

Originally Processed With FOIA(s):
2009-0166-S

FOIA Number:
2009-0166-S

FOIA MARKER

**This is not a textual record. This is used as an
administrative marker by the George Bush Presidential
Library Staff.**

Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Office of the President
Series: Daily Files
Subseries:

OA/ID Number: 90516
Folder ID Number: 90516-007

Folder Title:
Friday, July 14, 1989

Stack:	Row:	Section:	Shelf:	Position:
V	12	11	3	3

Withdrawal/Redaction Sheet

(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01. Notes	Handwritten notes of President Bush for a meeting at the Summit of the Arch (Dinner East-West) (11 pp.)	07/14/[89]	(b)(1)	

Page 1 of 1

Collection:

Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Friday, July 14, 1989

Pinksheet Number: dw1384

OA/ID Number: 90516-007

Date Closed: 6/18/2009

FOIA/Sys Case #: 2009-0166-S

Re-review Case #:

P-2/P-5 Review Case #:

WASHINGTON

TELEPHONE MEMORANDUM

SIGNAL SWITCHBOARD

July 14 , **19**89

[illegible]

THE WHITE HOUSE

WASHINGTON

TELEPHONE MEMORANDUM

E.D.T. PRESIDENT BUSH

JULY 14

, 19⁸⁹

	TIME		NAME	ACTION
	PLACED	DISC		
OUT	AM		NO CALLS	
INC	PM			
OUT	AM			
INC	PM			
OUT	AM			
INC	PM			
OUT	AM			
INC	PM			
OUT	AM			
INC	PM			
OUT	AM			
INC	PM			
OUT	AM			
INC	PM			
OUT	AM			
INC	PM			
OUT	AM			
INC	PM			
OUT	AM			
INC	PM			

PRESIDENTIAL MOVEMENTS

LOCATION Paris, France

DATE 14 July 1989

TIME	MOVEMENTS
1001	Depart Ambassador's Residence via Motorcade
1007	Arrive Place de la Concorde
1156	Depart Place de la Concorde via Motorcade
1200	Arrive Ambassador's Residence
1252	Depart Ambassador's Residence via Motorcade
1257	Arrive Ministry of Foreign Affairs
1415	Depart Ministry of Foreign Affairs on Foot
1417	Arrive Hotel de Lassey
1547	Depart Hotel de Lassey via Motorcade
1553	Arrive Ambassador's Residence
1645	Depart Ambassador's Residence via Motorcade
1651	Arrive Pyramide du Louvre
1856	Depart Pyramide du Louvre via Motorcade
1901	Arrive Ambassador's Residence
2013	Depart Ambassador's Residence via Motorcade
2016	Arrive Hotel de la Marine
2338	Depart Hotel de la Marine via Motorcade
2342	Arrive Ambassador's Residence



News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, July 14, 1989 -- 6 a.m. EDT EDITION
6:00 a.m. edt/12:00 noon Paris Edition

TODAY'S HEADLINES

TRIP NEWS

BUSH TO PUSH E. EUROPE AID -- President Bush came to Paris Thursday to celebrate the 200th anniversary of the French Revolution and enlist the help of other nations to support the "wave of freedom" he saw on his visit to Poland and Hungary.
(Boston Globe, Washington Post, AP)

INTERNATIONAL NEWS

BUSH TO GIVE MEXICO \$1 BILLION BRIDGE LOAN, REPORTS SAY -- The Bush Administration is preparing to grant Mexico a temporary loan of \$1 billion to \$2 billion to help bring an agreement with U.S. banks on debt restructuring to a close, according to published reports.
(AP)

ISRAELI ACTIONS DISPLEASE PRESIDENT -- President Bush said Thursday he'll push ahead with his Middle East peace efforts despite political opposition in Israel. He also asserted that the White House rather than the State Department determines foreign policy.
(Washington Times)

NETWORK NEWS (Thursday evening)

TRIP -- President Bush, at the Paris economic summit, said he would urge Western economic powers to join him in promoting change in the communist world.

HUD -- A Senate committee voted to launch its own investigation of the HUD scandal.

U.S. SOLDIERS -- Seven U.S. soldiers in Honduras were wounded by a bomb while leaving a discoteque.

TRIP NEWS.....A-1
INTERNATIONAL NEWS...A-3
NATIONAL NEWS.....A-6
NETWORK NEWS.....B-1

TRIP NEWS

BUSH TO PUSH E. EUROPE AID

PARIS -- President Bush came to Paris Thursday to celebrate the 200th anniversary of the French Revolution and enlist the help of other nations to support the "wave of freedom" he saw on his visit to Poland and Hungary.

Bush has made his top priority for the annual summit of seven advanced industrial democracies taking place in conjunction with the bicentennial festivities the mobilization of economic aid for the nations of Eastern Europe now trying to develop a form of pluralist democracy and market-oriented economy under the benign gaze of Soviet leader Gorbachev.

The President told reporters that his four days in Poland and Hungary left him with a "real acute sense now of the change that's taking place in Eastern Europe and a determination to play a constructive role in that change." He said he hopes the more than \$100 million he pledged in direct assistance to the two countries will encourage other countries to increase their aid -- a wish that seems certain to be fulfilled in Sunday's concluding communique.

"The thing that's impressive," he told reporters on Air Force One, "is the determination on the part of all these leaders to move towards economic freedom and political freedom." (David Broder, Washington Post, A1)

Bush/Paris

PARIS -- President Bush supplied the key [to the Bastille] to help unlock the biggest birthday party in French history Thursday as swanky dinners and the opera took center stage after the president's four-day trip to Eastern Europe....

With his historic trip to Poland and Hungary still very much on his mind, Bush indicated he would be urging the other summit leaders to step forward with assistance packages of their own to further economic and political reform behind the Iron Curtain....

National Security Adviser Scowcroft said the President would encourage his summit partners to create a "clearinghouse" to avoid duplication of the assistance packages offered by the rich nations. (AP)

Bush Arrives In Paris For Summit With World Leaders

PARIS -- President Bush arrived here Thursday from Budapest for Friday's opening of an economic summit of leaders of the seven major industrialized democracies. A French official said the three-day meeting may wind up divided on whether to recommend further sanctions against China....

Gen. Scowcroft said Thursday that the President will resist efforts to toughen the sanctions, including a pullout of diplomats from China and a suspension of new trade agreements....

The prospect of a division over China was one of several publicized results of about 20 bilateral meetings...among representatives of the 34 nations gathered here for the summit and for the bicentennial celebration of the French Revolution....

Scowcroft said Bush was reluctant to have the United States act as a coordinator among various Western countries for providing aid to Hungary and Poland. Bush views the U.S. role as that of a clearinghouse among the various countries. "We cannot step on each other's toes as we go forward to help this process," Scowcroft said. (Stephen Kurkjian, Boston Globe)

U.S. SEES ENVIRONMENT DOMINATING
Ozone, Climate, Deforestation Issues Displace Economy At Summit

PARIS -- President Bush arrived here Thursday from his swing through Poland and Hungary to participate in his first economic summit, ready to boast that the global economic situation is so favorable that it needs little fixing....

Instead, as the United States sees it, the summit will focus for the first time on environmental problems, including depletion of the ozone layer, climate changes and deforestation around the world.

Others, however, suggest that if the summit communique turns out to be devoid of major economic news, it will be as much because of a deterioration of the process of economic coordination as the successes Bush and Brady are touting. (Hobart Rowen, Washington Post, A29)

TRIP BARES BLOC'S YEARNING FOR WEST

BUDAPEST -- ...This week, President Bush carried out his "differentiation" policy, selecting for presidential visits the two Eastern Bloc countries that have legalized their opposition parties and opened their markets to private capital -- and, in the process, snubbing their more orthodox Communist neighbors....

The ultimate importance of the Polish and Hungarian visits lies in the challenge they present to the two Warsaw Pact nations' senior partners in Moscow, although Bush, Secretary of State Baker and other Administration background briefers have insisted that it is not the intent.

By showing the world the continued yearning of Poles and Hungarians to rejoin the Western world after more than 40 years of isolation, Bush gave added impetus to the drive for ending the division of Europe into two armed camps....

Despite the denials, both Bush and Gorbachev keep an eye on each other when they travel on alien turf. After his speech at an East-West Forum luncheon at the Budapest Hilton today, the Foreign Ministry's Kovaks excused himself to rush off to brief the Soviet ambassador on Bush's visit.

(News Analysis, A.D. Horne, Washington Post, A28)

FIRST LADY RIPS UP SPEECH, TOO

PARIS -- Following her husband's lead, First Lady Barbara Bush ripped up a speech at a hospital dedication and spoke from "the heart."

"I want to show you that I learned something from my husband in Hungary.... I'm going to give up my speech and just tell you that speaking from the heart, as he did," said Mrs. Bush, moved by a personal honor included in the dedication ceremony.

"This is one of the nicest things that ever could happen to me and selfishly I feel like you've stretched my life a little bit because now I'm on a plaque," she said, referring to a plaque noting that the Florence Gould Pavilion and the C.V. Starr International Center for Medical Exchange were inaugurated by her during the President's visit....

Four children who were once out-patients at American Hospital gave Mrs. Bush a silver cup, replicas of which are given to every new mother at the hospital, and a copy of a cookbook compiled by the hospital to raise money. (Karin Davies, UPI)

EDITOR'S NOTE: 'Spotlight Is On France As World Leaders Gather For Bastille Day, Summit,' appears in The Washington Post, page A29.

###

INTERNATIONAL NEWS

PERU LEADER CALLS ON ANDEAN PARLIAMENT TO SEEK DEBT CUT

LIMA, Peru -- The five-country Andean parliament should ask the summit of the world's richest industrial countries meeting in Paris to seek ways of reducing Latin America's debt burden, Peruvian President Alan Garcia said Thursday.

Speaking on the eve of the 200th anniversary of the French revolution, Garcia told representatives of the Andean parliament convened here, "there is no better way of paying homage to the French Revolution, than issuing measures fostering economic democracy among countries." ...

"From this part of America, which suffers the debt burden, we convey our demand and request to the seven major Western industrial countries, not only because of our poverty but also because of inevitable world market needs," he said. (Reuter)

BUSH TO GIVE MEXICO \$1 BILLION BRIDGE LOAN, REPORTS SAY

NEW YORK -- The Bush Administration is preparing to grant Mexico a temporary loan of \$1 billion to \$2 billion to help bring an agreement with U.S. banks on debt restructuring to a close, according to published reports.

The New York Times reported in Friday editions that the loan is contingent on an agreement between Mexico and its creditors to reduce and rearrange \$54 billion in existing loans....

A senior government official in Washington told The Associated Press that he could not confirm the reports because the officials involved were with President Bush in Paris for the seven-nation economic summit conference. He said, however, that he did not believe Mexico had reached a deal. (AP)

ISRAELI ACTIONS DISPLEASE PRESIDENT

President Bush said Thursday he'll push ahead with his Middle East Peace efforts despite political opposition in Israel. He also asserted that the White House rather than the State Department determines foreign policy.

Mr. Bush spoke to reporters aboard Air Force One en route from Budapest to Paris. He acknowledged that Israel was a nation beset by "great difficulties." He nevertheless made clear he was unhappy with tough constraints Prime Minister Shamir's Likud bloc placed last week on Israel's proposal for elections.

The President also contradicted reports from the State Department and Secretary Baker that the United States would send a high-level delegation to Israel next week....

"If anybody can make a case to me that the recent deliberations in that (Likud) party will enhance the election process, then I would say 'Great,'" Mr. Bush said in a transcript of his remarks. "But I am afraid that other people are looking at it and saying that what has happened does not enhance the possibility of elections. I want to see things go forward in terms of the peace process over there. And we want to see the election process go forward." (James Dorsey, Washington Times, A1)

SOVIET URGES BILATERAL BAN ON MISSILES

MOSCOW -- A senior Soviet military official said Thursday that the armed forces are willing to give up all cruise missiles deployed at sea with nuclear warheads, if the United States does the same....

On another arms control topic, Col. Gen. Nikolai Chervov, chief of the arms control directorate in the Soviet military's General Staff, did not express the same concern as Lt. Gen. Viktor Starodubov, a senior Communist Party official, that President Bush's proposed rapid timetable for a new agreement on conventional forces was too swift....

On the cruise missile dispute, Chervov indicated he believed a new strategic arms accord would be simpler to monitor if it banned the nuclear-tipped weapons from surface ships and submarines, including long-range versions designed to attack targets on land and short-range versions intended for use against ships.

(R. Jeffrey Smith & David Remnick, Washington Post, A1)

B-2 BOMBER ESSENTIAL, CHENEY TELLS HOUSE PANEL

Extolling the threatened B-2 "stealth" bomber as a cornerstone of U.S. strategic deterrence into the next century, Defense Secretary Cheney told Congress yesterday the costly weapon should be funded in full or granted an honorable death and scrapped.

"Without it, we would be unable to maintain the effectiveness of the bomber leg of the Triad against rapidly improving Soviet air defenses," he said in a prepared statement to the House Armed Services Committee....

"My own personal view is that it's as good as we can make -- as it's humanly possible to make it -- without me misleading you and saying it's absolutely gold-plated guaranteed that this [\$70 billion to buy 132] is exactly what it's going to cost," he said. "I think, though, that we've got a good number for you."

(Adela Gooch, Washington Post, A4)

SENATE PANEL TRIMS FUNDS FOR MILITARY CONSTRUCTION

The Senate Appropriations Committee Thursday trimmed the House's allocation for military construction by \$500 million so the money could be distributed to civilian agencies with defense-related responsibilities.

Senate sources said the move did not reduce the \$306 billion total that will be appropriated in fiscal 1990 on defense.... However, they said that the shift will reduce financial pressure on civilian agencies such as NASA and the Department of Energy by increasing their overall funding.

(Dan Morgan, Washington Post, A6)

BOMB ATTACK INJURES SEVEN U.S. SERVICEMEN

TEGUCIGALPA -- Seven off-duty U.S. servicemen were injured...in a bomb attack on the northern coast of Honduras early today, U.S. officials said. It was the most serious incident in a string of attacks on American personnel and property in Honduras during the last year....

The seven were military policemen providing assistance to a U.S. road-building project near La Ceiba, 130 miles north of the capital....

A U.S. Army medic who spoke with the injured men said they were crossing a bridge when the explosion took place. The medic said the servicemen thought a grenade or some other explosive device might have been thrown at them from behind, "because they never saw it coming."

(Lee Hockstader, Washington Post, A23)

-more-

IMMIGRATION BILL CLEARED
Senate Plan Favors Skilled, Educated

The Senate Thursday night approved [81 to 17] a major overhaul of U.S. immigration aimed at increasing the flow of skilled and educated workers, especially Western Europeans who have been largely excluded in recent years....

Responding to the bloody repression of pro-democracy demonstrations in China, the Senate also increased the annual immigration quota for Hong Kong from 5,000 to 10,000 and agreed to allow Chinese studying in the United States to remain for four years and qualify for legal residency without returning to China unless the president certifies that it is safe for them....

To attract more skilled and educated immigrants, the bill proposes to create a pool of 54,000 visas that would be awarded under a point system giving highest priority to young, educated and skilled workers in high-demand occupations.

(Helen Dewar, Washington Post, A1)

NATIONAL NEWS

CIA CHIEF FIGHTS CONGRESS ON ACCESS TO DOCUMENT
Granting Lawmakers' Requests Could Endanger
Internal Agency Probes, Webster Says

CIA Director Webster and the House intelligence committee are engaged in a behind-the-scenes battle over the oversight panel's demand for sensitive reports done by the agency's inspector general, according to Capitol Hill sources.

The simmering struggle threatens to sour what Webster described, in an unusual July 10 letter hand-delivered to each committee member, as the post Iran-contra "principles of comity and mutual respect that govern our relationship."

At issue is Webster's repeated refusal over the past several months to supply the committee with a complete list of all CIA inspector general reports and turn over to the committee's oversight and evaluation panel any complete reports it requested, according to committee sources....

In his letter, Webster said that providing such reports "could undermine the integrity of the inspection process" because agency employees might not be candid with the inspector general if they know his reports will be made available to Congress. (Walter Pincus, Washington Post, A4)

LAWYERS SEEK IMMUNITY FOR KEY FIGURE IN HUD INQUIRY

Lawyers for Deborah Gore Dean, a key figure in investigation arising from the Department of HUD scandal, have asked congressional investigators for immunity from prosecution for testimony that could further implicate former HUD Secretary Pierce in irregularities in the department....

Rep. Lantos said yesterday that he has rejected the requests for immunity and has not met with Dean or her attorney.... "My door is wide open to her lawyers as it is to any witness, both past and prospective," Lantos said. But the question of immunity, he said, "is not under active consideration." (Gwen Ifill & Chris Spolar, Washington Post, A12)

BARRY TO SEEK 4th TERM

Move Seen As Effort To Keep Jackson Out Of The Race

D.C. Mayor Marion Barry, in a challenge to Jesse Jackson to abandon any plans to run for mayor, said through a spokeswoman Thursday that he is running for a fourth term and expects Jackson to actively campaign for him next year....

In recent weeks, Barry has grown increasingly angry over Jackson's actions. Jackson has refused to end speculation about his plans while some associates have tentatively suggested that Jackson might reconsider his decision not to run against Barry, or seek other ways to pressure Barry to step aside next year.

Jackson, in Detroit for a speech to the NAACP last night, said, "I have no comment. I don't know the context in which (the Barry statement) was made." (Tom Sherwood, Washington Post, A1)

EDITOR'S NOTE: 'Scandal Puts Prober In Limelight And Doghouse; HUD Inspector General Adams Rebuts Charges Of Lack Of Aggressiveness,' appears in The Washington Post, page A19.

NETWORK NEWS SUMMARY
for Thursday Evening, July 13

TRIP

ABC'S PETER JENNINGS: Before we plunge into the specifics of today, an overall sense of what is going on here. In Paris for the next three days the leaders of the world's richest nations and some of the poorest are going to discuss and undoubtedly disagree about how to resolve some of the world's most serious political and economic and ecological problems. And they will do so against the backdrop of the French Revolution, which began in this city 200 years ago tomorrow, which ultimately changed the face of Europe. President Bush has arrived here from a part of Europe which has been victimized ultimately by the Russian Revolution.

ABC'S BRIT HUME: The President left Hungary for France this morning after a warm reception in the Soviet Union's front yard. He said again today he hadn't been trying to stick it to the Soviets, but during the flight he did give Mikhail Gorbachev a little shove on the NATO arms control proposal.

(PRESIDENT BUSH on Air Force 1: "We have an opportunity now to encourage him to move along faster on conventional force reductions. The idea that some Soviet spokesman yesterday says they can't meet these timetables, I don't want to believe that that's Mr. Gorbachev speaking.")

Mr. Bush also said he would urge the Western economic powers to join him in promoting further change in the communist world. But he tried not to enlarge expectations for his role in the Paris summit.

(PRESIDENT BUSH: "I haven't set up any yardsticks for that. I don't think that there's a way to measure success at an economic summit, and this isn't the summit where there's one major problem to be solved.")

That is the view the Administration brings to Paris -- that these are good times in the free world. Indeed, Mr. Bush is here two days early to join the celebration of 200 years of France's freedom.

[TV COVERAGE: The President reviews a drum corps.]

And the French are sparing no expense to make Mr. Bush and other world leaders feel welcome, or at least safe. As the Bush motorcade sped through Paris, a security blimp hovered above and wherever he stopped there were armed men on the rooftops. At one point, as his waiting motorcade blocked the way of other dignitaries, French and U.S. security men argued on the sidewalk over how the snarl occurred. None of this seemed to detract from the festivities, to which the U.S. added today by giving back to France, at least for a week, the key to the historic Bastille fortress stormed at the outset of the French Revolution. The French gave it to George Washington in 1790. President Mitterrand seemed glad to have it back, if only temporarily.

[TV COVERAGE: President Bush hands the key to President Mitterrand.]

This is the easy part of the Bush visit, falling between the diplomatically delicate visits behind the Iron Curtain and the weighty, if friendly, negotiations this weekend over economics.

JENNINGS: With the enormous concentration of political power here in Paris, it is clear to everyone that President Mitterrand is trying to get a dialogue going between the very rich and the very much less fortunate. There has always been resistance to this all-at-one-table idea from the U.S., as well as some of the other richer nations. So once again, as PIERRE SALINGER reports tonight, the developing countries are complaining.

NETWORK NEWS SUMMARY

for Thursday Evening, July 13 -- B-2

ABC'S PIERRE SALINGER: The leaders of the seven richest industrialized nations of the world are here for another summit, a private club they formed 15 years ago. President Mitterrand is recreating the spirit of the French Revolution by surrounding the seven rich leaders with 25 leaders from poor Third World countries. Tomorrow, the leaders of the seven rich nations will become an exclusive club again, meeting alone here at the pyramid of the Louvre Museum. And many of the Third World chiefs of state not invited to the summit are unhappy. They don't think their concerns will be addressed.

(VENEZUELAN PRESIDENT PEREZ: "What is regrettable is that we are not even on this occasion to have a small summit meeting of both types of countries, north-south -- the rich and the poor countries.")

Indian Prime Minister Gandhi agrees. He believes that it is vital that the developing nations be included at economic summits. Late today, Egyptian leader Mubarak joined Gandhi in calling on President Mitterrand to organize a special summit between the seven and the Third World countries as soon as possible. Mitterrand has indicated he favors the idea. But other Western leaders, like Prime Minister Thatcher, are unlikely to agree to the proposal. They prefer to deal with the \$1.3 trillion Third World debt problem on a nation-by-nation basis rather than at a large round table. The Third World countries are once again putting heavy pressure on the seven to solve the debt problem, hinting, once again, that if they do not they will stop paying off their loans. There does seem to be a consensus among the seven nations to support President Bush and ease the debt payment to Poland and Hungary, giving those nations a better chance to deal with their serious economic problems. (ABC-Lead)

ABC'S NED POTTER says that Prime Minister Thatcher has painted herself as a champion of the environment. President Mitterrand has tried to match her, and President Bush is playing catch-up too, calling environment a priority of the Paris summit. But to ecologists, the competition to improve the environment is welcome.

(FRENCH ECOLOGIST: "It's a revolution. It's something extraordinary, and the public has not realized that this is the biggest victory for the ecology that there is, because it's not a victory for us, it's a victory for the planet.") (ABC-8)

NBC'S TOM BROKAW: Good evening from Paris, where it is already Friday morning, Bastille day, and the celebration is underway of the beginning of the revolution 200 years ago that set this country free from monarchy.... President Bush is here for the economic summit meeting with the leaders of six other industrial nations, and he joins 27 other heads of government for these festivities.... It's been a noisy and glittering evening, as President Mitterrand played the part of the birthday boy -- 200 years of liberty, equality and fraternity. That's the slogan of the French Revolution, which didn't always hold up. Tonight the emphasis was on fraternity among the mighty who have gathered in this ancient city.

NBC'S JOHN COCHRAN says that for \$70 million or so, the French government should be able to put on a pretty good show. French taxpayers certainly expect it, so do the leaders from 35 nations invited to help France celebrate a day that French monarchists would rather forget. The revolution was supposed to be a victory for the common people. But it was the very important people who were invited to the opening of the Bastille Opera House built on the site of the famous prison overrun by revolutionaries.

-more-

NETWORK NEWS SUMMARY

for Thursday Evening, July 13 -- B-3

COCHRAN continues: The critics already don't like the opera house, saying it's too expensive and too modern. President Mitterrand had it built anyway, even though he doesn't care much for opera.

[TV COVERAGE of presidents Bush and Mitterrand in the balcony at the opera house.]

On learning that tonight's concert was 90 minutes long, Mitterrand ordered more than 30 minutes cut because he couldn't sit still for more than an hour. President Mitterrand has been the target of critics who say he has gone overboard on the celebration -- that he is really celebrating himself. Mitterrand has told his tormentors, in effect, to lighten up and have a good time. President Bush has certainly enjoyed himself, and Britain's Margaret Thatcher -- well at least she showed up, but only after saying that the French Revolution produced a lot of headless corpses and a tyrant -- Napoleon. Some visitors think the Parisian police have also been tyrannical in trying too enthusiastically to provide security. White House spokesman Fitzwater said police threw him against a wall, but as Fitzwater said, "How could you be upset on a beautiful day in Paris?" As evening wore on, Parisians seemed to forget the controversies over the celebration, the cost, the politics, and they began earnestly doing what President Mitterrand had advised -- they began a two-day party.

BROKAW: While Paris was celebrating two centuries of democracy today, NATO was trying to make sure that the next century is free of war. In Vienna today, NATO presented the Warsaw Pact with its latest proposal for the conventional arms reduction agreement, and that includes armed aircraft as well. This proposal was made two months ahead of schedule. In the Soviet Union, the Soviet foreign ministry spokesman welcomed the effort to speed up these negotiations. He indicated that an agreement may be possible within six months. As he headed for Paris today after his tour of Poland and Hungary, President Bush talked of his own hopes for change in other communist countries.

(PRESIDENT BUSH on Air Force 1: "I am firmly convinced that this wave of freedom, if you will, is the wave of the future, and I would expect that this visit has been watched by the people of other Eastern European countries, and hopefully giving encouragement to those who want to go the path of reform.")

And you may recall how in Hungary two days ago President Bush came to the rescue of an elderly woman caught in a downpour in Budapest. The President took off his raincoat and went down into the crowd and gave it to the woman. Well, it turns out there's more to the story: First Lady Barbara Bush disclosed today that the raincoat didn't belong to the President. It belonged to a Secret Service agent. She added, "We're going to buy him another one right away." (NBC-Lead)

CBS'S DAN RATHER: This is the New Arch of Paris, bold, brash, controversial. A whole new angle on things, symbolic of the new look, the new drive of a new Europe. It is inside here, right at the top on the 35th floor, that President Bush and the leaders of the major trading countries of the free world meet for an economic summit. Among other things, they meet to consider ways to help Eastern Europeans break away from the failed politics and economics of communism.

(PRESIDENT BUSH in front of Air Force 1: "As your economy modernizes, you will play an even greater role in the evolution of a new Europe -- a Europe that is whole and free.")

NETWORK NEWS SUMMARY

for Thursday Evening, July 13 -- B-4

RATHER continues: President Bush left Budapest this morning, heading away from an Eastern Europe on the verge of economic and political revolution, coming here to Paris to a Western Europe on the eve of celebrating the 200th anniversary of the French Revolution.... You only had to spend a few moments in the streets to see what a monumental security problem they brought with them. In Paris today, it's difficult to tell whether they're preparing to celebrate a revolution or expecting to fight one. You could be forgiven for thinking that this place has become the ultimate police state....

RATHER talks with CBS'S LESLEY STAHL about President Bush's trip:

RATHER: A president wears many hats, and President Bush here is wearing at least two: one celebrating the bicentennial of the French Revolution, two, leading the U.S. delegation to the economic summit.

STAHL: He's going to be dealing with both, and on the first one, the bicentennial, for 40 years intellectuals in France, the socialists, have been teaching their children that the Russian Revolution was the natural completion of what they started with the French Revolution. But now that the communist world is crumbling, they've changed that, and they say actually the French Revolution in the child of the great American experiment. But President Bush comes here when the whole world is celebrating American values. He also comes to the economic summit where he will be trying to assert and establish himself as the leader of the free world. He's going to do that by trying to make the issues he wants to talk about the dominant issues. And the main one for him here will be concerted aid for Poland and Hungary. What's ironic is that he'll probably get that support here, then go home and face enormous opposition from the conservatives within his own party. Jesse Helms blocked some aid he wanted to bring with him to Poland, and Helms says he's going to continue to block it every time the President tries to bring it to the Senate.

RATHER: What about the substance of differences in the Western economic alliance?

STAHL: Well, this is the economic summit, but they tend not to talk about economic problems any more at these events. They tend to be more PR get-togethers, because these leaders want to demonstrate to the world that they're unified, that things in the West are harmonious, solid, strong, and that picture of unity as the competition with the Soviet bloc reaches its crucial point becomes very important with these leaders.

RATHER: Naturally they want that front-page picture all over the world, but what are they trying to smokescreen over, cover up, put under the rug?

STAHL: With the Poland aid and talking about the environment, and the Japanese have just announced a \$43 billion foreign aid package for poor countries -- what they're trying not to have put out in the spotlight is the fact that the United States has not seriously dealt with its budget deficit, that the Japanese are accumulating trade surpluses, and that trade tensions continues to mount between the United States and Europe. Calling this the economic summit is a misnomer. They really should call it "don't worry be happy" summit. (CBS-Lead)

-more-

NETWORK NEWS SUMMARY

for Thursday Evening, July 13 -- B-5

HUD

NBC'S BOB JAMIESON: In Washington today, a Senate committee voted to launch its own investigation of the scandal in HUD, a scandal that keeps on getting bigger. As NBC'S ANDREA MITCHELL reports, the department's losses are now being counted in the billions of dollars.

NBC'S ANDREA MITCHELL says that when one of the biggest companies doing business with HUD approved a \$47 million loan for this Houston apartment complex, it didn't look like a good deal. Fewer than 10% of the property's units were rented, and Houston's economy was going downhill. But the risk to the lender was small. It got its fee up front. HUD would be responsible for 80% of any loss. Despite glitzy TV ads, the owners defaulted. Cost to the taxpayers, \$35 million. The Houston project was just part of what investigators now estimate to be a billion-dollar loss for a single HUD program -- twice as much as previously thought.

(SECRETARY KEMP: "I think the total would be somewhere around a billion, maybe a little bit over. One program alone lost, before I got here, about \$600 million.")

Six-hundred million lost by this one mortgage company, DRG, the firm responsible for the Houston fiasco. DRG is now under criminal investigation by the FBI. The FBI is also looking at this man, former HUD official Thomas Demery. Before coming to HUD, Demery was a mortgage broker for DRG. At HUD he ignored audits recommending that the company be banned from HUD programs. He talked to DRG's then-lawyer, Carla Hills, who had been Housing Secretary in the Ford White House. Hills got HUD to lift restrictions that might have stopped some of DRG's bad loans. Now a member of the Bush Cabinet, she told NBC News she did not know the company was in financial trouble, and thought it was being cited only for sloppy procedures. Hills made DRG's case directly to former Housing Secretary Pierce. Although not implicated in the probe, congressional investigators want to know about that meeting.

(REP. LANTOS: "We do not assume that a lawyer representing DRG therefore is culpable. But we do assume that a lawyer knows something about DRG, and we expect to ask Ambassador Hills about DRG.")

Government sources say the real focus of the probe is not Hills, but whether DRG paid kickbacks to former HUD officials.

JAMIESON: One of the former top officials of HUD, Deborah Gore Dean, is seeking immunity from prosecution in exchange for her testimony. Sources say she is prepared to implicate former Secretary Pierce in the scandal.

(NBC-3, CBS-5)

FLAG

ABC'S SHEILAH KAST says that there's not much debate in Congress about whether to protect the flag, but a good deal of argument about how to do it.

(SEN. BIDEN: "We are different, we are diverse, but we are held together by one basic principle, the symbol of which is that flag.")

Many Democrats like Sen. Biden argue that a law banning all flag burning would be quicker and less divisive than that process of amending the Constitution.

NETWORK NEWS SUMMARY

for Thursday Evening, July 13 -- B-6

KAST continues:

(SEN. BIDEN: "You move quickly to heal a wound, and you do not allow the thing that caused the wound to become an instrument of political debate and demagoguery.")

Others believe amending the constitution to respond to the Supreme Court's flag decision will weaken the Bill of Rights. Rep. Michel disagrees and argues there is no legislative fix. In the House, Democratic leaders intend to bring legislation to a floor vote this summer and hope that takes the steam out of the drive for an amendment. (ABC-5)

CBS'S PHIL JONES says that even Michael Dukakis, who got burned on patriotism in the presidential campaign when he wouldn't support a mandatory Pledge of Allegiance, today joined those who want to protect the flag.

(GOV. DUKAKIS: "Defacing or burning or destroying the flag ought to be illegal. I think you can probably do it without amending the Constitution.")

But at least one Democrat today called the flag burning debate a crude form of one-upmanship.

(SEN. METZENBAUM: "The flag dispute has instead reduced the political debate to shameful and crass demagoguery, all with a cold eye toward the next election.")

Republicans deny any demagoguery, but it is clear that flag-waving is a no-lose political issue. (ABC-6)

U.S. SOLDIERS/HONDURAS

RATHER: Someone threw a homemade bomb at a group of U.S. soldiers leaving a discoteque in Honduras early today. Seven of the Americans were wounded, three of them seriously. The bomber escaped, no one claimed responsibility. This was the fourth attack this year on U.S. troops in Honduras since 1982.... (CBS-3)

OCHOA

ABC'S DIANE SAWYER reports that Gen. Arnaldo Ochoa of Cuba and three other officers convicted of running a drug smuggling ring were executed by firing squad today. Ochoa was once one of Fidel Castro's most trusted assistants and a hero of the revolution, Cuba's highest honor. (ABC-6)

CBS'S JUAN VASQUEZ reports that "drug running is a serious business," Castro said at a televised meeting of the Council of State. "There was no alternative [to the executions]." "We need to communicate with the Americans about how to manage our common drug smuggling problem," Castro insisted. But many do not believe Castro is sincere.

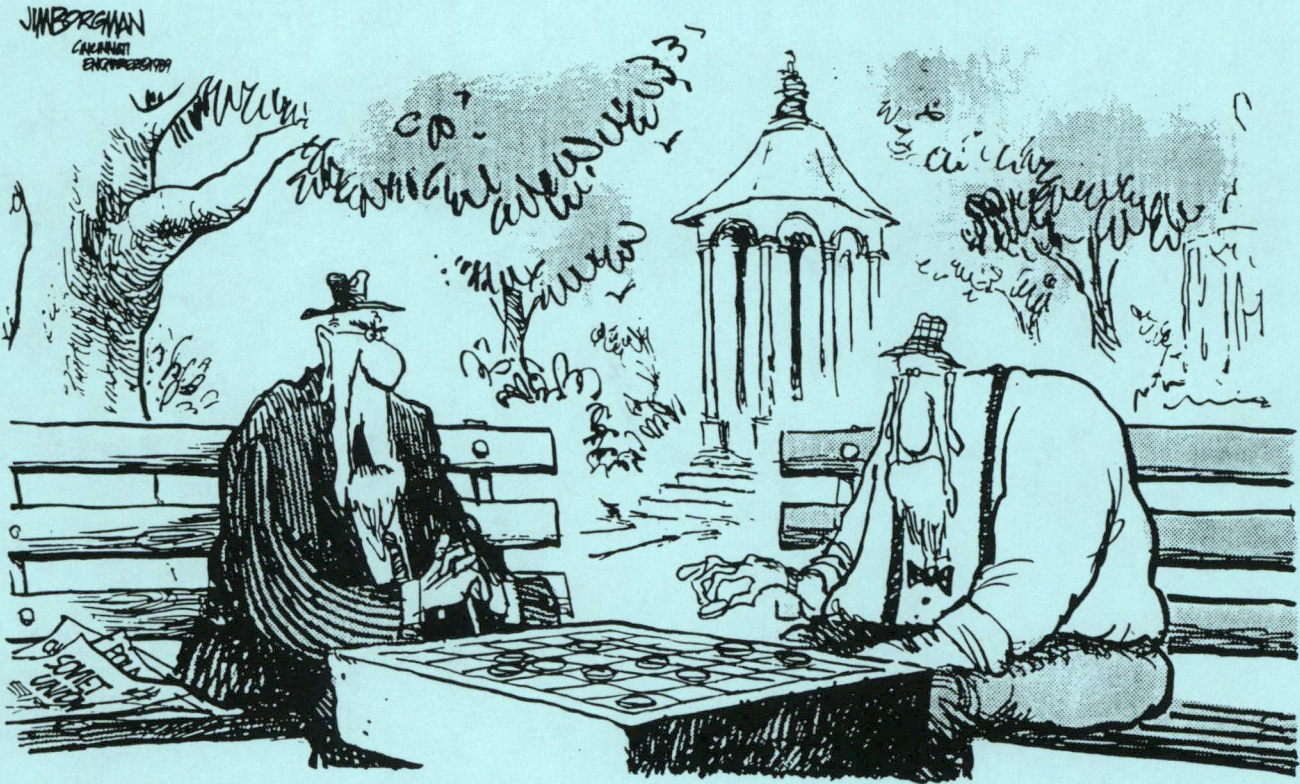
(STATE DEPARTMENT SPOKESMAN RICHARD BOUCHER: "Representatives of the government of Cuba have consistently, privately and publicly rejected allegations that any Cuban officials have been involved in drug trafficking since 1959.")

With his newfound enthusiasm, Castro has threatened to shoot down drug-running airplanes. Some U.S. officials feel it's time to test Castro.

(REP. RANGEL: "Tragically, Cuba has done all that it can do. The ball's in our court. They're asking, what is it you want us to do?")

Cuba watchers say nothing happens on the island nation without Castro, himself, knowing about it. (CBS-4)

Friday Follies

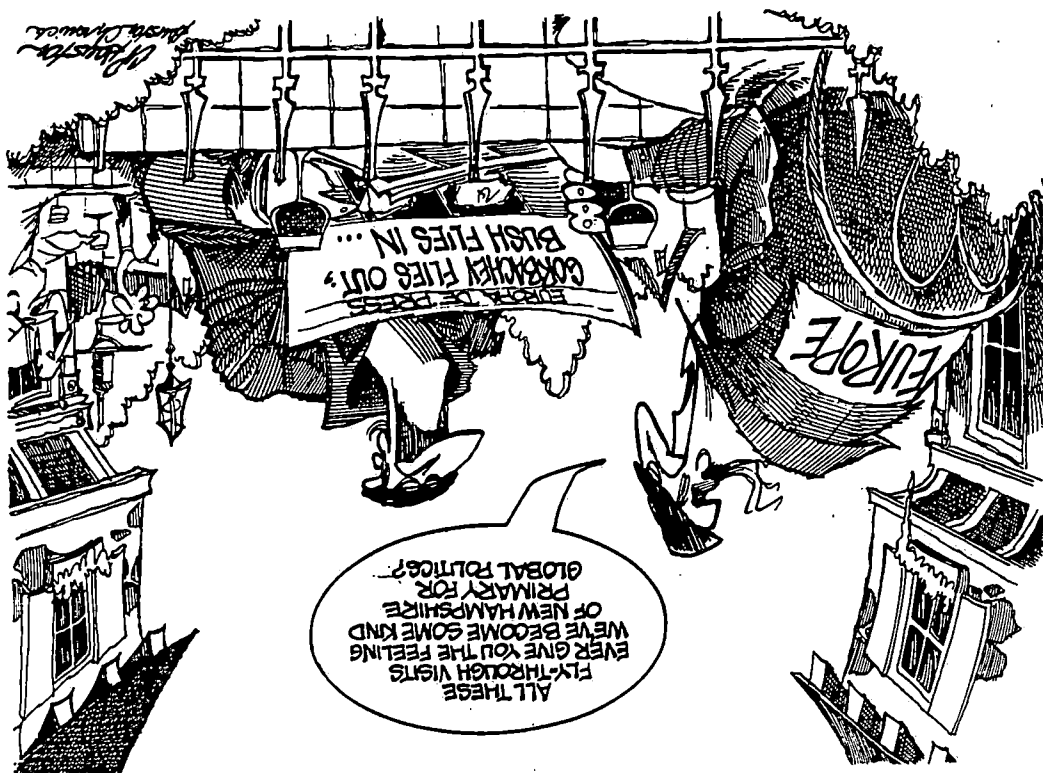
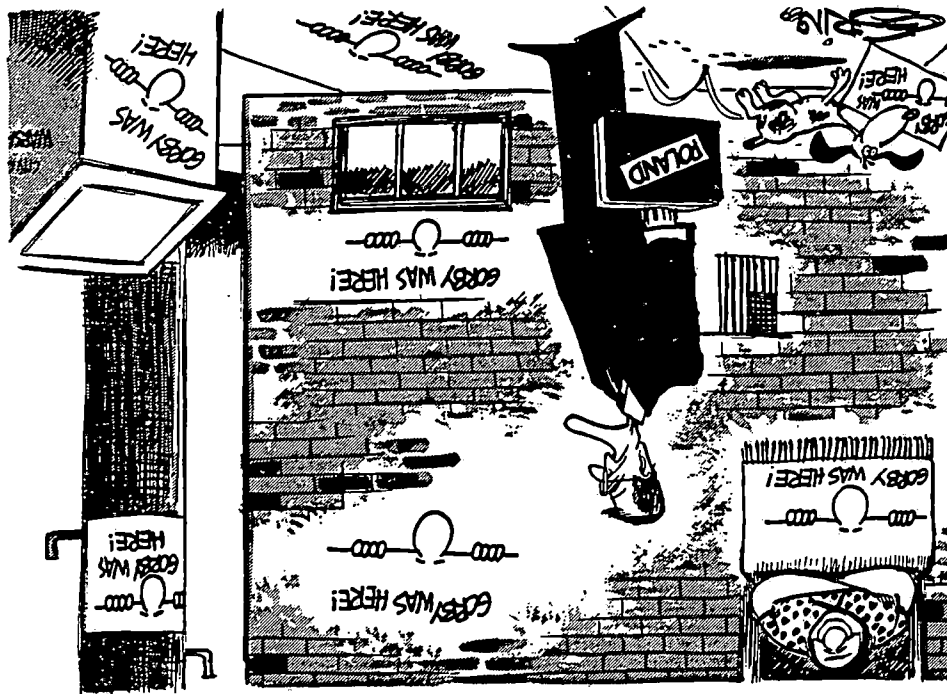


"WELL, I DON'T LIKE IT! IF EVERY COUNTRY IN THE WHOLE DADBLAME WORLD BECOMES A DEMOCRACY, WHO'S GOING TO BE LEFT TO BE THE ENEMY?!"

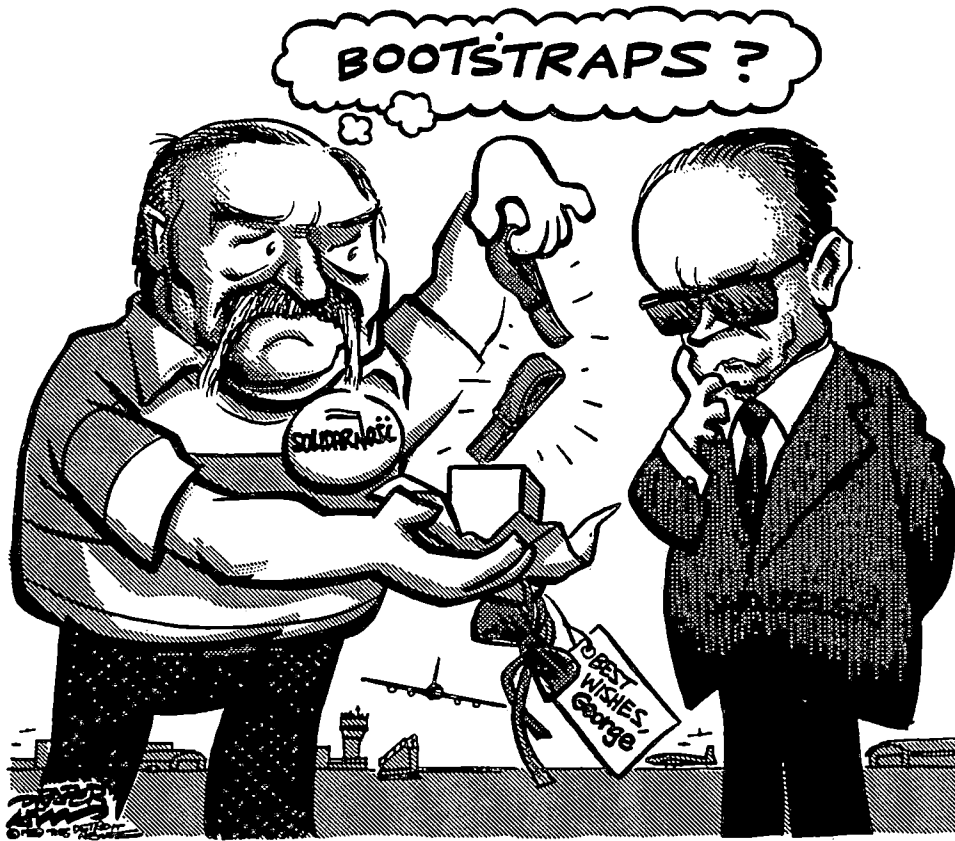
- a look at politics through the eyes of the political cartoonist -

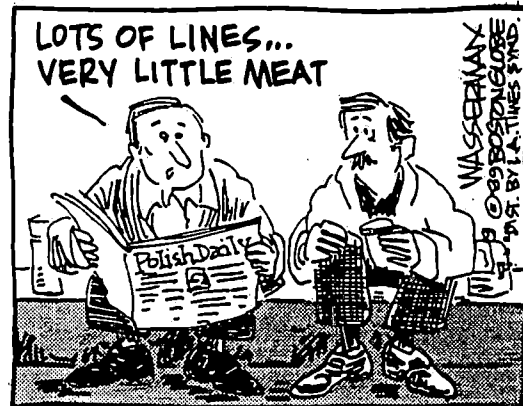
"I don't care a straw for your newspaper articles. My constituents don't know how to read. But they can't help seeing them damned pictures."
(William Marcy Tweed speaking of Thomas Nast, 1871)

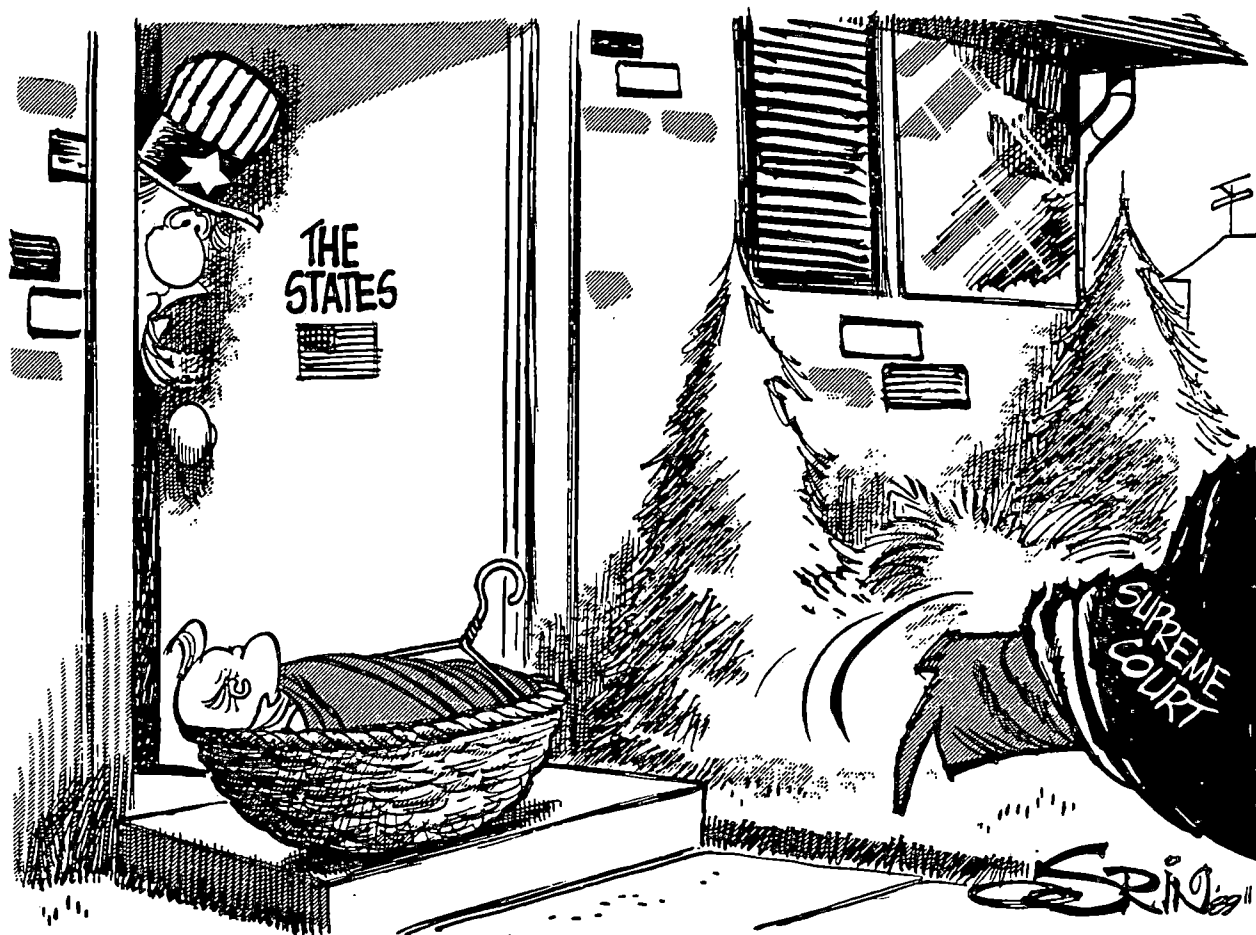
WHITE HOUSE NEWS SUMMARY SPECIAL EDITION
VOLUME I ISSUE 10 -- July 14, 1989

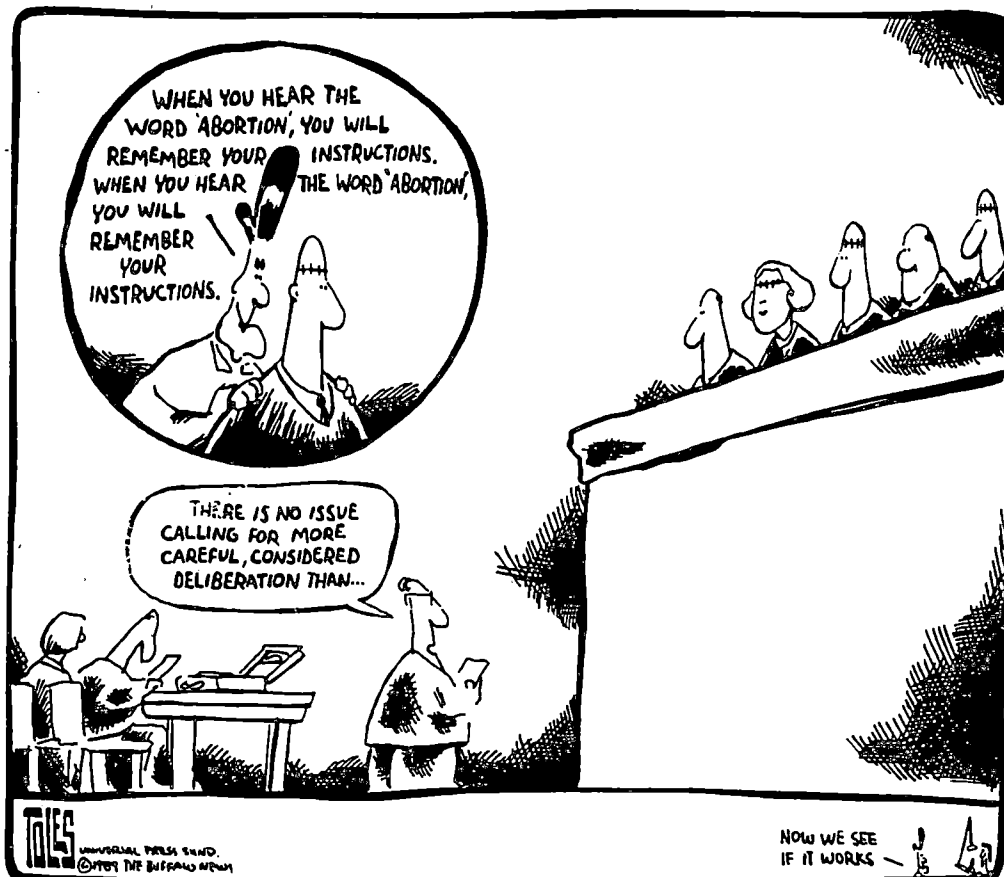


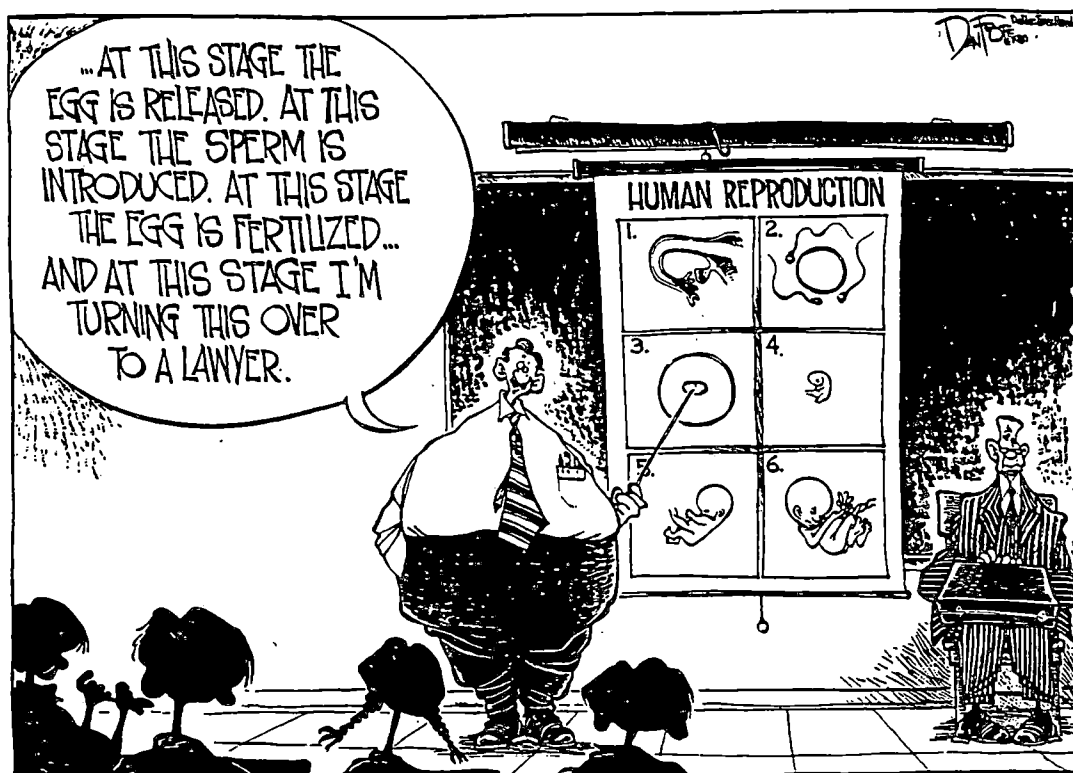


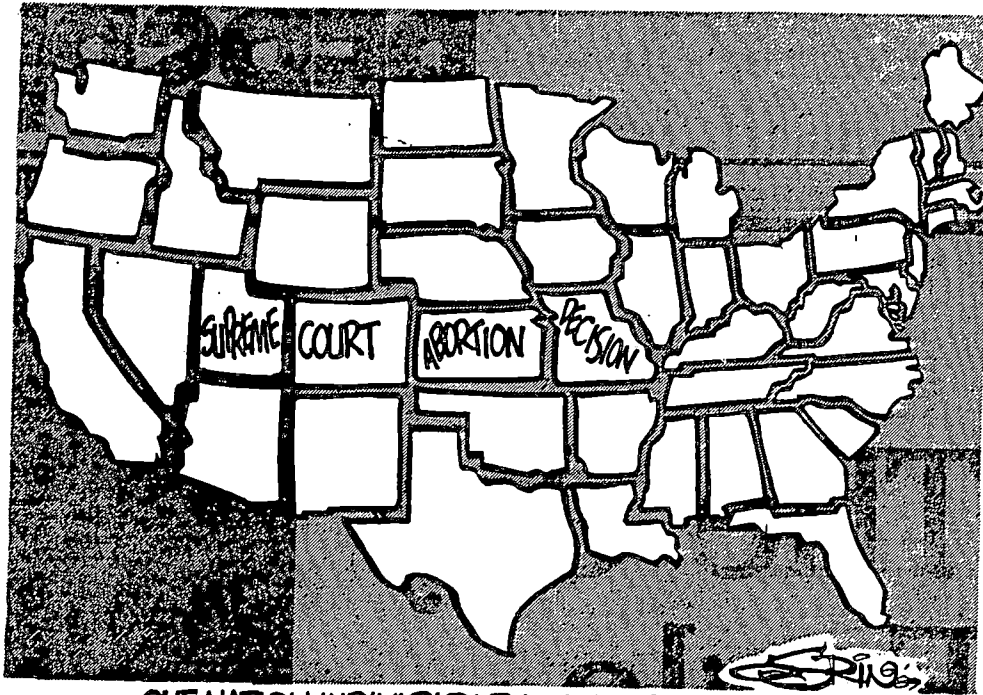






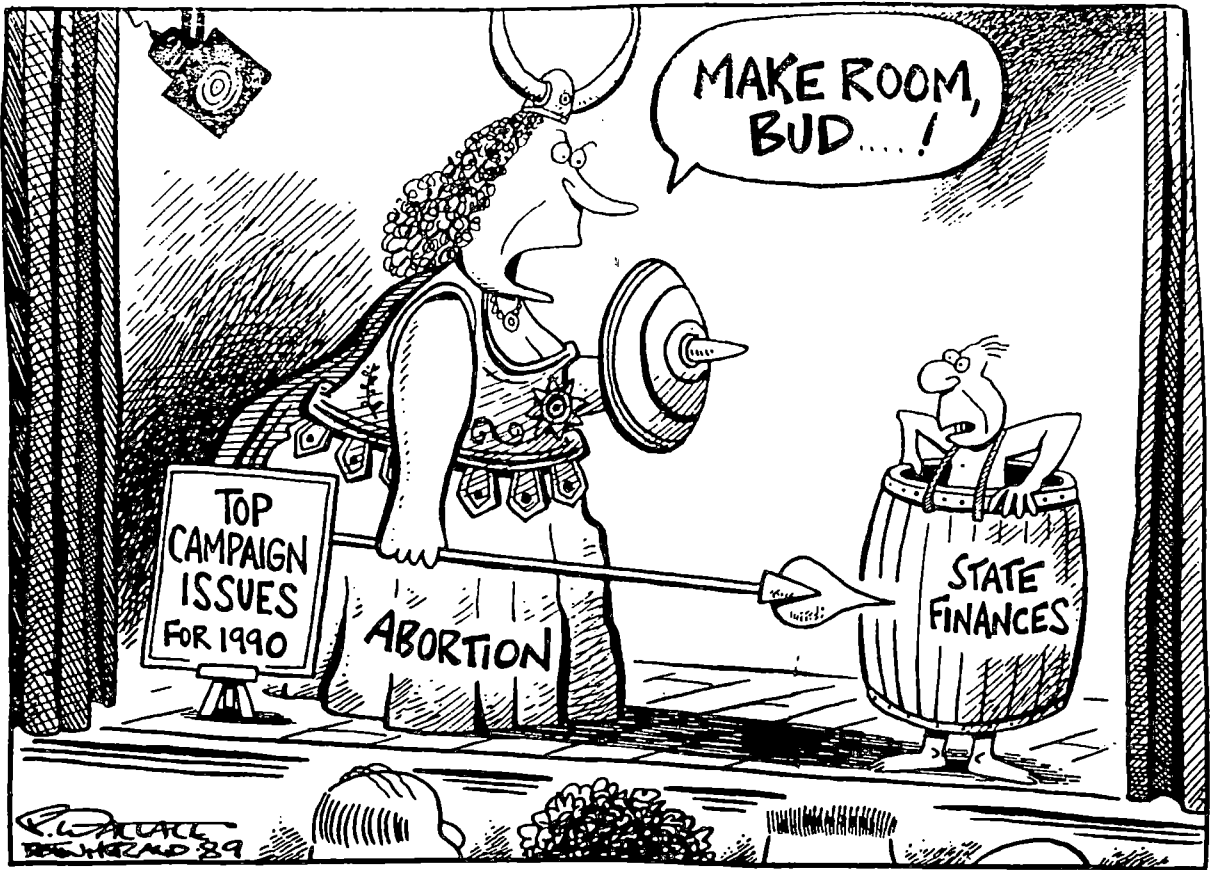




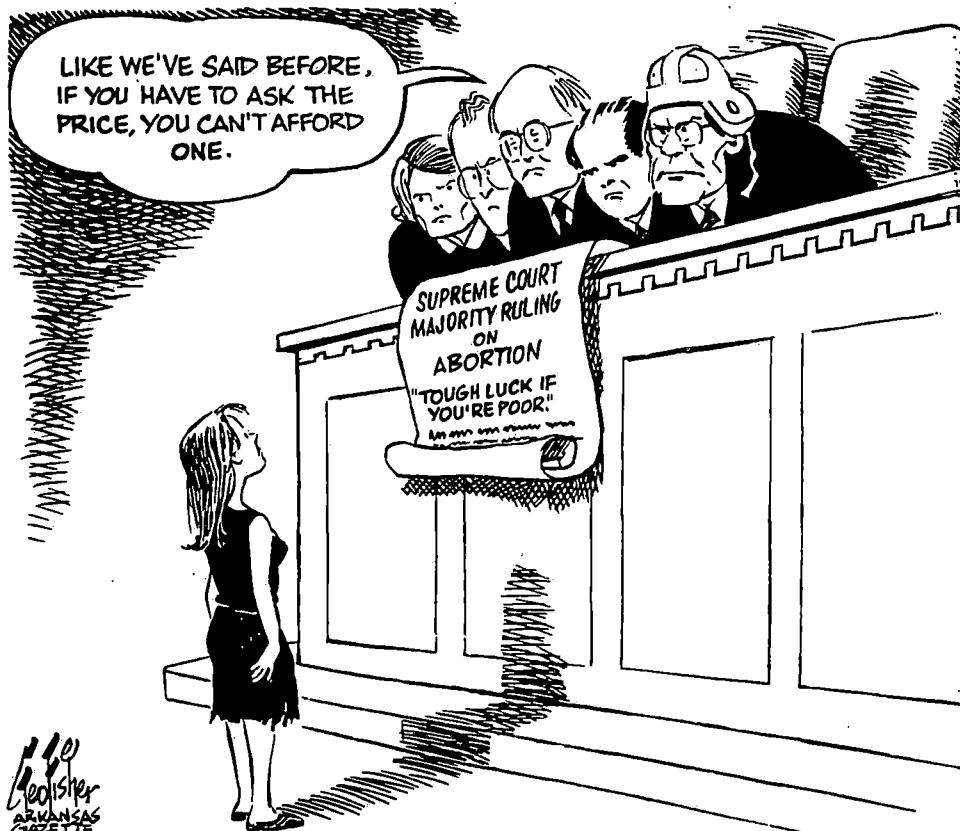
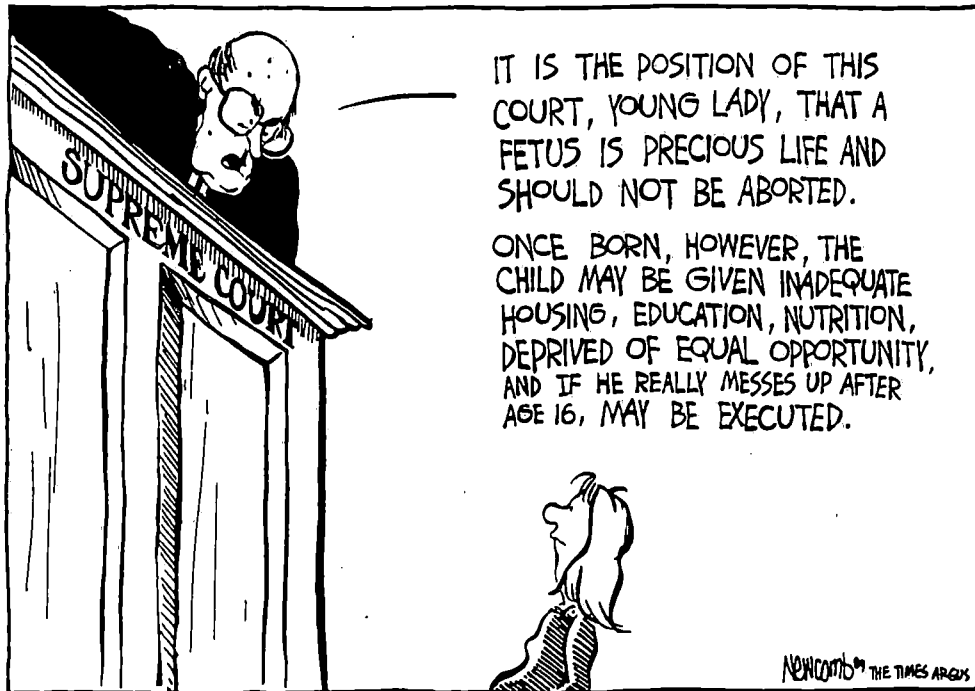


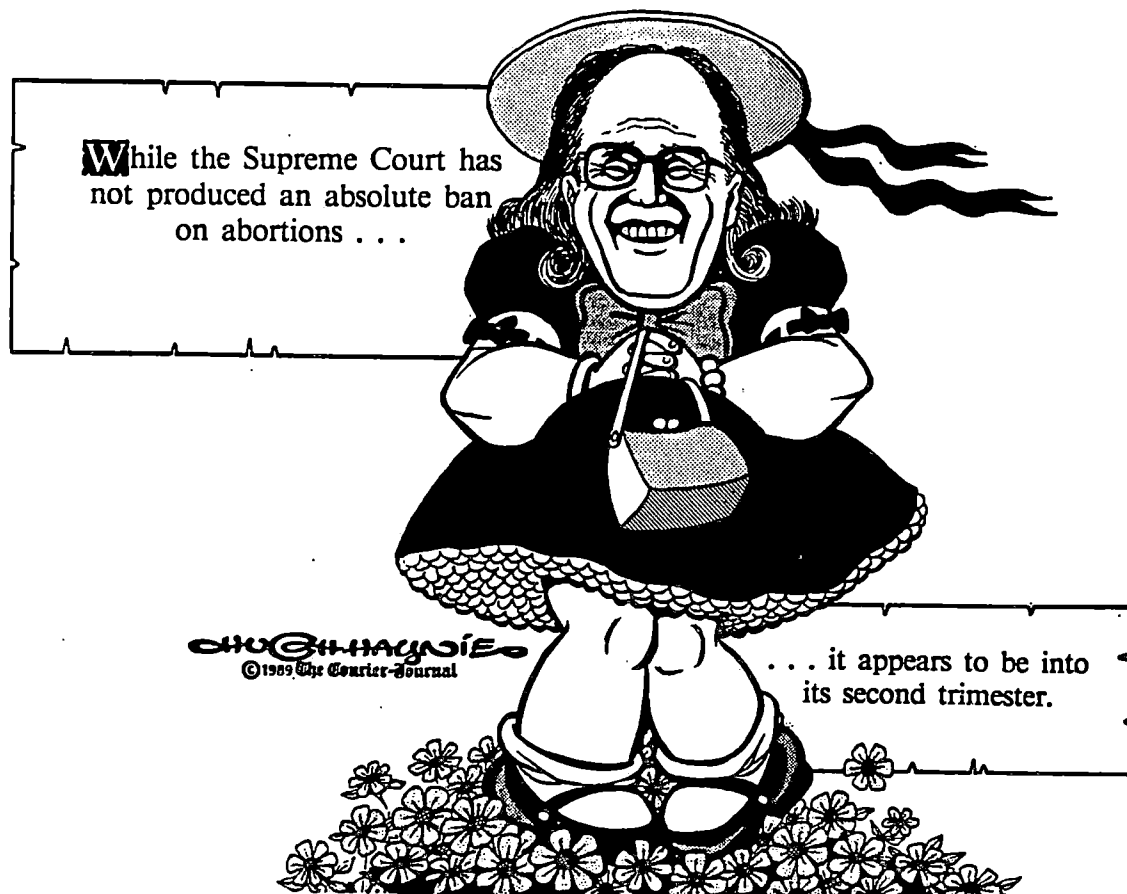
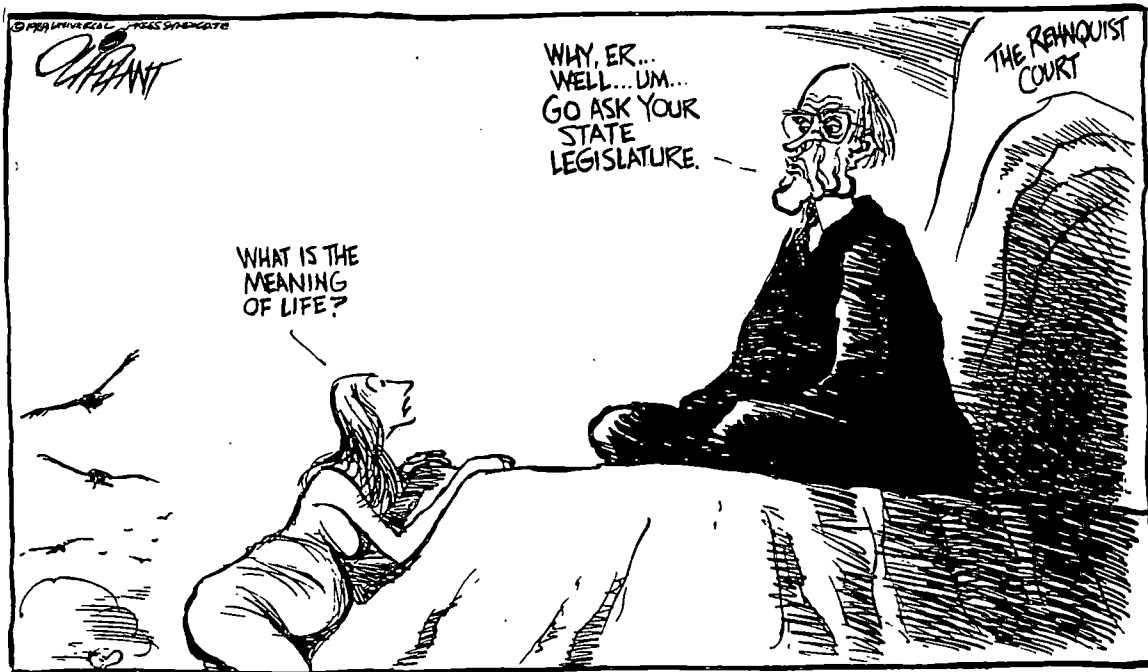
ONE NATION, INDIVISIBLE, UNTIL NOW...





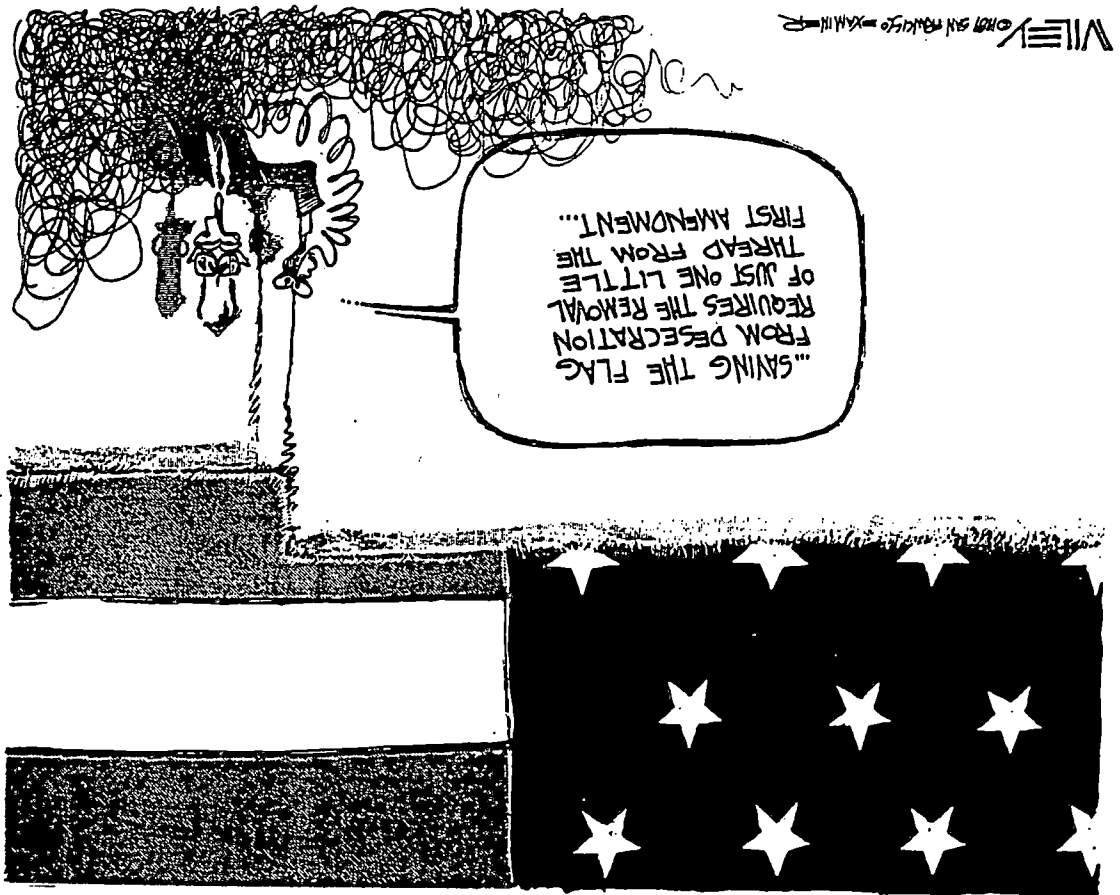
Morin
The Miami Herald



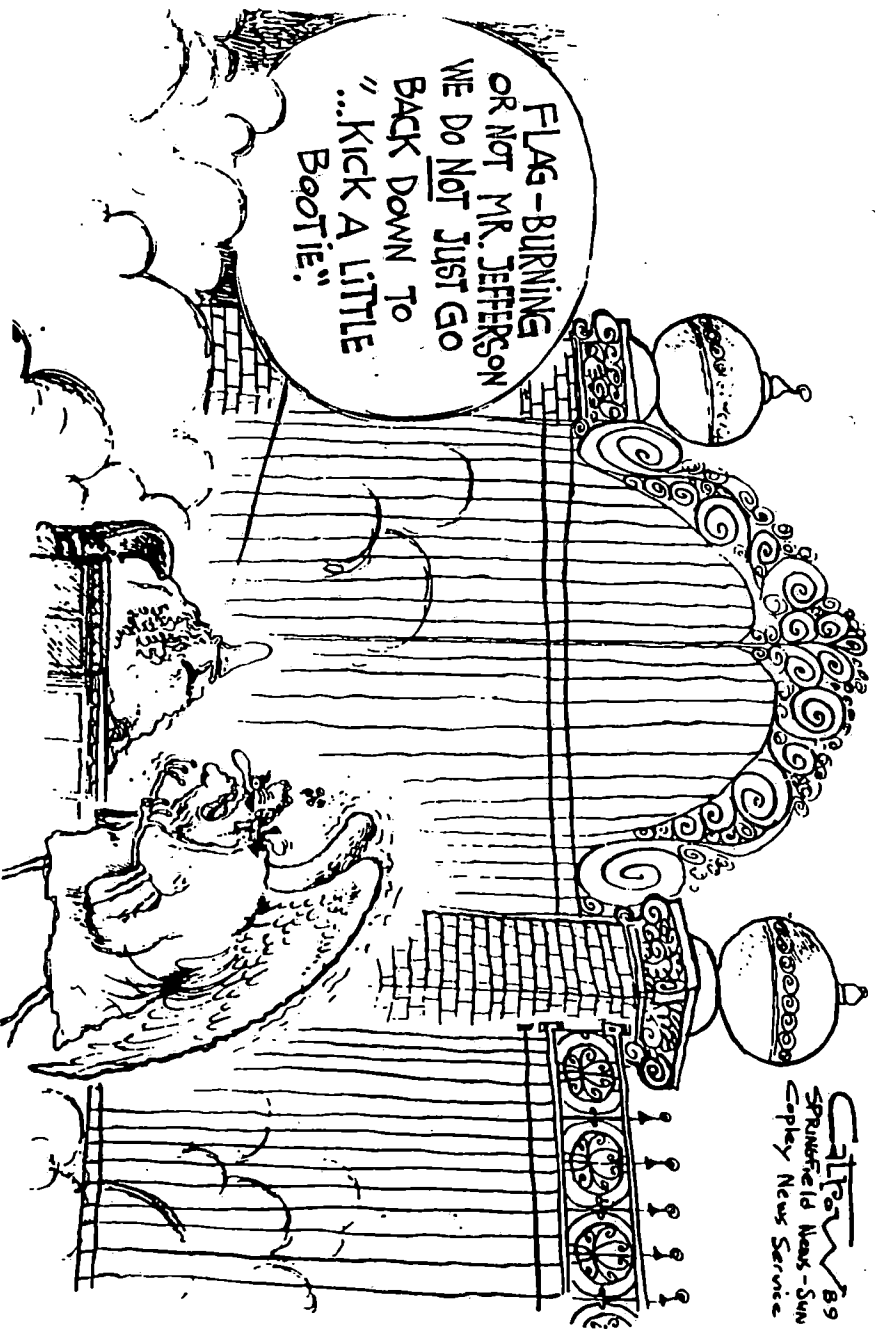




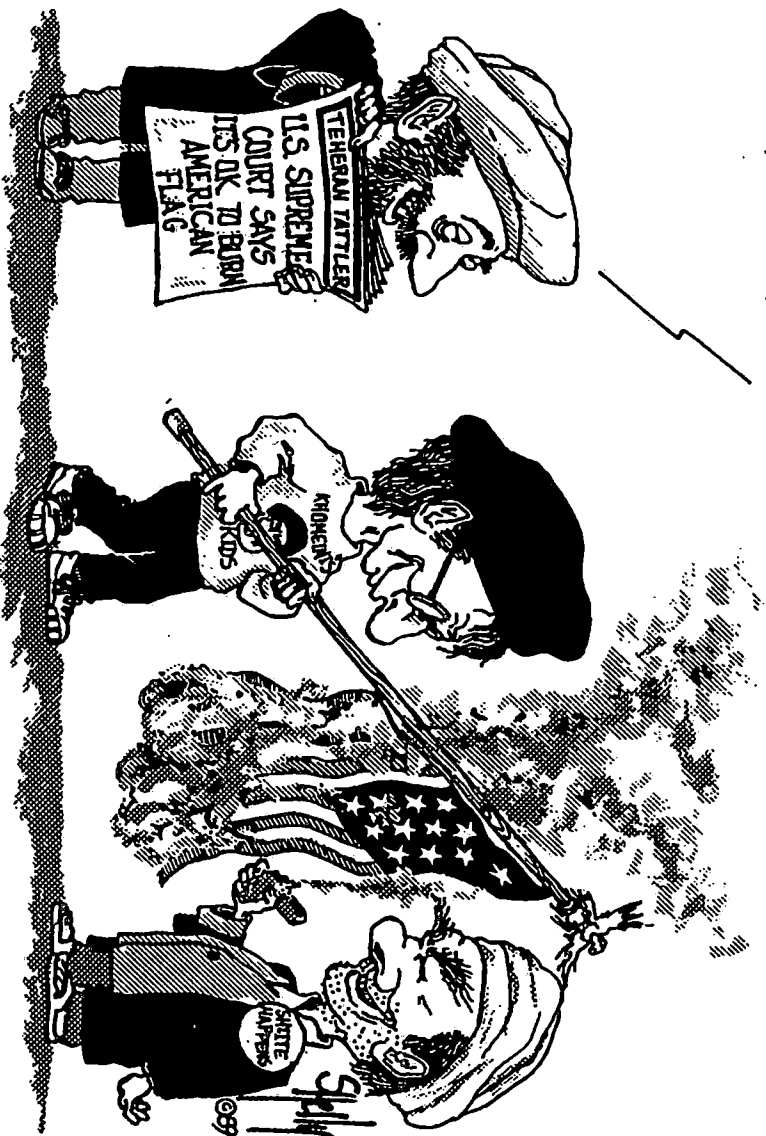
Ben Franklin's front porch, Philadelphia, July 4, 1787

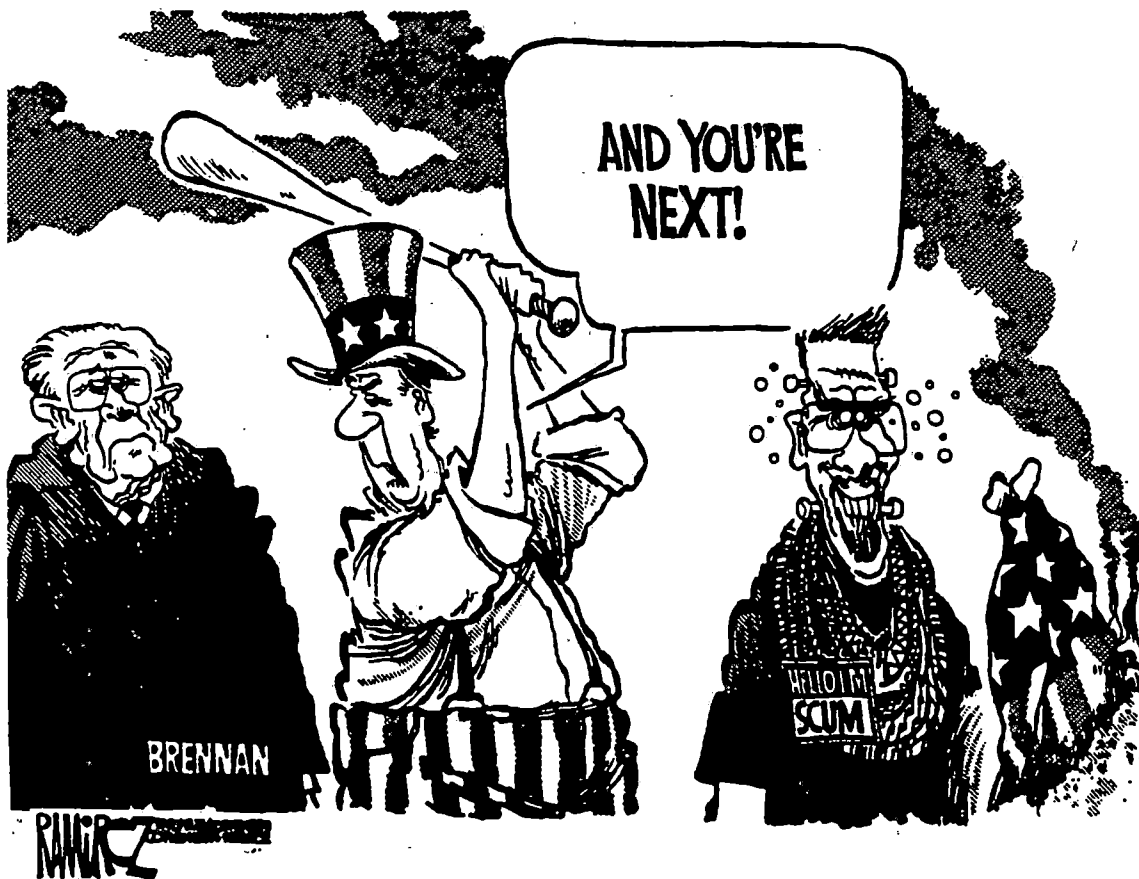


Calloway
Sprunfield News-Sun
Copley News Service



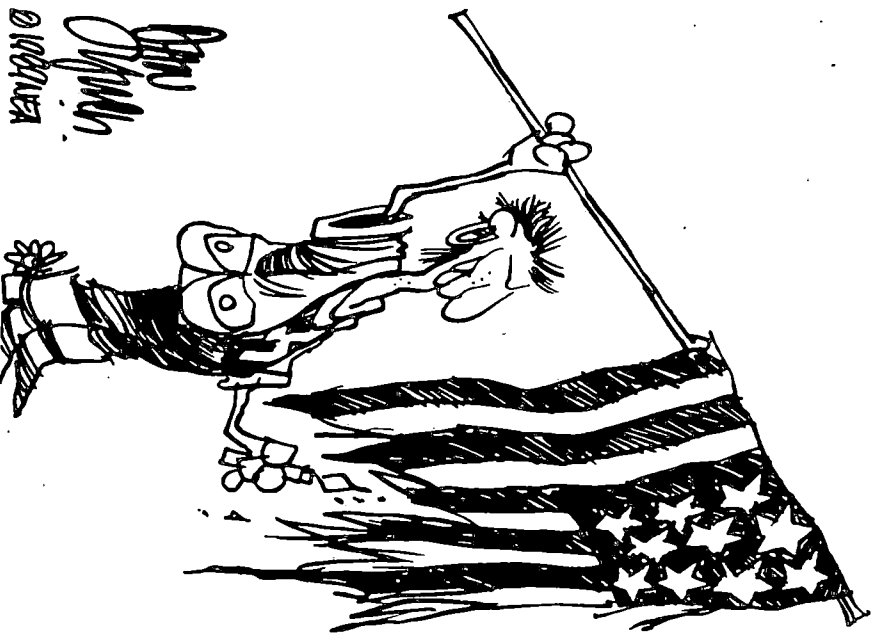
HEY GUY'S, LOOK... WE FINALLY AGREE WITH THE GREAT SATAN ABOUT SOMETHING!





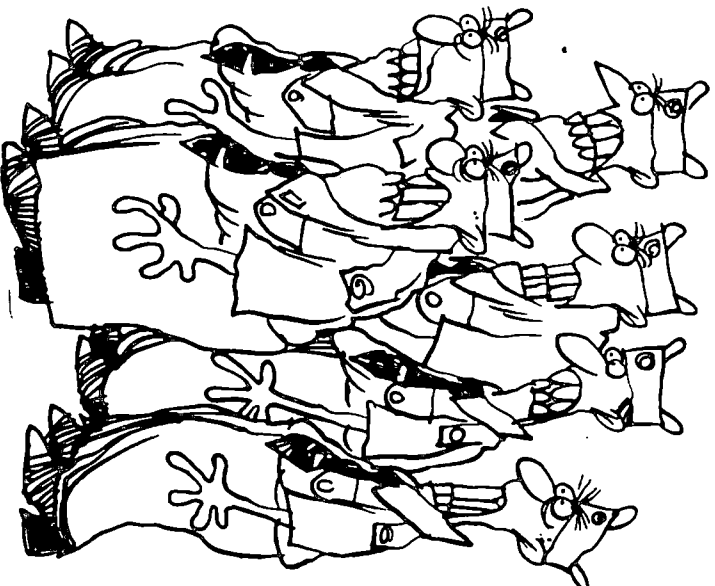
For Shame!





And
Chapman.
O'Brien

Rule 1: TO PREVENT BODY INJURY WHEN FLAG BURNING
AS PART OF A PEACEFUL DEMONSTRATION, BE CERTAIN TO
AVOID SENSITIVE AREAS, SUCH AS NEAR OR WITHIN
SIGHT OF A V.F.W. POST...



COVER YOUR
LEFT EYE AND
TELL ME WHAT
YOU SEE.

A... CONSTITUTIONAL
AMENDMENT... AGAINST
... BURNING THE
... FLAG.

**D
E
F
I
C
I
T**
HOMELESS
DRUG
ADDICT



1705
All Rights Reserved

We are SHOCKED
AND OUTRAGED
BY THE BLOODY
ACTS OF CHINA'S
LEADERS!



NOT ENOUGH,
OF COURSE,
TO ABANDON A
\$14 BILLION
EXPORT
MARKET...

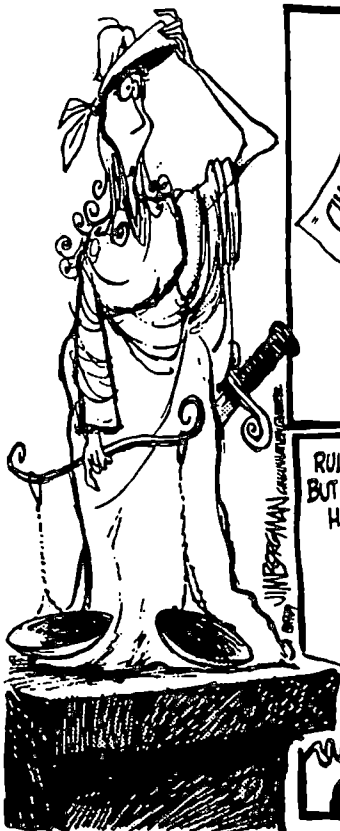


BUT We're
PRETTY
OUTRAGED.



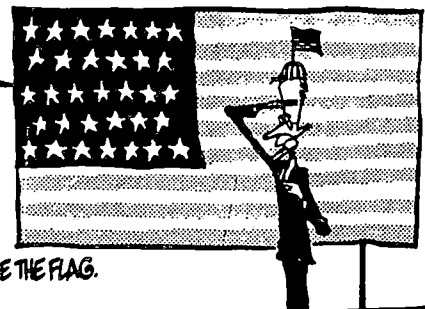
ed Stein '89
Rocky Mtn.
News • Nea

A REVIEW of this season's SUPREME COURT RULINGS...



IN A 5-4
DECISION, THE
COURT RULED THAT
IT IS LEGAL TO BURN A
SYMBOL OF AMERICAN
FREEDOM, AND THEN
PROCEEDED TO
DO SO.

VOTING 5½-3½,
JUDGE ANTHONY/KENNEDY
DISSSENTED FROM HIS OWN
MAJORITY OPINION
STATING THAT ONLY
CONSERVATIVES RUNNING
FOR HIGH OFFICE COULD ABUSE THE FLAG.



IN A 5-4 RULING, THE COURT SAID IT WAS CONSTITUTIONAL TO EXECUTE
JUVENILES AND MENTALLY RETARDED PEOPLE,
AND TO PICK THE
WINGS OFF FLIES.



RULING THAT THEY COULDN'T DEFINE IT,
BUT THAT THEY'D 'KNOW IT WHEN THEY
HEAR IT,' THE COURT RULED
DIAL-A-FORN
IS OK IN GENERAL,
BUT THAT TRIXE
AND BUBBLES
ARE PARTICULARLY
GOOD.



IN THIS SEASON'S MOST CELEBRATED CASE,

Rose vs. Wade, A CASE TESTING THE LIMITS OF MANDATORY
PUBLIC OBSESSION WITH
BASEBALL SCANDALS,
THE COURT FOUND
THAT GAMBLING TAKES
PRECEDENCE OVER
MARITAL INFIDELITY.



THE RULING WAS
7-2, BEATING THE
POINT SPREAD.

OLIVER NORTH DOES COMMUNITY SERVICE

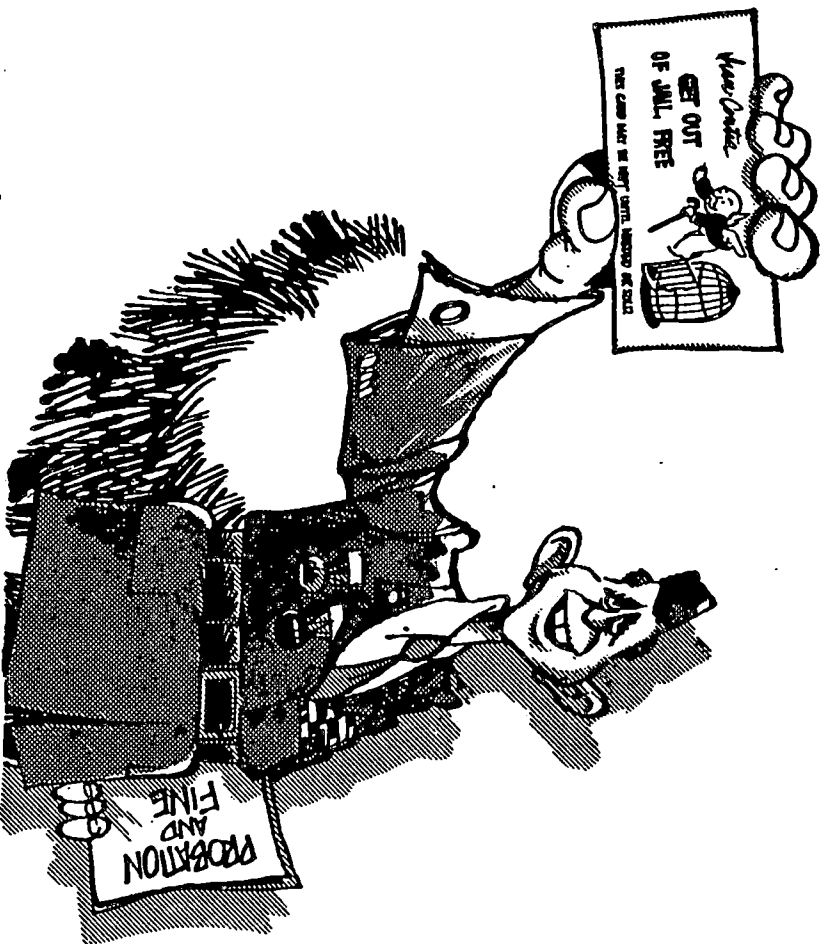
LISTEN UP, KIDS - FIRST, DON'T GET CAUGHT... IF CAUGHT, DON'T ADMIT GUILT... AND IF FOUND GUILTY, SAY IT WAS SOMEONE ELSE'S IDEA



WASSERMAN
© '89 THE BOSTON GLOBE
DIST. BY L.A. TIMES SYNDICATE

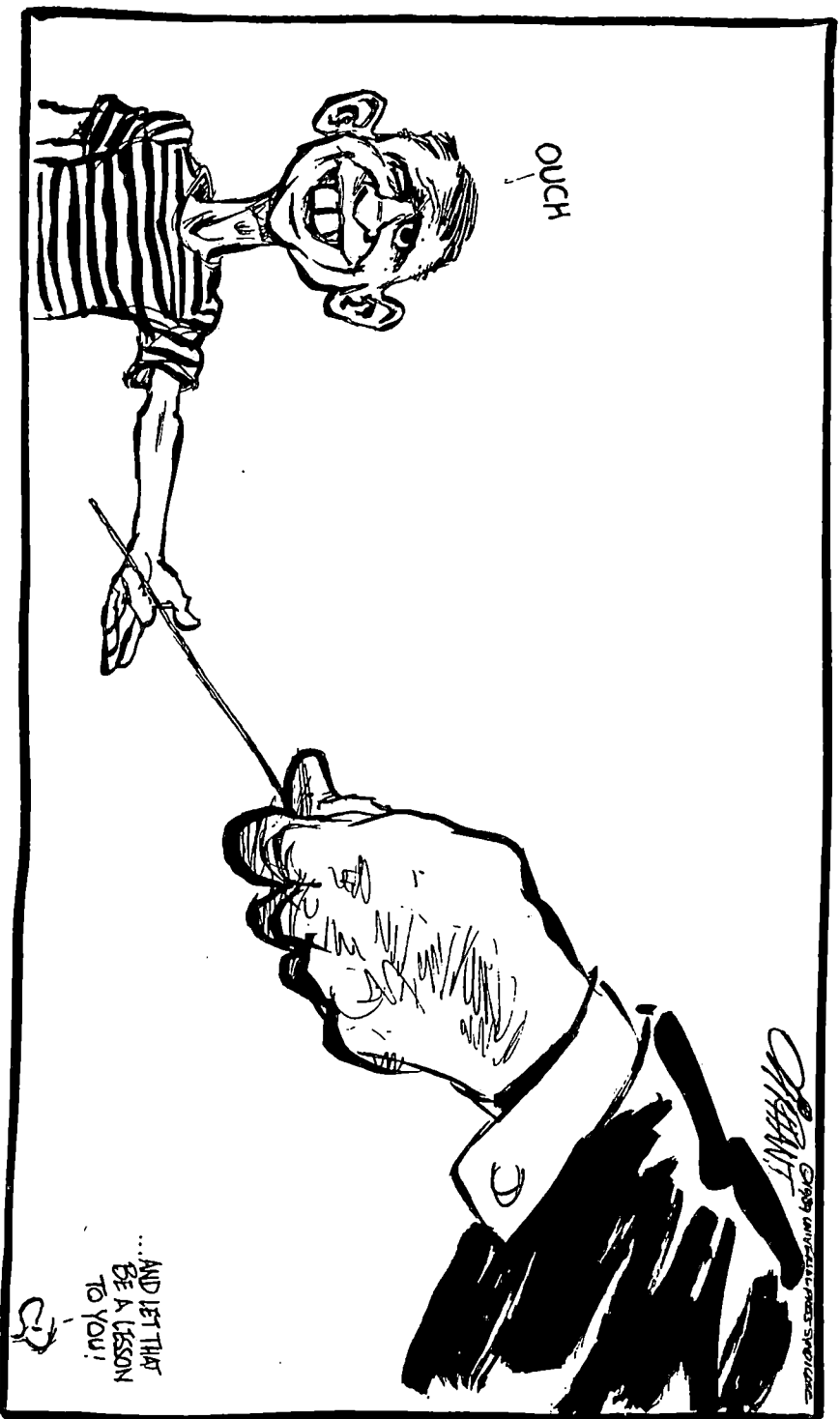


Mike Luckovich
ATLANTA CONSTITUTION



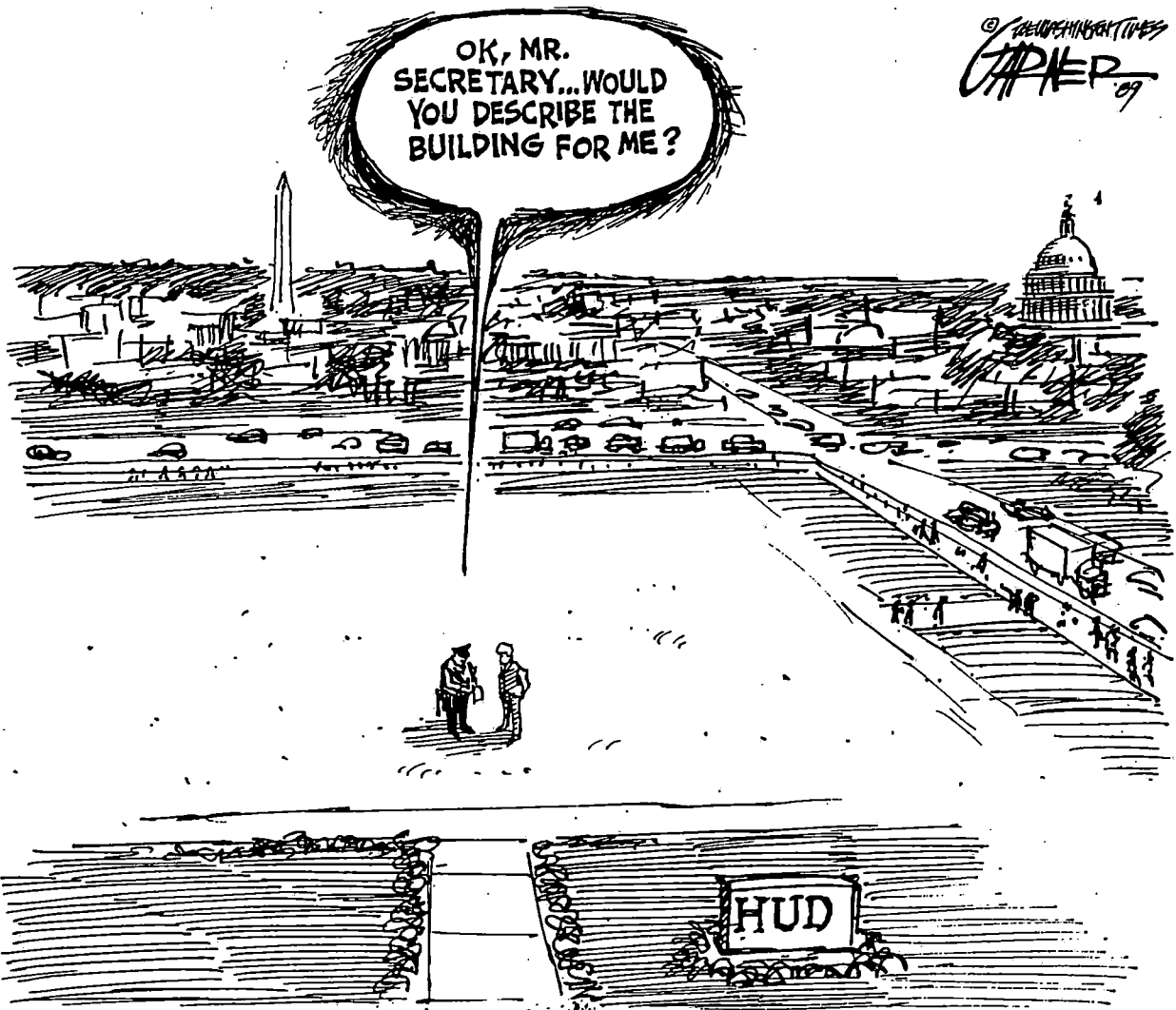
"...DON'T LEAVE THE WHITE HOUSE WITHOUT IT!"

HANDELMAN
 GOOD TIMES - PUNCHLINE - TRIBUTE MEDIA SERVICES
 AVAILABLE TO INDUSTRY

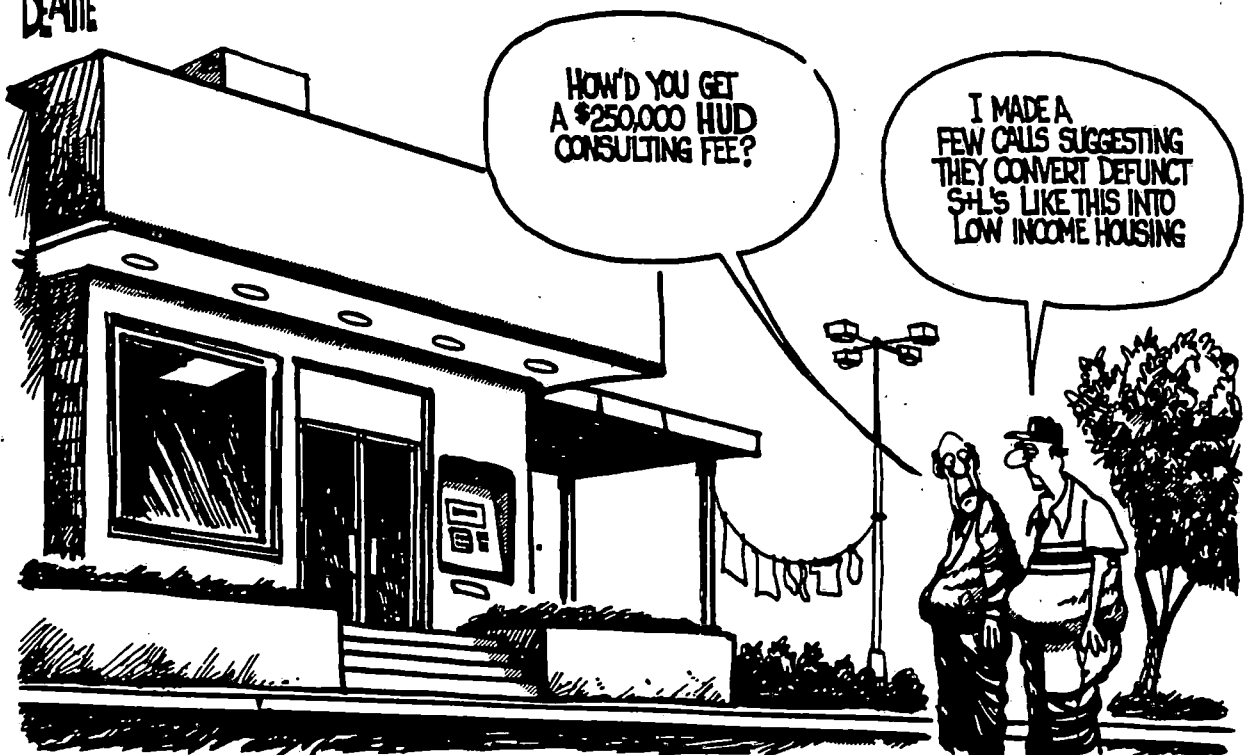


...AND LET THAT
 BE A LESSON
 TO YOU!





© 1984 Daytime Beach Sunday News-Journal
Corley News Service
BEATE



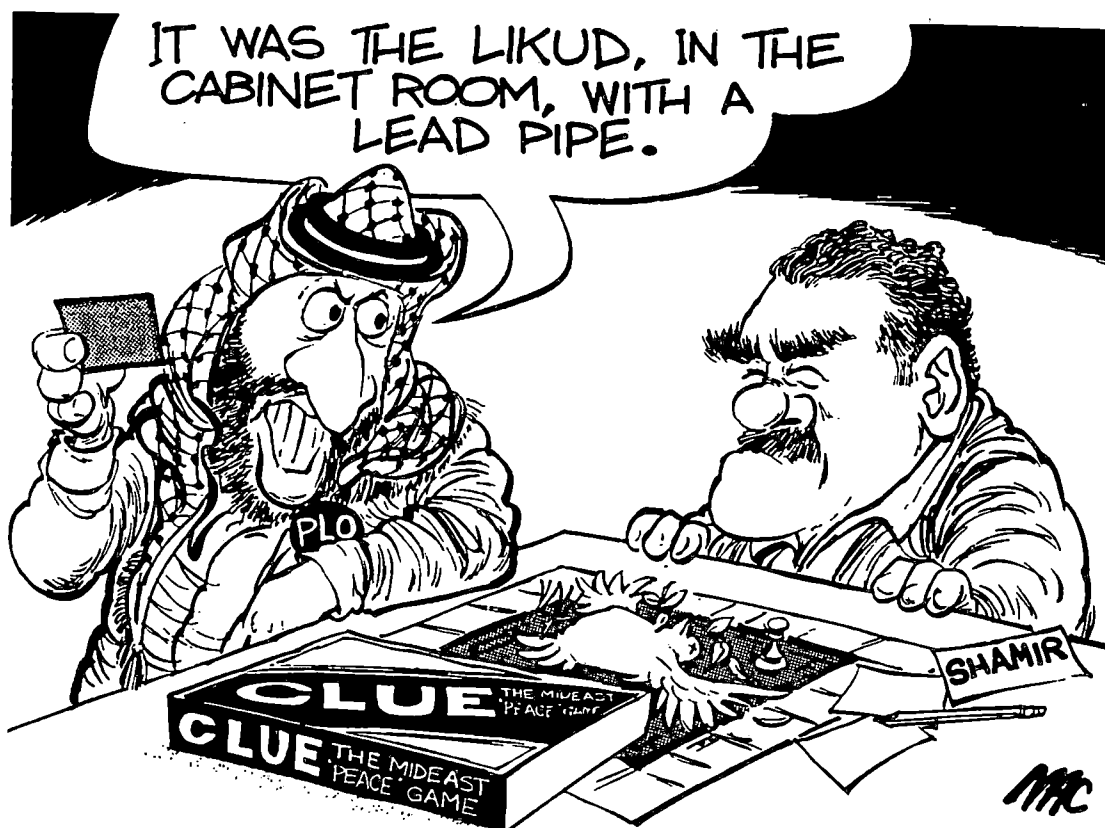
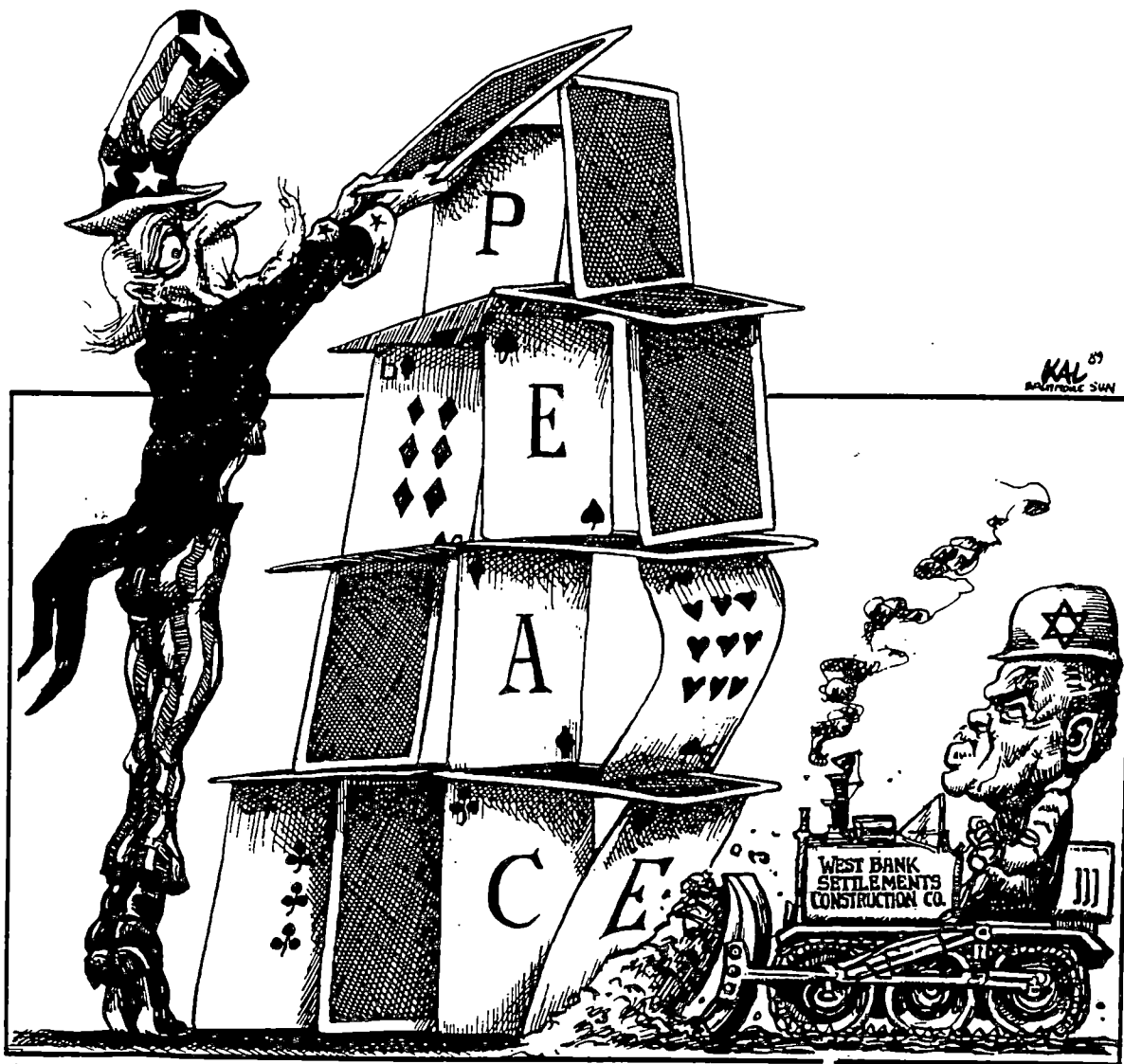
CAMPAIGNING
SHOULD BE
SIMPLE...
NO GERRY-
MANDERING!
NO FRANKING!
NO PACs!
A GOOD
CANDIDATE
NEEDS ONLY
ONE THING...

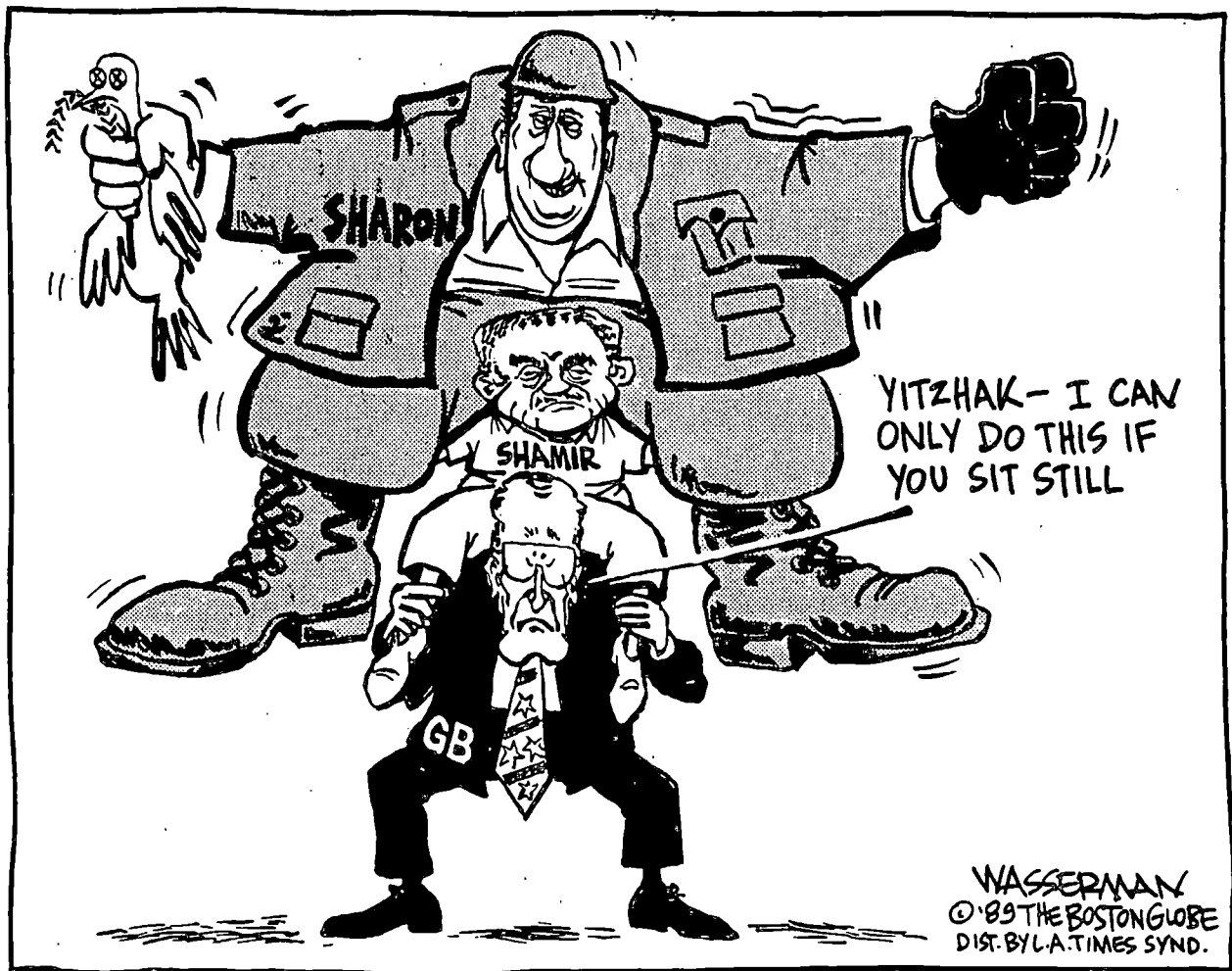


MIKE LUCKOVICH
ATLANTA CONSTITUTION

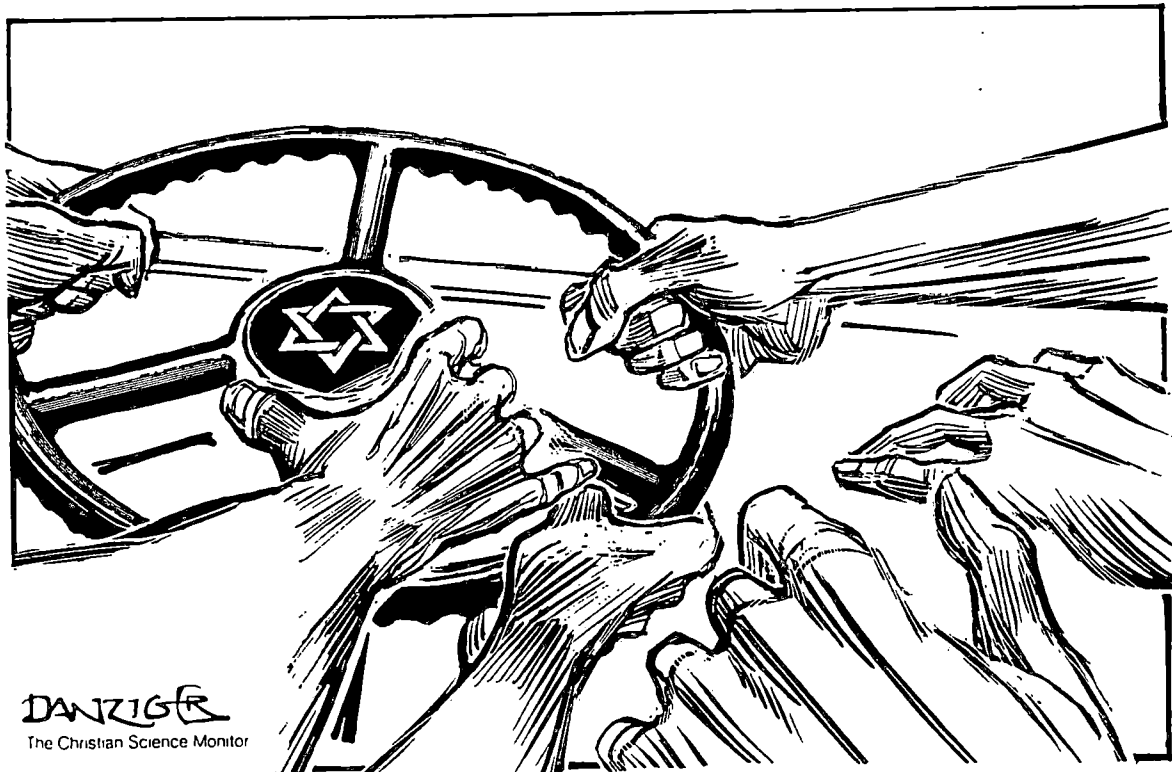


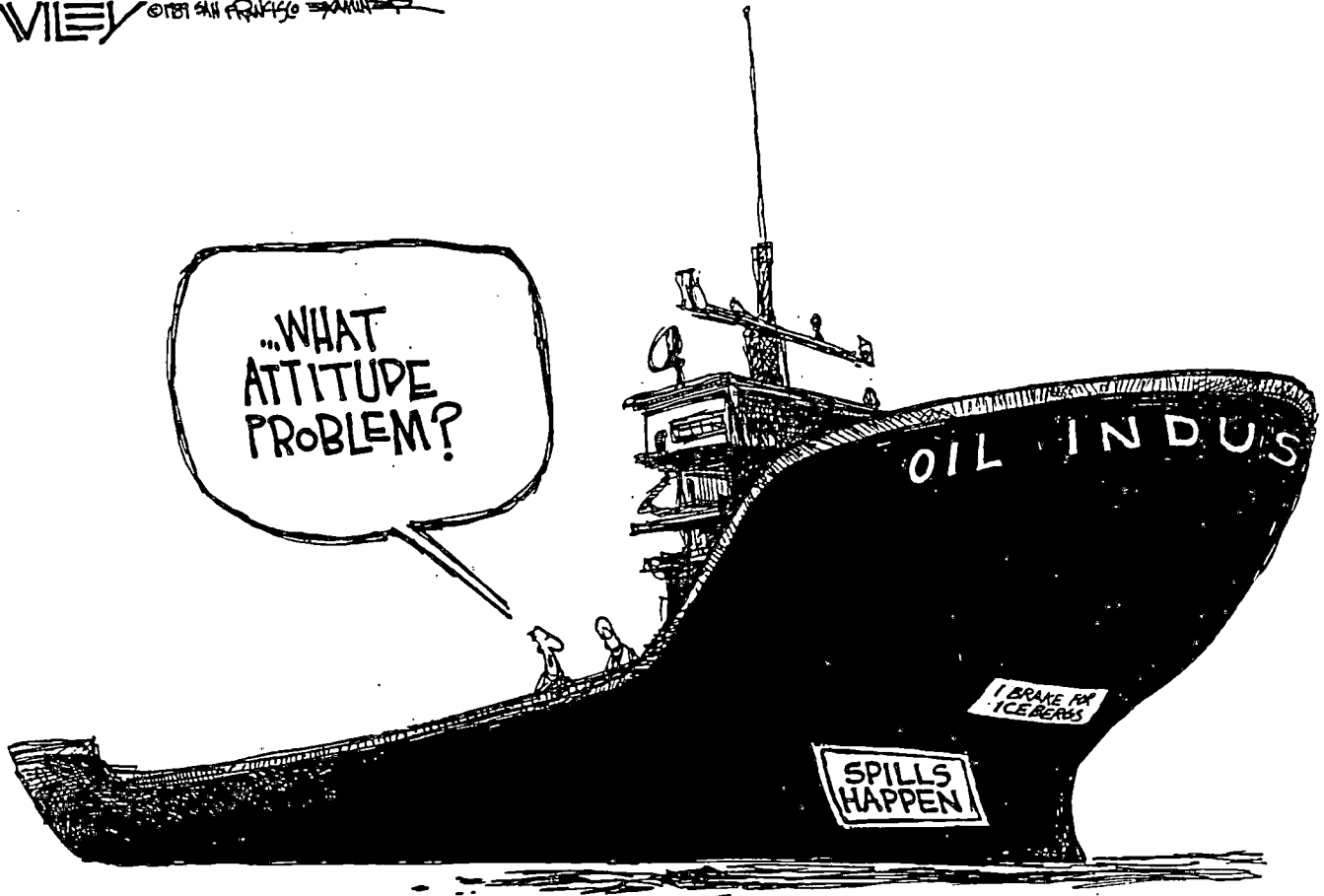
PAC Rats





ISRAELI POLITICS

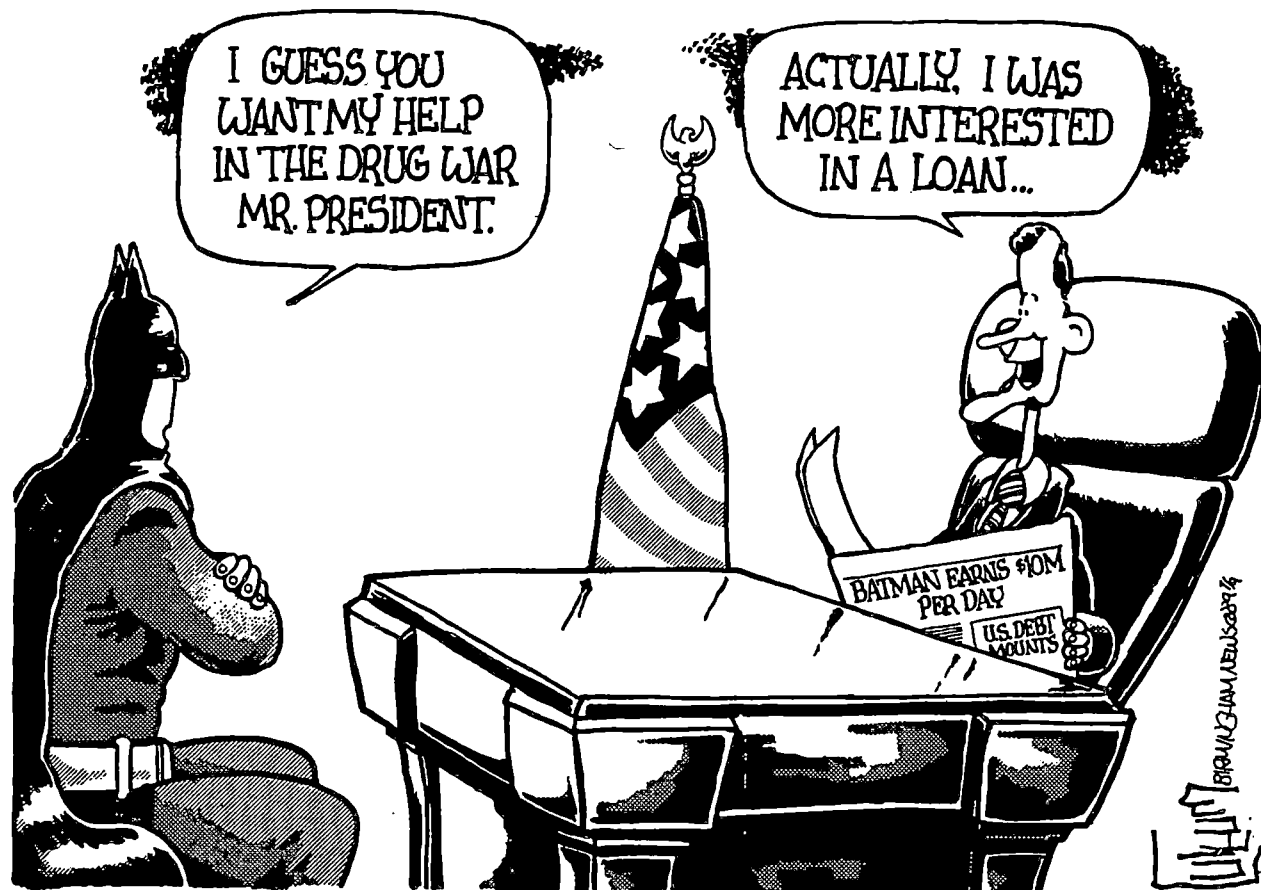
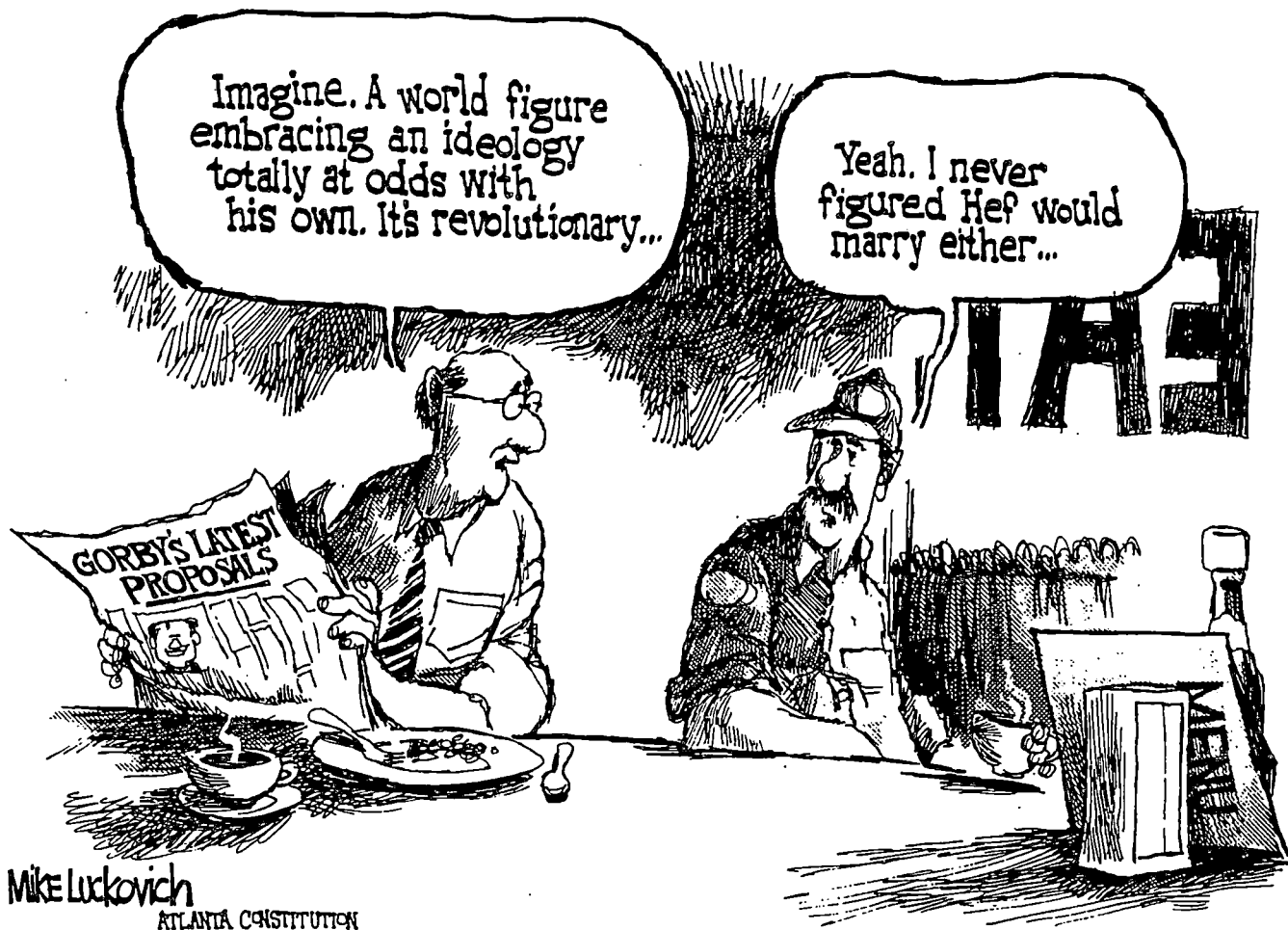




Pam Beal/Robt © 1989







Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01. Notes	Handwritten notes of President Bush for a meeting at the Summit of the Arch (Dinner East-West) (11 pp.)	07/14/[89]	(b)(1)	

Collection:

Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Friday, July 14, 1989

Date Closed: 6/18/2009	OA/ID Number: 90516-007
FOIA/SYS Case #: 2009-0166-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

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

(b)(1) National security classified information [(b)(1) of the FOIA]
(b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
(b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information



SOMMET DE L'ARCHE

14-16 JUILLET 1989

July 16, 1989

THE PRESIDENT HAS SEEN

SUMMIT OF THE ARCHFinalECONOMIC DECLARATION

1) We, the Heads of State or Government of seven major industrial nations and the President of the Commission of the European Communities, have met in Paris for the fifteenth annual Economic Summit. The Summit of the Arch initiates a new round of Summits to succeed those begun at Rambouillet in 1975 and at Versailles in 1982. The round beginning in 1982 has seen one of the longest periods of sustained growth since the Second World War. These Summits have permitted effective consultations and offered the opportunity to launch initiatives and to strengthen international cooperation.

2) This year's world economic situation presents three main challenges:

- The choice and the implementation of measures needed to maintain balanced and sustained growth, counter inflation, create jobs and promote social justice. These measures should also facilitate the adjustment of external imbalances, promote international trade and investment, and improve the economic situation of developing countries.

- The development and the further integration of developing countries into the world economy. Whilst there has been substantial progress in many developing countries, particularly those implementing sound economic policies, the debt burden and the persistence of poverty, often made worse by natural disasters affecting hundreds of millions of people, are problems of deep concern which we must continue to face in a spirit of solidarity.

- The urgent need to safeguard the environment for future generations. Scientific studies have revealed the existence of serious threats to our environment such as the depletion of the stratospheric ozone layer and excessive emissions of carbon dioxide and other greenhouse gases which could lead to future climate changes. Protecting the environment calls for a determined and concerted international response and for the early adoption, worldwide, of policies based on sustainable development.

INTERNATIONAL ECONOMIC SITUATION

3) Growth has been sustained by focusing policies on improving the efficiency and flexibility of our economies and by strengthening our cooperative efforts and the coordination process. In the medium term, the current buoyant investment seen during this period should pave the way for an increased supply of goods and services and help reduce the dangers of inflation. The outlook is not, however, without risks.

4) Until now, the threat of inflation in many countries has been contained, thanks to the concerted efforts of governments and monetary authorities. But continued vigilance is required and inflation, where it has increased,

will continue to receive a firm policy response so that it will be put on a downward path.

✓ 5) While some progress has been made in reducing external imbalances, the momentum of adjustment has recently weakened markedly. There needs to be further progress in adjusting external imbalances through cooperation.

✓ 6) In countries with fiscal and current account deficits, including the United States of America, Canada and Italy, further reductions in budget deficits are needed. Action will be taken to bring them down. This may help reduce the saving-investment gap and external imbalances, contribute to countering inflation and encourage greater exchange rate stability in a context of decreasing interest rates.

✓ 7) Countries with external surpluses, including Japan and Germany, should continue to pursue appropriate macroeconomic policies and structural reforms that will encourage non-inflationary growth of domestic demand and facilitate external adjustment.

8) All our countries share the responsibility for the sound development of the world economy. Over the medium term, deficit countries have to play a key role in global adjustment through their external adjustment and increased exports; surplus countries have to contribute to sustaining global expansion through policies providing favourable conditions for growth of domestic demand and imports.

9) The emergence of the newly industrializing economies and the initiation of a dialogue with them are welcome. We call on those with substantial surpluses to contribute to the adjustment of external imbalances and the open trade and payments system. To that end, they should

permit exchange rates to reflect their competitive position, implement GATT commitments and reduce trade barriers.

INTERNATIONAL MONETARY DEVELOPMENTS AND COORDINATION

10) Under the Plaza and Louvre agreements, our countries agreed to pursue, in a mutually reinforcing way, policies of surveillance and coordination aimed at improving their economic fundamentals and at fostering stability of exchange rates consistent with those economic fundamentals.

There has been progress in the multilateral surveillance and coordination of economic policies with a view to ensuring internal consistency of domestic policies and their international compatibility. The procedures to be used have been more clearly defined and improved in cooperation with the International Monetary Fund.

11) The coordination process has made a positive contribution to world economic development and it has also contributed greatly to improving the functioning of the International Monetary System. There has also been continued cooperation in exchange markets.

It is important to continue, and where appropriate, to develop this cooperative and flexible approach to improve the functioning and the stability of the International Monetary System in a manner consistent with economic fundamentals. We therefore ask the Finance Ministers to continue to keep under review possible steps that could be taken to improve the coordination process, exchange market cooperation, and the functioning of the International Monetary System.

12) We welcome the decision to complete the work on the ninth review of the International Monetary Fund quotas with a view to a decision on this matter before the end of the year. ✓

We note that the question of a resumption of S.D.R. allocation remains under consideration in the Executive Board of the International Monetary Fund.

13) Within the European Community, the European Monetary System has contributed to a significant degree of economic policy convergence and monetary stability. ✓

IMPROVING ECONOMIC EFFICIENCY

14) We will continue to promote measures in order to remove inefficiencies in our economies. These inefficiencies affect many aspects of economic activity, reduce potential growth rates and the prospects for job creation, diminish the effectiveness of macroeconomic policies and impede the external adjustment process. In this context, tax reforms, modernization of financial markets, strengthening of competition policies and reducing rigidities in all sectors including energy, industry and agriculture are necessary. So are the improvement of education and vocational training, transportation and distribution systems and further policies aimed at giving more flexibility and mobility to the labour market and reducing unemployment. Within the European Community, the steady progress towards the completion by the end of 1992 of the program contained in the Single Act has already given a strong momentum to economic efficiency.

15) The decline of saving in some of our countries in this decade is a cause for concern. This lower level of

saving can contribute to high real interest rates and therefore hamper growth. Inadequate saving and large fiscal deficits are associated with large external deficits. We recommend, within the framework of policy coordination, policies to encourage saving and remove hindrances where they exist.

16) Financial activities are being increasingly carried out with new techniques on a worldwide basis. As regards insider trading, which could hamper the credibility of financial markets, regulations vary greatly among our countries. These regulations have been recently, or are in the process of being, strengthened. International cooperation should be pursued and enhanced.

TRADE ISSUES

17) World trade developed rapidly last year. Yet protectionism remains a real threat. We strongly reaffirm our determination to fight it in all its forms. We shall fulfill the Punta del Este standstill and rollback commitments which, inter alia, require the avoidance of any trade restrictive or distorting measure inconsistent with the provisions of the General Agreement and its instruments. We agree to make effective use of the improved GATT dispute settlement mechanism and to make progress in negotiations for further improvements. We will avoid any discriminatory or autonomous actions, which undermine the principles of the GATT and the integrity of the multilateral trading system. We also are pledged to oppose the tendency towards unilateralism, bilateralism, sectoralism and managed trade which threatens to undermine the multilateral system and the Uruguay Round negotiations.

18) The successful negotiation of the Trade Negotiations Committee of the Uruguay Round in Geneva last April, thereby completing the mid-term review, is a very important achievement. It gives a clear framework for future work in all sectors including the pursuit of agricultural reform in the short term as well as in the long term. It also gives the necessary framework for substantive negotiations in important sectors not yet fully included in GATT disciplines, such as services, trade-related investment measures and intellectual property.

Developing countries participated actively in these negotiations and contributed to this success. All countries should make their most constructive contribution possible.

We express our full commitment to making further substantive progress in the Uruguay Round in order to complete it by the end of 1990.

19) We note with satisfaction the entry into force of the Free Trade Agreement between Canada and the US, as well as more recent initiatives to intensify the close economic relations between the European Community and EFTA countries. It remains our policy that these and other developments in regional cooperation, should be trade-creating and complementary to the multilateral liberalization process.

20) It is the firm intention of the European Community that the trade aspects of the single market program should also be trade-creating and complementary to the multilateral liberalization process.

21) We note with satisfaction the progress that has been made in strengthening the multilateral disciplines on trade and aid distorting export credit subsidies. This effort

must be pursued actively and completed in the competent bodies of the OECD with a view to improving present guidelines at the earliest possible date.

GENERAL PROBLEMS OF DEVELOPMENT

22) Development is a shared global challenge. We shall help developing countries by opening the world trading system and by supporting their structural adjustment. We shall encourage too economic diversification in commodity dependent countries and the creation of a favourable environment for transfers of technology and capital flows.

We underline the continuing importance of official development assistance and welcome the increased efforts of Summit participants in this respect. We note the targets already established by international organizations for the future level of official development assistance and stress the importance of overall financial flows to development.

We underline simultaneously the importance attached to the quality of the aid and to the evaluation of the projects and the programs financed.

23) We urge developing countries to implement sound economic policies. A vital factor will be the adoption of financial and fiscal policies which attract inward investment and encourage growth and the return of flight capital.

✓ 24) We note with satisfaction that there has been substantial progress in the multilateral aid initiative for the Philippines that was given special attention in the Toronto economic declaration.

25) We note with ^{interest} ~~concern~~ ^{prog. of return of Yugs - 2k} the economic situation of Yugoslavia. ^{emphasize} We encourage its government to implement a strong economic reform program that ^{would allow this country to benefit} can command international support. ^{to benefit from intl support.}

THE SITUATION IN THE POOREST COUNTRIES

26) The enhancement of the International Monetary Fund Structural Adjustment Facility, the World Bank special program of assistance for the poorest and most indebted countries and the fifth replenishment of the African Development Fund are all important measures benefiting those countries having embarked upon an adjustment process. We stress the importance attached to a substantial replenishment of International Development Association resources.

27) As we urged last year in TORONTO, the Paris Club reached a consensus in September 1988 on the conditions of implementation of significant reduction of debt service payments for the poorest countries. Thirteen countries have already benefitted by this decision.

28) We welcome the increasing grant element in the development assistance as well as the steps taken to convert loans into grants and we urge further steps to this end. Flexibility in development aid as much as in debt rescheduling is required.

29) We attach great importance to the efficient and successful preparation of the next general conference of the United Nations on the least developed countries, which will take place in Paris in 1990.

STRENGTHENED DEBT STRATEGY FOR THE HEAVILY INDEBTED COUNTRIES

30) Our approach to the debt problems has produced significant results, but serious challenges remain: in many countries the ratio of debt service to exports remains high, financing for growth promoting investment is scarce, and capital flight is a key problem. An improvement in the investment climate must be a critical part of efforts to achieve a sustainable level of growth without excessive levels of debt. These improvements of the current situation depend above all on sustained and effective adjustment policies in the debtor countries.

31) To address these challenges, we are strongly committed to the strengthened debt strategy. This will rely, on a case-by-case basis, on the following actions:

- borrowing countries should implement, with the assistance of the Fund and the Bank, sound economic policies, particularly designed to mobilize savings, stimulate investment and reverse capital flight;

- banks should increasingly focus on voluntary, market-based debt and debt service reduction operations, as a complement to new lending;

- the International Monetary Fund and World Bank will support significant debt reduction by setting aside a portion of policy-based loans;

- limited interest support will be provided, through additional financing by the International Monetary Fund and the World Bank, for transactions involving significant debt and debt service reduction. For that purpose the use of escrow accounts is agreed;

- continued Paris Club rescheduling and flexibility of export-credit agencies;

- strengthening of the international financial institutions capability for supporting medium-term macroeconomic and structural adjustment programs and for compensating the negative effects of export shortfalls and external shocks.

32) In the framework of this strategy:

- we welcome the recent decisions taken by the two institutions to encourage debt and debt service reduction which provide adequate resources for these purposes;

- we urge debtor countries to move ahead promptly to develop strong economic reform programs that may lead to debt and debt service reductions in accordance with the guidelines defined by the two Bretton Woods institutions;

- we urge banks to take realistic and constructive approaches in their negotiations with the debtor countries and to move promptly to conclude agreements on financial packages including debt reduction, debt service reduction and new money. We stress that official creditors should not substitute for private lenders. Our governments are prepared to consider as appropriate tax, regulatory and accounting practices with a view to eliminating unnecessary obstacles to debt and debt service reductions.

ENVIRONMENT

33) There is growing awareness throughout the world of the necessity to preserve better the global ecological balance. This includes serious threats to the atmosphere, which could lead to future climate changes. We note with great concern the growing pollution of air, lakes, rivers, oceans and seas; acid rain, dangerous substances; and the rapid desertification and deforestation. Such environmental degradation endangers species and undermines the well-being of individuals and societies.

Decisive action is urgently needed to understand and protect the earth's ecological balance. We will work together to achieve the common goals of preserving a healthy and balanced global environment in order to meet shared economic and social objectives and to carry out obligations to future generations.

34) We urge all countries to give further impetus to scientific research on environmental issues, to develop necessary technologies and to make clear evaluations of the economic costs and benefits of environmental policies.

The persisting uncertainty on some of these issues should not unduly delay our action.

In this connection, we ask all countries to combine their efforts in order to improve observation and monitoring on a global scale.

35) We believe that international cooperation also needs to be enhanced in the field of technology and technology transfer in order to reduce pollution or provide alternative solutions.

36) We believe that industry has a crucial role in preventing pollution at source, in waste minimization, in energy conservation, and in the design and marketing of cost-effective clean technologies. The agricultural sector must also contribute to tackling problems such as water pollution, soil erosion and desertification.

37) Environmental protection is integral to issues such as trade, development, energy, transport, agriculture and economic planning. Therefore, environmental considerations must be taken into account in economic decision-making. In fact good economic policies and good environmental policies are mutually reinforcing.

In order to achieve sustainable development, we shall ensure the compatibility of economic growth and development with the protection of the environment. Environmental protection and related investment should contribute to economic growth. In this respect, intensified efforts for technological breakthrough are important to reconcile economic growth and environmental policies.

Clear assessments of the costs, benefits and resource implications of environmental protection should help governments to take the necessary decisions on the mix of price signals (e.g., taxes or expenditures) and regulatory actions, reflecting where possible the full value of natural resources.

We encourage the World Bank and regional development banks to integrate environmental considerations into their activities. International organizations such as the OECD and the United Nations and its affiliated organizations, will be asked to develop further techniques of analysis which would help governments assess appropriate economic measures to promote the quality of the environment. We ask the OECD, within the context of its work on integrating environment and economic decision-making, to examine how selected environmental indicators could be developed. We expect the 1992 UN Conference on Environment and Development to give additional momentum to the protection of the global environment.

38) To help developing countries deal with past damage and to encourage them to take environmentally desirable action, economic incentives may include the use of aid mechanisms and specific transfer of technology. In special cases, ODA debt forgiveness and debt for nature swaps can play a useful role in environmental protection.

We also emphasize the necessity to take into account the interests and needs of developing countries in sustaining the growth of their economies and the financial and technological requirements to meet environmental challenges.

39) The depletion of the stratospheric ozone layer is alarming and calls for prompt action.

We welcome the HELSINKI conclusions related, among other issues, to the complete abandonment of the production and consumption of chloro-fluorocarbons covered by the MONTREAL protocol as soon as possible and not later than the end of the century. Specific attention must also be given to those ozone-depleting substances not covered by the Montreal protocol. We shall promote the development and use of suitable substitute substances and technologies. More emphasis should be placed on projects that provide alternatives to chloro-fluorocarbons.

40) We strongly advocate common efforts to limit emissions of carbon dioxide and other greenhouse gases, which threaten to induce climate change, endangering the environment and ultimately the economy. We strongly support the work undertaken by the Intergovernmental Panel on Climate Change, on this issue.

We need to strengthen the worldwide network of observatories for greenhouse gases and support the World Meteorological Organisation initiative to establish a global climatological reference network to detect climate changes

41) We agree that increasing energy efficiency could make a substantial contribution to these goals. We urge international organizations concerned to encourage measures, including economic measures, to improve energy conservation and, more broadly, efficiency in the use of energy of all kinds and to promote relevant techniques and technologies.

We are committed to maintaining the highest safety standards for nuclear power plants and to strengthening international cooperation in safe operation of power plants and waste management, and we recognize that nuclear power also plays an important role in limiting output of greenhouse gases. // ✓

42) Deforestation also damages the atmosphere and must be reversed. We call for the adoption of sustainable forest management practices, with a view to preserving the scale of world forests. The relevant international organizations will be asked to complete reports on the state of the world's forests by 1990.

43) Preserving the tropical forests is an urgent need for the world as a whole. While recognizing the sovereign rights of developing countries to make use of their natural resources, we encourage, through a sustainable use of tropical forests, the protection of all the species therein and the traditional rights to land and other resources of local communities. We welcome the German initiative in this field as a basis for progress.

To this end, we give strong support to rapid implementation of the Tropical Forest Action Plan which was adopted in 1986 in the framework of the Food and Agricultural Organization. We appeal to both consumer and producer countries, which are united in the International Tropical Timber Organization, to join their efforts to ensure better conservation of the forests. We express our readiness to assist the efforts of nations with tropical forests through financial and technical cooperation, and in international organizations.

44) Temperate forests, lakes and rivers must be protected against the effects of acid pollutants such as sulphur dioxide and nitrogen oxides. It is necessary to pursue actively the bilateral and multilateral efforts to this end.

45) The increasing complexity of the issues related to the protection of the atmosphere calls for innovative solutions. New instruments may be contemplated. We believe that the conclusion of a framework or umbrella convention on climate change to set out general principles or guidelines is urgently required to mobilize and rationalize the efforts made by the international community. We welcome the work under way by the United Nations Environment Program, in cooperation with the World Meteorological Organization, drawing on the work of the Intergovernmental Panel on Climate Change and the results of other international meetings. Specific protocols containing concrete commitments could be fitted into the framework as scientific evidence requires and permits.

46) We condemn indiscriminate use of oceans as dumping grounds for polluting waste. There is a particular problem with the deterioration of coastal waters. To ensure the sustainable management of the marine environment, we recognize the importance of international cooperation in preserving it and conserving the living resources of the sea. We call for relevant bodies of the United Nations to prepare a report on the state of the world's oceans.

We express our concern that national, regional and global capabilities to contain and alleviate the consequences of maritime oil spills be improved. We urge all countries to make better use of the latest monitoring and clean-up technologies. We ask all countries to adhere to and implement fully the international conventions for the prevention of oil pollution of the oceans. We also ask the International Maritime Organization to put forward proposals for further preventive action.

47) We are committed to ensuring full implementation of existing rules for the environment. In this respect, we note with interest the initiative of the Italian government to host in 1990 a forum on international law for the environment with scholars, scientific experts and officials, to consider the need for a digest of existing rules and to give in-depth consideration to the legal aspects of environment at the international level.

48) We advocate that existing environment institutions be strengthened within the United Nations system. In particular, the United Nations Environment Program urgently requires strengthening and increased financial support. Some of us have agreed that the establishment within the United Nations of a new institution may also be worth considering.

49) We have taken note of the report of the sixth conference on bioethics held in Brussels which examined the elaboration of a universal code of environmental ethics based upon the concept of the "human stewardship of nature".

50) It is a matter of international concern that Bangladesh, one of the poorest and most densely populated countries in the world, is periodically devastated by catastrophic floods.

We stress the urgent need for effective, coordinated action by the international community, in support of the Government of Bangladesh, in order to find solutions to this major problem which are technically, financially, economically and environmentally sound. In that spirit, and taking account of help already given, we take note of the different studies concerning flood alleviation, initiated by France, Japan, the US and the United Nations Development Program, which have been reviewed by experts from all our countries. We welcome the World Bank's agreement, following those studies, to coordinate the efforts of the international community so that a sound basis for achieving a real improvement in alleviating the effects of flood can be established. We also welcome the agreement of the World Bank to chair, by the end of the year, a meeting to be held in the United Kingdom by invitation of the Bangladesh Government, of the countries willing to take an active part in such a program.

51) We give political support to projects such as the joint project to set up an observatory of the Saharan areas, which answers the need to monitor the development of that rapidly deteriorating, fragile, arid region, in order to protect it more effectively.

DRUG ISSUES

52) The drug problem has reached devastating proportions. We stress the urgent need for decisive action, both on a national and an international basis. We urge all countries, especially those where drug production, trading and consumption are large, to join our efforts to counter drug production, to reduce demand, and to carry forward the fight

against drug trafficking itself and the laundering of its proceeds.

53) Accordingly, we resolve to take the following measures within relevant fora:

- Give greater emphasis on bilateral and United Nations programs for the conversion of illicit cultivation in the producer countries. The United Nations Fund for Drug Abuse Control (UNFDAC), and other United Nations and multilateral organizations should be supported, strengthened and made more effective. These efforts could include particular support for the implementation of effective programs to stop drug cultivation and trading as well as developmental and technical assistance.
- Support the efforts of producing countries who ask for assistance to counter illegal production or trafficking.
- Strengthen the role of the United Nations in the war against drugs through an increase in its resources and through reinforced effectiveness of its operation.
- Intensify the exchange of information on the prevention of addiction, and rehabilitation of drug addicts.
- Support the international conference planned for 1990 on cocaine and drug demand reduction.
- Strengthen the efficiency of the cooperative and mutual assistance on these issues, the first steps being a prompt adhesion to, ratification and implementation of the Vienna Convention on illicit traffic in narcotic drugs and psychotropic substances.

- Conclude further bilateral or multilateral agreements and support initiatives and cooperation, where appropriate, which include measures to facilitate the identification, tracing, freezing, seizure and forfeiture of drug crime proceeds.
- Convene a financial action task force from Summit Participants and other countries interested in these problems. Its mandate is to assess the results of cooperation already undertaken in order to prevent the utilization of the banking system and financial institutions for the purpose of money laundering, and to consider additional preventive efforts in this field, including the adaptation of the legal and regulatory systems so as to enhance multilateral judicial assistance. The first meeting of this task force will be called by France and its report will be completed by April 1990.

54) International cooperation against AIDS

We take note of the creation of an International Ethics committee on AIDS which met in Paris in May 1989, as decided at the Summit of Venice (June 1987). It assembled the Summit Participants and the other members of the EC, together with the active participation of the World Health Organization.

*

*

*

55) We take note of the representations that we received from various Heads of State or Government and organizations and we will study them with interest.

56) Next Economic Summit

We have accepted the invitation of the President of the United States to meet next year in the United States of America.



16 July 1989

ECONOMIC DECLARATION

1) We, the Heads of State or Government of seven major industrial nations and the President of the Commission of the European Communities, have met in Paris for the fifteenth annual Economic Summit. The Summit of the Arch initiates a new round of Summits to succeed those begun at Rambouillet in 1975 and at Versailles in 1982. The round beginning in 1982 has seen one of the longest periods of sustained growth since the Second World War. These Summits have permitted effective consultations and offered the opportunity to launch initiatives and to strengthen international cooperation.

2) This year's world economic situation presents three main challenges:

- The choice and the implementation of measures needed to maintain balanced and sustained growth, counter inflation, create jobs and promote social justice. These measures should also facilitate the adjustment of external imbalances, promote international trade and investment, and improve the economic situation of developing countries.

Item 57

- The development and the further integration of developing countries into the world economy. Whilst there has been substantial progress in many developing countries, particularly those implementing sound economic policies, the debt burden and the persistence of poverty, often made worse by natural disasters affecting hundreds of millions of people, are problems of deep concern which we must continue to face in a spirit of solidarity.

- The urgent need to safeguard the environment for future generations. Scientific studies have revealed the existence of serious threats to our environment such as the depletion of the stratospheric ozone layer and excessive emissions of carbon dioxide and other greenhouse gases which could lead to future climate changes. Protecting the environment calls for a determined and concerted international response and for the early adoption, worldwide, of policies based on sustainable development.

INTERNATIONAL ECONOMIC SITUATION

3) Growth has been sustained by focusing policies on improving the efficiency and flexibility of our economies and by strengthening our cooperative efforts and the coordination process. In the medium term, the current buoyant investment seen during this period should pave the way for an increased supply of goods and services and help reduce the dangers of inflation. The outlook is not, however, without risks.

4) Until now, the threat of inflation in many countries has been contained, thanks to the concerted efforts of governments and monetary authorities. But continued vigilance is required and inflation, where it has increased,

will continue to receive a firm policy response so that it will be put on a downward path.

5) While some progress has been made in reducing external imbalances, the momentum of adjustment has recently weakened markedly. There needs to be further progress in adjusting external imbalances through cooperation.

6) In countries with fiscal and current account deficits, including the United States of America, Canada and Italy, further reductions in budget deficits are needed. Action will be taken to bring them down. This may help reduce the saving-investment gap and external imbalances, contribute to countering inflation and encourage greater exchange rate stability in a context of decreasing interest rates.

✓ 7) Countries with external surpluses, including Japan and Germany, should continue to pursue appropriate macroeconomic policies and structural reforms that will encourage non-inflationary growth of domestic demand and facilitate external adjustment.

✓ 8) All our countries share the responsibility for the sound development of the world economy. Over the medium term, deficit countries have to play a key role in global adjustment through their external adjustment and increased exports; surplus countries have to contribute to sustaining global expansion through policies providing favourable conditions for growth of domestic demand and imports.

✓ 9) The emergence of the newly industrializing economies and the initiation of a dialogue with them are welcome. We call on those with substantial surpluses to contribute to the adjustment of external imbalances and the open trade and payments system. To that end, they should

✓ permit exchange rates to reflect their competitive position, implement GATT commitments and reduce trade barriers.

INTERNATIONAL MONETARY DEVELOPMENTS AND COORDINATION

✓ 10) Under the Plaza and Louvre agreements, our countries agreed to pursue, in a mutually reinforcing way, policies of surveillance and coordination aimed at improving their economic fundamentals and at fostering stability of exchange rates consistent with those economic fundamentals.

There has been progress in the multilateral surveillance and coordination of economic policies with a view to ensuring internal consistency of domestic policies and their international compatibility. The procedures to be used have been more clearly defined and improved in cooperation with the International Monetary Fund.

✓ 11) The coordination process has made a positive contribution to world economic development and it has also contributed greatly to improving the functioning of the International Monetary System. There has also been continued cooperation in exchange markets.

It is important to continue, and where appropriate, to develop this cooperative and flexible approach to improve the functioning and the stability of the International Monetary System in a manner consistent with economic fundamentals. We therefore ask the Finance Ministers to continue to keep under review possible steps that could be taken to improve the coordination process, exchange market cooperation, and the functioning of the International Monetary System.

✓ 12) We welcome the decision to complete the work on the ninth review of the International Monetary Fund quotas with a view to a decision on this matter before the end of the year.

We note that the question of a resumption of S.D.R. allocation remains under consideration in the Executive Board of the International Monetary Fund.

✓ 13) Within the European Community, the European Monetary System has contributed to a significant degree of economic policy convergence and monetary stability.

✓ IMPROVING ECONOMIC EFFICIENCY

14) We will continue to promote measures in order to remove inefficiencies in our economies. These inefficiencies affect many aspects of economic activity, reduce potential growth rates and the prospects for job creation, diminish the effectiveness of macroeconomic policies and impede the external adjustment process. In this context, tax reforms, modernization of financial markets, strengthening of competition policies and reducing rigidities in all sectors including energy, industry and agriculture are necessary. So are the improvement of education and vocational training, transportation and distribution systems and further policies aimed at giving more flexibility and mobility to the labour market and reducing unemployment. Within the European Community, the steady progress towards the completion by the end of 1992 of the program contained in the Single Act has already given a strong momentum to economic efficiency.

✓ 15) The decline of saving in some of our countries in this decade is a cause for concern. This lower level of

saving can contribute to high real interest rates and therefore hamper growth. Inadequate saving and large fiscal deficits are associated with large external deficits. We recommend, within the framework of policy coordination, policies to encourage saving and remove hindrances where they exist.

✓ 16) Financial activities are being increasingly carried out with new techniques on a worldwide basis. As regards insider trading, which could hamper the credibility of financial markets, regulations vary greatly among our countries. These regulations have been recently, or are in the process of being, strengthened. International cooperation should be pursued and enhanced.

TRADE ISSUES

✓ 17) World trade developed rapidly last year. Yet protectionism remains a real threat. We strongly reaffirm our determination to fight it in all its forms. We shall fulfill the Punta del Este standstill and rollback commitments which, inter alia, require the avoidance of any trade restrictive or distorting measure inconsistent with the provisions of the General Agreement and its instruments. We agree to make effective use of the improved GATT dispute settlement mechanism and to make progress in negotiations for further improvements. We will avoid any discriminatory or autonomous actions, which undermine the principles of the GATT and the integrity of the multilateral trading system. We also are pledged to oppose the tendency towards unilateralism, bilateralism, sectoralism and managed trade which threatens to undermine the multilateral system and the Uruguay Round negotiations.

✓ 18) The ^{Bush Presidential Library Photocopy} ~~successful~~ negotiation of the Trade Negotiations Committee of the Uruguay Round in Geneva last April, thereby completing the mid-term review, is a very important achievement. It gives a clear framework for future work in all sectors including the pursuit of agricultural reform in the short term as well as in the long term. It also gives the necessary framework for substantive negotiations in important sectors not yet fully included in GATT disciplines, such as services, trade-related investment measures and intellectual property.

Developing countries participated actively in these negotiations and contributed to this success. All countries should make their most constructive contribution possible.

We express our full commitment to making further substantive progress in the Uruguay Round in order to complete it by the end of 1990.

✓ 19) We note with satisfaction the entry into force of the Free Trade Agreement between Canada and the US, as well as more recent initiatives to intensify the close economic relations between the European Community and EFTA countries. It remains our policy that these and other developments in regional cooperation, should be trade-creating and complementary to the multilateral liberalization process.

✓ 20) It is the firm intention of the European Community that the trade aspects of the single market program should also be trade-creating and complementary to the multilateral liberalization process.

✓ 21) We note with satisfaction the progress that has been made in strengthening the multilateral disciplines on trade and aid distorting export credit subsidies. This effort

must be pursued actively by the competent bodies of the OECD with a view to improving present guidelines at the earliest possible date.

GENERAL PROBLEMS OF DEVELOPMENT

✓ 22) Development is a shared global challenge. We shall help developing countries by opening the world trading system and by supporting their structural adjustment. We shall encourage too economic diversification in commodity dependent countries and the creation of a favourable environment for transfers of technology and capital flows.

We underline the continuing importance of official development assistance and welcome the increased efforts of Summit participants in this respect. We note the targets already established by international organizations for the future level of official development assistance and stress the importance of overall financial flows to development.

✓ We underline simultaneously the importance attached to the quality of the aid and to the evaluation of the projects and the programs financed.

✓ 23) We urge developing countries to implement sound economic policies. A vital factor will be the adoption of financial and fiscal policies which attract inward investment and encourage growth and the return of flight capital.

✓ 24) We note with satisfaction that there has been substantial progress in the multilateral aid initiative for the Philippines that was given special attention in the Toronto economic declaration.

Bush Presidential Library Photocopy

✓ 25) Faced with the worrying economic situation of Yugoslavia, we encourage its government to implement a strong economic reform program that can command bilateral and multilateral support.

THE SITUATION IN THE POOREST COUNTRIES

✓ 26) The enhancement of the International Monetary Fund Structural Adjustment Facility, the World Bank special program of assistance for the poorest and most indebted countries and the fifth replenishment of the African Development Fund are all important measures benefiting those countries having embarked upon an adjustment process. We stress the importance attached to a substantial replenishment of International Development Association resources.

✓ 27) As we urged last year in TORONTO, the Paris Club reached a consensus in September 1988 on the conditions of implementation of significant reduction of debt service payments for the poorest countries. Thirteen countries have already benefitted by this decision.

✓ 28) We welcome the increasing grant element in the development assistance as well as the steps taken to convert loans into grants and we urge further steps to this end. Flexibility in development aid as much as in debt rescheduling is required.

✓ 29) We attach great importance to the efficient and successful preparation of the next general conference of the United Nations on the least developed countries, which will take place in Paris in 1990.

STRENGTHENED DEBT STRATEGY FOR THE HEAVILY INDEBTED COUNTRIES

Bush Library Photocopy
George Bush Handwriting

✓ 30) Our approach to the debt problems has produced significant results, but serious challenges remain: in many countries the ratio of debt service to exports remains high, financing for growth promoting investment is scarce, and capital flight is a key problem. An improvement in the investment climate must be a critical part of efforts to achieve a sustainable level of growth without excessive levels of debt. These improvements of the current situation depend above all on sustained and effective adjustment policies in the debtor countries.

✓ 31) To address these challenges, we are strongly committed to the strengthened debt strategy. This will rely, on a case-by-case basis, on the following actions:

- borrowing countries should implement, with the assistance of the Fund and the Bank, sound economic policies, particularly designed to mobilize savings, stimulate investment and reverse capital flight;

- banks should increasingly focus on voluntary, market-based debt and debt service reduction operations, as a complement to new lending;

- the International Monetary Fund and World Bank will support significant debt reduction by setting aside a portion of policy-based loans;

✓ - limited interest support will be provided, through additional financing by the International Monetary Fund and the World Bank, for transactions involving significant debt and debt service reduction. For that purpose the use of escrow accounts is agreed;

- continued Paris Club rescheduling and flexibility of export-credit agencies;

- strengthening of the international financial institutions capability for supporting medium-term macroeconomic and structural adjustment programs and for compensating the negative effects of export shortfalls and external shocks.

✓ 32) In the framework of this strategy:

- we welcome the recent decisions taken by the two institutions to encourage debt and debt service reduction which provide adequate resources for these purposes;

- we urge debtor countries to move ahead promptly to develop strong economic reform programs that may lead to debt and debt service reductions in accordance with the guidelines defined by the two Bretton Woods institutions;

- we urge banks to take realistic and constructive approaches in their negotiations with the debtor countries and to move promptly to conclude agreements on financial packages including debt reduction, debt service reduction and new money. We stress that official creditors should not substitute for private lenders. Our governments are prepared to consider as appropriate tax, regulatory and accounting practices with a view to eliminating unnecessary obstacles to debt and debt service reductions.

ENVIRONMENT

33) There is growing awareness throughout the world of the necessity to preserve better the global ecological balance. This includes serious threats to the atmosphere, which could lead to future climate changes. We note with great concern the growing pollution of air, lakes, rivers, oceans and seas; acid rain, dangerous substances; and the rapid desertification and deforestation. Such environmental degradation endangers species and undermines the well-being of individuals and societies.

Decisive action is urgently needed to understand and protect the earth's ecological balance. We will work together to achieve the common goals of preserving a healthy and balanced global environment in order to meet shared economic and social objectives and to carry out obligations to future generations.

✓ 34) We urge all countries to give further impetus to scientific research on environmental issues, to develop necessary technologies and to make clear evaluations of the economic costs and benefits of environmental policies.

The persisting uncertainty on some of these issues should not unduly delay our action.

In this connection, we ask all countries to combine their efforts in order to improve observation and monitoring on a global scale.

✓ 35) We believe that international cooperation also needs to be enhanced in the field of technology and technology transfer in order to reduce pollution or provide alternative solutions.

✓ 36) We believe that industry has a crucial role in preventing pollution at source, in waste minimization, in energy conservation, and in the design and marketing of cost-effective clean technologies. The agricultural sector must also contribute to tackling problems such as water pollution, soil erosion and desertification.

✓ 37) Environmental protection is integral to issues such as trade, development, energy, transport, agriculture and economic planning. Therefore, environmental considerations must be taken into account in economic decision-making. In fact good economic policies and good environmental policies are mutually reinforcing.

In order to achieve sustainable development, we shall ensure the compatibility of economic growth and development with the protection of the environment. Environmental protection and related investment should contribute to economic growth. In this respect, intensified efforts for technological breakthrough are important to reconcile economic growth and environmental policies.

Clear assessments of the costs, benefits and resource implications of environmental protection should help governments to take the necessary decisions on the mix of price signals (e.g., taxes or expenditures) and regulatory actions, reflecting where possible the full value of natural resources.

We encourage the World Bank and regional development banks to integrate environmental considerations into their activities. International organizations such as the OECD and the United Nations and its affiliated organizations, will be asked to develop further techniques of analysis which would help governments assess appropriate economic measures to promote the quality of the environment. We ask the OECD, within the context of its work on integrating environment and economic decision-making, to examine how selected environmental indicators could be developed. We expect the ✓ 1992 UN Conference on Environment and Development to give additional momentum to the protection of the global environment.

✓ 38) To help developing countries deal with past damage and to encourage them to take environmentally desirable action, economic incentives may include the use of aid mechanisms and specific transfer of technology. In special cases, ODA debt forgiveness and debt for nature swaps can play a useful role in environmental protection.

We also emphasize the necessity to take into account the interests and needs of developing countries in sustaining the growth of their economies and the financial and technological requirements to meet environmental challenges.

✓ 39) The depletion of the stratospheric ozone layer is alarming and calls for prompt action.

We welcome the HELSINKI conclusions related, among other issues, to the complete abandonment of the production and consumption of chloro-fluorocarbons, covered by the MONTREAL protocol as soon as possible and not later than the end of the century. Specific attention must also be given to those ozone-depleting substances not covered by the Montreal protocol. We shall promote the development and use of suitable substitute substances and technologies. More emphasis should be placed on projects that provide alternatives to chloro-fluorocarbons.

✓ 40) We strongly advocate common efforts to limit emissions of carbon dioxide and other greenhouse gases, which threaten to induce climate change, endangering the environment and ultimately the economy. We strongly support the work undertaken by the Intergovernmental Panel on Climate Change, on this issue.

We need to strengthen the worldwide network of observatories for greenhouse gases and support the World Meteorological Organisation initiative to establish a global climatological reference network to detect climate changes

✓ 41) We agree that increasing energy efficiency could make a substantial contribution to these goals. We urge international organizations concerned to encourage measures, including economic measures, to improve energy conservation and, more broadly, efficiency in the use of energy of all kinds and to promote relevant techniques and technologies.

We are committed to maintaining the highest safety standards for nuclear power plants and to strengthening international cooperation in safe operation of power plants and waste management, and we recognize that nuclear power also plays an important role in limiting output of greenhouse gases.

✓ 42) Deforestation also damages the atmosphere and must be reversed. We call for the adoption of sustainable forest management practices, with a view to preserving the scale of world forests. The relevant international organizations will be asked to complete reports on the state of the world's forests by 1990.

✓ 43) Preserving the tropical forests is an urgent need for the world as a whole. While recognizing the sovereign rights of developing countries to make use of their natural resources, we encourage, through a sustainable use of tropical forests, the protection of all the species therein and the traditional rights to land and other resources of local communities. We welcome the German initiative in this field as a basis for progress.

To this end, we give strong support to rapid implementation of the Tropical Forest Action Plan which was adopted in 1986 in the framework of the Food and Agricultural Organization. We appeal to both consumer and producer countries, which are united in the International Tropical Timber Organization, to join their efforts to ensure better conservation of the forests. We express our readiness to assist the efforts of nations with tropical forests through financial and technical cooperation, and in international organizations.

✓ 44) Temperate forests, lakes and rivers must be protected against the effects of acid pollutants such as sulphur dioxide and nitrogen oxides. It is necessary to pursue actively the bilateral and multilateral efforts to this end.

✓ 45) The increasing complexity of the issues related to the protection of the atmosphere calls for innovative solutions. New instruments may be contemplated. We believe that the conclusion of a framework or umbrella convention on climate change to set out general principles or guidelines is urgently required to mobilize and rationalize the efforts made by the international community. We welcome the work under way by the United Nations Environment Program, in cooperation with the World Meteorological Organization, drawing on the work of the Intergovernmental Panel on Climate Change and the results of other international meetings. Specific protocols containing concrete commitments could be fitted into the framework as scientific evidence requires and permits.

✓ 46) We condemn indiscriminate use of oceans as dumping grounds for polluting waste. There is a particular problem with the deterioration of coastal waters. To ensure the sustainable management of the marine environment, we recognize the importance of international cooperation in preserving it and conserving the living resources of the sea. We call for relevant bodies of the United Nations to prepare a report on the state of the world's oceans.

We express our concern that national, regional and global capabilities to contain and alleviate the consequences of maritime oil spills be improved. We urge all countries to make better use of the latest monitoring and clean-up technologies. We ask all countries to adhere to and implement fully the international conventions for the prevention of oil pollution of the oceans. We also ask the International Maritime Organization to put forward proposals for further preventive action.

✓ 47) We are committed to ensuring full implementation of existing rules for the environment. In this respect, we note with interest the initiative of the Italian government to host in 1990 a forum on international law for the environment with scholars, scientific experts and officials, to consider the need for a digest of existing rules and to give in-depth consideration to the legal aspects of environment at the international level.

✓ 48) We advocate that existing environment institutions be strengthened within the United Nations system. In particular, the United Nations Environment Program urgently requires strengthening and increased financial support. Some of us have agreed that the establishment within the United Nations of a new institution may also be worth considering.

✓ 49) We have taken note of the report of the sixth conference on bioethics held in Brussels which examined the elaboration of a universal code of environmental ethics based upon the concept of the "human stewardship of nature".

✓ 50) It is a matter of international concern that Bangladesh, one of the poorest and most densely populated countries in the world, is periodically devastated by catastrophic floods.

We stress the urgent need for effective, coordinated action by the international community, in support of the Government of Bangladesh, in order to find solutions to this major problem which are technically, financially, economically and environmentally sound. In that spirit, and taking account of help already given, we take note of the different studies concerning flood alleviation, initiated by France, Japan, the US and the United Nations Development Program, which have been reviewed by experts from all our countries. We welcome the World Bank's agreement, following those studies, to coordinate the efforts of the international community so that a sound basis for achieving a real improvement in alleviating the effects of flood can be established. We also welcome the agreement of the World Bank to chair, by the end of the year, a meeting to be held in the United Kingdom by invitation of the Bangladesh Government, of the countries willing to take an active part in such a program.

✓ 51) We give political support to projects such as the joint project to set up an observatory of the Saharan areas, which answers the need to monitor the development of that rapidly deteriorating, fragile, arid region, in order to protect it more effectively.

DRUG ISSUES

✓ 52) The drug problem has reached devastating proportions. We stress the urgent need for decisive action, both on a national and an international basis. We urge all countries, especially those where drug production, trading and consumption are large, to join our efforts to counter drug production, to reduce demand, and to carry forward the fight

against drug trafficking itself and the laundering of its proceeds.

✓ 53) Accordingly, we resolve to take the following measures within relevant fora:

- Give greater emphasis on bilateral and United Nations programs for the conversion of illicit cultivation in the producer countries. The United Nations Fund for Drug Abuse Control (UNFDAC), and other United Nations and multilateral organizations should be supported, strengthened and made more effective. These efforts could include particular support for the implementation of effective programs to stop drug cultivation and trading as well as developmental and technical assistance.
- Support the efforts of producing countries who ask for assistance to counter illegal production or trafficking.
- Strengthen the role of the United Nations in the war against drugs through an increase in its resources and through reinforced effectiveness of its operation.
- Intensify the exchange of information on the prevention of addiction, and rehabilitation of drug addicts.
- ✓ Support the international conference planned for 1990 on cocaine and drug demand reduction.
- Strengthen the efficiency of the cooperative and mutual assistance on these issues, the first steps being a prompt adherence to, ratification and implementation of the Vienna Convention on illicit traffic in narcotic drugs and psychotropic substances.

- Conclude further bilateral or multilateral agreements and support initiatives and cooperation, where appropriate, which include measures to facilitate the identification, tracing, freezing, seizure and forfeiture of drug crime proceeds.
- Convene a financial action task force from Summit Participants and other countries interested in these problems. Its mandate is to assess the results of cooperation already undertaken in order to prevent the utilization of the banking system and financial institutions for the purpose of money laundering, and to consider additional preventive efforts in this field, including the adaptation of the legal and regulatory systems so as to enhance multilateral judicial assistance. The first meeting of this task force will be called by France and its report will be completed by April 1990.

✓ 54) International cooperation against AIDS

We take note of the creation of an International Ethics committee on AIDS which met in Paris in May 1989, as decided at the Summit of Venice (June 1987). It assembled the Summit Participants and the other members of the EC, together with the active participation of the World Health Organization.

*

*

*

✓ 55) We take note of the representations that we received from various Heads of State or Government and organizations and we will study them with interest.

56) Next Economic Summit

We have accepted the invitation of the President of the United States to meet next year in the United States of America.