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Economic

Policy



Prime Minister

Foreign and Commonwealth Office

London SW1A 2AH

26 October 1979

Dear Michael,

The Brandt Commission (Independent Commission on  
International Development Issues)

The Brandt Commission, on which Mr Edward Heath sits, is preparing a Report on the future of North/South relations. It has not received much public attention so far. But there are potential problems of which we think the Prime Minister would wish to know before she meets Chancellor Schmidt and President Giscard.

Founded in 1977 at the instigation of Mr Robert McNamara, President of the World Bank, the Commission has been strictly independent of governments and international organisations, though it has received their financial backing. The last Government gave £150,000. A list of its members is attached. Thanks to Mr Heath, we have been kept privately informed about the Commission's work, a confidence which we have been careful to respect. He has been very critical of Herr Brandt's weak chairmanship and the pretensions of the Secretariat.

The quality of the Commission's work showed a marked improvement with the appointment earlier this year of Mr Anthony Sampson as Editor. But the most recent drafts have re-introduced standard developing country prescriptions for the 'New International Economic Order', as well as a number of new ideas which we regard as unhelpful. An example is a proposal for a new 'World Development Fund', to be established in parallel with the existing international financing institutions and financed by an international levy on trade. If ideas like this were to appear in, and set the tone of, the final Report, it could be an embarrassment for us.

The Commission met for what were to be its final meetings in Bonn and Brussels earlier this month. In fact the Commission split on North/South lines. Mr Heath and the American members were forthright in their resistance to the Secretariat's drafts. As a result Mr Heath and Mr Ramphal, the Commonwealth Secretary-General (supported by a small team including Mr Sampson, but excluding the more radical members of the Commission's Secretariat), have been given the task of trying to work out the report here in London. The Commission will now meet again on 14-17 December. Their target date of publication on 1 January will certainly slip.

/Mr Heath's

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CONFIDENTIAL



CONFIDENTIAL

-2-

Mr Heath's staff have had ample material from us for him to draw on as he thinks fit. But the Minister of State, Mr Hurd, plans to continue to keep in touch with Mr Heath himself as necessary. Much will depend on how far Mr Heath is able to resist Mr Ramphal's practised advocacy of the 'South's' point of view.

We have also had reports of President Giscard's interest in the Commission's work. Mr Heath has told us that Herr Brandt believes he has a promise from President Giscard to take an initiative at the Venice Summit in favour of the Commission's Report. Mr Heath's office later informed us that when President Giscard, Chancellor Schmidt and Herr Brandt met recently in Bonn, President Giscard showed considerable interest in the Commission's idea that there should be a meeting of leaders from both North and South, before the Venice Summit, to discuss issues which the Commission had identified. Whether President Giscard sees himself as convening such a meeting or only as a necessary participant was not at all clear, but it is the sort of idea which might appeal to him. Our Embassy in Paris have sounded President Giscard's staff, and have found that they were apparently unaware of any such intention. But President Giscard does not always reveal his thinking to his advisers. Our first reaction is that this would be an unwelcome addition to Summit practice.

Our Embassy in Bonn do not think it likely that Chancellor Schmidt will raise the Commission with the Prime Minister, because the German Government have been careful to respect the independence of the Commission. But Chancellor Schmidt must be well aware of Herr Brandt's activities, as the three-cornered meeting with President Giscard makes clear.

I am copying this letter to Martin Hall (Treasury), Tom Harris (Department of Trade) and Martin Vile (Cabinet Office).

(G G H Walden)

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