

Ottawa - 7th start of 1st cycle of
around summit

Rambouillet,
Puerto Rico

London

Bonn

Tokyo

Venice

—
President Reagan

→ Nitinand

Dr. Suzuki, Sr Spadolini, Mithorn

attending for first time.
Charles Schmidt, still in office

... maximum of informed discussion

Difficulties over global negotiations on Sap trade.

Pres. Reagan - wants to achieve
a better understanding on
US interest rates (free interest)

and endorsement of open trading.

Schmitt -
- avoid protectionism
- fight inflation
- avoid large scale deficit financing

Titmuss -
- to join on Japanese trade →
- free approach to 3rd world. →

Sumita - multilateral approach to trade issues

Unemployment risen by 5 million in OECD area
since 1978, highest rates in UK/France - U.S.
OECD says - could rise by another $2\frac{1}{2}$ m to
26 million by end 1982

U.S. current account moved from deficit
to broad balance between 1978 - 80.

Interest Rates - at or near record levels

U. S.	<u>3</u> month rate	
	18%	
Japan	7½%	
U. K.	13%	
France Italy Canada	18-20%	to prevent currency depreciation
Germany	13% (very high in real terms)	

(Over last 12 months) M. Franco-Lira
depreciated against dollar by 40-45%
starting by 20%
yen Canadian dollar by 4-5%)

Committee of Central Banks

governors - interest rates could
be reduced without relaxing
anti-inflation policy by substantially
reducing government deficits.

Global Negotiations

N/S not homogeneous

S e.g. Saudi Arabia etc.

N - Communist countries

Politically - although decision-making initially complete - developing countries highly volatile.

Bilateral aid - is generally more responsive to donor's ec. / political / or for. policy interests ∴ preferable

Multilateral "more efficient means of integrating developing countries into international system"

Develop - 2 problems for 80's

energy

food

also population

growth.

90% of increase in world's population at end of century will be in 3rd world

Borrowing . IMF / IBRD interest rates

Interest rates already below world market rates .

Have already cancelled debts of 17 poorest countries

At V. Venice summit had been insisted that the integrity of the World Bank + IMF must be maintained and that those institutions must continue to be governed by and to stick to their rules .

Richer + developing countries come under

↳ leads

|| bilateral aid / multilateral / private sector / trade /

Private sector aid would develop better if there were a code of practice on treatment of private capital

Trade industrial countries had to agree to take substantial propⁿ of their products - e.g. textiles from developing countries but without the volume

Schmidt - L) should be left out of

W/S problems -

Welcome text that Russian countries
had regarded invasion of Afghan^{ist} as
offense against all Russian states.

OPEC countries gave more than 0.7% of GNP
in aid

"but they had ~~aided~~ ^{aided} the

hunger by the increase in oil prices.

Pope's explosion being circumvented in public
discussion.

"Popes or Bishops might speak against
family planning but he was in favour
of it."

Necessary to engage in talks on global negotiations
even though with prospect of success

Agreed with me that international financial institutions
should not be regarded as charities. Surplus
oil exporting countries like Saudi - should be
given greater share in international institutions.

Pres. Reagan

Sorry USA had to delay

Contribution to capital increase of IRRD.

U.S. had to get themselves on their feet again.
Had inherited high interest rates (from Carter)

Smiley - if increases in imports causing problems,

→ should be dealt with under the rules of
the GATT,

Schmidt - Meetings had avoided by carrying -

neighbour policies of the 30's

- had led to 6m unemployed in Germany

~~by Feb 1982~~

Now

Effect of U.S. interest rates.

Germany's problems exacerbated by previous
world war. Summits of 1976.

Also votes had been acquired (Europe)

\$ 36 billion in 1977 in support of U.S. dollar

Real interest rates in Germany now higher
than "any time since the birth of Christ"!

Being forced up because of international
network of capital markets & financial flows

Inflation did not reduce unemployment
it caused unemployment

Fed. looked to control public borrowing
so as to give freedom of manoeuvre to
lower interest rates
Would be forced to cut budget expenditure

Attendants - France 14%
Unemployment 7%

- economic system partly responsible -
must act in co-operation

Polini should be considered in E.E.C
or G.7.

Will discuss between social partners

← length of working week, shift working, working hours
so forth (!!!) (cf. Debits)

large amount of goods coming from Spain