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PO -CH /GH/0150



PART A

CHANCELLOR'S PAPERS ON
THE ARRANGEMENTS FOR THE
GROUP OF SEVEN (G7)
ECONOMIC SUMMIT IN
LONDON, 8-10 JUNE 1983

Begins: 31/5/83

DD: 25 years

Ends: 22/3/84

5/9/95

PART A

Ref. A083/1547

MR COLES

Economic Summit 1984

CHANCEQUER	
REC.	- 1 JUN 1983 ✓
ACTION	Mr Pittler
COPIES	Mr Lawson
13	Mr Bavelle
	Mr Hall
	Mr Beestall.

(prep)

After Versailles the Prime Minister asked us to consider possible locations outside London for the Economic Summit in 1984 for which the United Kingdom will be the host. We reported on a number of possibilities, but for various reasons none of them seemed to be ideal, and the Prime Minister ruled in favour of a meeting in London.

2. My impression from something she said at Williamsburg is that the Prime Minister would like to have another look at this matter, to see if after all it might be possible to hold the Summit somewhere outside London. The Chancellor of the Exchequer and the Foreign and Commonwealth Secretary both expressed to me on the way home their strong views that we should do our best to find a location outside London.

3. If the Prime Minister agrees, therefore, I propose to give some more thought to this matter and perhaps put in hand some reconnaissance if necessary, and to come up with further proposals after the Election.

4. I am sending a copy of this minute to the Private Secretaries to the Chancellor of the Exchequer and the Foreign and Commonwealth Secretary.

ROBERT ARMSTRONG

ROBERT ARMSTRONG

31 May 1983



10 DOWNING STREET

From the Private Secretary

MR. HATFIELD
CABINET OFFICE

EXCHEQUER
- 3 JUN 1983

TO	Mr Litter.
CC	Mr Unwin
TO	Mr Lavelle.
	Mr Beavall
	Mr Hall

Mr Middleton.

The Prime Minister has seen Sir Robert Armstrong's minute of 31 May about the Economic Summit 1984. She agrees that Sir Robert should now give more thought to the possibility of sites for the Summit outside London. Mrs. Thatcher would also be grateful if Sir Robert could consider further the style of the Summit and in particular whether we should aim at a simpler, more workmanlike approach than that of Versailles and Williamsburg. In considering the possibilities the Prime Minister would like advice on the costs of the various alternatives. You may also like to know that the Prime Minister has commented that she imagines that President Reagan's security advisers may prefer a site outside London.

I am sending copies of this letter to Mr. Kerr (H.M. Treasury) and Mr. Fall (Foreign and Commonwealth Office).

W. F. S. RICKETT

3 June 1983

11/7/83

CHEQUER

12 JUL 1983

Ref.A083/2032

PRIME MINISTER

Mr Litter. 12/7
Mr Llewellyn
Mr Lavelle
Mr. Middleton

By Mr Scholar's minute of 3 June you agreed that we should give more thought to the possibility of sites for the Economic Summit 1984 outside London.

Mr Beestall
Mr Hall

2. Detailed studies have now been completed. As a result Bath and Greenwich have been excluded. There remain four possible sites (apart from London): Edinburgh, Gleneagles, Harrogate, and a combination of Leeds Castle and Chevening.
3. If **Edinburgh** were chosen, the Castle could be used for the conference meetings; there is hotel accommodation adequate both in quantity and quality; and Meadowbank Stadium would make a satisfactory press centre. The Queen would give a dinner in Holyroodhouse. The main problems are transport between buildings and the consequent dislocation of traffic, and security. The cost of holding the Summit in Edinburgh would be comparable with holding it in London.
4. Harrogate has, I think, to be excluded. Though costs would be reasonable, there is no obvious place for the meetings in the city (there is a conference centre which would make an ideal press centre), and a site outside Harrogate for the meetings (eg Harewood House or Castle Howard) would add to costs, and to transport and security problems. It would not be possible for The Queen to give a state dinner.
5. A combination of **Leeds Castle and Chevening** is a strong possibility. Heads of State or Government and Finance Ministers could be housed and the conference meetings could take place at Leeds Castle, which has ample facilities for meetings and for meals, and provides a good environment for relaxed informal discussions and for bilaterals. Foreign Ministers could be housed at Chevening and flown over by helicopter to Leeds Castle for meetings. There is a hotel just outside Leeds Castle which would provide adequate though not very attractive accommodation for delegations; some senior officials might have to be housed further afield. Ministers could be

helicoptered to London or Windsor for a dinner given by The Queen. The main problem would be the press. There is no large press centre available. Options would be portacabins and tents on the car park at Leeds Castle, a local school or a former RAF base at West Malling, 10 miles away, which would need substantial renovation. This option would be good for security and (apart from the press centre) for cost; but there would be a good deal of to-ing and fro-ing between Leeds Castle and Chevening, and the supporting accommodation is less than ideal. In particular the press would probably be mainly based in London.

6. Gleneagles would provide an opportunity for the principals and the delegations to meet under one roof with the maximum privacy and scope for bilaterals. It has been used before for high level international meetings (Commonwealth Prime Ministers in 1977, the NATO Ministerial Meeting in 1981). Accommodation to the highest standard is available for Heads of State or Government. There are plenty of rooms for meetings. The site would be ideal for security. A press centre could be established at the University of Stirling, 20 minutes away by road. The journalists would be able to stay in hotels in Stirling, Crieff, Dunblane, Perth and Edinburgh. The Queen would give a State Dinner at Holyroodhouse, 25 minutes away by helicopter: the evening might include Beating the Retreat in the courtyard. If you wanted, you could no doubt entertain the Ministerial guests at the Palace of Scone, the home of Lord Mansfield. Gleneagles would be much more expensive than Leeds Castle/Chevening (though the greater cost of the hotel would be partly offset by the fact that less would have to be spent on the press centre); but the setting is splendid, and the amenities ideal. The hotel was handed over to private management (it used to belong to British Rail) in 1981; the management are lively and go-ahead, and have already made considerable improvements in the hotel. There is no doubt that they are very keen to have the Economic Summit, no doubt for the prestige and publicity it would bring, and it should be possible to negotiate a reasonable deal with them.

7. Though it has not yet been possible to make precise costings, there is no doubt that Gleneagles could be the most expensive of the four options, but in many respects it would also be the best: a grand setting, very good amenities, excellent for security, reasonably accessible for international travel and good for relaxed and informal discussions away from the press. It would enable us to establish a pattern of activity much more like that at Montebello than that at Versailles or Williamsburg.

Conclusion

8. The best options for holding the Summit outside London are Gleneagles and Leeds Castle/Chevening. Gleneagles would be more expensive, perhaps by a considerable margin; but it is a nearly ideal location, and carries the advantage of having all the principals and the delegations under one roof, and thus avoiding the transport and security problems of shuttling between Leeds Castle and Chevening.

9. It is now a matter of urgency to make a decision on the venue and on the dates, since the hotels concerned - wherever they are - need to make the bookings.

10. I recommend that you decide in favour of Gleneagles.

11. The dates provisionally chosen are 8 to 10 June 1984. That is one week before the European elections (I cannot see that that matters, but some of our European partners may take a different view); it would not clash with the European Council, which the French Government are planning to hold in France in the second half of the month after the European elections. The Queen would be free and willing to give a State Dinner on Saturday 9 June (or perhaps on Sunday 10 June after the conclusion of the conference, if that were preferred).

12. Once the venue and date are agreed, I will communicate with Personal Representatives to ask whether the dates would be acceptable to other participants.

13. I am sending copies of this minute to the Foreign and Commonwealth Secretary and the Chancellor of the Exchequer.

ROBERT ARMSTRONG

ROBERT ARMSTRONG

11 July 1983

MR. BAILEYcc Mr. Kerr ✓
Mr. Middleton1984 SUMMIT

The UK will be host in 1984 for what has become the annual Summit meeting (Heads of State of Seven leading industrial countries plus the President of the European Commission).

2. There are of course costs, and they fall on the MPO. From a conversation recently with Mr. Meadows of LG, who looks after this Vote, I gather that no arrangement was made in advance to make provision for the financial year 1984/85, although it has been recognised for a long time that this event would be likely to take place. I apologise that we did not bring it to the attention of Treasury colleagues, but I think the duty really fell on Sir Robert Armstrong!

3. I can only give you a ball-park estimate of costs. We gather that recent Summits have tended to cost the hosts around \$5 - 6 million. If we used London, we could probably manage with less. But Sir Robert Armstrong has recently reviewed possibilities of holding the Summit outside London and has recommended the choice of Gleneagles. It is almost certainly the most expensive option, although probably little more expensive than other possible locations outside London, because the latter would require substantial equipment, furnishing and other facilities which Gleneagles already has. We are not able to give a satisfactory estimate of the cost yet - much will have to be negotiated. But we are probably around the top of the recent international range.

4. The submission Sir Robert Armstrong has put to the Prime Minister, copies to the Chancellor, does not invite comment by the Treasury. I am inclined to refrain from comment. My own personal feeling is that Gleneagles would be a good choice, and that although extra cost would be involved, the advantages from the point of view of the successful conduct of the Summit - as an occasion which only turns up every 7 years - would be worth it. I suggest we simply await the Prime Minister's decision.


(J. G. LITTLER)



(pwp)

✓ M

C.
Gleneagles is the most
suitable for business (everyone
under one roof, including
officials.)

Cherbury / Leeds Castle
would be best for ambience
but NBG for business*. GH
favoured it — but Nat was
before EH became Chatelaine
of Cherbury! (* above is
an official's view: Ministers
might quite like meeting
away from their officials, &
have to admit.

The press would hate
either Gleneagles or Cherbury /
Leeds Castle. The best of his
bench for them would be

be Edinburgh. But
I don't think that's decisive,
and Edinburgh is otherwise
clearly No 3.

I don't think you need
express a view - that but
you should see the Mrs in case
she asks you for one.

(One v. minor consideration:
Callaghan took Commonwealth
Head of Govt to Gleneagles
in '77. It worked v. well -
but the PM wouldn't be doing
something entirely new if she
went there. And she knows
Kent better.)

Ju

cc. PS/CST
Mr Bailey
Mr Mountfield
Mr Pestell
Mr Hopkinson.

Apologies that we omitted to copy these papers to you. You will see that there is no need to intervene with the PM as Mr Bailey has suggested to CST.

14/7/83
PMP



10 DOWNING STREET

D. ACTION

Mr Middleton

CHEQUER
15 JUL 1983
Mr Litterer
Mr Unwin
Mr Lowelle
Mr Beestall
Mr Hall.

From the Private Secretary

SIR ROBERT ARMSTRONG

Economic Summit 1984

The Prime Minister has considered your minute of 11 July in which you describe the results of the investigation of possible sites outside London for the Economic Summit in 1984 and recommend that Gleneagles be chosen.

The Prime Minister is grateful for the work which has been done on this question but has reached the view that it will be best to hold the Summit in London. Her conclusion has been influenced partly by consideration of cost, as well as the desirability of setting a rather simpler style for the Summit than would be possible at Gleneagles.

Mrs. Thatcher would be grateful if you could suggest in due course how the proceedings in London might be arranged. She has said that if it is necessary to carry out any improvements to or refurbishment of e.g. Lancaster House, she would be prepared to consider this since the expense might be justifiable in view of the fact that we would continue to use the facilities concerned.

The Prime Minister would wish in due course to advise the Palace on the role which Her Majesty The Queen might be asked to play. For your own information, she hopes that The Queen will be able to offer dinner at Windsor rather than Buckingham Palace.

/The Prime Minister

CONFIDENTIAL

CONFIDENTIAL

The Prime Minister would also like some thought to be given to the possibility of one of the meals being arranged at Greenwich.

I am copying this minute to Brian Fall (Foreign and Commonwealth Office) and John Kerr (HM Treasury).

W. COLES

14 July 1983

CONFIDENTIAL

CONFIDENTIAL

FROM: A M BAILEY

DATE: 18 July 1983

CHIEF SECRETARY

(Handwritten initials)

cc PS/Chancellor /
Mr Middleton
Mr Littler
Mr Mountfield
Mr Pestell
Mr Hopkinson

1984 ECONOMIC SUMMIT

1. Sir Robert Armstrong copied to the Chancellor of the Exchequer the attached submission to the Prime Minister about the site of the 1984 Economic Summit. The immediate issue with which we are concerned is the financing - MPO are likely to have to find about £4M in 1984-85 for which they have no PES provision.
2. In the normal course, if a Department approached us for additional money at this stage of the year we would say that first, the Department must review its priorities and find offsetting savings, and second, if it could not meet the cost the bid must be considered along with all the rest in the Public Expenditure Survey. There are of course difficulties in such a response here.
3. Sir R Armstrong's minute canvasses four sites outside London; no figures are given, but he recommends Gleneagles which is said to be the most expensive - though we do not know by how much and the difference may not be very great. But if the conference were held in London we believe the costs would be appreciably less.
4. Mr Littler's side of the Treasury take the view that Gleneagles would be a good choice, and that although extra cost would be involved, the advantages from the point of view of the successful conduct of the Summit - as an occasion which only turns up every 7 years - would be worth it.

5. The problem is that in the Survey you will be aiming to rule out all but the "irresistible" minimum of additional bids for next year, and then seeking major reductions in programmes. Many Ministers would like a better service than they are in fact going to get. Moreover as the Prime Minister has repeatedly recognised, we need to keep a constant pressure on administrative costs in Government.

6. The options seem to be for you (or the Chancellor) to intervene in the exchange following Sir Robert Armstrong's minute, pointing out how we must, in general, approach additional bids and urging the need for a cheaper course; alternatively you may feel that you can do no more than log this up as an inescapable commitment for next year. In the circumstances you may decide that the international pressures are such that this has to be accepted. But I think it right to bring this issue to your attention, and if you decide to take the tougher line we will let you have a short draft minute.



A M BAILEY

12 JUL 1983

Ref. A083/2032

PRIME MINISTER

*Mr Litter**Mr Clavin**Mr Lavelle*

By Mr Scholar's minute of 3 June you agreed that we should give more thought to the possibility of sites for the Economic Summit 1984 outside London.

Mr Beestall
Mr Hall

2. Detailed studies have now been completed. As a result Bath and Greenwich have been excluded. There remain four possible sites (apart from London): Edinburgh, Gleneagles, Harrogate, and a combination of Leeds Castle and Chevening.

3. If Edinburgh were chosen, the Castle could be used for the conference meetings; there is hotel accommodation adequate both in quantity and quality; and Meadowbank Stadium would make a satisfactory press centre. The Queen would give a dinner in Holyroodhouse. The main problems are transport between buildings and the consequent dislocation of traffic, and security. The cost of holding the Summit in Edinburgh would be comparable with holding it in London.

4. Harrogate has, I think, to be excluded. Though costs would be reasonable, there is no obvious place for the meetings in the city (there is a conference centre which would make an ideal press centre), and a site outside Harrogate for the meetings (eg Harewood House or Castle Howard) would add to costs, and to transport and security problems. It would not be possible for The Queen to give a state dinner.

5. A combination of Leeds Castle and Chevening is a strong possibility. Heads of State or Government and Finance Ministers could be housed and the conference meetings could take place at Leeds Castle, which has ample facilities for meetings and for meals, and provides a good environment for relaxed informal discussions and for bilaterals. Foreign Ministers could be housed at Chevening and flown over by helicopter to Leeds Castle for meetings. There is a hotel just outside Leeds Castle which would provide adequate though not very attractive accommodation for delegations; some senior officials might have to be housed further afield. Ministers could be

helicoptered to London or Windsor for a dinner given by The Queen. The main problem would be the press. There is no large press centre available. Options would be portacabins and tents on the car park at Leeds Castle, a local school or a former RAF base at West Malling, 10 miles away, which would need substantial renovation. This option would be good for security and (apart from the press centre) for cost; but there would be a good deal of to-ing and fro-ing between Leeds Castle and Chevening, and the supporting accommodation is less than ideal. In particular the press would probably be mainly based in London.

6. Gleneagles would provide an opportunity for the principals and the delegations to meet under one roof with the maximum privacy and scope for bilaterals. It has been used before for high level international meetings (Commonwealth Prime Ministers in 1977, the NATO Ministerial Meeting in 1981). Accommodation to the highest standard is available for Heads of State or Government. There are plenty of rooms for meetings. The site would be ideal for security. A press centre could be established at the University of Stirling, 20 minutes away by road. The journalists would be able to stay in hotels in Stirling, Crieff, Dunblane, Perth and Edinburgh. The Queen would give a State Dinner at Holyroodhouse, 25 minutes away by helicopter: the evening might include Beating the Retreat in the courtyard. If you wanted, you could no doubt entertain the Ministerial guests at the Palace of Scone, the home of Lord Mansfield. Gleneagles would be much more expensive than Leeds Castle/Chevening (though the greater cost of the hotel would be partly offset by the fact that less would have to be spent on the press centre); but the setting is splendid, and the amenities ideal. The hotel was handed over to private management (it used to belong to British Rail) in 1981; the management are lively and go-ahead, and have already made considerable improvements in the hotel. There is no doubt that they are very keen to have the Economic Summit, no doubt for the prestige and publicity it would bring, and it should be possible to negotiate a reasonable deal with them.

7. Though it has not yet been possible to make precise costings, there is no doubt that Gleneagles could be the most expensive of the four options, but in many respects it would also be the best: a grand setting, very good amenities, excellent for security, reasonably accessible for international travel and good for relaxed and informal discussions away from the press. It would enable us to establish a pattern of activity much more like that at Montebello than that at Versailles or Williamsburg.

Conclusion

8. The best options for holding the Summit outside London are Gleneagles and Leeds Castle/Chevening. Gleneagles would be more expensive, perhaps by a considerable margin; but it is a nearly ideal location, and carries the advantage of having all the principals and the delegations under one roof, and thus avoiding the transport and security problems of shuttling between Leeds Castle and Chevening.

9. It is now a matter of urgency to make a decision on the venue and on the dates, since the hotels concerned - wherever they are - need to make the bookings.

10. I recommend that you decide in favour of Gleneagles.

11. The dates provisionally chosen are 8 to 10 June 1984. That is one week before the European elections (I cannot see that that matters, but some of our European partners may take a different view); it would not clash with the European Council, which the French Government are planning to hold in France in the second half of the month after the European elections. The Queen would be free and willing to give a State Dinner on Saturday 9 June (or perhaps on Sunday 10 June after the conclusion of the conference, if that were preferred).

12. Once the venue and date are agreed, I will communicate with Personal Representatives to ask whether the dates would be acceptable to other participants.

13. I am sending copies of this minute to the Foreign and Commonwealth Secretary and the Chancellor of the Exchequer.

ROBERT ARMSTRONG

ROBERT ARMSTRONG

11 July 1983

Judith yes

Anna
- is this
OK?



EXCHEQUER
20 JUL 1983 ✓
X Mr Litter.

10 DOWNING STREET

PS/CST. Mr Bailey

From the Private Secretary

(pul)

Mr Middleton Mr Urwin
Mr Pestell Mr Mountfield
Mr Lavelle Mr Beeston
Mr Hopkinson Mr Hall

SIR ROBERT ARMSTRONG

Economic Summit 1984

Thank you for your minute of 18 July.
Provided the proposed dates of 8-10 June, 1984
are convenient for the Foreign and Commonwealth
Secretary and the Chancellor of the Exchequer,
the Prime Minister is content that you should
now seek to establish whether those dates are
acceptable to the Heads of State and Government
who will be attending the Summit.

I am copying this minute to Brian Fall (FCO)
and John Kerr (HM Treasury).

A. J. COLES

20 July 1983

(JWT)

FROM: M A HALL
12 September 1983

MR GILMORE

c c PPS ✓
Mr Middleton
Mr Page
Mr Monaghan o/r
Mrs McKinney
Mr Towers
Mr Littler
Mr Lavelle

1984 LONDON ECONOMIC SUMMIT

I attended a meeting on 9 September with John Goulden and Ivor Roberts of Foreign Office News Department, Mr Appleyard of the FCO and Bernard Ingham from No 10. The subject was the press arrangements for the 1984 Summit.

2. It was accepted as a starting point that there would be three official spokesmen - Bernard Ingham, John Goulden and I. We agreed without difficulty that there should be a complete separation of responsibility for physical arrangements for the press on the one hand and briefing them on the other. Ivor Roberts, Deputy Head of the FCO News Department, will be in charge of all arrangements. He will call on No 10 and Treasury for advice as necessary.

3. I offered IDT's services in helping with the press side of the Summit if this was needed by FCO. Ivor Roberts asked if I could second someone to his administrative team full-time from the end of March to the Summit (probably 8 to 10 June). Mrs McKinney had already been commended to him for her work on the Commonwealth Finance Ministers Meeting. I readily agreed to this, subject to your agreement. This would be valuable experience for Mrs McKinney and for the division. It would also be a most helpful link with the organisation of the Summit guaranteeing that the Treasury is kept well on board on the press and presentational side.

111c

(M)

Page 4 of 4
10/10/2000

- Mr. Tolson
- Mr. Ladd
- Mr. Nichols
- Mr. Belmont
- Mr. Mohr
- Mr. Casper
- Mr. Callahan
- Mr. Conrad
- Mr. DeLoach
- Mr. Evans
- Mr. Gale
- Mr. Rosen
- Mr. Sullivan
- Mr. Tavel
- Mr. Trotter
- Tele. Room
- Miss Holmes
- Miss Gandy

TO DIRECTOR

FROM SAC, NEW YORK (100-100000)

Re New York airtel dated 10/10/00 and Bureau airtel dated 10/10/00. On 10/10/00, New York advised that a copy of a letterhead memorandum (LHM) dated 10/10/00 and captioned as above was received from the New York Office. The LHM was prepared by Special Agent in Charge (SAC) [redacted] and is being furnished to the Bureau for information.

The LHM was prepared by a Special Agent in Charge (SAC) [redacted] and is being furnished to the Bureau for information. The LHM was prepared by Special Agent in Charge (SAC) [redacted] and is being furnished to the Bureau for information. The LHM was prepared by Special Agent in Charge (SAC) [redacted] and is being furnished to the Bureau for information. The LHM was prepared by Special Agent in Charge (SAC) [redacted] and is being furnished to the Bureau for information.

I enclose herewith a copy of the LHM for the Bureau. The LHM was prepared by Special Agent in Charge (SAC) [redacted] and is being furnished to the Bureau for information. The LHM was prepared by Special Agent in Charge (SAC) [redacted] and is being furnished to the Bureau for information.

The Bureau is requested to advise the New York Office of any action taken. The LHM was prepared by Special Agent in Charge (SAC) [redacted] and is being furnished to the Bureau for information. The LHM was prepared by Special Agent in Charge (SAC) [redacted] and is being furnished to the Bureau for information.

4. It is also the intention that each briefer should appoint a deputy, who would be present at the press centre (in the Connaught Rooms) as a permanent contact point for the press when the principle briefers were not around, and to provide a full back-up service. I hope that Mr Page will be prepared to take this on.

5. I shall also be grateful if Mr Towers would keep fully informed on the Summit, and make himself available that week-end for press duties. Past experience suggests that we will find it very useful to have strength in depth on the briefing side.

6. I shall be grateful for your agreement to Mrs McKinney's temporary detachment, subject always of course to Budget timing and other operational pressures.



M A HALL

1110

1. To insure the protection of the public interest, the Board of Health, who shall be composed of the Mayor and the Board of Health, shall have the authority to issue orders for the removal of any person or thing from any premises which may be a nuisance or a public health hazard. The Board of Health shall also have the authority to issue orders for the removal of any person or thing from any premises which may be a nuisance or a public health hazard.

2. The Board of Health shall have the authority to issue orders for the removal of any person or thing from any premises which may be a nuisance or a public health hazard. The Board of Health shall also have the authority to issue orders for the removal of any person or thing from any premises which may be a nuisance or a public health hazard.

3. The Board of Health shall have the authority to issue orders for the removal of any person or thing from any premises which may be a nuisance or a public health hazard. The Board of Health shall also have the authority to issue orders for the removal of any person or thing from any premises which may be a nuisance or a public health hazard.

1110

1110

14/9/83

prop

KICHEQUER	
15 SEP 1983	
RECEIVED	✓ 15/9
BY	Mr Liffler
COPIES	PS/EST. Mr Middleton
ED	Mr Bailey, Mr Unwin
	Mr Pestell, Mr Mountfield
	Mr Lavelle, Mr Beestall
	Mr Hopkinson, Mr Hall

Ref.A083/2595

PRIME MINISTER

1984 Economic Summit

Mr Allen Wallis, President Reagan's Personal Representative, is coming to see me on Monday 19 September to discuss "the way ahead" to the London Economic Summit which, as you know, will fall in the middle of the American electioneering year. I have been considering, with the Foreign and Commonwealth Office and the Treasury, both what I should say to him and how we should brief you for your visits to Mr Trudeau and President Reagan.

a handwritten argument

2. First dates. We now have replies from everyone to our proposal of 8-10 June 1984. Only the French have difficulties. According to Monsieur Attali, President Mitterand thinks that to hold a Summit just three days before the elections to the European Parliament would unnecessarily complicate both events. Instead he proposes that the Summit be put back to the end of June, say to 25 and 26 June (the dates provisionally set for the June meeting of the European Council, for which he will be in the chair); he would be ready to bring forward the date of the European Council to 21 and 22 June. He may also have in mind that it would be preferable to hold the Summit after the European Council, so that he can come to the Summit mandated by the European Council. That would be a logical order of events, for which there are precedents; but this year the Summit came before the European Council, and I gather that The Queen might not be able to entertain the Heads of State or Government if the Summit were held on 25 and 26 June. Monsieur Attali does not entirely close the door to 8-10 June, and I think that we may have to go back to the French, particularly now that everyone else is content with what we propose. But I will first discuss this with Allen Wallis, to see how President Reagan might react to a later date: if he is running for President, I suppose he is likely to want to have the Summit earlier rather than later.

3. On style and format, I propose to tell Mr Wallis that it will be your aim to build on the Williamsburg precedent (it will be tactful to express it that way) of a simpler, more informal and businesslike meeting than had been the trend of preceding meetings in this series. While it is too soon to begin to try to foresee in any detail the content of the discussions in London, I would confirm that it is our general intention that the London meeting should build on the Williamsburg Declaration on Economic Recovery and its Annex on strengthening economic co-operation for growth and stability. The theme of "consolidating Williamsburg" should appeal to the United States Government, with the President's electoral interests in mind. It ought also to suit us: so far as it is now possible to foresee what may be appropriate next June, a message of steady and sustained progress in strengthening economic co-operation seems likely to be both attainable and timely (though a major upset in international debt management could drastically change the picture). Next June may also be a timely moment to make another determined international effort to reverse the slide to protectionism.

4. Finally, I propose to sketch out for Mr Wallis how we foresee our preparations going. I envisage a meeting of Personal Representatives only in December to take stock of Williamsburg and have an initial exchange on the timetable of preparations for London. This could be followed by two further meetings, one in late March/early April and a final one in late May. I have some preliminary ideas on the documentation that we are likely to need which I will try out on Mr Wallis: we might well, I think, try to aim at producing a "thematic paper" for Personal Representatives, discussion of which would identify the issues to be covered in the discussion at London and in the final declaration.

5. If you, and the Foreign and Commonwealth Secretary and the Chancellor of the Exchequer to whom I am sending copies of this minute agree, I shall speak in this sense to Mr Allen Wallis.

I shall then be able to take into account whatever he has to say in the brief which I shall be submitting for your discussion of this subject with Mr Reagan and Mr Trudeau at the end of the month.

ROBERT ARMSTRONG

ROBERT ARMSTRONG

14 September 1983

CONFIDENTIAL

M, papers with you.
John? No.

FROM: ROGER LAVELLE
DATE: 15 September 1983

MR KERR

cc Mr Middleton
Mr Littler o/r
Mr Unwin

1984 ECONOMIC SUMMIT

Sir Robert Armstrong minuted the Prime Minister on 14 September about "the way ahead" to the London Economic Summit, and to clear what he should say about this next Monday to Mr Allen Wallis.

2. The provisional approach to content in paragraph 3 of the minute, summarised as "Consolidating Williamsburg", reflects discussion with Mr Littler. If the Chancellor is content, a confirmatory call to No 10 might suffice for the moment. This would also enable us to check if Mr Littler had any points to add on return from his Paris meetings.



R LAVELLE

Handwritten mark



CHEQUER
 10 SEP 1983
 ✓
 TO
 Mr Little
 Mr Middleton
 Mr Unwin
 Mr Lavelle

Foreign and Commonwealth Office
 London SW1A 2AH

16 September 1983

Don't take

1984 Economic Summit

In his minute of 14 September to the Prime Minister, Sir Robert Armstrong proposed a line to take with Mr Allen Wallis when he visited London next week. The Foreign Secretary is content with the line proposed.

I am copying this letter to John Kerr (HM Treasury) and to Richard Hatfield (Cabinet Office).

Yours ever
[Signature]

(B J P Fall)
 Private Secretary

A J Coles Esq
 10 Downing Street

20/9/88

(Signature)

EXCHEQUER

REC.	21 SEP 1983	21/9
ACTION	Mr Linder. PS/CST.	
COPIES TO	Mr Middleton	
	Mr Bailey. Mr Lwin.	
	Mr Pestell. Mr Mountfield	
	Mr Kavelle. Mr Beestall	
	Mr Hopkinson. Mr Hall.	

Ref. A083/2662

PRIME MINISTER

1984 Economic Summit

I saw Mr Allen Wallis, President Reagan's Personal Representative, on 19 September.

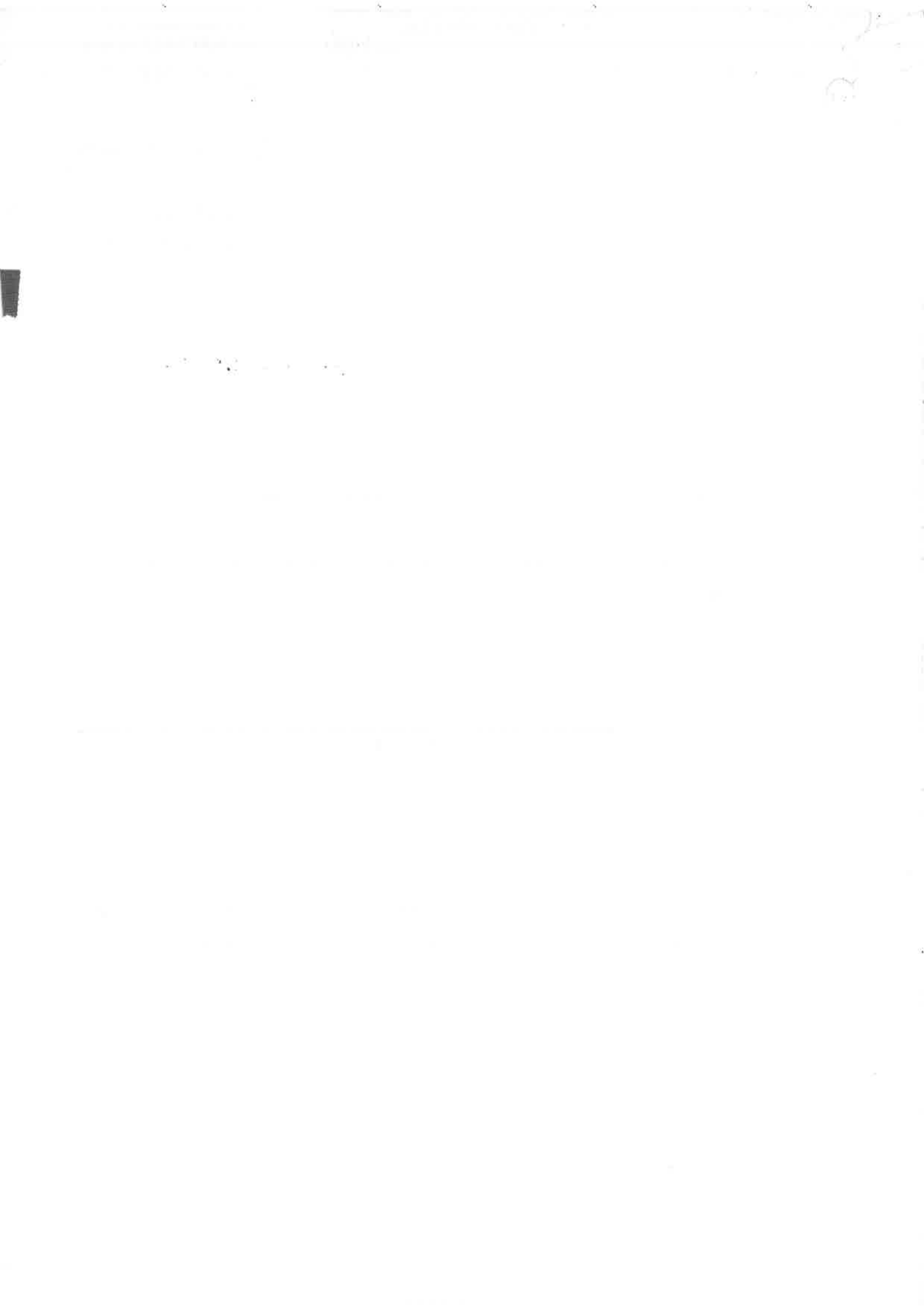
2. On the date of the London Summit, I said that the French President had queried whether it was appropriate to hold the Summit so shortly before the European election, and had suggested having it on 25 and 26 June. Mr Wallis said that he would have to consult the White House about that, but he did not expect the President would find it easy to accept the later dates.

3. On style and format, I spoke as indicated in paragraph 3 of my minute of 14 September. It was clear from Mr Wallis's reply that American thinking coincided with ours on these matters. When our meeting finished, Mr Wallis handed me a copy of his brief (copy attached).

4. Two interesting points emerge from that brief:

- Myra Good. Deal.*
- a. the Americans want to give more emphasis and impetus to trade liberalisation;
 - b. seeing the London Summit as logical successor to the last three Summits, at all of which the President and you have stressed the need for major structural changes to achieve and maintain non-inflationary growth, they will be looking very much to you for leadership at the London Summit, given that the President will be inhibited by domestic electoral considerations.

5. Mr Wallis suggested that it would be useful to bring forward the first meeting of Personal Representatives to early November (rather than December as I had in mind) because a number of Personal Representatives will in any case be coming to Paris for OECD meetings at that time. I shall be pursuing that as a matter of urgency, and will report further.



6. I am sending copies of this minute to the Foreign and Commonwealth Secretary and the Chancellor of the Exchequer; in view of the emphasis placed by the Americans upon trade liberalisation, I am also sending copies of this and of my earlier minute to the Secretary of State for Trade and Industry.

ROBERT ARMSTRONG

ROBERT ARMSTRONG

20 September 1983

CONFIDENTIAL

Talking Points

I. General

-- US Government engaged in intensive work following up on agreements reached at Williamsburg. (Quadrilateral trade meetings in July and this month; G-5 meeting in Washington on convergence; Trade/Finance Ministers dinner September 28; future discussions in G-10 on monetary system, etc.)

-- Expect that much of this work during coming year will find its way into the London Summit discussions next June.

-- We are trying to mesh our work in international economic policy areas I've just noted with our preparations for London Summit.

-- Before we get too far along, would like to exchange views with you on your preliminary thinking about London, and in particular to see where each of us is at this stage on both format and substance.

-- On format, President said in his letter to Prime Minister last June that he hoped we could continue to make these meetings informal.

-- We believe the Williamsburg format worked well and hope it can be carried over for London: i.e., time for meeting of Heads only; a more or less open agenda stressing linkage among the issues; no pre-negotiated communique.

-- We also think that preparatory process which ultimately evolved last year of developing themes for discussions worked reasonably well, and would like your views on how you intend to proceed this time.

-- More important, of course, is the substance. We think summits can be useful occasions for heads to review what governments have done over the past year and trace the broad outlines of the policies they wish to pursue during the coming year.

-- The President believes that we should concentrate on following up the Williamsburg Declaration, both in actions which were agreed for early implementation, such as dismantling of trade barriers as recovery proceeds, and in the medium-term strategy as outlined in the Declaration, concerning mainly the linkage between debt management and further trade liberalization, particularly concerning trade with LDCs.

CONFIDENTIAL

-2-

-- For London itself, he believes the focus should be mainly on follow-up to that medium-term strategy.

-- For us, the main component of that strategy is a new round of trade negotiations.

-- We believe there ought to be at least three main components to these negotiations:

- steps to liberalize trade in goods and services with and among developing countries;

- negotiation of new agreements among all GATT countries to remove barriers to trade in services and high technology products, and improve the use of safeguard measures;

U - new rules governing trade in agricultural products, with special emphasis on export subsidies.

-- We realize France will not agree absent agreement to hold a conference to reform the monetary system. We do not believe one should depend upon the other and we will resist linking them.

-- Other components for London, building from Williamsburg (and indeed from at least the last three summits), involve:

- Development of closer coordination among summit governments and others on trade and financial policies, both through existing institutions and various informal meetings which officials responsible for these policies would deem desirable. In this process, we also believe it would be useful to introduce the role which foreign investment can play in helping LDCs overcome their external financial problems and develop their export potential.

- We will continue the Versailles consultative process on economic convergence and hope to see some constructive results by the time of the London Summit.

- The heads should be able to review how well our debt management strategy has been working, encourage the LDCs to continue their adjustment efforts and reaffirm our intention to work closely together and with the IMF in helping to deal with specific debt problems.

- Finally, as we have done at each Summit since Ottawa, the heads ought to be able to review where we are on East-West economic relations and confirm the continuing work in various fora aimed at maintaining a close consensus among our countries.

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-- I realize this is not an exhaustive list, but would appreciate your views on it.

II. Putting London in Context of Past Summits

-- If we look back to the three economic summits which the President and Prime Minister have attended together, there is in fact a coherence and continuity which we should acknowledge and build upon for the future.

-- At Ottawa, our common themes were to lay out the basic elements of a strategy to halt inflation and promote sustainable growth through the removal of constraints on the resourcefulness of our people.

- We (US and UK) agreed on the need to reduce the rate of growth in government spending, change the tax codes to promote saving and investment, and get stable and moderate money growth.

- Ottawa also highlighted the problems of the developing countries created by the oil price explosion and financing imbalances during the 1970s; and outlined themes later developed more fully at Cancun.

- Finally, Ottawa addressed, for the first time, the security implications of East-West economic relations, a theme that has recurred at each subsequent Summit.

-- At Versailles (as unpleasant as the aftertaste of that meeting may have been), we created a mechanism to consult on achieving convergence of results in our separate approaches to the non-inflationary growth we had targetted at Ottawa. We also agreed, in the study on intervention commissioned at Versailles, on the linkage between the achievement of such convergence and stability of exchange rates.

- We also highlighted the role which new technologies will play in structural change and growth, employment and trade in the future.

- The East-West discussion underlined the need for a more concerted effort to develop a greater consensus than had been achieved up to then.

-- At Williamsburg, we were able to express our confidence that our policies, outlined at Ottawa, were working and recovery was underway, though much needed to be done.

- We agreed on measures to enhance the convergence consultative process, begun at Versailles, and on the general conclusions about exchange market intervention.

- The heads could note the progress achieved in developing a consensus on East-West economic relations, and in cooperation on high technology development.

- Most important, and again echoing an Ottawa theme, we traced the elements of short and medium-term strategies to deal with the interrelationships among growth, trade and finance, including in its components management of debt problems and promotion of an open trading system through new negotiations to liberalize trade, with special emphasis on trade with LDCs.

-- Given this coherence, it makes sense that London should build on this structure and carry forward the momentum which the President and Prime Minister began together three years ago.

III. Special British Points

-- Even before Reagan, Thatcher was stressing the need for major structural changes to achieve and maintain non-inflationary growth as the key both to national and international economic progress.

-- Last three summits have reinforced this view and traced a coherent strategy reflecting Thatcher/Reagan approaches and policies.

-- At London, it makes sense to consolidate these achievements and carry forward the strategy into the future.

-- With her new electoral mandate, Thatcher has excellent opportunity to carry her own "revolution" the next step that will permit her to capitalize on the efforts she made in her first term to restructure the British economy and lay the foundations for renewed British competitiveness.

-- British industry, both manufacturing and services, just like ours, needs the assurance of more open markets to justify new investments.

-- The real growth markets are in the developing countries, especially the NICs of Asia and Latin America.

-- A successful strategy to develop that potential depends on managing the international financial situation so to assure those countries can service their debts and continue to grow. For that, they need improved access to our markets.

-- In turn, we need to break down some of the more severe barriers they have raised in order to gain better access to their markets for those products and services in which we are most competitive.

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-5-

-- Thatcher in a position to exert leadership on this to an extent beyond that which inevitably puts inhibitions on an American President in an election year. However, the President will give her every possible support in such an effort.

CONFIDENTIAL

23/9/83

EXCHEQUER

23 SEP 1983 ✓

Mr Lovelle.

B/est. Mr Middleton.

Mr Bailey, Mr Linder.

Mr Howlin, Mr Pestell.

Mr Mountain, Mr Lovelle.

Mr Beasdale.

Mr Hopkins.

Mr Hall.

Ref.A083/2701

PRIME MINISTER

1984 Economic SummitMeetings with Mr Trudeau and President Reagan

You may want briefly to mention the forthcoming London Economic Summit when you meet Mr Trudeau and President Reagan next week.

2. Mr Trudeau may well take a rather detached interest in the matter, given the strong possibility that he will have resigned before then.

3. President Reagan is unlikely to want to enter into detailed discussion; but you will want to let him know that you were glad to learn, from your Personal Representative's report of his recent meeting with the President's Personal Representative, that American thinking and our thinking about the next Summit was running on very similar lines. You may want to indicate that you recognise that (as the President's Personal Representative indicated to me the other day) the President may be somewhat inhibited at the Summit by domestic electoral considerations and will be looking to you to take the lead at the Summit. You will also want to say that you are aiming at a quiet, workmanlike conference, without too much razz-ma-tazz; though, if the President is running again, there is likely to be a huge and persistent corps of United States pressmen.

4. To both Mr Trudeau and the President you could speak on the following lines:

(i) It is still too early to make definite predictions and plans about the next Economic Summit. There are possibilities of upsets in the world economy of a kind which could change the situation and prospect: for instance, if progress in handling international debt problems were not maintained, or if the Iranian Government acted on the Ayatollah Khomeini's implied threat that in certain circumstances (for example, if

some of the industrialised countries continued to sell arms to Iraq) Iran would take steps to stop the flow of Gulf oil through the Straits of Hormuz. But, if there are no such major upsets, there is a reasonable prospect that the economic recovery, of which the Williamsburg declaration saw signs, will have continued and grown, albeit gradually, and that the world economic situation will be marginally easier in 1984 than it was in 1983. In that event it will be important not to depart from or relax the strategy laid down at Williamsburg, which was itself derived from the work of previous Summits.

(ii) The aims will still be: to achieve and maintain lower inflation, to reduce interest rates, to reduce structural budget deficits, to promote conditions conducive to productive investment and greater employment opportunities, to reduce the strains on the international financial system created by large debtor countries, and to liberalise and extend international trade.

(iii) The London Summit will need:

- (a) to reassert these objectives;
- (b) to note the progress made since Williamsburg;
- (c) to take stock of the development of the consultation process to promote convergence of economic performance and greater stability of exchange rates based on the annex on the Williamsburg declaration and taking it further as appropriate;
- (d) to take stock of Finance Ministers' consultations on improving the international monetary system;
- (e) to review the management of the international debt situation, and the links between debt and trade;

- (f) to give renewed impetus and emphasis to the pursuit of trade liberalisation;
- (g) to take stock of the progress made in the recovery of developing as well as of developed countries, and to send a constructive and helpful signal to the developing countries;
- (h) to allow time for discussion of political issues of interest and importance at the time of the Summit.

5. President Reagan will no doubt be looking for a further review of the development of East/West economic relations. It is to be hoped that continuing progress in COCOM and in the other fora in which these matters are being pursued will enable the President at the London Summit to express satisfaction with that progress as a result of the American initiative first taken at the time of the Versailles Summit.

6. You could say you will be asking your Personal Representative to give a lead in these directions in the proposed work for the London Summit; and (to Mr Reagan) that you have noted with satisfaction, from the recent talks between your Personal Representative and his, that United States thinking is very much on the same lines, and that we can count on United States support in seeking to lead the work in that direction.

7. I am sending copies of this minute to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer and the Secretary of State for Trade and Industry.

ROBERT ARMSTRONG

ROBERT ARMSTRONG

23 September 1983

COCHEQUER	
DATE	27 OCT 1983
TO	Mr Bavelle.
FROM	Asst. Mr Middleton.
	Mr Bailey. Mr Linder.
	Mr Uwin. Mr Restell.
	Mr Moensfield.
	Mr Beestall. Mr Hopkinson.
	Mr Hall.

Ref. A083/3045

MR COLES

Economic Summit 1984

During the course of President Mitterand's visit I had some discussion with Monsieur Attali (which I reported to the Prime Minister) about the date of the Summit.

2. President Mitterand's real problem seems to be with the elections to the European Assembly from 14 to 17 June. These elections will, in France, become a test of confidence for Monsieur Mitterand's Government. He fears that the Economic Summit can be expected to give him no help in this: he will represent the only Socialist-governed country among the Seven (Italy does not count, since Signor Craxi leads a predominantly right wing Government), and the Summit is unlikely to take decisions or come up with conclusions which can be presented as demonstrations of the value of socialist policies in international economic affairs. For President Mitterand, therefore, the 1984 Summit (like its predecessors) is likely to be at best an exercise in damage limitation. He would rather have it after the European elections than before.

3. When I had a word with the Prime Minister on the evening of 20 October, she said (very understandably) that she did not want to raise this subject with the President herself, and I left it with Monsieur Attali that we should have to come back to it when Personal Representatives meet in ten days' time. But I formed the impression that the Prime Minister would not be averse to putting the Summit off until the second half of June, if that could be arranged.

4. We could look at the possibility of the weekend of 22 to 24 June - a postponement by a fortnight. This is expected to be difficult for President Reagan; I do not know about others. It would suit The Queen. But there could be administrative

problems: we shall by then be moving into the high season of Ascot and Wimbledon, London hotels will be heavily booked, and if we were going for that weekend we might be obliged to reconsider holding the Summit outside London.

5. I should be grateful for a steer from the Prime Minister: would she like me to continue to work for 8 to 10 June, or would she be prepared to contemplate 22 to 24 June even if it meant meeting outside London (say, Gleneagles)?

6. I am sending copies of this minute to Mr Fall and Mr Kerr.

Re

Approved by
ROBERT ARMSTRONG
and signed in his absence

27 October 1983

CONFIDENTIAL



RECEIVED
✓ HEQUER
- 1/11 NOV 1983

(m)

10 DOWNING STREET

Mr Caville
Mr Bailey
Mr Litter
Mr Uwin Mr Pestell
Mr Mounfield
Mr Beestall Mr Hopkinson
Mr Hall

From the Private Secretary

SIR ROBERT ARMSTRONG

Economic Summit 1984

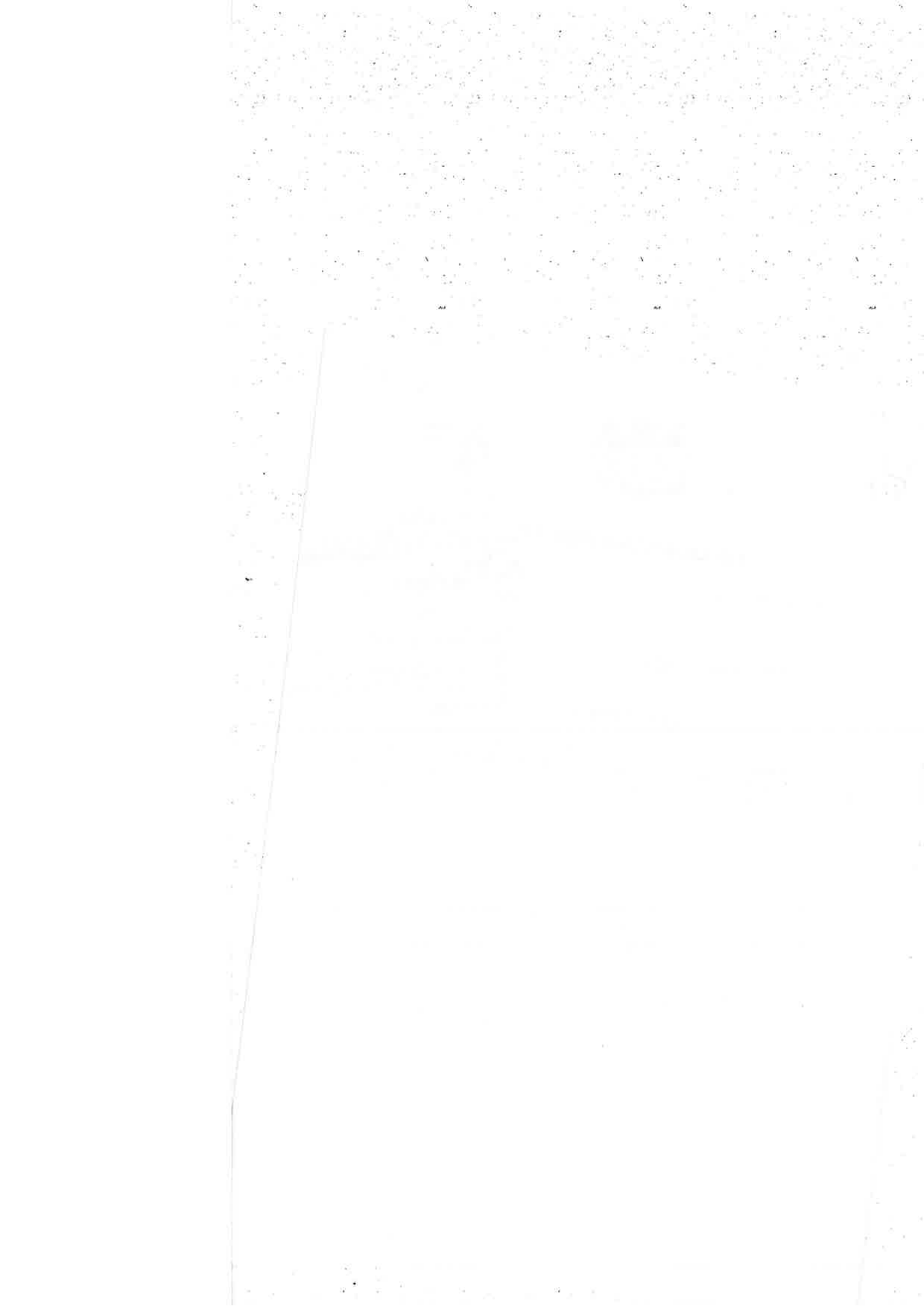
Thank you for your two minutes of 27 October. The Prime Minister still hopes that it will be possible to persuade President Mitterrand to accept the dates of 8-10 June for the Summit. She would accordingly be grateful if, subject to any views which the Foreign and Commonwealth Secretary may wish to offer, you could explore whether the French President might be more reconciled to these dates if it were possible to arrange for an anniversary celebration of the Anglo-American landings in Normandy, attended by President Reagan and the Prime Minister as well as President Mitterrand.

I am copying this minute to Mr. Fall and Mr. Kerr.

A. J. COLES

31 October 1983

CONFIDENTIAL



CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

RECEIVED
- 7 NOV 1983
Action M. Lavelle
CS1

purp

4 November 1983

Dear John, Mr. Middleton, Mr. Barclay, Mr. Litter, Mr. Urwin,
Mr. Perlell, Mr. Mountfield,
Mr. Beasall, Mr. Hopkinson, Mr. Hall.
1984 Economic Summit

Thank you for sending us a copy of your minute of 31 October to Sir Robert Armstrong.

The Foreign Secretary agrees that Sir Robert Armstrong should explore further with the French whether the attendance of the Prime Minister and President Reagan at a suitable anniversary celebration of the D-Day landings would make the dates proposed for the 1984 Economic Summit more acceptable to President Mitterand.

Well, ^{yes} ~~that~~. Sir Geoffrey also thought that the views of HM Ambassador Bonn should be sought at this stage. Without having consulted the Germans, Sir J Taylor considers that if the occasion is celebrated in a spirit of remembrance and reconciliation, preferably with some German attendance, it should not cause great difficulty for the West German Government. On the other hand it would be a much more difficult proposition for relations with West Germany if the occasion were to take on a more triumphal tone. In any case it is presumably for the French, as hosts, to clear their lines with the German Government.

A further point which occurs to us is that there were Canadian troops involved in the Normandy landings. This is a matter primarily for the French, but thought might have to be given to inviting M. Trudeau to the celebrations.

I am copying this letter to Sir Robert Armstrong and John Kerr (HM Treasury).

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street

CONFIDENTIAL

Ref.A083/3155

MR COLES

purp

DEVER
 - 8 NOV 1983
 Mr Lavelle
 ST. Mr Middleton
 Mr Bailey Mr Liddle
 Mr Unwin Mr Bestall
 Mr Mansfield
 Mr Bestall
 Mr Hopkinson
 Mr Hall

1984 Economic Summit

In the light of your minute of 31 October I dangled over the White House (Mr Deaver) the idea that the President of the United States, the President of the French Republic and the Prime Minister might meet at a suitable anniversary celebration of the D-Day landings on about 6 June, if the Economic Summit were to be arranged for the dates proposed (8 to 10 June).

2. I received a message from Mr Deaver making it clear that this was not an idea which commended itself in the White House. It therefore played no further part in my discussions over the weekend on possible dates for the Economic Summit, on which I am reporting separately.

3. I am sending copies of this minute to Mr Ricketts and Mr Kerr.

ROBERT ARMSTRONG

ROBERT ARMSTRONG

8 November 1983

10/11/83

EXCHEQUER

11 NOV 1983

Ref. A083/3210

PRIME MINISTER

✓ N

pm

Mr. Bestall
Mrs. Hopkins
Mrs. HallEconomic Summit 1984

Mr. Lavelle.

esi - Mr. Middleton.

Mr. Bailey. Mr. Butler.

Mr. Urwin. Mr. Restell.

Mr. Monaghan.

Personal Representatives met in London on 5 and 6 November 1983. We discussed both administrative and substantive preparations for the 1984 Summit. We were all very grateful to you for extending the hospitality of No 10 to us; that did much to make the meeting a success.

Date of Summit

2. The French Representative repeated the arguments already familiar to you for avoiding 8 to 10 June, as the weekend immediately before the European Assembly elections. These arguments were not supported by anyone else. There were practical and political objections from a number of Representatives to any date later than that. It was suggested that the meeting might be brought forward to an earlier date, (say) the second or third weekend in May. The Japanese Representative was not keen on this; other delegations were without instructions. We shall have to have one more round of consultation on the possibility of an earlier date. But I am confident that we shall end up agreeing on 8 to 10 June.

3. My intention is to reach agreement at Personal Representative level within the next two or three weeks, with a view to your issuing formal invitations in December and to an announcement later in December or early in January, once the Japanese elections (now expected in December) are completed.

Summit Arrangements

4. There was general agreement with your desire for an informal and workmanlike Summit. The French Representative said that the President would like to see as much as possible of the time used for restricted meetings of Heads of State or Government only. Some seconded this; others (notably the German and Italian Representatives, whose Principals head coalition Governments)



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thought that there were political limits to the lengths to which that could be taken. No definite decisions were reached, but we thought that it might be possible to plan on the following basis:

- Day 1 Dinner in separate groups
- Day 2 Morning meeting in separate groups
Lunch in separate groups
Afternoon in plenary session
Dinner in separate groups
- Day 3 Morning: Part I in plenary session, to consider draft communique
Part II in separate groups
Lunch in separate groups
Afternoon (if necessary) plenary for further communique revision
Press Conference at (say) 5.00 pm
State Dinner

5. There was a general preference for keeping the evening of Day 2 available for working dinners, and for having The Queen's State Banquet on Day 3, after the conclusion of the formal proceedings and as the culmination of the meeting. The Queen would be content; we shall have to make sure, however, that every Head of State or Government will be prepared to stay on for the Banquet.

Substance

6. We took stock of developments since Williamsburg on the subjects in respect of which the Williamsburg Declaration provided for or envisaged further work, and particularly on international surveillance, economic and monetary convergence, management of international debt problems and rollback of protectionism. There was a wide measure of agreement that the 1984 Summit would be essentially "building on Williamsburg", though that phrase was not actually used. The signs of economic recovery in the United States, the United Kingdom, the Federal Republic of Germany, and Japan, and the indications of better prospects in the other countries were welcomed. There was no disposition to question the general thrust of macro-economic policy to reduce further (or at least to prevent a rise of) the rate of inflation and the level of interest rates, and to encourage the growth of new job opportunities.

There was general agreement that the 1984 Summit would have to concern itself more extensively than the Williamsburg Summit did with the problems and implications of international debt management and the inter-relationships between finance and debt and between trade and debt. There was general agreement that relations with developing countries should be addressed as an integral part of the general discussion of world economic problems, not as a separate subject in its own right. The German and other European Representatives stressed the importance for world economic recovery and for international debt management of a reduction in United States interest rates, and were profoundly sceptical about the rather unconvincing attempts of the United States Personal Representative to convince us that the level of the United States fiscal deficit was not causally significant for the level of United States interest rates.

*Walls again
of magna*

7. It was agreed that Personal Representatives should meet again in February, when world economic prospects for 1984 would be a little clearer, for a discussion of a scene-setting general paper on the world economic situation and prospects (to be prepared by the United Kingdom) and discussion in greater detail of the international debt management situation and its implications for international financial and trade policies. These discussions would provide the basis for the preparation (again by the United Kingdom) of a "thematic paper", to be considered at a later meeting of Personal Representatives, probably in April. As last year, we should aim to present an agreed version of the "thematic paper" to Heads of State or Government as a framework for their discussions at the Summit.

8. We came to no conclusions about the preparation of a draft communique. Some Representatives were content to leave preparation and discussion of a draft until the end of Day 2 of the Summit itself, so that the communique would fully reflect, and not trammel, discussion at the Summit. Others felt that we had run quite a high risk at Williamsburg by not beginning to consider the draft declaration until 11.00 pm on Day 2 (with a press conference scheduled to be held at 2.30 pm on Day 3), and thought

that there might be some advantage in having at least some preliminary and without-commitment discussion of an outline at the last meeting of Personal Representatives before the Summit.

9. As to discussion of political issues, there was general agreement that the Economic Summit provided a useful opportunity for Heads of State or Government to have informal and wide-ranging discussions of political issues, for example, at meals. But there was also a general desire not to assume that, because Heads of State or Government had felt obliged to issue public comment on a political issue at each of the last four Summits, there would have to be some kind of political declaration from the 1984 Summit. It was generally felt that the character of these occasions as Economic Summits should be preserved, and that they ought not to develop into Economic and Political Summits (at any rate formally or overtly).

10. This view was expressed notably by the Japanese Representative and particularly strongly by the French Representative, who said that, while his President welcomed the opportunity of private and informal discussion of political issues with other Heads of State or Government in the margins of the Economic Summit, he had been very unhappy about the way in which he had been virtually forced to agree, much against his will, to the issue of the political declaration at Williamsburg, and wished these Summits to stick to their economic last. The French Representative said that his Government would prefer that there should not be in 1984 (as there was this year) a meeting of Political Directors at the time of the last meeting of Personal Representatives, to identify the political issues which were likely to come up for discussion at the Summit; but that, if such a meeting was to be held, he would himself attend it, not the French Political Director.

Good - No
is aimed
at us.

11. On the other hand, the Canadian Personal Representative indicated that his Prime Minister would quite like to see a larger purely political element in the preparations for the 1984 and subsequent Summits.

12. I am sending copies of this minute to the Foreign and Commonwealth Secretary and to the Chancellor of the Exchequer.

ROBERT ARMSTRONG

ROBERT ARMSTRONG

10 November 1983

Chancellor of the Exchequer



Prop

CABINET OFFICE

With the compliments of

Sir Robert Armstrong GCB CVO

Secretary of the Cabinet

and Head of the

Home Civil Service

Chancellor of the Exchequer



Prop

CABINET OFFICE

With the compliments of
Sir Robert Armstrong GCB CVO
Secretary of the Cabinet
and Head of the
Home Civil Service

70 Whitehall, London SW1A 2AS

Telephone 01-233 8319



10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

(105)

CH/EXCHEQUER	
REC.	30 NOV 1983 30/11
ACTION	Mr Lavelle
COPIES TO	est. Mr Middleton.
	Mr Bailey, Mr Lister.
	Mr Unwin, Mr Postell.
	Mr Mountfield.
	Mr Beardsall.
	Mr Hopkinson.
	Mrz Hall

Economic Summit

This is to record that the Prime Minister told you on 29 November of a short conversation which she had had with Mr. Hawke about the next Economic Summit. The French had suggested to him that Australia should participate. The Prime Minister said no more than that she would enquire into this idea and let Mr. Hawke have her reactions. But when describing this conversation to us she said that in her view it would not be right for Australia to participate in the Summit.

I am copying this minute to Mr. Fall (Foreign and Commonwealth Office) and Mr. Kerr (HM Treasury).

A. J. Cole.

29 November 1983

CONFIDENTIAL

FROM: R G LAVELLE

DATE: 20 March 1984

CHANCELLOR

cc: Mr Littler
Mr Unwin
Mr Sedgwick
Mr Böttrill
Mr Peretz
Mr Lewis
Mrs Diggle
Mr Graham

INTERNATIONAL MONETARY REFORM: MEETING OF G-10 DEPUTIES ON
15 MARCH

G-10 Deputies met last week to have a first run over some of the main issues in the work programme agreed at the end of last year. In general we see the objective of this exercise as primarily educational - a means of bringing more pressure to bear on US policies, and also putting ideas about target zones etc to rest. Viewed against these criteria some modest progress was made (though the meeting was not assisted by an indifferent performance by the Italian chairman). Issues should come into clearer focus in the further meetings planned before the London Summit. What follows seeks to give the flavour of the discussion so far.

The ground to be covered

2. As you may recall, the work programme involves a review of four areas: present exchange rate arrangements; multilateral surveillance; international liquidity; and the role of the IMF. Background papers have been produced by the IMF, OECD and BIS on the first three and discussion on 15 March was mainly devoted to them. Other papers are in preparation, notably an IMF paper on liquidity to complement the BIS one.

3. The present plan is to complete a first round of discussion on exchange rates and surveillance at a meeting in the margins of the April Interim Committee. This will leave completion of the first round of discussion of liquidity, and a preliminary review of the role of the IMF, to a meeting in May. This meeting will

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also seek to identify issues on which G-10 Ministers might be asked to give guidance for future work. The Americans, in particular, have said that they do not want the exercise to be rushed. No one envisages more than a progress report being possible before the London Summit.

The functioning of floating exchange rates

4. Two excellent background papers have been prepared by the IMF and OECD. The IMF paper in particular contained a comprehensive (100-page) appraisal of experience with the present exchange rate system and its possible evolution. The OECD paper was primarily concerned with the determinants of exchange rate movements and the interaction of economies.

5. The general view was that the floating system had served the international community well given major divergences of performance and successive external shocks: no alternative system would have been viable. But it was "the worst system except all others" and it had weaknesses as well as strengths. The last decade had seen smaller surpluses and deficits; the exchange rate rather than employment or goods markets had taken the strain of shocks, variation of policies had been practicable without recourse to inconvertibility or protection. Some useful lessons had been learnt eg that there was no value in recourse to intervention or capital controls. But there was room for improvement in harmonization of policies and reduction of asymmetries in the operation of the system. While some felt that some additional regulation of the system might be required to supplement improved surveillance arrangements, the general view at this stage was not sympathetic to any such concept as target zones. There were differences of view on the extent to which improvements should encompass action to deal with instances of protracted 'misalignment'.

6. The OECD paper was suitably humble on empiric work on determinants of exchange rates. In general the weight of such evidence supported the view that determined use of macro economic policies influenced the exchange rate in the desired direction,

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particularly if policy was set so that expectations worked with that policy. An expansionary monetary policy tended to depreciate the exchange rate. The effect of fiscal policies depended on whether or not they were accompanied by accommodating monetary policies. If not, an increase in budget deficits would push up interest rates and attract capital: but it would tend to increase demand and worsen the current account and inflation. Which effect dominated depended on interest elasticity of capital flows.

7. A long annex to the OECD paper presented some of their work on the interaction of economies. This brought out the complexity of factors at work including: the size and openness of economies; their main policy orientation and mix; current performance; and market perceptions of these several elements. The Group are likely to come back to this area at their next meeting.

Surveillance

8. In the initial discussion, the concept of improving the exchange rate system seemed in most people's minds a matter mainly of improvements in surveillance arrangements. The OECD saw this primarily in terms of "preventive surveillance" ie the advance identification of incompatible policies. One or two countries took the view that all talk of improvement was wishful thinking: countries would not cede additional sovereignty to the IMF. The French seem to believe that it would be necessary to combine improvements in surveillance with at least some systemic ways of reducing instability. Still others saw a case for a number of relatively modest good housekeeping improvements.

9. At the back of most comments, however, was the belief that the main path to advance was through greater convergence of policies: and that the underlying question was the extent to which the US should be regarded as a law to itself. (Camdessus went as far as to compare former excessive borrowing operations of developing countries to indulgence in a version of the American dream.) Sprinkel appeared unaware of these concerns, or shrugged

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them off. Thick skinned as ever, he underlined the importance of improvements in surveillance ("though self discipline would be even better"). He read out Article IV to the assembled company, seemingly unaware of any sense in which current US policies might be judged inconsistent with it. We were beginning, he said, to see greater convergence of policies and European countries were beginning to reap the benefits of improved behaviour.

Liquidity

10. Discussion under this head was based on a scholarly paper by the BIS discussing the changes in reserve holdings since 1969, the sources of foreign exchange reserve creation, the adequacy of current liquidity and the outlook for reserve growth. It concluded with heavy qualifications that the US balance of payments had been the single most important factor influencing reserve creation. This had ceased since 1980. There had over the past decade been a general deterioration of reserve/imports ratios. And a split market had now developed for international bank loans with voluntary bank lending drying up for some.

11. Much of the preliminary discussion of the BIS paper was directed to underlining the complexity of the subject including for example the difficulty of distinguishing the prospective influences of the US balance of payments and Euro-bank lending. The BIS took the view that there was no way of measuring with precision the different contributions to changes in total reserves given the degree of interdependence between the domestic and international markets for dollars and other money markets. Others, notably Wallich, took this theme up. Given the scope for intervention or borrowing, reserve creation was, in his view, open-ended and demand-determined. A persistent strand in other comments was that the requirement for reserves had been reduced in a floating regime: and that the focus of attention should perhaps shift to the nature of control of money supply in key countries matched by measures to earn creditworthiness elsewhere. Some of these issues

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should come into clearer focus when we have the IMF paper. This may be expected to relate reserve creation to underlying domestic policies, especially in the US.

Comment

12. So far discussion has, perhaps inevitably, been general and diffuse, and there has been virtually no discussion so far of possible evolution in the roles of the IMF and IBRD (to which our own thinking in the debt area is also relevant). A number of countries will now be putting in "policy papers" to illuminate future meetings.

13. That said, there is probably a general sense that the last decade has seen a fundamental shift of orientation of policies from those directed to the exchange rate as such, to a redefinition of responsible domestic policies. The rules of good behaviour which were written up shortly after the breakdown of Bretton Woods have now been overtaken. There is no disposition to produce a new blueprint for the system: but probably a belief that some rearticulation of international good behaviour (and enlightened self-interest) might have merit - provided it was built on a clearer view on how the system actually works.



R G LAVELLE



C. I think that
 This is not yet on
 the track you
 prescribed. It may
 be that you ought to
 appoint someone -
 ? Lavelle - to be your
 Summit Policy chasr.

7 Officials' remit from the last ^W meeting on this is in DOK's minute of 10 February. Mr Walker's latest minute covers the points presented here as follows:

(a) hardly at all - but the Armstrong minute seems to be at great length;

(b) US deficit - in para 12.

(c) NTBs & Japan - in para 8. He suggests pressure on opening up the capital markets is a better name. Also protectionism in para 7.

(d) World Bank bank - is briefly discussed in para 9. It does not look a promising name.

(e) nothing more has come forward - partly because Sir Alan Walters has failed to spark.

no
 There is [not much] detailed analysis in the L's paper of any of these points.

You may also like to note R Lavelle's

Dispute
 should
 follow

Walker's
 minute
 was?

OK

John
 Walker's

report of the meetings of the
International Monetary Reform Group.

There has been no response to your
questions on the debt paper, so far.

Judith of 13/11

JS

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FROM: J.G.LITTLER
DATE: 20 MARCH, 1984

CHANCELLOR

Economic Secretary
Sir P.Middleton
Sir T.Burns
Mr.Unwin
Mr.Battishill
Mr.Lavelle
Mr.Mountfield
Mr.Bottrill
Mr.Peretz

LONDON ECONOMIC SUMMIT

For the meeting which the Prime Minister is holding with you and the Foreign Secretary on Friday, you should have, probably under a short note to be circulated by Sir Robert Armstrong, the latest draft of the "Thematic Paper", reflecting the late February discussions among officials of the participating countries. Mr. Bottrill is preparing some notes on particular aspects of this, and we will put forward a brief of points to make in the light of the discussion you are to hold with some of us tomorrow morning.

..... 2. Meanwhile, I attach a copy of the latest (probably for this final) draft "Thematic Paper" and also, for convenience, a copy of the Williamsburg Communiqué.

3. The Thematic Paper is rather long and somewhat repetitive. It shows marks of its Committee origin and lacks highlights, but that is probably both inevitable and sensible at this stage, when we do not want to force the pace and try to impose a shape which does not command a consensus. I think it contains pegs on which to hang our particular interests, along with a good deal of material which will eventually be discarded.

General UK Objectives

4. We can expect a general desire among the Summit participants, which we would share, to take credit for and build upon the economic strategy developed at Versailles and Williamsburg.

5. As far as the public outcome is concerned, there are several audiences. Some of the main threads might be:

(a) All audiences:

- (i) Confident message on the progress of world recovery.
- (ii) Reaffirmation of basic strategy of sustainable, non-inflationary growth.
- (iii) Structural change, greater freedom and less rigidity: in labour, industry, trade, finance.

(b) UK domestic:

- (i) A competently managed and relevant Summit.
- (ii) To show UK relative performance in a favourable light.
- (iii) To show that we are trying to get others (especially the United States and Japan) to mend their ways; but the Prime Minister will presumably not want a publicly confrontational Summit, especially ahead of the US Election.

(c) World; much is included already above, but there is need also to show:

- (i) Recognition of third world problems.

Specific Objectives

6. I think the following are the main areas in which we would like to see something done. I cover them not in order of importance, but rather in diminishing order of clarity.

7. First, protectionism. It may well be that the most important single thing under this heading is to get President Reagan to recommit himself publicly to resisting the tide of protectionist pressures in the United States, which is building up - in some areas being deliberately orchestrated - for the last few months before the Election. As to details, the position of the UK Government itself will become clearer when the postponed Ministerial discussion in E(S) has taken place early next month. Meanwhile, the Summit will be taking place between two other actual or potential international moves:

- the OECD Ministerial Council in May will have the general subject on its agenda and may prove to be an opportunity for both a firming-up of the "standstill" and "rollback"

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arrangements and an opportunity to take further steps to diminish the competition in export subsidies, especially in mixed aid and trade credit;

- after the Summit there could be further moves towards a new GATT round;

The Summit could applaud the first and give encouragement in appropriate terms to the second.

8. Secondly, Japan. It is important to keep up pressure on Japan because this is what, slowly and haltingly, they have been responding to in recent years. I have tried on both Sir Anthony Rawlinson and last week the OECD Secretary-General the idea that we could find more to go for in Japanese non-tariff barriers. The problem is to identify in sufficiently clear terms what we mean, in areas which the Japanese Government can do something about. Many of the problems are pervasive Japanese cultural and traditional ways of conducting business, which foreigners find it difficult to break into. My own judgment is that the single most important thing we could get from Japan is a stronger yen exchange rate, and that the best move to this end will be (and the United States are already pursuing this strongly in bilateral discussions) to get the Japanese to open their capital market much more to inflow of funds. I am inclined to recommend this as a better direct target than specific trade barriers.

9. Thirdly, international debt. I apologise for not reporting previously, as promised. I had been hoping to incorporate any wisdom from Sir Alan Walters, but have not yet had a response from him. Meanwhile, I reduced the bones of the long paper which you saw to a discussion document for my official Summit colleagues, of which I attach a copy. Their initial reaction was appreciative, but in the very short discussion we have had so far among G.5 Deputies, it became plain that the United States are likely to resist attempts to keep up, let alone increase, the scale of IBRD operations; and US and Germany both dislike the World Bank Bank idea. For the Summit, I think the question is whether, between now and then and making use of one or two G.5 and G.10 occasions which you will be attending, we can build on the "possible action" of the attached note something respectable for the communique. In any case, continuing work on this should lie with Finance Ministers.

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10. Fourthly, international monetary reform. Progress among G.10 Deputies has been painfully slow under poor Italian chairmanship at official level. For the Summit, I think there are two points:

- interest of the Summit leaders in the question is a response to the attempt by President Mitterrand to launch steps towards a major international conference. The object of others is to stop that bandwagon, which has really never begun to roll. I think we have to be looking for a formula which notes that Finance Ministers of G.10 have the subject in hand;
- in substance, what tends to block progress of any kind and sour some of the discussion is the attitudes of Sprinkel and Reagan, in regarding the exchange rate as something which does not matter to them at all and - beyond that - failing to acknowledge that there is any sense in which United States policy on domestic matters is a legitimate matter of concern for others.

11. This is linked with the immediately following point.

12. Finally, United States domestic policies. It seems to me that the way in which this has to be handled, or the extent to which it figures, will depend on events between now and the Summit. We plainly have to accept that no further action on the US budget deficit is likely this side of the Election. Something has been done (not yet with complete agreement) to set in hand fairly modest expenditure reductions and marginal tax increases over the next three years. It may be that the Summit will have to applaud this indication of a move in the right direction. If, by the time of the Summit, US interest rates are troublesomely higher, it will be difficult to avoid some clashes, and they could even be desirable. Whether the value of the dollar has moved significantly will also be relevant. But our main difficulty remains that the United States authorities appear to believe genuinely, as well as for public consumption, that they do not face problems resulting from their own domestic policies which threaten their own continuing economic recovery. I see this subject as one for continuing battle in G.5, probably worth making an issue in private discussion at the Summit, but difficult to handle publicly with the US Election only six months ahead.

It is, it is!

Points to Avoid

13. I would like to suggest one point to avoid. There is always a danger of the whole Summit process being bureaucratized. This happened during the era of President Carter. President Reagan tried to break the mould, and the Prime Minister has also expressed the desire for a workmanlike and unbureaucratic Summit. With this in mind, it can be helpful for the Summit occasionally to urge Finance Ministers, international institutions, or whomever appropriate, to get on with some particular task. But it is a pity to establish the practice that these groups or bodies then have to report back to the Summit. I have tried to argue this point - not with much success - among official colleagues. I think the Prime Minister might be more receptive.



(J. G. LITTLER)



FROM: MISS J C SIMPSON

DATE: 22 March 1984

cc PS/Economic Secretary
Sir P Middleton
Sir T Burns
Mr Unwin
Mr Battishill
Mr Lavelle
Mr Mountfield
Mr Bottrill
Mr Peretz

MR LITTLER

SUMMIT PREPARATIONS

The Chancellor today discussed with you and Sir P Middleton, Mr Lavelle, Mr Peretz and Mr Bottrill your minute of 20 March and the attached Thematic Paper being prepared by the Cabinet Office for the London Economic Summit. It was generally noted that the danger outlined in your paragraph 13, that the Summit would become over-bureaucratised, was already coming to pass and that considerable effort must be devoted to both preventing this going any further, and to establishing some real points of focus for what it was hoped the Summit would achieve. It was agreed that the main areas on which focus was needed were as follows:-

- a. Treatment of the US deficit: The difficulties of getting the US administration actually to do something in an election year were recognised, but it was essential that the US should be brought at least to acknowledge that there was a problem which they undertook to do something about once the election was over.
- b. Japan: It was agreed that the 2 most important things to pursue were a stronger year exchange rate, and the opening up of the Japanese capital market, rather than the dismantling of other non-tariff barriers. Before making any positive suggestions on methods of achieving this, however, it would be necessary to establish in considerably more detail what the present position was and the difficulties faced by overseas investors wishing to enter the Japanese capital market. You agreed that this detailed work should be done, and that practical proposals for action would be brought forward in due course.



c. International debt: Work on this must be carried forward from your paper of 8 February; the matters that needed further analysis were listed in Mr Kerr's minute of 10 February and mine of 13 February. You agreed to bring forward papers on these subjects as soon as they were completed, rather than waiting until all the work had been done and producing an overall consensus paper.

2. On the Thematic Paper, the Chancellor found it very depressing, but the meeting agreed that it was much more important that the key policy points should be highlighted in the eventual communique from the Summit and in the brief which will be prepared for the Prime Minister. It was agreed that he would not write to the Prime Minister in advance of Friday's meeting, but that you would provide him with a brief which would enable him to present the ideas you had discussed at the meeting. He would also promise to send her a paper with his detailed, personal thoughts on these issues before Easter.

JS

MISS J C SIMPSON