

[5/15/78-Not Submitted] [CF, O/A 548]

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MEMORANDUM

THE WHITE HOUSE

WASHINGTON

15 May 1978

TO:

HENRY OWEN

FROM:

RICK HUTCHESON 

SUBJECT:

Your Memo of 9 May 1978, "Speech to Trilateral Commission"

Rather than being submitted to the President, your memo was sent to Jim Fallows. Jim will raise some of the points you suggest when he meets with the President this week.

cc: Jim Fallows

THE WHITE HOUSE
WASHINGTON

May 9, 1978

ACTION

MEMORANDUM FOR: THE PRESIDENT 23.
FROM: HENRY OWEN ~~WFO~~
SUBJECT: Speech to Trilateral Commission

David Rockefeller came by to see me the same day that he invited you to the next meeting of the Trilateral Commission. He described some of the questions about US foreign policy that he had found in the industrial countries.

It occurred to me after he left that a short Presidential speech to the Trilateral Commission could help to answer some of these questions. You have recently given two very good speeches -- on defense and inflation. If you rounded out the series with a major foreign policy speech, focusing on relations among the industrial countries, the Administration's major tasks and priorities would have been made clear. Such a speech could relate your foreign policy goals to the defense and anti-inflation policies announced in the other two speeches -- showing how your domestic, foreign, and defense policies fit together into a coherent whole. You couldn't have a more sympathetic audience for this kind of speech than the Trilateral Commission.

I gather that you are thinking of attending the June 12 lunch of the Commission. Your speaking at that lunch would be consistent with past practice: The Japanese Prime Minister, German Chancellor, and French Prime Minister have each given speeches at lunches or dinners of the Trilateral Commission, when it met in their respective countries.

June 12 would be a good time for a speech on relations among industrial countries: You could look back to the NATO Summit and ahead to the Economic Summit.

I attach a speech outline (Tab A). If you approve of this idea, I will pass the outline to Jim Fallows, so that he can prepare a draft speech.

_____ Transmit to Fallows

_____ Forget it

SPEECH OUTLINE

I. Introduction

1. The countries represented in the Trilateral Commission have as their object to shape a world in which all peoples can secure freedom, peace, and material progress. In seeking to achieve this goal, our three industrial regions have special responsibilities, because of their large resources.
2. Between the wars, the industrial countries did not fulfill these responsibilities. Instead of cooperating to meet the depression, they sought to export unemployment to each other through rising trade barriers and other actions. Instead of concerting to meet security problems, they went their separate ways. World War II was the result.
3. At the Downing Street Summit, Prime Minister Fukuda warned that we must not repeat these errors. We need a long-term strategy for cooperation in meeting both economic and security problems.

II. Economic

1. The main economic problem now facing the industrial world is stagflation, brought on or worsened by the oil crisis of 1973-74. To meet this threat, a concerted international economic effort is needed -- one to which each of our countries will contribute and from which each can draw benefit.
2. The US contribution to that effort must include measures to control inflation and to reduce oil imports.
 - a. I intend to follow up vigorously on the new initiatives that I announced recently to control inflation in the US. I will allow no increase in the projected budget deficit. Government regulations will be pruned ruthlessly to eliminate cost add-ons. I will back Bob Strauss to the hilt in counseling wage and price restraint.
 - b. If the Congress does not act to limit oil imports, I will. Only by thus reducing the trade deficit can we strengthen the dollar, whose weakness threatens America's well-being, no less than that of other countries.
3. As part of this concerted international economic effort, we hope that all industrial countries will:
 - Achieve their growth targets, while continuing effective measures against inflation.
 - Join in agreements to reduce trade barriers, avoid new forms of protectionism, and open up their domestic markets to foreign imports.

-- Cooperate to limit energy consumption and increase energy production.

-- Strengthen the IMF, so that it can meet temporary external deficits (through the Witteveen facility) and exercise increased surveillance over currency disorders.

-- Increase the transfer of private and public resources to developing countries, so that they can play their full part in a growing economy.

4. The Bonn Summit should be the occasion giving new impetus to this international economic effort.

III. Security

1. We are faced with a Soviet military buildup without benign cause or precedent. This buildup can only be offset by joint efforts of all our countries.

2. NATO is engaged in a large program, which I proposed in London in 1977, to improve its forces. The recent NATO Summit reviewed and renewed this effort. We will not repeat the Western powers' mistake in the 1930s, in slighting military innovation. NATO will exploit new electronic and missile technology; no useful modern weapon will be denied its forces. Annual real increases in defense budgets will be needed.

3. US-Japanese security cooperation is also essential to keep the peace. The US will maintain powerful naval and air forces in Northeast Asia. We will only withdraw ground forces from Korea when this can be done without risk to local peace and stability.

4. To support our general purpose forces in Asia and Europe, US strategic power will be kept at a level sufficient to counter any threat. We will only enter a SALT agreement if it advances the interests of our allies, equally with our own. We will consult closely with our allies to this end.

5. The three industrial regions should also work together in resolving disputes that threaten peace. The US is working with Britain to try to settle disputes in southern Africa. We will continue to consult with Japan about means of bringing greater stability to the Korean peninsula. We hope that both Europe and Japan will support our efforts to advance peace in the Middle East.

IV. Conclusion

1. In his history of the 1920s and 1930s, Churchill tells us "how easily the tragedy of the Second World War could have been prevented . . . how absolute is the need of a broad path of international action pursued by many states in common across the years"
2. The industrial countries put that lesson to good use immediately after World War II. In forging international instruments of co-operation -- the World Bank and IMF, GATT, the OECD, NATO -- they assured peace and unprecedented material progress for more than a generation.
3. Now, new perils have arisen on both the economic and security fronts, and new types of cooperation are needed. But since the memory of past disasters has faded, that cooperation is more difficult to secure.
4. But we need not fail on this account. One of the great men of our time, Jean Monnet, showed us how innovation in building and strengthening international institutions can create effective common efforts to serve the varied interests of all.
5. A clear sense of priorities will be the key to success. We cannot do everything that we would like. In choosing among alternative tasks and strategies, the first call should go to:
 - a. economic concert in fighting stagflation -- by addressing the central problems of inflation and energy;
 - b. cooperation in strengthening peace -- both through defense programs and by trying to resolve international disputes.
6. Taken together, these policies should open a new phase in cooperation among industrial countries. Its purpose is not to undo the after-effects of war, as in the 1940s, but to meet new and deep-seated structural problems. It will be a long hard business. But we are moving in the right direction. If we stay on course, we can move increasingly toward our long-term goal of developing a working community of developed nations -- one which will provide a stronger basis for achieving East-West reconciliation and North-South cooperation as well as for meeting the pressing problems of the industrial world.

ID 782488

THE WHITE HOUSE
WASHINGTON

DATE: 11 MAY 78

FOR ACTION: JIM FALLOWS
PHIL WISE

FRAN VOORDE

affair

INFO ONLY:

SUBJECT: OWEN MEMO RE SPEECH TO TRILATERAL COMMISSION

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+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: 1000 AM MONDAY 15 MAY 78 +

+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

DATE: 11 MAY 78
FOR ACTION: JIM FALLOWS
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PLEASE NOTE OTHER COMMENTS BELOW:

RICK -----

I recommend Jim review these suggestions and decide whether or not they work with plans for major commencement address on the 7th.

President does not need to see this separately. Jim is meeting with him early next week on Commencement speech. He can discuss this at that time as well.

I personally do not see the Trilateral remarks as a major speech and I don't the President does either.

fran
fran
Agree

ID 782488

T H E W H I T E H O U S E
WASHINGTON

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ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. (X) NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW: