

SUMMIT - JUNE 5, 1982

Called order -- after two picture sessions, at 9:55 a.m. by President Mitterrand.

Gave housekeeping details -- headsets, etc. Asked for a full and open meeting.

Said heads of State would have luncheon and dinners together. Meeting today (2) and tomorrow (2).

Last night discussed "state of world" -- peace, solidarity, etc.

We must now discuss economic matters which affect political matters -- he believes political should be supreme over economic. Domestic problems are not different: inflation, unemployment, trade, cost of money, consumer problems -- nobody is "being put in dock" here. We are all protectionists. Must discuss macro-economics, recessions, crises, to solve these is a common fashion. One such crisis, is East-West -- it is not just a military problem -- it is also an economic problem and economic relationships with Soviets. Another relationship is North-South. No subject is taboo.

Has an "introductory" document. It concerns the 3rd Industrial Revolution. It has to do with technology. Should not all be in the State; private industry must be helped. Political leaders must give impetus to technicians just as they did to financiers at end of WWII to set up a monetary policy. He then read the first three pages of a 32-page report on technology.

Suzuki:

10:30 a.m.

Discussed problems raised by President Mitterrand. Talked mainly about macro-economic policies in trade and finance in relation to North-South and other industrial nations.

In respect to trade, believes these markets are open as any, but has taken several additional steps including those on May 28 to cut down on tariffs, to open markets, and urged his countrymen to buy foreign products. Expects reciprocity. Wants GATT meeting in November to be successful.

In spite of poor domestic economy, will try to stimulate activity, but high interest rates abroad make this difficult. Will try to expand growth. Science can improve relationships between cultures. Should work to improve transfer of technologies and between labor and management in technology. In 1985 there will be a science fair in Japan -- asking all nations to participate. Discussed need to help Asian countries.

Schmidt:

10:50 a.m.

He brought up need to maintain gap in technology over East. Thought a common working group on technology is needed. World population has exploded since he was born -- it overawes him. If it continues we will not be able to feed them, or to give them jobs. Overpopulation is bad. The more we aid third world countries the worse the problem becomes. Wants to discuss exhaustion of resources, overpopulation, etc., at next year's Summit. Must talk to churches about this. He has discussed

with Pope with no satisfaction. Again asked for a report on these items in a year, together with economic impact.

Spadolini:

10:57 a.m.

Talked of value of technology in the West. It can assure equilibrium among nations. It should improve solidarity especially in North-South relationships. We cannot slow down process; we should enhance development. Asked for inflation control especially in his country. Telecommunications, biotechnology, etc., will change the social order. Wants emphasis in private markets as does Suzuki with government guiding and controlling such things as energy, marketing of new items, opening new vistas. He also favors an ad hoc group to delve thoroughly into these items.

Trudeau:

11:05 a.m.

Believes it is right to lift our sights beyond immediate problems.

Technology is more than techniques. Working party should look at philosophy of science. Social and cultural impact of new inventions. Environmental protection; overcrowding in cities. We will have a third industrial revolution. Should look at moral values of technology especially in biotechnology.

Mitterrand concluded by two examples: Health, or social security, system has a larger budget than does the State -- managed by labor leaders, etc. State has to find money to pay for this. Every worker is paying for 1/2 a pension.

Technology can help in health care costs, by keeping them down.

Agriculture is another example. Few countries in third world have self-sufficiency in food. But technology can satisfy these needs, if we invest wisely.

(Begin second set of notes)

SUMMIT (Cont'd)

Prime Minister - Belgium (after break)

11:40 a.m.

as EC:

Technology can improve our lives. Growth is important also. But technology is a backdrop for all of other things such as employment, economic growth, education, development. Must learn to use technology more wisely and efficiently. He, too, supports a working group (as did Suzuki, Spadolini, Schmidt, Trudeau) - to study how to use technology.

President Reagan:

11:45 a.m.

Supports a working group. Technology has not reached its peak. Private sector is 50%. Gave figures on R & D - \$80 billion. \$42 in government of which \$5.5 billion is for pure science. We emphasize through tax breaks for R & D to help private sector.

Pointed to picture on wall of Bonaparte and opulence. They did not enjoy the same luxuries of the average worker today. Told of President Hoover asking for report on new things for next 25 years. Actually given to Roosevelt.

Television, cars, atomic energy, jet planes, space exploration, lasers, anti-biotics, organically treated plants, plastics, and even a ball point pen!

Told of a Congressman demanding government take over horseless carriages that could twenty mph, and another who wanted to abolish the Patent Office before everything worthwhile had been invented.

Said our farmers' technology, if applied worldwide, could feed population on 10% of land now being tilled.

Mrs. Thatcher

11:55 a.m.

Agreed with Ronald Reagan on private sector technology. Stressed management of technology also. Noted how we are coming out of current recession -- not by artificial stimulation but by sound practice. Need more technology in an open system to give more growth, and therefore more employment.

She also likes idea of a working party to report back next year. Should sample public opinion in this area.

President Reagan

12:01 p.m.

As a footnote on fear of employment loss due to technology. Used dial phone as an example. It didn't put women out of work -- more in labor force today than ever. If we still had operators, we would need every woman in America to man phones!

Schmidt

12:03 p.m.

Wants remarks of Mrs. Thatcher that technological progress is needed to improve our economies in communicate. Thinks mankind would appreciate that leaders are aware of these problems.

Mitterrand

12:02 p.m.

Said working party should not predict what can be invented but how current technology can be better utilized. Said he agreed with Ronald Reagan on fears of technology in old days, and we shouldn't fear new ones. Said he agrees with Mrs. Thatcher that technology creates jobs, but mankind must master this technique. First two revolutions, steam, then electricity -- too long a time elapsed before it is put to use to create jobs. Must be a shorter time in the next one.

Wants macro-economic discussions now and after luncheon.

Schmidt

12:10 p.m.

According to OECD there are seven nations who will not have a larger GNP than last year.

Unemployment: 30 million in OECD. Some places inflation down. Getting energy problems under control. Thinks unemployment will increase. World trade is precarious. Little room for maneuver. Deficits are troublesome. Each must try for policies to reduce unemployment -- working with private sector and labor. Exteernal cconsequences of a nation's policies must be considered. Sucess or failure in Western world of economic policies is important in relation to Communist parties domestically.

Welcomes initiatives in this area. Wants to stimulate investments, cut down on public sector borrowings.

Real interest rates are highest ever, yet recessions abound. Real rates being so high, especially in the U.S., must reduce growth. 80% of world's credit is in dollars. It is the leading currency. No one else can take over, or divest the U.S. of its role. Other nations cannot divorce themselves from the U.S. rates, or dependency on the dollar. Must reduce (at home) our own deficits.

Germany is attempting to cut down on unemployment, but limit public sector borrowing. Doesn't want to be a locomotive again as 1978 Summit urged. It cost too much. With policy mix can reduce unemployment, trigger investment, reduce taxes for private cos., aid for small private sector cos., aid for housing, and young people in hedge. We need economic peace to get growth. Predicts 3-1/2 percent real growth, with Japan, lowest unemployment rate among seven.

Mitterrand

Told about picture on wall of crowning of Napoleon and his mother in portrait -- she refused to attend! Her comment: hope it lasts.

President Reagan

We are plagued also with high unemployment, and high interest rates.

We have a new way to cope, however. In eight recessions, a pattern, a quick fix, a flooding of money market, make-work

programs by government to help employment. Yet a chart shows each recession followed by higher rates, high unemployment.

Our debt now is \$1 trillion, we could balance budget without interest. In our election year, 1980, a recession, followed by interest rates of 21%, high unemployment, and a high rate of money.

We reduced government spending rates of increase. Interest rates are down 20-25% but not enough to help out industry and home building. Inflation down from 12-1/2 to 2% by six months, 6% for twelve months, and less than 1% over three months.

Interest rates should have followed but for fear of Congress, and quick fix. We think they are wrong. We will stay the course. We will reduce the deficits within sight of balanced budget.

Even if we get out of recession, may still have high unemployment.

More Americans are working today than ever. Working wives, etc. Unemployment up from 9.4 to 9.5 yet a million more in the market, 800,000 found jobs, 200,000 more/less employed.

We think our interest rates are held uppsychologically especially as inflation is less than 1%. We feel when we get a budget we will get rate down. Our tax program is reducing rates for homes and individuals, and a new cut is coming in July. We think this will stimulate revenue for government.

We do affect each other, but we are going.

Recommends close working level contacts to gain greater cooperation. We will intervene in disorderly markets. We need a government study on role of intervention. One or two studies do not indicate intervention helps except momentarily.

ADJOURN

Sat. June 5, 1982

SUMMIT

Called to order -- after two picture sessions, at 9:55 a.m. by Pres. Mitterrand.

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We must now discuss economic matters which affect political *matters* believes political should be supreme over economic. Domestic *problems* ~~policies~~ are not different: inflation, unemployment, trade, cost of money, ~~and~~ consumer problems -- nobody is "being put in dock" here. We are all protectionists. Must discuss macro-economics, recessions, crises, to solve these in a common fashion. One such crisis, is East-West -- it is not just a military problem -- it is also an economic problem and economic relationships with Soviet. Another relationship is North-South. No subject is taboo.

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Discussed problems raised by Pres. Mitterrand.

Talked mainly about macro-economic policies in trade and finance in relation to N-S and other industrial nations.

In respect to trade, believes these market are as open as any, but has taken several additional steps including those on May 28 to cut down on tariffs, to open markets, and urged his countrymen to buy foreign products. Expects reciprocity. Wants GATT meeting in November to be successful.

In spite of poor domestic economy, will try to stimulate activity, but high interest rates abroad make this difficult. Will try to expand foreign aid. Development of technology will expand growth. Science can improve relationships between cultures. Should work to improve transfer of technologies and between labor and management in technology. In 1985 there will be a science fair in Japan -- asking all nations to participate. Discussed need to help Asian countries.

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Technology is more than techniques. Working party should look at philosophy of science. Social and cultural impact of new inventions. Environmental protection; overcrowding in cities. We will have a 3rd industrial revolution. Should look at moral values of technology especially in biotechnology.

Mitterand concluded by two examples: Health, or social security, system has a larger budget than does the State -- managed by labor leaders, etc. State has to find money to pay for this. Every worker is paying for 1/2 a pension. Technology can help in health care costs, by keeping them down.

Agriculture is another example. Few countries in 3rd world have self-sufficiency in food. But technology can satisfy these needs, if we invest wisely.

SUMMIT (Cont'd)

Prime Minister - Belgium (after break) 11:40 a.m.

as head of EC:

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She also likes idea of a working party to report back next year. Should sample public opinion in this area. ✓

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As a footnote on fear of employment loss due to technology. Used dial phone as an example. It didn't put women out of work -- more in labor force today than ever. If we still had operators, we would need every woman in America: to man phones!

Schmidt: 12:03 p.m.

Wants remarks of Mrs. Thatcher that technological progress is needed to improve our economies in communique. Thinks mankind would appreciate that leaders are aware of these problems.

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Welcomes initiatives in this area. Wants to stimulate investments, cut down on public sector borrowings.

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ADJOURN

1

Summit (Morning Session)

①
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Asked to set up a committee to study this technology, and how to implement - also joint work to help South in technology.

Suzuki.

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(3)

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