

PREM 19/1206

SECRET

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CONFIDENTIAL FILING

Summit
LONDON ECONOMIC 9-10 June 1984

ECONOMIC POLICY

PE1 May 1979.

PE17 FEBRUARY 1983.

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
1.2.83		9.11.83		9.2.84			
7.2.83		10.11.83		10.2.84			
26.5.83		4.11.83		20.2.84			
27.5.83		29.11.83		27.2.84			
31.5.83		5.12.83		29.2.84			
3.6.83		12.12.83		2.3.84			
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25.6.83		24.12.83		29.2.84			
27.6.83		21.12.83		PT-ENDS			
3.7.83		6.1.84		<div data-bbox="640 1470 1462 1705" data-label="Text"> <p>PREM 19/1206</p> </div>			
14.7.83		9.1.84					
20.7.83		13/1/84					
22.7.83		23.1.84					
26.7.83		30.1.84					
27.7.83		1.2.84					
1.8.83		2.2.84					
14.9.83		3.2.84					
16.9.83		7.2.84					
23.9.83		8.2.84					
6.10.83							
11.10.83							
14.10.83							

PART 14 ends:-

DTI to TF 29.2.84

PART 15 begins:-

DUTY CLERK to ATC 2/3/84

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
MISC 97(84) 3	25/01/1984
MISC 97(84) 2	24/01/1984
MISC 97(84) 5	23/01/1984

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate **CAB** (CABINET OFFICE) CLASSES

Signed *J. Gray* Date 18/6/2013

PREM Records Team

4



DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215 5422
GTN 215
(Switchboard) 215 7877

JF5836

PS/ Secretary of State for Trade and Industry

29 February 1984

Timothy Flesher Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

Prime Minister.

Content will design?

AR 1/3.

Dear Timothy,

Yes MS

The Post Office has recently agreed to issue a commemorative stamp to mark the London Economic Summit in June.

2 A design has now been selected by the Stamp Advisory Committee, and in view of her close interest I am forwarding the artwork so that the Prime Minister can see the proposal before it is submitted to the Palace for Royal Approval.

.... 3 The enclosed artwork is a presentation visual produced within a particularly tight schedule. The final artwork from which the stamp will be reproduced will in fact place more emphasis on the national flags displayed at the front of Lancaster House. The Canadian flag has still to be included in the stamp and the German flag will be made clearer. If necessary, artistic licence will be used to increase the area of flags in proportion to the building.

4 The Post Office have confirmed that the value of the stamp they intend to use is at the rate for the Far East price zone, which includes Japan, so achieving more publicity than would have been the case with a high price commemorative. The Prime Minister may also wish to know that a specially designed First Day Envelope will be produced and that there will be two handstamps for franking, one as is customary at the Philatelic Bureau, and the other at London SW District, the postal area in which Lancaster House is located. It is expected that the symbol designed for the Conference will be incorporated in the latter handstamp.

5 The timescales to which the Post Office are working are very tight, and if the planned issue date of Tuesday, 5 June is to be met then Royal Approval is needed by 27 March at the latest.

* Returned to DTI S/B



6 As you will appreciate the approval of stamp designs follows a longstanding procedure agreed when the Post office became an independent Corporation. In essence this agreement limits the Government's role to the consideration of the political acceptability of the proposal, there being no remit for detailed comment on the design treatment. Against this background I should be grateful for an early indication of the Prime Minister's view of the design selected by the Post Office so that it may be submitted to the Palace in the normal way.

Yours ever,
Andrew Lansley

ANDREW LANSLEY
Private Secretary

Encl



10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

London Economic Summit 1984

Thank you for your minute of 27 February about Australian participation in the London Economic Summit.

The Prime Minister agrees that the proposed message from herself to Mr. Hawke should be despatched. I take it that you will arrange for this to be done telegraphically.

I am copying this minute to Roger Bone (Foreign and Commonwealth Office).

29 February 1984

ASZ



10 DOWNING STREET

RTA's office are wondering
whether the PM agreed
to send ~~a~~ ^{the} message to
Mr Hawke attached to
Sir Roberts minute d
27 February (at Clup)

~~I intended to
do today.~~

Mal
29/2

AD $\frac{29.}{2}$

The simple point, if Chancellor Kohl raises this, is that we must stick to the normal rules - otherwise other people e.g. the Japanese will be upset. A.H.C. $\frac{27}{2}$

Ref. A084/642

MR COLES ✓

London Economic Summit: Third Accompanying Minister

The Prime Minister may like to be warned that there is one administrative matter connected with the London Economic Summit which the Federal Chancellor Kohl may raise with her.

2. At the meeting of Personal Representatives on 17 February I explained that we would adopt the traditional rule of allowing only two Ministers per delegation, ie Foreign and Finance Ministers, at sessions and meals. No-one questioned this at the time.
3. Subsequently, however, the three countries primarily concerned gave us more background. The Italians said they would only bring two Ministers, and the Japanese said that they thought they could do the same provided that everyone stuck to the rules. But the German Personal Representative said that he thought the rule about no third Minister would cause his Government immense problems in view of the coalition and the personal position of Count Lambsdorff. We explained that with the best will in the world it would be impossible to allow one Head of State or Government to be accompanied by three Ministers at plenary sessions when others were accompanied by only two, or to allow one country to have two representatives at any function while all the rest had one; but Dr Tietmeyer said the issue was such a sensitive one that the Chancellor might well want to raise it with the Prime Minister.
4. If it is decided in the next four weeks that there is a case against Count Lambsdorff which he has to answer in court, then he will probably resign his Ministerial office and the problem will go away. The problem will remain with us if it is decided that there is no case to answer, or if no decision has been taken by the time of the Summit. Count Lambsdorff will be especially sensitive to any presumed slight.



5. As regards plenary meetings, the rule has been that only two Ministers may accompany each Head of State or Government but it is up to the Head of State or Government to decide by whom he will be accompanied. It will thus be open to the Federal Chancellor to bring Count Lambsdorff to the table with him in place of Herr Genscher or Dr Stoltenberg. The problem is likely to be most acute in the case of occasions (meetings or meals) when Foreign and Finance Ministers meet separately, and apart from Heads of State or Government. Dr Tietmeyer suggested to me that Count Lambsdorff should just be allowed to turn up with the Finance Ministers (or the Foreign Ministers) and a blind eye be turned; but that would upset the Italian and the Japanese Prime Ministers if we had held the line with them.
6. So I hope that, if the Federal Chancellor does raise this with the Prime Minister, she will feel able to stand firm.

A handwritten signature in dark ink, consisting of the letters 'R' and 'A' in a stylized, cursive font.

ROBERT ARMSTRONG

27 February 1984



Prime Minister.

Agree message to Mr. Hawke?

A.S.C. 28.
2

Ref. A084/637

PRIME MINISTER

London Economic Summit 1984

Yes mb

You will remember Mr Hawke's approach to you in New Delhi about Australia participating in the Summit, which was followed by a letter to me from my Australian counterpart, Sir Geoffrey Yeend. You approved my proposal in my minute of 7 February (A084/432) to raise this with the Personal Representatives at our meeting last weekend, non-committally but with the hope of being able to sum up the discussion in a suitably regretful but negative way.

2. That was indeed the outcome of our discussion of the matter. I raised it, non-committally; the Japanese Personal Representative said that his Prime Minister would welcome another participant from the Pacific, if there was a consensus for that; the Europeans all (including the French) took the line that it would be impossible to hold the line at Australia, that there would be equally valid requests from other countries (Brazil, Sweden, India, Belgium and the Netherlands were all mentioned) which could not be resisted if Mr Hawke's request was conceded, and that the resulting increase would change the nature and informality of Summits. The United States representative agreed with this line; and said that they had received a similar approach last year which they had not even thought it necessary to discuss with other Summit partners: they had turned it down, but had offered Mr Hawke a meeting with President Reagan before the Summit and an emissary to tell him about it afterwards.

3. In short, a consensus against inviting Mr Hawke to participate; but unstinted benevolence towards Australia, and a general desire not to be blamed for being the country which stopped Mr Hawke coming.

4. I am afraid that this leaves us with the job of communicating the decision. I imagine that you will want to do this yourself, as Mr Hawke approached you; but, if you do not want to be



directly involved, I can reply to the letter which Sir Geoffrey Yeend sent to me.

5. I do not imagine that you will want to invite Mr Hawke to make a special visit to see you before the Summit, though no doubt you would see him if he was going to be in this part of the world. You could, however, offer to send somebody out after the Summit to tell him about it.

--- 6. I attach a draft of a personal message for you to send to Mr Hawke.

7. I am sending a copy of this minute and the draft message to the Foreign and Commonwealth Secretary, who has been consulted about and is content with it.

RTA

ROBERT ARMSTRONG

27 February 1984

DRAFT MESSAGE FROM THE PRIME MINISTER TO
THE HON ROBERT HAWKE, AC, MP

I am sorry not to have been in touch before about the suggestion you made to me in New Delhi that you might be invited to participate in the London Economic Summit in June; but I wanted to find out the views of our partners in the Summit before responding.

This I have now done. I think we all feel that, if we could confine such an invitation to Australia, it would be easier to contemplate agreeing to your suggestion. But we do not believe that we could. Once Australia had been invited to participate, it would be impossible to resist requests from quite a number of other countries which would feel that in terms of size and economic development they had no less strong a claim to come. With such an increase in numbers it would be impossible - it is difficult enough as things are - to maintain the informal and wide-ranging freedom of discussion which has characterised these particular meetings since they first started. So the consensus is, I fear, against extending representation of the Summit to include Australia.

I should very much welcome an opportunity of knowing your views, before the Summit, on the world economic prospect and on what impetus you would like

to see the Summit give to the direction of events. I don't know whether you have any plans to be in Europe before then, but if you were to be in these parts I should of course very much like to see you and talk at first hand. Failing that, there are other channels through which your views could be conveyed. And I will make sure that you are given a report on the outcome of the Summit after the event.

ADVANCE COPY

DUTY CLERK.
No 10, DOWNING ST.

FLASH

CONFIDENTIAL

1594 - 1

PP WASHINGTON
GRS 148
CONFIDENTIAL



FM PCO 241040Z FEB 84
TO PRIORITY WASHINGTON
TELEGRAM NUMBER 375 OF 24 FEBRUARY

OUR TEL NO 174: PRESIDENT REAGAN AND THE LONDON SUMMIT
1. AS REPORTED IN OUR TUR, WE PUT TO THE AMERICANS AT THE END OF JANUARY THE PRIME MINISTER'S INVITATION TO MR REAGAN FOR DINNER ON 5 JUNE AND HER SUGGESTION OF BILATERAL TALKS. WE HAVE NOW HEARD INFORMALLY FROM THE EMBASSY THAT THEY DO NOT EXPECT TO LET US HAVE A REPLY BEFORE DEEVER'S RECCE VISIT IN MID-MARCH. NO 10 ARE KEEN TO FINALISE THE ARRANGEMENTS FOR THE PERIOD LEADING UP TO THE SUMMIT AND DELAY OF ANOTHER THREE WEEKS WOULD BE UNFORTUNATE. WHILST WE RECOGNISE THE DIFFICULTY OF ELICITING A RESPONSE FROM THE WHITE HOUSE WHEN THE PROGRAMME PLANNERS MUST BE SO HEAVILY ENGAGED IN THE RUN-UP TO THE VISIT TO CHINA, WE SHOULD BE GRATEFUL FOR ANY EARLIER INDICATION YOU CAN GAIN AS TO THE LIKELIHOOD OF THE PRESIDENT ACCEPTING OR DECLINING THE INVITATION.

HOWE

NNNN
DIST
LIMITED
NAD
ERD
NEWS DEPT
PROTOCOL DEPT
PS

PS/LADY YOUNG
PS/MR WHITNEY
PS/PUS
SIR W HARDING
MR DAVID THOMAS
MR N J BARRINGTON (ESAU)

1

CONFIDENTIAL



Prime Minister.

X is a questionable proposition!

Mr 22/2.

Ref. A084/599

MR COLES ✓

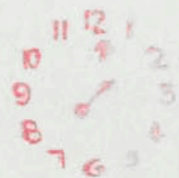
Thank you for your minute of 20 February about commercial sponsorship for the London Economic Summit.

2. I am grateful for the Prime Minister's agreement to our proposals. I have noted her comment. We are very mindful of Deaver's Law, which is that time and money spent on making the press happy is seldom wasted.

ROBERT ARMSTRONG

21 February 1984

22 JAN 1984



File.



70 Whitehall, London SW1A 2AS Telephone 01-233 8319

Secretary of the Cabinet and Head of the Home Civil Service

Sir Robert Armstrong GCB CVO

Ref.A084/592

21 February 1984

Dear Peter, *RJA 21/2*

Personal Representatives Meeting:
17-19 February 1984

I should like to thank you for your help in organising the security arrangements for the Personal Representatives meeting held in the Cabinet Office and No 10 last weekend. The security staff on duty in No 10 were both helpful and courteous, and I should be grateful if you would pass my thanks to them.

Yours sincerely
Robert Armstrong

Peter Joce Esq

*Seen by all Custody
Guards concerned. 19.*

SIR ROBERT ARMSTRONG

Economic Summit

The Prime Minister has noted the contents of your minute of 20 February about the discussion held by Personal Representatives in London from 17-19 February.

AJC

21 February 1984

da

Ref.A084/588

PRIME MINISTER

London Economic Summit 1984

Personal Representatives met in London from 17 to 19 February to continue preparations for the London Economic Summit. I had circulated in advance the discussion paper which you approved, and that provided the basis for our discussion.

2. A very fair degree of consensus on world economic prospects emerged. There was general agreement that world economic recovery was now running probably more strongly than our paper suggested. There was no disposition to abandon the fight against inflation, and general agreement to pursue appropriate monetary and budgetary policies. Some concern was expressed as to whether recovery could continue into 1985 if the United States fiscal and balance of payments deficits continued at their present levels; but surprisingly little was made of this, perhaps because everybody round the table realised that there was no possibility of a change in United States fiscal policies before the Presidential election. The United States representatives were defensively sensitive about any suggestion that the fiscal deficit was the cause of high interest rates in the United States. Even when one Personal Representative suggested that there was a link through the effect of the high deficit on inflationary expectations and in turn of inflationary expectations on the level of interest rates, the United States representatives agreed that that was a very reasonable point of view but they knew of no evidence to support it.

3. We agreed that the London Economic Summit would need to review progress on the consultation and surveillance processes initiated at Williamsburg in order to promote convergence of economic performance and greater stability of exchange rates, and perhaps to give renewed impetus to certain aspects of this work. There was no hint from the French (or from anyone else)

of suggestions for a "new Bretton Woods". The Summit would probably also need to review progress in dealing with the problems of international debtor countries and endorse a continuing strategy for dealing with international debt problems.

4. On trade issues, there was general agreement on the need to pursue the rollback of protectionism, though the United States representatives warned me privately against using the word "dismantling": in an election year the President would have enough trouble resisting domestic pressures for more protection without the additional complication of being asked to commit himself to dismantling the protection that already exists. As to the Japanese proposal for a new round of multilateral trade negotiations, there was general agreement that this should continue to be discussed, and that such a round might well be appropriate in the second half of the 1980s; but the sort of timetable envisaged in our paper - a scheduled meeting of GATT contracting parties in November 1984 leading to a meeting at Ministerial level in 1985 to consider when and how a new round might be held - met with general consent.

5. Though there was general agreement that the Summit should not treat relations with the developing countries as a separate "chapter", but bring the relationship between the developed and developing world into focus in each aspect of its deliberations on international economic, financial and trade prospects and needs, it was evident that there would be the usual differences of emphasis at the London Summit, with the United States Government taking a hard line, particularly on any question of more money for the International Development Association, and the Italians, the Canadians and the Japanese (and to some extent the French) taking a softer line.

6. If I had to say, on the basis of this meeting, what were likely to be the main themes emerging from the London Economic Summit, they would be:

(a) The need to strengthen the process of economic recovery, so as to make it lasting and to spread its benefits widely over the world; negatively, the Summit would need to avoid giving the impression that the industrialised countries were congratulating themselves on their recovery but not interested in the possibility of better prospects for the developing countries.

(b) As a means to that, giving emphasis to the requirements and processes of structural change: the removal of rigidities in industrialised economies; the encouragement of technological change; the reduction of protectionism and the opening of markets, particularly to exports from developing countries; and structural adjustments in the developing countries.

(c) The need to follow appropriate budgetary and monetary policies to make possible lower interest rates.

(d) A strategy for continuing to deal with international debt problems.

7. Perhaps the most striking contribution to the discussion was an intervention by Monsieur Jacques Attali, President Mitterrand's Personal Representative, when he described the five principles of President Mitterrand's broad economic policy as follows:

(1) The President wanted to increase the speed of change, and particularly of technological change. Change was coming, it was inevitable, and the quicker it was brought about the better. He believed it possible to manage the consequences in terms of employment.

(2) The share of the state in the Gross Domestic Produce was too large. It was necessary to increase the capacity of each citizen to be free. Socialism means less state, not more social welfare. The President intended to reduce the French state's share of the Gross Domestic Product in France by 1 per cent a year beginning in 1985.

(3) In the management of economic recovery and growth, priority needed to be given to investment and profits rather than to wages.


(4) It was necessary to reach an equilibrium as quickly as possible in the public sector. The President had decreed that there should be no deficit in French publicly-owned companies in 1985 or subsequent years. Any Chairman of a company in which there was such a deficit would be fired. !!

(5) The President believed it important to encourage the creation of small businesses as the most important line for creating new jobs.

8. When we had all recovered our breaths (amid murmurs of "Who's the Thatcherite now?") Monsieur Attali added, for good measure, that the President had come to the conclusion that the fight against inflation might not need the continued maintenance of price controls.

9. Monsieur Attali's observations appeared to surprise other members of the French delegation as much as it surprised the rest of us; but one of them said that elements of what Monsieur Attali had said had appeared in a public speech by President Mitterrand shortly before Christmas.

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


Approved by
ROBERT ARMSTRONG
and signed in his absence

20 February 1984



20 VC

10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

London Economic Summit: Commercial
Sponsorship

The Prime Minister saw over the weekend
your minute of 16 February.

She agrees with the proposals which you
make but has commented that it seems as if we
run the Summit for the benefit of the press.

A. J. COLES

20 February 1984

✓



10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

London Economic Summit

At your meeting with the Prime Minister today you reported the Japanese suggestion that Ministers of Trade should be invited to the Summit. The Prime Minister took the view that we should not extend the usual Ministerial attendance i.e. we should stick to the pattern of Foreign and Finance Ministers. But if any country wished to substitute a Trade Minister for either of these two, that would be acceptable.

The Prime Minister also confirmed that she wishes in principle to meet all Heads of State and Government as they arrive for the Summit. Detailed arrangements would be worked out depending on the time of arrival, the next engagement of the guest and the desirability of not taking up too much Prime Ministerial time during a period when Mrs. Thatcher will be very busy in connection with both the Summit and a number of other matters.

JC

17 February 1984

JK

MEETING OF PERSONAL REPRESENTATIVES

17-19 FEBRUARY 1984

Timetable

Friday 17

7.00 pm Assemble Cabinet Office (Personal Representatives only)
7.30 pm To No 10 for Dinner
8.00 pm Dinner, Small Dining Room

Saturday 18

Plenary Session

10.00 am Assemble Cabinet Office
Meetings in Conference Room A, Cabinet Office
1.00 pm Lunch, State Dining Room, No 10
2.30 pm Conference Room A, Cabinet Office
7.00 pm Break for Dinner
7.30 pm Dinner, State Dining Room, No 10

Sunday 19

Plenary Session

9.30 am Assemble, Lancaster House
10.30 am Return Cabinet Office, Meetings on Conference Room A
12.45 pm Break for Lunch
1.00 pm Lunch, Small Dining Room, No 10 (Personal Reps only)
State Dining Room, No 10 (Experts)

Attendance

United Kingdom

Personal Representative: Sir Robert Armstrong

Experts:
Sir Crispin Tickell (FCO)
Mr J G Littler (Treasury)
Mr N J Barrington (FCO)
Mr L V Appleyard (FCO)
Mr D H Colvin (Cabinet Office)

MEETING OF PERSONAL REPRESENTATIVES, 17-19 FEBRUARY 1984

PERSONAL REPRESENTATIVES AND EXPERTS

Federal Republic of Germany

PR: Dr Hans TIETMEYER, Deputy Secretary of the
Economic Policy Division of the Federal
Ministry of the Economy

Experts: Mr FISCHER, Director of Economic Affairs, MFA
Mrs STEEG, Director of the Department of
External Trade, Federal Ministry of the
Economy

USA

PR: Mr Allen WALLIS, Under Secretary for Economic
Affairs

Experts: Mr McMINN, NSC
Mr SPRINKEL, Treasury Under-Secretary for
Monetary Affairs

Canada

PR: Mr de Montigny MARCHAND, Deputy Minister in
charge of Foreign Policy, DEA

Experts: Mr BERRY, Director General of Economic Policy,
DEA
Mr DRABBLE, Associate Deputy Minister, Ministry
of Finance

France

PR: Mr Jacques ATTALI, Special Adviser to President
Mitterand

Experts: Mr PAYE, Director of Economic Affairs, MFA
Mr CAMDESSUS, Director of the Treasury, Ministry
of Economy and Finance

Italy

PR: Mr Renato RUGGIERO, Director-General for
Economic Affairs, MFA

Experts: Mr SARCINELLI, Director-General of the Treasury
Mr CAPPARI, AUS for North/South Affairs, MFA

Japan

PR: Mr Moriyuki MOTONO, Deputy Minister for Foreign
Affairs

Experts: Mr Tomomitsu OHBA, Deputy Vice Minister for
International Affairs, Ministry of Finance.
Mr Akinori MARUMO, Deputy Director General,
Economic Planning Agency
Mr Yoshiyasu SATO, Deputy Director General,
Economic Affairs Bureau, MFA
Mr Akio KURODA, Director General, International
Affairs Dept, Trade Policy Bureau, MITI

European Community

PR: Mr DURIEUX, Director of the Cabinet of the
President of the Community

Experts: Mr FIELDING, Director General DGI (External
Relations)
Mr MAINGASSON, Directorate DG2 (Monetary
Matters)



Prime Minister

Content with these
arrangements?

Ref. A084/556

MR COLES

Yes m/s
A.S.C. 1/2.

London Economic Summit: Commercial Sponsorship

Your minute of 30 January recorded the Prime Minister's view that the use of commercial sponsorship in connection with the London Economic Summit would be acceptable provided it was on the basis of either loans of equipment or provision of equipment at cost price. This will help particularly with some of the requirements in the area of communications and information technology equipment. Firms which help us in this way will no doubt wish to take credit for it in their commercial publicity, and this seems reasonable enough, so long as it is done respectably.

2. I hope that the Prime Minister will be content to extend the "cost price" principle to items other than equipment, and, in particular, to food and drink. We are hoping that the considerable expense of providing traditional free food and drink for attending journalists can be reduced by co-operation with the "Food from Britain" organisation. The Chairman has agreed to consider supplying material at cost price, and would like to promote one or two "British" meals for journalists at minimum cost. They would also like to supply a British meal for Ministers in co-operation with GHF, perhaps for the plenary lunch at Lancaster House on 9 June. I should be grateful for confirmation that we need not turn down such offers.

3. One area of commercial sponsorship in which we should like to go further than your minute seemed to suggest is the traditional supply of gifts to visiting journalists. We expect that a number of British firms would be ready and willing to supply free of charge moderately priced articles in order to obtain some publicity. Example might include:

- (a) Scarves or ties with the Summit logo as gifts for journalists, and junior members of delegations.



Who would buy it?

Answer

(b) The Birmingham Mint have offered to produce a commemorative medallion; the medallion would be on sale, but in exchange for permission to use the Summit logo on the medallion the Mint would provide us with a number of medallions free; these might be used as additional gifts to some visiting delegation members.

(c) Free ashtrays as gifts for journalists.

(d) Other possibilities as gifts for journalists might include calculators, umbrellas, picture-books, and posters and postcards of Lancaster House.

4. In one or two cases we were also hoping to persuade groups of British firms to subsidise the cost of items supplied to visiting journalists or services for them. For example, Ministers in the Treasury have agreed (subject to the Prime Minister's approval) that we could approach the London Clearing Banks to see whether they will sponsor a briefcase which we could present to visiting journalists with the Summit documentation. They would obtain some discreet, but worthwhile, publicity for this: a note in the briefcase or some modest indication on the outside about its origin. If we cannot seek help in this way, the full cost will fall on the Summit budget and the tax-payer.

5. We had also hoped that some of the larger British companies, for example the oil companies, which use the river, might agree to sponsor the hire of boats to take a substantial number of journalists for a trip on the Thames while Heads of Delegation are having dinner on the second day. This would create goodwill, keep them out of mischief, and provide useful publicity for the companies concerned and for Britain generally, but we could not pay for it out of our existing budget.

6. I should be grateful to know whether the Prime Minister would be content with these kinds of sponsorship arrangements which, while avoiding any suggestion of a publicity jamboree, should help to obtain maximum benefit from the fact that London will be in the eye of the world and to show British manufacturing and service industries to good effect. There are



obviously limits on the extent to which we can open the field: we would not, for example, allow all British firms to put displays of their wares at the Press Centre in the Connaught Rooms. Nonetheless, firms which had helped us with supply or loan of goods, or with financial sponsorship for specific items, might be allowed to use the occasion for appropriate publicity. They would benefit and so would the tax-payer.

7. Arrangements of this kind would be well in line with what the Americans did at Williamsburg and the French at Versailles.

8. We need not mount any major operation with the CBI. We can simply keep them informed, and approach potential sponsors direct on an ad hoc basis.

9. I should be happy to discuss this with the Prime Minister on 17 February.

*Agreed. it seems
as if we run the
summit for
the press
mt*

RA

ROBERT ARMSTRONG

16 February 1984

Strictly
Personal



~~John~~ 12/2.

X sounds highly implausible to me : I wonder if I detect the whitting of mandarin machinations.

Can you confirm/deny that the PM. does have this in mind? If she doesn't, to your knowledge, I would propose to counsel the Chancellor against such a scheme : I think Finance Ministers work best on their own.

JHK

FROM : J G LITTLER

DATE : 15 February 1984

MR KERR

LONDON ECONOMIC SUMMIT

A question has been raised about arrangements for the meetings at the Summit on which it would be helpful for me to have the Chancellor's reactions. It may well be raised during a future talk with the Prime Minister about Summit arrangements.

2. As you will personally remember, the tradition (at least recently) has been that Ministerial meetings at Summits have taken place without any advisors or note-takers being present, with the single exception of the Personal Representatives (Sir Robert Armstrong and his opposite numbers) who have often been brought in as note-takers for the sessions of Heads of Government and for Plenary meetings. Foreign and Finance Ministers have met without officials present.

X 3. However, the Prime Minister apparently suggested recently that there could be advantage in making provision for note-takers at all sessions, recognising that this would have to be on the basis of one per Minister. The Foreign and Commonwealth Secretary has not made up his mind finally, but has asked that seating plans be made in such a way as to leave him the option of allowing himself and each of his colleagues to have one advisor/note-taker present at the various meetings of Foreign Ministers.

4. I can see some possible advantage in the same arrangement for Finance Ministers, not necessarily for all sessions. The Chancellor might want to have a session uncluttered by any officials. On the other hand, there could well be a session, perhaps early in the proceedings, as one result of which the Chancellor and his colleagues would want to put a piece of writing to the Plenary session (eg, a communique passage or annex on a

particular subject). For this purpose, it could be very helpful for me and my opposite numbers to have been present, so that we could then go away and look at a draft collectively in full knowledge of the discussion which had led to it.

5. In conclusion:

- Unless the Chancellor decides firmly now that he would prefer not to have officials present, I suggest that we follow the example of the Foreign Secretary in asking for seating arrangements which would allow room for one official per Minister;

- A final decision might be made on a future occasion when the Prime Minister, Chancellor and Foreign Secretary are discussing together the arrangements for handling the Summit.


J G LITTLER

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per

10 DOWNING STREET

From the Private Secretary

10 February 1984

London Economic Summit

Thank you for your letter of 9 February.

The Prime Minister is content with the Foreign and Commonwealth Secretary's proposals for handling the discussion of political subjects at the Summit.

I am copying this letter to Richard Hatfield (Cabinet Office).

A. J. COLES

Brian Fall, Esq.,
Foreign and Commonwealth Office.

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Le Ho

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

DISCUSSION PAPER FOR SECOND MEETING OF PERSONAL REPRESENTA-
TIVES ON 17-19 FEBRUARY 1984

The Prime Minister has now considered the discussion paper for the meeting of Personal Representatives which you submitted with your minute of 3 February (A084/409). She is content that you should circulate it, subject to the following points:-

- Paragraph 5: The reference in the 5th line might read:
"high nominal interest rates"
- Paragraph 9: The Prime Minister suggests leaving out the words from "and continues" to the end, on the grounds that OPEC's agreement on prices and production can be regarded as capable of imposing such pressures on the quotas that the agreement would break and cause prices to fall.
- Paragraph 11: At the end of the second sentence the words "low inflation and steady growth" should be substituted for "the rise in nominal national incomes".
- Paragraph 14: At the end of the second sentence the words "and would reduce the danger of trade restrictions continuing to mount for lack of such a forum" might be included.

/Paragraph 21:

✓

Paragraph 21: In the first indent; third line: the words "and eventually eliminate" might be inserted after "reduce".

In the second indent, the meaning of "or where other policy instruments are less easily used" is not clear and these words might be omitted.

In the sixth indent: the Prime Minister has doubts about ^{including the two sentences beginning} "It might also include an increased role for the World Bank" until the future of IDA is clearer.

Paragraph 22: In the third indent, the Prime Minister suggests inserting the words "in the long term as well as the short term" after "the problem of international debt".

Annex A:

Paragraph 40: The last words could be read as implying that higher oil prices would promote world trade: this could be avoided by ending the paragraph at "restrain imports".

F.R.B.

10 February 1984



10 DOWNING STREET

Prime Minister

Comments from Alan
marked on paras 5, 9,
11, 14, 21 and 22
of the paper.

Content that I should
authorise Sir R. Armstrong
to circulate the paper, subject
to considering these amendments?

Yes - I accept FERB

Alan's amendments 9.2.
not

MR. BUTLER

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1. Rose
Pl. tell Sir Alan H.G. PM
agreed with his comments and was
very grateful for them

2. C.F. Pl. file with papers for Economic Summit

Generally I have no substantial objections, but there are one or two points which need clarification. The Treasury paper, pages 6, 8 and 10 were missing, so I have a rather elliptical idea of what the Treasury were saying.

MAIN PAPERPara 5

This refers to the level of international interest rates being "high". It is true that they are high in nominal terms relative to the history of the last 35 years, they are not high in real terms, except relative to the period of the great inflation from 1965-1979. US Treasury bills now yield about 8.5%, if we deduct marginal tax at roughly 30% rate this gives us a yield after tax of 6.0%. The inflation rate over three months is generally thought to be about 4% so the real yield after tax is only 2.0%. Similarly, long term Treasury bonds yield 11.5%. Allowing for marginal tax again at 30%, this gives the after tax yield of 8.0%. We do not know inflation in the long run but the Treasury forecast for the United States that it will be $5\frac{3}{4}\%$ in the first half of 1985 so this gives us a long term real interest rate after tax of slightly more than 2%. These are not high real rates of interest and they are entirely consistent with the yields after tax on sterling indexed gilts.

I think it would be better to say that there are high nominal interest rates which reflect the expectations of inflation of some 6% or so, in the United States. We might also add that these high rates of inflation are partly the consequence of the persistent federal deficits expected in the United States.

(Incidentally the Bank of England study in the December Bank of England Quarterly Bulletin supports these comments on the fact that the level of real interest rates is now about "normal".)

Para 9

It looks as though we are seeking price maintenance and are supporting OPEC's artificial restrictions on oil production. As you know, OPEC, by restricting output severely, will produce great pressures to break the quotas. And when they do break them, the price will fall dramatically. This would add to "instability".

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Para 11

It is suggested that monetary growth has now come down to the growth rate of nominal income and somehow that this is desirable. I think it would be better to say that monetary growth has been made more consonant with "low inflation and steady growth".

Para 14

I understood that the argument for a new round to follow the completion of the Tokyo round in 1985 was because it was thought that without a new focus there would be increasing danger of a continuation of the present mounting trade restrictions. This is not mentioned in para 14 as an argument for a new round. I also believe that there is a good argument for concentrating a new round on quantitative restrictions including perhaps the VRAs.

Para 21

I am a little unhappy about settling for "lower inflation". Is it not time to say that the ultimate aim is price stability in the long run, with money wages increasing in line with real productivity?

I cannot understand the phrase "where other policy instruments are less easily used". It sounds rather sinister.

It looks as though the idea of a World Bank bank for loans to poorer developing countries without access to commercial markets is some sort of replacement for the lack of IDA replenishment. It seems to me to be premature to propose such a new role for the World Bank until the future of IDA is clear.

Para 22

In the "Strategy for Dealing with Debt" I think it would be wise to stress that the Summit should consider seriously the long term implications of short term measures.

I have not commented on the Treasury paper as I am not sure what the status of the Treasury paper is. Is it to be distributed at the Summit meeting? If it is so to be designated then I think it needs careful editing. For example, in para 40 there is a suggestion that a higher price of oil will promote world trade!

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Foreign and Commonwealth Office

London SW1A 2AH

9 February 1984

Prime Minister.

*Content will have arrangements
to handling the discussion of
political subject at the summit?*

Yes not

Dear John,

A.S.C. 2/2

London Economic Summit

Sir Geoffrey Howe would like to consult the Prime Minister now on the way in which the discussion of political subjects at the London Economic Summit should be handled. There is something to be said for looking at this before the next Personal Representatives' meeting.

It would be helpful if we alerted Foreign Ministers of our intentions in two ways. First, Sir Robert Armstrong might brief Personal Representatives at his meeting on 17-19 February on our preliminary ideas for handling political discussions. This discussion, secondly, would enable the Foreign and Commonwealth Secretary to send a message to his colleagues in broadly similar terms but reflecting any points made at the Personal Representatives' meeting.

The Prime Minister may find it helpful to have a text (attached) which could be used as a speaking note by Sir Robert Armstrong. As you will see, Sir Geoffrey Howe envisages that when Foreign Ministers are not accompanying their Heads of State or Government, they should use their time to exchange views on current political subjects. He will be in contact with his colleagues about which subjects could most profitably be discussed.

I am copying this letter to Richard Hatfield (Cabinet Office).

Yours ever
[Signature]

(B J P Fall)
Private Secretary

A J Coles Esq
10 Downing Street

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CONCLUSIONS TO BE ADOPTED BY PERSONAL REPRESENTATIVES

1. In accordance with established practice, it is envisaged that during the London Summit the Heads of State and Government may wish to consider topical political questions; and that whether they do so or not, the Foreign Ministers are likely to wish to discuss political matters at meetings and/or meals for which the programme provides.

2. In order to facilitate such discussions, the UK proposes to circulate during the first week of May a draft illustrative list of political questions which could be suitable for consideration at the London Summit, and to invite comments.

3. In the light of these comments, the UK has it in mind to organise a short meeting of officials to finalise the list of questions, (subject to the views of Personal Representatives and to subsequent events). Since the Political Directors of the Foreign Ministries of Britain, France, the FRG and Italy are expected to be in Paris on 17-18 May for a meeting of the Political Committee of the Ten, the UK envisages holding this meeting at HM Embassy in Paris on 18 May, starting at 1500 hours and concluding not later than 1900 hours.

4. The draft list of political questions as it emerges from that meeting will be conveyed to Personal Representatives during their meeting at Chevening on 18-20 May for their consideration.



10 DOWNING STREET

From the Private Secretary

MR. HATFIELD
Cabinet Office

Economic Summit: Trade Union Delegation

Would you please refer to your minute of 19 January.

The Prime Minister will receive the international trade union delegation on Thursday, 31 May at 10.30 a.m. We have set aside one hour for the meeting.

I should be grateful if you could let me have a brief for this meeting by Tuesday, 29 May.

I am copying this minute to Mr. Kerr (H.M. Treasury), Mr. Bone (Foreign and Commonwealth Office) and Mr. Shaw (Department of Employment).

A. J. COLES

9 February, 1984

TRADES UNION CONGRESS

GENERAL SECRETARY: RT. HON. LIONEL MURRAY OBE

CONGRESS HOUSE · GREAT RUSSELL STREET · LONDON WC1B 3LS

Telephone 01-636 4030

Telegrams TRADUNIC LONDON WCI

Mr A J Coles
Private Secretary
10 Downing Street
London SW1

DEPT Secretary's

OUR REF DL/JA
YOUR REF

February 8 1984

A.T.C.
① *4 1 hr. enough?*

Dear Mr Coles
1984 Economic Summit

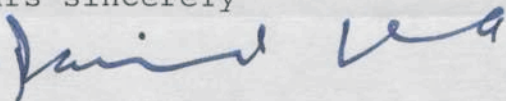
② *agenda already
will you be
organising?*

Further to my discussion on the 'phone with Caroline Ryder, I am writing to acknowledge your letter of January 20 and to confirm that an international trade union delegation will meet the Prime Minister at 10 Downing Street on Thursday May 31 at 10 30 am.

CR

We will of course let you know the composition of our delegation somewhat nearer the time.

Yours sincerely



D E Lea
Assistant General Secretary

• Egon Pol. London Egon Summit
P412

FEB 21 1984

12 1 2
9 8 3
7 6 5 4

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10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

ECONOMIC SUMMITS AND AUSTRALIA

Thank you for your minute of 7 February (A084/432).

The Prime Minister agrees that you should handle, in the way proposed in your paragraph 7, the question of Australia's participation in Economic Summits.

A. J. COLES

8 February, 1984

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Prime Minister.

Ref. A084/432

PRIME MINISTER

Economic Summits and Australia

Yes - we must keep
it to the Seven.
Otherwise I
will totally

Agree with last

page?

A.S.C.

change is
not

I recently received a letter from my opposite number in Australia canvassing support for his Prime Minister's attendance at the London Economic Summit. Sir Geoffrey Yeend recalls Mr Hawke's conversation with you in New Delhi, which was prompted, he says, by an indication from the Japanese that they would fully support Australian participation in economic summits if Australia so desired. He says that their understanding is that, as a result of Mr Hawke's approach, it is your intention to raise the matter with other participating Governments. He goes on to say that last year President Reagan raised the matter with Mr Hawke and indicated "formal support"; and that the French Personal Representative, also apparently without prompting, gave him to understand that France was similarly in support of Australian participation: I believe Mr Hawke told you in New Delhi that President Mitterrand had suggested that Australia should be added to the membership of the Summit. Since Mr Hawke was to meet Mr Nakasone in Japan on 1 February, the purpose of Sir Geoffrey Yeend's letter was to ascertain whether there was anything that you could say to Mr Hawke in advance, in case Mr Nakasone inquired. I sent him an interim reply to say that I could not say anything at present; he will assume from this that the matter is to be discussed among Personal Representatives when they meet later this month.

2. This is awkward but not unexpected; the Australians have tried it on before. The difficulty is that, if Australia were to be admitted, the claims of other countries, equally or better qualified in terms of GDP, would be hard to resist. Further enlargement of this nature would change the nature of the grouping which enables it proceeding to retain a certain privacy and informality.

3. If the measure was in terms of total GDP, in the GDP league table for OECD countries only Spain (\$179 billion) comes between Australia (\$158 billion) and Canada (\$291 billion), the member of

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the Economic Seven with the lowest GDP. (OECD figures for 1982 at current prices and exchange rates.) However, there is a large gap of \$133 billion, or over 40 per cent, between Australia and Canada and of \$112 billion between Canada and Spain. To that extent, Canada is a logical and defensible cut-off point. The position would be further complicated if non-OECD countries were to be regarded as eligible. On that basis, two other countries would qualify ahead of Australia, namely Brazil (\$288 billion in 1981) and Mexico (\$168 billion); with India (\$156 billion in 1981) and Saudi Arabia (\$153 billion) close behind.

4. If the measure was in terms of GDP per head, the Scandinavian countries and the Low Countries would all rank ahead of Australia - and indeed ahead of four of the seven Summit countries.

5. Thus, if Australia were invited, we could quickly find a number of other countries knocking at the door.

6. It is not at all clear that any of the Seven really wants Australia admitted, whatever they may say out of politeness to Mr Hawke. This was made clear as recently as last week at a meeting of G5 Economic Directors in Paris. The German Representative reported recent Australian representations in support of an invitation, invoking Mr Nakasone's alleged support of the Australian application (sic). Mr Motono, the Japanese Personal Representative, who was present, confirmed that the Japanese had canvassed Australian participation at the Tokyo Summit, but added that it would probably be going too far to say that his Prime Minister actively supported a new Australian application. Mr Allen Wallis, the American Personal Representative, said that the Australians had made a number of efforts to be included in Summit meetings. The trouble was that they scarcely qualified in terms of their rating among industrialised countries and, if they were admitted, others better qualified would demand entry. The Frenchman said nothing. Finally HM Ambassador in Rome has reported that the Australians have been trying to prompt an invitation from the Italians. The most genuine support for Australian participation may well come from President Mitterrand, who is known to have felt isolated as the only Head of a left wing

Government at the Versailles and Williamsburg Summits; he might well welcome Mr Hawke's presence as another Head of a left wing Government (Signor Craxi probably does not count for this purpose since his is not a left wing Government).

7. If you agree, I propose to raise this with the Personal Representatives as an item for consideration at their meeting later this month. I would do this without committing you to any view in advance of the meeting: I would simply let them know in advance that you had received an approach from Mr Hawke, and suggest that this would need to be considered against the background of the facts and figures set out in paragraphs 3 and 4 of this minute. I would invite others to comment; and would then hope to be in a position to sum up the discussion in a suitably regretful but negative way. I believe that there would be no regrets, and a discreet sigh of relief all round (except perhaps from the French).

1
The French
are not very
pleased with

RF
Approved by
ROBERT ARMSTRONG
and signed in his absence.

7 February 1984

*Mr Hawke because of his
attitude about nuclear tests in the Pacific,*



FIVE

607

10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

ECONOMIC SUMMIT: PRIME MINISTER'S SECOND DINNER

Thank you for your minute of 3 February (A084/394).

The Prime Minister agrees that her dinner on Friday, 8 June should be held in the National Portrait Gallery and that you should proceed with the arrangements.

A. J. COLES

7 February, 1984

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FILE

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10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

ECONOMIC SUMMIT: COMMEMORATIVE STAMP

Thank you for your minute of 3 February (A084/401).

The Prime Minister agrees that the Post Office should be asked to produce a special stamp for the Summit.

A. J. COLES

7 February, 1984

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10 DOWNING STREET

PERSONAL

6th February 1984

Dear Alan,

The Prime Minister would like to know whether you see any banana skins in the attached paper prepared for the next meeting of Personal Representatives who are paving the way for the Economic Summit. It ought to be circulated by the middle of this week. Could you please ring me as soon as you have had time to study it.

Yours ever, Robin

Mr. R. Butler

PPS/ No. 10

File

Summit paper for Sir Alan
Walter returned as requested.
(He noted that some of the pages in
the Treasury paper were
missing)



With the compliments of
THE BRITISH EMBASSY
ECONOMIC DEPARTMENT

Julian Exeter

13 February '84

WASHINGTON, D.C.

DRAFT NO 3

MEETING OF PERSONAL REPRESENTATIVES: 17/19 FEBRUARY 1984:
DISCUSSION PAPER

<u>Section</u>	<u>Subject</u>	<u>Paragraph</u>
A.	MACROECONOMIC PROSPECTS FOR LONDON ECONOMIC SUMMIT	1-9
B.	TAKING STOCK OF WILLIAMSBURG	10
	Pursue appropriate monetary and budgetary policies	11
	Enhancing the consultation process in order to promote convergence of economic performance and greater stability of exchange rates	12
	A halt to protectionism and, as recovery proceeds, its reversal by dismantling trade barriers	13-14
	Strategy for dealing with the international debt problem	15
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C.	IMPLICATIONS FOR DIRECTION AND THEMES OF LONDON ECONOMIC SUMMIT	21-22

ANNEX A - THE MACROECONOMIC BACKGROUND (Paper by HM Treasury, dated 18 January 1984)

ANNEX B - WORKING GROUP ON TECHNOLOGY, GROWTH AND EMPLOYMENT - PRELIMINARY REPORT TO PERSONAL REPRESENTATIVES

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A. MACROECONOMIC PROSPECTS FOR LONDON ECONOMIC SUMMIT

(A detailed factual note on the macro-economic background is at Annex).

1. The economic recovery in industrial countries which began early last year, has continued but progress has been uneven. Growth has been particularly strong in North America but activity is still weak in some countries, particularly in Europe. Nevertheless, the prospect is for a broadening of the recovery in the next year or so, with perhaps slower growth in North America but strengthening activity elsewhere.

2. Lower inflation and interest rates have contributed to the recovery, although both may now have levelled off for the Summit group as a whole. Continued progress in Europe is being offset by a firmer trend in the US. The prospect of an upturn which is moderate by past standards, should avoid any sharp overall rise in either inflation or interest rates in the period ahead, although pressures may differ between countries.

3. The recovery in activity has been accompanied by a rise in world trade with increasing demand in North America a particularly important expansionary factor. The recovery in trade should continue to broaden. But it is essential to resist protectionism and implement existing commitments to rolling back protection.

4. The continuing difficulties faced by developing countries will be an important theme for discussion in the context of the world economic situation. Western industrialised nations have major strategic, economic and financial interests in the stability of developing countries and in the strengthening of the international financial and trading system.

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5. The recovery in the industrial countries has improved the balance of payments position of non-oil developing countries. Despite these encouraging trends, however, the flow of aid and other capital to developing countries generally remains constrained, and the major debtors among them are still encountering great difficulty in meeting their debt repayment obligations. Persistently high international interest rates and the exceptional strength of the dollar exchange rate add greatly to the strains on them. The sharp reduction in net new bank lending last year is another cause for concern, especially the levels of unconstrained lending not undertaken as part of an internationally agreed debt rescue package. It remains to be seen in the longer run what the impact will be of prolonged severe adjustment on the political and social fabric on these countries and the effects of sharp import contraction upon their export potential and prospects of balanced economic development. The debt strategy evolved at Williamsburg has worked successfully but the underlying risks in the situation have not been eliminated.

6. The uneven pattern of recovery in industrial countries, coupled with changes in competitiveness, is leading to growing current payments imbalances, with the United States moving into substantial deficit.

7. These payments imbalances have so far not been accompanied by any offsetting exchange rate movements as markets have continued to give greater weight to other factors, including perhaps the rate of return on assets in the US and the role of the US as a 'safe haven'. The dollar has strengthened in effective terms since Williamsburg.

8. Developments in the world economy will continue to need careful monitoring between now and June - particularly the evidence for the strengthening of the recovery in Europe, as well as pressures in both domestic and international financial markets.

9. It remains important to avoid instability in the international oil market. Economic growth in the industrialised countries should help strengthen the market, but for the present it remains fragile and continues to be dependent on OPEC countries maintaining their agreement on prices and production.

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B. TAKING STOCK OF WILLIAMSBURG SUMMIT

10. The London Summit will need to review the decisions and commitments taken at Williamsburg, to assess progress made upon them since then, and to decide where further impetus or emphasis are needed, or whether the time has come to set a new direction.

Pursue appropriate monetary and budgetary policies

(Point 1 of Williamsburg Declaration)

11. This general line was endorsed by the IMF Interim Committee at its September meeting. Monetary growth has been brought down in the Summit countries following the rapid expansion earlier last year, and is now more closely in line with the rise in nominal national incomes. Progress on budgetary policies has been more uneven, with underlying structural deficits tending to rise in North America while in other Summit countries they are now on a declining trend.

Enhancing the consultation process in order to promote convergence of economic performance and greater stability of exchange rates (Point 2)

12. Major reserve currency countries have continued their periodic consultations with the IMF Managing Director. This has helped reinforce understanding of the inter-actions between each others' policies and the continued need for convergence of both policies and performance. Exchange markets have on occasion still shown some volatility in recent months. Intervention has played a modest role. The studies of the international monetary system now under way provide an opportunity for considering further ways in which the surveillance process can be strengthened.

A halt to protectionism and, as recovery proceeds, its reversal by dismantling trade barriers (Point 3)

13. The EC has decided specific measures on the lines discussed at the quadrilateral (EC, USA, Canada, Japan) meeting in Ottawa. These include acceleration of Tokyo Round tariff cuts, subject to confirmation during 1984

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of current forecasts of EC economic growth in 1985 of the order of 2 per cent and provided its principal trading partners in the OECD do likewise. In parallel, the EC will eliminate to the maximum possible extent quotas on imports from the least developed countries. Japan has also announced new measures of tariff reductions, bringing forward to the Spring of 1984 the tariff cuts scheduled for 1985. The USA has indicated that it intends to introduce parallel rollback legislation shortly. The EC and Japanese measures were the first substantive responses to the OECD Secretary-General's two-phase initiative (immediate concrete measures and a longer-term process) for governments to fulfil the commitments in the Communique of the 1983 Ministerial (broadly similar to those in the Williamsburg Declaration). The Secretary-General has also arranged for the Trade Committee and Working Party 3 to have joint discussions in a search for practical ideas based on linking trade and finance issues. There may be other meetings of Trade and Finance Ministers.

14. Personal Representatives will therefore wish to monitor progress so far in existing fora, and consider how the Summit should handle the Japanese proposal for a new round of multilateral trade negotiations in the light of the Williamsburg commitment to consult on such a round. This would provide a major forum in which to pursue trade liberalisation. But the range of subjects to be covered is ambitious and contentious: there is at present no consensus of view between developed and developing countries, or even between developed countries, on them. It will be important for the credibility of the GATT to have a generally accepted framework for carrying forward multilateral work on a range of connected trade issues over the next three or four years - but it will be equally important to ensure that moves towards trade liberalisation are not jeopardised by an over-ambitious or insufficiently prepared agenda and that the proposal does not divert attention from existing GATT work in the follow-up to the 1982 Ministerial. The Summit, with the OECD Ministerial, will be the first high-level international meeting to address the issue of a new round, though it will be far too early (and in any case the wrong forum) to reach firm views on it; the Summit should aim to give impetus to a discussion of its content and timing, without labelling the idea firmly as a developed-country initiative and so alienating the Third World. It might look beyond the scheduled meeting of GATT Contracting Parties in November 1984 to a meeting at Ministerial level in 1985 to consider when and how a new round might be held.

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Strategy for dealing with the international debt problem (Point 4)

15. The basic strategy laid down at Williamsburg continues to be relevant. IMF resources have been replenished by ratification of increases in quotas and the General Arrangements to Borrow, now reinforced by further loan arrangements. Agreement has been reached on a revised level of access to the Fund's main facilities. This strengthening of institutional arrangements, together with the improved global economic prospect, has meant that the main preoccupation has been shifting from broad systemic issues to management of individual country adjustment programmes. Further operational changes are in train but have still to be fully carried through. Examples: statistical improvements, including closer contacts between agencies and commercial banks; co-operation between banks in the International Institute of Finance; provision of technical assistance in information gathering; deepening international co-operation between banking supervisory agencies.

Review of the international monetary system and the part which an international monetary conference might play in reforming it (Point 5)

16. G10 Ministers agreed during the IMF Annual Meeting in Washington in September to an early study by Deputies. A first meeting of Deputies in November in Paris agreed to study the functioning of floating exchange rates, how to strengthen multilateral surveillance, the management of international liquidity and the role of the IMF. Deputies are meeting again on in mid-March, and Ministers are expected to meet in May to consider an interim report for Summit leaders. The international financial institutions are taking part in the studies. The Commonwealth Consultative Group is also pursuing its own studies with a view to providing consensus on the New Delhi Statement on Economic Action. The Group had its first meeting on 16-17 January and plans to have further meetings in February (informal Ministers meeting), April (official-level meeting), May (Ministerial level) and July (official-level) so as to present a report well in advance of the Commonwealth Finance Ministers meeting in Toronto in September.

Developing countries (Point 6)

17. Many developing countries will be disappointed by the outcome of recent discussions on IDA7. Consultations continue in the IDA Deputies. The World Bank staff are pursuing contacts with governments to see what scope exists for further movement. It will be important to reach early agreement on adequate funding for the IDA. Developing countries issues this year will be discussed in particular during the Review of the International Development Strategy which will be taking place in UNCTAD.

Versailles Working Group, environmental protection, better use of natural resources and health research (Points 7 and 10)

18. The projects identified in the report of the Versailles Working Group are being pursued, as explained in the preliminary report to Personal Representatives at Annex B. A progress report may need to be presented to the Summit. The commitment in relation to other matters was in general terms. The Summit may receive a report on the outcome of the Japan Foundation Conference on Life Sciences and Mankind in Hakone on 19-22 March 1984.

Energy (Point 8)

19. The commitment was in general terms. No specific follow-up is envisaged by Personal Representatives.

Continuing work by multilateral organisations on East/West economic relations (Point 9)

20. Work continues in OECD, COCOM, NATO and IEA to keep the situation under review. It is unlikely that a report will be needed.

C. IMPLICATIONS FOR DIRECTION AND THEMES OF LONDON ECONOMIC SUMMIT

21. It is too early to make definite predictions about the broad issues on which attention will focus in London. But, assuming the kind of macro-economic background outlined above, it would be important to convey the message that the strategy agreed at successive summits since the second oil shock and reinforced at Williamsburg has lost none of its relevance. It has already helped to achieve significant gains and represents the best means of making further progress. If so, the aims of the participating countries might remain to:

- achieve and maintain lower inflation. In particular, it will be important that those countries with above average inflation should continue to follow firm policies to reduce it and that, as the recovery proceeds, it will be essential to prevent a rekindling of inflationary expectations. The likelihood that non-oil commodity prices will rise, and the need to secure improving profits, both point to the importance of moderating other costs - notably wages and Government-imposed costs if companies are to have the resources for the investment necessary to sustain the recovery;
- maintain prudent monetary policies. This is important for all countries, but especially for those where inflation remains high or where other policy instruments are less easily used. In setting monetary policies, however, countries will continue to need to take account of the international environment and particularly the effect on exchange rate stability;
- put structural budget deficits onto a sustainable basis. It will be important, as recovery proceeds, to ensure not only that rising activity is reflected in lower deficits, but also that public spending and tax policies are designed to achieve a suitably moderate and sustainable level of structural deficits;
- promote conditions conducive to productive investment and greater employment opportunities;

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- encourage industrial adaptation and new technology;
- reduce the actual and potential strains on the international financial system created by major debtors. This suggests maintenance of adjustment programmes beyond the short-term and creation of a more stable medium-term financial environment. This might include:
 - further restructuring by commercial banks of debt profiles and longer loan maturities - particularly relevant for major debtors which are either industrialising or resource-rich countries. It might also include an increased role for the World Bank, with some expansion of facilities and loan techniques. Establishment of a new subsidiary (World Bank bank) is worth active consideration and would be particularly relevant for poorer developing countries without access to commercial markets;
 - encouragement by Governments of removal of remaining constraints on direct investment. Restoration of balance relative to bank flows, reflecting special qualities of project-related funding;
 - wider dissemination by IMF of information or country programmes.

22. Against this background the major themes of the London Summit may prove to be:

- the improved prospects for sustained recovery, provided that sound macro-economic policies continue to be pursued;
- progress made so far in resisting and reversing protectionism and proposals for a possible new GATT trade round;
- the strategy for continuing to deal with the problem of international debt, the difficulties faced by developing countries, and practical ways of improving the operations of the international financial system;
- and the need for more rapid progress in tackling major environmental hazards.

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THE MACRO-ECONOMIC BACKGROUND

<u>No</u>	<u>Subject</u>	<u>Page</u>
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II.	Features of the recovery and the role of policy	4
III.	The prospects for Summit countries in 1984 and 1985	9
IV.	Prospects for developing countries	12
V.	The oil market and OPEC	16

HM Treasury
18 January 1984

PAGINATION

AS SEEN

PGS 2, 4, 6, 8 AND 10

MISSING IN ORIGINAL

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I. DEVELOPMENTS SINCE THE WILLIAMSBURG SUMMIT

The recovery of the world economy has continued since the Williamsburg Summit but progress has been uneven. The very rapid growth of the US economy in the summer and autumn of 1983 has now given way to a slower rate of expansion. Elsewhere, however, the recovery has been muted with renewed modest growth in Japan but output lagging in continental Europe.

Table 1: Activity, inflation and trade in the Summit countries

	(per cent changes)				
	<u>1982</u>		<u>1983</u>		<u>1984</u>
	<u>H1</u>	<u>H2</u>	<u>H1</u>	<u>H2</u>	<u>H1 (est)</u>
GDP	-1½	0	2½	5	3½
Unemployment	7½	8¼	8½	8	8
Consumer prices	6¼	6¼	4¼	4¾	5¼
Import volumes	-2¾	-5¼	6½	11	6¾
Current balance (\$bn)	+1½	-16¼	-6	-23¼	-33

2. The recovery of activity in the Summit group as a whole has led to an overall levelling off of unemployment, but this masks different experiences between countries. Unemployment has fallen sharply in North America reflecting the strong rise in output but in continental Europe the number of jobless has continued to increase.

3. The turnaround in activity has been accompanied by a halt to the overall progress that Summit countries have made in reducing inflation. Here again, however, experiences have differed. In the US, prices have risen more rapidly with the ending of temporarily favourable factors in early-1983. France and Italy have continued to make progress, but their inflation rates remain relatively high. In Japan and Germany, inflation has stayed at a low level, while in the UK and Canada it has levelled out at close to the average for Summit countries as a whole.

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for their own imports has allowed them to halve their current deficit from more than \$20 billion in 1982 to around \$10 billion in 1983.

7. Non-oil developing countries have similarly benefitted from rising external demand and the implementation of tough adjustment measures at home - often with IMF help. Their current account deficit which fell from \$80 billion in 1981 to \$65 billion in 1982, is estimated to have fallen again to around \$45 billion last year. The share of export revenues needed to service their debts fell from about two-thirds to a half as a result of both lower interest rates and rescheduling. Latest estimates suggest that they also began to increase their imports again in the middle of last year.

Table 3: Trade and payments in developing countries

	<u>1981</u>	<u>1982</u>	<u>1983</u>
<u>Non-oil developing countries</u>			
Import volume (per cent changes)	6	-5	-1
Current balance (\$bn)	-80	-65	-45
Debt service/exports (per cent)	50	63	51
<u>Memorandum</u>			
OPEC current balance (\$bn)	50	-15	-17

8. Falling demand for oil and lower oil prices, however, have reduced OPEC countries' export revenues sharply. Their overall current balance has swung from a surplus of \$50 billion in 1981 to a deficit of \$15-20 billion in both 1982 and 1983. This has been financed temporarily by running down net overseas assets but development plans and imports are now being reduced substantially in a number of oil-producing countries'.

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Table 5: Contributions to growth in Summit countries

	(per cent of GDP)		
	<u>1982</u>	<u>1983</u>	<u>1984</u>
Private consumption	$\frac{3}{4}$	2	2
Public expenditure	$\frac{1}{4}$	0	$\frac{1}{4}$
Private housebuilding	$-\frac{1}{4}$	$\frac{1}{2}$	$\frac{1}{4}$
Other private investment	$-\frac{1}{4}$	0	$\frac{3}{4}$
Stockbuilding	$-\frac{1}{2}$	$\frac{1}{4}$	$\frac{3}{4}$
Net foreign balance	$-\frac{1}{2}$	$-\frac{1}{4}$	0
GDP	$-\frac{1}{2}$	$2\frac{1}{2}$	$3\frac{3}{4}$

lower interest rates have also helped the recovery. In particular, they have probably tended to encourage consumers to run down their savings and increase spending in a number of countries.

Table 6: Inflation, interest rates and savings in Summit countries

	<u>1981</u>	<u>1982</u>	<u>1983</u>
Terms of trade (per cent change)	$-1\frac{1}{2}$	2	2
Consumer prices (per cent change)	9	$6\frac{1}{2}$	$4\frac{3}{4}$
3-month interest rate	14	$11\frac{3}{4}$	$9\frac{1}{4}$
Savings ratio	$13\frac{1}{2}$	13	12

13. Monetary developments and their contribution to the recovery have not always been easy to interpret. The modest monetary growth of 1981 and early 1982, was followed by a sharply faster rise in the period to mid-1983, particularly in the United States and Germany. Institutional changes and temporary factors contributed to distort the figures but it is difficult to know what weight to attach to these. The result, however, was a rate of monetary expansion sharply faster than nominal GDP with a fall in velocity. This was accompanied by a marked fall in interest rates in all Summit countries except Japan where nominal rates were already below those elsewhere.

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Table 8: General government budget deficits (per cent of GDP)

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
US	-1	-3 $\frac{3}{4}$	-3 $\frac{3}{4}$	-3 $\frac{3}{4}$
Canada	-1	-5 $\frac{1}{4}$	-5 $\frac{3}{4}$	-5
Japan	-4	-4	-3 $\frac{1}{2}$	-2 $\frac{1}{2}$
Germany	-4	-3 $\frac{1}{2}$	-3	-2
France	-2	-2 $\frac{1}{2}$	-3 $\frac{1}{2}$	-3 $\frac{3}{4}$
Italy	-11 $\frac{3}{4}$	-12	-12	-12 $\frac{1}{2}$
UK	-2 $\frac{3}{4}$	-2	-2 $\frac{3}{4}$	-2 $\frac{1}{4}$
Summit average	-2 $\frac{1}{2}$	-4	-4	-3 $\frac{3}{4}$

18. In the United States the underlying structural deficit has risen in the past two years and is expected to rise further in 1984. Canada, too, has seen some underlying increase. All other Summit countries, however, have on balance been reducing their underlying deficits. The UK moved early in this direction. Japan and Germany have also made substantial progress, and France in turn is now reducing its structural deficit. Progress is similarly being made in Italy - albeit from a significantly higher level than elsewhere.

Table 9: Cyclically-adjusted changes* in budget deficits

	<u>1982</u>	<u>1983</u>	<u>1984</u>
US	-1 $\frac{1}{4}$	- $\frac{1}{2}$	- $\frac{3}{4}$
Canada	0	- $\frac{3}{4}$	0
Japan	0	1	1
Germany	1 $\frac{3}{4}$	1 $\frac{1}{2}$	1 $\frac{1}{2}$
France	$\frac{1}{4}$	- $\frac{1}{4}$	$\frac{3}{4}$
Italy	1	1 $\frac{1}{2}$	$\frac{3}{4}$
UK	1 $\frac{3}{4}$	- $\frac{1}{2}$	$\frac{1}{4}$
Summit average	$\frac{3}{4}$	$\frac{1}{2}$	$\frac{3}{4}$

(* - = move towards deficit).

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have been the high rate of return on both real and financial assets in the US. A number of special factors may also have been important including the US relative success in reducing inflation, the flight of capital from problem areas and the after-effects of the relaxation of exchange controls in the UK and Japan.

III. THE PROSPECTS FOR SUMMIT COUNTRIES IN 1984 AND 1985

23. Most forecasters assume that the major countries will continue to follow prudent macro-economic policies. Among the Summit countries, several members - the US, Germany and France - have already announced monetary targets for 1984 below those for 1983. Achievement of these objectives, alongside similarly moderate monetary growth in other major countries, would seem to imply a continuation of the slower rate of expansion seen in the latter part of last year.

24. The thrust of budgetary policies in most Summit countries is also still moving to reduce underlying structural deficits. The combination of these policies with resumed growth should allow actual deficits to fall. The reduction in the US, however, seems likely to be relatively small and the structural component to become more important.

Table 11: Prospects for activity, inflation and trade in Summit countries

	(per cent changes)		
	<u>1983</u>	<u>1984</u>	<u>1985</u>
GDP	2½	3¾	2½-3
Unemployment rate	8½	7¾	7½-8
Inflation	4¾	5	5-5½
Import volumes	4½	7½	6-7
Current balance (\$bn)	-15	-40	-45-50

25. The prospects for the next year or so on the basis of existing policies in the Summit countries are for a continuation of the recovery. The pace, however, is likely to be moderate and some

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to concern about financing the budget deficit - could work in the opposite direction.

31. The extent to which any US interest rate pressures affect other countries will depend at least partly on the development of the dollar. Continued strength of the dollar will face others with the choice between following any US interest rate moves or allowing their exchange rates to fall. But an easing of the dollar might allow others greater scope for lower interest rates.

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Table 12: Output in Summit countries

	(Per cent changes annual rates)		
	<u>1983</u>	<u>1984</u>	<u>1985 (H1)</u>
US	3½	5	3
Canada	3	5	2½
Japan	3	4	3
Germany	1¼	2	2¼
France	½	0	1½
Italy	-1½	2	1¼
UK	2½	2¼	2
Summit 7	2½	3¾	2¾

Table 13: Consumer prices in Summit countries

	(Per cent changes annual rates)		
	<u>1983</u>	<u>1984</u>	<u>1985 (H1)</u>
US	4	5¼	5¾
Canada	6	5	5¼
Japan	1½	1½	2¼
Germany	3	3¼	3½
France	9¼	7¼	6
Italy	14¾	12	10
UK	6	6	5¼
Summit 7	4¾	5	5¼

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IV. PROSPECTS FOR DEVELOPING COUNTRIES

32. The recovery in industrial countries' markets, together with a rising demand for raw materials, should allow non-oil developing countries to improve both the volume and price of their exports. This should enable them to finance a rising level of imports while still sustaining the recent improvement in their current balance of payments.

Table 14: Non-oil developing countries' payments and financing (\$bn)

	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>Current balance</u>	-65	-45	-40	-45
Financed by:				
Commercial banks	20	14	15	16
Direct investment	9	9	10	12
International agencies (including IMF)	19	18	19	19
Other	12	12	10	14
Change in reserves	-5	7	14	18
<u>Memorandum items</u>				
Import volumes (per cent change)	-7	-1	6½	7
Reserves/imports (per cent)	24	26	29	30
Debt services/exports (per cent)	63	51	50	44

33. The prospects for financing flows to developing countries remain uncertain. But their gradually improving position may perhaps be expected to encourage commercial banks to continue lending at least at the comparatively low levels of recent years. This, together with continued support from the international financial institutions, seems likely to allow developing countries not only to cover their current deficits but also to begin to rebuild reserve levels.

34. The ratio of their reserves to their imports could return towards the average of the late-1970s - around 30 per cent. At the same time, the share of their export revenues needed to service

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their debts could also continue to fall.

Table 15: Effects of slower world growth or higher interest rates on LDCs (\$bn)

	<u>1st year</u>	<u>2nd year</u>	<u>3rd year</u>
1 per cent a year slower GSP growth in OECD			
(a) Export volume	-5	-10	-15
(b) Terms of trade	-2	-3½	-6
1 per cent higher interest rates	1¾	2	2¼

35. Developing countries are of course particularly vulnerable to developments in the OECD countries. Slower OECD growth would reduce both the volume and price of LDC exports. A slowdown of 1 per cent a year in OECD output, for example, might reduce LDC export earnings by \$6-7 billion immediately, rising to around \$20 billion after three years. This would reduce their capacity to import or to service their debts, and would put further pressure on their depleted reserves. Similarly higher interest rates would also offset LDCs adversely with a 1 per cent increase in rates raising their debt service costs by about \$2 billion a year.

36. It is important to remember, however, that these effects may not always be cumulative. Lower OECD growth, for example, may be accompanied by lower rather than higher interest rates. It may also lead to lower oil prices which benefits oil-developing countries even though oil-exporting countries are adversely affected. A broad conclusion, however, might be that prospects for trade and commodity prices are perhaps the most important factors for the LDCs.

37. It has been suggested that liberalisation of industrial countries' trade barriers could increase debtors' export earnings and contribute to easing their financial problems. A 50 per cent increase in the exports of the major nine debtors currently subject to restraint - both agricultural goods and manufactures - might raise their export receipts by about 4 per cent. The main beneficiaries would be Argentina, Brazil, the Philippines, South Korea and Yugoslavia.

V. THE OIL MARKET AND OPEC

38. World demand for oil which fell by almost 20 per cent between 1979 and 1982, appears to have levelled off last year. The reduction in oil demand was borne wholly by OPEC suppliers since production by countries outside OPEC increased their production. The fall in demand for oil has led to weaker prices so that in real terms prices are some 15-20 per cent below their 1981 peak.

Table 16: Oil demand and supply (millions of barrels a day)

	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
World oil demand	43	43	44	45
Non-OPEC output	23	24	24	24
OPEC	20	19	20	21
Oil prices (\$ barrel)	34	30	29	29

39. The recovery of world activity may be expected to increase demand for oil and the levelling-off of non-OPEC production will mean that this extra demand is reflected in rising OPEC output. This, however, is likely still to remain some way below OPEC capacity. In these circumstances the overall oil market may continue weak at least for the next year or so with a risk of a fresh sharp upsurge in prices - at least from economic factors - correspondingly reduced.

40. The reduction in OPEC countries' oil revenues has already led to a sharp turnaround in the group's current balance, from a surplus of more than \$100 billion in 1980 to deficits of \$20-30 billion in 1982 and 1983. In consequence, OPEC countries have been forced to reduce sharply their imports and this process appears to be continuing. The group may be able to finance modest deficits temporarily from the assets accumulated between 1978 and 1981 but most oil producers are likely to have to make further economies and restrain imports which will be a factor holding back the overall growth in world trade.

But if price of oil is lower, consumers of oil have more to spend on imports etc. - so why does it hold back world trade

High price of oil promotes world

Working Group on Technology, Growth and Employment

Preliminary report to Personal Representatives
of Heads of State and Government of the countries of the Economic Summit

1. At the meeting of Personal Representatives on November 5-6, 1983 in London, it was agreed that an early meeting of the Working Group on Technology, Growth and Employment should take place in order to review progress on the areas for co-operation set up as a result of the Group's report to the Williamsburg Summit.
2. Accordingly the Working Group met on January 27-28 at the Royal Greenwich Observatory, Herstmonceux Castle. Names of the representatives of the seven countries and of the European Communities are given in the Annex.
3. The declaration of the Williamsburg Summit indicated that Heads of State and Government had "noted with approval the report of the Working Group on Technology, Growth and Employment" and would "look forward to receiving a further report at (their) next meeting". This meeting will be the London Economic Summit to be held in June 1984.
4. The Group will submit their report to Heads of State and Government prior to the London Economic Summit through Personal Representatives. The report will comprise an overview and commentary on aspects of science and technology and a review of the 18 areas for co-operation listed in the 1983 report.
5. The Group decided that the present meeting should consist of a first review of the 18 areas for co-operation and a preliminary discussion of the form and scope of its report. A second meeting would be necessary to finalise the report and this should be held before the meeting of Personal Representatives scheduled for April 7-8. It was recognised that it might also be desirable to update the review of areas for co-operation nearer to the date of the Summit but that this could be done by correspondence.

6. Leaders and co-leaders of areas for co-operation presented status reports. It was agreed that significant progress had been made in many areas for co-operation in one or more of the following respects:

a. the establishment of effective and informal international networks between research institutes in specific fields of science and technology;

b. the identification and initiation of collaborative research activities within the chosen areas for co-operation;

c. the involvement of countries outside the Economic Summit grouping and of relevant international scientific and technological organisations.

7. The activities stimulated by the Technology, Growth and Employment initiative had both improved the climate of international co-operation and helped focus national science and technology discussions, thereby strengthening the linkage between national and international science and technology effort.

8. The Group agreed that the scope for the involvement of non-Economic Summit countries or international scientific and technological organisations was different in each of the chosen areas for co-operation. It re-affirmed that the principal criterion for such involvement must be the benefit that co-operation in the chosen areas might acquire by this participation.

9. The Group had a preliminary discussion on the form and content of its report to the Heads of State and Government at the London Economic Summit.

LIST OF PARTICIPANTS AT MEETING ON
TECHNOLOGY, GROWTH AND EMPLOYMENT 27/28 JANUARY HERSTMONCEUX CASTLE

United Kingdom	Dr R B Nicholson, Chief Scientific Adviser, Cabinet Office (in the Chair)
	Mrs E M Ransom, Science and Technology Secretariat, Cabinet Office
	Mr C Burdess, Energy, Science and Space Department Foreign and Commonwealth Office
Canada	Dr B A Gingras, Vice-President of External Relations, National Research Council
	Dr D Crosby, Science Counsellor, London
France	Professor F Gros, Special Counsellor to the Prime Minister
	Mr Y Stourdze, Director of CESTA
	Mr D Lellouche, Science Attache, London
Germany	Mr R Loosch, Director for International Relations, Bundesministerium Fur Forschung und Technologie
	Dr K E Fest, Federal Ministry of Economics, Head of Division "International Economic Development"
Italy	Professor U Colombo, President of ENEA
	Dr C Mancini, Director International Affairs, ENEA
Japan	Mr T Ishiwatari, Administrative Vice-Minister, STA
	Dr S Ishizaka, Ex-Director General Agency for Industrial Science and Technology, MITI
	Mr M Endo, Minister in Geneva
	Mr H Satake, Director International Affairs Division, STA.
	Mr K Abe, Senior Executive Office for International Research and Development Co-operation, Agency for Industrial Science and Technology, MITI
	Mr K Takagi, Science Attache, London
USA	Mr W Kornack, Assistant Director for Energy, Natural Resources and International Affairs, Office of Science and Technology
	Mr J Boright, Science Counsellor, American Embassy, Paris
European Commission	Professor P Fasella, Director General DGXII
	Dr M Paillon, Principal Administrator DGXII



Prime Dinner.

Open to hold this dinner in the National Portrait Gallery?

Yes not

A. J. C. $\frac{6.}{2}$

Ref. A084/394

MR COLES o/r

London Economic Summit:
Prime Minister's Second Dinner

The Prime Minister decided that President Mitterrand would probably find the vibrations in Apsley House distasteful, and that we must therefore look elsewhere for the venue of her dinner for Heads of State or Government on the evening of Friday 8 June. She invited us to consider other possible sites, including the National Gallery and the Royal Society.

--- 2. I attach the results of our inquiries. You will see that the two places which come best out of the survey are the National Portrait Gallery and the Royal Society of Arts.

3. On the top floor of the National Gallery there is a perfect place for a small dinner in the Elizabethan Gallery surrounded by sparkling red and gold Elizabethan portraits. There is also a good area for a preliminary drink halfway up, on a landing with a variety of modern portraits of the Royal Family. There would be an opportunity after dinner for the Prime Minister's guests to visit the most attractive newly designed and recently opened Gallery of 20th Century personalities. The authorities at the National Portrait Gallery would be very co-operative. Cloakroom and lift facilities are reasonable, and everything is in good repair. The Government Hospitality Fund can provide a good meal there.

4. The Royal Society of Arts is in John Adam Street, a narrow street parallel with and just below the Strand. It is an Adam building with a fine set of Adam rooms on the first floor in a good state of decoration. The rooms are not large but suitable for an intimate dinner party and catering, cloakrooms etc would all be satisfactory. Guests could visit the lecture room, with an impressive mural by James Barry all round the walls. There is an attractive library and the activities of the Institution in the field of design and commerce, as well as the arts, are of interest.



5. Either of these places would be good; I think that the National Portrait Gallery would be even better than the Royal Society of Arts. An additional point in favour of the National Portrait Gallery is that, with the exception of the United States, which started late and has a poor collection, we believe that none of the Summit participants has his own national portrait gallery. We should thus be showing the Prime Minister's guests something which they could not match at home.

6. I hope that the Prime Minister will agree that we should proceed with arrangements to hold her second dinner on Friday 8 June in the National Portrait Gallery.

BA

ROBERT ARMSTRONG

3 February 1984

	Prestigious Institution	Interest for Guests	Dining-room	Place for drinks	State of Decoration	Catering Possible	Cloakrooms etc	Attitude of authorities	Links with guests
Royal Society	National repute	Not much to see	Poor. Library better, but impossible	Reasonable but gloomy	Poor	Yes, though will want to do it themselves	Reasonable	Not enthusiastic	Must be
National Gallery	National repute	Good	Council Room poor. No features unless pictures	None except main hall	Good	Difficult (kitchens far)	Reasonable	Reluctant. No smoking. Would not rearrange pictures	Plenty
Royal Academy	National repute	Good	Council Room ordinary and somewhat depressing	Difficult. Suitable rooms will be full of packing cases	Poor	Yes, though noisily near dining-room	Reasonable	Helpful	Should be
National Portrait Gallery	Well-known (and not often duplicated)	Good. Plenty to see	Elizabethan Gallery is superb	Good. Landing area with Royal portraits	Very good	Reasonable. GHF can cope	Reasonable	Very helpful	Indirect (Special exhibition could be arranged)
Chatham House	Well-known	Not much to see	Reasonable room, though not impressive	Reasonable drawing-room	Poor	Good. GHF could do it	Not checked	Helpful	Yes
Royal Society of Arts	Less known but good pedigree	Good. Other rooms to see	Delightful small Adam room	Attractive small Adam room	Very good	Good. GHF could do it	Good	Very helpful	Yes, at least with US, France
Institute of Directors	Reasonable	Not much to see	Secretary's Office. Reasonable	Reasonable room	Good for dining-room, poor for rest	Probably adequate but tied to own catering	Not checked	Helpful	No. Too much of Trafalgar and Waterloo

Ref.A084/409

PRIME MINISTER

I should like

Alan Walker to see it, just
me.Content that Sir
Robert Armstrong should
circulate the paper below?

FERB

3-2.

Discussion Paper for Second Meeting of Personal Representatives
on 17-19 February 1984

As you know, Personal Representatives are due to convene for their second meeting over the weekend of 17-19 February in the Cabinet Office. On this occasion, we shall be assisted by financial and economic experts, in my case by Sir Crispin Tickell from the Foreign and Commonwealth Office and Mr Geoffrey Littler from the Treasury.

2. At the last meeting of Personal Representatives I undertook to prepare a paper to serve as a focus for discussions at the February meeting. I attach a copy of the final draft of such a paper. If you are content, I will now circulate this paper to the other Personal Representatives.

3. At the first meeting of Personal Representatives last November, a number of them suggested that the paper should include factual background material on the main macro-economic parameters, on the grounds that discussion would be more productive if they could develop their arguments on the basis of mutually accepted fact. Annex A has therefore been drafted with this in mind. Part A of the discussion paper itself tries to suggest certain broad conclusions; I hope that the discussion will show how far these conclusions are agreed or disagreed. Part C tries to draw preliminary conclusions for the direction and themes of the Summit. It is inevitably tentative, although it is potentially important: if the pattern set during preparation of Williamsburg is followed, this part of the paper will form the basis for preparing the thematic paper which will follow.

4. I should be grateful for your authority to circulate this discussion paper to Personal Representatives.

5. I am sending copies of this minute, together with a copy of the discussion paper, to the Foreign and Commonwealth Secretary and the Chancellor of the Exchequer.

Approved by
ROBERT ARMSTRONG
and signed in his name.

3 February 1984

DRAFT NO 3

MEETING OF PERSONAL REPRESENTATIVES: 17/19 FEBRUARY 1984:
DISCUSSION PAPER

<u>Section</u>	<u>Subject</u>	<u>Paragraph</u>
A.	MACROECONOMIC PROSPECTS FOR LONDON ECONOMIC SUMMIT	1-9
B.	TAKING STOCK OF WILLIAMSBURG	10
	Pursue appropriate monetary and budgetary policies	11
	Enhancing the consultation process in order to promote convergence of economic performance and greater stability of exchange rates	12
	A halt to protectionism and, as recovery proceeds, its reversal by dismantling trade barriers	13-14
	Strategy for dealing with the international debt problem	15
	Review of the international monetary system and the part which an international monetary conference might play in reforming it	16
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	Energy	19
	Continuing work by multilateral organisations on East/West economic relations	20
C.	IMPLICATIONS FOR DIRECTION AND THEMES OF LONDON ECONOMIC SUMMIT	21-22

ANNEX A - THE MACROECONOMIC BACKGROUND (Paper by HM Treasury, dated 18 January 1984)

ANNEX B - WORKING GROUP ON TECHNOLOGY, GROWTH AND EMPLOYMENT - PRELIMINARY REPORT TO PERSONAL REPRESENTATIVES

A. MACROECONOMIC PROSPECTS FOR LONDON ECONOMIC SUMMIT

(A detailed factual note on the macro-economic background is at Annex).

1. The economic recovery in industrial countries which began early last year, has continued but progress has been uneven. Growth has been particularly strong in North America but activity is still weak in some countries, particularly in Europe. Nevertheless, the prospect is for a broadening of the recovery in the next year or so, with perhaps slower growth in North America but strengthening activity elsewhere.

2. Lower inflation and interest rates have contributed to the recovery, although both may now have levelled off for the Summit group as a whole. Continued progress in Europe is being offset by a firmer trend in the US. The prospect of an upturn which is moderate by past standards, should avoid any sharp overall rise in either inflation or interest rates in the period ahead, although pressures may differ between countries.

3. The recovery in activity has been accompanied by a rise in world trade with increasing demand in North America a particularly important expansionary factor. The recovery in trade should continue to broaden. But it is essential to resist protectionism and implement existing commitments to rolling back protection.

4. The continuing difficulties faced by developing countries will be an important theme for discussion in the context of the world economic situation. Western industrialised nations have major strategic, economic and financial interests in the stability of developing countries and in the strengthening of the international financial and trading system.

5. The recovery in the industrial countries has improved the balance of payments position of non-oil developing countries. Despite these encouraging trends, however, the flow of aid and other capital to developing countries generally remains constrained, and the major debtors among them are still encountering great difficulty in meeting their debt repayment obligations. Persistently high ^{nominal} international interest rates and the exceptional strength of the dollar exchange rate add greatly to the strains on them. The sharp reduction in net new bank lending last year is another cause for concern, especially the levels of unconstrained lending not undertaken as part of an internationally agreed debt rescue package. It remains to be seen in the longer run what the impact will be of prolonged severe adjustment on the political and social fabric on these countries and the effects of sharp import contraction upon their export potential and prospects of balanced economic development. The debt strategy evolved at Williamsburg has worked successfully but the underlying risks in the situation have not been eliminated.

6. The uneven pattern of recovery in industrial countries, coupled with changes in competitiveness, is leading to growing current payments imbalances, with the United States moving into substantial deficit.

7. These payments imbalances have so far not been accompanied by any offsetting exchange rate movements as markets have continued to give greater weight to other factors, including perhaps the rate of return on assets in the US and the role of the US as a 'safe haven'. The dollar has strengthened in effective terms since Williamsburg.

8. Developments in the world economy will continue to need careful monitoring between now and June - particularly the evidence for the strengthening of the recovery in Europe, as well as pressures in both domestic and international financial markets.

9. It remains important to avoid instability in the international oil market. Economic growth in the industrialised countries should help strengthen the market, but for the present it remains fragile [and continues to be dependent on OPEC countries maintaining their agreement on prices and production.]

*Alan
Comments
that OPEC's
agreement on prices and production
will produce great pressure to break
the quotas which could in turn cause
the price to fall dramatically.*

B. TAKING STOCK OF WILLIAMSBURG SUMMIT

10. The London Summit will need to review the decisions and commitments taken at Williamsburg, to assess progress made upon them since then, and to decide where further impetus or emphasis are needed, or whether the time has come to set a new direction.

Pursue appropriate monetary and budgetary policies

(Point 1 of Williamsburg Declaration)

11. This general line was endorsed by the IMF Interim Committee at its September meeting. Monetary growth has been brought down in the Summit countries following the rapid expansion earlier last year, and is now more closely in line with ^{low inflation and steady growth} ~~the rise in nominal national incomes~~. Progress on budgetary policies has been more uneven, with underlying structural deficits tending to rise in North America while in other Summit countries they are now on a declining trend.

Enhancing the consultation process in order to promote convergence of economic performance and greater stability of exchange rates (Point 2)

12. Major reserve currency countries have continued their periodic consultations with the IMF Managing Director. This has helped reinforce understanding of the inter-actions between each others' policies and the continued need for convergence of both policies and performance. Exchange markets have on occasion still shown some volatility in recent months. Intervention has played a modest role. The studies of the international monetary system now under way provide an opportunity for considering further ways in which the surveillance process can be strengthened.

A halt to protectionism and, as recovery proceeds, its reversal by dismantling trade barriers (Point 3)

13. The EC has decided specific measures on the lines discussed at the quadrilateral (EC, USA, Canada, Japan) meeting in Ottawa. These include acceleration of Tokyo Round tariff cuts, subject to confirmation during 1984

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of current forecasts of EC economic growth in 1985 of the order of 2 per cent and provided its principal trading partners in the OECD do likewise. In parallel, the EC will eliminate to the maximum possible extent quotas on imports from the least developed countries. Japan has also announced new measures of tariff reductions, bringing forward to the Spring of 1984 the tariff cuts scheduled for 1985. The USA has indicated that it intends to introduce parallel rollback legislation shortly. The EC and Japanese measures were the first substantive responses to the OECD Secretary-General's two-phase initiative (immediate concrete measures and a longer-term process) for governments to fulfil the commitments in the Communique of the 1983 Ministerial (broadly similar to those in the Williamsburg Declaration). The Secretary-General has also arranged for the Trade Committee and Working Party 3 to have joint discussions in a search for practical ideas based on linking trade and finance issues. There may be other meetings of Trade and Finance Ministers.

14. Personal Representatives will therefore wish to monitor progress so far in existing fora, and consider how the Summit should handle the Japanese proposal for a new round of multilateral trade negotiations in the light of the Williamsburg commitment to consult on such a round. This would provide a major forum in which to pursue trade liberalisation^{and would reduce the danger of trade restrictions continuing to mount for lack of such a forum}. But the range of subjects to be covered is ambitious and contentious: there is at present no consensus of view between developed and developing countries, or even between developed countries, on them. It will be important for the credibility of the GATT to have a generally accepted framework for carrying forward multilateral work on a range of connected trade issues over the next three or four years - but it will be equally important to ensure that moves towards trade liberalisation are not jeopardised by an over-ambitious or insufficiently prepared agenda and that the proposal does not divert attention from existing GATT work in the follow-up to the 1982 Ministerial. The Summit, with the OECD Ministerial, will be the first high-level international meeting to address the issue of a new round, though it will be far too early (and in any case the wrong forum) to reach firm views on it; the Summit should aim to give impetus to a discussion of its content and timing, without labelling the idea firmly as a developed-country initiative and so alienating the Third World. It might look beyond the scheduled meeting of GATT Contracting Parties in November 1984 to a meeting at Ministerial level in 1985 to consider when and how a new round might be held.

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Strategy for dealing with the international debt problem (Point 4)

15. The basic strategy laid down at Williamsburg continues to be relevant. IMF resources have been replenished by ratification of increases in quotas and the General Arrangements to Borrow, now reinforced by further loan arrangements. Agreement has been reached on a revised level of access to the Fund's main facilities. This strengthening of institutional arrangements, together with the improved global economic prospect, has meant that the main preoccupation has been shifting from broad systemic issues to management of individual country adjustment programmes. Further operational changes are in train but have still to be fully carried through. Examples: statistical improvements, including closer contacts between agencies and commercial banks; co-operation between banks in the International Institute of Finance; provision of technical assistance in information gathering; deepening international co-operation between banking supervisory agencies.

Review of the international monetary system and the part which an international monetary conference might play in reforming it (Point 5)

16. G10 Ministers agreed during the IMF Annual Meeting in Washington in September to an early study by Deputies. A first meeting of Deputies in November in Paris agreed to study the functioning of floating exchange rates, how to strengthen multilateral surveillance, the management of international liquidity and the role of the IMF. Deputies are meeting again on in mid-March, and Ministers are expected to meet in May to consider an interim report for Summit leaders. The international financial institutions are taking part in the studies. The Commonwealth Consultative Group is also pursuing its own studies with a view to providing consensus on the New Delhi Statement on Economic Action. The Group had its first meeting on 16-17 January and plans to have further meetings in February (informal Ministers meeting), April (official-level meeting), May (Ministerial level) and July (official-level) so as to present a report well in advance of the Commonwealth Finance Ministers meeting in Toronto in September.

Developing countries (Point 6)

17. Many developing countries will be disappointed by the outcome of recent discussions on IDA7. Consultations continue in the IDA Deputies. The World Bank staff are pursuing contacts with governments to see what scope exists for further movement. It will be important to reach early agreement on adequate funding for the IDA. Developing countries issues this year will be discussed in particular during the Review of the International Development Strategy which will be taking place in UNCTAD.

Versailles Working Group, environmental protection, better use of natural resources and health research (Points 7 and 10)

18. The projects identified in the report of the Versailles Working Group are being pursued, as explained in the preliminary report to Personal Representatives at Annex B. A progress report may need to be presented to the Summit. The commitment in relation to other matters was in general terms. The Summit may receive a report on the outcome of the Japan Foundation Conference on Life Sciences and Mankind in Hakone on 19-22 March 1984.

Energy (Point 8)

19. The commitment was in general terms. No specific follow-up is envisaged by Personal Representatives.

Continuing work by multilateral organisations on East/West economic relations (Point 9)

20. Work continues in OECD, COCOM, NATO and IEA to keep the situation under review. It is unlikely that a report will be needed.

C. IMPLICATIONS FOR DIRECTION AND THEMES OF LONDON ECONOMIC SUMMIT

21. It is too early to make definite predictions about the broad issues on which attention will focus in London. But, assuming the kind of macro-economic background outlined above, it would be important to convey the message that the strategy agreed at successive summits since the second oil shock and reinforced at Williamsburg has lost none of its relevance. It has already helped to achieve significant gains and represents the best means of making further progress. If so, the aims of the participating countries might remain to:

- achieve and maintain lower inflation. In particular, it will be important that those countries with above average inflation should continue to follow firm policies to reduce ^{and eventually eliminate} it ~~and that~~, as the recovery proceeds, it will be essential to prevent a rekindling of inflationary expectations. The likelihood that non-oil commodity prices will rise, and the need to secure improving profits, both point to the importance of moderating other costs - notably wages and Government-imposed costs if companies are to have the resources for the investment necessary to sustain the recovery;
- maintain prudent monetary policies. This is important for all countries, but especially for those where inflation remains high [or where other policy instruments are less easily used]. In setting monetary policies, however, countries will continue to need to take account of the international environment and particularly the effect on exchange rate stability;
- put structural budget deficits onto a sustainable basis. It will be important, as recovery proceeds, to ensure not only that rising activity is reflected in lower deficits, but also that public spending and tax policies are designed to achieve a suitably moderate and sustainable level of structural deficits;
- promote conditions conducive to productive investment and greater employment opportunities;

Alan doesn't know
what this means

- encourage industrial adaptation and new technology;
- reduce the actual and potential strains on the international financial system created by major debtors. This suggests maintenance of adjustment programmes beyond the short-term and creation of a more stable medium-term financial environment. This might include:
 - further restructuring by commercial banks of debt profiles and longer loan maturities - particularly relevant for major debtors which are either industrialising or resource-rich countries. [It might also include an increased role for the World Bank, with some expansion of facilities and loan techniques. Establishment of a new subsidiary (World Bank bank) is worth active consideration and would be particularly relevant for poorer developing countries without access to commercial markets].
 - encouragement by Governments of removal of remaining constraints on direct investment. Restoration of balance relative to bank flows, reflecting special qualities of project-related funding;
 - wider dissemination by IMF of information or country programmes.

Alan says it would be premature to propose this until the future of the IDA is clearer

22. Against this background the major themes of the London Summit may prove to be:

- the improved prospects for sustained recovery, provided that sound macro-economic policies continue to be pursued;
- progress made so far in resisting and reversing protectionism and proposals for a possible new GATT trade round;
- the strategy for continuing to deal with the problem of international debt, ^{in the long term as well as the short term} the difficulties faced by developing countries, and practical ways of improving the operations of the international financial system;
- and the need for more rapid progress in tackling major environmental hazards.

THE MACRO-ECONOMIC BACKGROUND

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HM Treasury
18 January 1984

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I. DEVELOPMENTS SINCE THE WILLIAMSBURG SUMMIT

The recovery of the world economy has continued since the Williamsburg Summit but progress has been uneven. The very rapid growth of the US economy in the summer and autumn of 1983 has now given way to a slower rate of expansion. Elsewhere, however, the recovery has been muted with renewed modest growth in Japan but output lagging in continental Europe.

Table 1: Activity, inflation and trade in the Summit countries

	(per cent changes)				
	<u>1982</u>		<u>1983</u>		<u>1984</u>
	<u>H1</u>	<u>H2</u>	<u>H1</u>	<u>H2</u>	<u>H1 (est)</u>
GDP	-1½	0	2½	5	3½
Unemployment	7½	8½	8½	8	8
Consumer prices	6¼	6¼	4¼	4¾	5¼
Import volumes	-2¾	-5¼	6½	11	6¾
Current balance (\$bn)	+1½	-16¼	-6	-23¼	-33

2. The recovery of activity in the Summit group as a whole has led to an overall levelling off of unemployment, but this masks different experiences between countries. Unemployment has fallen sharply in North America reflecting the strong rise in output but in continental Europe the number of jobless has continued to increase.

3. The turnaround in activity has been accompanied by a halt to the overall progress that Summit countries have made in reducing inflation. Here again, however, experiences have differed. In the US, prices have risen more rapidly with the ending of temporarily favourable factors in early-1983. France and Italy have continued to make progress, but their inflation rates remain relatively high. In Japan and Germany, inflation has stayed at a low level, while in the UK and Canada it has levelled out at close to the average for Summit countries as a whole.

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4. Increased activity has also brought with it a revival of trade with a sharp reversal of the 1982 falls in major countries' imports. The rise in imports over the past year has been particularly marked in those countries leading the recovery - the US, Canada and the UK. Imports by Japan and the continental European economies have been more sluggish.

5. The rise in Summit countries' imports has run well ahead of the growth of their exports as countries outside the group, particularly both oil and non-oil developing countries, have put in place firm adjustment programmes. As a result, the Summit group has moved from a position of broad current balance in early-1982 to significant deficit. The deterioration reflects very largely the widening US current deficit with Japan and Germany in increasing surplus and France and Italy sharply lowering their own deficits.

Table 2: Activity, inflation and trade in smaller industrial countries

	(per cent changes)				
	<u>1982</u>		<u>1983</u>		<u>1984</u>
	<u>H1</u>	<u>H2</u>	<u>H1</u>	<u>H2</u>	<u>H1 (est)</u>
GDP	$\frac{1}{2}$	$\frac{1}{4}$	$\frac{1}{2}$	2	2
Unemployment rate	10	10 $\frac{1}{2}$	11 $\frac{1}{2}$	12	12 $\frac{1}{2}$
Consumer prices	11 $\frac{3}{4}$	11 $\frac{3}{4}$	10	9	9
Import volumes	$\frac{1}{2}$	-1 $\frac{1}{2}$	-1	4	2 $\frac{1}{2}$
Current balance (\$bn)	-25	-20	-10	-10	-5

6. The recovery in activity in the Summit countries has been accompanied by a modest upturn in output in the smaller industrial countries in the most recent period, but this has not been enough to check rising unemployment. Many countries are still having to take firm adjustment measures to curb inflation which remains appreciably higher on average than in the Summit countries. Nevertheless, the combination of rising demand in smaller countries' major export markets, together with a restrained level

for their own imports has allowed them to halve their current deficit from more than \$20 billion in 1982 to around \$10 billion in 1983.

7. Non-oil developing countries have similarly benefitted from rising external demand and the implementation of tough adjustment measures at home - often with IMF help. Their current account deficit which fell from \$80 billion in 1981 to \$65 billion in 1982, is estimated to have fallen again to around \$45 billion last year. The share of export revenues needed to service their debts fell from about two-thirds to a half as a result of both lower interest rates and rescheduling. Latest estimates suggest that they also began to increase their imports again in the middle of last year.

Table 3: Trade and payments in developing countries

	<u>1981</u>	<u>1982</u>	<u>1983</u>
<u>Non-oil developing countries</u>			
Import volume (per cent changes)	6	-5	-1
Current balance (\$bn)	-80	-65	-45
Debt service/exports (per cent)	50	63	51
<u>Memorandum</u>			
OPEC current balance (\$bn)	50	-15	-17

8. Falling demand for oil and lower oil prices, however, have reduced OPEC countries' export revenues sharply. Their overall current balance has swung from a surplus of \$50 billion in 1981 to a deficit of \$15-20 billion in both 1982 and 1983. This has been financed temporarily by running down net overseas assets but development plans and imports are now being reduced substantially in a number of oil-producing countries'.

II. FEATURES OF THE RECOVERY AND THE ROLE OF POLICY

9. The Summit partners' shared commitment to reducing inflation and following prudent macro-economic policies is tending to bring into play a number of common factors in the recovery. But the progress of individual countries is also being influenced by the speed with which their economies are adjusting to lower inflation and the pace at which policies are being implemented. These are also tending to affect the balance between domestic and external factors in individual economies and the balance of growth within the Summit group as a whole.

Table 4: Nominal GDP, inflation and output in Summit countries

	(per cent changes)		
	<u>1981</u>	<u>1982</u>	<u>1983</u>
Nominal GDP	10	6	7½
GDP deflator	8¾	6½	5
Real GDP	1¼	-½	2½

10. One of the arguments for reducing inflation has been that within a firm financial framework it leaves room for real growth. The rise in Summit countries' overall nominal GDP which slowed unexpectedly sharply in 1982, recovered in 1983. It was also accompanied by a more favourable trade-off between inflation and output with a slower rise in prices leaving more scope for rising real activity.

11. The early stages of the recovery have relied heavily on higher spending by private consumers, increased housebuilding and a turnaround in the stock cycle in the Summit countries as a whole. This is a normal pattern.

12. Lower world oil prices and the weakness of other commodity prices have tended to raise consumers' real incomes in Summit countries, although exchange rate changes have meant that these terms of trade benefits have been uneven. Lower inflation and

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Table 5: Contributions to growth in Summit countries

	(per cent of GDP)		
	<u>1982</u>	<u>1983</u>	<u>1984</u>
Private consumption	$\frac{3}{4}$	2	2
Public expenditure	$\frac{1}{4}$	0	$\frac{1}{4}$
Private housebuilding	$-\frac{1}{4}$	$\frac{1}{2}$	$\frac{1}{4}$
Other private investment	$-\frac{1}{4}$	0	$\frac{3}{4}$
Stockbuilding	$-\frac{1}{2}$	$\frac{1}{4}$	$\frac{3}{4}$
Net foreign balance	$-\frac{1}{2}$	$-\frac{1}{4}$	0
GDP	$-\frac{1}{2}$	$2\frac{1}{2}$	$3\frac{3}{4}$

lower interest rates have also helped the recovery. In particular, they have probably tended to encourage consumers to run down their savings and increase spending in a number of countries.

Table 6: Inflation, interest rates and savings in Summit countries

	<u>1981</u>	<u>1982</u>	<u>1983</u>
Terms of trade (per cent change)	$-1\frac{1}{2}$	2	2
Consumer prices (per cent change)	9	$6\frac{1}{2}$	$4\frac{3}{4}$
3-month interest rate	14	$11\frac{3}{4}$	$9\frac{1}{4}$
Savings ratio	$13\frac{1}{2}$	13	12

13. Monetary developments and their contribution to the recovery have not always been easy to interpret. The modest monetary growth of 1981 and early 1982, was followed by a sharply faster rise in the period to mid-1983, particularly in the United States and Germany. Institutional changes and temporary factors contributed to distort the figures but it is difficult to know what weight to attach to these. The result, however, was a rate of monetary expansion sharply faster than nominal GDP with a fall in velocity. This was accompanied by a marked fall in interest rates in all Summit countries except Japan where nominal rates were already below those elsewhere.

14. In the most recent period, monetary growth in the US and Germany has been more moderate. This, coupled with further progress in slowing monetary growth in France, has helped bring the overall rise in the monetary aggregates for the Summit group as a whole more nearly in line with nominal GDP. Interest rates have in turn shown a relatively firm trend over recent months.

Table 7: Monetary growth and interest rates in Summit countries

	<u>1982</u>		<u>1983</u>	
	<u>H1</u>	<u>H2</u>	<u>H1</u>	<u>H2</u>
Narrow money (M1)	4½	11¾	9¼	7¼
Broad money (M2/M3)	8¾	9¾	11¼	8¾
Money GDP	5½	5½	7½	9½
3-month interest rates	13	10½	9	9½

15. Last year's fall in nominal interest rates was not mirrored in a decline in real interest rates measured in terms of current inflation rates. In the United States, in particular, real interest rates remain high with long-term bond rates around 12 per cent compared to an underlying current inflation rate of 4-5 per cent. Real rates are typically rather lower in most other Summit countries although they, too, are high when the low level of activity is taken into account.

16. The level of budget deficits in Summit countries has risen sharply over the past three years to about 4 per cent of GDP in 1983, and only a modest fall seems likely this year. This compares with an average level of 2 per cent in the 1970s and about ½ per cent in the late-1960s.

17. These figures, however, are strongly influenced by the level of activity in individual countries. These help to mask a divergence in the pace at which countries are implementing the common policy of reducing structural deficits. This in turn helps to explain the uneven pattern of recovery in the Summit countries.

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Table 8: General government budget deficits (per cent of GDP)

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
US	-1	-3 $\frac{3}{4}$	-3 $\frac{3}{4}$	-3 $\frac{3}{4}$
Canada	-1	-5 $\frac{1}{4}$	-5 $\frac{3}{4}$	-5
Japan	-4	-4	-3 $\frac{1}{2}$	-2 $\frac{1}{2}$
Germany	-4	-3 $\frac{1}{2}$	-3	-2
France	-2	-2 $\frac{1}{2}$	-3 $\frac{1}{2}$	-3 $\frac{3}{4}$
Italy	-11 $\frac{3}{4}$	-12	-12	-12 $\frac{1}{2}$
UK	-2 $\frac{3}{4}$	-2	-2 $\frac{3}{4}$	-2 $\frac{1}{4}$
Summit average	-2 $\frac{1}{2}$	-4	-4	-3 $\frac{3}{4}$

18. In the United States the underlying structural deficit has risen in the past two years and is expected to rise further in 1984. Canada, too, has seen some underlying increase. All other Summit countries, however, have on balance been reducing their underlying deficits. The UK moved early in this direction. Japan and Germany have also made substantial progress, and France in turn is now reducing its structural deficit. Progress is similarly being made in Italy - albeit from a significantly higher level than elsewhere.

Table 9: Cyclically-adjusted changes* in budget deficits

	<u>1982</u>	<u>1983</u>	<u>1984</u>
US	-1 $\frac{1}{4}$	- $\frac{1}{2}$	- $\frac{3}{4}$
Canada	0	- $\frac{3}{4}$	0
Japan	0	1	1
Germany	1 $\frac{3}{4}$	1 $\frac{1}{2}$	1 $\frac{1}{4}$
France	$\frac{1}{4}$	- $\frac{1}{4}$	$\frac{3}{4}$
Italy	1	1 $\frac{1}{2}$	$\frac{3}{4}$
UK	1 $\frac{3}{4}$	- $\frac{1}{2}$	$\frac{1}{4}$
Summit average	$\frac{3}{4}$	$\frac{1}{2}$	$\frac{3}{4}$

(* - = move towards deficit).

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19. The US deficit has helped to encourage the recovery of domestic demand. In particular, tax rate reductions have meant that tax payments have lagged behind incomes tending to boost the spending power available to consumers. By contrast, tax receipts in other Summit countries have tended to take an increased share of households' incomes restraining their spending in the interests of controlling Government budget deficits.

20. The divergence between the US and other Summit countries has been reflected in US imports rising more rapidly than exports. The US has thus been providing a fillip to demand in the rest of the world equivalent to about 1 per cent of US GDP a year in the period 1981-84. The recoveries in the UK and Canada have also added to demand elsewhere with other Summit members among the beneficiaries.

Table 10: Current balances (\$ billion annual rates)

	<u>1982</u>		<u>1983</u>	
	<u>H1</u>	<u>H2</u>	<u>H1</u>	<u>H2</u>
US	4	-26	-27	-59
Canada	1	4	3	3
Japan	8	6	19	26
Germany	2	5	5	5
France	-12	-12	-10	-1
Italy	- 6	-5	2	1
UK	6	13	1	2

21. The US has moved into significant current account deficit and the UK has shown a reduced surplus while other Summit countries have generally improved their payments positions with increased surpluses in Japan and Germany, together with lower deficits in France and Italy.

22. The dollar exchange rate has remained firm despite the deterioration in the US current balance. Its effective rate has risen by 11 per cent over the past year. Among the factors cited

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have been the high rate of return on both real and financial assets in the US. A number of special factors may also have been important including the US relative success in reducing inflation, the flight of capital from problem areas and the after-effects of the relaxation of exchange controls in the UK and Japan.

III. THE PROSPECTS FOR SUMMIT COUNTRIES IN 1984 AND 1985

23. Most forecasters assume that the major countries will continue to follow prudent macro-economic policies. Among the Summit countries, several members - the US, Germany and France - have already announced monetary targets for 1984 below those for 1983. Achievement of these objectives, alongside similarly moderate monetary growth in other major countries, would seem to imply a continuation of the slower rate of expansion seen in the latter part of last year.

24. The thrust of budgetary policies in most Summit countries is also still moving to reduce underlying structural deficits. The combination of these policies with resumed growth should allow actual deficits to fall. The reduction in the US, however, seems likely to be relatively small and the structural component to become more important.

Table 11: Prospects for activity, inflation and trade in Summit countries

	(per cent changes)		
	<u>1983</u>	<u>1984</u>	<u>1985</u>
GDP	2½	3¾	2½-3
Unemployment rate	8¼	7¾	7½-8
Inflation	4¾	5	5-5½
Import volumes	4½	7½	6-7
Current balance (\$bn)	-15	-40	-45-50

25. The prospects for the next year or so on the basis of existing policies in the Summit countries are for a continuation of the recovery. The pace, however, is likely to be moderate and some

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unevenness between countries will remain. Growth in North America should continue but at a slower rate than in the earlier phase of the upturn. Activity seems likely to rise in Japan and the continental European economies - although in some cases strong growth may not be evident until the turn of the year. The UK seems likely to continue to show moderate growth.

26. The rise in activity in the Summit group as a whole may still not be rapid enough to bring any marked reduction in unemployment. Some further decline seems likely in North America but at least some European countries may see further increases.

27. The prospects for a relatively modest rise in output by past standards, coupled with a continued high level of unemployment in many countries, seem likely to be consistent with avoiding any sharp resurgence of inflation. Some modest pick-up may be evidence in the US but other Summit countries may either manage to keep inflation close to present levels or even achieve some reduction.

28. The continued rise in activity in the major countries should be accompanied by a further increase in their imports, helping to underpin the recovery of world trade. The rise in imports into the US - reflecting both relatively strong domestic growth and the lagged effects of past competitiveness losses - seems likely to be a continued expansionary factor for other countries.

29. The Summit group as a whole seems likely to remain in significant current deficit with the rest of the world - in contrast with its traditional position of surplus. The US will remain in substantial deficit with Japan and Germany in surplus.

30. Particular uncertainties surround the prospects for interest rates and exchange rates. The prospect of moderate growth and inflation in the Summit group as a whole coupled with firm budgetary policies should be factors helping to reduce the risk of an early rise in interest rates. In the US the prospective moderation in the rate of output growth will also tend to check interest rate pressures but any recovery in inflation - particularly if allied

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to concern about financing the budget deficit - could work in the opposite direction.

31. The extent to which any US interest rate pressures affect other countries will depend at least partly on the development of the dollar. Continued strength of the dollar will face others with the choice between following any US interest rate moves or allowing their exchange rates to fall. But an easing of the dollar might allow others greater scope for lower interest rates.

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Table 2: Output in Summit countries

	(Per cent changes annual rates)		
	<u>1983</u>	<u>1984</u>	<u>1985 (H1)</u>
US	3½	5	3
Canada	3	5	2½
Japan	3	4	3
Germany	1¼	2	2¼
France	½	0	1½
Italy	-1½	2	1¼
UK	2½	2¼	2
Summit 7	2½	3¾	2¾

Table 3: Consumer prices in Summit countries

	(Per cent changes annual rates)		
	<u>1983</u>	<u>1984</u>	<u>1985 (H1)</u>
US	4	5¼	5¾
Canada	6	5	5¼
Japan	1½	1½	2¼
Germany	3	3¼	3½
France	9¼	7¼	6
Italy	14¾	12	10
UK	6	6	5¼
Summit 7	4¾	5	5¼

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Table 4: Current balances in Summit countries

(\$ billion annual rates)

	<u>1983</u>	<u>1984</u>	<u>1985</u> (H1)
US	-43	-82	-99
Canada	3	1	0
Japan	23	32	36
Germany	5	6	7
France	-5	1	4
Italy	2	1	2
UK	2	3	3
Summit 7	-15	-39	-47

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IV. PROSPECTS FOR DEVELOPING COUNTRIES

32. The recovery in industrial countries' markets, together with a rising demand for raw materials, should allow non-oil developing countries to improve both the volume and price of their exports. This should enable them to finance a rising level of imports while still sustaining the recent improvement in their current balance of payments.

Table 14: Non-oil developing countries' payments and financing (\$bn)

	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>Current balance</u>	-65	-45	-40	-45
Financed by:				
Commercial banks	20	14	15	16
Direct investment	9	9	10	12
International agencies (including IMF)	19	18	19	19
Other	12	12	10	14
Change in reserves	-5	7	14	18
<u>Memorandum items</u>				
Import volumes (per cent change)	-7	-1	6½	7
Reserves/imports (per cent)	24	26	29	30
Debt services/exports (per cent)	63	51	50	44

33. The prospects for financing flows to developing countries remain uncertain. But their gradually improving position may perhaps be expected to encourage commercial banks to continue lending at least at the comparatively low levels of recent years. This, together with continued support from the international financial institutions, seems likely to allow developing countries not only to cover their current deficits but also to begin to rebuild reserve levels.

34. The ratio of their reserves to their imports could return towards the average of the late-1970s - around 30 per cent. At the same time, the share of their export revenues needed to service

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their debts could also continue to fall.

Table 15: Effects of slower world growth or higher interest rates on LDCs (\$bn)

	<u>1st year</u>	<u>2nd year</u>	<u>3rd year</u>
1 per cent a year slower GSP growth in OECD			
(a) Export volume	-5	-10	-15
(b) Terms of trade	-2	-3½	-6
1 per cent higher interest rates	1¾	2	2¼

35. Developing countries are of course particularly vulnerable to developments in the OECD countries. Slower OECD growth would reduce both the volume and price of LDC exports. A slowdown of 1 per cent a year in OECD output, for example, might reduce LDC export earnings by \$6-7 billion immediately, rising to around \$20 billion after three years. This would reduce their capacity to import or to service their debts, and would put further pressure on their depleted reserves. Similarly higher interest rates would also offset LDCs adversely with a 1 per cent increase in rates raising their debt service costs by about \$2 billion a year.

36. It is important to remember, however, that these effects may not always be cumulative. Lower OECD growth, for example, may be accompanied by lower rather than higher interest rates. It may also lead to lower oil prices which benefits oil-developing countries even though oil-exporting countries are adversely affected. A broad conclusion, however, might be that prospects for trade and commodity prices are perhaps the most important factors for the LDCs.

37. It has been suggested that liberalisation of industrial countries' trade barriers could increase debtors' export earnings and contribute to easing their financial problems. A 50 per cent increase in the exports of the major nine debtors currently subject to restraint - both agricultural goods and manufactures - might raise their export receipts by about 4 per cent. The main beneficiaries would be Argentina, Brazil, the Philippines, South Korea and Yugoslavia.

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V. THE OIL MARKET AND OPEC

38. World demand for oil which fell by almost 20 per cent between 1979 and 1982, appears to have levelled off last year. The reduction in oil demand was borne wholly by OPEC suppliers since production by countries outside OPEC increased their production. The fall in demand for oil has led to weaker prices so that in real terms prices are some 15-20 per cent below their 1981 peak.

Table 16: Oil demand and supply (millions of barrels a day)

	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
World oil demand	43	43	44	45
Non-OPEC output	23	24	24	24
OPEC	20	19	20	21
Oil prices (\$ barrel)	34	30	29	29

39. The recovery of world activity may be expected to increase demand for oil and the levelling-off of non-OPEC production will mean that this extra demand is reflected in rising OPEC output. This, however, is likely still to remain some way below OPEC capacity. In these circumstances the overall oil market may continue weak at least for the next year or so with a risk of a fresh sharp upsurge in prices - at least from economic factors - correspondingly reduced.

40. The reduction in OPEC countries' oil revenues has already led to a sharp turnaround in the group's current balance, from a surplus of more than \$100 billion in 1980 to deficits of \$20-30 billion in 1982 and 1983. In consequence, OPEC countries have been forced to reduce sharply their imports and this process appears to be continuing. The group may be able to finance modest deficits temporarily from the assets accumulated between 1978 and 1981 but most oil producers are likely to have to make further economies and restrain imports which will be a factor holding back the overall growth in world trade.

no

Prime Minister.

①



Agree that the Post

Office should be asked to

Ref. A084/401

MR COLES ✓

Yes not produce a stamp?

A.S.C. 6/2

London Economic Summit 1984: Commemorative Stamp

We have been discussing with the Post Office the possibility of the Post Office issuing a special stamp to mark the Economic Summit.

2. The Post Office could not, at this notice, produce a complete series of special stamps, but they would be prepared to produce one stamp, probably of a high denomination, if the Prime Minister would like that. They would certainly not lose money on such an issue, and the cachet and publicity would be considerable.

3. I therefore seek the Prime Minister's agreement that we should ask the Post Office to produce a special stamp for the Summit, preferably in a denomination which will be used on letters going overseas. If she agrees, we shall discuss a design with the Post Office and show it to her in due course.

RA

ROBERT ARMSTRONG

3 February 1984

CONFIDENTIAL

OO BONN
GRS 374
CONFIDENTIAL
FM F C O 021100Z FEB 84
TO IMMEDIATE BONN
TELEGRAM NUMBER 71 OF 02 FEBRUARY 1984
AND TO IMMEDIATE OTTAWA, PARIS, ROME, TOKYO, WASHINGTON,
UKREP BRUSSELS.
FOLLOWING RECEIVED FROM CABINET OFFICE AS MISC 34.

16946 - 1
Mr Cohen
AB
DMS
3/2
h-a.

ECONOMIC SUMMIT 1984.

PLEASE PASS SOONEST TO CHANCELLOR'S PERSONAL REPRESENTATIVE,
DR TIETMEYER. (COPY ADDRESSEES PLEASE PASS TO OTHER PERSONAL
REPRESENTATIVES: MARCHAND (CANADA), ATTALI (FRANCE), RUGGIERO
(ITALY), MOTONO (JAPAN), WALLIS (US), DURIEUX (COMMISSION).

BEGINS

MY DEAR COLLEAGUE,

WE HAVE BEEN GIVING THOUGHT TO THE GROUND RULES
WHICH WE MIGHT ADOPT FOR CONTACT WITH THE PRESS DURING THE SUMMIT.
IT WOULD BE HELPFUL IF WE COULD HAVE A FIRST DISCUSSION ABOUT
THIS MATTER AT OUR FEBRUARY MEETING. BASED ON THE EXPERIENCE OF
PREVIOUS SUMMITS, WE PROPOSE THE FOLLOWING GROUND RULES FOR
LONDON:

(I) BEFORE THE SUMMIT BEGINS EACH DELEGATION WILL DESIGNATE
SPOKESMEN AS ON THE RECORD BRIEFERS DURING THE SUMMIT. THERE WILL
BE NO LIMIT ON BACKGROUND BRIEFERS.

(II) BEFORE THE CONCLUSION OF EACH HEADS OF STATE/GOVERNMENT
OR MINISTERIAL SESSION, PARTICIPANTS WILL AGREE ON HOW THEY WILL
REPRESENT THEIR DISCUSSION TO THE PRESS.

1

CONFIDENTIAL

CONFIDENTIAL

16946 - 1

(III) THE FIRST MINISTERIAL BRIEFING AFTER EACH SESSION SHOULD BE BY THE HOST COUNTRY, IF THEY SO CHOOSE, ON THE BASIS OF AGREED COMMON GUIDANCE.

(IV) SUBJECT TO THE ABOVE, PARTICIPATING MINISTERS MAY GIVE OFFICIAL BRIEFINGS OR MEDIA INTERVIEWS, DURING THE CONFERENCE.

(V) HEADS OF STATE/GOVERNMENT WILL NOT GIVE ANY MEDIA INTERVIEWS (PRESS, RADIO OR TELEVISION) FROM THE TIME OF THEIR ARRIVAL IN LONDON FOR THE START OF THE SUMMIT UNTIL AFTER THE CONCLUDING PRESS CONFERENCE, AT WHICH THE PRIME MINISTER OF THE UNITED KINGDOM WILL READ A JOINT STATEMENT. THEREAFTER HEADS OF STATE/GOVERNMENT WILL BE FREE TO GIVE THEIR OWN INTERVIEWS AND BRIEFINGS. EXCEPTIONS WOULD, OF COURSE, BE MADE FOR EMERGENCIES: E.G. A NATIONAL CRISIS AT HOME.

2. THE PRESS CENTRE WILL BE SET UP AT THE CONNAUGHT ROOMS IN CENTRAL LONDON, 15 MINUTES DRIVE FROM LANCASTER HOUSE, IT SHOULD BE ABLE TO ACCOMMODATE ALL NATIONAL BRIEFINGS IN SEPARATE SUITES OF ROOMS, IF NECESSARY SIMULTANEOUSLY, ALONG WITH CENTRAL SERVICES FOR VISITING JOURNALISTS.

WITH BEST WISHES
ROBERT ARMSTRONG

ENDS
HOWE

ECONOMIC SUMMIT
LIMITED

ERD	PS
ESID	PS/LADY YOUNG
WED	PS/MR RIFKIND
FED	PS/MR WHITNEY
NAD	PS/MR RAISON
ECDs	PS/PUS
PLANNING STAFF	SIR J BULLARD
TRED	SIR C TICKELL
ES & SD	MR HANNAY
EED	MR J THOMAS
SOVIET D	MR DONALD
NEWS D	MR HAYES
PROTOCOL D	MR ADAMS
	MR BARRINGTON 2

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10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG
CABINET OFFICE

Economic Summit : Terrorism

The Prime Minister has seen your minute of 31 January.

She has commented that she herself will wish to decide whether to pursue with the other participants in the Summit the idea of an initiative on terrorism. Following the next meeting of Personal Representatives, therefore, the Prime Minister will be grateful for advice on the thinking of the other countries involved, and on the possible purpose and scope of such a declaration. She will then consider whether she wishes a suitable item to be included in the Summit agenda.

A. J. COLES

2 February 1984



10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

London Economic Summit

The Prime Minister has seen your minute of 30 January and has taken the following decisions:

- (a) She will greet the Heads of State and Government on her own at Kensington Palace.
- (b) She will greet President Reagan when he arrives on 4 June.
- (c) Meetings of Heads of Government should take place in the Music Room at Lancaster House.
- (d) The plenary lunch on 9 June should be held in the State Dining Room at Lancaster House and the separate working lunch hosted by the Prime Minister on 8 June should be held in the East Dining Room.
- (e) The Prime Minister does not wish to visit Lancaster House to examine these arrangements.
- (f) There should be note-takers at all sessions, though not at meals.
- (g) No recordings should be made of the discussions.
- (h) On the first day there should be a meeting for Heads of State or Government only, followed by a plenary in the afternoon (i.e. the Williamsburg pattern).
- (i) The President of the European Commission may attend all the meetings and meals attended by the Heads of State or Government.
- (j) There should be a photocall in Downing Street before dinner on 7 June.
- (k) The Prime Minister wishes this meal to be completed by 9.30 p.m. so that her guests may watch the Beating of the Retreat from No. 10 over coffee.

/ (1) Spouses

CONFIDENTIAL

-2-

- (l) Spouses of Heads of State and Government should be invited to the final banquet - but not spouses of other Ministers.
- (m) The final press conference should be held at the Guildhall.

A. J. COLES

1 February, 1984

CONFIDENTIAL

020
Ref. A084/351

MR COLBY ✓

Prime Minister.

I think this is an issue on which you should take the decision.

Yes Mr
Ray & say that following the Sherpa meeting you would like advice on the wishes of other countries, and the purpose and scope of a declaration — and that you will then decide whether to pursue it with other countries. ASC 1/2

You sent me recently a copy of the message which the President of the United States had sent to the Prime Minister about the need for a multilateral initiative on terrorism.

2. The Prime Minister will wish to know that the State Department have given notice that for internal political reasons the United States Government will want some sort of declaration against terrorism at the Economic Summit.

3. The Prime Minister will remember that terrorism was discussed at some earlier Summits, in the wake of particular incidents. Declarations were issued at the Bonn Summit in 1978 and at the Venice Summit in 1980 about hijacks and incidents involving diplomats. This year the Americans will look for a broader declaration condemning terrorism in all its forms and committing the Summit countries to co-operate more widely against international terrorism.

4. This is not a wholly welcome development. The record of previous Summit declarations on terrorism for effectiveness has not been very good. Terrorism is in any case a peripheral subject for discussion at Summits; there is a danger that a denunciation of terrorism issued by the London Summit, known to have resulted from an American initiative, would be seen as a condemnation of Iran, Syria, Libya and the PLO, and by implication as an endorsement of American policy on the various disputes in which they are involved. Other Summit participants may well not be very keen to become involved in this way.

5. The next step lies with the Americans. If they raise it at the meeting of Personal Representatives next month, we shall have an opportunity of judging the reactions of other countries. At this stage I would propose to adopt a neutral position: I should not myself be urging the inclusion of terrorism in the Summit agenda, but equally I should not propose to stand in the way, in the perhaps unlikely event of a general agreement to proceed.

RIA
ROBERT ARMSTRONG

31 January 1984

Ref. A084/326

MR COLES

London Economic Summit

There are a number of matters relating to the organisation of the London Economic Summit on which I would welcome the Prime Minister's guidance.

Arrivals and Departures

2. The Lord Chamberlain has approved on The Queen's behalf the use of Kensington Palace Gardens and the Orangery for the formal arrival ceremonies. Delegations will be met on arrival at Gatwick by a senior Minister (the Foreign and Commonwealth Secretary is being approached to see if he would like to do this himself), but it would be appropriate for the Prime Minister as host of the Summit to greet the Heads of State and Government on her own at Kensington Palace. Detailed arrangements for the departures will have to be made nearer the time, when we have more information about the plans of the various leaders, but this will involve only limited ceremony and I do not think that it will be necessary for the Prime Minister to see the leaders off individually; this might perhaps be done by a Minister of State from the Foreign and Commonwealth Office.

3. President Reagan is, as you know, planning to arrive from Ireland, before the other leaders, on 4 June, and it would be appropriate for the Prime Minister to greet him then in the same manner as she would greet the other leaders. The President will be staying at Winfield House, and it would be a comparatively simple matter for a helicopter to touch down at Kensington Palace for a brief arrival ceremony en route from the airport (which in this case may well be Heathrow). We understand that this is likely to be acceptable to the Americans; the Prime Minister's greeting of the President at Kensington Palace should provide a good opportunity for a photocall.

Meetings at Lancaster House

4. It is proposed that meetings of Heads of Government should take place in the Music Room at Lancaster House. The only other

setting which would be at all comparable would be at the window end of the Long Gallery, but the Long Gallery will in any case be required for the plenary sessions, and it would be better for the Heads of Government to meet in the Music Room which would provide an impressive and yet comparatively informal setting. The meetings of Foreign Ministers and Finance Ministers could then take place in the Drawing Room and the Long Gallery (in addition to the plenary sessions).

Yes

5. The plenary lunch on 9 June would be held in the State Dining Room at Lancaster House. So far as the separate working lunches on 8 June for the three groups of Ministers are concerned, the State Dining Room is perhaps rather large for Heads of Government on their own but could accommodate both Foreign and Finance Ministers at separate tables; that would leave the East Dining Room for the Prime Minister's lunch. I should be grateful to know whether the Prime Minister would be content with this arrangement. If she would like to go over these points at Lancaster House, I would gladly arrange for her to go there for half-an-hour one day to case the joint.

Prime Minister

Content?
A.S.C. 2/1

Yes
Do you want to?

No

Note-takers

6. It would be useful to know whether the Prime Minister wishes to have note-takers at all sessions, including the restricted sessions of Heads of State or Government only. She will remember that the first session of Heads of State or Government only at Williamsburg was without any note-taker other than President Reagan himself. The Americans felt that this made for a more uninhibited discussion, but in the subsequent session, when Foreign Ministers and note-takers were present, the discussion did not appear to be exactly inhibited. I propose that we should make provision for note-takers at all sessions (though not of course at meals); if the Heads of State or Government decide to dispense with them at any session, they can readily do so.

Prime Minister

Agree?
A.S.C. 2/1

Yes

7. This also raises the question whether recordings should be made of any of the formal sessions. No recordings were made in London in 1977 and the Americans apparently did not make any at

Williamsburg although they have subsequently suggested that it might have been useful if they had done so. It would be a relatively simple technical matter to arrange, through the interpretation facilities, but I doubt whether there would be any real advantage, and I suggest that it would be contrary to the spirit and informality of the proceedings.

Prime Minister
Agree?
A.S.C.T

No recordings.

Timetable

8. A rough timetable for the first full day of the Summit, ie 8 June, might be as follows:

0930	Photocall
1000	Morning Session
1230	Break for Lunch
1300	Lunch
1430-1700	Afternoon Session

The programme of 9 June will be very similar, except that the morning session could begin directly at 0930, and if an afternoon session is needed it will have to come to an end in time for the press conference.

9. I should appreciate the Prime Minister's guidance on whether she intends to begin with a plenary session on the first morning or whether she wishes to begin with a meeting for Heads of State or Government only, with a plenary in the afternoon, as was the pattern at Williamsburg ~~in the morning~~ (with perhaps a short period at the end of the morning in which Heads of State or Government report their conclusions to Foreign Ministers and Personal Representatives and give directions for the line to be taken by whoever is to brief the press (presumably the Foreign and Commonwealth Secretary)). If the Prime Minister does decide (as I would recommend) to follow the Williamsburg precedent, it would be sensible to have two photocalls for the benefit of the press, one for the Heads of Government in the morning and another for all the participating Ministers before the first plenary session in the afternoon.

Agree?
Yes
no

President of the European Commission

10. It seems to have become established custom for Monsieur Thorn to attend all the meetings and meals attended by the Heads of State or Government. I should be grateful for the Prime Minister's confirmation that he should do likewise this year.

Agree?
Yes

Prime Minister's Dinner: 7 June

11. The dinner at No 10 on the evening of 7 June will provide the first opportunity for a photocall for all the Summit leaders. It is suggested for the Prime Minister's agreement that we should arrange a photocall in Downing Street before that dinner.

Agree?
Yes

CONFIDENTIAL

Prime Minister.

I suggest you aim to complete the meal by 9.30 and then let your guest wait the retreat from No. 10 over coffee. Agree?

Yes not

A.S.C. 1

12. A performance of Beating the Retreat will be taking place on Horse Guards Parade that evening at 9.30 pm. This should be an impressive occasion, especially under floodlights, and the Prime Minister might like to invite her fellow Heads of Government to watch the display. Security problems would make it very difficult to take the leaders into the stands on Horse Guards Parade, but they could watch the occasion from the windows of the Cabinet Office. If the Prime Minister decides that she would prefer not to pursue this suggestion, I should be grateful if you would confirm that she does not consider that the Beating the Retreat will interfere with the dinner in No 10 (which would, of course, be on the opposite side of the building to Horse Guards Parade).

Prime

The Queen's Banquet: 9 June

13. I shall shortly be writing to Sir Philip Moore to confirm the plans for the Banquet to be given by The Queen on 9 June, which is likely to be at Buckingham Palace rather than Windsor. I assume that the Prime Minister would wish spouses of the Heads of State and Government to be invited to the final Banquet as was the case at Williamsburg last year. I believe that we should follow previous practice and not invite spouses of other Ministers, but I should appreciate the Prime Minister's confirmation on this point. We shall need to make it clear in advance whether or not spouses are to be invited, as the prospect or otherwise of attending a Royal Banquet will no doubt be a determining factor in whether other spouses wish to come to London to the Summit.

Agree? Yes

Agree? Yes

Final Press Conference

14. We have been pursuing the Prime Minister's idea that we might use the Guildhall for the final press conference. It is well suited for the purpose, and available on 9 June, and they will be delighted to have us. There is no question that it would be an impressive and fitting venue. I therefore propose that we should settle on the Guildhall.

Agree? Yes not

RA

ROBERT ARMSTRONG

30 January 1984

CONFIDENTIAL

ELON PA
London Summit
Pt 12



CONFIDENTIAL

CONFIDENTIAL

Sub

WJL



10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

LONDON ECONOMIC SUMMIT: DEBT ISSUES

Thank you for your minute of 27 January.

① BF |

The Prime Minister could receive the Ecuadorian Foreign Minister during his visit to London. The most convenient time would be from 1600 to 1630 on Monday, 20 February. I should be grateful if you could establish whether this time would be convenient.

I am copying this minute to Roger Bone (Foreign and Commonwealth Office).

A. J. COLES

30 January 1984

CONFIDENTIAL

NF

Caroline.

Can you offer a ~~date~~ time
between 15 and 27 February?

A.J.C. $\frac{20}{1}$

Monday 20 = Feb
1600 - 1630

OK.

- 30/1



10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

Economic Summit 1984: Commercial Sponsorship

Thank you for your minute of 19 January and the attached paper containing suggestions for the use of commercial sponsorship for the Economic Summit in June.

As you know, the Prime Minister asked me to establish what we had done in this respect on the occasion of the last Summit. Mr. Hatfield told me that there had been no commercial sponsorship on that occasion.

The Prime Minister has now expressed the view that commercial sponsorship is acceptable provided that it is on a basis of either loans of equipment or provision of equipment at cost price. You will wish to consider how this affects the various proposals in the paper annexed to your minute.

A. J. COLES

30 January 1984

Agree to receive Ecuador Foreign
Minister on Economic Summit business?

Ref. A084/314

MR COLV~~S~~

A-J-C. 30.

Yes not

London Economic Summit: Debt Issues

A Latin American Economic Conference was held in Quito from 9 to 14 January. The President of Ecuador is nominating special representatives to visit the seven Economic Summit countries to communicate its results. Our Ambassador has been asked whether the Prime Minister could receive the Ecuadorian Foreign Minister, Senor Luis Valencia, between 18 and 27 February.

2. The Federal Chancellor and Signor Craxi have (we understand) already agreed to receive Senor Valencia. We do not know how other Summit partners will respond to President Hurtado's initiative, although we understand that President Reagan has been recommended to see the emissary going to North America. As host the United Kingdom has a special responsibility for preparing the substantive issues to be discussed, and I think it would be appropriate for the Prime Minister to see him at either the beginning or end of his tour. The Foreign and Commonwealth Office concur in this advice. We do not want to encourage a continuous stream of visitors. But the emissary chosen demonstrates the importance attached to this issue in Latin America. To reject the President's initiative would, I think, send the wrong signal to Latin America about our attitude.

3. The Quito conference made no call for joint debt renegotiations, some of the larger debtors having made clear beforehand that they would not tolerate it. But the conference reiterated the calls being made in Latin America for a list of criteria to govern debt renegotiation, including, for example, a limitation of debt service ratios to a percentage compatible with adequate internal productive activity. Although we would not accept this, the outcome represents a defeat for the hardliners in Latin America on debt; and I think we need now to give further encouragements to the moderates. We can achieve this by continuing to put across our own views on the relationship of



external debt to wider economic issues. A call by the Ecuadorean Foreign Minister on the Prime Minister would enable her to put that message across at the highest level.

4. If the Prime Minister agrees in principle to see Senor Valencia, we should frame her acceptance in terms of receiving the emissary in her capacity of host to this year's Economic Summit. We should suggest that the emissary visit the United Kingdom at the beginning or end of his tour. No doubt you would give me an indication of possible dates and times.

RP

Approved by
ROBERT ARMSTRONG
and signed in his absence.

27 January 1984

PRIME MINISTER

ECONOMIC SUMMIT: COMMERCIAL SPONSORSHIP

You asked (attached minute) what we had done in respect of commercial sponsorship on the last occasion. The answer is that there was none. It was a smaller affair and the habit of commercial sponsorship had not yet been adopted.

Are you now content for Sir Robert Armstrong to proceed as proposed in the enclosure to his minute of 19 January?

A.J.C.

28 January, 1984

I think loan
and cost price
would be all right,
ms

NB 4R

INTERNATIONAL TRADE UNION DELEGATION

Thursday 31.5.84

PRIME MINISTER

WHITSUN RECESS

As you gathered from our diary meeting yesterday this is fast slipping away. You are going to Banbury on Wednesday 30th where you will be making a major European speech.

On a separate though related subject I believe you are aware that you have been asked to receive an international trade union delegation before the Economic Summit.

The TUC have rung suggesting Thursday 31 May as a possible date. This is the day after your visit to Banbury but still during the recess. If this is the only date when the delegation can be got together in London I suppose we will have to comply. But I have asked the TUC to look at Monday 4th - admittedly, the day the House reassembles and possibly the day that President Reagan arrives. But at least it will not interfere with the recess. Content?

CR. I think I would rather not

have that day

25 January 1984

Rang Mr Lee
asked him to
look again at
31 May
CR. Perhaps 31 May would
be better not
too crowded.

MRS. RYDER

INTERNATIONAL TRADE UNION DELEGATION

I recently wrote to the Assistant Secretary-General (Mr. David Lee) of the TUC stating that the Prime Minister would receive an international trade union delegation before the Economic Summit. The members of the delegation have to be gathered from abroad and it may not be easy to fix a date.

Mr. Lee rang me today to suggest the morning of 31 May. I said that we would ring him back and, if that date was not convenient, suggest alternatives. Could you kindly fix a time with him - I think you ought to allow up to an hour since they are coming from abroad.

• A.J.C.

24 January 1984



JEK

10 DOWNING STREET

23 January 1984

From the Private Secretary

Dear Ambassador,

The Prime Minister has asked me to thank you for your letter of 20 January enclosing the text of a message from the Prime Minister of Japan.

Yours sincerely

A. J. Lala.

His Excellency Mr. Tsuyoshi Hirahara

JK

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T16/84

ce MASTER
ops

EMBASSY OF JAPAN
UNITED KINGDOM

London, 20th January 1984

✓ Please copy this letter
and enclose to:-

Mr. Hatfield

Mr. Bone

Mr. Kerr.

Dear Prime Minister,

A. J. C. 23
1

Prime Minister Yasuhiro Nakasone
has asked me to forward the text of a message
he is sending to you.

... I have much pleasure in enclosing
this message herewith.

Yours sincerely,

Tsuyoshi Hirahara

Tsuyoshi Hirahara
Ambassador

The Rt.Hon. Margaret Thatcher, MP,
Prime Minister and First Lord of the Treasury,
10 Downing Street,
London, S.W.1.

JANUARY , 1984

DEAR PRIME MINISTER,

THANK YOU BERY MUCH FOR YOUR MESSAGE OF LAST DECEMBER CONCERNING THE LONDON ECONOMIC SUMMIT.

IN VIEW OF OUR TASK THIS YEAR TO SEEK WAYS TO ATTAIN YET GREATER GROWTH AND VITALITY OF THE WORLD ECONOMY, I COONSIDER IT VERY TIMELY THAT THIS YEAR'S SUMMIT WILL BE HELD, AS A RESULT OF YOUR EFFORTS, FROM 7 TO 9 JUNE IN LONDON. I AM DELIGHTED TO ACCEPT YOUR KIND INVITATION, AND ASSURE YOU THAT I SHALL DO EVERYTHING I CAN IN COOPERATION WITH YOU TO MAKE THE SUMMIT SUCCESSFUL.

AT THE WILLIAMSBURG SUMMIT, HELD AGAINST A BACKGROUND OF ECONOMIC RECOVERY, ALBEIT A SLOW ONE, IN A NUMBER OF THE INDUSTRIALIZED COUNTRIES, WE STRENGTHENED OUR UNITY AND OUR RESOLVE TO COOPERATE WITH ONE ANOTHER TO ACHIEVE 'SUSTAINED ECONOMIC GROWTH'. I BELIEVE THAT THE LONDON ECONOMIC SUMMIT WILL BE A VERY IMPORTANT OPPORTUNITY TO CONSOLIDATE THE ECONOMIC RECOVERY WHICH HAS GAINED MOMENTUM SINCE THE LAST SUMMIT MEETING AND TO GIVE A STRONG ADDED IMPETUS TO RECOVERY FOR THE WORLD ECONOMY. LET ME SAY THAT IT IS EXTREMELY ENCOURAGING THAT, UNDER YOUR LEADERSHIP, THE BRITISH ECONOMY IS ENJOYING SUCH STEADY IMPROVEMENT. OF COURSE, DESPITE THE ECONOMIC RECOVERY IN INDUSTRIALIZED COUNTRIES, THERE ARE STILL MAJOR PROBLEMS IN THE WORLD ECONOMY. IN MY OPINION, IT IS MOST IMPORTANT THAT WE, THE HEADS OF STATE AND GOVERNMENT OF THE SEVEN NATIONS AND THE PRESIDENT OF THE COMMISSION OF THE EUROPEAN COMMUNITIES, SHOULD HAVE VERY FRANK EXCHANGE OF VIEWS AND FORMULATE ADEQUATE SOLUTIONS TO THESE PROBLEMS.

I AM ENTIRELY I AGREEMENT WITH YOU REGARDING THE ORGANIZATION AND FORMAT OF THE MEETING. I HAVE INSTRUCTED MY PERSONAL REPRESENTATIVE, DEPUTY MINISTER FOR FOREIGN AFFAIRS MORIYUKI MOTONO, TO DO EVERYTHING POSSIBLE TO ENSURE THAT THE COMING SUMMIT SHALL HAVE FRUITFUL RESULTS, WORKING WITH YOUR PERSONAL REPRESENTATIVE ALONG THE LINES YOU SUGGESTED.

I LOOK FORWARD TO YET MORE FRUITFUL EXCHANGE OF VIEWS WITH YOU, AND HOPE THAT 1984 WILL BE A TURNING POINT LEADING TO A FUTURE OF PROSPERITY FOR THE WORLD ECONOMY. WITH WARMEST PERSONAL REGARDS,

YASUHIRO NAKASONE
PRIME MINISTER OF JAPAN

2 pm's

CONFIDENTIAL



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

20 January 1984

A J Coles Esq
10 Downing Street
LONDON SW1

New Id,

A.S.C. - 20

h-a.

*with A.S.C. 20
21/1*

ECONOMIC SUMMIT

The Chancellor has seen Peter Ricketts' letter of 18 January reporting the Foreign Secretary's suggestion that they might meet with the Prime Minister to discuss Summit preparations rather earlier than is now proposed.

The Chancellor supports the Foreign Secretary's suggestion, and considers that the right time for such a meeting might be following the second meeting of Personal Representatives, planned for 18-19 February.

Copies of this letter go to Peter Ricketts (FCO) and Richard Hatfield (Cabinet Office).

Yours ever,

John Kerr

J O KERR
Principal Private Secretary

CONFIDENTIAL

COMMUNICATIONS

20 JAN 1984

9 11 12 1
8 7 2
6 5 4





10 DOWNING STREET

✓
fi
cc Mr Ingham.

From the Private Secretary

SIR ROBERT ARMSTRONG

Economic Summit 1984

At your meeting with the Prime Minister this morning it was agreed that:-

- a) The airport to be used for the arrival of Heads of State and Government should be Gatwick.
- b) As regards the Prime Minister's dinner for participants on the second day, you would explore possible venues: Burlington House, the Royal Society and the house belonging to Ambrose Congreve.
- c) Steps would be taken to improve the appearance of the interior of No.10 for the event (we shall take action on this).
- d) The reception on the first evening would be held at St. James's Palace.
- e) For the final Press Conference, you would investigate the possibility of using one of the following venues:-

Banqueting Hall
Festival Hall
Fishmongers' Hall
Guildhall

/f)

- f) You would investigate the possibility and cost of installing a kitchen in Lancaster House.

A. J. COLES

20 January 1984

CONFIDENTIAL

AJC

File

AJC

OSG



cc: Mrs. Ryder

10 DOWNING STREET

From the Private Secretary

MR. HATFIELD

CABINET OFFICE

LONDON ECONOMIC SUMMIT 1984

Thank you for your minute of 19 January. The Prime Minister has agreed to receive an international trade union delegation prior to the Summit.

I am copying this minute to John Kerr (HM Treasury), Roger Bone (Foreign and Commonwealth Office) and Barnaby Shaw (Department of Employment).

AJC

20 January 1984

SMH

file

20 January 1984

Thank you for your letter of 3 January.

The Prime Minister would be willing to receive an international trade union delegation prior to the 1984 Economic Summit. The Summit will take place in London from 7 to 9 June. I suggest that you might get in touch with us nearer the time to arrange a suitable date for the meeting.

AJC

D. E. Leary Esq.

009

Prime Minister

Content that we should encourage commercial sponsorship in such a manner will be attached note?

Ref. A084/220

MR COLES

A.J.C. 20/1

Economic Summit 1984

At previous Summits, and most notably recently at Williamsburg, the host Government has made use of commercial sponsorship in support of the Summit meeting in various ways. For instance, commercial firms have assisted with transport, with the installation of special communications (for example, the electronic intercommunications facilities between note-takers and delegation offices which proved of considerable value in Versailles and Williamsburg), and with souvenirs and such like.

2. We should like similarly to make use of commercial sponsorship for the London Economic Summit in June. I attach a note which sets out what is proposed.

3. I hope that the Prime Minister will agree that we may proceed accordingly. If so, I shall write myself to Sir Terence Beckett to seek the formal blessing of the CBI; informal contacts enable us to ascertain that the CBI would be ready to give that blessing.

Did we do so on the last occasion?

RTA

ROBERT ARMSTRONG

19 January 1984

no

I have asked the Cabinet Office (Dr. Hatfield) to let me have a minute meeting in the Prime Minister's quarters.

B/F.

RTA's office say that A.J.C. + HATFIELD HAVE SPOKEN

A.J.C. 24/1

SPONSORSHIP FOR THE LONDON ECONOMIC SUMMIT (7-9 JUNE 1984)

1. In reporting to us on the Williamsburg Summit senior American officials said that commercial sponsorship had made an important contribution to its success: costs had been reduced and the business community gratified. Similar arguments apply for the London Summit, viz:

- (a) We need to keep costs to the minimum, and to show that we have done so.
- (b) We should use the opportunity presented by the Summit to give a boost to British industry and products. The Prime Minister's Press Secretary has pointed out that this could be a useful argument to counter possible carping questions about the value of a Summit which costs money, causes disruption and produces (as is possible) little tangible result in popular terms.

2. To achieve these objectives we do not want a free for all. Sponsorship should be directly related to our needs, i.e. the efficient running of the conference and gifts to visitors that have become traditional. Products must be British, and reputable. The CBI and trade associations include foreign-owned companies and find it hard to discriminate between their members. We should therefore seek their blessing and co-operation, but keep control in Government hands. We have already identified the following areas for sponsorship:

- (i) Transport. Westland may loan 2 or 3 helicopters at cost price (out of the 6 required). British Leyland will loan some cars for back-up use free of charge, for which we hope to obtain Ministry of Defence drivers.
- (ii) Communications. British producers of information technology can be encouraged to provide facilities at the Press Centre (Connaught Rooms) for information retrieval, closed-circuit TV etc. Photocopiers will be needed. ICL are loaning some word-processors.

/(iii)

- (iii) **Gifts.** It has become traditional to offer gifts to members of visiting delegations and small mementoes to the visiting press. We should not be lavish but we must not be mean. Porcelain manufacturers might produce for us a variety of gifts including for example ashtrays with the Summit logo. Medals with the logo could also be produced and other simple consumer items. Banks and similar institutions may be prepared to sponsor the basic briefcase that is customarily presented to visiting journalists.
- (iv) **Food.** It has become customary to provide food and soft drinks free for journalists attending summits. British food manufacturers could be encouraged to supply the raw material to the caterers thus reducing what would otherwise be a major cost.
- (v) **Miscellaneous.** We hope to obtain a free loan of a machine for security screening of parcels at Lancaster House. Companies may be prepared to pay for a boat trip to take visiting journalists one evening on the Thames. The British Tourist Authority will be asked in any case to provide special facilities.

3. In all cases sponsors will be able to state that their gifts are being supplied for the London Economic Summit. They will be able to use the Summit logo if appropriate. A condition of any franchise would be that a certain number of items would be produced free for presentations etc. Unfortunately the Inland Revenue have said that they are unlikely to be able to offer companies any tax relief for gifts (as happened in the US).

4. If the above is agreed we shall approach potential sponsors, direct or through trade associations as appropriate. We shall work closely with the CBI. By working with the CBI and trade associations we shall guard against any accusations that we might be unfairly discriminating against any particular firm. Control of sponsorship and franchises might be exercised by a small committee consisting of Mr Barrington (Summit Co-ordinator) and representatives of the DTI and CBI, drawing in other Departments as required.

Ref. A084/200

MR COLNS

Prime Minute

①

Agree to see a TUC delegation
before the Economic Summit?

Yes

A.S.C. 19.1

ms

London Economic Summit 1984

Thank you for your minute of 5 January. ^{attached}

2. A meeting between the Head of Government of the Summit host country and an international trade union delegation prior to the Economic Summit is a traditional event in the run-up to the Economic Summit. It would be a sharp break with tradition if the Prime Minister decided not to meet the trade delegation, though the meeting would mainly be for the record, and she would not be expected to do more than listen, and perhaps to say that she and her colleagues at the Summit could take into account the views expressed. Sir Robert Armstrong's advice, with which other Departments concerned agree, is that the Prime Minister --- should agree to the request. I attach a draft letter accordingly.
3. I am copying this minute to John Kerr (Treasury), Roger Bone (FCO) and Barnaby Shaw (DEM).

R.P.

R P HATFIELD

19 January 1984

DRAFT LETTER FROM MR COLES TO

D E Lea Esq
Assistant General Secretary
Congress House
Great Russell Street
LONDON WC1B 3LS

London Economic Summit 1984

Thank you for your letter of 3 January. ~~to~~
~~Robin Butler.~~

The Prime Minister would be willing to receive
an international trade delegation prior to the
1984 Economic Summit. The Summit will take place in
London from 7-9 June, and I suggest that you might get
in touch with ~~MS~~ nearer the time to arrange a suitable
date for the meeting.

A. d. C. $\frac{20}{1}$



10 DOWNING STREET

John ✓

Kold ✓
♀

M. Bawington

(of London Economic
Summit) asks

whether he can
have a decision
now about the
announcement of
Pres. Reagan's
visit to Europe?
His no. is 273 3141.

CONFIDENTIAL

(2)

Bf for 23 March meeting pr.

010



Mr. Hyder.

Foreign and Commonwealth Office

26/1

We had better do X. London SW1A 2AH

A.F.C. 26/1 18 January, 1984

arranged for 10.00 on March 23rd
Fes + chl ex + RTA
Ging. CR.

Dear John,

Economic Summit

We understand that the Prime Minister will be having regular meetings with Sir Robert Armstrong to discuss preparations for the Economic Summit and that provision has been made for a meeting involving the Chancellor and Sir Geoffrey Howe on 4 May.

6-apr-1

X

Sir Geoffrey believes that it would be useful for the Chancellor and himself to have an earlier opportunity to make an input into the preparations. A meeting on 4 May would come after the April meeting of Personal Representatives which will discuss the basic thematic paper for the Summit. The Foreign and Finance Ministers will spend the bulk of the working time at the Summit itself in their respective groups, and will need to work out sensible agendas. Sir Geoffrey therefore wonders whether the Prime Minister could arrange an earlier meeting involving the Chancellor (if he so wished) and him in advance of the April Personal Representatives meeting.

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

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street

CONFIDENTIAL

file

CAROLINE

Weekend of 17-19 February

I am not sure whether you know about this but I had a call from the FCO regarding Sir Robert Armstrong's meeting of Economic Summit colleagues during the weekend of 17-19 February

They have asked if it would be possible for RTA to have a dinner in the Small Dining Room on the Friday evening, 17 February and in principle whether it would be possible for him to also hold either a lunch or dinner on either the Saturday or Sunday.

I am not sure of the Prime Minister's plans that weekend.

Sue

13 January 1984

(Mr. Morgan 273 5375)

1) Mr Tinsdale

2) Mr Coles

A.F.C. 13/1

NOT FOR PUBLICATION OR REFERENCE
TO CONTENT BEFORE TIME OF DELIVERY

Speech by the Rt Hon. J. Enoch Powell, MBE, MP, to the Annual Dinner of the Sandwell Association of Industry and Commerce Ltd at the Moat House Hotel, West Bromwich, at 8 p.m. on Friday, 13 January 1984.

I want to use this opportunity to protest against a nonsense which is apparently going to be perpetrated in the summer. My reason for doing so is that neither the media nor any of the political parties can be relied upon to do the job. The nonsense to which I refer is the holding in London of an international economic conference or summit. Both common sense and past experience indicate beyond argument the total futility of such an event. "Why, therefore," you may ask, "is it to take place if it is so obviously a waste of time? And why can we not expect the commentators and the politicians, at least those who are in Opposition, to point that out?"

The answer is simple. The whole exercise is purely to promote the personal publicity of leading political figures. Has, for example, President Reagan overlooked the presentational benefits in presidential election year of doing his professional act on an international stage? The politicians who expect to take part are therefore unlikely to decry something which will redound to their benefit, while the politicians looking in from the outside will hope for crumbs to fall from the public relations table and fear to be dismissed as cynics and spoilsports if they denounce the whole thing for the nonsense that it is. As for the media, just think of the oodles of easy copy - speeches galore, photographs galore, leading articles galore, reports galore. Why, the journalistic mouths must be salivating already.

Besides all this, this particular sort of nonsense enjoys the protection of all the best political nonsenses. People think to themselves, "It looks like nonsense; but you never know, some

good somehow might come out of it". So there is always a premium on holding one's tongue until afterwards. All the more reason to explain in advance that no good can come of it and that, if anything does come of it, that thing will be harm.

We shall no doubt be told that the assembled power and wisdom of the participants is going to get the world economy out of recession and into expansion. I leave on one side the question whether there is such a thing at all as "the world economy", or whether, as I happen to believe, it is only a meaningless statistical aggregate. I also admit that there is often a certain similarity between the economic experiences of different countries. This is not difficult to understand. For example, technological advances in methods of production tend to be quite rapidly diffused. Again, when nations have undertaken to attempt to keep the exchange rates of their respective currencies in line with one another, that is bound to lead to what is called importing either inflation or deflation, with the consequent common adoption of the same stupid policies, such as control of incomes and prices, in order to counteract what the respective governments themselves are causing.

All this^I readily admit. What I deny is that politicians are more likely to be wise or truthful or beneficent when they are assembled together and drafting communiques amid the public hulla-baloo of an international conference than when they are deliberating separately on how to avoid losing the next election - or, as the case may be, falling victim to the alternative dictatorship. Take growth, economic growth. No government on earth knows how to cause it. If they did, they would all be growing like billy-no. What is certain is that two or more governments acting similarly do not know how to cause economic growth either.

Economic harm - that certainly governments can cause; but their propensity to do so will not be restrained by promises made to other governments or by public instruction received from them -

and that, for a simple reason. When governments do economic wrong, they do it knowingly, for political motives which to them seem good and sufficient at the time. They have no intention of not sinning.

Governments are able to impoverish their own subjects and others by such methods as preventing them from trading with one another. But whatever professions were made in the aftermath of the Second World War, neither the United States nor any other of the principal prospective participants in a world conference have the slightest intention of letting their citizens purchase what they want where they want. The United States is obsessively protectionist; the United Kingdom still persists in belonging to an organisation for the prevention of international trade known as the European Economic Community; and just try asking the countries of the "third world" what they think about freedom of trade. Anything purporting to promote increased international trade which emerges from an international conference will be humbug which the signatories do not mean even while the ink is still wet.

I have alluded already to another mischief which nations can perpetrate in concert: they can conspire together to promote stability. I daresay there will be a lot of talk about stability-- stability of exchange rates, stability of interest rates, stability of international markets. Now, stability is, fortunately for you and me, not available. When a government sets out to keep something stable it means that it intends to use compulsion in the attempt to prevent economic causes or, more often, its own economic mistakes from producing their natural results. It intends to increase borrowing without a rise in interest rates; it intends to inflate without a fall in exchange rates; it intends to prevent prices from responding to alterations in the relationship of supply and demand. Governments like doing that sort of thing for two reasons. First, it is politically popular to promise stability, because

change and instability are the unpleasant side of life; secondly, the exercise of compulsion is something, whether they confess it or not, to which all governments aspire and enjoy.

Apart, however, from encouraging one another in their bad habits, governments assembled in international conferences magnify another besetting evil of our time. By the very fact of conferring they proclaim that everybody's business is everybody else's business. Take a glance around. Wherever you look, you will find nations interfering, or trying to interfere in other nations' business - interfering economically, interfering politically, interfering militarily. It is the international counterpart of the old story "the man in Whitenail knows best". That the policies of one nation may to an indeterminate extent affect the well-being of others, is inevitable. That does not justify the presumption that common lines of policy ought to be laid down collectively or the implication that it can be right to coerce individual nations into abandoning or modifying their political, economic or social behaviour because others dislike it or disagree with it. An international economic conference is at bottom an exercise in aggression.

One of the endearing characteristics of economic as of political common sense is that a nation can, if necessary, enjoy it by itself, without a by-your-leave to others. In order to be godly and quietly governed under our excellent constitution in church and state we do not need to persuade everyone else, or indeed anyone else, to adopt or imitate it, even if they could. We can abstain from falsifying economic facts, including facts about the rest of the world, despite all around us persisting in falsifying them like mad. We can permit our individual citizens to offer or obtain what they deem fit in the outside world, however the citizens of other countries are tyrannised over or misgoverned by their rulers. We should not be mesmerised by John Donne's oft-quoted dictum that "no man is an island". Perhaps not; but this nation is an island, and islands, especially islands of sanity, have no business to be attending, let alone hosting international economic conferences. Let us have nothing to do with such pretentious and dangerous futilities.

Ref. A084/138

MR COLBY

12/1
f.a.

Economic Summit

Thank you for your minute of 10 January. I confirm that we will minute you once all the replies to the Prime Minister's invitation to this year's Summit have been received.

2. I am copying this minute to John Kerr (Treasury) and Roger Bone (Foreign and Commonwealth Office).

Ry

R P HATFIELD

12 January 1984

Econ Post. Pt 12

London Econ. Summit

COMMONWEALTH
POST OFFICE
LONDON



10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

Economic Summit, 1984

Thank you for your minute of 9 January about the possibility of the Economic Summit issuing a declaration about the traffic in narcotics.

The Prime Minister has considered this idea but sees no reason to pursue it.

A. J. COLES

11 January, 1984

RESTRICTED

SECRET

FCO 84



2

10 DOWNING STREET

From the Private Secretary

MR. HATFIELD
Cabinet Office

Economic Summit

I attach a copy of President Reagan's reply to the Prime Minister's letter of 14 December.

I would prefer not to submit to the Prime Minister all the replies as they come in. Would it be possible for you in due course to summarise any points of importance in a single minute?

b/f. 1

I am copying this minute and enclosure to Mr. Kerr (H.M. Treasury) and Mr. Bone (Foreign and Commonwealth Office).

ALL COPIES

10 January, 1984

SECRET

SKH



10 DOWNING STREET

From the Private Secretary

10 January, 1984

I write to thank you for your letter of 9 January to the Prime Minister enclosing a message from President Reagan about the London Economic Summit.

A. J. COLES

Mr. Edward J. Streator

Ref. A084/95

MR COLES

Mr. [unclear]
I see no reason
to pursue
this
not

Prime Minister.

would you like the idea of a declaration
on Narcotics to be tentatively explored before
you take a final decision?

A-F-C. 10/1

Economic Summit 1984

- By whom?

It has been suggested to me that the Economic Summit 1984 might provide a suitable occasion for some kind of declaration by Heads of State or Government of the industrialised countries about the traffic in narcotics.

2. That is not strictly, of course, an economic subject. But there are precedents for declarations at Summits on non-economic subjects: notably the Bonn declaration on terrorism and the later declaration on hijacking of aircraft. In a sense these are not particularly happy precedents: both declarations were made in response to particular events, and both incorporated commitments to international action which have not always been honoured in the spirit in which they were made; nonetheless, they have had their uses as additional instruments for persuading countries to take action which they were otherwise reluctant to take.

3. It could well be that President Reagan would welcome some kind of declaration at the 1984 Summit on the subject of drugs. It is a subject on which he has expressed great concern, and he might well see electoral benefits in an international declaration on the subject at the London Summit. President Mitterrand is also concerned about drugs, and might also see a value in an international declaration to which France and other major industrialised countries were signatories.

4. If we are to pursue this idea, we shall need to give thought to the possible content of a declaration. We should need to have discussed the idea informally with our Summit partners in advance of the Summit itself, and I should need to open up the subject with Personal Representatives at the meeting scheduled for April, if not at the meeting scheduled for February.

5. If the Prime Minister is interested in the idea of such a declaration and thinks it worth pursuing, I will take the matter up with the Foreign and Commonwealth Office and the Home Office,

CONFIDENTIAL

and will make proposals to her in good time before anything needs to be said to other Summit partners. But clearly I would not wish to start on that basis if the Prime Minister was not interested in having a declaration on this subject at the London Summit.

Re

Approved by
ROBERT ARMSTRONG
and signed in his absence.

9 January 1984

CONFIDENTIAL

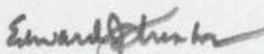
EMBASSY OF THE
UNITED STATES OF AMERICA
LONDON

January 9, 1984

Dear Prime Minister:

I have been asked to deliver the enclosed message to you from President Reagan, which was received at the Embassy this morning.

Sincerely,



Edward J. Streator
Charge d'Affaires, a.i.

Enclosure

SECRET

The Rt. Hon. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street
London, S.W.1.

PRIME MINISTER'S **US Declassified**

PERSONAL MESSAGE

SERIAL-NO. **T 6184** THE WHITE HOUSE

WASHINGTON

January 5, 1984

Dear Margaret:

I am delighted to accept your invitation to the 1984 Economic Summit in London from June 7 through 9. I fully endorse the observations in your letter of December 14 regarding your intention to host a relaxed and productive summit. I found our private sessions last year in Williamsburg especially valuable and am pleased that you are proposing a similar format for London.

Your letter strikes the right balance among economic and political subjects. Regarding preparation, I believe the device of a thematic paper served us well last year in allowing us to focus our discussion on major issues without the burden of a pre-negotiated draft statement. Your suggestion that we carry that arrangement forward to London is therefore most welcome.

While I agree that the main themes, including such political subjects as we may wish to discuss informally at the time, will become clearer as we approach the Summit, I believe that we must focus our preparations and the meeting itself on the need to build on the consensus achieved at Williamsburg. London will provide us the opportunity to review what our governments have accomplished during the year in the areas we highlighted for action at Williamsburg. I am particularly anxious that we discuss ways to carry out our shared vision of the more open, international economy that we articulated at our last meeting, with special but not exclusive emphasis on our trade and financial relations with the developing countries.

I look forward to receiving your views and to working with you and our other colleagues to prepare the most useful meeting possible. I am confident that, under your very capable leadership, we will be able to move forward on the agreements we reached last year and at the previous summits which you and I have attended together since Ottawa.

Sincerely,

Ron

The Right Honorable
Margaret Thatcher, M.P.
Prime Minister
London

Ref. A084/100

MR COLES ✓



1) Mr. Lyell. CR
2) P.A.
A.F.C. 17/1.

Economic Summit 1984

Thank you for your minute of 6 January.

2. I shall welcome fairly regular meetings with the Prime Minister, to keep her informed about and to take her instructions on preparations for the Economic Summit.

3. Dates have been agreed with the Diary Secretary, with which I am content. I may want, however, to ask for an additional meeting in the first week of April, by way of preparation for the meeting of Personal Representatives which is due to take place at the end of that week.

ROBERT ARMSTRONG

9 January 1984

Leon Poir
Summits A 12

ROYAL MAIL

LONDON

PA

Ref. A084/95

MR COLES

Economic Summit 1984

It has been suggested to me that the Economic Summit 1984 might provide a suitable occasion for some kind of declaration by Heads of State or Government of the industrialised countries about the traffic in narcotics.

2. That is not strictly, of course, an economic subject. But there are precedents for declarations at Summits on non-economic subjects: notably the Bonn declaration on terrorism and the later declaration on hijacking of aircraft. In a sense these are not particularly happy precedents: both declarations were made in response to particular events, and both incorporated commitments to international action which have not always been honoured in the spirit in which they were made; nonetheless, they have had their uses as additional instruments for persuading countries to take action which they were otherwise reluctant to take.

3. It could well be that President Reagan would welcome some kind of declaration at the 1984 Summit on the subject of drugs. It is a subject on which he has expressed great concern, and he might well see electoral benefits in an international declaration on the subject at the London Summit. President Mitterrand is also concerned about drugs, and might also see a value in an international declaration to which France and other major industrialised countries were signatories.

4. If we are to pursue this idea, we shall need to give thought to the possible content of a declaration. We should need to have discussed the idea informally with our Summit partners in advance of the Summit itself, and I should need to open up the subject with Personal Representatives at the meeting scheduled for April, if not at the meeting scheduled for February.

5. If the Prime Minister is interested in the idea of such a declaration and thinks it worth pursuing, I will take the matter up with the Foreign and Commonwealth Office and the Home Office,

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and will make proposals to her in good time before anything needs to be said to other Summit partners. But clearly I would not wish to start on that basis if the Prime Minister was not interested in having a declaration on this subject at the London Summit.

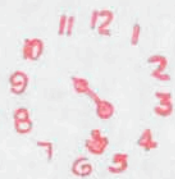
ROBERT ARMSTRONG

ROBERT ARMSTRONG

9 January 1984

CONFIDENTIAL

110 JAN 1980



RECEIVED



ls

10 DOWNING STREET

From the Private Secretary

9 January, 1984.

Thank you for your letter of 9 January enclosing the text of a message to the Prime Minister from Signor Craxi. I shall convey this to the Prime Minister at once.

A. J. COLES

His Excellency Signor Andrea Cagiati, G.C.V.O.



10 DOWNING STREET

From the Private Secretary

MR. HATFIELD
CABINET OFFICE

Economic Summit

I enclose a copy of a letter which I have received from the Italian Ambassador, together with the letter from Mr. Craxi to Mrs. Thatcher and the accompanying translation to which the Ambassador refers.

I am copying this letter and enclosure to Roger Bone (Foreign and Commonwealth Office) and John Kerr (HM Treasury).

9 January 1983

COLES

So

*The Italian Ambassador
to the United Kingdom*

129

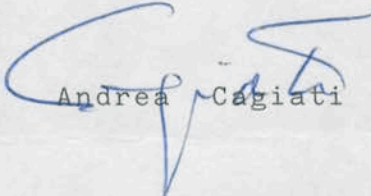
London, 9th January, 1984

Dear Mr. Coles,

I take pleasure in sending you, herewith enclosed, the text of a message addressed to Mrs. Thatcher by Signor Craxi. I understand that the original text has been conveyed through your Embassy in Rome.

I also enclose a rough translation of the same for your convenience.

Sincerely yours


Andrea Cagiati

Encs.

A. J. Coles, Esq.,
Private Secretary to the Prime Minister (Overseas Affairs),
10 Downing Street,
London S W 1



10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG
CABINET OFFICE

Economic Summit: Logo

The Prime Minister has seen your minute of 5 January and agrees that the round table design should be used for the logo for the London Economic Summit.

A. J. COLES

6 January 1984

AG



Caroline

10 DOWNING STREET

From the Private Secretary

Mr. Coles ✓ A.J.C. 9/2.
Have extended
Friday meetings
on a monthly
basis. Ck.
9/2

SIR ROBERT ARMSTRONG
CABINET OFFICE

Economic Summit

The Prime Minister has said that she would like to have fairly regular meetings with you between now and June to take stock of preparations for the Summit. At a later stage it may be desirable that the Foreign Secretary and the Chancellor should attend.

We plan to have a first meeting at the end of this month, followed by further meetings at the end of February and March. Thereafter, the meetings may have to become more frequent. Subject to any views you may wish to offer on these thoughts, the Diary Secretary will make appropriate arrangements.

A. J. COLES

6 January 1984



10 DOWNING STREET

D.E. LEA of the
TUC

From the Private Secretary

MR. HATFIELD

CABINET OFFICE

WORLD ECONOMIC SUMMIT

I attach a letter from the Assistant General Secretary of the Trades Union Congress asking whether the Prime Minister will receive an international trade union delegation prior to the Summit. I should be grateful for advice and a draft reply, to reach this office by Thursday, 19 January.

I am sending copies of this minute to John Kerr (HM Treasury), Roger Bone (Foreign and Commonwealth Office) and Barnaby Shaw (Department of Employment).

A. J. COLES

5 January 1984

SH

PRIME MINISTER

ECONOMIC SUMMIT

I think it might be a good idea if you were to have fairly regular meetings with Sir Robert Armstrong between now and June to take stock of preparations for the Summit. Later on you may want to include the Foreign Secretary and the Chancellor.

If you wish, we could have a first meeting at the end of this month, followed by further meetings at the end of February and March. Thereafter they may have to become more frequent.

Shall we arrange?

Yes please

A.S.C.

5 January 1984

Prime Minister

①

I feared that no-one would be able to decipher the "logo" suggested at X. So I tried it out on Mr. Fischer. I was wrong. He stated exactly what it represented. Agree the choice? A.S.C. 5/1

Ref. A084/56

PRIME MINISTER

Yes no

As I mentioned to you yesterday, we have to choose a visual symbol, or what is called in the trade a logo, for the London Economic Summit. The logo would be used on stationery, press handouts, lapel badges and other articles associated with the Summit. The desiderata are that:

- (a) it should be clear, elegant and relevant;
- (b) it should be reasonably easily printable and reproducible;
- (c) it should not offer openings for mischievous cartoonists.

2. You will remember that the French had an elaborate apparently abstract coloured design, in which I believe the designer claimed to have incorporated the letters of "Versailles Sommet". The Americans had a design which incorporated an architectural reference to the Capitol at --- Williamsburg. I attach specimens (black and white only) of these previous logos herewith.

3. When we discussed this yesterday, you suggested that we should look for a heraldic motif: perhaps a checkerboard (with an allusion both to the Exchequer (and thus the economy) and to Chequers (and thus to the Prime Minister as host), or a lion passant rampant (from the coat of arms of the King of England). I too had wondered about a heraldic motif, but feared that it might seem a little archaic, if it was too obvious. There is also the problem of giving offence: if we used the English lion, the Scots and the Welsh might be upset.

4. We commissioned four designs from the Central Office of --- Information designers. I attach specimens herewith. Two include architectural features (Big Ben and Lancaster House). Among these designs my own preference (and that of the Foreign Secretary) is for the round table: it is ingeniously relevant, X in combining eight seats (for the eight summiteers) round a table top whose design echoes the Union Jack, with a globe at the centre. We could consider a modification of this with a checkerboard at the centre, instead of the globe.



5. Or else we could, at some slight additional cost, commission a design from some eminent typographical designer, such as Reynolds Stone or David Gentleman. I think that we should probably have to single out one designer and go straight to him: there is not really enough time to have an open competition.

6. I should welcome an indication of your preference.

RA

ROBERT ARMSTRONG

5 January 1984



WILLIAMSBURG, VIRGINIA
MAY 28, 29, & 30, 1983



Château de Versailles
4, 5 et 6 juin 1982

DECLARATION OF THE SEVEN HEADS OF STATE AND GOVERNMENT
AND REPRESENTATIVES OF THE EUROPEAN COMMUNITIES

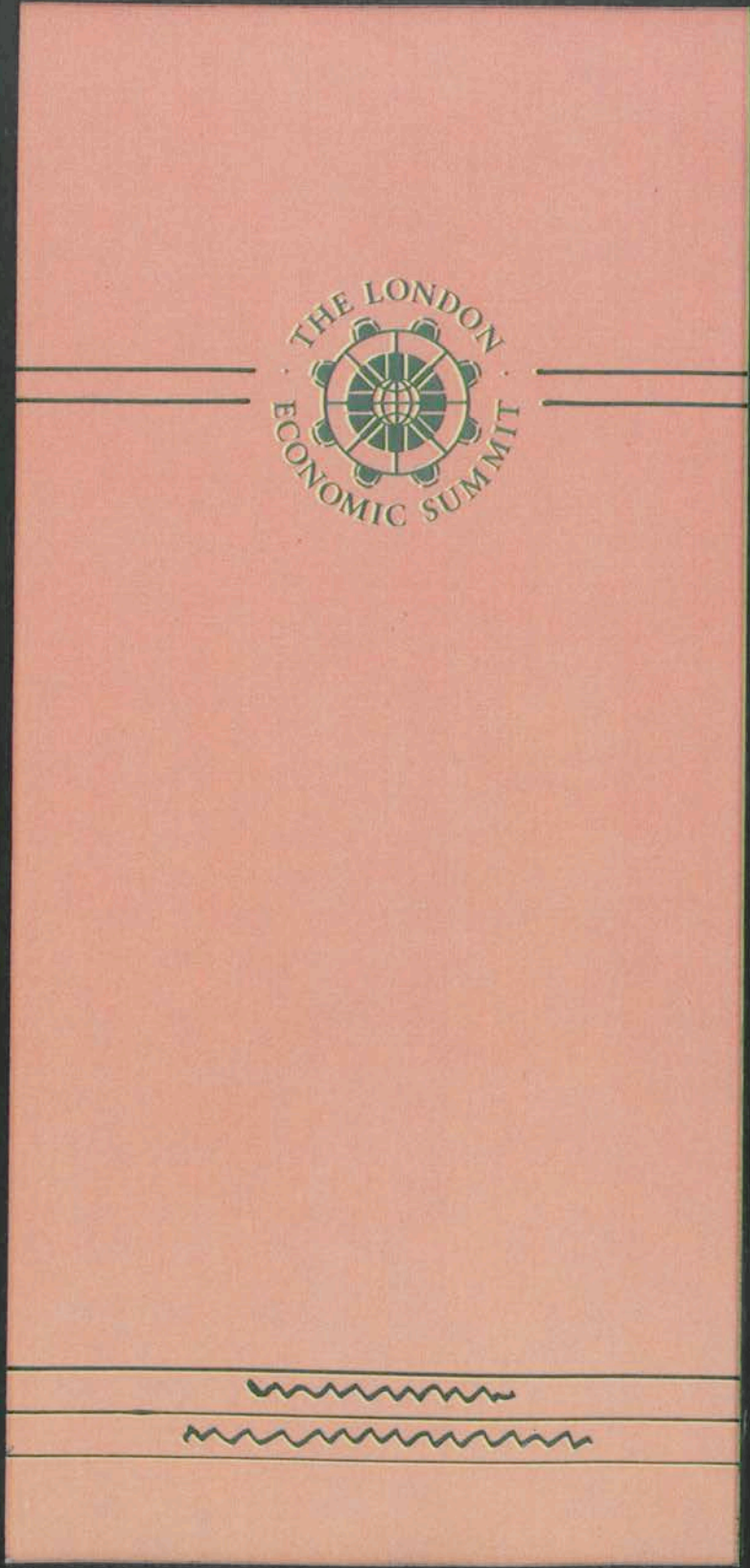
In the course of our meeting at Versailles we have deepened our mutual understanding of the gravity of the world economic situation, and we have agreed on a number of objectives for urgent action with a view to improving it.

We affirm that the improvement of the present situation, by a further reduction of inflation and by a return to steady growth and higher levels of employment, will strengthen our joint capacity to safeguard our security, to maintain confidence in the democratic values that we share, and to preserve the cultural heritage of our peoples in all their diversity. Full employment, price stability and sustained and balanced growth are ambitious objectives. They are attainable in the coming years only if we pursue policies which encourage productive investment and technological progress ; if, in addition to our own individual efforts, we are willing to join forces, if each country is sensitive to the effects of its policies on others and if we collaborate in promoting world development.

In this spirit, we have decided to implement the following lines of action :

- Growth and employment must be increased. This will be attained on a durable basis only if we are successful in our continuing fight against inflation. That will also help to bring down interest rates, which are now unacceptably high, and to bring about more stable exchange rates. In order to achieve this essential reduction of real interest rates, we will as a matter of urgency pursue prudent monetary policies and achieve greater control of budgetary deficits. It is essential to intensify our economic and monetary cooperation. In this regard, we will work towards a constructive and orderly evolution of the international monetary system by a closer cooperation among the authorities representing the currencies of North America, of Japan and of the European Community in pursuing medium-term economic and monetary objectives. In this respect, we have committed ourselves to the undertakings contained in the attached statement.

- The growth of world trade in all its facets is both a necessary element for the growth of each country and a consequence of that growth. We reaffirm our commitment to strengthening the open multilateral trading system as embodied in the GATT and to maintaining its effective operation. In order to promote stability and employment



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Mr Robin Butler
Principal Private Secretary to
the Prime Minister
10 Downing Street
London SW1

YOUR REFERENCE

OUR REFERENCE DL/JA

DEPARTMENT Secretary's

January 3 1984

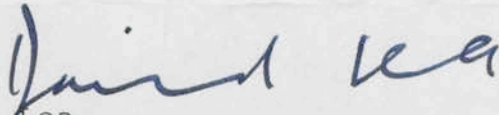
Dear Mr Butler

World Economic Summit

As you will know, it has been the practice for some years for the head of government hosting the world economic summit to receive an international trade union delegation prior to the summit. As part of this series of meetings a delegation met President Reagan immediately prior to the Williamsburg summit last year.

I am writing to ask whether such an arrangement could be made in connection with the meeting to be held in London later this year. I would of course be glad to discuss the possibilities informally at this stage if you would find that helpful.

Yours sincerely



D E Lea
Assistant General Secretary

SUBJECT

3.1.84

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T3A184

ROUGH TRANSLATION

Dear Mrs. Thatcher,

Thank you for your kind letter of the 14th December last in which you invite me to attend the summit of the foremost industrialised countries planned in London from the 7th to the 9th June next and for keeping me informed about your preliminary views with regard to the preparation and the programme of the meeting.

I accept your invitation with pleasure. I am assured that the dates have already been agreed upon by our collaborators.

With regard to the course to be given to the summit, I believe you have rightly stressed the character and form that our meeting in London should adopt. As you know, I have no personal experience of this particular summit, but from information made available to me and from what I have personally been able to observe, even as an outsider, I am of the opinion that an atmosphere of informality and frank discussion of our common problems constitute important elements in making the London summit useful and constructive.

To my mind, the countries taking part in the summit, in view of the responsibilities they hold and the role they play, will have to tackle the major economic problems of the world in the prospect of singling-out trends and guidelines able to contribute to their solutions in the interest of all, which means also the interests of the less developed countries who have felt the adverse effects of the recession the most.

However, I too share your view that it would be preferable not to give rise to excessive expectations with regard to concrete decisions which might be taken in London. Our meeting, however important, certainly cannot be the forum in which the knots that a prolonged crisis of stagnation has made particularly intricate are untied and to find magic remedies to situations that only a continued and close cooperation can improve. It will however be

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necessary to succeed in strengthening our accord and achieve the maximum cohesion on the aims to pursue and the course of action to be taken.

I trust that in the coming months we will be able to define more clearly the agenda of the summit and the items to be discussed. Through our personal representatives we will be able to ascertain our respective views and ideas.

If we succeed in ensuring that the preparatory meetings are agile and informal, it will be possible, I believe, to come to London with clear ideas about the problems which, more than others, require our political evaluation and on which, consequently, we must concentrate our attention. I agree with you that it is from this common analysis that the text of the final communiqué must emerge, so that it can truly convey the spirit of our discussions and the decisions agreed upon.

Such an approach seems to me useful, also because it will enable us to give a coordinated response to the events and situations which will confront us at the time of the summit, thus avoiding pre-ordained schemes which would restrict our flexibility. This would not preclude our giving particular attention to those topics of merely political character that the international scene of the time will require us to examine.

In this perspective, and in order to ensure closer consultations in view of our common evaluation, I too agree on the method followed for the Williamsburg summit to alternate plenary sessions with separate meetings among heads of State/government, foreign ministers and finance ministers.

If agreeable to you, however we could also raise this subject in the course of our forthcoming meeting in Italy.

With my best regards,

Bettino Craxi.

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this would not be a
ble-coming screen which
will control us at the time

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ECOM POL: London Summary PR12

ROMA, 3 GENNAIO 1984

GENTILE SIGNORA THATCHER,

LA RINGRAZIO DELLA SUA LETTERA DEL 14 DICEMBRE SCORSO CON LA QUALE MI ESTENDE FORMALMENTE L'INVITO A PARTECIPARE AL VERTICE DEI PAESI MAGGIORMENTE INDUSTRIALIZZATI, IN PROGRAMMA A LONDRA NEI GIORNI 7-9 GIUGNO, E MI PARTECIPA LE SUE PRELIMINARI IDEE IN MERITO ALLA PREPARAZIONE ED ALLO SVOLGIMENTO DEI LAVORI.

ACCETTO CON PIACERE L'INVITO. SO CHE PER QUANTO RIGUARDA LE DATE ESSE SONO STATE GIA' CONCORDATE ATTRAVERSO I NOSTRI COLLABORATORI.

QUANTO ALL'IMPOSTAZIONE DA DARE AL VERTICE, CREDO CHE ELLA HA GIUSTAMENTE SOTTOLINEATO IL CARATTERE E IL FORMATO CHE DOVREBBE ASSUMERE LA NOSTRA RIUNIONE A LONDRA. COME SA, NON HO UNA ESPERIENZA PERSONALE DEI VERTICI DEI SETTE, MA DALLE INFORMAZIONI CHE MI SONO STATE FORNITE E DA QUANTO IO HO DIRETTAMENTE POTUTO CONSTATARE, SIA PURE DALL'ESTERNO, MI SONO FORMATO L'OPINIONE CHE UN CLIMA DI INFORMALITA' E UNA DISCUSSIONE SERENA DEI PROBLEMI COMUNI POTRANNO COSTITUIRE ELEMENTI IMPORTANTI PER RENDERE I LAVORI DI LANCASTER HOUSE UTILI E COSTRUTTIVI.

A MIO AVVISO, I PAESI CHE PARTECIPANO AL VERTICE, PER LA RESPONSABILITA' CHE ESSI HANNO E PER IL RUOLO CHE ESSI SVOLGONO, DOVRANNO AFFRONTARE L'ESAME DEI MAGGIORI PROBLEMI DELL'ECONOMIA INTERNAZIONALE NELLA PROSPETTIVA DI INDIVIDUARE ORIENTAMENTI E DIRETTRICI CHE POSSONO CONTRIBUIRE ALLA LORO SOLUZIONE NELL'INTERESSE GENERALE E QUINDI ANCHE DEI PAESI MENO SVILUPPATI, VERSO I QUALI PIU' ACUTI SONO STATI GLI EFFETTI DELLA FASE RECESSIVA.

SONO COMUNQUE ANCH'IO D'ACCORDO SULLA PREFERIBILITA' A NON CREARE ECCESSIVE ASPETTATIVE SULLE CONCRETE DECISIONI CHE POTRANNO ESSERE ADOTTATE A LONDRA. LA NOSTRA RIUNIONE, PER QUANTO IMPORTANTE, NON PUO' ESSERE CERTAMENTE IL FORO PER SCIOLGERE NODI CHE UNA PROTRATTA CRISI DI STAGNAZIONE HA RESO PARTICOLARMENTE INTRICATI O PER TROVARE RIMEDI MAGICI A SITUAZIONI CHE SOLO UNA CONTINUATA E STRETTA CONCERTAZIONE POTRA' CONCORRERE A MIGLIORARE. SARA' TUTTAVIA NECESSARIO RIUSCIRE A RAFFORZARE LA NOSTRA INTESA E A REALIZZARE IL MASSIMO POSSIBILE DI COESIONE SUGLI OBIETTIVI DA CONSEGUIRE E SULLE VIE DA PERCORRERE.

IO CREDO CHE NEI PROSSIMI MESI POTREMO MEGLIO DEFINIRE L'AGENDA DEI LAVORI E L'ARTICOLAZIONE DEI TEMI DA DISCUTERE. ATTRAVERSO I NOSTRI RAPPRESENTANTI PERSONALI POTREMO CONOSCERE AL RIGUARDO GLI ORIENTAMENTI E LE INDICAZIONI DI CIASCUNO DI NOI. SE SI RIUSCIRA' AD ASSICURARE AGILITA' E INFORMALITA' AI LAVORI PREPARATORI, SARA', IO CREDO, POSSIBILE GIUNGERE A LONDRA CON LE IDEE PRECISE SUI PUNTI CHE PIU' DI ALTRI NECESSITANO DI UNA NOSTRA VALUTAZIONE POLITICA E SUI QUALI DOVREMO CONSEGUENTEMENTE CONCENTRARE LA NOSTRA ATTENZIONE. CONVENGO CON LEI CHE E' PROPRIO DA QUESTA NOSTRA ANALISI CONGIUNTA CHE DOVRA' EMERGERE IL TESTO DEL COMUNICATO, IN MODO CHE ESSO RIFLETTA FEDELMENTE LE NOSTRE DISCUSSIONI E LE DECISIONI CONCORDATE.

QUESTO APPROCCIO MI SEMBRA UTILE ANCHE PERCHE' CI CONSENTIRA' DI DARE UNA RISPOSTA COORDINATA AGLI EVENTI E ALLE SITUAZIONI CHE APPAIONO COME PRIORITARIE. AL MOMENTO IN CUI IL VERTICE SI SVOLGERA', EVITANDO CHE SCHEMI PRE-ORDINATI IN ANTICIPO RESTRINGANO LA FLESSIBILITA' DELLA NOSTRA TRATTAZIONE. SENZA NEANCHE ESCLUDERE A PRIORI UN'ATTENZIONE PARTICOLARE AI TEMI DI CARATTERE MERAMENTE POLITICO CHE LA CONGIUNTURA INTERNAZIONALE CI CONSIGLIERA' IN QUEL MOMENTO DI AFFRONTARE.

ANCHE IN QUESTA PROSPETTIVA, E PER ASSICURARE MAGGIORI APPROFONDIMENTI IN VISTA DI ASSUMERE VALUTAZIONI DI INSIEME, CREDO ANCH'IO PREFERIBILE IL METODO, GIA' SPERIMENTATO A WILLIAMSBURG, DI ALTERNARE OPPORTUNAMENTE SESSIONI PLENARIE CON RIUNIONI SEPARATE DEI CAPI DI STATO E DI GOVERNO, DEI MINISTRI DEGLI ESTERI E DEI MINISTRI DEL TESORO-FINANZE.

SE LEI CONCORDA POTREMO, COMUNQUE, PARLARE ANCHE DI QUESTO ARGOMENTO NEL NOSTRO PROSSIMO INCONTRO IN ITALIA.

CON I MIGLIORI SALUTI

BETTINO CRAXI

ojo
A J Coles Esq



A.J.C. $\frac{4}{1}$

h.a.

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

CONFIDENTIAL

Ref. A084/24

MR INGHAM

c Mr Coles

I should be grateful if you would arrange for the issue tomorrow, Wednesday 4 January, at 2.30 pm, of an announcement in the following terms:

"The Prime Minister of the United Kingdom has invited the President of the United States of America, the President of the French Republic, the Prime Minister of Canada, the Chancellor of the Federal Republic of Germany, the President of the Council of Ministers of Italy, the Prime Minister of Japan and the President of the Commission of the European Communities to come to London for a meeting of Heads of State or Government of industrialised countries from 7 to 9 June 1984."

ROBERT ARMSTRONG

ROBERT ARMSTRONG

3 January 1984

CONFIDENTIAL

CONFIDENTIAL

Ref. A084/23

MR COLES

A.S.C. 3
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f.a.

Economic Summit 1984

Following your minute of 21 December, I have proposed 7-9 June as the dates for the Economic Summit in 1984. All the participants have accepted for those dates.

2. All are content that the announcement should be made tomorrow, Wednesday 4 January, at 2.30 pm our time. I am asking Mr Ingham to arrange accordingly.

RA

ROBERT ARMSTRONG

3 January 1984

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10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

Economic Summit: 1984

Thank you for your minute of 20 December.

The Prime Minister agrees that you should attempt to reach agreement with the other Summit participants that the programme should begin on the evening of 7 June.

If it proves unavoidable, Mrs. Thatcher will be prepared to ask another Minister to take Questions on that day. But I think she will hope that we can so arrange the arrival ceremonies that these take place between say 4.00 p.m. and the early evening. It is the Prime Minister's intention to greet personally all the participants as they arrive.

A. J. COLES

Ry

21 December 1983

CONFIDENTIAL

Ref.A083/3522

MR COLESEconomic Summit: 1984

Thank you for your minute of 19 December about the dates of the Summit.

2. As you know, I had to speak to Monsieur Attali on Monday 19 December, to forewarn him about the decision on SKYNET. He went on to raise the subject of the dates of the Summit. He said that he was sorry he had had to put a spanner in the works, but an announcement of 8-10 June would have created great difficulties for his President, because the President genuinely had an engagement in France on Sunday 10 June, for which he would have to return. He would be perfectly happy to attend a Summit meeting on 8-9 June, and indeed to start on the evening of 7 June, if that was possible for other people. I said that I would need to explore this possibility, and would come back to him.

3. I have since spoken to the White House. President Reagan could come from the evening of 7 June to the evening of 9 June.

4. At this point I think I have to pause, because I am by no means sure that I should be able to find one of the other participants who would not be able to accept the earlier timing. If I now start going round to the other participants, the danger is that I shall get increasingly drawn into the earlier dates.

5. I realise the difficulties of starting on the evening of 7 June for the Prime Minister, but it begins to look as if we may be able to reach agreement with the other participants on the basis of the evening of 7 June to the evening of 9 June, and I wonder whether we ought to look again at that as a real possibility. If the Prime Minister felt that she must be in the House of Commons to answer Questions, we could seek to arrange the arrival of schedules so that she was herself able to

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greet the main leaders. But perhaps the House of Commons would understand if she felt obliged to miss one Question time in order to free herself to greet Heads of State or Government coming from other countries for a Summit meeting at which she was the host.

RA

ROBERT ARMSTRONG

20 December 1983

CONFIDENTIAL

ECON POL; ECON SUMMIT '88 ¹² ~~12~~



CONFIDENTIAL

PRIME MINISTER

Economic Summit : 1984

In the attached minute Sir Robert Armstrong seeks your authority to start the Summit on the evening of 7 June (which both President Mitterrand and President Reagan can accept).

This involves the difficulty which I brought to your attention the other day. 7 June is a Thursday. It is possible that you may be confronted with the awkward choice between meeting your guests as they arrive and answering Questions in the House. We can of course try to fit all the ~~travellers~~^{arrivals} into the period between say 4.00 p.m. and the early evening but there is no guarantee that we shall succeed. I personally think it will be taken amiss if you do not greet all the participants as they arrive. This has been standard practice with other Summits. And it would be very invidious to meet some but not all the participants.

You will miss Questions at the end of June because of the European Council. It is unusual for the Prime Minister not to take Questions if he or she is in the United Kingdom. But we have found one precedent when Mr. Callaghan in 1977 attended the Jubilee celebrations of the fleet instead of answering Questions. If necessary, would you be prepared to ask another Minister to take Questions on 7 June?

Yes no

A.S.C.

20 December 1983

CONFIDENTIAL



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10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

ECONOMIC SUMMIT: 1984

Thank you for your minute of 16 December which the Prime Minister considered over the weekend.

Mrs. Thatcher sees considerable difficulty in the idea that the Summit should begin on the evening of Thursday, 7 June. This suggestion would mean that the Prime Minister would either have to miss Questions that day, or would be absent when some of the Summit participants arrived. Mrs. Thatcher would find neither consequence welcome.

If, for tactical reasons vis-a-vis the French, you wished to float this idea, the Prime Minister would have no objection to your doing so provided you can be reasonably sure that at least one of the other participants would not be able to accept the earlier timing. In that case the French could be told that we had tried to meet their wishes, but failed.

A. J. COLES

19 December, 1983

CONFIDENTIAL

[Handwritten signature]



10 DOWNING STREET

Prime Minister.

The difficulty referred to by Sir Robert Armstrong is a substantial one.

I do not imagine that you will wish either to miss Quentin or not be on hand to receive each Summit participant as he arrives.

Shall I ask Sir Robert, in putting the new date to the other participants, to ensure that at least one of them finds them unacceptable?

✓ would help
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Ref. A083/3481

MR COLES

Economic Summit 1984

We have run into a last minute snag about announcing the dates. The French President said that he could not agree to the terms of the announcement because it referred to a Summit on 8 to 10 June, and he could not be there on 10 June.

2. I suspect that we shall have in the end to go back to the French and put pressure on them. But we should be in a stronger position to do so if we had first investigated the possibility of a small shift in the dates which would deal with President Mitterrand's apparent difficulty. This would be to bring the process forward by 24 hours. On this basis the first event would be dinner on Thursday 7 June 1984, and proceedings would close on the evening of Saturday 9 June with the press conference and The Queen's Banquet at Buckingham Palace.

3. So far as I can see the only practical difficulty at our end is the possibility that some of the early arrivals might come in before 4.00 pm. If the Prime Minister wanted to answer her Questions in the House of Commons that afternoon, she would have to ask the Lord President or the Foreign and Commonwealth Secretary to meet those who arrived before that time. But I do not think that that would be an insuperable difficulty. The custom is for arrivals to take place in reverse protocol order of importance and that means that the last arrivals would be the President of the French Republic and the President of the United States, who could be timed to arrive after 4.00 pm.

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4. I should therefore be grateful if the Prime Minister would allow me to sound out, through Personal Representatives, the possibility of bringing the dates for the Summit forward by 24 hours.

5. If that proves to be impossible for others, then we shall be in a stronger position to bring pressure to bear upon the French President.

RA

ROBERT ARMSTRONG

16 December 1983

CONFIDENTIAL



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10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

Economic Summit 1984

Thank you for your minutes of 12 and 13 December.

The Prime Minister has now signed letters to all the Summit participants. I attach the signed versions and take it that you will arrange for their delivery.

The Prime Minister also agrees to the terms and timing of the proposed press announcement.

I am copying this minute to Mr. Bone (Foreign and Commonwealth Office) and Mr. Kerr (H.M. Treasury).

JC

14 December 1983

CONFIDENTIAL



FILE

10 DOWNING STREET

THE PRIME MINISTER

14 December 1983

Dear Norman Thorn,

At Williamsburg earlier this year you kindly accepted my offer to hold the 1984 Economic Summit in the United Kingdom. I should like now to invite you formally to the Summit, which I plan to hold in London on the weekend of 8-10 June. I understand from the discussions between our Personal Representatives that these dates are generally acceptable. I propose to announce them very shortly in the usual way: my Personal Representative will be in touch with yours about the text and timing of the announcement.

I have chosen Lancaster House as the venue for our meetings. I am sure that it will provide a good setting for a relaxed and workmanlike Summit, which will enable us to have a discussion of the principal economic issues confronting our nations.

I propose that the programme for the Summit should broadly follow the format established at Williamsburg and at earlier Summits. Her Majesty The Queen intends to invite participants to a State Dinner on the final evening of 10 June.

My officials will be in touch with yours about the administrative details. I am conscious that as usual the Summit will attract very considerable press coverage. We shall ensure that all the necessary facilities and modern technology are made available to the world press. At the same time I am convinced that we should all do our best to discourage in advance any exaggerated expectations about instant solutions to major world problems.

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HL

I attach great importance to preserving the relaxed and informal nature of our discussions and to avoiding speculation about winners and losers. The latter point will be particularly important for those of us who are concerned with the elections to the European Parliament. I propose that the sequence of Personal Representatives meetings, and the preparation of a Thematic Paper, should be on much the same lines as before. I also consider that we should broadly retain the pattern set at Williamsburg for separate meetings of Heads of State or Government, Foreign Ministers and Finance Ministers.

I believe we all agree that our discussions should not be trammelled by too much advance preparation. The final communique or Declaration should reflect in general terms the current of debate at the Summit itself. This will be, like its predecessors, an Economic Summit, and I do not envisage having a series of prepared discussions between Heads of State or Government on political subjects. We shall, however, have opportunities, as at past Summits, for informal exchanges of view on political issues, and we obviously cannot exclude the possibility that at the last moment the march of events may oblige us to discuss some major political issue of urgent importance.

We shall wish to review the state of the world economy, and the prospects for sustaining soundly-based recovery, building on the consensus we achieved at Williamsburg. What the main themes are likely to be will become clearer as we come closer to the Summit. I shall hope to exchange views with you on this myself in the months ahead, and the work that our Personal Representatives will be doing will, I am sure, lay foundations for a useful and constructive discussion when we meet in June.

I much look forward to welcoming you to London next year for the 1984 Economic Summit. As our preparations gather pace, I should greatly value your own thoughts on the scope and aims of the Summit.

Yours sincerely
Margaret Thatcher

His Excellency Monsieur Gaston Thorn.

US Declassified



cc MASTER
OPS

10 DOWNING STREET

THE PRIME MINISTER

14 December 1983

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T214/83

Dear Ron.

At Williamsburg earlier this year you kindly accepted my offer to hold the 1984 Economic Summit in the United Kingdom. I should like now to invite you formally to the Summit, which I plan to hold in London on the weekend of 8-10 June. I understand from the discussions between our Personal Representatives that these dates are generally acceptable. I propose to announce them very shortly in the usual way: my Personal Representative will be in touch with yours about the text and timing of the announcement.

I have chosen Lancaster House as the venue for our meetings. I am sure that it will provide a good setting for a relaxed and workmanlike Summit, which will enable us to have a discussion of the principal economic issues confronting our nations.

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/facilities

facilities and modern technology are made available to the world press. At the same time I am convinced that we should all do our best to discourage in advance any exaggerated expectations about instant solutions to major world problems.

I attach great importance to preserving the relaxed and informal nature of our discussions and to avoiding speculation about winners and losers. The latter point will be particularly important for those of us who are concerned with the elections to the European Parliament. I propose that the sequence of Personal Representatives meetings, and the preparation of a Thematic Paper, should be on much the same lines as before. I also consider that we should broadly retain the pattern set at Williamsburg for separate meetings of Heads of State or Government, Foreign Ministers and Finance Ministers.

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I much look forward to welcoming you to London next year for the 1984 Economic Summit. As our preparations gather pace, I should greatly value your own thoughts on the scope and aims of the Summit.

Yours
R. Reagan

The President of the United States of America.

SUBJECT



10 DOWNING STREET

THE PRIME MINISTER

PRIME MINISTER'S 14 December 1983
PERSONAL MESSAGE
SERIAL No. T213/83

Dear Signor Craxi,

At Williamsburg earlier this year, your predecessor kindly accepted my offer to hold the 1984 Economic Summit in the United Kingdom. I should like now to invite you formally to the Summit, which I plan to hold in London on the weekend of 8 - 10 June. I understand from the discussions between our Personal Representatives that these dates are generally acceptable. I propose to announce them very shortly in the usual way: my Personal Representative will be in touch with yours about the text and timing of the announcement.

I have chosen Lancaster House as the venue for our meetings. I am sure that it will provide a good setting for a relaxed and workmanlike Summit, which will enable us to have a discussion of the principal economic issues confronting our nations.

I propose that the programme for the Summit should broadly follow the format established at Williamsburg and at earlier Summits. Her Majesty The Queen intends to invite participants to a State Dinner on the final evening of 10 June.

My officials will be in touch with yours about the administrative details. I am conscious that as usual the Summit will attract very considerable press coverage. We shall ensure that all the necessary facilities and modern technology are made available to the world press. At the same time, I am convinced that we should all do our best to discourage in advance any exaggerated expectations about instant solutions to major world problems.

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cc MASTER
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10 DOWNING STREET

THE PRIME MINISTER

14 December 1983

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 213/83

Dear Signor Craxi, ← type your preferences.

At Williamsburg earlier this year you kindly accepted my offer to hold the 1984 Economic Summit in the United Kingdom. I should like now to invite you formally to the Summit, which I plan to hold in London on the weekend of 8 - 10 June. I understand from the discussions between our Personal Representatives that these dates are generally acceptable. I propose to announce them very shortly in the usual way: my Personal Representative will be in touch with yours about the text and timing of the announcement.

I have chosen Lancaster House as the venue for our meetings. I am sure that it will provide a good setting for a relaxed and workmanlike Summit, which will enable us to have a discussion of the principal economic issues confronting our nations.

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My officials will be in touch with yours about the administrative details. I am conscious that as usual the Summit will attract very considerable press coverage. We shall ensure that all the necessary facilities and modern technology are made available to the world press. At the same time, I am convinced that we should all do our best to discourage in advance any exaggerated expectations about instant solutions to major world problems.

I attach great importance to preserving the relaxed and informal nature of our discussions and to avoiding speculation about winners and losers. The latter point will be particularly important for those of us who are concerned with the elections to the European Parliament. I propose that the sequence of Personal Representatives meetings, and the preparation of a Thematic Paper, should be on much the same lines as before. I also consider that we should broadly retain the pattern set at Williamsburg for separate meetings of Heads of State or Government, Foreign Ministers and Finance Ministers.

I believe we all agree that our discussions should not be trammelled by too much advance preparation. The final communique or Declaration should reflect in general terms the current of debate at the Summit itself. This will be, like its predecessors, an Economic Summit, and I do not envisage having a series of prepared discussions between Heads of State or Government on political subjects. We shall, however, have opportunities, as at past Summits, for informal exchanges of view on political issues, and we obviously cannot exclude the possibility that at the last moment the march of events may oblige us to discuss some major political issue of urgent importance.

We shall wish to review the state of the world economy, and the prospects for sustaining soundly-based recovery, building on the consensus we achieved at Williamsburg. What the main themes are likely to be will become clearer as we come closer to the Summit. I shall hope to exchange views with you on this myself in the months ahead, and the work that our Personal Representatives will be doing will, I am sure, lay foundations for a useful and constructive discussion when we meet in June.

I much look forward to welcoming you to London next year for the 1984 Economic Summit. As our preparations gather pace, I should greatly value your own thoughts on the scope and aims of the Summit.

Yours sincerely
Margaret Thatcher

His Excellency Signor Bettino Craxi.

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10 DOWNING STREET

THE PRIME MINISTER

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T 212/83

14 December 1983

Dear Her Chancellor,

At Williamsburg earlier this year you kindly accepted my offer to hold the 1984 Economic Summit in the United Kingdom. I should like now to invite you formally to the Summit, which I plan to hold in London on the weekend of 8 - 10 June. I understand from the discussions between our Personal Representatives that these dates are generally acceptable. I propose to announce them very shortly in the usual way: my Personal Representative will be in touch with yours about the text and timing of the announcement.

I have chosen Lancaster House as the venue for our meetings. I am sure that it will provide a good setting for a relaxed and workmanlike Summit, which will enable us to have a discussion of the principal economic issues confronting our nations.

I propose that the programme for the Summit should broadly follow the format established at Williamsburg and at earlier Summits. Her Majesty The Queen intends to invite participants to a State Dinner on the final evening of 10 June.

My officials will be in touch with yours about the administrative details. I am conscious that as usual the Summit will attract very considerable press coverage. We shall ensure that all the necessary facilities and modern technology are made available to the world press. At the same time, I am convinced that we should all do our best to discourage in advance any exaggerated expectations about instant solutions to major world problems.

I attach great importance to preserving the relaxed and informal nature of our discussions and to avoiding speculation about winners and losers. The latter point will be particularly important for those of us who are concerned with the elections to the European Parliament. I propose that the sequence of Personal Representatives meetings, and the preparation of a Thematic Paper, should be on much the same lines as before. I also consider that we should broadly retain the pattern set at Williamsburg for separate meetings of Heads of State or Government, Foreign Ministers and Finance Ministers.

I believe we all agree that our discussions should not be trammelled by too much advance preparation. The final communique or Declaration should reflect in general terms the current of debate at the Summit itself. This will be, like its predecessors, an Economic Summit, and I do not envisage having a series of prepared discussions between Heads of State or Government on political subjects. We shall, however, have opportunities, as at past Summits, for informal exchanges of view on political issues, and we obviously cannot exclude the possibility that at the last moment the march of events may oblige us to discuss some major political issue of urgent importance.

We shall wish to review the state of the world economy, and the prospects for sustaining soundly-based recovery, building on the consensus we achieved at Williamsburg. What the main themes are likely to be will become clearer as we come closer to the Summit. I shall hope to exchange views with you on this myself in the months ahead, and the work that our Personal Representatives will be doing will, I am sure, lay foundations for a useful and constructive discussion when we meet in June.

I much look forward to welcoming you to London next year for the 1984 Economic Summit. As our preparations gather pace, I should greatly value your own thoughts on the scope and aims of the Summit.

Yours sincerely
Margaret Thatcher

His Excellency Dr. Helmut Kohl.

cc MASTER
OPS



10 DOWNING STREET

THE PRIME MINISTER

14 December 1983

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 211 / 83

Dear Prime,

At Williamsburg earlier this year you kindly accepted my offer to hold the 1984 Economic Summit in the United Kingdom. I should like now to invite you formally to the Summit, which I plan to hold in London on the weekend of 8-10 June. I understand from the discussions between our Personal Representatives that these dates are generally acceptable. I propose to announce them very shortly in the usual way: my Personal Representative will be in touch with yours about the text and timing of the announcement.

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/I much look

I much look forward to welcoming you to London next year for the 1984 Economic Summit. As our preparations gather pace, I should greatly value your own thoughts on the scope and aims of the Summit.

Yours ever
Raymond

The Right Honourable Pierre Elliott Trudeau, PC, MP.

cc MASTER
OPS



10 DOWNING STREET

THE PRIME MINISTER

PRIME MINISTER'S

14 December 1983

PERSONAL MESSAGE

SERIAL No. T 210 / 83

Dear Mr President,

At Williamsburg earlier this year you kindly accepted my offer to hold the 1984 Economic Summit in the United Kingdom. I should like now to invite you formally to the Summit, which I plan to hold in London on the weekend of 8-10 June. I understand from the discussions between our Personal Representatives that these dates are generally acceptable, though I know that you may have to get back to Paris for an engagement on 10 June. I propose to announce them very shortly in the usual way: my Personal Representative will be in touch with yours about the text and timing of the announcement.

I have chosen Lancaster House as the venue for our meetings. I am sure that it will provide a good setting for a relaxed and workmanlike Summit, which will enable us to have a discussion of the principal economic issues confronting our nations.

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I much look forward to welcoming you to London next year for the 1984 Economic Summit. As our preparations gather pace, I should greatly value your own thoughts on the scope and aims of the Summit.

Yours sincerely
Margaret Thatcher

His Excellency Monsieur Francois Mitterrand.

cc MASTER
M/S



10 DOWNING STREET

THE PRIME MINISTER

PRIME MINISTER'S

14 December 1983

PERSONAL MESSAGE

SERIAL No. T 209/83

Dear Mr. Nakasone.

At Williamsburg earlier this year you kindly accepted my offer to hold the 1984 Economic Summit in the United Kingdom. I should like now to invite you formally to the Summit, which I plan to hold in London on the weekend of 8-10 June. I understand from the discussions between our Personal Representatives that these dates are generally acceptable. I propose to announce them very shortly in the usual way: my Personal Representative will be in touch with yours about the text and timing of the announcement.

I have chosen Lancaster House as the venue for our meetings. I am sure that it will provide a good setting for a relaxed and workmanlike Summit, which will enable us to have a discussion of the principal economic issues confronting our nations.

I propose that the programme for the Summit should broadly follow the format established at Williamsburg and at earlier Summits. Her Majesty The Queen intends to invite participants to a State Dinner on the final evening of 10 June.

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I much look forward to welcoming you to London next year for the 1984 Economic Summit. As our preparations gather pace, I should greatly value your own thoughts on the scope and aims of the Summit.

Yours sincerely
Margaret Thatcher

His Excellency Mr. Yasuhiro Nakasone.

PRIME MINISTER

②.

ECONOMIC SUMMIT

You agreed to send messages to the six Heads of State and Government concerned, as well as M. Thorn.

It would be helpful if these could be signed tonight.

You had some doubts about paragraph 7 of the earlier draft (which suggested what some of the economic themes might be) and we have therefore inserted a new text at that point.

A.f.C.

13 December, 1983

CONFIDENTIAL

Ref. A083/3443

MR COLES

Economic Summit 1984

You said on the telephone that you thought that the Prime Minister would prefer a rather less detailed version of paragraph 7 of the draft message attached to my minute of 12/December.

2. I suggest the following:

7. We shall wish to review the state of the world economy, and the prospects for sustaining soundly-based recovery, building on the consensus we achieved at Williamsburg. What the main themes are likely to be will become clearer as we come closer to the Summit. I shall hope to exchange views with you on this myself in the months ahead, and the work that our Personal Representatives will be doing will, I am sure, lay foundations for a useful and constructive discussion when we meet in June.

RTA

ROBERT ARMSTRONG

13 December 1983

CONFIDENTIAL

CONFIDENTIAL

DRAFT MESSAGE

1984 Economic Summit

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2. I have chosen Lancaster House as the venue for our meetings. I am sure that it will provide a good setting for a relaxed and workmanlike Summit, which will enable us to have a discussion of the principal economic issues confronting our nations.

3. I propose that the programme for the Summit should broadly follow the format established at Williamsburg and at earlier Summits. Her Majesty The Queen intends to invite participants to a State Dinner on the final evening of 10 June.

CONFIDENTIAL

4. My officials will be in touch with yours about the administrative details. I am conscious that as usual the Summit will attract very considerable press coverage. We shall ensure that all the necessary facilities and modern technology are made available to the world press. At the same time I am convinced that we should all do our best to discourage in advance any exaggerated expectations about instant solutions to major world problems.

5. I attach great importance to preserving the relaxed and informal nature of our discussions and to avoiding speculation about winners and losers. The latter point will be particularly important for those of us who are concerned with the elections to the European Parliament. I propose that the sequence of Personal Representatives meetings, and the preparation of a Thematic Paper, should be on much the same lines as before. I also consider that we should broadly retain the pattern set at Williamsburg for separate meetings of Heads of State or Government, Foreign Ministers and Finance Ministers.

6. I believe we all agree that our discussions should not be trammelled by too much advance preparation. The final communique or Declaration should reflect in general terms the current of debate at the Summit itself. This will be, like its predecessors, an Economic Summit, and I do not envisage having a series of prepared discussions

CONFIDENTIAL

between Heads of State or Government on political subjects. We shall, however, have opportunities, as at past Summits, for informal exchanges of view on political issues, and we obviously cannot exclude the possibility that at the last moment the march of events may oblige us to discuss some major political issue of urgent importance.

7. It is too soon to predict with any certainty what the main themes of the Summit will be.

We shall clearly need to take stock of the follow-up to the commitments which we made at Williamsburg. I have in mind in particular international surveillance, economic and monetary convergence of performance, management of the international debt problem, strengthening and adapting the existing international financial institutions and the rollback of protectionism.

???

We shall wish to review the state of the world economy and the prospects for sustaining soundly-based recovery by building on the consensus we achieved at Williamsburg. We may also wish to examine the practical issues involved in the inter-relationship between international trade, debt and recovery. These themes can be looked at in more detail by our Personal Representatives in the months ahead.

8. I much look forward to welcoming you to London next year for the 1984 Economic Summit. As our preparations gather pace, I should greatly value your own thoughts on the scope and aims of the Summit.

CONFIDENTIAL

DRAFT ANNOUNCEMENT

The Prime Minister of the United Kingdom has invited the President of the United States of America, the President of the French Republic, the Prime Minister of Canada, the Chancellor of the Federal Republic of Germany, the President of the Council of Ministers of Italy, the Prime Minister of Japan, and the President of the Commission of the European Communities to come to London for a meeting of Heads of State or Government of industrialised countries from 8 to 10 June 1984.

CONFIDENTIAL

e. Mr. Ingham

Prime Minister

Ref. A083/3411

MR COLES

Content with:-

- Yes
Yes
- i. Message to the heads of State or Government?
 - ii. The terms and timing of the announcement?

Economic Summit 1984

FERB

All of the participants have now accepted our proposal that 12. 12.
the Economic Summit should be held in London from 8-10 June 1984, though the President of the French Republic has said that he will have to return to France for "a national engagement" on 10 June. One can only speculate whether there may be other reasons behind this: for instance, that the President wants to be able to distance himself from the final declaration, if need be. But I hope that the Prime Minister will be content that we should now go ahead and fix the dates, despite the President's declared inability to stay for the last day.

The Queen's banquet?

2. I will of course take steps to ensure that he will be represented, presumably by his Foreign Minister, both at the sessions on 10 June and at The Queen's Banquet that evening.

3. It would now be appropriate for the Prime Minister to send a message to the six Heads of State or Government concerned and to Monsieur Thorn, formally inviting them to the Summit. I attach herewith a draft, which has been agreed by the Foreign and Commonwealth Office.

4. If the messages could go out tomorrow, I will simultaneously send a message to Personal Representatives, containing the text of the proposed announcement. I do not propose to ask Personal Representatives for agreement to the text, but I would propose to ask for their agreement to the date of issue, which I propose should be Friday 16 December at 2.30 pm. I attach a draft text of the announcement (agreed with the Foreign and Commonwealth Office), of which I would be grateful for the Prime Minister's approval.

? Hawk's request?

RA

ROBERT ARMSTRONG

12 December 1983

CONFIDENTIAL

DRAFT MESSAGE

1984 Economic Summit

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CONFIDENTIAL

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CONFIDENTIAL

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CONFIDENTIAL

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CONFIDENTIAL

MR. HATFIELD
CABINET OFFICE

I attach a minute from John Coles to Sir Robert Armstrong on return about his conversation with Monsieur Attali. The Prime Minister was aware of this conversation before she departed for Athens.

D BARCLAY

5 December 1982

dw



Ja v

10 DOWNING STREET

From the Private Secretary

MR. HATFIELD
CABINET OFFICE

Economic Summit 1984

The Prime Minister has seen Sir Robert Armstrong's minute of 28 November to John Coles about arrangements for the 1984 Economic Summit.

The Prime Minister has confirmed that she will wish to greet arriving Heads of State or Government in Kensington Gardens. She would be content for them to be greeted at Heathrow by the Foreign Secretary or another senior Minister. The Prime Minister agrees that there should be a Guard of Honour and a band at the arrival at Kensington Gardens. She has asked whether it might be possible to have a small marquee, for coffee for those who are waiting and for shelter if it rains.

As regards the venue for The Queen's banquet, the Prime Minister is inclined to the view that in all the circumstances Buckingham Palace would be much easier. As regards dinner on Saturday 9 June, the Prime Minister would like this to be held in Downing Street and Carlton Gardens.

The Prime Minister agrees with Sir Robert Armstrong that the best title is "The London Economic Summit".

MR. D. BARCLAY

5 December 1983

h



10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG (on return)

Economic
Monsieur Jacques Attali telephoned me today to say that, whereas President Mitterrand did not wish to withdraw his agreement to having the European Summit before the European Elections next year, it was quite impossible for him to manage 10 June, on which he had 'a national engagement'. He would be able to manage 8/9 June.

He wanted the Prime Minister to be aware of this before she met President Mitterrand in Athens

P. E. BOUTLER

2 December 1983



10 DOWNING STREET

PRIME MINISTER

You may wish to see the
minute below.

A.S.C.

A handwritten signature in blue ink, appearing to be 'MS' with a long, sweeping flourish extending upwards and to the right.

2 December 1983

GR : please send
minute



10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

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

GRS 150

~~CONFIDENTIAL~~

CONFIDENTIAL

FM DELHI 291125Z NOV 83

TO IMMEDIATE FCO
 TEL NUMBER 987 OF NOVEMBER 29
 AND TO IMMEDIATE CANBERRA.

A.F.C. $\frac{20}{a}$ ECONOMIC SUMMIT 1984.

1. MR HAWKE TOLD THE PRIME MINISTER IN THE MARGINS OF CHOGM THIS MORNING THAT PRESIDENT MITTERAND HAD SUGGESTED THAT AUSTRALIA SHOULD BE ADDED TO THE LIST OF COUNTRIES REPRESENTED AT THE 1984 SUMMIT OF THE INDUSTRIALISED COUNTRIES IN LONDON. MR HAWKE SAID THAT HE HAD CONSULTED ONE OTHER COUNTRY, BUT THE REACTION APPEARS TO HAVE BEEN GUARDED.
2. THE PRIME MINISTERS REACTION WAS ALSO GUARDED, BUT SHE SAID THAT SHE WOULD THINK ABOUT IT. SHE DOUBTS WHETHER WE WANT TO INVITE AUSTRALIA. SHE DOES NOT FEEL THAT AUSTRALIA WOULD HAVE MUCH TO ADD TO THE ECONOMIC SUMMIT, AND SHE IS CONCIIOUS THAT, IF AUSTRALIA WERE ADDED, THERE WOULD BE OTHER COUNTRIES IN THE QUEUE.
3. THIS MAY BE RAISED WITH SIR ROBERT ARMSTRONG DURING THE COURSE OF HIS VISIT TO CANBERRA AT THE BEGINNING OF NEXT WEEK. HIS RECOLLECTION IS THAT THIS IS NOT THE FIRST TIME THAT IT HAS BEEN SUGGESTED THAT AUSTRALIA SHOULD BE REPRESENTED AT ECONOMIC SUMMITS. HE WOULD BE GRATEFUL FOR BRIEFING (INCLUDING ANY PREVIOUS HISTORY) AND ADVICE TO REACH HIM AT THE HIGH COMMISSION IN CANBERRA BY 0900 LOCAL TIME ON MONDAY 5 DECEMBER.

WADE-GARY

ECONOMIC SUMMIT

LIMITED

ERD

SPD

ESID

WED

FED

NAD

ECDs

PLANNING STAFF

TRED

ES & SD

EED

SOVIET D

NEWS D

PROTOCOL D

PS

PS/LADY YOUNG

PS/MR RIFKIND

PS/MR WHITNEY

PS/MR RAISON

PS/PUS

SIR J BULLARD

SIR C TICKELL

MR HANNAY

MR THOMAS

MR DONALD

MR HAYES

MR ADAMS

ADDITIONAL DISTRIBUTION

ECONOMIC SUMMIT

~~CONFIDENTIAL~~



Prime Minister.

Could you answer the questions in the margin? A.S.C. 30/4.

①

MR COLES

Economic Summit 1984

I should like to take the Prime Minister's mind on four matters concerning the arrangements for the Economic Summit in London next summer.

Arrival Arrangements

2. Heads of State or Government will fly in to Heathrow during the afternoon of Friday 8 June. To bring each delegation in succession from Heathrow to Central London by road would present acute problems of traffic dislocation and security. It is therefore proposed to bring Heads of State or Government, accompanying Ministers and the principal delegation members from Heathrow to Central London by helicopter.

3. It would be ideal if they could be brought to the Horse Guards Parade, and greeted there with a guard of honour, but it looks as if that may not be practicable. The parade ground will be dressed for Trooping the Colour (the dress rehearsal of which will be on the morning of Saturday 9 June). Moreover the surface of loose stones, while ideal for getting a satisfactory crunch from the boots of marching guardsmen, is not good for helicopter landings: the down draught would blow the little stones about, and perhaps even into the faces of the welcoming party. So the helicopters will probably have to be brought into Kensington Gardens, whence delegations can proceed by car to their hotels or embassies.

4. I assume that the Prime Minister will wish to greet arriving Heads of State or Government in Kensington Gardens, rather than at Heathrow. In that case, will she be content for them to be greeted at Heathrow by the Foreign and Commonwealth Secretary or another senior Cabinet Minister? *Yes not*

Agree?

5. I assume that she will wish to have a guard of honour and a band at the arrival at Kensington Gardens. *Yes not*

Agree?

Is it possible to have a

small mangrove park up - either for water for those who are waiting in for shelter if it pours with rain? not



The Queen's Banquet

6. The Prime Minister has agreed that The Queen should give her banquet on the evening of Sunday 10 June, after the final press conference. It is proposed that invitations should be sent to Heads of State or Government, accompanying Ministers and Personal Representatives. Other entertainment would be provided for other members of delegations.

7. I will now ask the Palace to take The Queen's pleasure about the venue for the banquet. The Prime Minister expressed the hope that it would be held at Windsor Castle. This may be marginally more inconvenient than Buckingham Palace for The Queen, because the household will not have moved down to Windsor for Ascot. But it could be done, and I share the Prime Minister's view that the banquet would be more special at Windsor. Have I the Prime Minister's authority to express her preference for Windsor, when I talk to the Palace about this? *See below*

Agree?

8. If the banquet is at Windsor, there will be the problem of getting the guests there. If they all go down individually, there will again be acute problems of traffic dislocation and security. I think that there are three possibilities:

- (1) to marshal all the guests into a single motorcade from some central point to Windsor;
- (2) to take the guests down by helicopter;
- (3) to take them from Paddington to Windsor in a special train.

I should be grateful to know whether the Prime Minister has any preference. I think that the idea of a special train has a good deal to commend it: it would be a short journey and refreshments could be served on the train. But guests would have to be got by car to Paddington station and from Windsor station up the hill to the Castle.

Preference?

*It seems that Buckingham Palace
2
would be much easier
mb*



Dinner on 9 June

9. As The Queen's banquet is to be on Sunday 10 June, dinner on Saturday 9 June will be available for informal "working" dinners, for Heads of State or Government, Foreign Ministers and Finance Ministers each sitting separately. It would of course be perfectly possible to give these dinners in Lancaster House (where those concerned will be having lunches on 9 and 10 June) or in 10 Downing Street, 1 Carlton Gardens and 11 Downing Street (or Admiralty House) (where those concerned will, on present plans, have dined the previous evening). If the Prime Minister wanted to introduce a little variety into the venues, we could perhaps take people into the City. For instance, Heads of State or Government could go to the Mansion House; Finance Ministers to the Bank of England; and Foreign Ministers to the Tower of London. If the Prime Minister did not think it appropriate to ask the Lord Mayor and the Governor to make the Mansion House and the Bank of England available, we could explore the possibility of using three of the Livery Company halls.

Preference?
Downing Street
-
Carlton Gardens

10. I should be glad to know whether the Prime Minister would like to hold the dinners on Saturday 9 June in Westminster or in the City of London; if in Westminster, whether in Lancaster House or in Downing Street and Carlton Gardens; if in the City, whether in the Mansion House, the Bank and the Tower, or in suitable Livery Company halls.

The Title of the Conference

11. We have to decide what formal title to give the conference.

12. Last time the United Kingdom hosted the Economic Summit, it was described as the Downing Street Economic Summit, though it has since been generally called the London Summit. The 1980 meeting was described as the Venice Economic Summit. In 1981 the Canadians called their Summit the Ottawa Economic Summit, though most of it took place at Montebello. Both the French and the Americans described the Versailles and Williamsburg meetings as the 1982 (1983) Summit of the Industrialised Nations.

The London Summit^{L5c}



13. So I think we have a choice, between:

Preferena?

- (a) the Lancaster House Economic Summit;
- (b) the London Economic Summit 1984;
- (c) the 1984 Summit of the Industrialised Nations.

14. My own preference is for (b), the London Economic Summit 1984.
But it is for the Prime Minister to decide.

RIA

ROBERT ARMSTRONG

28 November 1983

conqueror

SIR ROBERT ARMSTRONG

Economic Summit 1984

The Prime Minister has noted the contents
of your minute of 10 November.

AJC

14 November 1983

SB

Ref. A083/3210

PRIME MINISTER

Economic Summit 1984

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)

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.

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.

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.

RTA

ROBERT ARMSTRONG

10 November 1983

CONQUEROR

File

COVERING - **SECRET**

File



10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

ECONOMIC SUMMIT

I enclose an extract from the record of the Prime Minister's conversation with Chancellor Kohl on 8 November which relates to their discussion of dates for the Economic Summit.

A. J. COLES

9 November 1983

But President Reagan would find that very difficult. Her own view was that since Mitterrand had a long time to go before his elections and President Reagan had to face elections in the Autumn of 1984, we should bow to the latter's needs. Chancellor Kohl said that he quite agreed. He doubted whether the Economic Summit would have any effect on the European elections as far as Mitterrand was concerned, except that the latter might draw advantage from it. Nevertheless, Mitterrand had real problems in another connection. Many people were now saying that he would not be able to last out his whole term. The polls were very bad. If the European elections went badly for him, there would be a demand in France for national elections. The result of those, though it had never happened before, might be that Mitterrand would preside over a Government of the Opposition. We should then see whether de Gaulle's Constitution was viable.

The situation in France was rather worrying. Mitterrand would probably be very rigid externally because domestic affairs were forcing him into compromises which were not in line with his policy. There was also a new upsurge of protectionism. Chirac had visited Bonn few days ago and had said that Mitterrand would not last for seven years.

The discussion ended at 2045 hours.

8 November 1983

Chancellor Kohl said that the dates proposed for the Economic Summit, namely 8-10 June, were acceptable to him. Some said that Mr. Nakasone might not be able to attend at that time. He had seen him last week and did not think that to be true. Nakasone would have elections this year and should therefore be free to come to Europe next June. But what about President Mitterrand? The Prime Minister said that Mitterrand argued that the European elections on 18 June would be a judgment on his record and that, since the Economic Summit was not likely to give him much comfort, it would be better to have it after the European elections.

SECRET

/ But



10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

ECONOMIC SUMMIT 1984

Thank you for your minute of 31 October.

The Prime Minister is content for you to discuss with personal representatives this weekend whether The Queen's State dinner should be held on the second or the third evening of the Summit.

A. J. COLES

1 November 1983

R

Prime Minister.
Content will page 4?

①

Ref. A083/3099

A.J.C. $\frac{31}{10}$

MR COLES

Economic Summit 1984

As you know, we have been planning on the basis that The Queen would entertain Heads of State or Government at Buckingham Palace or Windsor for dinner at the end of the first full day of the Summit (on Saturday 9 June, if the Summit runs from 8 to 10 June). The Prime Minister decided not to proceed with the idea of a dinner at Greenwich on the third evening (the evening of Sunday 10 June) because she thought that many of her colleagues would want to return to their home capitals once the press conference was over on the Sunday afternoon.

2. When the White House representatives were over here the other day, they queried whether it was a good idea to have The Queen's dinner on the second evening. They thought it quite likely that Heads of State or Government, or their Ministers, might want to use some part of the evening for serious discussions. They suggested that it might be preferable to have informal meal arrangements for the second evening, and for The Queen to hold her State Dinner on the third and final evening, after the press conference. They clearly thought it unlikely that the President would want to return to the United States until the following day in any case; and of course the four European leaders can get back within an hour or two from London, at whatever time they like.

3. Sir Philip Moore has told me that The Queen would be perfectly happy to hold the State Dinner on either evening.

4. Would the Prime Minister be content for me to discuss with Personal Representatives this coming weekend whether The Queen's State Dinner should be held on the second or the third evening?

Yes - clearly they expect the third evening
Rf. no

ROBERT ARMSTRONG

31 October 1983

J. Coles.
MR 13/10.

MR IVOR ROBERTS

cc Mr Goulden
Mr Hall
Mr Clements
Miss Wallace
Mrs McKinney

ECONOMIC SUMMITS

This paper is written for the guidance of those responsible for organising the media side of the London Economic Summit next June. It is based upon my attendance at four Economic Summits - Venice, Ottawa, Versailles and Williamsburg.

The paper does not pretend to be an exhaustive checklist of dos and don'ts; the Chief Press Secretary is too far removed from much detail for that. Instead it offers an impression of what is required to make London successful from a media point of view.

Basic Facilities

It might be useful first to compare the basic media facilities at the four most recent Summits.

The Venice Summit was held on an island more or less opposite St. Mark's Square. It was thus isolated from the City proper and only those on Summit business were allowed on the island. This simplified media security.

The press centre was in out-buildings to the palace in which the Summit proper was held. The accommodation was spartan and the broadcasting facilities even more rudimentary. UK briefings were held in a relatively small room, frequently overcrowded but not stuffy since part of the audience looked in through open windows. Radio and tv interviews were conducted in a separate building to which the Prime Minister had to walk through the usual press of journalists.

I formed no impression of telephone facilities but do not recall many complaints.

The launch/gondola "taxis" were a constraint on late night briefings.

Ottawa was a two-centre Summit. The Heads of State and Government met in the largest log cabin in the world - an hotel - in the woods some 50 miles from Ottawa under massive security: one RCMP every few yards around the perimeter fence and swarms inside it.

The pool press centre was located outside the perimeter on the golf course and was fairly rudimentary. The three USA TV networks took over the local presbytery and statesmen queued outside to perform on breakfast TV.

The main media contingent was located in the Chateau Laurier Hotel in Ottawa, far from the action. The UK briefing room in the hotel was larger and far better appointed than that in Venice but scarcely adequate for the Prime Minister's final press conference.

Keeping the Ottawa media briefed was a nightmare. It was a battle to get a helicopter to and from Ottawa and sometimes not possible; when that occurred we had to brief down the line through a "squawk box" to a press conference presided over by the anchor press officer.

It was at this Summit that the ban on Heads of State or Government interviews or briefings during the Summit was formally agreed. It has since become a rule, broken only in the exceptional circumstances of the Prime Minister's early departure from Williamsburg because of the General Election.

The Prime Minister gave her UK radio and tv interviews at record speed in a small bedroom in the Chateau Laurier.

Ottawa gave me most trouble in media terms and is an example of how not to do it. Curiously, however, it may have been the ultimate in convenience for Heads of State and Government because all were living and meeting under one roof, no more than 30 seconds away from any bilateral or meeting they chose to have.

Versailles was an unhappy Summit for a variety of reasons. The media centre was in the Orangerie which had been partitioned off into briefing rooms. These were reasonably adequate in size but noisy. The small delegate office adjoining was impossibly stuffy but the only place in which restricted Ministerial briefings could be held; not surprisingly these did not work and generated disaffection among those who could not be admitted.

The media canteen in a tent offered standard and unvaried pate, salads, bread and cheese throughout the weekend and the environment was generally messy.

Security and transport were a shambles. Transport from the main delegation office to the press centre took the longest possible route (when the drivers knew it); and on one occasion the Foreign Secretary was left stranded on the wrong side of a gate while his officials unsuccessfully tried to persuade or browbeat the military into letting the party in.

The French chose to feature information technology and laid on an over-elaborate system which had a mixed reception from journalists. I did not however have any major complaints about telephone facilities.

As the final straw half the British delegation missed the helicopter taking them to the aircraft. They returned to London overnight by commercial flight in dinner jackets.

Williamsburg was the best organised of the four, even though the transport arrangements were too often faulty. If anything there was a tendency to over-elaborate. However, it achieved the ideal of secure isolation of the principals from the media who had a well-equipped press centre some miles away.

The UK briefing arrangements in the press centre were the best and most spacious of the four Summits and the media floor easily the most elaborately equipped with modern transmission technology.

The food was more than adequate, exceptionally varied and the tented restaurant facilities excellent.

This is the one to beat, if we were to set ourselves standards.

Objectives

The Prime Minister's objective is to have a reflective, businesslike Summit devoted more to work than media ballyhoo.

This may not be easy to achieve, given the American way of presidential elections.

However, we have the right ingredients - a secure meeting place (Lancaster House); a photographic pool centre close by (Old Bath Club); and a separate self-contained press centre (Connaught Rooms).

Our overall objective should be to achieve media arrangements which are simple but satisfactory.

Main considerations

On the basis of my experience of the last four Summits I count the following facilities crucial to a successful Summit in Press Secretary terms:

- a reasonably sound-proof national briefing room capable of accommodating upwards of 100 seated journalists with a dias, table and microphone for the briefers;
- an adjoining delegation office with telephones and office equipment which can be used for preparation and as a contact point;
- a media inquiry point in the national briefing room through which all contacts with the UK Press Secretariat are channelled;
- a simple, centrally controlled system in the press centre for informing the media when and where delegation briefings are to be held;
- systematic monitoring by press officers of briefings by other delegations;

- a quick, reliable method of transport for Press Secretaries from Summit to press centre and return; and one which preferably eliminates one of the worst Summit problems - finding your car;
- reliable and well-informed deputies for the briefers, who can cope with queries between briefings;
- adequate and sound-proof radio/tv studios which are close at hand for use by Ministers;
- basic refreshment for all participants - ie. wholesome food and drink. This in my view requires a reasonable variety of convenience foods and a plentiful supply of tea, coffee, soft drinks and possibly beer in the press centre. (It is reasonable to expect the media to eat and drink more elaborately outside);
- adequate information technology, telex and telephone facilities concentrated in the press centre, backed by effective maintenance.

Most of the above requirements would also be viewed as crucial by the media.

But what also matters to them is an inquiry point in the main hall serving the interests of each nationality/delegation represented and linked by telephone with the national briefing room inquiry point so that there is effective liaison.

This central point should also be backed up by a closed circuit tv system used to keep the media up-to-date with arrangements.

The general points to be borne in mind are to ensure that the media:

- know where to go to get basic information;
- have someone who knows what they are talking about to chat to them in the national briefing room.

I am not aware that the media were dissatisfied with the arrangements for them at any of the four previous Summits.

They will however tend (as usual) to judge us more rigorously than most countries because we are felt to be among the more competent administrators. Thus it will be important to do what we do efficiently, given that we cannot and do not intend to compete with the USA in material terms.

DETAIL

Against this background, I would make the following points of detail:

Host Briefing

As hosts we shall be expected to give the lead in briefing. Our responsibility will be to feed out accurate and reasonably objective information which, simply because we are hosts, may well be regarded as source material. It will therefore be important to brief regularly, comprehensively - ie. on each of the 3 Summits taking place at the same time - and simultaneously. It will also be necessary to cover early morning and late at night both as a host service and out of consideration for deadlines across the world. We shall also need one individual to be responsible for briefing on mechanics, nuts and bolts, programme, facilities and gossip etc.

It follows from this that the UK briefing room should be one of the larger available.

Size of Media Following

As hosts we can perhaps expect the largest contingent. But the USA and the Japanese will also be large and also technologically demanding.

Accreditation

Whatever the demands of security, we need to ensure that access to the press centre is confined to accredited media representatives - Summits are great free-loading occasions. We should try to minimise it - not simply if we succeed in persuading a private firm to supply free food and drink; but also to cut down infiltration by pressure groups and disruptive rebels whose aim is to attract publicity.

Access to Wire Services

Many journalists use agency copy as a basis for their stories and need to be aware in writing them of what is generally happening in the world. Ideally, they would be able to key into a TV screen. We need to give thought to how wire services can be made economically available.

Access to British Radio/TV

An innovation at Williamsburg was to play back repeatedly, and ultimately very boringly, news coverage during the Summit. I do not suggest we need that, but BBC/ITN might well be harnessed to provide TV sets in national briefing rooms and at strategic points elsewhere. Whether they might go further and provide a closed-circuit relay of individual national TV coverage in national briefing rooms might be explored.

Pre-conference Briefing

Well in advance of the Summit we need to conduct thorough logistical briefings for press (reporters and photographers); radio; and tv (reporters and photographers) who are resident in London. These briefings would no doubt attract the media of all countries represented. It is highly desirable we start with a degree of familiarity with the arrangements across all the participating nations.

Press Pack

Given the spread-out nature of events and facilities, we need to include in the press pack maps showing the principal sites; how they relate to each other; other major surrounding features of interest; and essential telephone numbers.

It might make sense to have in the press centre (and conceivably in the Old Bath Club) two large maps/diagrams showing:

1. the various locations; and
2. layout of press centre.

In addition it would be useful to highlight pubs and restaurants around the Connaught Rooms.

Extra Mural Facilities

In my experience media and officials are extremely busy from early morning until late at night on the Summit itself. Thus the opportunity to offer other facilities to 'sell' Britain should be taken before or later. I cannot honestly say, however, that I felt to be the subject of a hard tourist "sell" in any of the four previous locations, with the possible exception of Venice.

Thought might however be given to promoting the interests of London theatre/opera/music/museums/galleries with cut price offers immediately before, during and after the Summit. This might pay a long-term tourist dividend. So too might trips on the Thames. In Venice, for example, the Prime Minister visited a nearby historical island for breakfast; this and other trips laid on for the Prime Minister had the effect of promoting its longer term tourist interest among those who took part.

Press Room

My main concern here is that we do not miss out technologically. It was instructive to watch the different transmission practices of different nationalities of journalists. Whereas the British drafted their stories and then 'phoned them to their offices in London, the Americans were busy at the video screen. We must show off our information technology to advantage - and in sufficient quantity.

Satellite

It will be crucial to ensure that there are adequate facilities to cope with the demands of a much wider range of countries than the participants.

Pools

The effective organisation of pools for 3 centres (Heads of State and Government; Foreign Ministers; Finance Ministers) will depend on good liaison between:

- (i) the UK officials appointed as media liaison officers to each national group represented at the Summit;
- (ii) those responsible for pooling arrangements; and
- (iii) the press secretaries of each participating country.

Over and above the set piece pool film for the various Ministerial sessions there will be many bilaterals which politicians regard in some circumstances as even more important than the formal Summit photo calls.

My lasting impression is of hopelessly inflated pools. Is there no way of cutting them down? Smaller pools can, and do, produce better results.

Restricted Briefings

I am generally in favour of fairly isolated press centres. They concentrate the media and make for generally better informed and perhaps slightly less frenetic Summits because briefing is concentrated there. But by the same token they make for great difficulty in laying on restricted briefings. These difficulties became most acute in Versailles.

In practice this is not likely to be much of a problem for the UK because we have plenty of alternative venues close by. But we need to identify them well in advance. Nos 10, 11 and 12 Downing Street are likely to be out of the question.

Canada is the only other nation with central premises close to the action. It might be sensible to raise this need with each Embassy/High Commission at an early date.

At the time we are giving pre-conference press briefings we ought to put on one for representatives of the London posts of participating countries.

Entertainment/Gifts

There is a well established practice - in my case, Italy (Venetian glass); Canada (briefcase); France (writing case, among other things); and Williamsburg (wine taster) - of giving presents to members of delegations.

We need to give early consideration to this.

I recall that only Larry Speakes (USA) has offered entertainment for visiting spokesmen. It would be my intention to lay on a meal for visiting Chief Press Secretaries to Heads of State or Government, perhaps in association with the Lobby. Mr Goulden and Mr Hall will wish to consider whether they should do anything for their opposite numbers and, if so, whether separately or the three or us collectively.

Competing Events/Anniversaries etc

We need to establish the nature of any competing events or anniversaries around the time of the Summit to see whether they might be relevant in PR/promotional terms, whether to the principals or media. The 40th anniversary of D-Day immediately precedes the intended dates.

Pictures

We need to decide what "image" we wish to send across the world. This in essence means giving thought to the setting for the reception of Heads of State and Government and delegates and the kind of informal shots we permit. Ideas will be conditioned by the venue for receiving delegations and the kind of social life provided.

Downing Street

Most of the action will be at Lancaster House, but we shall need to consider the press and physical arrangements required in Downing Street and in the L-shaped road if bilaterals and other events are held in Nos 10 and 11 or at the FCO.

Will scaffolding be required in Downing Street? Should arrangements be made for doorstep microphones outside Nos 10, 11 and FCO à la White House Lawn occasions?

Banqueting Hall

Every effort is made on these occasions - and at CHOGMs - to provide an attractive backcloth to the final press conference - flags, motif etc. There is also something to be said for introducing each participant in the closing event.

Simultaneous translation is of course necessary for the audience and radio and tv.

Consideration also needs to be given to the settings for the Summit meetings - ie. Heads of State and Government, Foreign Ministers and Finance Ministers.

Motif/Logo

This is relevant not merely to the setting for the final press conference but also for the whole of the literature/briefing material produced in connection with the Summit. Should we go further and grant franchises to manufacturers to produce souvenirs, using the Summit logo - eg. books of matches, biros, medals (Cancun), T-shirts (as at Cancun), canvas shopping bags (as at Williamsburg)? One condition of the franchise might be that a certain number of items is produced free for press packs, delegations etc.

Build Up

Summits these days are such elaborate affairs and attract such a large media circus that we need to give careful thought to presentation of the build up. This has been the catalyst for "knocking" stories in the past.

We need to face the fact that just as CHOGM Closed Half of Greater Melbourne in 1981, so the London Summit will severely interfere with traffic in Central London in the morning and evening rush hours and at other times.

Some of the security will be massively obtrusive by our standards. And some leaders will be hamming it up for all they are worth.

The cost will appear to be huge for apparently little tangible return.

We need to try to control the pre-publicity and to turn it to positive account where we can - eg. souvenir industry, promotion of tourism, value of Summits, how we are minimising cost eg. by sponsorship, franchises. This argues for early Ministerial decisions on the extent to which commercialisation is to be harnessed and given free rein. Unless it is, we may be regarded as unnecessarily austere, not to say skinflint.

Diary/Social

Summits generate a big social gossip column and women's page interest. We ought to cater for this and make a specific press officer responsible for handling it. For example, the media have an insatiable appetite for among other things, menus, wines, dress, decorations, chefs, toasts, who sat next to whom etc.

We shall need to liaise with Buckingham Palace.

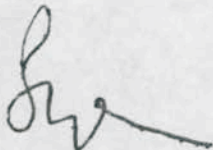
Substance

All this, of course, ignores the purpose of the Summit - the substance of discussions and the briefing on it. We need to give separate consideration to this nearer the time, but it is essential to build in opportunities for more de-briefing of Press Secretaries than is usual. We are hosts on this occasion and we need to set the right tone and present the right, informed image.

Summary

I hope these thoughts are helpful. They distil out of my experience of Summits what is required within reason to make for a media success in London. We shall, I fear, be considered Scrooge-like unless we exploit the commercial interest.

You may care to discuss with the Liaison Group.



BERNARD INGHAM

12 October 1983



10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

1984 ECONOMIC SUMMIT: ARRANGEMENTS

Thank you for your minute of 6 October.

The Prime Minister has noted the plan to hold all the Ministerial meetings in Lancaster House, and the suggestion that she should entertain her fellow Heads of State or Government at dinner on the first evening at 10 Downing Street.

She is, however, doubtful whether it would be wise to arrange a dinner at Greenwich for the evening of Sunday 10 June. She thinks it likely that most of the participants would prefer to return to their countries.

A. J. COLES

10 October 1983

Prime Minister

A.J.C. 2/10.

Ref. A083/2793

MR COLES

1984 Economic Summit: Arrangements

Venue

Prime Minister
Agree?
A.J.C. 2/10.

We are planning on the assumption that all the Ministerial meetings should take place in Lancaster House, and that 10 Downing Street should not on this occasion be used (as it was in 1977) for some meetings of Heads of State or Government only. This would save having to repeat the elaborate and expensive arrangements made in 1977 to install simultaneous translation in the State Dining Room at 10 Downing Street. It will be possible to hold all the separate meetings required and to prepare separate working lunches for the different groups of Ministers (and Personal Representatives) in Lancaster House.

Prime Minister
Agree?
A.J.C. 2/10.

2. I am assuming, however, that the Prime Minister would like to entertain her fellow Heads of State or Government at dinner on the first evening (8 June) at 10 Downing Street.

3. The Prime Minister asked for consideration to be given to using the Painted Hall at Greenwich for one of the meals. The dinner on the first evening will, on past form, be a working dinner, which we envisage should be at 10 Downing Street for Heads of State or Government. The Queen will entertain Heads of State or Government on the second evening, Saturday 9 June.

Prime Minister
do you wish to do this?
A.J.C. 2/10.

It would be very disruptive to the main proceedings to transfer Minister to Greenwich for lunch on Saturday or Sunday. Thus it looks as if the only possible occasion for a dinner at Greenwich would be at the end of the meeting on the evening of Sunday 10 June. This would be in line with the parallels from the last two summits: President Mitterrand gave a great dinner at Versailles on the last evening and President Reagan gave a

would rather not - most people would prefer to go home.



similar dinner at Williamsburg (which, of course, the Prime Minister missed).

4. I should be grateful if you could let me know whether the Prime Minister is content with the lines on which we are thinking.

RA

ROBERT ARMSTRONG

6 October 1983

conqueror

SIR ROBERT ARMSTRONG

1984 Economic Summit

The Prime Minister has seen and noted
Sir Robert Armstrong's minute of 20 September,
Ref. A083/2662.

WILLIAM RICKETT

23 September 1983

NA

Prime Minister

2

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:

- 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.

A handwritten signature in black ink, consisting of the letters 'RA' in a stylized, cursive font.

ROBERT ARMSTRONG

20 September 1983

CONQUEROR

III

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.

-- 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;

- 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.

-- 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.

CONFIDENTIAL

-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.

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Foreign and Commonwealth Office

London SW1A 2AH

16 September 1983

Don John

A. I.C. 16/9

1984 Economic Summit

p-a.

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

(B J P Fall)
Private Secretary

A J Coles Esq
10 Downing Street

CONFIDENTIAL

Econ Pol,
1984 Summit,
P4/2



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6 7 8 9 10 11

CONFIDENTIAL



10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

1984 ECONOMIC SUMMIT

The Prime Minister has seen your minute of 14 September (A083/2595). Subject to the views of the Foreign and Commonwealth Secretary and the Chancellor of the Exchequer, she is content with the line which you propose to take with Mr. Allen Wallis when he visits you on Monday, 19 September.

F. E. R. BUTLER

15 September 1983

CONFIDENTIAL

Ref.A083/2595

PRIME MINISTER



Prime Minister

Subject to the views of
the Foreign Secretary and the Chancellor,
are you content with the line which
Sir R. Armstrong proposes to take with
Mr. Wallis at this very preliminary
stage?

Yes
mfr
1984 Economic Summit

FERB
14.9.

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.

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.

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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.

RA

ROBERT ARMSTRONG

14 September 1983

CONQUEROR



CONFIDENTIAL

Flower
Linden Summit
K-12





10 DOWNING STREET

From the Private Secretary

MR. HATFIELD
CABINET OFFICE

1984 Economic Summit

The Prime Minister has seen Sir Robert Armstrong's minute to Robin Butler of 1 August (A083/2331). She agrees that the Government should provide without charge the equivalent of three Ministerial suites and twelve rooms for other members of each delegation to next year's Summit.


T. FLESHER

11 August 1983

sub

Ref. A083/2331

MR BUTLER


Yes

Prime Minister
Agree x/?

FERB

2.8.

1984 Economic Summit

I have now approached Personal Representatives about the proposed date of the Summit, indicating that the Prime Minister proposes to hold it in London.

2. Before very long we shall have to contact the participating countries with proposals for the accommodation of their delegations. It would accord with precedent to offer them a choice of five-star hotels, though some may prefer to stay at Ambassadors' Residences.

3. Last time the United Kingdom hosted a Summit the three Ministers and five officials were guests of the British Government (in other words we paid for their accommodation). More recently the standards seem to have become more generous: the Canadians, French and Americans at each of the last three Summits provided accommodation for three Ministers and twelve members of delegations.

x } I think that we must match that, and I accordingly seek authority for the British Government to provide without charge the equivalent of three Ministerial suites and twelve rooms for other members of each delegation.



ROBERT ARMSTRONG

1 August 1983

Edw Per
London
Pr 12



CONFIDENTIAL

From: the Rt. Hon. Lord Geoffrey-Lloyd

Tel: 01 730 0014



77 Chester Square,
London, S.W.1.

House of Lords · Westminster

27th July, 1983

Dear Prime Minister

Leeds Castle Foundation

Thank you very much for your letter of 26th July which, of course, I will treat as highly confidential. While naturally disappointed that it will not be possible for the coming Summit meeting to be held at Leeds Castle, I do, of course, understand that you must have good reasons for deciding to hold it in London. It was very kind indeed of you to write personally and tell me about it.

I believe that sometimes, when such meetings are held in London, some of the participants like to visit places of interest outside. Should this be the case in this instance, perhaps Leeds, which is only a short helicopter journey away, may be considered for such a visit in view of its historical associations and great beauty. June is one of our prettiest months and we shall just have completed the reconstruction of the bedroom and bathroom of Catherine de Valois, the last queen to own the Castle. It is being designed by Peter Wilson and Dr. Penelope Eames, the greatest authority in the world on medieval furniture.

Yours sincerely
Geoffrey Lloyd

The Prime Minister,
10 Downing Street,
London, S.W.1.

128 OF PPS?
re summit
-18F
Please copy to:
✓ Mr. Hallfield
✓ Mr. Fidd.
AFC 28/7

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10 DOWNING STREET

From the Private Secretary

MR HATFIELD
CABINET OFFICE

ECONOMIC SUMMIT

I attach a copy of an exchange of correspondence between Lord Geoffrey-Lloyd and the Prime Minister about the possibility of the next Economic Summit being held at Leeds Castle.

I am copying this minute and enclosure to Mr. Bone (Foreign and Commonwealth Office).

K. J. COLES

26 July, 1983

Brc



10 DOWNING STREET

THE PRIME MINISTER

26 July 1983

Dear Geoffrey,

Thank you very much indeed for your letter of 28 June about the possibility of the next Economic Summit being held at Leeds Castle.

I know very well that you are able to provide excellent facilities and that any event at Leeds Castle would be superbly arranged. But for various reasons we have decided that it will be best if the Summit takes place in London. I should be most grateful if you would keep this to yourself because we do not envisage an announcement for some time.

I am afraid that this reply will be a little disappointing to you. But you will appreciate that there are many considerations which we have to take into account in deciding where to hold this important event. Thank you very much for your kind offer,

*Yours sincerely
Raymond*

The Right Honourable Lord Geoffrey-Lloyd,

*re MFS
c. FCO
CO.*

PRIME MINISTER

Economic Summit

I attach a letter which Lord Geoffrey-Lloyd wrote to you on 28 June advocating Leeds Castle as the venue for our Economic Summit. I wrote to him then saying that it might be a little time before a decision was taken and that you would reply to him in due course.

He rang me yesterday to ask where matters stood. He wanted to let me know very informally (and not for repetition elsewhere) that if we chose Leeds Castle he would do everything possible to reduce the expense to the British Government and essentially that he would agree to whatever charges the Government considered to be reasonable. He even told me (but would not wish this to be passed on) that Leeds Castle would probably be able to contribute £50,000 towards the expenses.

Following your decision the other day that the Summit should be held in London, Departments are now working on that basis.

I attach a letter for you to send to Lord Geoffrey-Lloyd.

A.J.C.

22 July 1983



file 17J

10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

Economic Summit

I attach a copy of a message which the Prime Minister has received from President Reagan. You will see that the President offers the assistance of those who planned the Williamsburg Summit in our own planning for next year's Summit.

See 16/76

Although the message is dated 16 June, we received it only yesterday. The American Embassy described it as the original of a message which had been transmitted earlier. We have not been able to trace a previous copy. At this distance in time, I am inclined to think that a reply by the Prime Minister would look a little odd. But I wonder, if you agree, whether you would like to write directly to Mr. Michael Deaver.

A. S. Loh.

22 July 1983

LB



Econ. Pol. da

10 DOWNING STREET

From the Private Secretary

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

SJ

Prime Minister

①

Agree?

Ref. A083/2125

MR COLLS ✓

Yes - have we
cleared it
with the
Chancellor
and P.S.
A.S.C. 12/7
no

Economic Summit 1984

Thank you for your minute of 14 July
about the venue for the Economic Summit 1984.
I will report in due course how proceedings in
London might be arranged.

2. Is it acceptable to the Prime Minister
that I should now communicate with my fellow
Personal Representatives to find out whether
the dates 8-10 June would be acceptable to
her colleagues?

RA

ROBERT ARMSTRONG

18 July 1983

ELON Post London Summit

Pt 12



ELON
LONDON

CONFIDENTIAL



10 DOWNING STREET

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

-2-

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).

14 July 1983

CONFIDENTIAL

①
PRIME MINISTER

Economic Summit 1984

I attach a minute from Sir Robert Armstrong recommending
Gleneagles as the venue. *NO*

~~~~~
In considering this you may wish to reflect on two points:

(a) Gleneagles would tend to continue the rather grand style of recent Summits. The question arises of whether we should try to set a simpler style - the British press could well be looking for critical stories at the time of our Summit.

(b) Although I asked the Cabinet Office in early June for advice on the cost of the alternatives, this minute tells us only that Gleneagles is likely to be the most expensive. It will be surprising if there are no Parliamentary Questions about the cost. I wonder whether, before taking a decision, you should not receive at least a broad estimate of the likely costs.

I attach a letter from Lord Geoffrey-Lloyd which advocates Leeds Castle as the venue and which I promised to put before you when you received advice on this matter.

dim. W. ...

ASL

12 July 1983

Ref.A083/2032

PRIME MINISTER

By Mr ^(Scholar) 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.

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

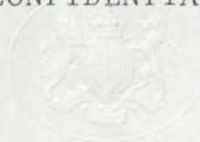
8. The best options for holding the Summit outside London are Gleneagles and Leeds Castle/Chevening. Gleneagles would be more expensive, perhaps by a considerable margin; but it is a nearly ideal location, and carries the advantage of having all the principals and the delegations under one roof, and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

RA

ROBERT ARMSTRONG

11 July 1983



10 DOWNING STREET

From the Private Secretary

MR. HATFIELD

1984 ECONOMIC SUMMIT

Thank you for your minute of today's date.

When Lord Geoffrey-Lloyd wrote to the Prime Minister he also wrote to me making it plain that he would be content if his letter to the Prime Minister was put before her when she received advice on the venue for the Summit. I replied to him at once saying that this would be done but explaining that I could not yet estimate when the moment for doing so would arrive and that there would, therefore, be some delay in replying to his substantive letter.

I do not therefore think it necessary for the Prime Minister to send an interim reply to him. I should be grateful if, as suggested in my letter of 29 June, you could submit a substantive reply to Lord Geoffrey-Lloyd's letter when you provide advice on this matter.

I am copying this minute to Mr. Bone (Foreign and Commonwealth Office).

A. J. COLES

5 July 1983



Ref.A083/1960

MR COLES

1984 Economic Summit

Your letter to Roger Bone of 29 June asked for a draft reply that the Prime Minister might send to Lord Geoffrey-Lloyd's letter suggesting Leeds Castle as the site for the 1984 Economic Summit. We will shortly be submitting further advice on the possible venues for the Summit but the Prime Minister may wish to send a reply to Lord Geoffrey-Lloyd straight away and I enclose a draft for this purpose.

2. I am sending a copy of this minute to Roger Bone.

R P HATFIELD

5 July 1983



DRAFT MINUTE FROM THE PRIME MINISTER TO
THE RT HON LORD GEOFFREY-LLOYD
77 CHESTER SQUARE, LONDON SW1

Thank you very much for your letter of 28 June about the possibility that Leeds Castle might be the site for the 1984 Economic Summit.

I should like to assure you that I am giving very careful consideration to the site for the 1984 Economic Summit; and Leeds Castle is one of the options which is under active examination. I hope to come to a decision on the site very soon, and we shall let you know the outcome. I have fond memories of the Castle and it is a question of seeing which of the possible sites under consideration will best meet the demanding requirements of such a major event.

Ref.A083/1960

MR COLES

1984 Economic Summit

Your letter to Roger Bone of 29 June asked for a draft reply that the Prime Minister might send to Lord Geoffrey-Lloyd's letter suggesting Leeds Castle as the site for the 1984 Economic Summit. We will shortly be submitting further advice on the possible venues for the Summit but the Prime Minister may wish to send a reply to Lord Geoffrey-Lloyd straight away and I enclose a draft for this purpose.

2. I am sending a copy of this minute to Roger Bone.

R. HATFIELD

R P HATFIELD

5 July 1983

DRAFT MINUTE FROM THE PRIME MINISTER TO
THE RT HON LORD GEOFFREY-LLOYD
77 CHESTER SQUARE, LONDON SW1

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I should like to assure you that I am giving very careful consideration to the site for the 1984 Economic Summit; and Leeds Castle is one of the options which is under active examination. I hope to come to a decision on the site very soon, and we shall let you know the outcome. I have fond memories of the Castle and it is a question of seeing which of the possible sites under consideration will best meet the demanding requirements of such a major event.



HU

10 DOWNING STREET

From the Private Secretary

29 June 1983

Thank you very much indeed for your letter of 28 June about Leeds Castle Foundation. I shall indeed ensure that when the Prime Minister receives advice on the venue for the Summit your letter and its enclosures are put before her. I cannot yet estimate when this point will be reached - so I hope you will forgive us if there is some delay in replying to your letter.

A. J. COLES

The Rt. Hon. Lord Geoffrey-Lloyd

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CC CO

10 DOWNING STREET

From the Private Secretary

29 June 1983

Economic Summit

I enclose a copy of a letter which the Prime Minister has received from Lord Geoffrey-Lloyd advocating the merits of Leeds Castle for the Summit. I shall not show this letter to the Prime Minister until further advice is available on the possible venues for the occasion. But I should be grateful if you or Richard Hatfield could ensure that when this advice comes forward the Prime Minister's attention is drawn to Lord Geoffrey-Lloyd's letter (it would be helpful at that time to have a draft reply).

I am sending a copy of this letter and enclosure to Richard Hatfield (Cabinet Office).

A. J. COLES

Roger Bone, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

From: the Rt. Hon. Lord Geoffrey-Lloyd

Tel: 01 730 0014



77 Chester Square,
London, S.W.1.

House of Lords · Westminster

CONFIDENTIAL

28th June, 1983

Dear Prime Minister

Leeds Castle Foundation

Thinking of a possible summit meeting at Leeds Castle when you came to visit us six years ago, you said to me: "I have chosen my room!".

Now we understand from the Foreign Office that you may actually decide to come next year - if you think us worthy. In our conference work also we have followed our main principle: the resolute pursuit of excellence. I cannot resist sending you two typical letters from satisfied customers.

With regard to cost, I have told our management to make it absolutely clear to the Foreign Office that the policy of the Trustees towards the British Government is not to bargain but to agree to whatever charges the Government consider to be reasonable. Our books are completely open for inspection in every detail.

As you may remember, Lord Fairfax, who was then the owner of Leeds Castle, the only Peer to emigrate to America, and Lord Proprietor of 5,200,000 acres of Virginia, gave George Washington his first job. They became great friends and remained so even through the revolutionary war: and America's first President mourned the death of the 'good old Lord'. Twice - first in 1806, when the last 150,000 acres of the old Proprietary were sold and again in our time through Lady Baillie's inheritance from her Whitney mother - American money has been the means of restoring and preserving Leeds Castle. So the British Embassy in Washington, when announcing the birth of our Foundation, referred to Leeds as 'The Anglo American Castle'. Lord Fairfax's carriage and other belongings



House of Lords · Westminster

- 2 -

28th June, 1983

are preserved at Mount Vernon and only some two miles away was his house, Belvoir. George Washington said "the happiest moments of my life were spent there" and the site is now preserved by the U.S. Engineers as "a sanctuary of the American people". Indeed, there is an American Leeds Castle Foundation which is a public charity there and which, working with our own Foundation here, was responsible for suggesting to Patrick Jenkin, when he was at the DHSS, the conference on the 'Prevention of Disablement'. This led to the Leeds Castle Declaration on the Prevention of Disablement which was incorporated in the United Nations ten year World Programme of Action for the Disabled and is leading to massive developments all over the world.

Arthur Bryant wrote: "Perhaps the most extraordinary of all the castle's historic associations is that with the United States." In terms of Anglo American cultural relations, would not Leeds Castle be a worthy successor to Williamsburg?

*Henry
Gwyn-Llywelyn*

Enclosures: Letters from Mitchell Cotts and Pearson Longman
Brief History with relevant passages marked

The Prime Minister,
10 Downing Street,
London, S.W.1.

Mitchell Cotts

International Engineering, Transportation and Trading

From The Chairman

* From the Falklands campaign.
You so marvellously sent us
a personal message for them
- at very short notice.

20th September, 1982.

The Rt.Hon. the Lord Geoffrey-Lloyd, PC.,
Leeds Castle Foundation,
Maidstone,
Kent ME17 1PL.

Dear Lord Geoffrey-Lloyd,

Now that I am back in my office following our Conference, it is with much pleasure that I write to express my sincere appreciation of all that was done for us last week.

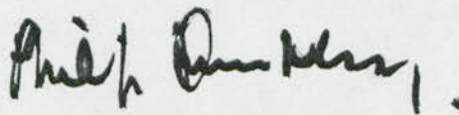
I can say without hesitation that all those taking part are convinced that there is nowhere in this country which can compare with Leeds Castle as a venue for a high level conference. The unique surroundings, the really superb catering and the efficiency and helpfulness of the staff all combined to ensure the success of the Conference and to make it an event we shall remember all our lives.

I would very much appreciate it if you would pass on my thanks to all concerned. I have, in fact, written a separate note to Mr. Money, who personally escorted some of us around the Castle.

On a personal note, it was a great pleasure to join in the * reception of the wounded soldiers, and I particularly enjoyed meeting the young Gurkhas from my old regiment. I would also like to thank you for taking the time to address us all about the work of the Leeds Castle Foundation.

I hope we shall have the opportunity to meet again before too long.

Yours sincerely,



P. P. Dunkley

Mitchell Cotts Group plc
Cotts House, Camomile Street, London EC3A 7BJ
Telephone: 01-283 1234
Telex: London 8814641
Telegrams: Cottsgroup London EC3

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 Fax 01-828 3342

Lord Geoffrey-Lloyd
Leeds Castle Foundation
Maidstone
Kent.

19 October 1982

Dear Lord Geoffrey-Lloyd,

I am sorry that I missed the opportunity to meet you while I was at Leeds Castle. I would like you to know that we found your organisation absolutely outstanding.

I have never been at any conference, and I have been to a few, where things moved so smoothly all of the time.

I hope that we will be able to be with you many times again over the coming years.

Yours sincerely,



James G. Lee

JGL/vk

From: the Rt. Hon. Lord Geoffrey-Lloyd

Tel: 01 730
0014



77 Chester Square,
London, S.W.1.

28th June, 1983

Dear John Coles

Leeds Castle Foundation

Would you mind seeing that these papers reach the Prime Minister in conjunction with those from the Foreign Office on the same subject?

*Yours
and my friend*

John Coles, Esq.,
Private Secretary responsible for
Foreign Office Affairs,
10 Downing Street, London, S.W.1.



10 DOWNING STREET

From the Private Secretary

MR. HATFIELD
CABINET OFFICE

Economic Summit

I enclose a telex which we have received from the Mayor of Blackpool raising the possibility that Blackpool might be the venue for the next Economic Summit. I should be grateful if you could arrange for a suitable reply to be sent.

I am copying this minute and enclosure to Mr. Bone (FCO).

A. J. COLES

23 June 1983

SECRET



PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 88c / 18

THE WHITE HOUSE
WASHINGTON

June 16, 1983

US Declassified

Dear Margaret:

Congratulations again on your well-deserved landslide victory. I also want to thank you again for your participation at Williamsburg. I know how difficult it was to spend time out of your country during an election campaign, but your contributions to the success of the Summit were significant and greatly appreciated.

During our planning for the Summit we were helped immensely by the advice and counsel of both the Canadians and French as prior Summit hosts. Similarly, I would like to offer you the assistance of our Williamsburg Summit planners. I have asked my Deputy Chief of Staff Michael Deaver to work with your officials and to be of whatever assistance you desire.

With warm regards,

Sincerely,

The Right Honorable
Margaret Thatcher, M.P.
Prime Minister
London

27582 CABOFF GM
27582 CABOFF G
67388 GRBKPL G

Handwritten:
Morgan E
in some file
to [unclear]

GOOD AFTERNOON THIS IS BLACKPOOL BOROUGH COUNCIL

RE SUMMIT MEETING OF WESTERN LEADERS

HAVE READ WITH INTEREST REPORTS IN PRESS OF BIDS
FROM OTHER TOWNS FOR THE ABOVE MENTIONED CONFERENCE
WHICH IS TO BE HELD IN MAY NEXT YEAR. ~~BLACKXX~~
BLACKPOOL WOULD WELCOME AN OPPORTUNITY TO DISCUSS

THIS MATTER
AND YOU CAN REST ASSURED THAT THE
HOSPITALITY AND WARMTH AND UNRIVALLED ORGANISATIONAL
SKILLS IN CONNECTION WITH SUCH LARGE MEETINGS
ARE HERE

Handwritten: Sid

MARJORIE HOGGARD
MAYOR OF BLACKPOOL

27582 CABOFF G
67388 GRBKPL G

A J Coles ✓ Esq



A.J.C. 8/6.

CABINET OFFICE

With the compliments of
Sir Robert Armstrong GCB, CVO
Secretary of the Cabinet
and Permanent Secretary to the
Management and Personnel Office

70 Whitehall, London SW1A 2AS

Telephone: 01-233 8319



70 WHITEHALL, LONDON SW1A 2AS

01-233 8319

From the Secretary of the Cabinet and Permanent Secretary to the Management and Personnel Office

Sir Robert Armstrong GCB CVO

Ref. A083/1593

7 June 1983

We discussed yesterday the venue for the Economic Summit 1984.

As you will know, the Prime Minister has agreed that we should give more thought to the possibility of sites outside London. She would like to aim at a simpler, more workmanlike approach than that of Versailles and Williamsburg.

We discussed all this with Antony Acland yesterday. We agreed that the 1984 Summit had to be held before the end of June. We thought that you should look again at a combination of Leeds Castle and Chevening; but at first sight this seemed likely to be untidy, since it would involve a lot of travelling from place to place; and it was doubtful whether there was sufficient accommodation of adequate standard in the vicinity. We agreed that you should look seriously at Edinburgh, where the Royal High School would provide facilities for plenary meetings and perhaps for restricted meetings. There would certainly be plenty of hotel space of a suitable standard. The Queen would be able to entertain Heads of State or Government at Holyrood House. But there could be problems of security, especially with the amount of movement around there might have to be.

We agreed that you should look at Harrogate. This has good facilities for a conference; but it seems doubtful whether The Queen would be able to entertain Heads of State or Government if the meeting was held at Harrogate.

Finally, we agreed that you should look again at Gleneagles. This at first sight seems to provide the possibility of mounting a Summit more like that held at Montebello in 1981, with all the participants under one roof in a place which could be cordoned off for security purposes, but close enough to have the press at Edinburgh (or perhaps Perth). It would not be too difficult for The Queen to entertain Heads of State or Government at Holyrood House, if the conference were at Gleneagles.

/We

L V Appleyard Esq

We agreed that you should now look into these possibilities as a matter of some urgency, undertaking a reconnaissance on the ground so as to discover as much as possible at this stage both about modalities and about cost.

I am sending a copy of this letter to Antony Acland.

ROBERT ARMSTRONG



file 110

10 DOWNING STREET

From the Private Secretary

MR. HATFIELD
CABINET OFFICE

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

PRIME MINISTER

I think it would be useful if Sir Robert Armstrong, as he suggests, comes up with some alternative proposals for sites outside London for our Economic Summit. You can consider these after the election. But I think it would also be worth considering then what is really a prior question - namely, do we want our Summit to be a grandiose affair on the Versailles/Williamsburg model or should we try to set a simpler, more workmanlike style? I also think you should receive advice on the costs of the various alternatives - we were told earlier that to hold the Summit outside London would be liable to cost an extra £½ million. If you agree I shall ask Sir Robert to consider these points.

Yes please.
 1. *Don't forget President -*
Regional Community advisers
 A.S.C.
 Will take kindly
 to London,
 MB

1 June 1983

010
Ref. A083/1547

MR COLES

Economic Summit 1984

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.

RA

ROBERT ARMSTRONG

31 May 1983

Received 30/5/83.

150 WALWORTH ROAD, LONDON SE17 1JT
TELEPHONE: 01-703 0833
TELEGRAMS: LABREPCOM, LONDON SE17

THE LABOUR PARTY

GENERAL SECRETARY: J E MORTIMER
HON. TREASURER: ERIC VARLEY, MP
NATIONAL AGENT: DAVID HUGHES

27 May 1983

*The Prime Minister saw
an advance copy.*

Dear Prime Minister

A. J. C. 31/5

Thank you for your letter proposing that the next Economic Summit should be held in the United Kingdom. I agree, of course.

Our view is that the British Government should put forward at the Williamsburg Summit radical, constructive proposals to assist world recovery and that when the agenda is set for the next meeting the emphasis should be on the urgent need for co-ordinated Government policies for world recovery and stabilised exchange rates, and the necessity for a greatly expanded provision of aid to poor countries.

The outcome of recent summit meetings has not matched the scale of the world economic crisis so we hope that there will be a change of policy at Williamsburg and that full employment and the elimination of poverty will be the number one priority.

Yours sincerely,

MICHAEL FOOT

The Rt Hon Margaret Thatcher

ECON 2024

LONDON ECON

Summer

R7 P2



ke TMP

10 DOWNING STREET

THE PRIME MINISTER

26 May 1983

Dear Michael

ECONOMIC SUMMIT, 1984

As you may know, it is the United Kingdom's turn to host the Economic Summit in 1984. It has been the tradition that the Head of State or Government of the host country should issue the invitation to his colleagues at the previous year's Summit Meeting.

I thought you would like to know, therefore, that when I go to Williamsburg I am proposing to tell the other Heads of State or Government that the United Kingdom would like to invite them to meet in London next year, at a date to be arranged.

*Yours sincerely
Margaret Thatcher*

The Right Honourable Michael Foot

VC



10 DOWNING STREET

THE PRIME MINISTER

Economic Summit, 1984

As you may know, it is the United Kingdom's turn to host the Economic Summit in 1984. It has been the tradition that the Head of the State or Government of the host country should issue the invitation to his colleagues at the previous year's Summit Meeting.

I thought you would like to know, therefore, that
When I go to Williamsburg, ~~therefore~~, I am proposing to tell the other Heads of State or Government that the United Kingdom would like to invite them to meet in London next year, at a date to be arranged. ~~I should like to be able to tell them also that I had your approval and support for issuing this invitation. I hope that you will agree that I should do so.~~

I do not think that is necessary.
mf

The Right Honourable Michael Foot

Prime Minister:

Ref. A083/1503

MR COLES

I am happy to
let him know - but not
to make his approval
not.

If you agree,
a draft is
attached for
your signature

Economic Summit 1984

No

RA 24/5

As you know, next year's Economic Summit is due to take place in the United Kingdom. The Prime Minister agreed that at Williamsburg she should invite her colleagues to meet next year in the United Kingdom. It is proposed that the venue be London; and the dates provisionally suggested (which would be convenient for The Queen) are 8-10 June 1984.

2. In the circumstances it might be prudent for the Prime Minister to let Mr Foot know that she is proposing to issue this invitation, and to make sure that he is content. I attach the draft of a letter which the Prime Minister could send to Mr Foot, if she agrees with this suggestion.

3. I am sending copies of this minute and the draft letter to the Private Secretaries to the Chancellor of the Exchequer and the Foreign and Commonwealth Secretary.

RA

ROBERT ARMSTRONG

24 May 1983



DRAFT LETTER FROM THE PRIME MINISTER TO

The Rt Hon Michael Foot Esq,
House of Commons

Economic Summit 1984

As you may know, it is the United Kingdom's turn to host the Economic Summit in 1984. It has been the tradition that the Head of the State or Government of the host country should issue the invitation to his colleagues at the previous year's Summit Meeting.

When I go to Williamsburg, therefore, I am proposing to tell the other Heads of State or Government that the United Kingdom would like to invite them to meet in London next year, at a date to be arranged. I should like to be able to tell them also that I had your approval and support for issuing this invitation. I hope that you will agree that I should do so.

PRIME MINISTER

Economic Summit 1984

I put a note in your weekend box about speeches in 1984. You thought that the Economic Summit was later than 9/10 June but I attach a copy of my last minute to you and you will see that you chose the first date.

es.

Thanks so
much

7 February 1983

PRIME MINISTER

Weekend Box

1984 SPEECHES

I am not accepting any invitations at all for you for 1984. But Central Office have asked me to "pencil in" the major speaking dates. This I have done but have told them all that the acceptances are provisional.

You ought therefore to be aware that the diary looks as follows:

Saturday 10 March	:	Local Government Conference
Saturday <u>24 March</u>	:	<u>Central Council</u>
Saturday 7 April	:	Federation of Conservative Students Conference
9/10 June	:	Economic Summit

C.S.
I thought we had
put this in?
~~He has~~

1 February 1983



Lee KD
ECON POL.

10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

ECONOMIC SUMMIT 1984

Thank you for your minute of 28 January about possible arrangements for the Economic Summit which the United Kingdom will be hosting next year.

I have consulted the Prime Minister. In view of the considerable extra cost of holding the Summit outside London (Mr. Attfield told me that the extra cost might be around half a million pounds) the Prime Minister does not wish to pursue this idea.

As regards timing, the Prime Minister agrees that we should hold the Summit before the end of June and has provisionally indicated that we should aim for the weekend of 9/10 June.

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

A. J. COLES

1 February 1983

PRIME MINISTER

Caroline

Mr Coles M 1/2
To note: and
action. C. 1/2

Economic Summit 1984

Regarding the attached minute from John Coles, he has asked me to look out a new date for the 1984 Economic Summit to be held in this country. My original suggestion was the weekend of the May Bank Holiday, but you asked for it to be two weeks later. I have checked the date of the Trooping the Colour, and this is on 16 June, so you could either have the Economic Summit the previous weekend, i.e., 9/10 June, or two weeks later, i.e., 23/24 June (which will no doubt be the weekend of the Welsh Conference, but as you are due to go this year, this should present no problems).

Would you prefer:-

9/10 June? ✓

23/24 June?

C.

31 January, 1983.



10 DOWNING STREET

Caroline

Pl. see P. N.'s comment.

Wd. you suggest brief dates
(covering a weekend).

A.S.C. $\frac{31}{1}$.

PRIME MINISTER

ECONOMIC SUMMIT 1984

Please see Sir Robert Armstrong's minute attached. At this stage he simply seeks your preliminary views on timing and venue.

On venue, I am told that very rough estimates suggest that it will cost somewhere around £1m more to hold the Summit at a venue other than Lancaster House and 10 Downing Street (the 1977 arrangement).

Do you wish us to pursue the idea of a venue outside London? **No**
Do you have a preference for a particular venue outside London?

As regards timing, paragraph 4. of Sir Robert's minute suggests that we hold the Summit before 30 June. The convention is to hold these meetings over the weekend. If you wished we could pencil in 26 - 28 May. Agree that we plan to hold the Summit then?

1
Let's try a
for longish.
A.F.C.
mt

28 January 1983

Ref. A083/0313

MR COLES

Economic Summit 1984

With the Foreign and Commonwealth Office and the Treasury, I have been giving some thought to the timing and venue of the Economic Summit in 1984, when on present form the Summit chairmanship comes round to this country again.

Timing

2. So far as the other Heads of State or Government are concerned, we probably do not need to take a final decision on timing before the end of this year. But this could be affected by the venue; if we were thinking in terms of a Summit outside London in accommodation which had to be booked well in advance, we might need to make at least provisional bookings well before the end of the year, indeed perhaps quite soon.

3. There are of course domestic political considerations which may affect the timing, and which I do not ask you to comment upon at this stage.

4. From a European point of view, it would be highly desirable to hold the Summit before 30 June 1984. In the first half of the year France holds the Presidency of the European Community, so that there would be no problem about the representation of the Presidency at the Summit. In the second half of the year Ireland holds the Presidency, and we should presumably have to ask Dr FitzGerald and Mr Barry to attend, following the precedent set at Versailles.

5. If The Queen is to entertain the Heads of State or Government (as she did in 1977), the timing plans for the Summit will need to have regard to her engagements.

Venue

6. We have discussed a number of possible locations: I attach a list. One obvious possibility is to hold the Summit at Lancaster House and 10 Downing Street, as it was held in 1977. This would

keep down costs, and would be convenient if The Queen is going to entertain the Heads of State or Government. But it does not provide the relaxed kind of informality and freedom from media pressures which was provided (for instance) at Montebello in 1981.

7. Of locations outside London, the hotel at Gleneagles has many advantages. It would be expensive, but so would any location outside London. But it is a long way from London. Blenheim Palace and Knole House would be marvellous settings, but Blenheim Palace would certainly not be big enough to house the whole Summit (in terms of the number of rooms available). Both would probably be very expensive to set up for a Summit conference, even if the owners (the Duke of Marlborough for Blenheim and the National Trust for Knole) would make the houses available. Oxford and Cambridge colleges are unlikely to be available before the end of June, but might be worth pursuing if we were thinking in terms of a Summit in July.

8. If we are thinking of a location outside London, but at the same time not too far away from it, the most promising alternatives we have so far been able to identify are:

1. Brighton (making suitable use of the Royal Pavilion), or some other resort with suitable facilities.
2. A combination of Leeds Castle and Chevening (and perhaps Hever Castle, if it is by then available for this sort of occasion).

Organisation

9. It is time to put preliminary preparations in hand, if we are going to do justice to the Summit in 1984. We propose eventually to set up a small team of officials, based on the Foreign and Commonwealth Office, to look after the organisational side; it will probably need to be led by an overall co-ordinator of about Under Secretary rank. Once I have been able to take the Prime Minister's mind about timing and venue, I should like with Sir Antony Acland to nominate this co-ordinator and to put in hand further study of possible alternatives, as a basis for a further and more definite report to the Prime Minister in due course.

RA

ROBERT ARMSTRONG

28 January 1983

POSSIBLE VENUES FOR 1984 ECONOMIC SUMMIT

<u>LOCATION</u>	<u>ADVANTAGES</u>	<u>DISADVANTAGES</u>
LONDON	Plentiful, good accommodation. Good existing press facilities. Minimal cost. Lancaster House facilities much improved since 1977.	Metropolitan location.
BLLENHEIM PALACE	Splendid setting.	No accommodation. Blenheim was a <u>French defeat</u> . Difficult to get.
KNOLE HOUSE	Pleasant location.	No bedrooms. Difficult to arrange conference.
OXFORD/CAMBRIDGE	Adequate accommodation.	Mixed quality of accommodation. Possibility that Economic Summit would be in term.
LEEDS CASTLE	Beautiful setting. Good accommodation for limited number of people. Close to but separate from London. (32 bedrooms).	Limited accommodation for official delegations in surrounding area.
GLENEAGLES	Adequate, good quality accommodation. Able to delineate restricted area for Summit. (210 bedrooms)	Cost
BROCKET HALL	Fine setting. Close to London and Luton Airport. (26 bedrooms)	Limited accommodation
TURNBERRY	Fine setting. Good quality accommodation. (190 bedrooms)	Cost. Culzean Castle has only limited accommodation. Turnberry is up for sale.
CHEVENING	Ideal for security.	Limited accommodation for delegations, none for press.
CHEQUERS	" " "	" " "

