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Economic Meeting

8 AM - White House ~~Senior~~
~~Staff~~ Meeting

Monday, May 26, 1975

1) Nessen - *Mexican* *Summit*
Deadline

THE WHITE HOUSE

WASHINGTON

May 24, 1975

ECONOMIC MEETING

May 26, 1975

8:00 a.m.

Cabinet Room

From: L. William Seidman

I. PURPOSE

To discuss the Administration's approach to the "new economic order" and Secretary Kissinger's speech at the OECD Ministerial meeting May 28.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

- A. Background: The LDC's are continuing to press their demands for a new economic order entailing economic agreements and arrangements that would redistribute wealth from the relatively rich to the relatively poor nations. The topic was addressed at the recent EPB International Economic Policy Review and it was agreed that further discussion and development of the U.S. Government's response to these demands is needed.

Secretary Kissinger will be addressing an OECD Ministerial meeting May 28. A draft of his remarks is attached at Tab A and has been reviewed by members of the Economic Policy Board Executive Committee. This provides an appropriate occasion to discuss with you what should be the Administration's general approach to the new economic order.

- B. Participants: Henry A. Kissinger, William E. Simon, L. William Seidman, James T. Lynn, Alan Greenspan, John T. Dunlop, Rogers C.B. Morton, Frank G. Zarb, Brent Scowcroft, Donald Rumsfeld
- C. Press Plan: No press.

III. AGENDA

A. Administration Approach to the New Economic Order

Secretary Simon, Secretary Kissinger, Alan Greenspan and Jim Lynn will indicate their views regarding what should be the Administration's general approach to the new economic order.



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

MEMORANDUM FOR THE PRESIDENT

During the past several weeks, we have participated in discussions on important international economic issues. Recent public presentations by the Secretary of State have been sufficiently ambiguous to preserve the opportunity for you to decide policy issues. This is also true of a speech he will deliver at the OECD this week. However, as a result of this process it has become obvious that in the international field, we are in danger of compromising our basic commitment to the free enterprise system. At this point, we believe it is important for you to focus on the principles on which our strategy in the international area is founded.

1. Much of the Third World is pushing for a new international economic order based on socialist principles. While we would like to avoid a confrontation, we clearly cannot acquiesce in, or compromise with, this new economic order. A socialist economic order outside the United States would require us to either (a) become socialist or quasi-socialist or (b) become economically isolationist.
2. The issue that is posed is fundamental:
 - Do we respond by reaffirming our own commitment to the basic principles of free enterprise and free markets, but offering to discuss and negotiate on problem areas in a spirit of practical cooperation?
 - Or do we respond by being forthcoming and indicating that we are prepared to accept the inevitability of a fundamental change in international economic arrangements, but still bargaining hard on a case by case basis on particular issues?
3. We do not want to pursue a policy based on promising the rest of the world a great deal now, knowing that we do not intend to deliver on these promises, implied or stated, at a later time. Instead, we should be maintaining our leadership role which seeks to preserve the economic system based primarily on private ownership and free competitive markets.

4. We believe that our interests can only be served by speaking out frankly and forthrightly concerning our basic disagreement in principle with those who are demanding a new world economic order. The principles of free markets and free enterprise are, after all, what we stand for and what we believe in. If we fail to speak out in their defense, no one else will be able to do so.
5. Clearly, an area where this fundamental choice is confronting us is in the third world's pressure for international arrangements with respect to commodities. It was central to the breakdown of the preparatory conference on energy in Paris and it will be presented to you throughout your upcoming European trip. If we posture ourselves as willing to discuss this area with an eye toward "new solutions" or "new arrangements," the world will perceive this as a willingness on our part to compromise our basic system. In any statements referring to discussions on this issue, we should not be afraid to strongly assert that the United States, as well as the less fortunate countries, can best be served not by a system of government agreements on various aspects of international trade and finance, but rather by continued reliance on the effective private institutions which have evolved in these areas.
6. This policy does not mean that we need posture ourselves as seeing no avenues of improvement in the existing system. However, if we agree, or give the appearance of agreement, to changes in the international economic system abroad, we will be in danger of jeopardizing the principles you have been building at home and our economic and military strengths will increasingly count for less in the world.

THE ECONOMIC POLICY BOARD

W. E. SIMON

L. W. SEIDMAN

5/26/75

Examiner Meeting.

P.

I believe in free enterprise
I am a pragmatist

But I also believe in problem
solving, with concern about
getting it done then the
physiology.

How are

Given a little or words in
order to obtain something - in
problem solving efforts we make.

On the law, no comparison on
how philosophy.

HAVE

CBC - dominated by Southeast Teachers
London School of Economics.

Democracy stated by ~~the~~ Aristotle -
people who know who they
want - we own founding business



How

Let's not debate on
new, old over old debates -
let's look at the problem
and see what we can do

P-

new two-tier approach -

1) got to negotiate

2) what do you negotiate

Bunn -

Tehni lead in catalignis, the world

