

## Leaders of Major Industrial Democracies Discuss Economic Issues

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

### REMARKS BY PRESIDENT FORD

Weekly Compilation of Presidential Documents dated Nov. 24

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

It has been a highly successful meeting in every respect.

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

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

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

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

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

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

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

### TEXT OF DECLARATION OF RAMBOUILLET

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

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

on plans for resolving them.

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

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

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

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

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

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

8. As domestic recovery and economic ex-

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

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

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

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

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

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

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

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

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

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

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

### OPENING REMARKS FROM NEWS CONFERENCE OF SECRETARIES KISSINGER AND SIMON<sup>1</sup>

#### Secretary Kissinger

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

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

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

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

<sup>1</sup> Text from press release 572, which also includes questions and answers.

but this has been an unusual occasion, an unusual way in which all the departments working together worked out common positions, common philosophies, and achieved the basic proposals that were put before the other leaders.

When this conference was called, I think it is safe to say that some of our friends wanted to use it as an occasion to blame us, or at least to imply that their economic difficulties could be solved primarily by American efforts, and others may have had the idea that, especially in the monetary field, it could be used to bring about rapid solutions in which the heads of government overruled the long negotiations that had gone on.

But as the preparation developed, I think a more sober spirit grew also, and one of our big themes was that economic recovery was meaningless if it started another spurt of inflation and that what we had to aim for was stable growth.

The second theme we had to get across is that the American economy was doing well and that therefore the concerns of other countries that our recovery was too slow for their own was unjustified.

Thirdly, we had in a number of areas, specific ideas on how the interdependence of these countries could be carried out—in the field of trade, in the field of economic relations with the Socialist countries, in the field of monetary affairs, in the field of energy, and in the field of development.

The discussions took place in a really unusually harmonious spirit. The fears which some of us had that the others would bring pressure on us to accelerate what we think is a well-conceived economic program proved unfounded, and after the President made his extensive intervention of the first day explaining our economic program, the other countries substantially accepted this and, indeed, seemed to be appreciative of it.

I think this was a very important event because it meant that they had more confidence that in looking ahead to their own future they could count on steady growth in the United States, and since everybody agreed that a substantial percentage of the

recession was psychological, I had the sense that a consensus emerged that this confidence that developed in our ability to handle the economic problems was a very major factor. In fact, the confidence of the leaders in this process was shown by the fact that they would talk about general principles and then turned over the drafting to either Ministers or experts and that the leaders only spent about an hour on the declaration. At first we didn't want any declaration because we were afraid we would spend our whole time drafting it; and it didn't turn out that way, and that was important.

In the field of trade, there was an agreement, first, that the negotiations on the multilateral trade negotiations should be completed next year; secondly, a commitment by all of the countries there to bring about a substantial reduction of trade barriers, including in the agricultural field, and no attempt to hide behind Community mandates or other obstacles.

There was also an agreement to accelerate or to foster the negotiations concerning export credits. Bill will talk about the agreements in the monetary field—which put an end to a debate of years about the nature of the floating system and the relation between floating and stability, which should end in January in an agreement that should at least put the field of international finance on a more stable basis than it has been in a long time.

In the field of energy, there has been an agreement to cooperate closely or actively on the alternative sources and on conservation, and I believe this will show up in the program of the International Energy Agency, which is in the process of being negotiated and which we hope to conclude by December 15.

In the field of development, we identified the balance-of-payments deficits of the developing countries, or their current account deficits, as one of the major problems on which we would work jointly, but we also pointed out that there is a close relationship between that and the action that is taken with respect to oil prices. So we believe that the consuming countries are in an excellent

position for the beginning of the talks on international economic cooperation that are beginning in the middle of December. And we agreed to work together in all existing institutions.

To sum up, this unusual meeting of the heads of government of the countries that between them produce 70 percent of the world trade represented a commitment to the conception that our economic problems were long term, that there were no quick fixes to them, that they required a steady cooperative effort, that their political relationship affected their economic relationship, and that their economic relationship in turn assisted their political cooperation.

And so the free countries vindicated the concept of their interdependence and laid out a program and a method for cooperation which we hope will accelerate the recovery of all of the peoples as well as their cooperation with the less developed countries for the benefit of everybody.

But I think Bill ought to explain the monetary agreement because that is perhaps the single most significant thing that happened there.

#### Secretary Simon

There is no doubt that it was a significant agreement reached between the French and the United States which, I believe and most everyone believes, is going to pave the way for agreement at the [IMF] Interim Committee on overall monetary reform in January. I think that the agreements that we have reached are a fair and balanced compromise. Neither side won nor neither side lost.

Each has protected its very critical national interests in a spirit of cooperation. We have sought to bring a convergence of views, and this is important. What we are trying to do is build and expand on these areas of convergence, and as we succeed in doing this, the whole world community at large is going to benefit from this.

Now, I think that the disparity of views of the past few years between the French and the United States in particular on various amendments to the articles of agreement

[of the IMF] has obscured the deep mutual-ity of interest to return to stable economic and financial conditions in the world and more orderly and stable exchange rates, and that is very significant because this instability that we have had contributed to as well as resulted from tremendous institutional financial strains.

Also, the instability created great problems for many of the countries in the world in taking care of the erratic price movements and setting economic policies and restoring stable growth in their own economies.

Now, having said this, because one must look at the fundamental cause of the problem before we can begin to look for any of the solutions, which is important, it has been clear that the French and the United States share some fundamental agreements on the monetary system; there is no doubt about that. We both agree that the diversity of financial arrangements—the floating system, if you will—has served us well. Under the present circumstances, it is actually necessary to take care of the stresses and the strains that have been brought about by the severe inflation, recession, and of course the extraordinary oil increase.

So having identified the causes, we then must set about in curing the fundamental problems of this economic instability, and therefore the communique, as it said, dealt with two aspects of the monetary issue: one, the operational and, two, the reform of the system.

On the operational side we have reached an understanding that to achieve durable and meaningful stability in the underlying economic and financial conditions, we have to provide for mutually cooperative and conciliatory policies among ourselves but that national domestic economic policies must indeed be compatible. The world economy has suffered from all of the ills that I have spoken about, and the underlying problem remains with the severe inflation and of course the recession which was caused by this inflation.

On exchange markets, we are going to deal with erratic movements in exchange

rates, which of course create, again, an instability. Erratic movements can be defined as movements that have no underlying economic reason. Ours is not an attempt to peg any of the currency rates at artificial levels; but there are erratic movements in financial markets on occasion that are not directly attributable to fundamental economic events, and at this point intervention policies will become mutually cooperative and compatible to smooth out these unstable periods.

## **U.S. Welcomes Release by Viet-Nam of Nine Americans**

*A group of foreign nationals including nine Americans arrived in Bangkok from Viet-Nam on October 30. Following is a statement read to news correspondents that day by Robert Anderson, Special Assistant to the Secretary for Press Relations.*

We welcome the return of this group of Americans and other foreign citizens from Viet-Nam and look forward to their being reunited quickly with their families. We appreciate the assistance of the United Nations High Commissioner for Refugees in this repatriation.

At the same time, we remain concerned about the approximately 50 other Americans who remain in South Viet-Nam. From news reports and from others who have left Viet-Nam recently, we understand many of the remaining Americans would like to leave but thus far have not been able to do so. We hope that humanitarian considerations will also prevail here and enable these people to be repatriated soon.

## **U.S. Lauds Mexico's New Campaign Against Illicit Drugs**

*Department Statement*<sup>1</sup>

Yesterday, November 13, the Attorney General of Mexico, Pedro Ojeda Paullada, after meeting with President Echeverría, described to the press in Mexico City his government's strengthened and expanded campaign to eradicate opium poppy growth and to control heroin traffic. The Mexican Attorney General announced that an eradication campaign will begin November 15, employing greatly expanded materiel and manpower resources that are expected to substantially reduce the heroin traffic to the United States.

Secretary Kissinger wishes to emphasize the concern that the U.S. Government places on the drug abuse problem and the need to increase efforts to control illicit drugs at home and abroad. The U.S. Government is determined to resolve this most serious and tragic problem, which burdens our nation with ruined lives and results in violent crimes against our citizens and costs us up to \$17 billion a year.

On behalf of the U.S. Government, the Secretary expresses his appreciation to the Government of Mexico for its efforts to curb illicit drugs and confirms the commitment of the United States to work with Mexico and our other friends abroad to achieve our common goals of reducing drug abuse and controlling the traffic in illicit narcotics.

<sup>1</sup> Read to news correspondents on Nov. 14 by Robert Anderson, Special Assistant to the Secretary for Press Relations.

tary of State will initiate negotiations with Mexico and Canada to develop appropriate bilateral agreements for the protection and conservation of whales.

Although much is known of the habits of whales, the vastness of the oceans and the mobility of these mammals make it very difficult to monitor adequately their many species. This legislation will allow the collection of scientific information that will permit us to determine the most appropriate means of preventing the exploitation of whales and thus avoid their extinction.

The United States has placed great emphasis on multilateral efforts with other nations through the International Whaling Commission to achieve effective conservation of whales throughout the world. The negotiations with Mexico and Canada directed by this bill will reinforce the efforts of our three nations within the Commission.

## President Signs Bill Amending Bretton Woods Agreements Act

*Statement by President Ford*<sup>1</sup>

I have approved H.R. 13955, an act "To provide for amendment of the Bretton Woods Agreements Act, and for other purposes."<sup>2</sup> This legislation authorizes U.S. acceptance of amendments to the Articles of Agreement of the International Monetary Fund and U.S. consent to a proposed increase in its quota in the Fund.

The reforms of the international monetary system which the United States accepts through these amendments are the culmination of years of debate and negotiation following the breakdown of the Bretton Woods par value system in 1971. This new international monetary system recognizes that development of stable

<sup>1</sup> Issued on Oct. 21 (text from White House press release).

<sup>2</sup> Public Law 94-564; approved Oct. 19.

underlying economic and financial conditions is an essential prerequisite to the achievement of international monetary stability. At the same time, the new system will provide the increased flexibility, resilience, and reliance on market mechanisms which today's monetary relationships require, replacing the exchange rate rigidity and gold emphasis of the Bretton Woods system.

In the post-World War II era, we have increasingly recognized the importance of a smoothly functioning international monetary system to American jobs, production, and growth and to the maintenance of a prosperous and stable world economy. The attainment of the international economic as well as political and national security objectives of the United States depends in large measure on our success in maintaining a strong and healthy world economy, and that in turn requires a sound, smoothly functioning, and equitable international monetary system.

For all these reasons, I am especially pleased to sign into law this act to provide for amendment of the Bretton Woods Agreements Act.

## Congressional Documents Relating to Foreign Policy

### 94th Congress, 1st and 2d Sessions

The Vietnam-Cambodia Emergency, 1975. Hearings before the House Committee on International Relations and Its Special Subcommittee on Investigations. Part I—Vietnam Evacuation and Humanitarian Assistance; April 9–May 8, 1975; 240 pp. Part II—The Cambodian-Vietnam Debate; March 6–April 14, 1975; 291 pp. Part III—Vietnam Evacuation: Testimony of Ambassador Graham A. Martin; January 27, 1976; 89 pp. Part IV—Cambodia Evacuation: Testimony of Ambassador John Gunther Dean; May 5, 1976; 64 pp.

Shifting Balance of Power in Asia: Implications for Future U.S. Policy. Hearings before the Subcommittee on Future Foreign Policy Research and Development of the House Committee on International Relations. November 18, 1975–May 18, 1976. 236 pp.