at Rambouillet at all and we agreed to study the various implications of the relationship between state economies and market economies so that commerce can develop to the mutual benefit and cannot be used for political purposes.

With respect to North-South, there was a very full and detailed discussion in the light of the experience which we have all had at UNCTAD in Nairobi and at the meeting of the Conference for Economic Cooperation in Paris to how the industrialized countries, the industrialized democracies, that between them contribute almost the entire development effort -- the socialist countries contribute nothing -- how those countries can cooperate for the mutual benefit of both developed and developing countries and for the benefit of the world economy. That, too, was not an entirely new direction but a new emphasis on which very fruitful discussions took place.

Q Can you tell us anything, Mr. Secretary, about the President's talks with Giscard, Moro, Callaghan, Miki?

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SECRETARY KISSINGER: Of course, one of the great benefits of these meetings is the ability to exchange ideas not only in a meeting room but on a bilateral basis, and with the various leaders there was an exchange because, obviously, with the Italian Prime Minister, there was a discussion of the implications of what political developments might occur in Italy that could be most conducive to reform and we got the assessment of the Italian leaders.

We will see the Japanese Prime Minister again on Wednesday in Washington, so this was more in the nature of a preliminary talk.

The talk with President Giscard concerned the review of the entire world situation, including some topics that were not discussed in the general session, such as the Middle East and Africa. And you will remember I said it is only to point out why there were no bilaterals with certain other people, that the President has seen Prime Minister Trudeau two weeks ago and will see Chancellor Schmidt two weeks from now. So, this is the essence of his conversations.

Q Did you get any further in the North-South deal on getting a common approach?

SECRETARY KISSINGER: I don't think it is possible nor did we attempt to get all the details of a common approach in a meeting of a day and a half, but there was a general understanding that there should be a common approach or at least a parallel approach.

There was also a general understanding, as the communique reflects, that the developed countries can make their best contribution by putting forward sound positions rather than wait for proposals to be put to them and let themselves be driven by the negotiating tactics of a particular conference, and it was agreed that we would work closely together in preparation for other meetings.

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Q Mr. Secretary, in view of the fact that much of the developing payment deficit results from oil, was that discussed, any stand to be taken on that question?

SECRETARY KISSINGER: Well, there was a general discussion of the energy problem but more from the point of view of what the industrial democracies can do to reduce their dependence on it and there were general discussions of the economic aspects of balance of payments deficits which I will let Secretary Simon answer.

SECRETARY SIMON: There was one important point, if I understood your question and statement correctly, that the balance of payments problem stems entirely from oil. That is not correct. Obviously the quadrupling of the oil price had a significant part to play but there are those countries who have not sufficiently adjusted their economic policies to compensate for the increased cost of oil, and these adjustments, while difficult politically and socially, must indeed be made and it was in that framework of the responsibilities of nations in surplus as well as in deficit that we discussed the balance of payments problems that President Ford explained to the participants this year.

The United States is going to have a dramatic swing of \$15 to \$16 billion in our current account balance from a \$12 billion surplus last year to approximately \$3 billion deficit this year. We view this with equanimity and indeed as other countries in surplus positions should, too.

Q Mr. Secretary Simon, should we interpret the Communique to indicate that Prime Minister Miki is receptive to the idea of re-valuating the yen?

SECRETARY SIMON: When we talk about re-valuation of a currency, the Japanese yen is a floating currency that is subjected to the market evaluation, if you will, and that is what occurs. Now there are occasions which I don't say the Japanese have been guilty of where one can artificially attempt for a time to peg a rate but I have not seen this occur, no. Floating rates, the market sets the rate.

Q Mr. Secretary, was there any discussion at all of Southern Africa and Rhodesia?

SECRETARY KISSINGER: Not in the meetings as such but at the fringes of the meetings.

Q Was there anything decided about it?

SECRETARY KISSINGER: There was no attempt made to decide anything. As I pointed out after my meetings with Prime Minister Vorster, he has now to consider several problems with his colleagues and we are consulting various black African States and various of our allies before we can formulate the precise next move, but we also insist that the process which was set in motion is still underway and in our view has a chance of continuing.

MORE

We also have called attention in Britain, and I want to do it here, about the central role that Britain can play with respect to Rhodesia and it is a responsibility which we have been of the impression the British Government has said it is willing to exercise.

Q Aside from having the agreement that there should be a common approach to it, do you know already or do you have a hint in which direction the North-South --

SECRETARY KISSINGER: There was a rather full discussion of various of the topics that have been on the international agenda and experts and others will work on that in the spirit of this meeting in the weeks ahead.

Q I would like to ask Secretary Simon what the prospects are for the British pound and how this was discussed at the meeting.

SECRETARY SIMON: Number one, we don't discuss other currencies of other countries; that is for obvious reasons. Going back to the Jamaica agreement, one of the basic tenets of that agreement was that exchange rate stability would only be achieved when we achieved underlying economic stability and as countries adjust to the durable inflation problems and other problems today their currencies indeed will stabilize, and actually most currencies in recent months since the Jamaica agreement have been remarkably stable. There have been a few notable exceptions due to the fundamental economic problems which are being corrected.

Q How much of the \$5 billion have the British drawn down?

SECRETARY SIMON: I don't have that figure and if I did I am not sure that that figure should not be announced, if indeed it should be at all, by the United Kingdom officials, not by an American finance official.

Q Mr. Secretary, was there any discussion with Giscard on the possible French force to Lebanon?

SECRETARY KISSINGER: That issue is not at this particular moment acute. The French Government knows our attitude and it is parallel to their own which is to say that, if under conditions of cease-fire, if all of the parties should invite a French force and if the French Government were prepared to send one, it could play a potentially useful role but it is not now being discussed and our impression is that the Arab League force will be the principal international instrument that is being used.

MR. NESSEN: We better allow some filing time now before the chopper goes, and besides, Mrs. Kissinger has come to get her husband.

SECRETARY KISSINGER: I would like to say one thing about the members of the drafting committee -- Mr. Greenspan, Mr. Yeo, Mr. Sonnenfeldt and Mr. Parsky who really worked all night to help put all these things together. We had to keep Sonnenfeldt and Parsky together to keep them from pronouncing doctrine separately. (Laughter)

THE PRESS: Thank you.

END

(AT 4:30 P.M. AST)

JUNE 28, 1976

Office of the White House Press Secretary  
(Dorado Beach, Puerto Rico)

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THE WHITE HOUSE

JOINT DECLARATION  
INTERNATIONAL CONFERENCE

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 combatting 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 has 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

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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.

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.

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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.

(More)



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.

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