

CC MASTER SET



## 10 DOWNING STREET

*From the Private Secretary*

SIR ROBERT ARMSTRONG

Economic Summit

The Prime Minister held a meeting today to consider preparations for the Summit. The Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, Mr. Kenneth Baker, you yourself, Sir Julian Bullard, Sir Crispin Tickell, Mr. Littler and Mr. Partridge attended.

Thematic Paper

2. The Foreign and Commonwealth Secretary and the Chancellor of the Exchequer observed that the phrase in paragraph 14.9 of the final version - "to explore with other GATT parties as quickly as possible the objectives for, the participation in and the timing of a new negotiating round" - was weaker than the corresponding phrase in the Williamsburg communique. We should therefore work for stronger wording in the London communique.

3. It was agreed that we should also aim to ensure that the communique avoided unwelcome commitment with regard to the so-called North-South dialogue (c.f. para 15 of the thematic paper).

Draft Economic Declaration

The draft of 22 May was discussed. The Chancellor of the Exchequer said that it was hoped that, as a result of recent exchanges, the US would agree to a stronger reference to the US budget deficit in paragraph 4.

The Foreign and Commonwealth Secretary observed that the language of paragraph 7 on the international debt problem was rather complacent. It was agreed that this wording would be considered further in the light of discussion at the Summit.

There was also some discussion of the various references to the problem of inflation and doubt was

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expressed as to whether the changes of inflation were sufficiently emphasised.

The Chancellor of the Exchequer said that it was desirable to refer in the Declaration to the concept of a medium term financial strategy.

The Prime Minister said that she wished to avoid, to the maximum extent possible, serious differences of view on the Declaration emerging at the Summit. It was agreed that, in sending this text to other personal representatives you would ask them to inform you as soon as possible - and before the Summit - of any difficulties they saw in the text.

Order of discussion of agenda items

Following a discussion of the order in which the various items would be taken, the Prime Minister said that:-

- (a) the Summit should aim to agree, on Thursday evening, the text of the London Charter (on democratic values). This suggested that in effect Summit participants should have given their agreement to the text before their arrival in London. The Charter would be issued to the press at the end of Friday morning.
- (b) Heads of State and Government would also discuss East/West relations and Arms Control and Disarmament on the Thursday evening. It might also be necessary for them to discuss the Iran/Iraq war that evening and, perhaps, to commence their discussion of international terrorism.
- (c) On Friday morning Heads of State and Government would make their opening statements on economic questions. Towards the end of that morning they might need to return to the question of international terrorism which Foreign Ministers would have discussed separately earlier. It was desirable to issue a statement to the press on international terrorism on Friday evening. Over lunch discussion of political questions would be framed.
- (d) Economic discussion would continue on Friday afternoon. In reporting the Finance Ministers' conclusions to the Summit the Chancellor of the Exchequer would suggest three or four broad subjects for further consideration. These

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might be interest rates, international debt, economic recovery and the policies necessary to sustain this, and trade and protectionism.

Draft Declaration on Democratic Values (the London Charter)

It was agreed that paragraph 4 of the present text was unsatisfactory and that you would revise it, in consultation with the Chancellor of the Exchequer.

The word "overriding" should be deleted from paragraph 6. The opening sentence of that paragraph might read instead: "We believe in peace with freedom and justice".

We should aim to insert a reference to the Williamsburg Declaration on defence matters.

You agreed to revise the text in the light of the above points and submit the revision to the Prime Minister.

Draft Declaration on Terrorism

It was agreed that the idea of a Declaration should be abandoned. Instead the aim should be that the Summit would discuss the problem of international terrorism and that a statement would then be issued to the press. You agreed to submit a draft of a possible statement.

Prime Minister's Keynote Speech

This was not discussed at the meeting. I shall arrange for the Prime Minister to consider this separately.

I am copying this minute to Mr. Ricketts, Mr. Peretz, Mr. Taylor and Mr. McMillan.

23 May 1984

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