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SUMMARY

The Economic Summit Conference at Rambouillet:

15-17 November 1975

HM Ambassador, Paris, gave the French view of Rambouillet.

The Secretary of State for the record, the

Preliminary contact. The "Carlton Group",
Schultz's travels. (Paragraphs 3 to 7).

Hurt feelings amongst... (Paragraph 8).

Meeting. A successful... Objectives. Agreement

on the need for a flexible approach to economic

recovery. Trade. Re... developing countries. The

Franco/American monetary... Energy and East/West trade.

Bilateral meetings. (8-17).

Conclusions. Co... ed. Always scope for

misunderstandings on t... Value of note-takers.

The risks proved manag... of advantage positive.

No commitment to a re... d be ready to attend one

in the right circumsta... (18 to 20).



Foreign and Commonwealth Office

London SW1A 2AH

12 February 1976

Sir

The Economic Summit Conference at Rambouillet:15-17 November 1975

In his despatch of the 25th of November your predecessor described the French view of the Rambouillet Summit and its place in French policy. This despatch describes the origins of the Conference, the ground it covered and the upshot.

2. As you know, Presidents Giscard and Ford, Chancellor Schmidt, Mr. Miki, Signor Moro, and the Prime Minister, accompanied by their Foreign and Finance Ministers, met at the Château of Rambouillet from the 15th to the 17th of November. They were accompanied by a small number of officials. The Declaration published at the end of the meeting, attached at Annex A, was published as a White Paper.

Origins of the Meeting

3. The Rambouillet Summit was of mixed origins, although in the event President Giscard got most of the credit for its conception. He first floated the idea of a monetary Summit, to

/discuss



discuss the question of exchange rates, in an interview with the Hearst press in the United States on the 9th of July 1975. The idea of a top-level meeting was further discussed by Chancellor Schmidt with Presidents Giscard and Ford during their respective visits to Bonn in late July. Chancellor Schmidt had already convened a small international working group to consider the drift of the world economic situation and the new relationships which emerged in the wake of the oil price rises of 1973 and 1974. This no doubt led him, despite initial reservations, to agree to take part in a meeting which covered economic as well as monetary subjects. After President Ford's visit to Bonn it was announced that Herr Schmidt would attend. French officials claimed afterwards that President Ford had reacted favourably to the idea, but there is no doubt that President Ford and American officials, particularly the US Treasury, were at first deeply sceptical of the value of such a meeting.

4. Matters were taken further at the quadripartite lunch attended by Presidents Ford and Giscard, Chancellor Schmidt and the Prime Minister in Helsinki on the 31st of July, during the Conference on Security and Co-operation in Europe. An agreed statement was subsequently made by the four Heads of State and



Government (Annex B). After strenuously advancing their claim to participate on grounds of their economic weight the Italians also were invited by President Giscard. They were asked for their own domestic political reasons and not because they occupied the EEC Presidency (which could have created a potentially embarrassing precedent).

5. Visits which Mr. George Shultz paid to Chancellor Schmidt in Bonn, Mr. Wilson at Chequers and President Giscard in Paris on the 13th, 14th and 15th of September and a meeting between Shultz, Pöhl, Barre and Sir John Hunt in Paris on the 16th of September were instrumental in getting the idea of a Summit off the ground again following the post-Helsinki hiatus.

6. The meeting was prepared in great secrecy by a Group of personal representatives of Heads of Government (the Carlton Group - see Annex C), who first met at the Carlton Hotel in New York from the 5th to the 6th of October. It was agreed that each Head of State or Government would introduce one agenda item. The allocation of items is set out in Annex C. The meeting also agreed a press statement (at Annex D). The latter was issued in the six capitals on the 10th of October. The only contentious issue was Canada's wish to attend, triggered by the invitation

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to Italy which enlarged attendance beyond the original "Group of 5". All except the French argued strongly for Canadian attendance, which the French resisted, no doubt for the reason suggested in paragraph 3 of your predecessor's despatch. . . Heavy pressure was put on President Giscard by both President Ford and Chancellor Schmidt. Sir Edward Tomkins conveyed to President Giscard our view that the Canadians could make a unique and valuable contribution to the meeting. The French President remained adamant. To his partners this unilateral veto smacked of conflict rather than the concord the meeting was supposed to reinforce and President Ford was incensed. He let it be known that he would not be prepared to attend similar gatherings in future without Canada. But the fact was that the American decision to attend the Rambouillet meeting, despite the French refusal to admit Canada, showed that the US President regarded the meeting as so important that he could not reasonably veto it - as lay in his power - on that ground alone. This was at least a psychological victory for President Giscard. It also no doubt reflected the careful preparatory work done beforehand by the French with the Americans, referred to in paragraph 14 below.

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7. A further meeting of the "Carlton Group" (with various changes in membership) in London on the 11th and 12th of November concentrated on practical details, including the question of a Communiqué. In the event an outline was agreed, which .. eventually formed the basis for the Rambouillet Declaration. Representatives also sketched out the line which they expected their principals to take.

8. One evident problem about such restricted meetings is the resentment of those excluded. In this instance matters were not helped by Japanese indiscretion about the Carlton Group which meant that proposals, eg for participation and the agenda, were widely circulated by a Japanese news agency while decisions on them were still being taken. This certainly heightened the irritation of some smaller industrial nations, particularly non-participant members of the European Community. The Benelux Ambassadors formally protested about the lack of prior consultation. By contrast we took steps to involve the Commonwealth by consulting them before the meeting and quoting their views at it. They shared our broad objectives and for the most part were moderate in their approach. None asked us to voice calls for a "New International Economic Order", which was

/just



just as well. Commonwealth Governments were given special briefing by our High Commissioners after the Conference.

9. In going along with the idea of a Summit we were always alive to the risk that it might arouse expectations which could not be realised, and thus damage international confidence rather than the reverse. For this reason we were anxious that it should be adequately prepared and that advance publicity should be in a low key. The main reasons which influenced the Prime Minister, the Chancellor of the Exchequer and me to agree to attend a Summit meeting were:

- (a) We did not see it as a vehicle to put pressure on the stronger economies to reflate further since we agreed broadly with the action they had already taken. However, we wanted to ensure that they would remain alert and responsive so that the recovery would continue at a satisfactory rate once it began. We were worried in particular that the recovery might not take off if some of these Governments set about reducing their public sector deficits too fast.

/(b)



- (b) For the same reason we wanted the political and social risks of large-scale unemployment to be highlighted so that the risks of a continued recession in Europe would be fully taken into account.
- (c) We saw this as an opportunity to maintain momentum on the initiative which the Prime Minister had taken in Jamaica in regard to the developing countries.
- (d) For domestic purposes we wished to illustrate the extent to which improvement in our own economic circumstances was dependent upon world recovery.

10. We felt that we could safely watch from the sidelines a Franco/American negotiation on monetary questions in the belief that anything which both countries could agree upon would be acceptable to us, but we knew that we should have to watch discussion on world trade with particular care since we were likely to come under pressure to give further pledges against import controls. We decided that the theme we should like to see emerging from the Summit would be:-

- (i) That the Governments represented recognised their importance, and their responsibilities,

/to



to the world economy' and therefore to the well-being of the people of the world.

- (ii) Their own collective unemployment was about 12½ million. This was a tragic waste of human resources.
- (iii) This situation would present both the political will of statesmen and the post-war institutions and organisations (which themselves recognised the interdependence and the comity of nations) with a severe challenge, particularly since pressures were developing for a return to protectionism. This challenge could however be met.
- (iv) We hoped that there would be agreement among the Heads of Government that the remedy should be expansion at a level consistent with controlling inflation rather than resort to the weapons of the 1930s when the efforts of trading nations to solve their problems at the expense of others had led to economic social and political evils. We expected them to take note of the expansionary steps already taken and to undertake to remain responsive and alert to the need for further action.



- (v) With the same aim we hoped that they would reach agreement on the desirability of greater stability in certain exchange markets and on an impulse to officials to seek ways of achieving such stability.
- (vi) Bearing in mind the need for early practical action to assist the developing countries, we expected them to agree to seek, through the IMF, urgent improvements in international arrangements for the stabilisation of export earnings.
- (vii) We expected that, in taking these steps, they would resolve to work for further progress in the GATT multilateral trade negotiations.
- (viii) These resolves could be undertaken by the participating countries in isolation. We looked for agreement between them to work together to improve the arrangements of international consultation on and co-ordination of economic policies and they now called on all other countries to join them in this endeavour.

It is interesting to compare this statement of themes with the Rambouillet Declaration that resulted.

/The Conference



The Conference Itself

11. Sir Edward Tomkins has accurately described the physical hazards and the difficulties of the Conference. For our party the French decision to lodge the Ministers of Foreign Affairs and Finance elsewhere than at Rambouillet was inconvenient; and the working arrangements were elegant rather than practical. The elements played their part: thick fog could easily have confounded the complex travel arrangements devised by the French. Against this climatic and psychological background the success of the Conference was remarkable. To convince a sceptical public opinion it had to succeed on two levels - the cosmetic and the substantive. The participants were conscious that they had to make a convincing and demonstrative gesture of solidarity. On the other hand, this objective could only be achieved if the known differences of the participants were submerged in a community of interest clearly established at the meeting itself.

12. The state of the world economy provided the core of the discussions. Each country gave a fairly detailed exposition of its own position, and in the question and answer that this stimulated there was plenty of frank speaking. Interdependence of the economies of the participating countries was seen to be

/matched



matched by their shared domestic preoccupation with political and social tensions and the risk of economic upheaval. There was a general consensus that a sustained recovery from the recession was the first objective, and that the pace of recovery should be carefully controlled so that there was neither a renewal of inflationary pressure as the world economy picked up, nor a premature choking-off of reflation - with inevitable results for employment - out of excessive fears of inflation in the stronger economies. Similarly, policies would have to be flexible enough to enable governments to take further measures to keep the recovery going, if they became necessary.

13. We were also well satisfied with the discussion on protectionism. A number of participants favoured renewal of the OECD Pledge beyond May 1976, its present expiry date, but were in the event content with a Declaration confirming their adherence to the principles of the current Pledge. The Prime Minister stated strongly the traditional British opposition to protectionism and generalised import controls. He equally maintained the validity of the reservations we made when the OECD Pledge was renewed in May 1975. He stressed that he

/could



could not rule out action to protect industries threatened with or suffering from serious injury by increased imports, and that he was determined to safeguard those that would be viable and essential when world recovery came. The full text of his statement to the press on import controls is at Annex E. There was also general agreement on the importance of pressing ahead with the Multilateral Trade Negotiations. All the participants in turn laid emphasis on this, while President Ford called for a substantial round of tariff cuts, no less ambitious than the Kennedy Round.

14. The Prime Minister introduced the discussion on relations with developing countries, and was successful in persuading his colleagues that although the climate of discussion between developed and developing countries had improved greatly since the 6th Special Session of the United Nations General Assembly, positive action by industrialised countries was necessary to maintain it. The recession made it difficult for industrialised countries to find extra resources to transfer to developing countries. The best hope for a significant transfer of resources would be a recovery of the world economy and an expansion of world trade. It was, however, in the interests

/of



of both developed and developing countries that the economies of developing countries should be helped during the current recession and their purchasing power maintained. He therefore argued the case for rapid action where this was feasible and flexibility where it was not. The particular areas picked out by the Declaration were the exploration of export earnings stabilisation schemes and help with the financing of the balance of payments deficits of the developing countries, particularly the poorest among them.

15. We know that intensive Franco-American discussions on monetary questions had preceded the conference. So it came as no surprise to hear that President Giscard regarded the ensuing agreement (between the United States and France) as the most important aspect of the meeting. This agreement was indeed welcome. As Sir Edward Tomkins pointed out in his despatch, the French backed away from a strongly-held doctrinaire position to achieve it, helped no doubt by the credit M. Giscard could claim for the Summit being held at all. Valuable though it was, this agreement proved to be by no means the end of the road on this perennially contentious subjection, and although Rambouillet gave a seal of approval to the progress

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it represented, subsequent events showed that much hard work remained to be done.

15. The Heads of State and Government covered the broad range of energy problems including the Conference on International Economic Co-operation to which the Declaration refers.

President Ford gave a long account of United States energy policies, although it represented more the aspirations of the Administration than policies likely to emerge after Congress has got its teeth into them. He outlined an imposing programme of measures to develop new energy supplies and invited other countries to participate in that development in exchange for a share of the additional energy thus created. He also gave a sober estimate of the contribution the CIEC might be able to make to a future agreement on oil prices.

16. There was a routine discussion of East-West trade. The Summit agreed that it was desirable to work towards a Gentlemen's Agreement on export credit, and referred the problem to their officials.

17. The details of my bilateral conversations (including a useful breakfast meeting with Dr. Kissinger) have been recorded elsewhere. I should add that the Finance Ministers had a separate session to discuss the Franco-American

/Agreement



Agreement (paragraph 14 above) and wider international economic questions. The Prime Minister's on-the-record press statement on 17 November, and his reference in the debate on The Queen's Speech on 19 November are at Annexes F and G.

Conclusion

18. Many solid differences both of economic situation and policy divided the participants before they came to Rambouillet, and the degree of harmony finally achieved there was remarkable. It is often said that Summit meetings are condemned to succeed, and of course there is something of the self-fulfilling prophecy about them. But though such informal meetings are unlikely to go badly wrong as public relations exercises, the substantive discussion may as easily widen as narrow existing differences. And there is always room for serious misunderstanding, whether at the Conference table itself or in the even more informal exchanges over meals and in the corridors that are so often such a crucial component of Summit discussions.

And the misunderstanding can arise beforehand, on the part of those excluded, and afterwards by both the excluded and the participants. The former were in the event to some extent pacified on this occasion both by the briefing they received

/and



and by the deliberate decision not to institutionalise such meetings or to create new mechanisms. As for the latter danger, this is something we have to live with. Informal discussion involves an uninhibited exchange of views to which the speakers may not expect (or want) to be held afterwards. Indeed this is its principle purpose. What is essential is that when the participants agree to take decisions, or to reach firm agreements, perhaps after informal exploratory discussions, there should be an adequate mechanism for recording them.

19. In the case of the Rambouillet meeting the risks proved manageable and the balance of advantage positive. The participants may not have reached any startling new agreement (indeed, we were not seeking to take decisions), but everyone left the meeting more fully informed of the domestic political factors as well as the international forces governing the policies of the others. The aspirations and purposes of each participant were also clearer. I know that the Prime Minister, whose active participation is fully brought out in the record, shares my belief that, provided they are preceded by the right degree of preparation, such meetings can be of
/considerable



considerable value. This does not mean that we regard ourselves as committed to a repeat performance: but equally, we should be ready to attend one, if the circumstances appeared to justify it.

20. I am sending copies of this despatch without enclosures to the Prime Minister, the Chancellor of the Exchequer; to HM Representatives in Washington, Tokyo, Bonn, Rome and Ottawa and to the EEC, the OECD and the United Nations; and the Secretary to the Cabinet.

I have the honour to be,

Sir,

Your Excellency's obedient
Servant,

LJC

Annex A



The Rambouillet Summit Declaration

*Presented to Parliament by the Prime Minister
by Command of Her Majesty
November 1975*

LONDON
HER MAJESTY'S STATIONERY OFFICE

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Cmd. 6314

THE RAMBOUILLET SUMMIT DECLARATION

The Heads of States and Governments of France, Federal Republic of Germany, Italy, Japan, the United Kingdom of Great Britain and Northern Ireland and the United States of America, met in the Chateau de Rambouillet from 15th to 17th of November, 1975, and agreed to declare as follows:

1. In these three days we held a searching and productive exchange of views on the world economic situation, on economic problems common to our countries, on their human, social and political implications, and on plans for resolving them.

2. We came together because of shared beliefs and shared responsibilities. We are each responsible for the government of an open, democratic society, dedicated to individual liberty and social advancement. Our success will strengthen, indeed is essential to democratic societies everywhere. We are each responsible for assuring the prosperity of a major industrial economy. The growth and stability of our economies will help the entire industrial world and developing countries to prosper.

3. To assure in a world of growing interdependence the success of the objectives set out in this Declaration, we intend to play our own full part and strengthen our efforts for closer international co-operation and constructive dialogue among all countries, transcending differences in stages of economic development, degrees of resource endowment and political social systems.

4. The industrial democracies are determined to overcome high unemployment, continuing inflation and serious energy problems. The purpose of our meeting was to review our progress, identify more clearly the problems that we must overcome in the future, and to set a course that we will follow in the period ahead.

5. The most urgent task is to assure the recovery of our economies and to reduce the waste of human resources involved in unemployment. In consolidating the recovery it is essential to avoid unleashing additional inflationary forces which would threaten its success. The objective must be growth that is steady and lasting. In this way, consumer and business confidence will be restored.

6. We are confident that our present policies are compatible and complementary and that recovery is under way. Nevertheless, we recognise the need for vigilance and adaptability in our policies. We will not allow the recovery to falter. We will not accept another outburst of inflation.

7. We also concentrated on the need for new efforts in the areas of world trade, monetary matters and raw materials, including energy.

8. As domestic recovery and economic expansion proceed, we must seek to restore growth in the volume of world trade. Growth and price stability will be fostered by maintenance of an open trading system. In a period where pressures are developing for a return to protectionism, it is essential for the main trading nations to confirm their commitment to the principles of the OECD pledge and to avoid resorting to measures by which they could try to solve their problems at the expense of others, with damaging consequences in the economic, social and political fields. There is a

responsibility on all countries, especially those with strong balance of payments positions and on those with current deficits to pursue policies which will permit the expansion of world trade to their mutual advantage.

9. We believe that the multilateral trade negotiations should be accelerated. In accordance with the principles laid down in the Tokyo Declaration, they should aim at substantial tariff cuts, even eliminating tariffs in some areas, at significantly expanding agricultural trade and at reducing non-tariff measures. They should aim at achieving the maximum possible level of trade liberalization therefrom. We propose as our goal completion of the negotiations in 1977.

10. We look to an orderly and fruitful increase in our economic relations with socialist countries as an important element in progress in détente, and in world economic growth.

We will also intensify our efforts to achieve a prompt conclusion of the negotiations now under way concerning export credits.

11. With regard to monetary problems, we affirm our intention to work for greater stability. This involves efforts to restore greater stability in underlying economic and financial conditions in the world economy. At the same time, our monetary authorities will act to counter disorderly market conditions, or erratic fluctuations, in exchange rates. We welcome the rapprochement, reached at the request of many other countries, between the views of the United States and France on the need for stability that the reform of the International Monetary System must promote. This rapprochement will facilitate agreement through the I.M.F. at the next session of the Interim Committee in Jamaica on the outstanding issues of International Monetary Reform.

12. A co-operative relationship and improved understanding between the developing nations and the industrial world is fundamental to the prosperity of each. Sustained growth in our economies is necessary to growth in developing countries: and their growth contributes significantly to health in our own economies.

The present large deficits in the current accounts of the developing countries represent a critical problem for them and also for the rest of the world. This must be dealt with in a number of complementary ways. Recent proposals in several international meetings have already improved the atmosphere of the discussion between developed and developing countries. But early practical action is needed to assist the developing countries. Accordingly, we will play our part, through the I.M.F. and other appropriate international fora, in making urgent improvements in international arrangements for the stabilisation of the export earnings of developing countries and in measures to assist them in financing their deficits. In this context, priority should be given to the poorest developing countries.

13. World economic growth is clearly linked to the increasing availability of energy sources. We are determined to secure for our economies the energy sources needed for their growth. Our common interests require that we continue to co-operate in order to reduce our dependence on imported energy through conservation and the development of alternative sources. Through these measures as well as international co-operation between producer and

consumer countries responding to the long-term interest of both, we shall spare no effort in order to ensure more balanced conditions and a harmonious and steady development in the world energy market.

14. We welcome the convening of the Conference on International Economic Co-operation scheduled for December 16. We will conduct this dialogue in a positive spirit to assure that the interests of all concerned are protected and advanced. We believe that industrialised and developing countries alike have a critical stake in the future success of the world economy and in the co-operative political relationships on which it must be based.

15. We intend to intensify our co-operation on all these problems in the framework of existing institutions as well as in all the relevant international organisations.

UNCLASSIFIED

ANNEX B

TEXT OF AGREED ON-THE-RECORD STATEMENT AT HELSINKI,
1 AUGUST 1975

"The Heads of Government who attended the Prime Minister's lunch had a very fruitful discussion of a wide range of issues including the general economic situation. They were unable to complete their discussion owing to the timetable for the CSCE meetings. They are going to remain in contact to follow up some points only touched on in the discussions. No decision has been taken on whether this will lead to a further talk at Heads of Government level."

Annex C

CONFIDENTIAL

DRAFT

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ANNEX C

"The Carlton Group"

a) Membership of the Carlton Group, 5-6 October :-

USA

Mr G Schultz (former Secretary to the Treasury)
Mr H Sonnenfeldt (State Department)

FRG

Mr K O Pöhl (Official State Secretary, Ministry
of Finance)

Japan

Mr N Ushiba (former Ambassador to Washington)
Mr Yoshida (Vice-Minister for Financial Affairs)

France

M Raymond Barre

Italy

Mr R Ossola (General Manager, Bank of Italy)

United Kingdom

Sir J Hunt (Secretary to the Cabinet)
Sir D Mitchell (Second Permanent Secretary, Treasury)

/b)

CONFIDENTIAL

b) Agenda

1. Economic outlook: International and in particular countries (Schmidt),
2. International economic problems, trade (Miki).
3. International economic problems, monetary (Giscard).
4. Relations with developing countries (Wilson).
5. Energy (Ford).
6. East/West economic developments (Moro).

TEXT OF AGREED STATEMENT, 10 OCTOBER 1975

Quote

The Heads of State or Government of the Federal Republic of Germany, France, Italy, Japan, the United Kingdom and the United States will meet on 15th, 16th and 17th November, 1975, in France to discuss economic issues of mutual interest, including promotion of recovery in the world economy, trade and monetary policy, developments in energy and other raw material markets: and relations with other developed and developing nations. This meeting will permit an informal and intensive exchange of views on common problems, possibilities for resolving them, and opportunities to enhance constructive co-operation.

The six leaders recognise the importance their economies have to one another and to the rest of the world. They believe that they have a responsibility to consult with one another on achieving stable growth for their own countries and, in co-operation with other nations, greater global prosperity and improvements in the working of the international economy. It is in this spirit that they will convene for these discussions.

APPENDIX E

TEXT OF ON-THE-RECORD STATEMENT MADE BY THE PRIME MINISTER
ON 17 NOVEMBER TO BRITISH CORRESPONDENTS

"We have made it clear that we do not believe that a generalised system of import controls on behalf of our balance of payments or anything else is right for Britain. I have said this many times both in Parliament and abroad. It would have a serious effect on our exports. One quarter of our production is for export. We have repeatedly emphasised the Government's determination to continue to do our best to sustain world trade. But, as we have also made clear - I did so myself in Parliament earlier this month - we do not rule out protective measures for particular industries suffering or threatened with serious injury as a result of increased imports, on the basis of what President Ford described as particularly acute and unusual circumstances. There have been some signs of lethal attacks directed to destroying two or three sectors of industry for the permanent future. We are not talking about lame ducks but about industries that are viable and will be essential to the economy when world recovery comes: and particularly if their survival is threatened by a concerted attack. On the OECD Pledge against restrictive measures, this was reaffirmed in May of this year, and I do not see that the heads of Government have anything to add to that reaffirmation. The two qualifications that we made in respect of the OECD Pledge in May were that first that finance to cover deficits must be available and secondly that the stronger economies must expand to lead the way to improvement in international trade. These two qualifications still apply."

TEXT OF STATEMENT BY THE PRIME MINISTER AT JOINT PRESS CONFERENCE
AT RAMBOUILLET ON 17 NOVEMBER

"The coming together of the six Heads of Government this weekend was a recognition of our shared responsibility for the recovery of the world economy. It was a demonstration of the importance of the policies jointly adopted by the industrialised countries for the wellbeing of the peoples of the whole world.

In the United Kingdom, which is so dependent on the level of world trade, we are deeply and continuously concerned with the present high level of unemployment, a concern which is shared by all the participants in this Conference, since our unemployed in the six countries number about twelve and a half million. This is a vast and tragic waste of human resources.

I go away heartened, both because of the general feeling that the recovery is clearly imminent & I was especially encouraged by what President Ford had to say about the American economy - but also because of the resolve all here showed to work together to achieve expansion at a level consistent with the control of inflation. We know from experience that nations cannot solve their economic problems on their own. The success of our meeting was our agreement to work together and the understanding each showed for the problems of the other individual participants.

Quoting what you have quoted, Mr President, from the Declaration of Rambouillet today "We are confident that our present policies are compatible and complementary and that recovery is under way. Nevertheless, we recognise the need for vigilance and adaptability in our policies. We will not allow the recovery to falter. We will not accept another outburst of inflation."

I was able to confirm to my colleagues in our discussions our absolute determination to make a success of the attack on inflation which was approved by Parliament in August, and I was able to tell them of the success of the policy so far and of the virtually united backing of the whole British people in making it work.

It is necessary to go on repeating that just as world cost inflation arising from oil and other prices has brought about the worst depression in world industry and trade since pre-war days, so equally national determination to fight internal inflation must now be our main guarantee against the development of an even worse unemployment crisis for each of us.

We did not meet to take decisions: nor did we think that so short a meeting would constitute a turning point in the world economy. But the fact that the "heads of Government of six countries which together account for so high a proportion - much more than half - of world trade were able to reach agreement on the path forward out of recession must be a source of confidence to all."

The summit conference at Rambouillet at a weekend consisted of the Heads of Government of six leading industrial countries accounting between them for over half the world's trade and a current total of 12½ million unemployed. Its work was directed to dealing specifically with world problems while at the same time examining what, by co-ordination in advance of our national programmes, we could do individually and all of us together to get the world economy moving.

The fact that that meeting took place is itself important. Still more important is the fact that every participant felt that it had achieved far more than he would have hoped two weeks ago. In the words of the declaration, unanimously agreed, we held a searching and productive exchange of views on the world economic situation. But above all our central theme was unemployment, with the related problem of inflation.

We did not seek to take decisions and impose them on the rest of the world trading community. Everything we said will be pursued through national institutions of our own and the relevant established international organisations.

The three countries whose production and trade have the biggest determining effect on the volume of world trade as a whole—and therefore on each one of us—gave chapter and verse on their confidence about their own recovery now and in the immediate future. My right hon. Friends and I stressed the importance of speedy action should that recovery, which has begun, lag or slow down in those countries, or should increased production fail to produce a rapid reduction in unemployment.

In the declaration, which will be laid before the House as a White Paper, we said—all of us:

"We are confident that our present policies are compatible and complementary and that recovery is under way. Nevertheless, we recognise the need for vigilance and adaptability in our policies. We will not allow the recovery to falter. We will not accept another outburst of inflation."

We expressed our determination to secure speedy international action on multilateral trade negotiations, an orderly and fruitful increase in East-West trade, and increased and secure supplies of energy from all sources.

Paragraph 11 of the declaration, dealing with the decisions we took about monetary problems, has been widely welcomed throughout the world and the seal was set upon those decisions by the success of the United States and France, at Rambouillet, in reaching a wide measure of accord on fundamental questions relating to parities and the reform of the international monetary system. But we each of us committed ourselves to watch the situation closely and to take action, through existing institutions, if a further fillip to trading and employment is needed.

One further point came up on which the House will want me to comment and to which the right hon. Lady referred. On the action to deal with abnormal and damaging imports where they threaten even the existence of sectors of industry in this country suffering now from imports but viable and competitive in recovery conditions, I told my colleagues at Rambouillet exactly what I said in the House on 4th November, and what I said was fully understood at Rambouillet.

But no action taken on an international scale absolves us from the necessity of

taking every possible action to strengthen Britain in the face of the world and national problems. It is our own duty to our own people and it is equally our duty to our trading partners.

Here I stress the fundamental importance of the attack on inflation approved by this House by some of us, anyway— with overwhelming majorities in the summer. Right hon. and hon. Members opposite know that this policy, which they failed to endorse in the House carries the overwhelming endorsement of the British people, as shown by the miners' ballot, by the TUC and by the overwhelming support of people in the country. [Interruption.] ~~If the hon. Gentleman thinks that the people of the country do not support the policy, perhaps he will get up and say so.~~