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10 DOWNING STREET

THE PRIME MINISTER

21 June 1979

Dear Bernard,

Thank you for your letter of 6 June about the problems of international trade and development, and for sending me a copy of your article in the April issue of Third World Quarterly.

I agree with you that a constructive approach is needed to the problems of the Third World. Our position as a major trading nation with extensive overseas interests dictates that this should be so.

But our overriding priority must be to get our own economy right. Unless we achieve this we shall not offer an expanding market for the developing world, nor be able to increase our help for nations less fortunate than ourselves. On the investment side, one of our first steps has been to lift exchange controls on overseas investment. This should be of direct benefit to developing countries.

We shall also have a worthwhile and substantial aid programme. In allocating our aid we shall continue to take into account political, commercial and developmental considerations. We shall also work closely together with our Community partners and other donors to improve the effectiveness of multilateral aid.

On UNCTAD V, my own view is that although the consensus reached was limited, the Conference cannot be written off as a failure. Given the immense range of issues, many of which had been under negotiation elsewhere, and the unpropitious world economic situation, it was never likely that there would be any

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major new breakthrough at Manila. The Conference should be seen rather as part of a process which began fifteen years ago and is still continuing.

I expect this to be the general view of my colleagues at the Tokyo Summit, with whom I shall be considering the outcome of UNCTAD V and the prospects for the world economy. Our main concern will be to tackle the energy problem: anything we can do here will benefit the developing countries as much or even more than ourselves.

Yours ever

*Rangaraj*

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Sir Bernard Braine, D.L., M.P.