

6 june 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 improved our mutual understanding of the ^{growth of the} world economic situation, and we have agreed on a number of objectives for ^{urgent-} ~~our future~~ action ^{with a view to improve 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, would 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.

As has been laid down in the OECJ communiqué.

^{will}
 This ~~cannot~~ be attained on a durable basis ^{if} unless we are successful in our continuing fight against inflation. This will also help to bring down ~~the nominalised~~ interest rates which are now ~~unacceptably~~ ^{insupportably} high and to bring about more stable exchange rates. 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.

This requires an increase in the achievement of fiscal policies or monetary evolution.

To achieve this growth it is necessary to ensure as a matter of urgency a faster rate of budget deficit and investment in the labour supply.

- 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 through trade and growth, we will resist protectionist pressures and trade distorting practices. We are resolved to complete the work of the Tokyo round and to improve the capacity of the GATT to solve current and future trade problems. We will also work towards the further opening of our markets. We will cooperate with the developing countries to strengthen and improve the multilateral system, to expand trading opportunities in particular with the newly industrialised countries. We shall participate fully in the forthcoming GATT Ministerial Conference in order to take concrete steps towards these ends. We shall work for early agreement on

the renewal of the OECD export credit consensus.

[Economic exchanges have an important role in the development of a stable East-West relationship. We affirm our intention so to conduct east-west economic relations as to ensure that they are mutually advantageous and that they take full account of security considerations, particularly in the technological, economic and financial areas, including the need for commercial prudence in export credits. We shall consult through the usual channels among ourselves and with existing international fora to achieving these ends.]

- The progress we have already made does not diminish the need for continuing efforts to economize on energy, particularly through the price mechanism, and to promote alternative sources, including nuclear energy and coal, in a long-term perspective. These efforts will enable us further to reduce our vulnerability to interruptions in the supply of energy and instability of prices. Cooperation to develop new energy technologies, and to strengthen our capacity to deal with disruptions, can contribute to our common energy security. We shall also work to strengthen our cooperation with both oil-exporting and oil-importing developing countries.

- The growth of the developing countries and the deepening of a constructive relationship with them are vital for the political and economic well being of the whole world. It

is therefore important that a high level of financial flows and official assistance should be maintained and that their amount and their effectiveness, should be increased as far as possible, with responsibilities shared broadly among all countries capable of making a contribution. The launching of global negotiations is a major political objective approved by all participants in the Summit. The latest draft resolution circulated by the G77 is helpful, and a discussion at Versailles showed general acceptance of the view that it would serve as the basis for consultations with the countries concerned. We believe that there is now a good prospect for the early launching and success of the global negotiations. At the same time, we are prepared to continue and develop practical cooperation with the developing countries through innovations within the World Bank, including in the area of energy, and sustaining the strength of the IDA and other multilateral development institutions. We are ready to support international arrangements to improve the conditions for private investment ; programmes designed to increase indigenous food and energy production and programs to address the implications of population growth. We are also ready to support economically sound measures to help reduce, and counter the effects of, instability in the commodity ^{export} ~~export~~ earnings of those developing countries especially dependent on them. Finally we favour to a further concentration of official assistance towards poorer countries.

- Revitalisation and growth of the world economy will depend not only on our own efforts but also to a

large extent upon cooperation among our countries and with other countries in the exploitation of scientific and technological development. We have to exploit the immense opportunities presented by the new technologies, particularly for creating new employment opportunities. We need to remove barriers to, and to promote, the development of and trade in new technologies both in the public sector and in the private sector. Our countries will need to train men and women in the new technologies and to create the economic, social and cultural conditions which allows these technologies to develop and flourish. We have considered the report presented to us on these issues by the President of the French Republic. In this context we have decided to set up promptly a working group of representatives of our governments and of the European Community to develop, in close consultation with the relevant international institutions, especially the O.E.C.D., proposals to give effect to these objectives. ~~These~~ ~~proposals~~. The group will be asked to submit its report to us by 31 December 1982. The conclusions of the report and the resulting actions will be considered at the next Economic Summit to be held in 1983 in the United States.

6 june 1982

STATEMENT OF INTERNATIONAL MONETARY UNDERTAKINGS

1. We accept a joint responsibility to work for greater stability of the world monetary system. We recognize that this rests primarily on convergence of policies designed to achieve lower inflation, higher employment and renewed economic growth ; and thus to maintain the internal and external value of our currencies. We are determined to discharge this obligation in close collaboration with all interested countries and monetary institutions.

2. We attach major importance to the role of the IMF as a monetary authority and we will give it our full support in its efforts to foster stability.

3. We are ready to strengthen our cooperation with the IMF in its work of surveillance ; and to develop this on a multilateral basis taking into account particularly the currencies constituting the SDR

4. We rule out the use of our exchange rates to gain unfair competitive advantages.

5. We are ready, if necessary, to use intervention in exchange markets to counter disorderly conditions, as provided for under article IV of the IMF articles of agreement.

6. Those of us who are members of the EMS consider that these undertakings are complementary to the obligations of stability which they have already undertaken in that framework ~~and recognize the role of the System in the further development of stability in the international monetary system.~~

7. We are all convinced that greater monetary stability will assist freer flows of goods, services and capital. We are determined to see that greater monetary stability and freer flows of trade and capital reinforce one another in the interest of economic growth and employment.

FALKLAND ISLANDS: INFORMAL RECORD OF PRESIDENT MITTERRAND'S
REMARKS AT THE FINAL PRESS CONFERENCE

Outside the Plenary Sessions we discussed a number of other issues. There was no taboo. Heads of Government preferred a direct and informal dialogue. In this spirit we tackled the conflict in the South Atlantic. This was due to the aggressive conduct of Argentina which has entailed a whole series of serious actions. We repeated once again our condemnation of Argentina's aggressive conduct. We condemned the recourse to violence rather than the rule of law as a means of settling disputes. We reasserted our support for SCR 502 and hoped there would be a ceasefire as soon as possible which would settle the whole conflict and the dispute between the two parties. We expressed our complete solidarity with the United Kingdom who has been the victim of aggression and whose national interest and national pride has been injured. This solidarity is quite natural. The United Kingdom must recover what she has lost and we must do what we can to ensure that peace shall prevail over war.

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DRAFT STATEMENT BY THE PRIME MINISTER AT CLOSING PRESS
CONFERENCE ON 6 JUNE 1982

I feel that we can derive strength and encouragement from many aspects of this Conference.

First, this has been an opportunity to look together at the problems of the world economy on the broadest canvas and to do so, thanks to our hosts, in a uniquely magnificent setting. We can see better how our own problems in each of our countries fits into this perspective.

I have been greatly impressed by the continuity of our joint views about major issues of economic policy from previous Economic Summits. One of the great values of these meetings is that they provide a broader and longer-term framework for our thinking and for our national policies. The world needs such a framework and needs the assurance of continuity that goes with it. And in this perspective the common ground is much greater and more important than any differences between us.

One important contribution to this wider framework was our discussion of President Mitterrand's valuable report on technology. Another is the statement of international monetary undertakings on which we have agreed. They could be a very important beginning of a way back to a more stable system. But that will depend on whether we can succeed through all our national policies in making the world a more stable place.

From Summit to Summit many themes have remained the same. That is because they have been right. We have said, at this conference as at earlier ones, that we must keep up the fight against inflation if the world is to prosper.

/We have said

We have said that both inflation and unemployment are symptoms of wider instability. We have said that we must make our enterprises more efficient, must keep down costs and improve productivity. We have encouraged oil conservation and energy diversification as part of the effort to avoid further oil shocks. We have shown our strong concern for maintaining the open trading system of the free world. We have shown our concern too for a healthy process of development in the developing countries, which have perhaps the most to gain from peace and stability and some of which have to grapple with terrible problems of poverty and population growth. In spite of great setbacks, especially the second oil price increase, we have made progress in some of these fields: on inflation, on energy, on holding back protectionism in difficult circumstances. We are at a turning point in the recession, though the turn is slow and we need to help it by pursuing consistent policies. I see encouragement here in this time of recession. That encouragement derives from our common view and shared effort at a succession of Summits, including this one.

You can imagine that throughout these two days my thoughts have been partly in the South Atlantic, on the Falkland Islands. We discussed this problem for most of the first evening and at intervals afterwards. We made no attempt to record our conclusions, but on the fundamental points I noted unanimity. We all stand for the right of self-determination laid down in the very first article of the United Nations Charter. We all know that the rule of law must be upheld throughout the world if small nations and exposed territories everywhere are not to be in danger. We are all clear that the cause of the crisis in the South Atlantic lay in the military invasion - unprovoked, unjustified and unlawful - which took place on 2 April. We all recognise the inherent right of self-defence under which Britain has responded to that invasion. We all regret that it has not been possible to reach a negotiated settlement despite many determined efforts, from those of Secretary Haig in April to the recent activity of the Secretary General of the UN. Lastly we all hope, none more fervently than I, that hostilities can soon be brought to a complete and permanent conclusion, so that the work of reconstruction - political as well as economic - can begin on the Falkland Islands, and so that our relations with Argentina can be

/freed

freed from the burden which now weighs upon them. On all these things I can say without the slightest fear of contradiction that there was unanimity.

One more thing I must add, and that is my thanks and that of my delegation to the President of the French Republic for the organisation of this Conference in its incomparable setting. These have been two days which none of us can ever forget, no matter how many international conferences we may attend. You can imagine with what regret I shall be leaving early in order to get back to London where a lot of work awaits me - and where in 24 hours I shall have the pleasure of welcoming the President of the United States and Mrs. Reagan on another leg of their European journey.

DRAFT STATEMENT BY THE PRIME MINISTER AT CLOSING PRESS
CONFERENCE ON 6 JUNE

1. Three things about this Conference have particularly encouraged me.

2. First, there is the work which we have done on the problems of our own economies, the leading industrialised economies of the ^{western} world. This has always been the main business of these annual Summits, and this is the fourth that I have attended. Today's declaration, which

President Mitterrand has just presented to you, marks a real advance in the precision and the scope and the solidity of the commitments contained in it.

3. Second, there are the decisions which we have taken in the international economic field, both north/south and east/west. Each of these areas is controversial: our national interests not only differ but actually conflict at some points. Today's texts represent a fair balance between these interests, and will undoubtedly make the problems easier to handle in the various international groupings to which we belong.

4. Third, you can imagine that throughout these two days my thoughts have been partly in the South Atlantic, on the Falkland Islands. We discussed this problem for most of the first evening and at intervals afterwards. We made no

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LEBANON/ISRAEL: SPEAKING NOTE FOR PRIME MINISTER

1. Must respond at once to request from UN Secretary General.
2. Draft closely follows language of last night's resolution adopted unanimously by Security Council.
3. Draft is acceptable to Britain.
4. Hope it can be agreed very soon so that Presidency can release at once to the press. Not wait until tonight when Summit Declaration will be ready.
5. More important is action by each of us on basis of final paragraph of draft. Time for each of us to use every ounce of influence we possess. Need for action with Israel and PLO in first place, but also with Arab governments of the region including Cairo.
6. Main influence on ~~Israel~~ Israel must be that of United States. Glad to learn that Habib is being sent back to the region with personal instructions from President Reagan.

STOP PRESS

Press Association quotes a UN spokesman as saying that Israeli tanks have entered southern Lebanon and are advancing on Tyre.

8.6.82

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